



District Service Center

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ADMINISTRATIVE REPORT

To: Members of the School Board
Keith Jacobus, Superintendent

From: Wendy Peterson, Director of Nutrition Services
Dan Pyan, Director of Finance

Date: May 29, 2020

Topic/Purpose of Report: Proposed 2020/21 Nutrition Services (Fund 02) Budget

Recommended Board Action: Approval of 2020/21 Nutrition Services Budget

Date for Board Action: June 4, 2020

REPORT

Attached you will find the proposed 2020-21 Nutrition Services budget and supporting Statement of Revenue and Expenditures. A detailed review of this information was provided at the May 21, 2020 School Board meeting.

Nutrition Services continues to focus on meeting student expectations for food in terms of quality, freshness, school-made preparation, and student involvement in recipe selection and menu planning. These and other efforts have resulted in continued increases in total participation and customer satisfaction over the past few years. While doing this, the Department meets USDA nutrition standards, allowing students opportunities to enjoy meals and snacks with optimal nutritional value.

The 2019/2020 school year was off to another great start when COVID 19 hit. Revenue for the year decreased by 27% while expenses only decreased by 17%. Nutrition Services completely changed their service model by offering meals 7 days a week through curb side as well as doorstep delivery. The past two months have been riddled with challenges, but the department is proud to be serving an average of 23,000 meals per week with a staff of 25 managers. Financially the virus has taken a toll on the fund balance. The department is projected to go from a 12% to a 3.5% fund balance at the end of the 20/21 school year.

Our proposed budget allows for increases in employee wages and benefits and accommodates equipment needs in the buildings with a \$.10 price increase for SY 20/21. A price increase was needed prior to the virus but is now even more critical in order to bring back financial stability.

Proposed 2020/2021 Prices

| | |
|-------------------------|--------|
| Elementary Lunch | \$2.75 |
| Middle School Lunch | \$3.05 |
| High School Lunch | \$3.10 |
| Elementary Breakfast | \$1.40 |
| Middle School Breakfast | \$1.80 |
| High School Breakfast | \$1.80 |

We are anticipating a slight increase in revenue from breakfast and lunch sales which should result in additional revenue of \$81,795 for the fiscal year. Expenditures for food, salaries and benefits will increase with inflationary adjustments. Expenditures for equipment will be down from previous years in order to allow for additional dollars to be added to the fund balance

The Department will continue efforts to control costs while maintaining the quality that students and parents expect. The Department's continued focus on quality will provide a comprehensive structure under which costs, food taste, appearance, and product consistency across the district is ensured. The department will be prepared to safely serve the students in whatever environment is warranted.

The projected June 30, 2020 fund balance is \$360,165 (3.5% of budget).

The administration is recommending the approval of the Fund 02, Nutrition 2020/21 budget at the June 4, 2020 School Board Meeting.

Statement of Revenue and Expenditures

| | Initial 2019/20 | Revised 2019/20 | Proposed 2020/21 |
|---|------------------------|--------------------------|------------------------|
| A. Revenue | | | |
| State Aids & Credits: | | | |
| Breakfast | 180,000 | 119,585 | 189,000 |
| Lunch | 280,000 | 185,800 | 288,400 |
| Subtotal | 460,000 | 305,385 | 477,400 |
| Federal Aid: | | | |
| Breakfast | 364,000 | 244,930 | 382,000 |
| Lunch | 2,036,000 | 1,363,885 | 2,088,200 |
| Summer Food Service | 125,000 | 643,850 | 150,000 |
| Subtotal | 2,525,000 | 2,252,665 | 2,620,200 |
| Interest Income | | | |
| Sales: | 1,000 | 1,000 | 1,000 |
| Breakfast | 220,950 | 148,997 | 242,500 |
| Lunch | 3,871,000 | 2,589,180 | 3,977,367 |
| Ala Carte | 2,122,500 | 1,412,315 | 2,150,000 |
| Other | 221,000 | 156,265 | 321,500 |
| Subtotal | 6,436,450 | 4,307,757 | 6,692,367 |
| USDA Foods | | | |
| Subtotal | 508,000 | 400,000 | 520,000 |
| Total Revenue | 9,929,450 | 7,265,807 | 10,309,967 |
| B. Expenditures | | | |
| Salaries | 3,012,980 | 2,433,302 | 3,133,943 |
| Fringe Benefits | 1,283,700 | 1,207,300 | 1,336,665 |
| Purchased Services | 480,300 | 351,800 | 501,500 |
| Food and Supplies | 3,897,000 | 3,264,000 | 4,002,000 |
| Equipment | 270,000 | 220,000 | 235,000 |
| Other | 18,700 | 18,700 | 19,500 |
| Operational Chargeback | 949,471 | 710,860 | 1,027,112 |
| Total Expenditures | 9,912,151 | 8,205,962 | 10,255,720 |
| C. Excess (Deficiency) Revenue Over Expenditures | | | |
| | <u>\$17,299</u> | <u>-\$940,155</u> | <u>\$54,247</u> |

Fund Balance Summary

| | | | |
|---------------------------------------|---------------|-------------------|------|
| Audited Fund Balance – June 30, 2019 | | \$1,246,073 | |
| Add 2019-20 Projected Revenue | \$ 7,265,807 | | |
| Less 2019-20 Projected Expenditures | \$ 8,205,962 | <u>-\$940,155</u> | |
| Projected Fund Balance June 30, 2020 | | <u>\$305,918</u> | 3.7% |
| | | | |
| Add 2020-2021 Projected Revenue | \$ 10,309,967 | | |
| Less 2020-2021 Projected Expenditures | \$ 10,255,720 | <u>\$54,247</u> | |
| Projected Fund Balance June 30, 2021 | | <u>\$360,165</u> | 3.5% |