

School Board Study Session
Monday, February 24, 2025 4:00 PM

District Office Conference Room, Room 164
Austin High School
401 3rd Ave. NW
Austin, MN 55912

Agenda

1. Call to order/roll call
Speaker(s): Chairperson
2. Approval of agenda
Speaker(s): Chairperson
3. FY25 Revised Budget draft presentation
Speaker(s): Executive Director of Finance and Operations Todd Lechtenberg
4. First reading of revised policy 714 - Fund Balances
Speaker(s): Executive Director of Finance and Operations Todd Lechtenberg
5. Demographic and Enrollment Analysis presentation
Speaker(s): Teamworks Consultant Dr. Sheri Allen
6. Adjournment
Speaker(s): Chairperson



FY25 Revised Budget

School Board Work Session

Todd Lechtenberg

AUSTIN PUBLIC SCHOOLS STRATEGIC PLAN

OUR MISSION

(Our Core Purpose)

Inspire. Empower. Accelerate.

OUR VISION

(What We Intend to Create)

Preparing all learners to make a difference in the world.

Our Core Values

(Drivers of Our Words and Actions)

- Responsible: Demonstrates accountability to self and others
- Resilient: Develops perseverance and self-confidence
- Learner: Challenges self to think critically
- Communicator: Listens actively and shares learning and experiences
- Contributor: Engages as a productive member of the community and global society

OUR STRATEGIC PRIORITIES

(Drivers of Our Continuous Improvement)

1. Support and resources to ensure a safe and welcoming learning environment
2. Packer Profile for all learners
3. District-wide multi-tiered systems of support for all learners
4. Excellence in resource management



STUDENTS

I am supported and challenged in my learning and believe I will be successful

- Teachers and all staff are approachable, listen and respond to my needs
- My teachers have time to talk through and help answer questions or help solve problems I have
- I am trusted to make good choices, be engaged in my learning, and held accountable but not overwhelmed

I feel that school is safe and that school is challenging and fun

- I am heard and respected for who I am by school staff and students
- The school and my interactions with students and staff are safe, positive and inclusive
- I enjoy coming to school every day and have time to be with friends during school
- I understand what is expected from me at school
- I am supported in my mental health needs

I am an engaged learner at school and in our community

- I have a voice and choice in how and what I learn
- My learning is hands-on, meaningful, challenging and helps me prepare for my future
- My teachers like me and believe in me
- I have teachers and staff that work with me in a way that benefits all students
- I am physically comfortable in the school setting
- This school should be about me not the teachers





FAMILIES

I am part of my child's education and feel welcomed, valued, and respected as a family

- My child is physically and emotionally safe at school
- My child feels a sense of belonging at school, is cared for, and valued
- My student can voice their thoughts and ideas without being discriminated against so they continue to learn

My child enjoys coming to school and is safe, included and respected so they are learning every day



- My child is challenged (not overwhelmed) in learning and development, listened to, and provided choice and voice in learning options
- Teachers know my child well and creates a fun, interactive approach to learning which is responsive to my child's and family needs

I am engaged in a partnership with my child's school so I know what to do to help my child continue to grow and learn

- I will feel welcome, informed and encouraged to collaborate with the teachers and staff at the school to help my child grow
- My child's teachers, my child and myself have open communication about their academic progress, social development and well-being
- District and school information is easy to understand and easily accessible
- My child is taught the life skills necessary to be successful in whatever path they choose after high school



STAFF

I am seen, valued, and respected for who I am and the work I do

- I work in a collaborative not competitive environment that honors the unique strengths of each individual
- I am seen as a professional and given the flexibility and support to provide students what they need to be successful
- I am listened to, heard and know that I matter
- I have a level of freedom and innovation within reasonable parameters

I receive the support and resources to do my job well so I am able to create a healthy and safe learning environment

- I am a valued member of a caring, engaged, and collaborative team
- I receive constructive feedback in regards to my position so I can be the best version of myself
- I am treated with respect and fairness with reasonable expectations for work, performance, time, and employment
- I enjoy my job and have flexibility, satisfaction, and recognition

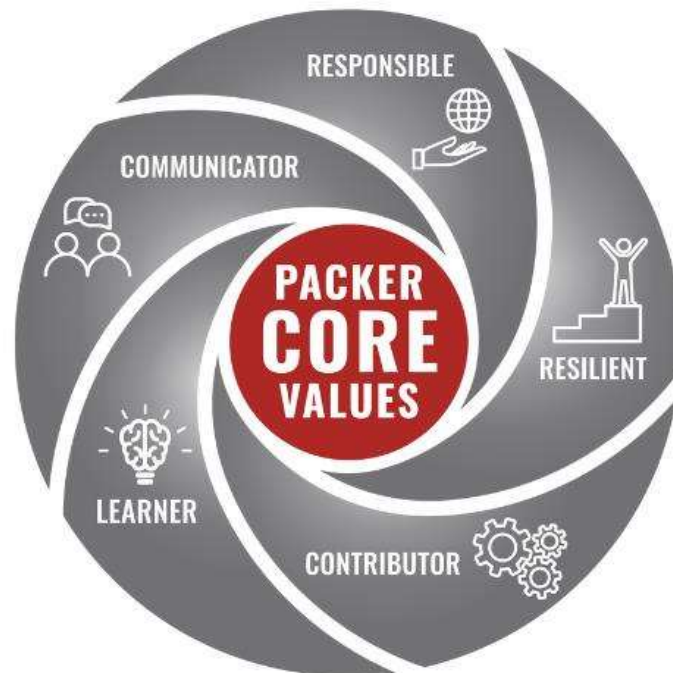
I work in a district that is willing to adapt and change when necessary to best meet the needs of all students

- Diversity, equality, inclusion and equity for everyone
- I have the resources and materials I need in my classroom and for families so they know what they can do to support learning at home
- There is effective communication across the district and community so staff and families have the information they need
- I have adequate training for various aspects of my job



WHAT OUGHT TO BE

The **Desired Daily Experience** sets the foundation of descriptions of the student, family, and staff experiences *if* the strategic plan is successfully implemented in APS.



OUR CORE VALUES

(Drivers of Our Words and Actions)

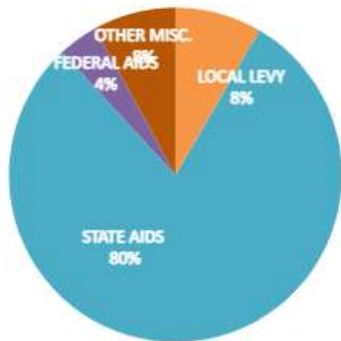
- **Responsible:** Demonstrates accountability to self and others
- **Resilient:** Develops perseverance and self-confidence
- **Learner:** Challenges self to think critically
- **Communicator:** Listens actively and shares learning and experiences
- **Contributor:** Engages as a productive member of the community and global society

Changes to Budget Assumptions

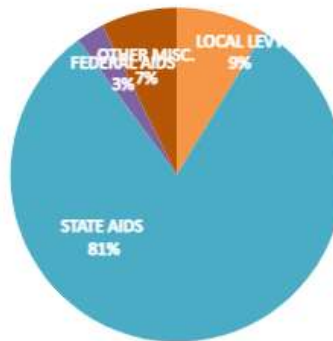
- Enrollment
 - Adopted Budget K-12 4,858
 - Revised Budget K-12 5,003
- Special Education Revenue
 - MDE has prorated this special education aid to 95%
 - Will require legislature to pass an increase in appropriation
- Staff Changes
 - Lane changes
 - New employees hired (EL, K teacher, Paraprofessionals, Counselor/Social Worker)
- Timing of Projects (Parking lots, playgrounds)

2024-25 Revised Budget General Fund Revenues By Source

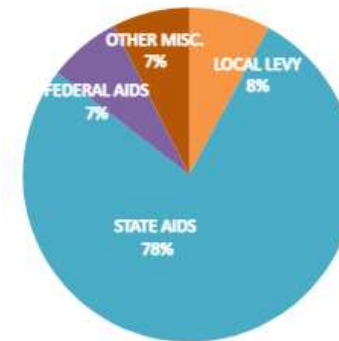
2024-25 REVISED BUDGET
GENERAL FUND REVENUES BY SOURCE



2024-25 ORIGINAL BUDGET
GENERAL FUND REVENUES BY SOURCE



2023-24 ACTUALS
GENERAL FUND REVENUES BY SOURCE



2024-2025 REVISED BUDGET GENERAL FUND
REVENUES AND PERCENTAGE BY SOURCE

REVENUE SOURCES	REVISED		ORIGINALS		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24-25 BUDGET	24-25 PERCENT	23-24 REVENUE	23-24 PERCENT
LOCAL LEVY	7,758,879	8.43%	7,758,879	8.76%	7,355,929	7.91%
STATE AIDS	73,292,854	79.68%	71,902,852	81.17%	72,107,118	77.56%
FEDERAL AIDS	3,547,968	3.86%	2,376,743	2.68%	6,548,882	7.04%
OTHER MISC.	7,386,050	8.03%	6,540,850	7.38%	6,955,805	7.48%
TOTAL REVENUES	91,985,752	100%	88,579,325	100%	92,967,734	100.00%

2024-25 Revised Budget

General Fund Expenditures By Program

2024-2025 REVISED BUDGET GENERAL FUND EXPENSES AND PERCENTAGE BY PROGRAM

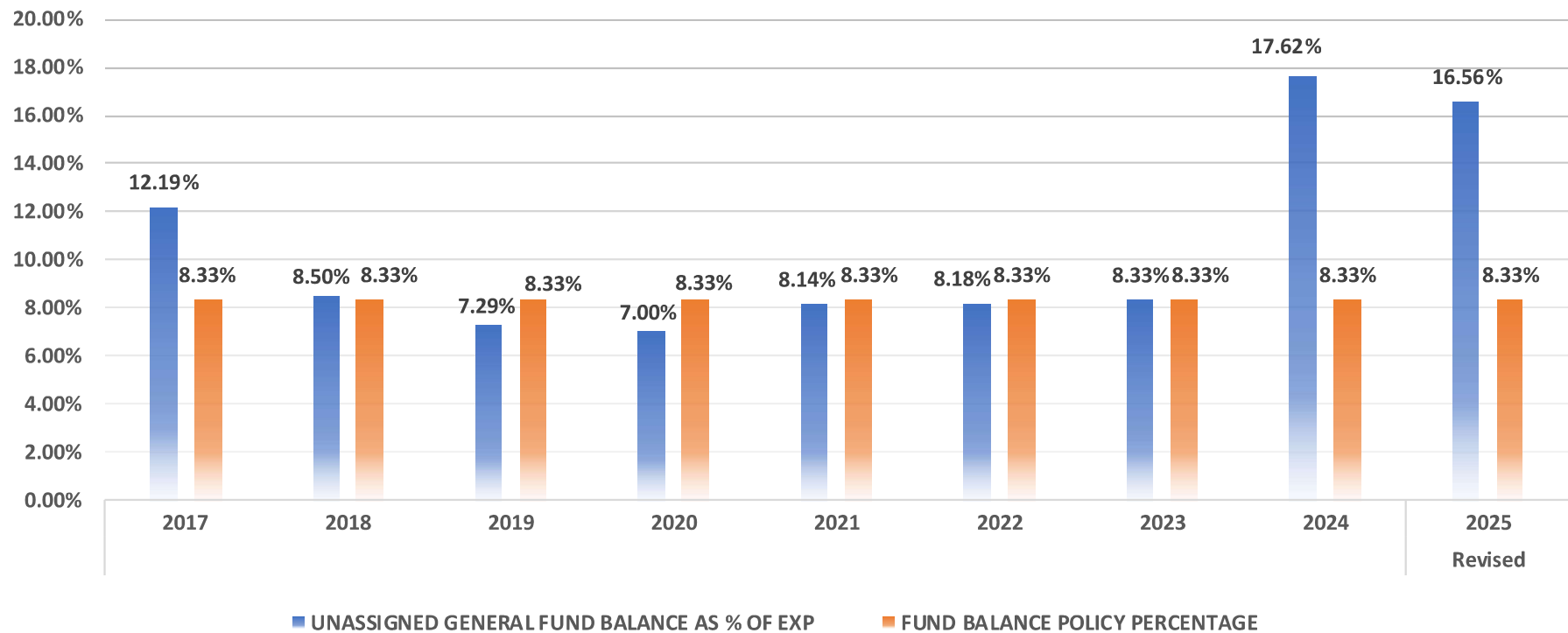
PROGRAM EXPENSES	REVISED		ORIGINAL		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24-25 BUDGET	24-25 PERCENT	23-24 EXPENSES	23-24 PERCENT
ADMINISTRATION	2,868,836	3.13%	2,922,204	3.31%	2,977,093	3.62%
DISTRICT SUPPORT	3,332,063	3.64%	3,127,971	3.54%	2,502,405	3.04%
REGULAR INSTRUCTION	36,866,014	40.28%	35,373,901	40.09%	33,722,818	40.98%
VOCATIONAL INSTRUCTION	996,741	1.09%	976,761	1.11%	940,140	1.14%
SPECIAL EDUCATION	21,735,253	23.75%	21,974,703	24.90%	20,548,718	24.97%
INSTRUCTIONAL SUPPORT	5,565,117	6.08%	5,011,450	5.68%	4,325,080	5.26%
PUPIL SUPPORT	8,810,897	9.63%	8,529,060	9.67%	7,970,941	9.69%
SITES & BUILDINGS	9,583,836	10.47%	8,659,969	9.81%	8,711,235	10.59%
OTHER FIXED COSTS & TRANSFERS	1,772,240	1.94%	1,664,604	1.89%	585,221	0.71%
SUBTOTAL PROGRAM EXPENSES	91,530,997	100.00%	88,240,622	100.00%	82,283,652	100.00%
TRANSFERS	-		-		-	
TOTAL PROGRAM EXPENSES	91,530,997		88,240,622		82,283,652	

2024-25 Revised Budget

24-25 Budgeted Revenues/Expenditures

	6/30/2024 Actual Fund Balance	Budgeted Revenues	Budgeted Expenditures	Gain(Loss)	Fund Transfer	Transfers In or Out	6/30/2025 Budgeted Fund Balance
General Fund:							
Restricted - ALC	730,326.41	708,597.72	867,181.82	(158,584.10)	-	-	571,742.31
Restricted - Staff Development	(0.00)	816,765.11	816,765.11	-	-	-	(0.00)
Restricted - Basic Skills	1,149,674.87	9,628,406.46	8,990,673.11	637,733.35	-	-	1,787,408.22
Restricted - English Learner	-	1,528,301.48	1,528,301.48	-	-	-	-
Restricted - Literacy Incentive Aid	177,935.39	190,975.48	190,975.48	-	-	-	177,935.39
Restricted - School Library Aid	74,885.33	87,317.49	60,244.05	27,073.44	-	-	101,958.77
Restricted - Gifted & Talented	2,380.56	72,998.64	72,998.64	-	-	-	2,380.56
Restricted - Learning & Development	345,654.51	1,121,020.00	1,121,020.00	-	-	-	345,654.51
Restricted - Achievement & Integration	(0.00)	1,087,377.46	1,087,377.46	-	-	-	(0.00)
Restricted - Safe Schools	-	201,247.56	201,247.56	-	-	-	-
Restricted - Scholarships	13,104.55	72,526.00	76,000.00	(3,474.00)	-	-	9,630.55
Restricted - Operating Capital	1,278,900.49	2,218,467.55	2,465,100.41	(246,632.86)	-	-	1,032,267.63
Restricted - LTFM	1,180,660.23	1,673,867.38	1,952,942.86	(279,075.48)	-	-	901,584.75
Restricted - Student Activities	225,806.12	89,778.00	114,464.00	(24,686.00)	-	-	201,120.12
Assigned - Student Athletics	113,731.60	54,672.00	75,880.00	(21,208.00)	-	-	92,523.60
Assigned - Student Support Personnel	-	92,574.97	92,574.97	-	-	-	-
Assigned - Separation Benefits / OPEB	2,124,260.30	-	-	-	-	-	2,124,260.30
Assigned - Health Insurance	1,700,000.00	-	-	-	-	-	1,700,000.00
Nonspendable - Prepaid Expenses	203,437.87	-	-	-	-	-	203,437.87
Unassigned-Professional Development Accts	-	36,500.00	36,500.00	-	-	-	-
Unassigned-Site-Co-Curricular Funds	627,746.27	251,970.00	402,991.64	(151,021.64)	103,500.00	-	580,224.63
Unassigned	13,225,784.63	72,052,388.28	71,377,758.44	674,629.84	(103,500.00)	-	13,796,914.47
Total General Fund	23,174,289.13	91,985,751.58	91,530,997.03	454,754.55			23,629,043.68
						Net Change	618,651.48
						Fund Balance %	16.56%

Unassigned Fund Balance



■ UNASSIGNED GENERAL FUND BALANCE AS % OF EXP ■ FUND BALANCE POLICY PERCENTAGE

*ISD 492 Fund Balance Policy 714 guides budgeting practice in meeting or exceeding Unassigned Fund Balance targets.



Food Service

Todd Lechtenberg

Changes to Budget Assumptions

- Investment into new cafeteria tables at Ellis Middle School and all 4 elementary buildings
 - Will be in place by start of 2026 school year
- Investment in serving line equipment at the elementary buildings
 - Fruit and vegetable bar cart (all locations)
 - Hot and cold entrée cart (Banfield and Sumner)
 - Cashier Cart (Banfield and Sumner)

Food Service Revised Budget

2024-2025 REVISED BUDGET FOOD SERVICE REVENUES AND PERCENTAGE BY SOURCE

REVENUE SOURCES	REVISED		ORIGINAL		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24-25 BUDGET	24-25 PERCENT	23-24 EXPENSES	23-24 PERCENT
STATE AIDS	1,200,000	28.04%	1,200,000	28.10%	1,155,036	24.51%
FEDERAL AIDS	2,948,394	68.89%	2,940,000	68.83%	3,333,439	70.73%
PUPIL SALES & MISC.	131,188	3.07%	131,188	3.07%	224,577	4.76%
TOTAL REVENUES	4,279,583	100.00%	4,271,188	100.00%	4,713,052	100.00%

2024-2025 REVISED BUDGET FOOD SERVICE EXPENSES AND PERCENTAGE BY OBJECT

OBJECT EXPENSES	REVISED		ORIGINAL		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24-25 BUDGET	24-25 PERCENT	23-24 EXPENSES	23-24 PERCENT
SALARIES	1,214,228	26.82%	1,120,787	29.44%	1,174,780	27.51%
EMPLOYEE BENEFITS	414,941	9.16%	427,854	11.24%	401,608	9.40%
PURCHASED SERVICES	33,128	0.73%	33,128	0.87%	30,166	0.71%
SUPPLIES/MATERIALS	2,310,122	51.02%	2,051,722	53.88%	2,270,819	53.17%
CAPITAL EXPENDITURES	489,765	10.82%	108,515	2.85%	330,738	7.74%
OTHER EXPENSE	65,630	1.45%	65,630	1.72%	62,909	1.47%
TOTAL OBJECT EXPENSES	4,527,814	100.00%	3,807,636	100.00%	4,271,020	100.00%

	6/30/2024 Actual	Budgeted Revenues	Budgeted Expenditures	Gain(Loss)	Fund Transfer	Transfers In or Out	6/30/2025 Budgeted Fund Balance
Food Service Fund							
Nonspendable - Inventory	55,616.78	-	-	-	-	-	55,616.78
Restricted	2,101,070.90	4,279,582.65	4,527,814.38	(248,231.73)	-	-	1,852,839.17
Total Food Service Fund	2,156,687.68	4,279,582.65	4,527,814.38	(248,231.73)	-	-	1,908,455.95

Community Service

Todd Lechtenberg

Changes to Budget Assumptions

- Kids Korner At Risk Levy Adjustment
 - At-risk students' cost are \$128,124 and district only levied \$88,154.
 - Adjustment will be made on future levy
 - District has historically under levied here
- School Readiness
 - District is investing in preschool to ensure students are ready for Kindergarten

2024-25 Revised Budget Community Service Fund Revenues By Source

2024-2025 REVISED COMMUNITY SERVICES REVENUES AND PERCENTAGE BY SOURCE

REVENUE SOURCES	REVISED		ORIGINAL		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24.25 BUDGET	24.25 PERCENT	23-24 EXPENSES	23-24 PERCENT
LOCAL LEVY	237,162	8.16%	234,918	9.08%	334,034	12.08%
STATE AIDS	1,026,140	35.30%	871,086	33.66%	847,358	30.65%
FEDERAL AIDS	34,257	1.18%	34,987	1.35%	54,154	1.96%
OTHER/TUITION & FEE	1,062,607	36.55%	978,611	37.82%	1,046,960	37.87%
OTHER/STATE ABE	546,964	18.81%	468,146	18.09%	482,110	17.44%
TOTAL REVENUES	2,907,130	100.00%	2,587,748	100.00%	2,764,617	100.00%

2024-25 Revised Budget

Community Service Fund Expenditures By Program

2024-2025 REVISED BUDGET COMMUNITY SERVICES EXPENSES AND PERCENTAGE BY PROGRAM

PROGRAM EXPENSES	REVISED		ORIGINAL		ACTUALS	
	24-25 BUDGET	24-25 PERCENT	24-25 BUDGET	24-25 PERCENT	23-24 EXPENSES	23-24 PERCENT
GENERAL COMMUNITY ED ADULTS W/ DISABILITIES	197,708	6.64%	162,904	5.70%	230,989	8.69%
ADULT BASIC EDUCATION	45,541	1.53%	19,497	0.68%	45,105	1.70%
SUMMER SCHOOL	673,213	22.60%	587,600	20.56%	598,774	22.53%
KIDS KORNER	24,121	0.81%	23,833	0.83%	23,310	0.88%
EARLY CHILDHOOD FAMILY ED	920,108	30.88%	1,068,138	37.37%	866,555	32.61%
SCHOOL READINESS	231,095	7.76%	282,770	9.89%	251,661	9.47%
PRE-SCHOOL SCREENING	644,959	21.65%	595,848	20.84%	535,267	20.14%
OTHER COMMUNITY SERVICES	23,546	0.79%	14,879	0.52%	19,255	0.72%
TOTAL PROGRAM EXPENSES	2,979,179	100.00%	2,858,631	100.00%	2,657,621	100.00%

2024-25 Revised Budget Community Services

	6/30/2024 Actual Fund Balance	Budgeted Revenues	Budgeted Expenditures	Gain(Loss)	Fund Transfer	Transfers In or Out	6/30/2025 Budgeted Fund Balance
Community Service Fund:							
Restricted - Community Education	580,527.77	1,259,033.58	1,294,952.81	(35,919.23)	-	-	544,608.54
Restricted - ECFE	316,551.69	237,930.77	229,097.66	8,833.11	-	-	325,384.80
Restricted - School (Learning) Readiness	110,319.42	594,742.81	644,959.16	(50,216.35)	-	-	60,103.07
Restricted - Adult Basic Ed	130,639.20	678,063.47	672,813.47	5,250.00	-	-	135,889.20
Nonspendable - Prepaid Expenses	-	-	-	-	-	-	-
Unassigned	29,228.17	137,359.54	137,355.61	3.93	-	-	29,232.10
Total Community Service Fund	1,167,266.25	2,907,130.17	2,979,178.71	(72,048.54)	-	-	1,095,217.71

Other Funds

Todd Lechtenberg

2024-25 Revised Budget

Other Funds

Building Constr. Fund							
Restricted - COP-AHS Music	73,676.29	-	73,676.29	(73,676.29)	-	-	(0.00)
Restricted - COP-AHS Atrium	(0.00)	-	-	-	-	-	(0.00)
Restricted - Lease Purchase FIN 791	(0.00)	-	-	-	-	-	(0.00)
Restricted - Capital Facilities	21,161.72	1,050.00	22,211.72	(21,161.72)	-	-	0.00
Restricted - Capital Facilities Roofing Project	0.00	-	-	-	-	-	0.00
Nonspendable - Prepaid Expenses	-	-	-	-	-	-	-
Unassigned - Building Construction	-	-	-	-	-	-	-
Total Building Constr. Fund	94,838.01	1,050.00	95,888.01	(94,838.01)	-	-	0.00
	6/30/2024						6/30/2025
	Actual	Budgeted	Budgeted	Gain(Loss)	Fund	Transfers	Budgeted
	Fund Balance	Revenues	Expenditures		Transfer	In or Out	Fund Balance
Debt Service Fund							
Restricted - QZAB Sinking Fund	-	-	-	-	-	-	-
Restricted	847,144.43	3,820,407.03	3,800,678.18	19,728.85	-	-	866,873.28
Total Debt Service Fund	847,144.43	3,820,407.03	3,800,678.18	19,728.85	-	-	866,873.28
Trust Fund							
Unassigned	114,774.75	5,066.00	500.00	4,566.00	-	-	119,340.75
Total Trust Fund	114,774.75	5,066.00	500.00	4,566.00	-	-	119,340.75
Custodial Fund							
Unassigned	-	202,500.00	202,500.00	-	-	-	-
Total Custodial Fund	-	202,500.00	202,500.00	-	-	-	-
Internal Service - Insurance Trust Fund							
Unassigned	2,659,029.07	15,060,333.00	15,060,333.00	-	-	-	2,659,029.07
Total Internal Service Fund - Insur. Trust	2,659,029.07	15,060,333.00	15,060,333.00	-	-	-	2,659,029.07
Internal Service - OPEB Trust							
Unassigned	92,000.00	44,300.00	-	44,300.00	-	-	136,300.00
Total Internal Service Fund - OPEB Trust	92,000.00	44,300.00	-	44,300.00	-	-	136,300.00



Looking ahead to FY2026

Todd Lechtenberg

Navigating 2026: School Funding in an Evolving Landscape

- Unknown funding above state law
- Unfunded mandates
 - Earn Sick and Safe Time
 - Increase of TRA from 8.75% to 9.50% employer contribution starting on July 1, 2025
 - Summer unemployment insurance-state funds are set to expire
 - MN Paid Leave starts January 1, 2026, and employers are required to pay 50% of estimated 0.88% tax
- Decrease in state funding
 - Basic skills revenue (Compensatory Aid) is set to decrease by \$1,179,289 due to a change in how its calculated
- Governor's Budget Proposals
 - Reduction in Special Education transportation from 100% to 95%
 - Elimination of Non-public aid

Any Questions

FUND BALANCES

714

I. PURPOSE

The purpose of this policy is to create new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB).

II. GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail.

III. DEFINITIONS

- A. “Assigned” fund balance amounts are comprised of unrestricted funds constrained by the school district’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. “Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
- C. “Enabling legislation” means legislation that authorizes a school district to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. “Fund balance” means the arithmetic difference between the assets and liabilities reported in a school district fund.
- E. “Nonspendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term

receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

- F. “Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- G. “Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.
- H. “Unrestricted” fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

IV. CLASSIFICATION OF FUND BALANCES

The school district shall classify its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

V. MINIMUM FUND BALANCE

The school district will maintain a minimum unassigned general fund balance of 8.33 percent (one month of operating expenses) of the annual expenditure budget excluding Long Term Facilities Maintenance, Operating Capital, and Student Activities Account expenditures.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

VII. COMMITTING FUND BALANCE

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

VIII. ASSIGNING FUND BALANCE

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the Superintendent, Executive Director of Finance and Operations, and Controller. Assignments so made shall be reported to the school board monthly, either separately or as part of ongoing reporting by the assigning party if other than the school board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. STABILIZATION ARRANGEMENTS

The school board can further establish any arrangement(s) for emergencies and other contingencies. Should such arrangements be established, the school board will specifically define the circumstances or conditions when these amounts may be used, which must be unanticipated adverse financial or economic circumstances. These circumstances or conditions cannot be situations that are expected to or which occur routinely. Stabilization arrangements should be reported as restricted or committed if they meet the criteria or, otherwise, should be reported as unassigned. They should not be reported as assigned.

X. REVIEW

The school board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board

Policy Adopted: 11/29/04
Revised Policy Approved: 06/13/11
Policy Reviewed: 12/10/12
Policy Reviewed: 08/11/14
Policy Reviewed: 10/10/16
Policy Reviewed: 5/13/19
Revised Policy Approved: 03/14/22



Fund Balance Discussion

School Board Work Session
Todd Lechtenberg

AUSTIN PUBLIC SCHOOLS STRATEGIC PLAN

OUR MISSION

(Our Core Purpose)

Inspire. Empower. Accelerate.

OUR VISION

(What We Intend to Create)

Preparing all learners to make a difference in the world.

Our Core Values

(Drivers of Our Words and Actions)

- Responsible: Demonstrates accountability to self and others
- Resilient: Develops perseverance and self-confidence
- Learner: Challenges self to think critically
- Communicator: Listens actively and shares learning and experiences
- Contributor: Engages as a productive member of the community and global society

OUR STRATEGIC PRIORITIES

(Drivers of Our Continuous Improvement)

1. Support and resources to ensure a safe and welcoming learning environment
2. Packer Profile for all learners
3. District-wide multi-tiered systems of support for all learners
4. Excellence in resource management



STUDENTS

I am supported and challenged in my learning and believe I will be successful

- Teachers and all staff are approachable, listen and respond to my needs
- My teachers have time to talk through and help answer questions or help solve problems I have
- I am trusted to make good choices, be engaged in my learning, and held accountable but not overwhelmed

I feel that school is safe and that school is challenging and fun

- I am heard and respected for who I am by school staff and students
- The school and my interactions with students and staff are safe, positive and inclusive
- I enjoy coming to school every day and have time to be with friends during school
- I understand what is expected from me at school
- I am supported in my mental health needs ←

I am an engaged learner at school and in our community

- I have a voice and choice in how and what I learn
- My learning is hands-on, meaningful, challenging and helps me prepare for my future ←
- My teachers like me and believe in me
- I have teachers and staff that work with me in a way that benefits all students
- I am physically comfortable in the school setting ←
- This school should be about me not the teachers ←



FAMILIES

I am part of my child's education and feel welcomed, valued, and respected as a family

- My child is physically and emotionally safe at school ←
- My child feels a sense of belonging at school, is cared for, and valued
- My student can voice their thoughts and ideas without being discriminated against so they continue to learn

My child enjoys coming to school and is safe, included and respected so they are learning every day

- My child is challenged (not overwhelmed) in learning and development, listened to, and provided choice and voice in learning options
- Teachers know my child well and creates a fun, interactive approach to learning which is responsive to my child's and family needs

I am engaged in a partnership with my child's school so I know what to do to help my child continue to grow and learn

- I will feel welcome, informed and encouraged to collaborate with the teachers and staff at the school to help my child grow
- My child's teachers, my child and myself have open communication about their academic progress, social development and well-being
- District and school information is easy to understand and easily accessible
- My child is taught the life skills necessary to be successful in whatever path they choose after high school ←



STAFF

I am seen, valued, and respected for who I am and the work I do

- I work in a collaborative not competitive environment that honors the unique strengths of each individual
- I am seen as a professional and given the flexibility and support to provide students what they need to be successful
- I am listened to, heard and know that I matter
- I have a level of freedom and innovation within reasonable parameters

I receive the support and resources to do my job well so I am able to create a healthy and safe learning environment

- I am a valued member of a caring, engaged, and collaborative team
- I receive constructive feedback in regards to my position so I can be the best version of myself
- I am treated with respect and fairness with reasonable expectations for work, performance, time, and employment
- I enjoy my job and have flexibility, satisfaction, and recognition

I work in a district that is willing to adapt and change when necessary to best meet the needs of all students

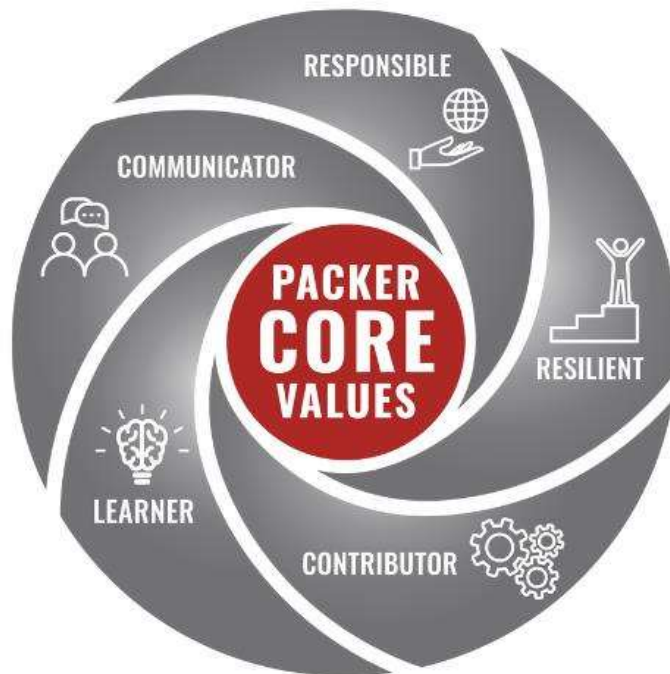
- Diversity, equality, inclusion and equity for everyone
- I have the resources and materials I need in my classroom and for families so they know what they can do to support learning at home
- There is effective communication across the district and community so staff and families have the information they need
- I have adequate training for various aspects of my job





WHAT OUGHT TO BE

The **Desired Daily Experience** sets the foundation of descriptions of the student, family, and staff experiences *if* the strategic plan is successfully implemented in APS.



OUR CORE VALUES

(Drivers of Our Words and Actions)

- **Responsible:** Demonstrates accountability to self and others
- **Resilient:** Develops perseverance and self-confidence
- **Learner:** Challenges self to think critically
- **Communicator:** Listens actively and shares learning and experiences
- **Contributor:** Engages as a productive member of the community and global society

Why have an Unassigned Fund balance?

- Ensures financial stability by covering cash flow gaps caused by fluctuating revenue and expenses throughout the year.
- To act as an emergency reserves the district could utilize in the event of an emergency.
- Is as an indicator of the financial stability of the district.
- When the district issues bonds for capital projects, the amount of interest the district pays to bondholders depends in part on the district's financial stability.
 - A stable fund balance reassures bondholders, leading to lower interest rates on capital projects, ultimately saving taxpayer dollars.

Recommended Change to Fund balance policy 714

- **Current V. MINIMUM FUND BALANCE**

- The school district will maintain a minimum unassigned general fund balance of 8.33 percent (one month of operating expenses) of the annual expenditure budget excluding Long Term Facilities Maintenance, Operating Capital, and Student Activities Account expenditures.

- **Proposed V. MINIMUM FUND BALANCE**

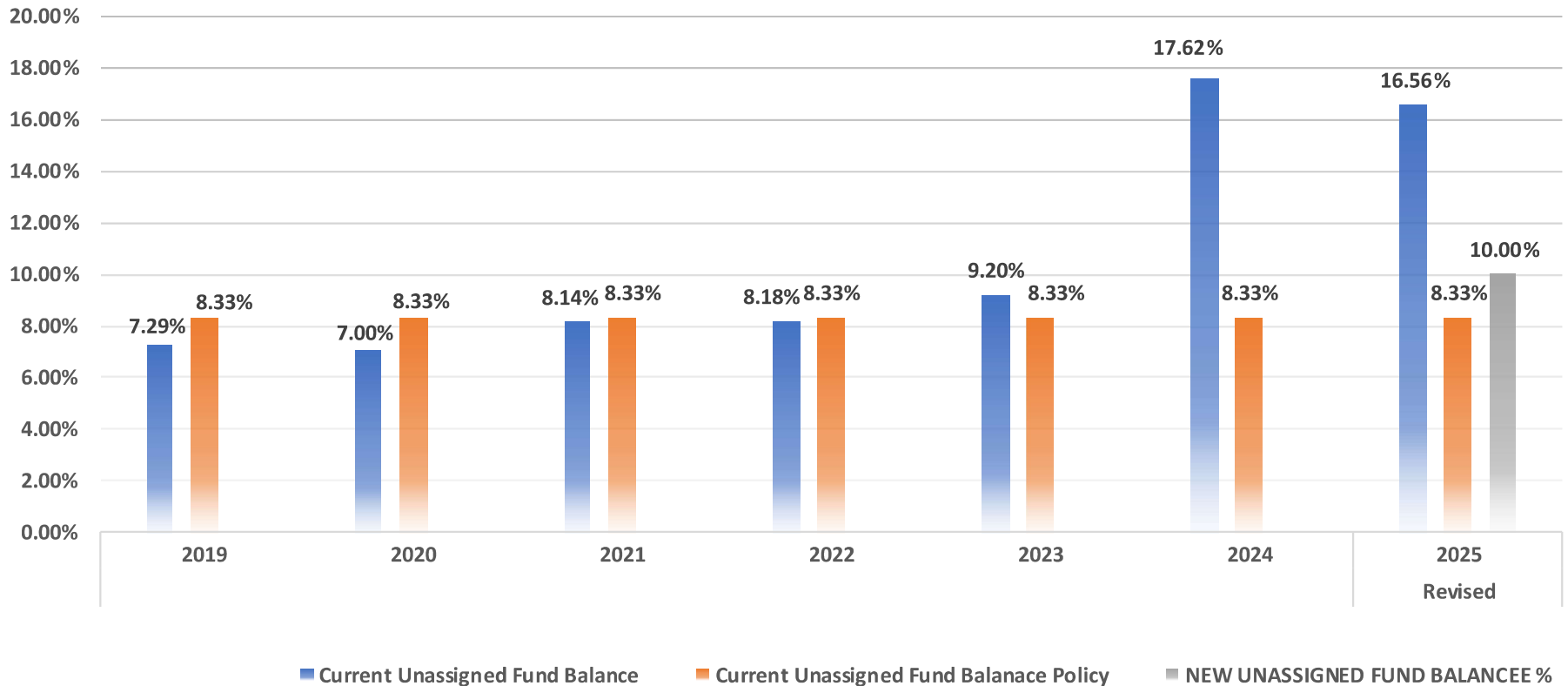
- The school district will maintain a minimum unassigned general fund balance of **10** percent of the annual expenditure budget excluding Long Term Facilities Maintenance, Operating Capital, and Student Activities Account expenditures.

Rational for change

Rationale for Increasing the Fund Balance to 10%

- A **10% fund balance** strengthens the district's financial stability, ensuring it can manage fluctuations in revenue and expenses while maintaining critical services.
- **Stronger Cash Flow Management**
 - Revenue and expenses do not always align throughout the year. A 10% balance ensures the district can continue operations smoothly without financial strain.
- **Emergency Readiness**
 - Unexpected challenges—such as state funding delays, economic downturns, or unforeseen costs—can create financial pressure. A larger fund balance acts as a safeguard, allowing the district to respond without cutting essential programs.
- **Demonstrating Financial Strength**
 - A well-maintained fund balance signals strong fiscal management to stakeholders, including taxpayers, employees, and financial agencies. This reinforces confidence in the district's ability to manage resources responsibly.
- **Lower Borrowing Costs & Taxpayer Savings**
 - When issuing bonds for capital projects, lenders evaluate financial stability. A higher fund balance lowers borrowing risk, leading to reduced interest rates and long-term savings for taxpayers.

Updated Chart with Recommendations



Assigned Fund Balance

Assigned Funds Rational

- Strategic Use of Assigned Funds
 - The Board can allocate surplus funds toward future projects, ensuring financial preparedness without impacting the operational budget.
 - Only funds exceeding the unassigned fund balance target would be designated for assigned funds, maintaining fiscal responsibility.
 - If the district's fund balance drops below target, the Board retains the flexibility to reallocate assigned funds back to unassigned reserves.
- Why This Approach?
 - Proactively builds reserves during strong financial years, ensuring funding for critical projects during economic downturns.
 - Reduces reliance on annual budgets for large expenditures, avoiding disruptions to essential programs and services.

Assigned Fund Balance

- Current Assigned Fund balance
 - Separation Benefits/OPEB-\$2,241,491
 - Health insurance benefits-\$1,700,000
- Areas that we could look at assigned funds for
 - Facilities
 - Curriculum
 - Technology
 - Building Health insurance fund balance back up

Health Insurance Fund Balance Target

Current Status

- FY23 Audited Results
 - Fund balance was \$5,966,432
 - Fund balance percentage was 48%
- FY24 Audited Results
 - Fund balance is \$2,659,030
 - Fund balance percentage is 16.8%
- FY25 Required rate increase was 24%
 - District was able to set aside 14% out of general fund
 - Premiums to employees increased by 10%

Why is this Target important?

- Ensures financial stability by covering cash flow gaps caused by fluctuating claims year over year
- Allows the health insurance fund to stand on its own and not be dependent on general fund
 - If health insurance fund goes negative, unassigned fund balance in the general fund needs to cover overage
- Allows the district to have plan options

Timeline

- Look at increasing the funds over the next 36 months
- Ways to increase the fund balance
 - Using unassigned fund balance reserve above board target
 - Increasing premiums each year

Different Target Options

- Fund balance target percentage 35%
 - Total FY24 claims \$15,833,146
 - Divide by 12 months
 - Average claims per month \$1,319,428
 - Number of months in reserve 4.2
 - Required balance \$5,541,598
- Fund balance target percentage 40%
 - Total FY24 claims \$15,833,146
 - Divide by 12 months
 - Average claims per month \$1,319,428
 - Number of months in reserve 4.8
 - Required balance \$6,333,254