2025-26 ISD 882 Budget Outlook

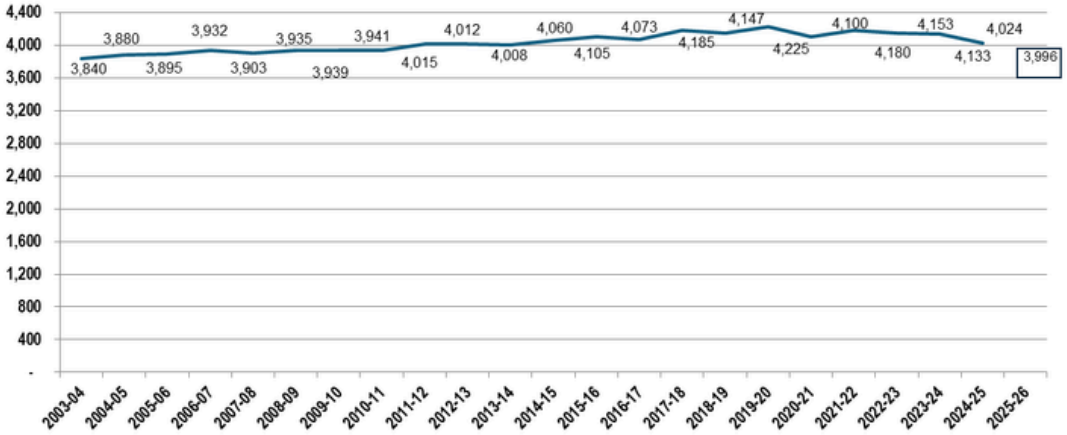
INTRODUCTION

This update provides a comprehensive overview of the 2025-26 budget, focusing on the fundamentals of school finance to build a common understanding across our community. By highlighting shared responsibilities, we aim to navigate challenges together, ensuring fiscal responsibility while prioritizing our students and classrooms. Together, we remain committed to sustaining quality education for all students.

ENROLLMENT

The largest part of school funding revenue comes from General Education Aid, which is based on a school district's enrollment. This means that it is important to look at enrollment history and trends when building a school budget.

ISD 882 Enrollment History (K-12)



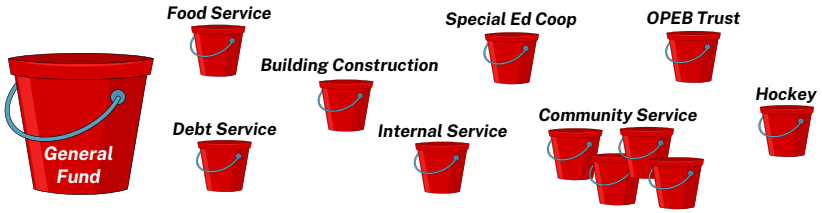
Over the past five years, total enrollment has decreased by 201 students, or 5%, dropping from 4,225 in 2019-20 to 4,024 in 2024-25. It is important to review these trends and react as quickly as possible to changes in enrollment.

Our enrollment growth has declined, so the Monticello School District's revenue budget has declined. We need to contain our expenses within the revenue budget.

SCHOOL DISTRICT FUNDS

School districts have many different buckets or funds. Each fund serves a different purpose in school district financial management.

For example, food for the school lunch program cannot be purchased from the Building Construction Fund but instead must come from the Food Service Fund. All operating expenses related to educating students come from the General Fund.

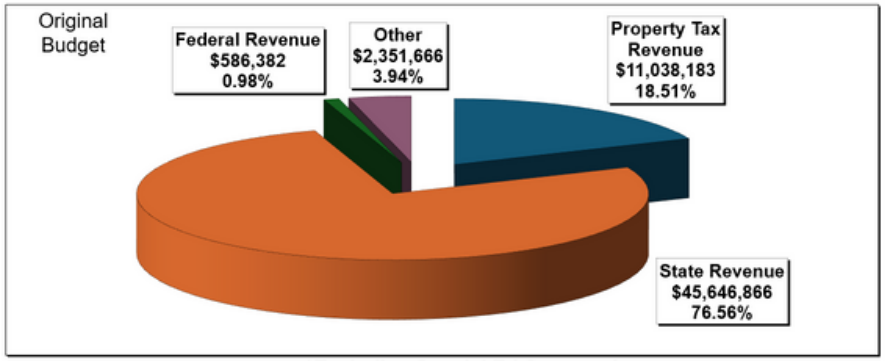


SCHOOL REVENUE SOURCES

Schools are funded with different revenue sources, the largest being State Sources. State Sources include General Education Aid, Special Education Aid, Long-term Facility Maintenance Aid, among others. Additionally, schools receive aid from Federal Sources, Local Property Taxes and Other Local Revenues.

The graph below shows the breakdown of where Monticello School District receives funding.

2024-2025 General Fund Revenues



**Excluding Special Ed Cooperative*

The increases in General Education Aid have not kept up with the rate of inflation. The 2024-25 amount per adjusted daily membership is $7,281.

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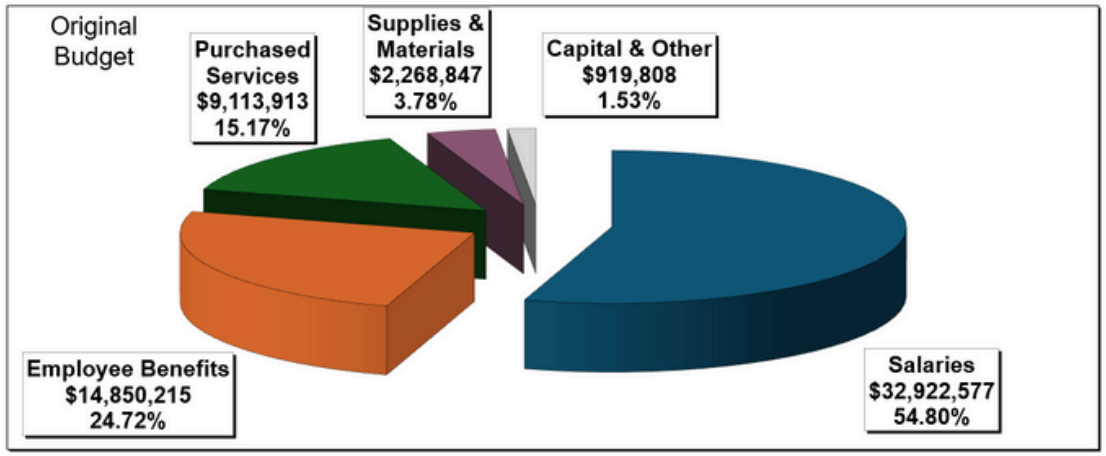
SCHOOL DISTRICT EXPENDITURES

The graph below shows the budget categories for Monticello School District for the 2024-25 school year and the percent of the total budget in each category.

2024-2025 General Fund Expenditures



**Excluding Special Ed Cooperative*

As you can see, people are the largest expenditure, totaling 80% of the total budget. Fluctuations in health insurance rates and employment contracts have a significant impact on budget planning for schools. Other categories such as Supplies, Capital Outlay, and Purchased Service make up the remaining 20% of expenditure budget.

Fund Balance Policy

Monticello School District's current fund balance policy is to maintain a minimum unassigned general fund balance of 8 % of the annual budget, with a target maximum of 16% of the expenditure budget in the General Fund.

Why maintain a fund balance? A fund balance is necessary for unknown situations, like student enrollment being lower than expected or higher utility costs/fix costs that were not planned for.

2025-26 SCHOOL YEAR BUDGET

Monticello School District is committed to fiscal responsibility as we navigate a $2.178 million budget reduction. Our goal is to prioritize the classroom while realigning staffing at every level according to enrollment numbers. We are focused on reducing expenses as far away from the classroom as possible, ensuring the best outcomes for our students.

The Monticello School Board has set goals to manage our budget efficiently while maintaining a high standard of education. By rightsizing staffing according to enrollment and reducing costs furthest from the classroom, we aim to navigate these challenges responsibly. We thank our community for your continued support as we strive to provide the best education for every student.

For budget questions not answered on this document, please email Director of Business Services, Tina Burkholder, at tina.burkholder@monticello.k12.mn.us