



CHISAGO  
LAKES  
SCHOOL DISTRICT

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*Engage. Educate. Empower.*

# FY 2025 Preliminary Budget

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*Director of Business Services*

June 20, 2024

# Purpose of the Budget

The purpose of the budget is to **provide a financial plan with estimates of proposed expenditures** for a given period and purpose, along with the **proposed** means of financing the plan. To achieve the basic objective, a comprehensive budget system is integrated within the financial accounting system. The budget reflects the school district's **priorities and expectations** and is a guide for future activities. The structure and format provided by a well-designed budget promotes sound decision making when allocating resources and prioritizing the importance of school district services

# School District Financial Structure

## Financial Reporting Entity:

Chisago Lakes Public Schools operates as a fiscally independent public school system under a locally elected, six-member board form of government.

The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform financial Accounting and Reporting System for Minnesota School Districts (UFARS) as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes (MN Statute 123B.77) and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School board approves all checks issued on a monthly basis. The Superintendent and Director of Business Services are authorized to make financial commitments within budgetary guidelines. The District has a School Board policy recommending a minimum unassigned general fund balance between **7 and 10 percent** of general fund expenditures.

The budget is adopted by the School board by June 30th of each year for the following fiscal year beginning July 1. If needed, the budget is revised at least once per year based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval.

# Budget Context

# New Requirements for School Districts

Although the state increased its funding formula for schools, giving us a 4 percent increase in fiscal year 2024 and a 2 percent increase in fiscal year 2025, this also came with a historic level of new mandates that are costly to implement - from universal meals and summer unemployment insurance to the READ Act and Earned Safe and Sick leave, these requirements have large price tags that account for a lot of the increase.

# Budget Pressures

Statewide and in Chisago Lakes the shortfalls are a result of unexpected and significant swings in inflation, cost of living increases, enrollment loss, the expiration of federal pandemic relief funds, and state funding that continues to fall short of school districts' actual and projected expenses.

# Pandemic Relief Funds Expired



Federal relief provided to all school districts to help students recover from the pandemic expires in September 2024.

Chisago Lakes has used the majority of the funds as of June 30, 2023.

# Inflation



Big swings in inflation have increased costs in utilities, transportation, food, supplies, insurance, and of course - cost of living.

# Staff Shortages



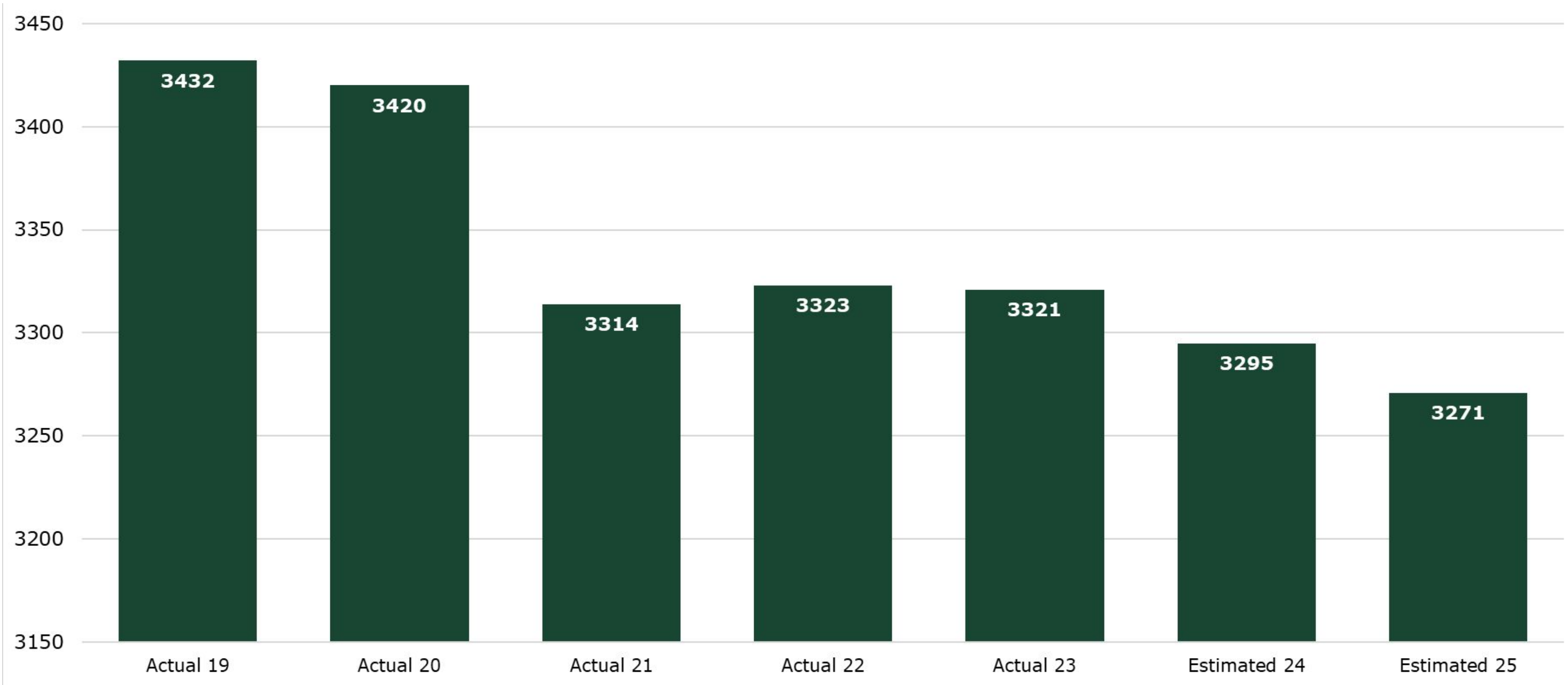
School districts had to respond to historical staff shortages by increasing salaries in a number of job categories to remain competitive and fill vacancies.

# Cost of Living



Chisago Lakes bargaining units have and are expected to settle at increases that exceed what the state gave us for fiscal years 24 and 25. We value our employees and need to pay them a livable wage that matches what our neighbors are offering.

# Change in Enrollment



# General Fund

# General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund.

# Fund Balances

- Non-Spendable
- Assigned
- Unassigned
- Reserved:
  - Student Activities
  - Staff Development
  - Operating Capital
  - Safe Schools Levy
  - Long Term Facilities Maintenance

# Original Assumptions

- Enrollment = 3,271
- General Education Basic Formula = \$7,281 (2% increase)
  - K-6 = \$7,281
  - 7-12 = \$8,737
- Compensatory Revenue Increase = \$110,000
- Special Education Revenue = 2% increase
- Expenditure Increase = 2%-7% range
- Contracts Open:
  - Local 284
  - Principals
  - Directors

# General Fund - Estimated Fund Balance

Estimated at 6/30/2024 \$7,092,170

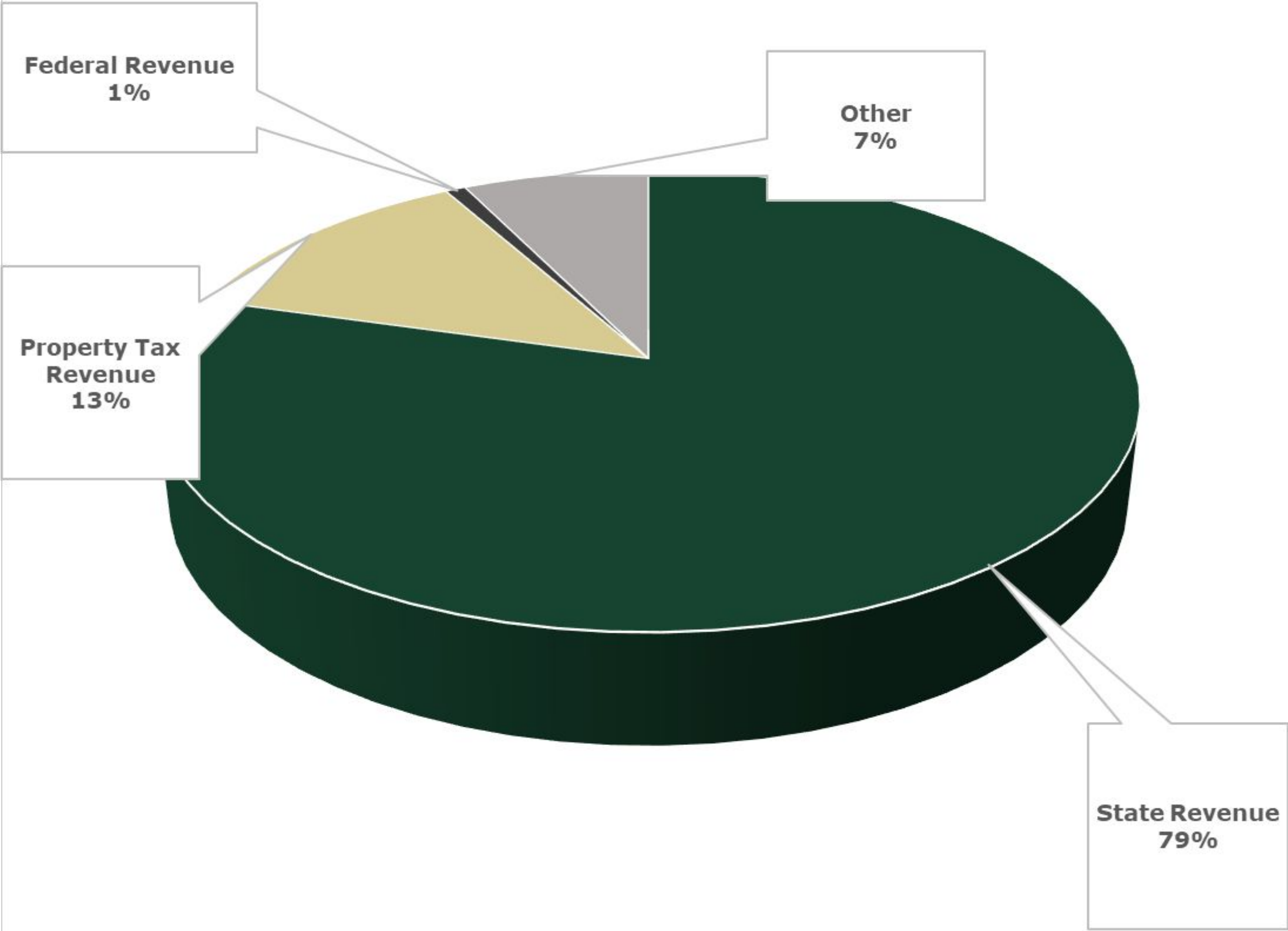
Revenue \$48,161,468

Expenditures \$48,874,610

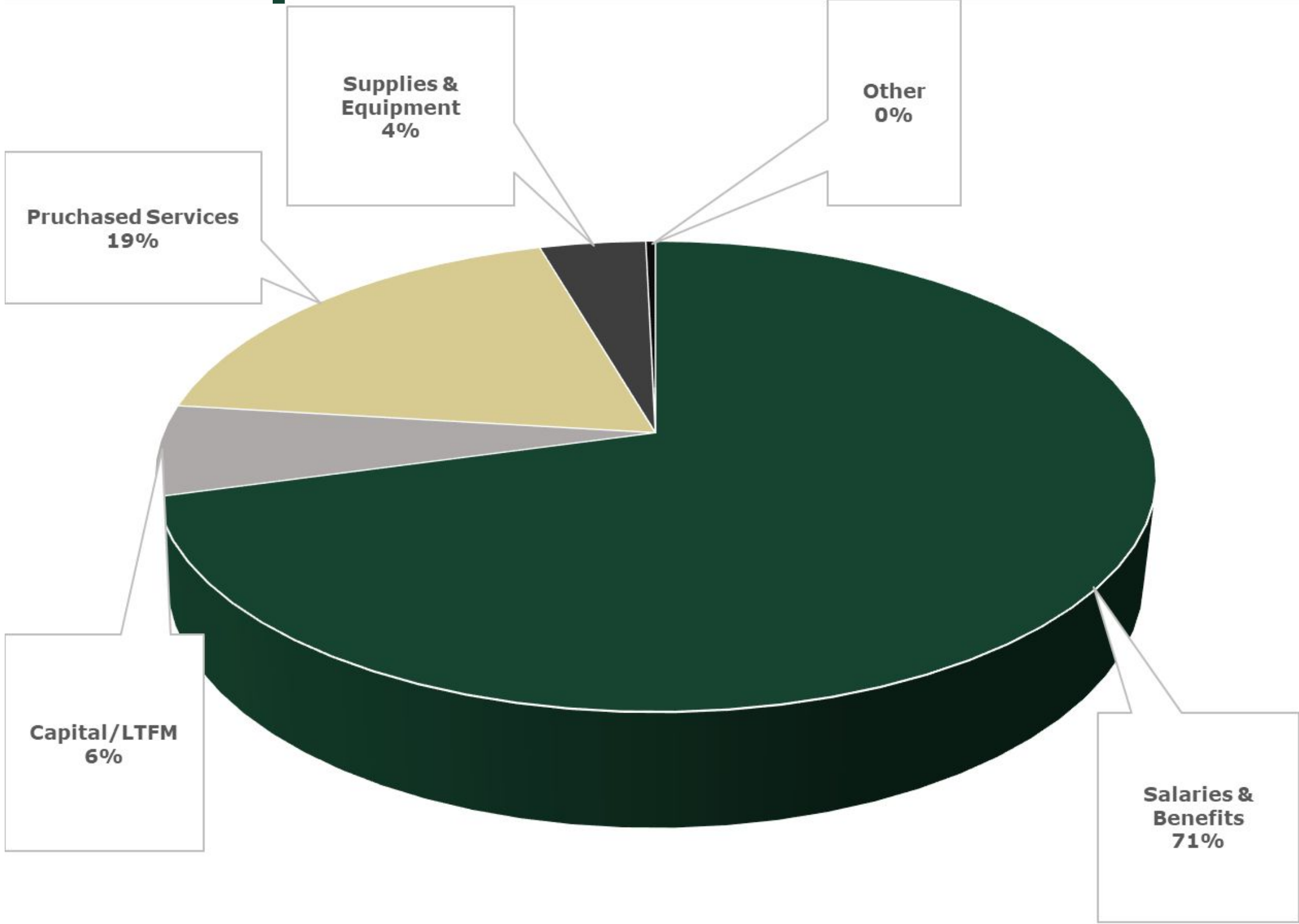
\$ (713,142)

Estimated at 6/30/2025 \$6,379,028

# General Fund - Revenue



# General Fund - Expenditures



# General Fund - Fund Balance Projection

	Actual <u>6/30/2023</u>	Projected <u>6/30/2024</u>	Projected <u>6/30/2025</u>
Restricted, Assigned, Nonspendable	\$4,973,806	\$4,640,200	\$3,847,796
Unassigned	\$2,716,243	\$2,451,970	\$2,531,232
Total Fund Balance	\$7,690,049	\$7,092,170	\$6,379,028

# General Fund - Fund Balance Policy

The school district will strive to maintain a minimum unassigned general fund balance between 7% and 10% of general fund expenditures.

# General Fund - Unassigned Fund Balance Projection

	Actual <u>6/30/2023</u>	Projected <u>6/30/2024</u>	Projected <u>6/30/2025</u>
Unassigned	\$2,716,243	\$2,451,970	\$2,531,232
Expenditures	\$46,462,179	\$47,836,258	\$48,874,610
% of Expenditures	5.8%	5.1%	5.2%

# Food Service Fund

# Food Service Fund

The Food Service Fund is used to record financial activities of a school district's food service program. Food service includes activities for the purpose of preparation and service of milk, meals, and snacks in connection with school and community service activities. All expenditures relating to meal preparation must be recorded in the Food Service Fund. Eligible expenditures include application processing, meal accountability, food preparation, meal service, and kitchen custodial service (Minn. Stat. § 124D.111, subd. 3). Generally excluded from the Food Service Fund are the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, or any other administrative costs that are the responsibility of the General Fund.

# Food Service Fund Balance

Estimated at 6/30/2024

\$1,083,527

Revenue

\$2,527,750

Expenditures

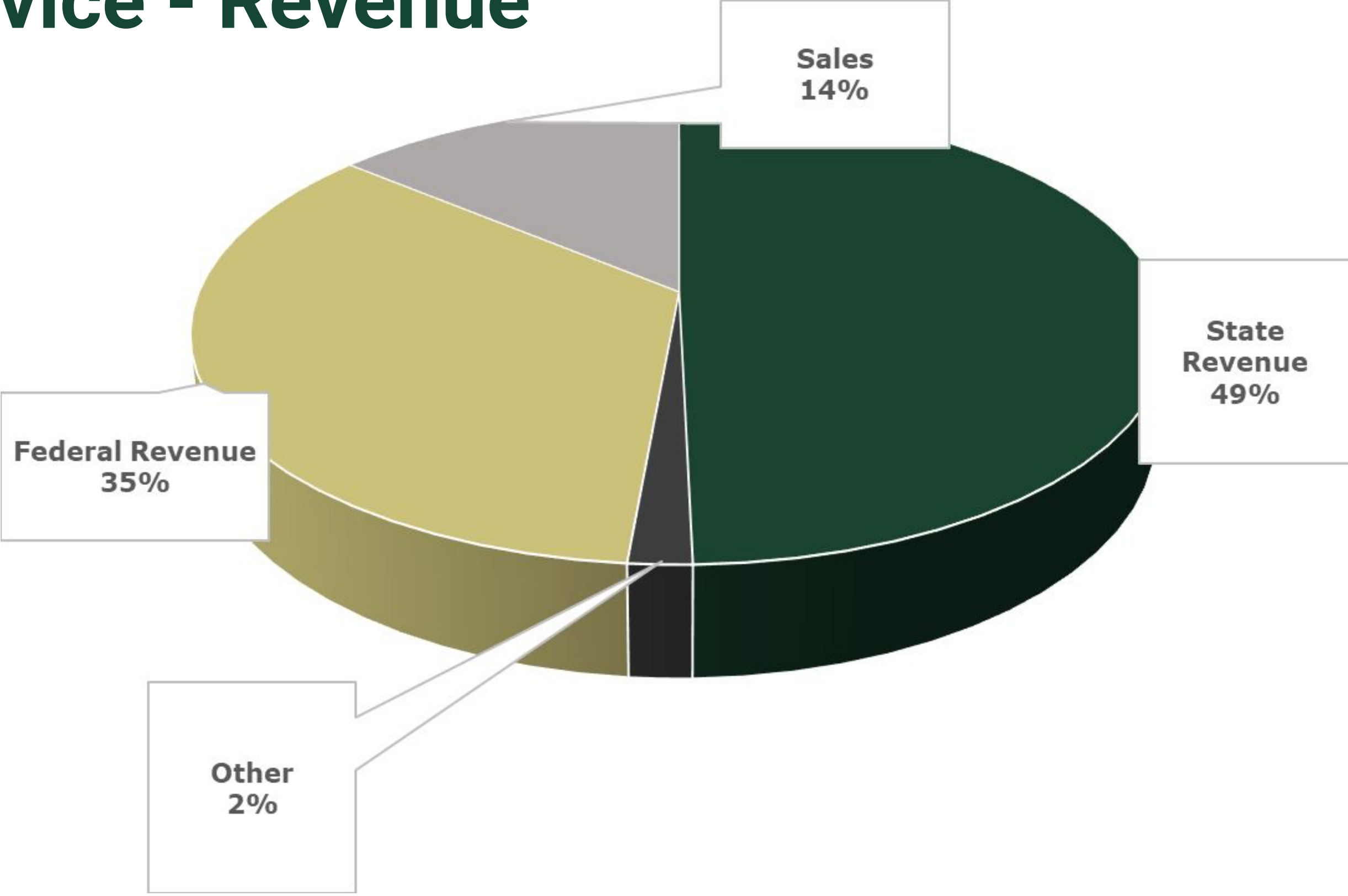
\$2,567,265

\$ (39,515)

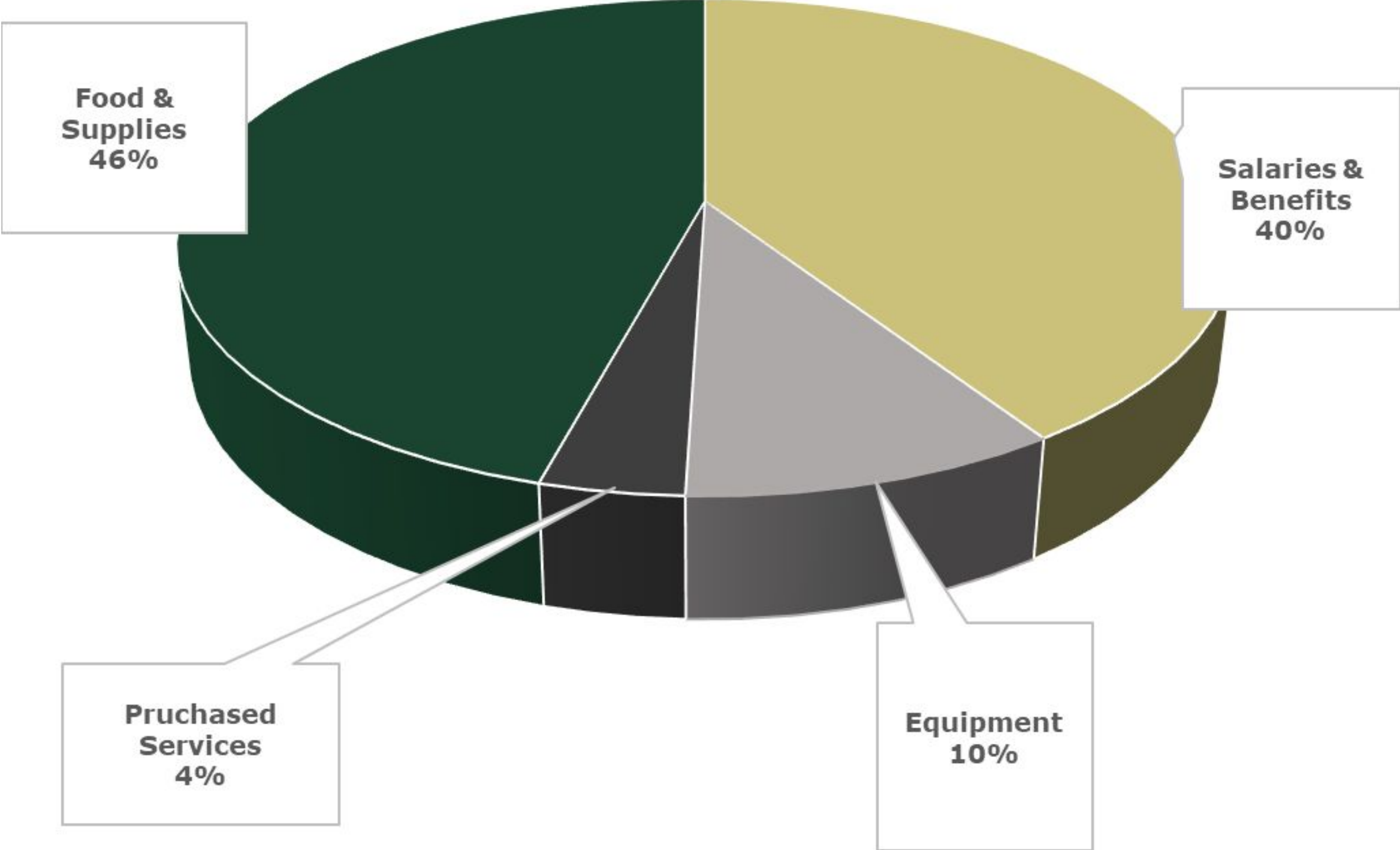
Estimated at 6/30/2025

\$ 1,044,012

# Food Service - Revenue



# Food Service - Expenditures



# Community Service Fund

# Community Service Fund

The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund is comprised of five components, each with its own fund balance:

- Community Education, Restricted/Reserved Fund Balance 431
- Community Education, Restricted Fund Balance 464
- Early Childhood Family Education (ECFE) 432
- School Readiness, Restricted/Reserved Fund Balance 444
- Adult Basic Education (ABE), Restricted/Reserved Fund Balance 447

# Community Service Fund Balance

Estimated at 6/30/2024 \$805,874

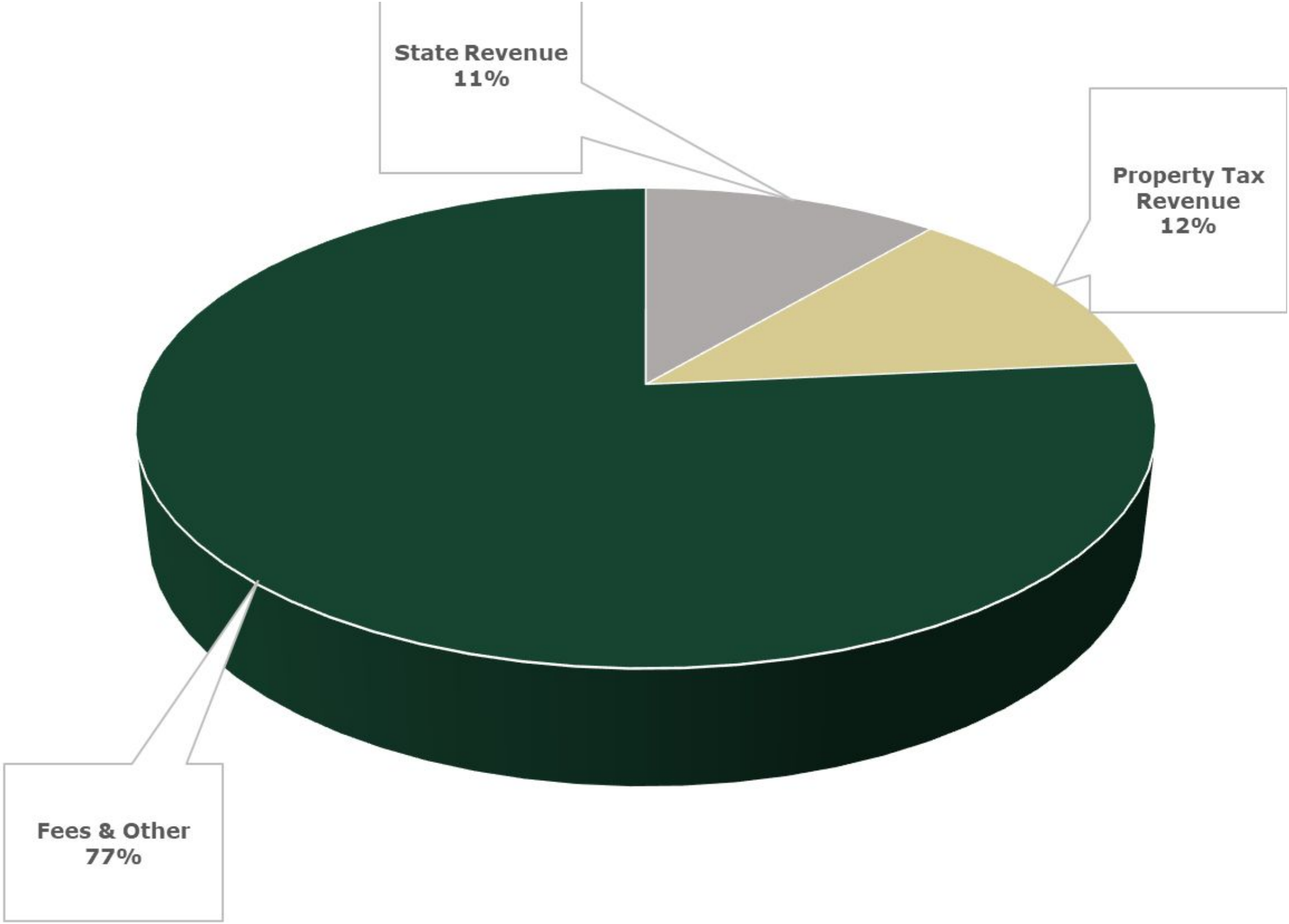
Revenue \$2,707,156

Expenditures \$2,907,627

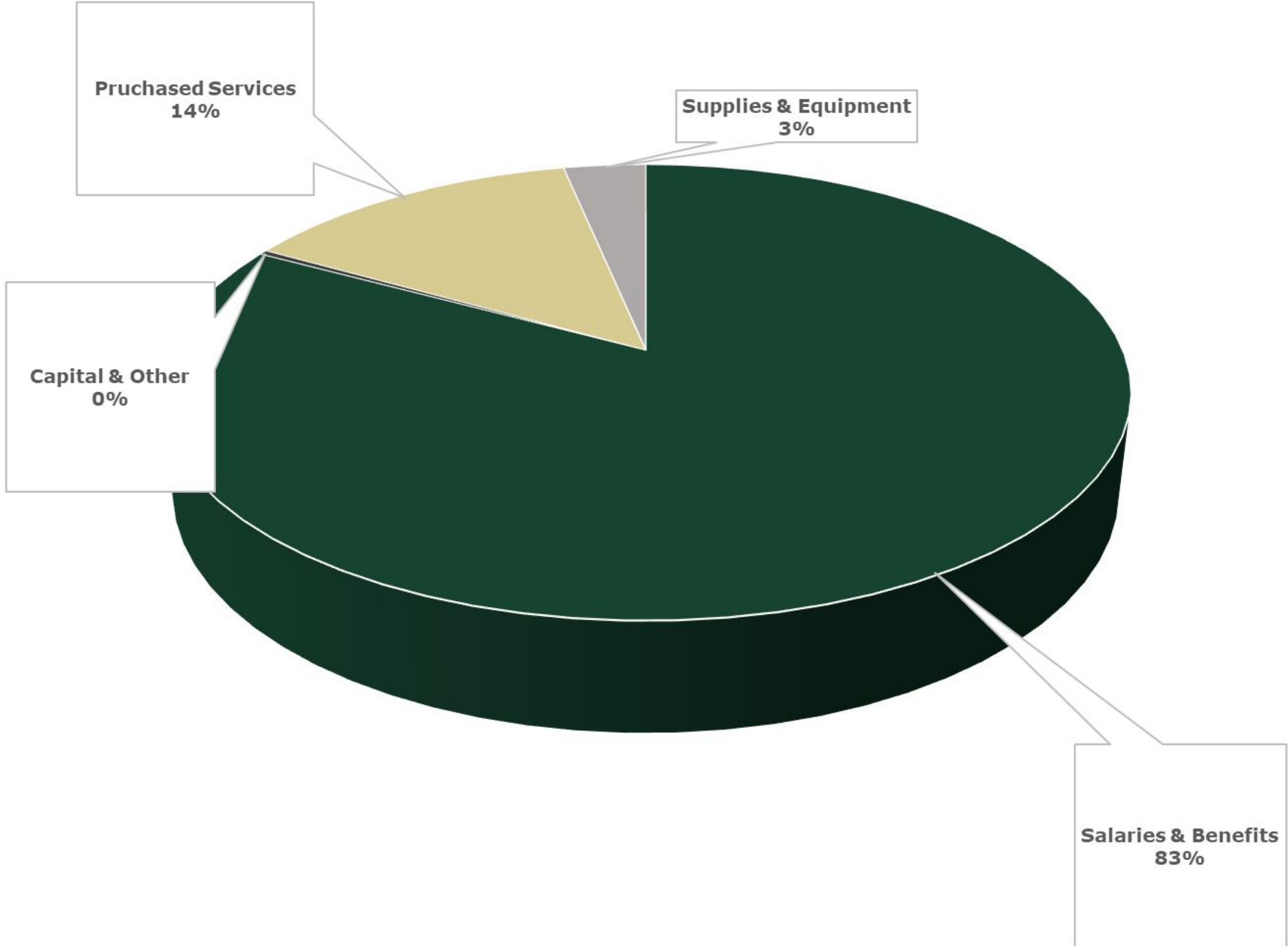
\$ (200,471)

Estimated at 6/30/2025 \$605,403

# Community Service - Revenue



# Community Service - Expenditures



# Debt Service Fund

# Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, and whether for initial or refunding bonds. When a bond issue is sold, the school board must levy a direct general tax upon the property of the district for the payment of principal and interest on such bonds as due. The revenue from such a tax and related state aid must be separately accounted for in the Debt Service Fund (Minn. Stat. § 475.61).

# Debt Service Fund Balance

Estimated at 6/30/2024 \$1,320,545

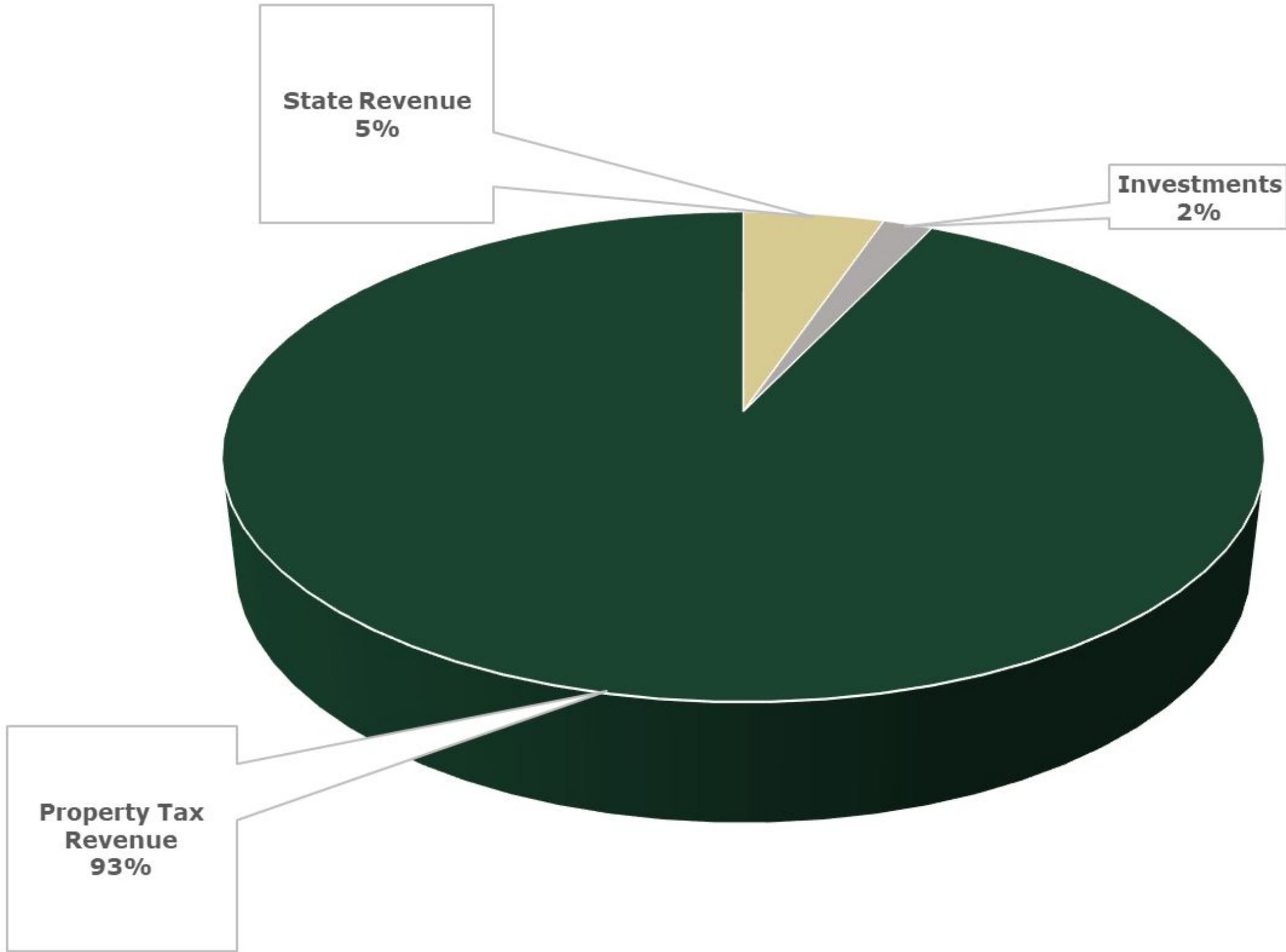
Revenue \$5,442,850

Expenditures \$5,222,664

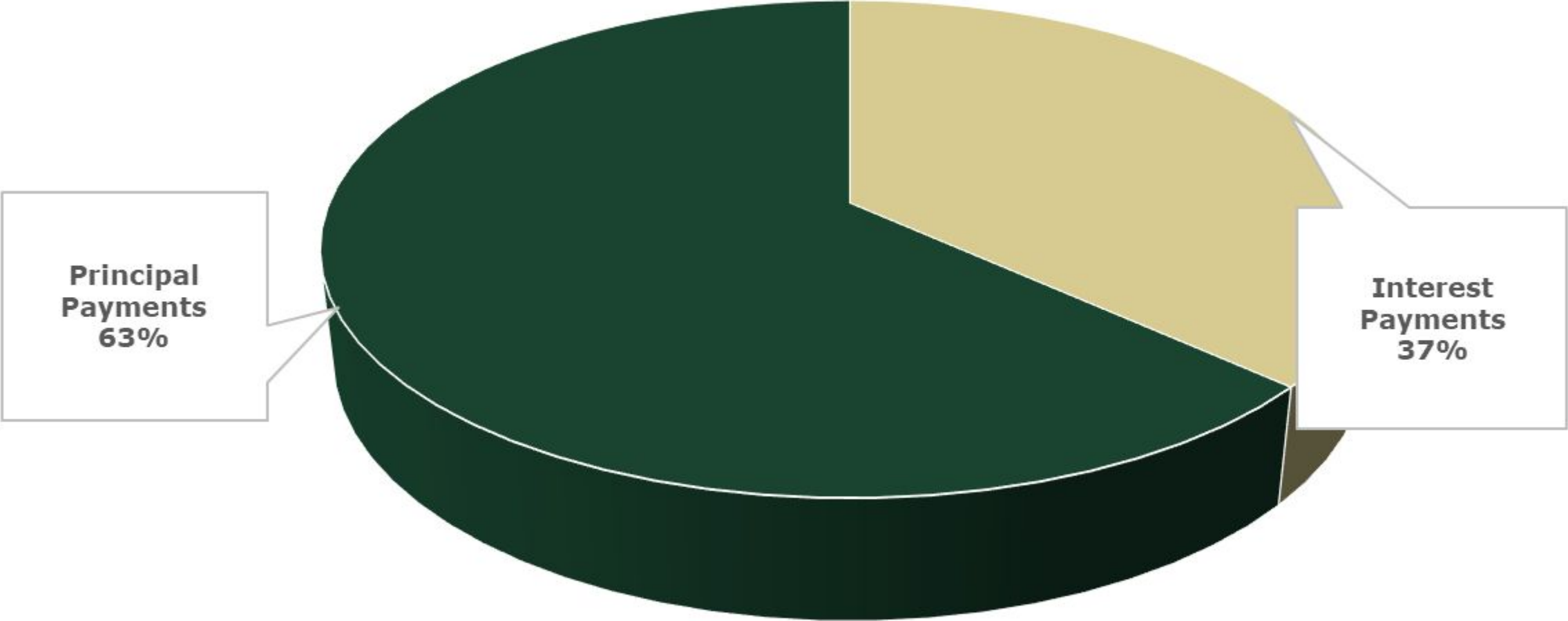
\$ 220,186

Estimated at 6/30/2025 \$1,540,731

# Debt Service - Revenue



# Debt Service - Expenditures



# Custodial (Scholarship) Fund

# Custodial Fund

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust fund. Custodial funds represent a flow through mechanism in which the School District receives funds and distributes these funds to an organization, with no financial benefit to the School District.

In other words, we hold the Scholarship money and pay it out to recipients. We cannot use this money for District purposes.

# Custodial Fund Balance

Estimated at 6/30/2024 \$15,118

Revenue \$ 35,000

Expenditures \$(35,000)

\$ 0

Estimated at 6/30/2025 \$15,118

# Fund Balances

# Change in Fund Balances

<b>Fund</b>	<b>FY25 Revenue</b>	<b>FY25 Expenses</b>	<b>Change in Fund Balance</b>
General	\$48,161,468	\$48,874,610	\$ (713,142)
Food Service	\$ 2,527,750	\$ 2,567,265	\$ (39,515)
Community Service	\$ 2,707,156	\$ 2,907,627	\$ (200,471)
Debt Service	\$ 5,442,850	\$ 5,222,664	\$ 220,186
Custodial	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 0</u>
Totals	\$58,874,224	\$59,607,166	\$ (732,942)

# Estimated Fund Balances

<b>Fund</b>	<b>Estimated 6/30/2024</b>	<b>Change</b>	<b>Estimated 6/30/2025</b>
General Unassigned	\$ 2,451,970	\$ 79,262	\$ 2,531,232
General Restricted	\$ 4,640,200	\$ (792,404)	\$ 3,847,796
Food Service	\$ 1,083,527	\$ (39,515)	\$ 1,044,012
Community Service	\$ 805,874	\$ (200,471)	\$ 605,403
Debt Service	\$ 1,320,545	\$ 220,186	\$ 1,540,731
Custodial	\$ 15,118	\$ 0	\$ 15,118

**Thank you**