

Dawson-Boyd School Board
Monday, June 24, 2024 12:00 PM
Upstairs High School Commons Area
Special Board Meeting
Google Meet joining info:

meet.google.com/zqa-jvoc-ays

Meeting ID
meet.google.com/zqa-jvoc-ays

Phone Numbers
(?US?)?+1 470-310-0795?

PIN: ?331 691 593#?

Meeting Agenda

1. Call to order
2. Adopt/Amend Agenda
3. Presentation of 2024-2025 Budget

4. Discussion/Approval Items:

* To review community feedback on construction potential and determine what, if anything, to send to MDE for review and comment
Holly Ward and Chris Ziemer

5. Action Items:

Approve the 2024-2025 Budget

6. Adjournment

Funding and Facilities Conversation



Dawson-Boyd Finance and Budget

- Annual General Fund Budget of Approximately \$8.1million.
- Basics of School Finance:
 - Fund 1 - General Fund - 80% is staff salaries and benefits
 - Fund 2 - Food Service
 - Fund 4 - Community Service
 - Fund 6 - Construction
 - Fund 7 - Debt Service
- Fund 1 can be used to cover shortfalls in other funds; however, the reverse is not true.
 - Funds 2, 4, 6, and 7 are restricted by state law and cannot be moved to Fund 1.



Dawson-Boyd Fund Balance Policy

Dawson-Boyd Policy 714 states, “The school district will strive to maintain a minimum unassigned general fund balance of two (2) months of operating expenses.”

2 months of expenses = \$1,972,000 or 15%

Why?

District revenue is dependent upon taxes (commercial, agriculture, and homestead) as well as state and federal revenue. State revenue is the largest within a school district budget. State revenue funding formulas are decided at the legislative level and funding formula enhancements continue to not keep pace with inflation. Revenue is not fully realized in situations in which property taxes are not paid, are not paid timely, and/or if property valuations are disputed by the owner.



Statutory Operating Debt (SOD)

- A school district is in SOD when their general fund balance is -2.5% or lower.
- Dawson-Boyd Schools began fiscal year 2024 with a 4.54% general fund balance. (Fund Balance Policy = 15% - 4.54% actual general fund balance = 10.46% below our policy).
- Our 4.54% general fund balance plus an additional 2.5% beyond our general fund balance was 7.04% away from SOD
On June 30, 2023.
- Minnesota Statutes 123B.81, subd. 2
 - Governs Statutory Operating Debt for School Districts



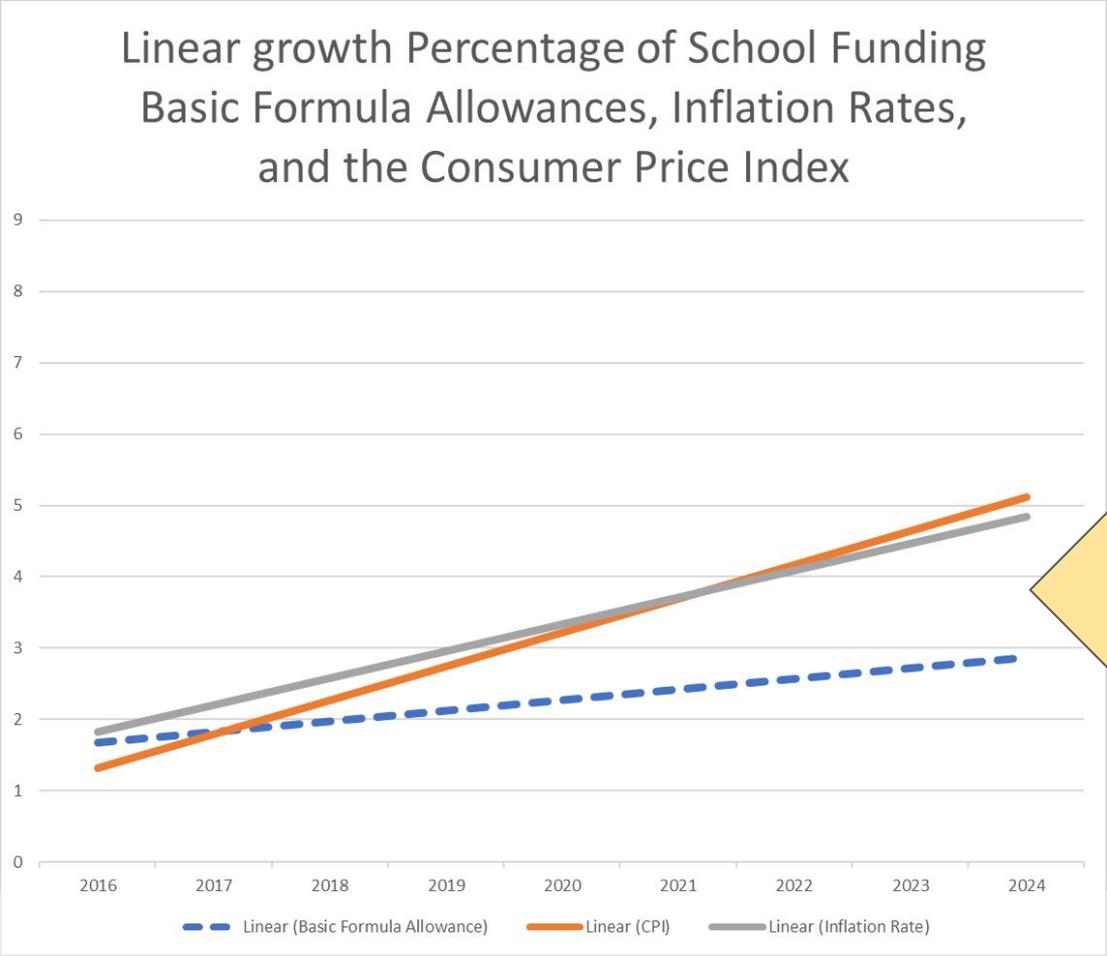
Statutory Operating Debt (SOD)

When a district goes into SOD, they must submit a plan to the state of MN demonstrating how they will get out of SOD in 3-5 years.

Local control essentially goes away. Everything must be approved by the state of MN.



How Did We Get Here?



This funding gap is approximately \$800,000/ year for Dawson-Boyd Schools

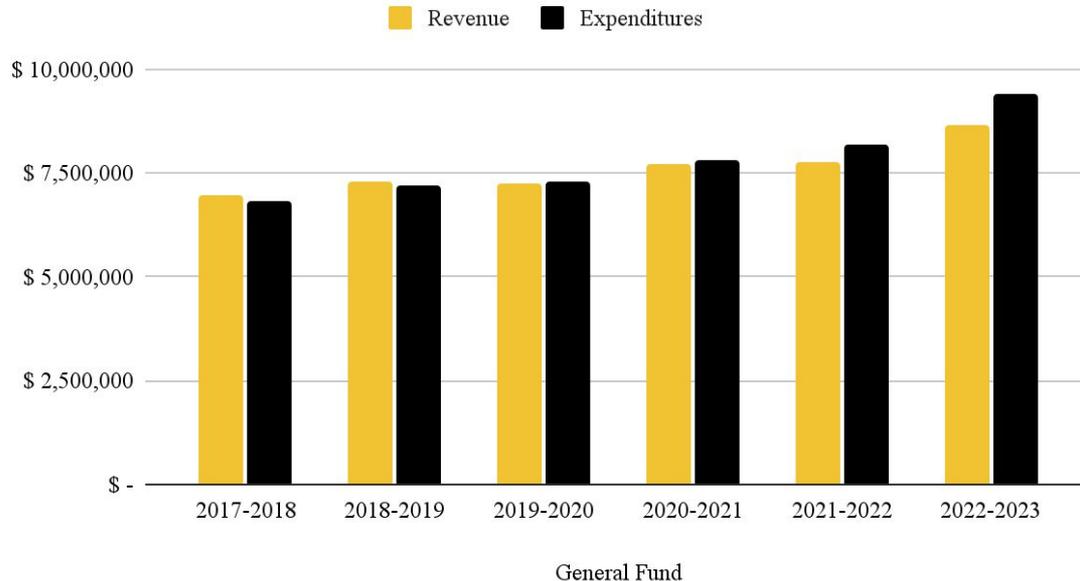


How Did We Get Here?

General Fund	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Revenue	\$ 6,965,496	\$ 7,310,308	\$ 7,243,962	\$ 7,711,494	\$ 7,754,013	\$ 8,649,628
Expenditures	\$ 6,813,787	\$ 7,183,773	\$ 7,298,774	\$ 7,799,292	\$ 8,172,555	\$ 9,425,982
Result	\$ 151,709	\$ 126,535	\$ (54,812)	\$ (87,798)	\$ (418,542)	\$ (776,354)
Change from Previous Year		\$ (25,174)	\$ (181,347)	\$ (32,986)	\$ (330,744)	\$ (357,812)

From 2019 to 2023 (4 fiscal years), the General Fund deficit was \$1,337,506.

Revenue and Expenditures



Not a result of mismanagement. Some explanations include:

- Phase 2 security cameras being expensive but more economical to install during construction
- New furniture
- Lockers

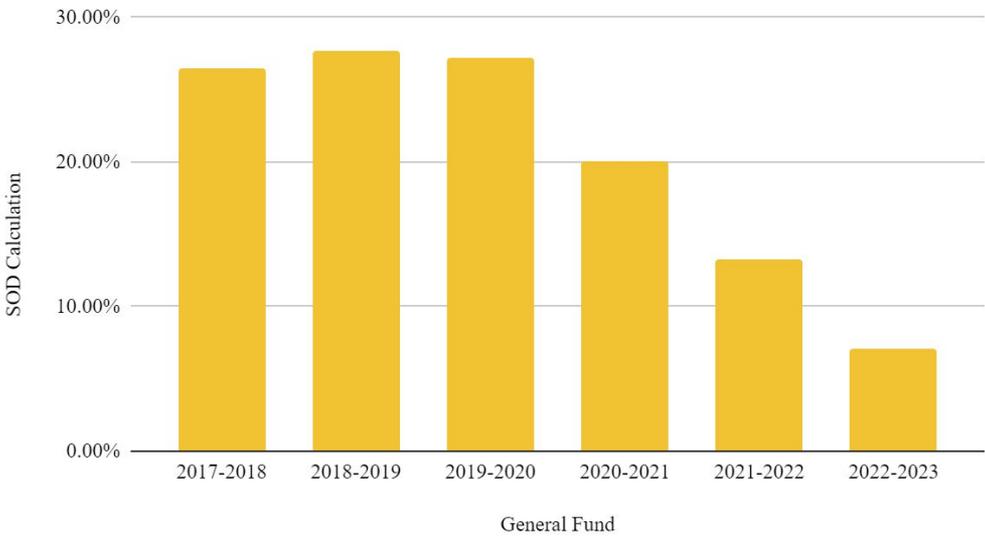


How Did We Get Here? (continued)

General Fund	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Fund Balance	\$ 1,575,775	\$ 1,725,741	\$ 1,727,194	\$ 1,370,223	\$ 972,700	\$ 594,078
MDE Expenditures	\$ 5,948,386	\$ 6,225,734	\$ 6,358,769	\$ 6,844,537	\$ 7,353,602	\$ 8,440,749
SOD Calculation	26.49%	27.72%	27.16%	20.02%	13.23%	7.04%

From 2018 to 2023 (5 fiscal years), the General Fund Balance has decreased by \$1,131,663.

SOD Calculation vs. General Fund



In 2017-2019, we set aside funds for school safety (security cameras) and equipment (furniture). This built up our general fund in anticipation of larger purchases.



Five Year Budget Projection

With no adjustments to revenues or expenditures we will likely be in SOD by June 30, 2026 (SY 2025-2026).

Categories	FY 2022	FY 2023	Chg	FY 2024	Chg	FY 2025	Chg	FY 2026	Chg	FY 2027	Chg	FY 2028	Chg
Revenue	7,754,013	8,649,628	11.6%	8,107,221	-6.3%	8,441,689	4.1%	8,557,403	1.4%	8,635,483	0.9%	8,708,240	0.8%
Expenditures	8,172,555	9,425,942	15.3%	8,249,707	-12.5%	8,763,756	6.2%	9,068,644	3.5%	9,389,633	3.5%	9,746,299	3.8%
Difference over/(under)	(418,542)	(776,314)		(142,486)		(322,067)		(511,241)		(754,150)		(1,038,059)	
Assigned/Unassigned Fund Balance	955,657	568,329		425,843		103,776		(407,465)		(1,161,614)		(2,199,674)	
Fund Balance %	11.7%	6.0%		5.16%		1.18%		-4.49%		-12.37%		-22.57%	

Operational Adjustments (\$811,613) (\$1,210,787) (\$1,767,761) (\$2,570,059) (\$3,661,619)

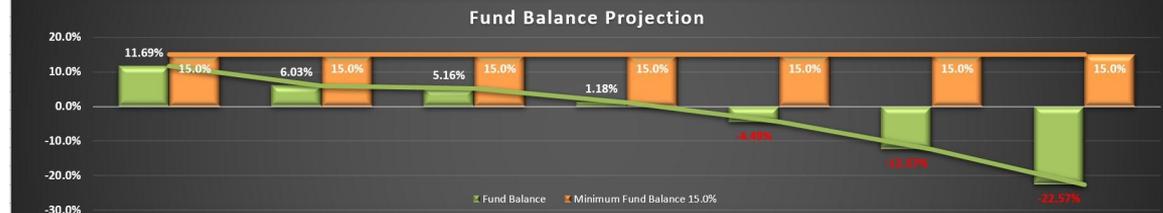
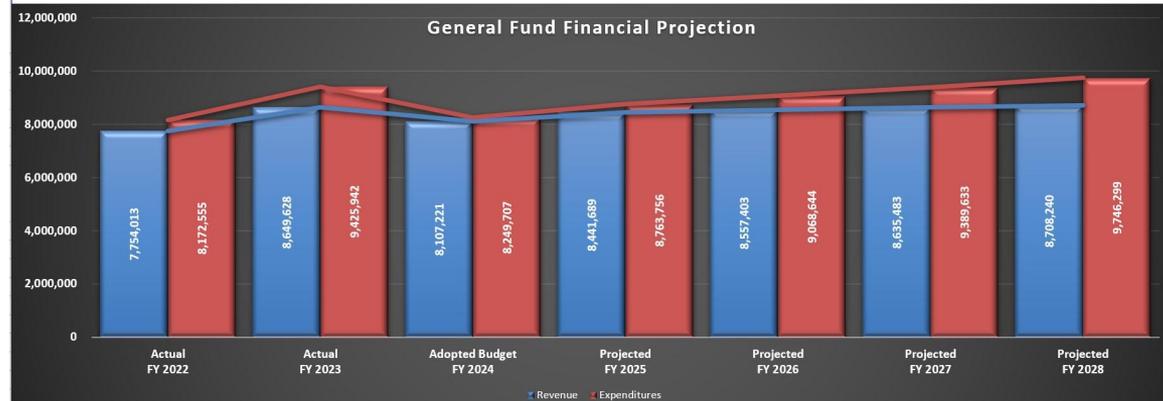
Assumptions

General Formula increase 2% FY 2025, and then 2-3% based on CPI

Expenditure increase of 3.0% annually

S.O.D. **S.O.D.** **S.O.D.**

(\$10,021,839) in total operational adjustments needed to meet minimum fund balance requirement



What Are Our Options?

1. Increase Revenue:
 - a. Increase Enrollment
 - b. Pass an Operating Levy
 - c. Pass a Capital Projects Levy

2. Decrease Expenses From Our General Fund



Expenditure Reductions

With \$367,700 in reduced expenditures for the 2024-2025 school year, we are projected to be in SOD by June 30, 2028 vs June 30, 2026.

Dawson-Boyd Public School - ISD #378

Five-Year Financial Projection - General Fund

Categories	Actual FY 2022	Actual FY 2023	% Chg	Adopted Budget FY 2024	% Chg	Projected FY 2025	% Chg	Projected FY 2026	% Chg	Projected FY 2027	% Chg	Projected FY 2028	% Chg
Revenue	7,754,013	8,649,628	11.6%	8,107,221	-6.3%	8,441,689	4.1%	8,557,403	1.4%	8,635,483	0.9%	8,708,240	0.8%
Expenditures	8,172,555	9,425,942	15.3%	8,240,320	-12.6%	8,381,643	1.7%	8,675,067	3.3%	8,984,249	3.6%	9,328,754	3.8%
Difference over/(under)	(418,542)	(776,314)		(133,099)		60,046		(117,664)		(348,766)		(620,514)	
Assigned/Unassigned Fund Balance	955,657	568,329		435,230		495,276		377,612		28,846		(591,668)	
Fund Balance %	11.7%	6.0%		5.28%		5.91%		4.35%		0.32%		-6.34%	

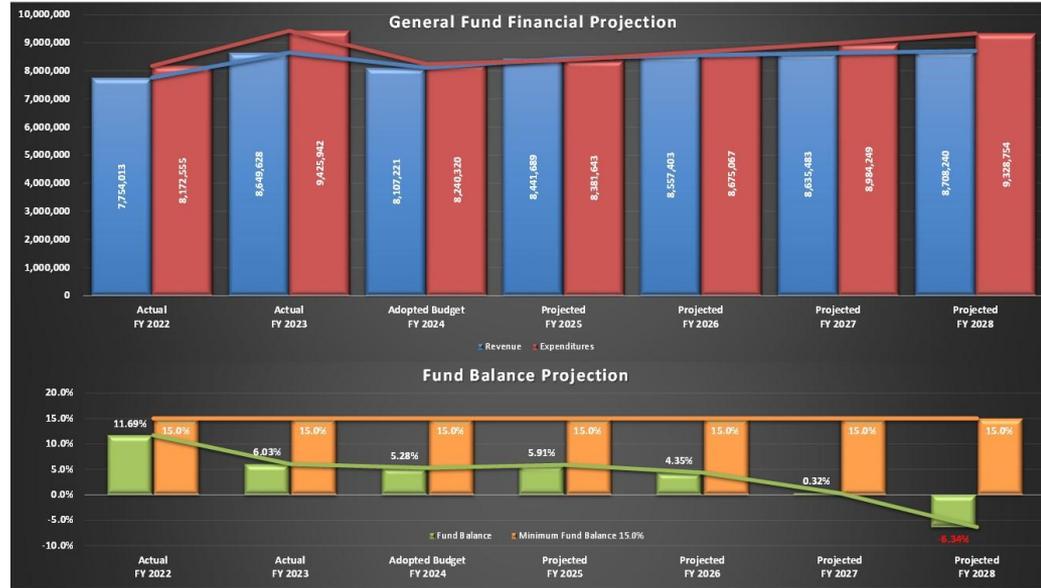
Operational Adjustments (\$800,818) (\$761,971) (\$923,649) (\$1,318,791) (\$1,990,981)

S.O.D.

Assumptions

General Formula increase 2% FY 2025, and then 2-3% based on CPI
Expenditure increase of 3.0% annually

(\$5,796,210) in total operational adjustments needed to meet minimum fund balance requirement



Without increasing revenues in our general fund, we will need to continually make cuts to balance the budget:

- FY 2026 - cuts of at least \$117,664
- FY 2027 - cuts of at least \$384,766
- FY 2028 - cuts of at least \$620,514

We value our vision of Small School, Big Opportunities. To maintain this vision we must be able to attract and retain high quality staff. We need to update our curriculum to keep pace with state standards.

Without increased revenues:

- We will be unable to afford new curriculum
- We will be forced to reduce staffing
- We will be forced to reduce opportunities for our students



Increasing Revenue

Dawson-Boyd Public School - ISD #378

Five-Year Financial Projection - General Fund

Categories	Actual FY 2022	Actual FY 2023	% Chg	Adopted Budget FY 2024	% Chg	Projected FY 2025	% Chg	Projected FY 2026	% Chg	Projected FY 2027	% Chg	Projected FY 2028	% Chg
Revenue	7,754,013	8,649,628	11.6%	8,107,221	-6.3%	8,441,689	4.1%	9,057,403	7.3%	9,135,483	0.9%	9,214,967	0.9%
Expenditures	8,172,555	9,425,942	15.3%	8,240,320	-12.6%	8,381,643	1.7%	8,675,067	3.5%	8,984,249	3.6%	9,328,754	3.8%
Difference over/(under)	(418,542)	(776,314)		(133,099)		60,046		382,336		151,234		(113,786)	
Assigned/Unassigned Fund Balance	955,657	568,329		435,230		495,276		877,612		1,028,846		915,059	
Fund Balance %	11.7%	6.0%		5.28%		5.91%		10.12%		11.45%		9.81%	
			Operational Adjustments	(\$800,818)		(\$761,971)		(\$423,649)		(\$318,791)		(\$484,254)	

Assumptions

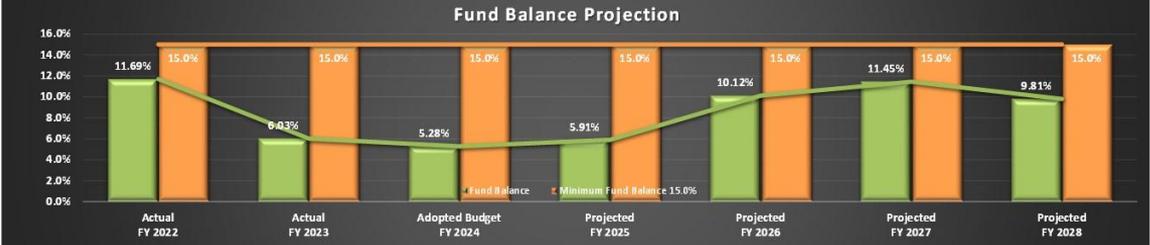
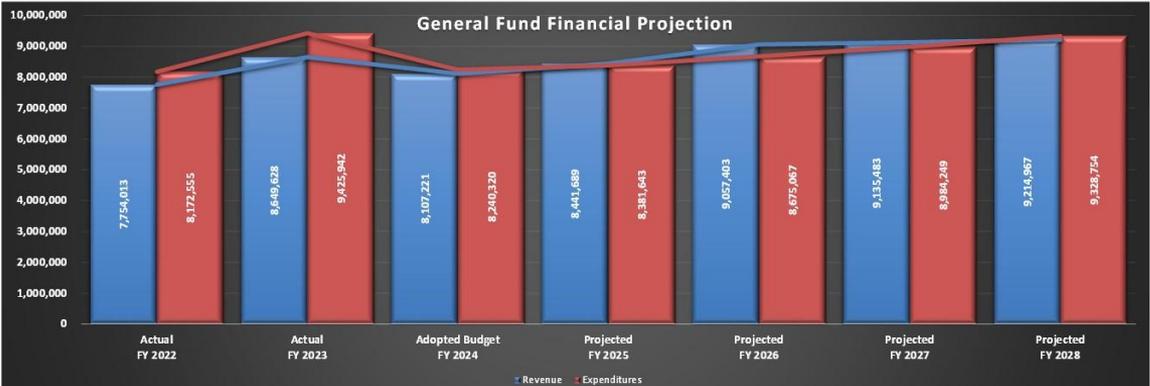
General Formula increase 2% FY 2025, and then 2-3% based on CPI

Expenditure increase of 3.0% annually

(\$2,789,482) in total operational adjustments needed to meet minimum fund balance requirement

If we increase our revenue through a \$500,000 operating referendum or capital projects levy, we will increase our capital enough that we can combine revenue and fiscally conservative budget planning to rebuild our fund balance and maintain our vision of Small School, Big Opportunities.

This model shows the increased revenue. Through fiscally conservative practices, we can rebuild our fund balance and maintain a healthy future for our district..



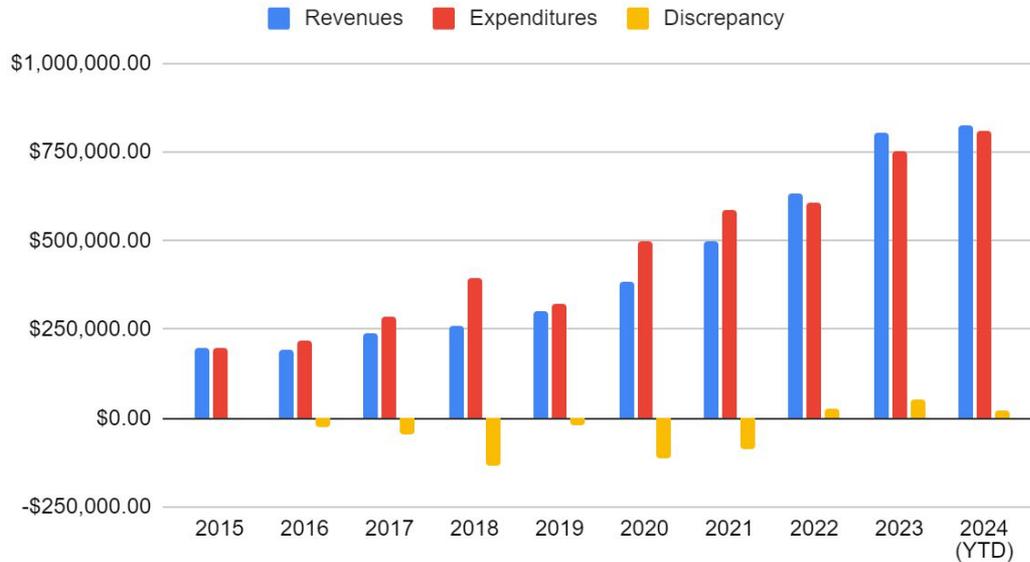
How does daycare impact our finances?

1. Daycare is part of the community services fund.
 - a. If community services fund is short, the general fund must pay the difference.
 - b. If the community services fund expends less than the revenue it generates, the funds cannot be transferred to the general fund. This means funds are available to increase opportunities through community education.



How does daycare impact our finances?

Revenues, Expenditures and Discrepancy



2019: Daycare operated by school at JMHS. Preschool (not daycare) teachers moved to teacher contracts.

2020: Daycare moved to school site due to COVID.

2022: Because of additional community services funds, we were able to add a 3rd teacher to our preschool.



How does daycare impact our finances?

Fund 4: Community Ed Budget Jul 1, 2023 - Jun 30, 2024

General	Revenue	Expense	NET
TA & CK	\$ -	\$ (59,371.41)	\$ (59,371.41)
Arts Director	\$ -	\$ (8,890.55)	\$ (8,890.55)
Misc Expenses	\$ -	\$ (10,060.78)	\$ (10,060.78)
Levy, Aide, & Misc. Rev.	\$ 83,811.86	\$ -	\$ 83,811.86
Total	\$ 83,811.86	\$ (78,122.74)	\$ 6,689.12

Note:

Early Childhood	Revenue	Expense	NET
ECFE	\$ 7,632.37	\$ (15,730.50)	\$ (8,098.13)
PreSchool	\$ 145,575.10	\$ (117,250.16)	\$ 28,324.94
School Readiness	\$ 19,364.85	\$ (63,735.73)	\$ (44,370.88)
Total	\$ 172,572.32	\$ (156,716.39)	\$ (24,144.07)

Note:

Daycare	Revenue	Expense	NET
BlackJack Babies*	\$ 198,365.97	\$ (402,605.51)	\$ (204,239.54)
BJB Grants	\$ 66,240.36	\$ -	\$ 66,240.36
Little Jacks (PreK)	\$ 131,743.40	\$ (57,045.47)	\$ 74,697.93
Junior Jacks (KCH)	\$ 78,640.25	\$ (26,283.98)	\$ 52,356.27
JJ Grants	\$ 20,449.30	\$ -	\$ 20,449.30
Total	\$ 485,439.28	\$ (485,934.96)	\$ 5,504.32

Note:

Community Services	Revenue	Expense	NET
Pool	\$ -	\$ (9,932.33)	\$ (9,932.33)
Fitness Center	\$ 27,493.45	\$ (7,294.73)	\$ 20,198.72
Weight Room	\$ -	\$ -	\$ -
Adult Classes	\$ -	\$ -	\$ -
Total	\$ 27,493.45	\$ (17,227.06)	\$ 10,266.39

Note: Pool costs do not include utilities nor custodial costs to check chemicals on weekends

Youth Services	Revenue	Expense	NET
Summer Rec	\$ 22,280.00	\$ (8,330.90)	\$ 13,949.10
City of Dawson	\$ 5,000.00	\$ -	\$ 5,000.00
Service Learning	\$ -	\$ 148.00	\$ (148.00)
Youth Athletics	\$ 7,687.00	\$ -	\$ 7,687.00
Total	\$ 34,937.00	\$ (8,882.90)	\$ 26,254.10

Driver's Training	Revenue	Expense	NET
Classroom	\$ 4,125.00	\$ (519.14)	\$ 3,605.86
BTW	\$ 9,400.00	\$ (11,722.30)	\$ (2,322.30)
Misc Fees	\$ -	\$ (7,000.00)	\$ (7,000.00)
Total	\$ 13,525.00	\$ (19,241.44)	\$ (5,716.44)

Note: Cost of Driver's Ed car not included in expenses, car is used for SPED transportation daily as well.

Fund 4 Total	Revenue	Expense	NET
	\$ 827,778.91	\$ (805,925.49)	\$ 21,853.42
Actual	\$ 827,778.91	\$ (808,429.68)	\$ 19,349.23

\$ (0.00) \$ 2,504.19

2023-24 Daycare Revenue Projections		Tuition Per Week	Tuition Per Yr
Infant	9	\$175.00	\$ 1,575.00
Infant (PT)	1	\$105.00	\$ 105.00
Infant (PT)	3	\$140.00	\$ 420.00
Toddler	12	\$165.00	\$ 1,980.00
Toddler (PT)	2	\$ 99.00	\$ 198.00
Littles (SY)	10	\$150.00	\$ 1,500.00
Littles (SY-PT)	1	\$120.00	\$ 120.00
Littles (SY-PT)	7	\$ 90.00	\$ 630.00
Littles (SY-PT)	2	\$ 60.00	\$ 120.00
Littles (SY-PT)	10	\$ 30.00	\$ 300.00
Littles (Sum)	20	\$150.00	\$ 3,000.00
Junior Jacks (SY)	12	\$ 40.00	\$ 480.00
Junior Jacks (SY)	10	\$ 50.00	\$ 500.00
Junior Jacks (Sum)	25	\$140.00	\$ 3,500.00
Total Tuition			\$ 419,016.00
Grants			
Great Start BJB		\$ 3,500.00	\$ 42,000.00
Great Start J/J/Littles		\$ 1,500.00	\$ 18,000.00
EDA		\$ 5,000.00	\$ 5,000.00
Total Grant			\$ 65,000.00
Total Revenue			\$ 484,016.00

2024-25 Daycare Revenue Projections		Tuition Per Week	Tuition Per Yr
Infant	16	\$180.00	\$ 3,040.00
Toddler	14	\$180.00	\$ 2,520.00
Littles (SY)	10	\$165.00	\$ 1,650.00
Littles (SY-PT)	1	\$140.00	\$ 140.00
Littles (SY-PT)	7	\$105.00	\$ 735.00
Littles (SY-PT)	2	\$ 70.00	\$ 140.00
Littles (SY-PT)	10	\$ 35.00	\$ 350.00
Littles (Sum)	20	\$165.00	\$ 3,300.00
Junior Jacks (SY)	12	\$ 50.00	\$ 600.00
Junior Jacks (SY)	10	\$ 70.00	\$ 700.00
Junior Jacks (Sum)	25	\$155.00	\$ 3,875.00
Total Tuition			\$ 511,420.00
Grants			
Great Start BJB		\$ 3,500.00	\$ 42,000.00
Great Start J/J/Littles		\$ 1,500.00	\$ 18,000.00
EDA		\$ 10,000.00	\$ 10,000.00
Total Grant			\$ 70,000.00
Total Revenue			\$ 581,420.00

None of our community services programs including early childhood, daycare, the community center, youth services, or driver's training pay rent because it is not legal for us to charge rent for our own programs.

Because the daycare is in our school, we are able to save/generate additional monies due to:

- Grants
- Food program money
- Streamlined services with the district such as food service employees, school nurse, custodians
- No transportation costs to access early childhood programming.



How does daycare impact our finances?

- 97% of children who go to daycare in our programs become Dawson-Boyd students when they enter kindergarten.
- 20% of the children in our daycare live in different communities. This translates into open enrollment for our district.
- Our open enrollment numbers closely align with our increased childcare offerings.

Student Enrollment	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Students Served	561.80	563.86	566.16	555.26	552.15	548.57
Open Enroll Into D-B	111.15	118.26	119.49	137.55	152.07	159.28
Open Enroll Out Of D-B	50.38	44.26	34.15	33.00	38.78	36.18

Since 2017, open enrollment into D-B has increased by 43.3%; open enrolled in students don't generate as much funding.

Between 2017 and 2023, students served decreased by 13 students, which is a 2.4% reduction.



Taxes are already high. Why are we talking about more building projects?



There is a need to talk about increasing our operating capital to assure the financial sustainability of our school. All possible projects that could be considered wants or needs that must go before voters are included in the discussion as context to support discussions and prioritization. Without all of the information, it becomes difficult for the board and voters to make informed decisions.



Potential Building Projects

- Pool - The pool is currently not useable due to a bad air flow exchanger. It will be a necessity to deal with at some point. If we can plan for the revival of the pool or the repurposing the space, it will be cheaper than if we are forced to do something due to structural failure after it sits empty for many years..
- Daycare - There is a direct correlation between daycare in our community and our enrollment. This provides for the long-term security of the school and, ultimately, our community.
- Bus Garage - This facility is in disrepair.



FY 2025 GENERAL FUND BUDGET

Board of Education	\$19,376	Secondary English Instruction	\$248,258
Office of the Superintendent	\$158,982	Secondary Spanish	\$84,620
General Administrative Support/Elections	\$69,780	Secondary Health & Physical Education	\$166,736
Business Services	\$213,411	Secondary Math Instruction	\$167,412
Staff Development	\$88,274	Secondary Computer Instruction	\$176,255
Social Worker Support Services	\$199,766	Secondary Music Instruction	\$198,105
Transportation	\$643,340	Secondary Science	\$209,627
Operations and Maintenance	\$719,665	Secondary Social Science	\$202,660
Employee Benefits	\$86,562	Athletic Administration & Training	\$140,810
Property & Other Insurance	\$100,702	Track	\$15,500
Office of the Elementary Principal	\$185,813	Tennis	\$9,500
Kindergarten	\$196,079	Golf	\$13,629
General Elementary Instruction	\$129,959	Cross Country	\$6,300
Grade One	\$132,104	Football	\$34,025
Grade Two	\$183,115	Boys Basketball	\$23,021
Grade Three	\$186,962	Baseball	\$13,430
Grade Four	\$181,531	Wrestling	\$24,237
Grade Five	\$175,292	Danceline	\$9,207
Grade Six	\$186,525	Girls Basketball	\$16,676
Elementary Education Disadvantaged	\$79,339	Softball	\$11,875
Elementary Health & Physical Education	\$98,551	Volleyball	\$19,745
Elementary Music Instruction	\$93,978	Co-Curricular	\$41,108
Elementary Speech Services	\$56,293	Production Agriculture	\$59,953
Elementary MMH/MSH Services	\$213,214	Consumer Homemaking	\$102,717
MVCC Services	\$60,909	Business Education	\$0
Elementary LD/EBD Services	\$343,058	Secondary Industrial Technology	\$67,339
Early Childhood Special Education	\$140,328	Secondary Speech Services	\$55,993
Special Education General	\$59,629	Secondary MMH/MSH Services	\$119,663
Elementary Media Services	\$33,492	Secondary LD Services	\$275,820
Elementary Health Services	\$32,244	Secondary EMH Services	\$0
Office of the Secondary Principal	\$201,922	Secondary Counseling Services	\$53,747
General Secondary Education	\$125,556	Secondary Health Services	\$31,444
Secondary Art Instruction	\$88,922	Education District Services	\$54,307
 <i>GENERAL FUND EXPENDITURES</i>			 \$8,138,392
<i>GENERAL FUND REVENUES</i>			\$8,438,608
 <i>FOOD SERVICES EXPENDITURES</i>			 \$478,927
<i>FOOD SERVICES REVENUES</i>			\$478,927
 <i>COMMUNITY SERVICES EXPENDITURES</i>			 \$949,061
<i>COMMUNITY SERVICES REVENUES</i>			\$1,017,879
 <i>DEBT SERVICES EXPENDITURES</i>			 \$2,130,118
<i>DEBT SERVICES REVENUES</i>			\$2,225,442
 <i>GRAND TOTAL ALL FUNDS EXPENDITURES</i>			 \$11,696,498
<i>GRAND TOTAL ALL FUNDS REVENUES</i>			\$12,160,856
 <i>BALANCE</i>			 \$464,358