CHISAGO LAKES SCHOOL DISTRICT

Engage. Educate. Empower.

FY 2026 Preliminary Budget

Robyn Vosberg-Torgerson
Director of Business Services

June 26, 2025

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.

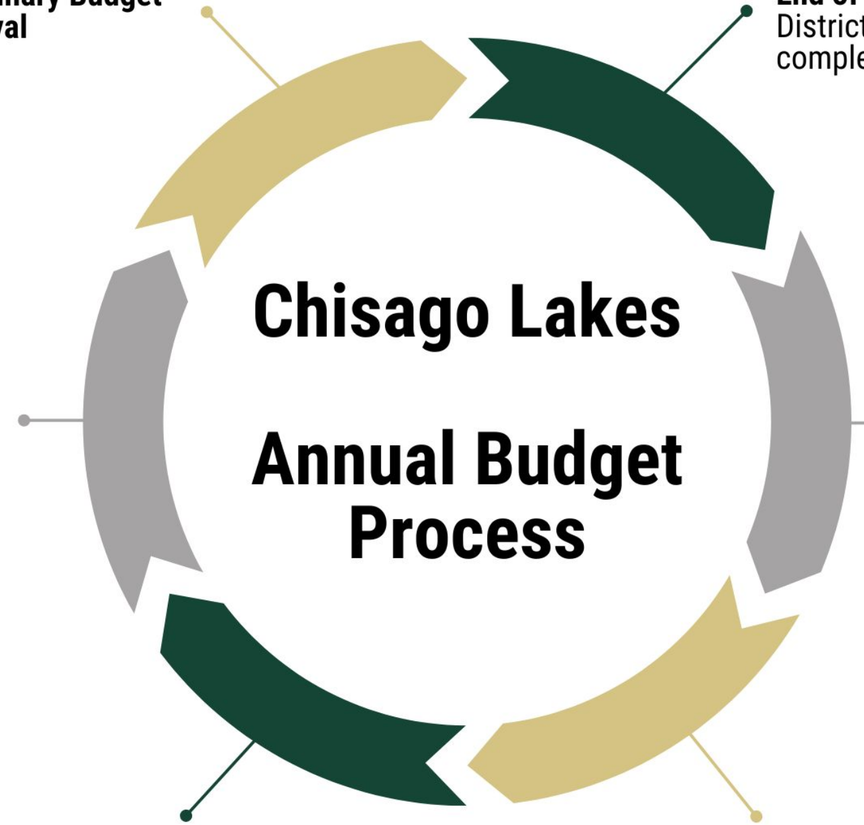
Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes (MN Statute 123B.77) and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School board approves all checks issued 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

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

Budget Process



June
Preliminary Budget Approval

July - October
End of Year Audit
Districts Independent auditor completes prior year audit.

September
Initial preliminary tax levy calculated by MDE

November - December
Audit Report to School Board

December
Truth in Taxation Hearing
Levy set for the coming year.

January - February
Mid-Year budget adjustments and projected budget for next fiscal year.

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. For fiscal year 2026, the legislature increased the formula by 2.74%. Going forward there is a 3% ceiling and a 2% floor.

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 and state funding that continues to fall short of school districts’ actual and projected expenses.

Inflation



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

Staff Shortages



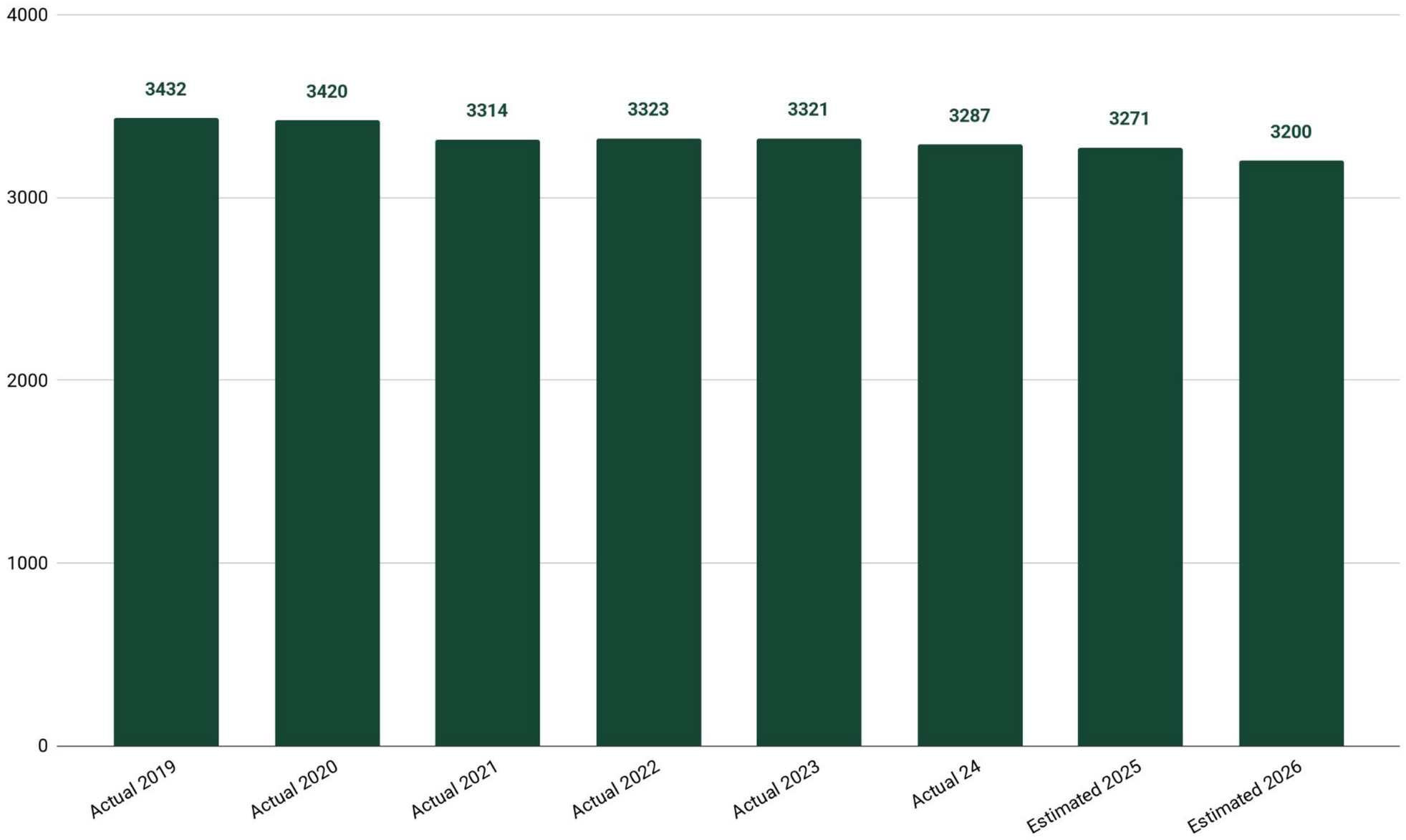
School districts had to respond to historical staff shortages by increasing salaries in a number of job categories to remain competitive and fill vacancies.

Cost of Living

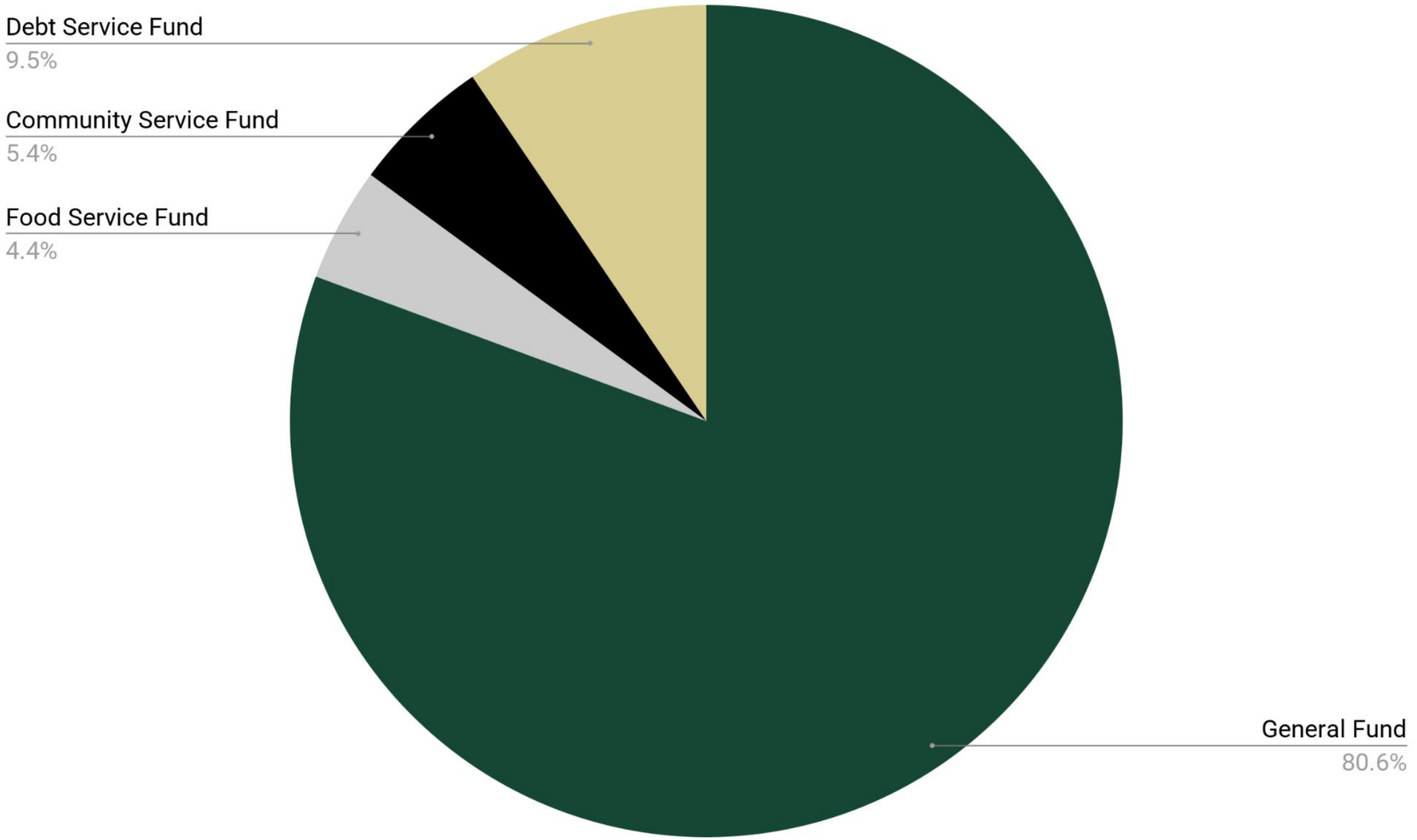


Chisago Lakes bargaining units have and are expected to settle at increases that exceed what the state gave us for fiscal years 26 and 27. We value our employees and need to pay them a livable wage that matches what our neighbors are offering.

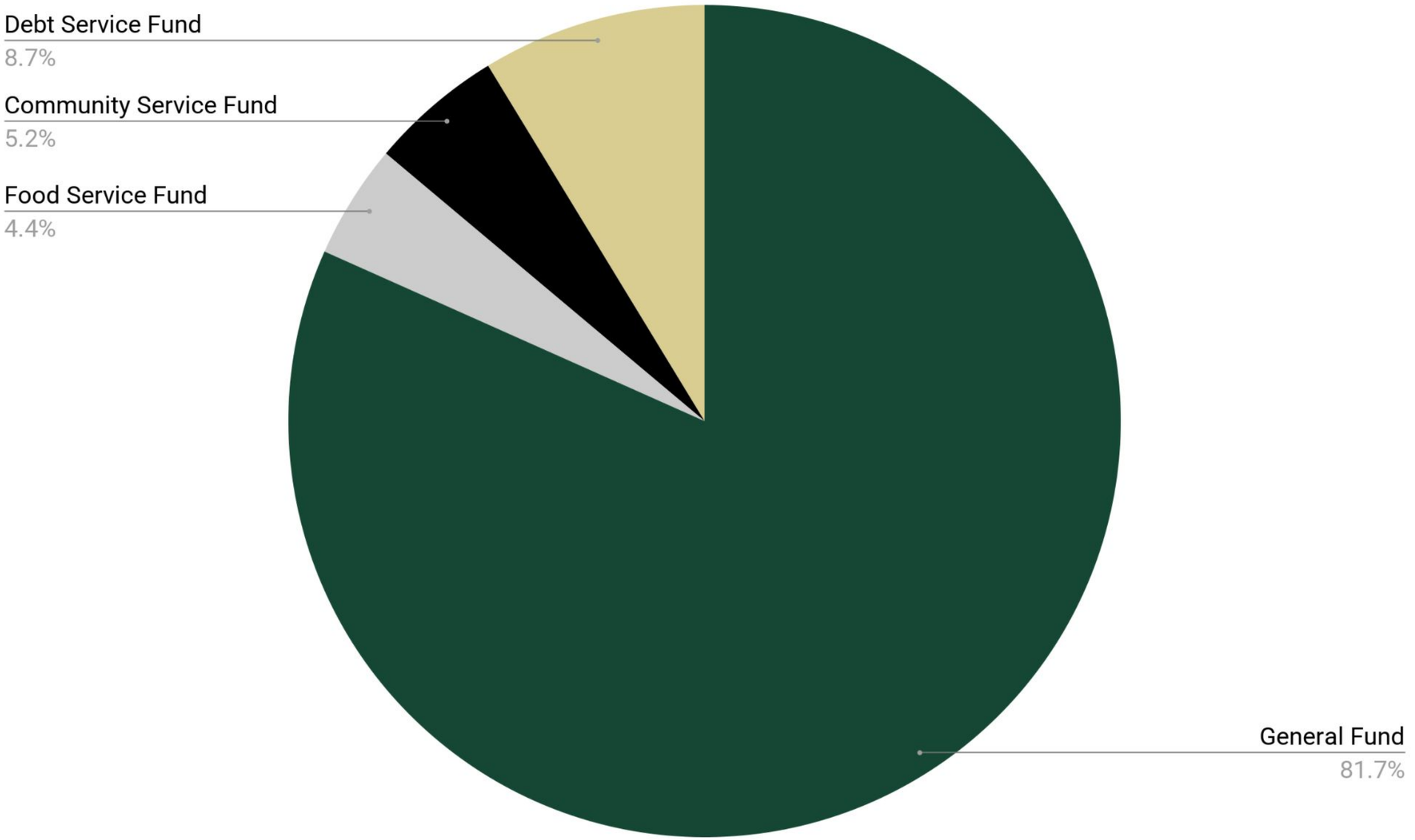
Change in Enrollment



Budget Overview - Revenues



Budget Overview - Expenditures



General Fund

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

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 = 3,200
- General Education Basic Formula = $7,481 (2.74% increase)
  - K-6 = $7,481
  - 7-12 = $8,977
- Compensatory Revenue Decrease
- Summer Unemployment Decrease
- Expenditure Increase = 2%-5% range
- Contracts Open:
  - Teachers

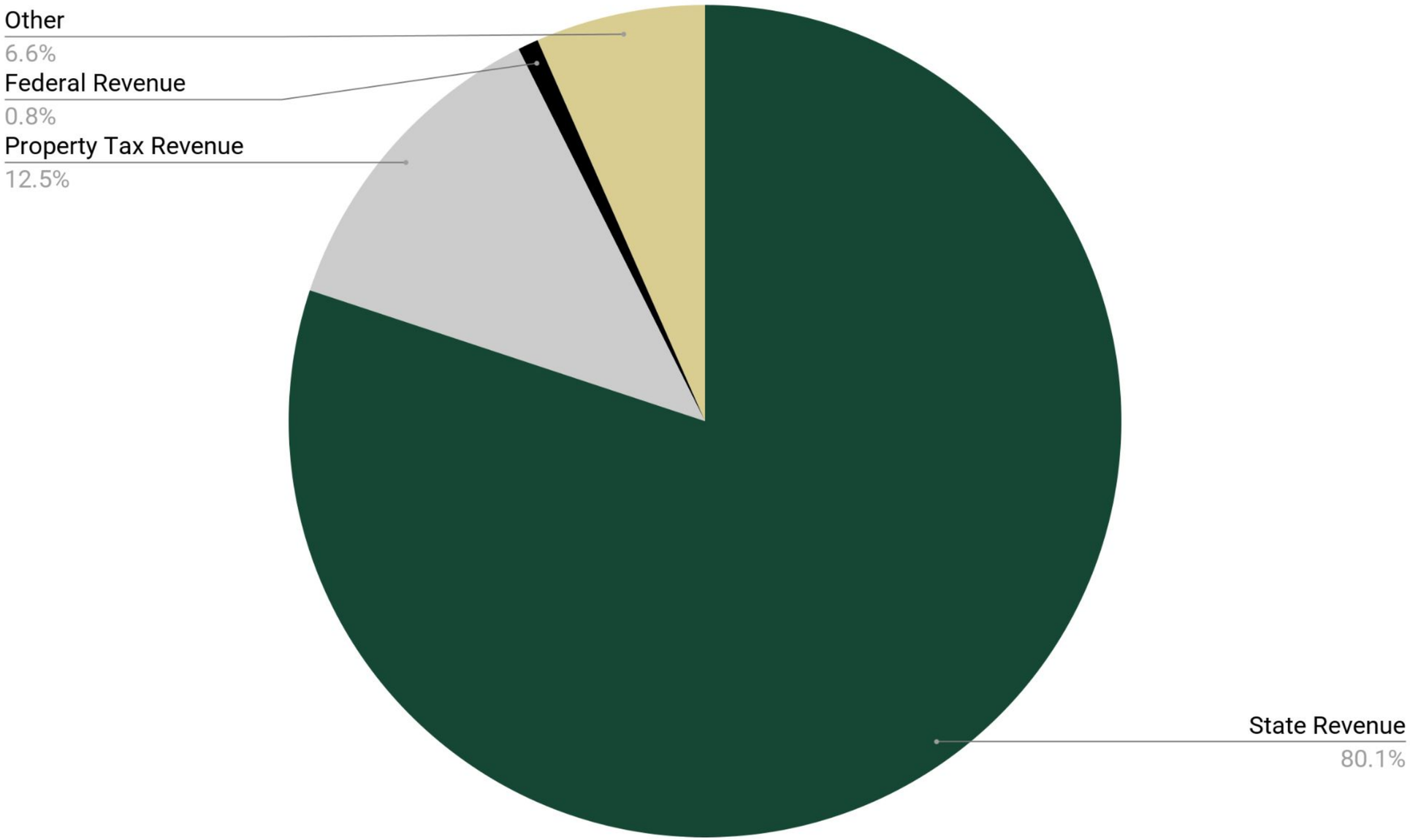
Assumptions

- Enrollment = 3,200
- General Education Basic Formula = $7,481 (2.74% increase)
  - K-6 = $7,481
  - 7-12 = $8,977
- Compensatory Revenue-New funding formula
- Summer Unemployment - $100 Million statewide
- Library Aid Decrease
- Student Support Aid Decrease
- Expenditure Increase = 2%-7% range
- Contracts Open:
  - Teachers

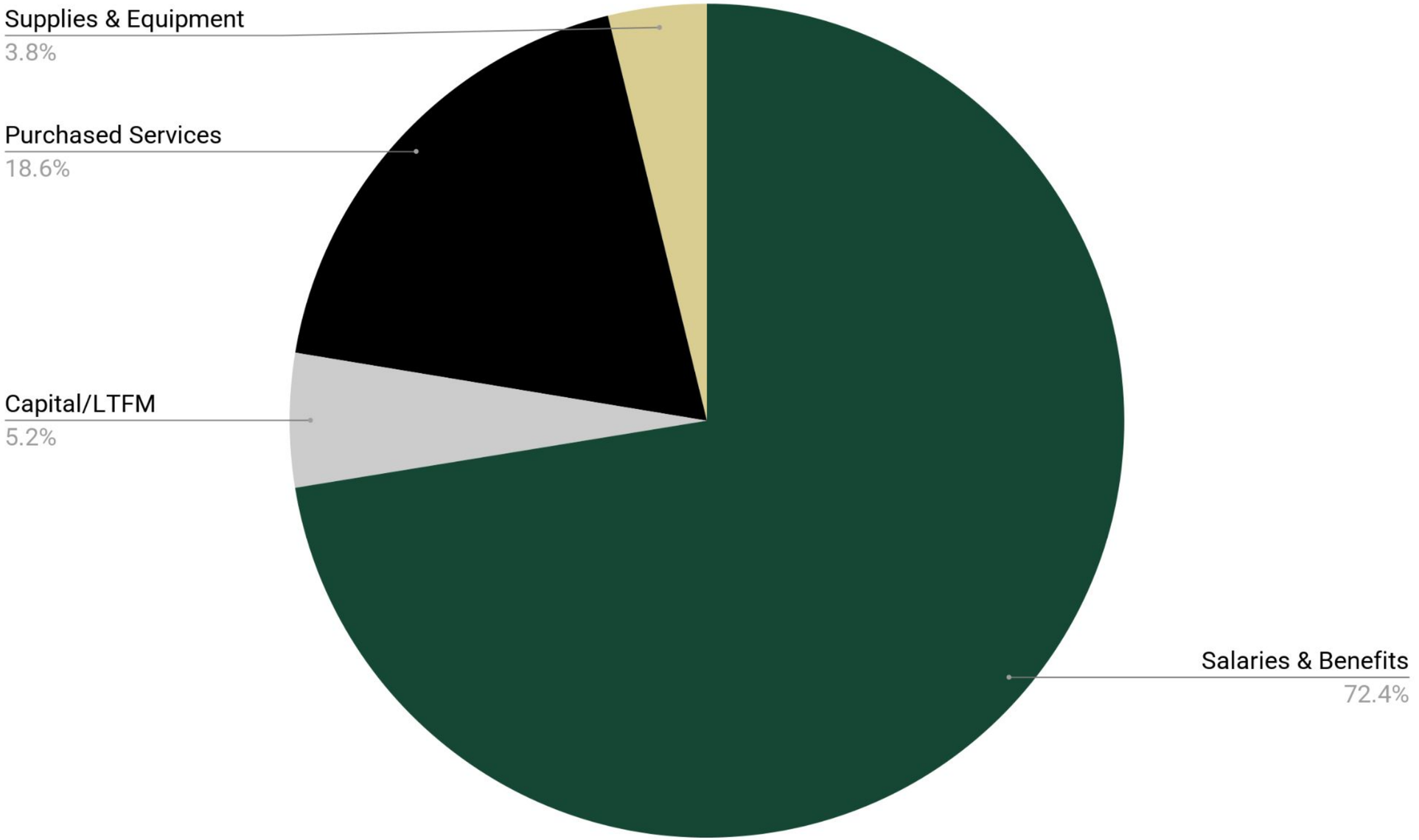
General Fund - Estimated Fund Balance

Estimated at 6/30/2025		$7,827,966
Revenue	$47,884,363	
Expenditures	$48,979,983	
	$ (1,095,620)	
Estimated at 6/30/2026		$6,732,346

General Fund - Revenue



General Fund - Expenditures



General Fund - Fund Balance Projection

	Actual 6/30/2024	Projected 6/30/2025	Projected 6/30/2026
Restricted, Assigned, Nonspendable	$5,998,744	$4,724,644	$3,541,168
Unassigned	$3,014,011	$3,103,322	$3,191,178
Total Fund Balance	$9,012,755	$7,827,966	$6,732,346

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 6/30/2024	Projected 6/30/2025	Projected 6/30/2026
Unassigned	$3,014,011	$3,103,322	$3,191,178
Expenditures			
Fund Balance %	6.6%	6.0%	6.52%

Food Service Fund

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

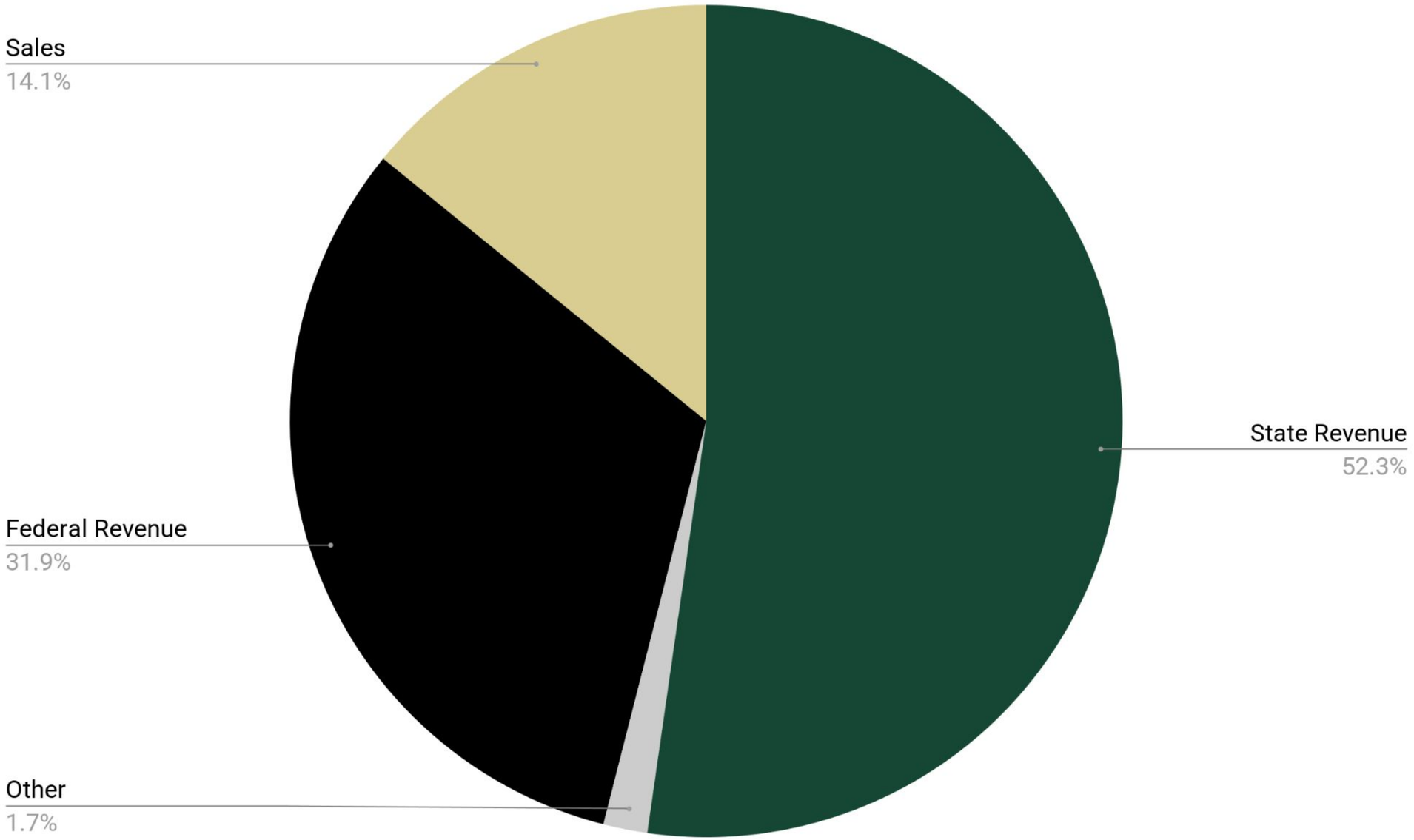
Food Service Fund

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.

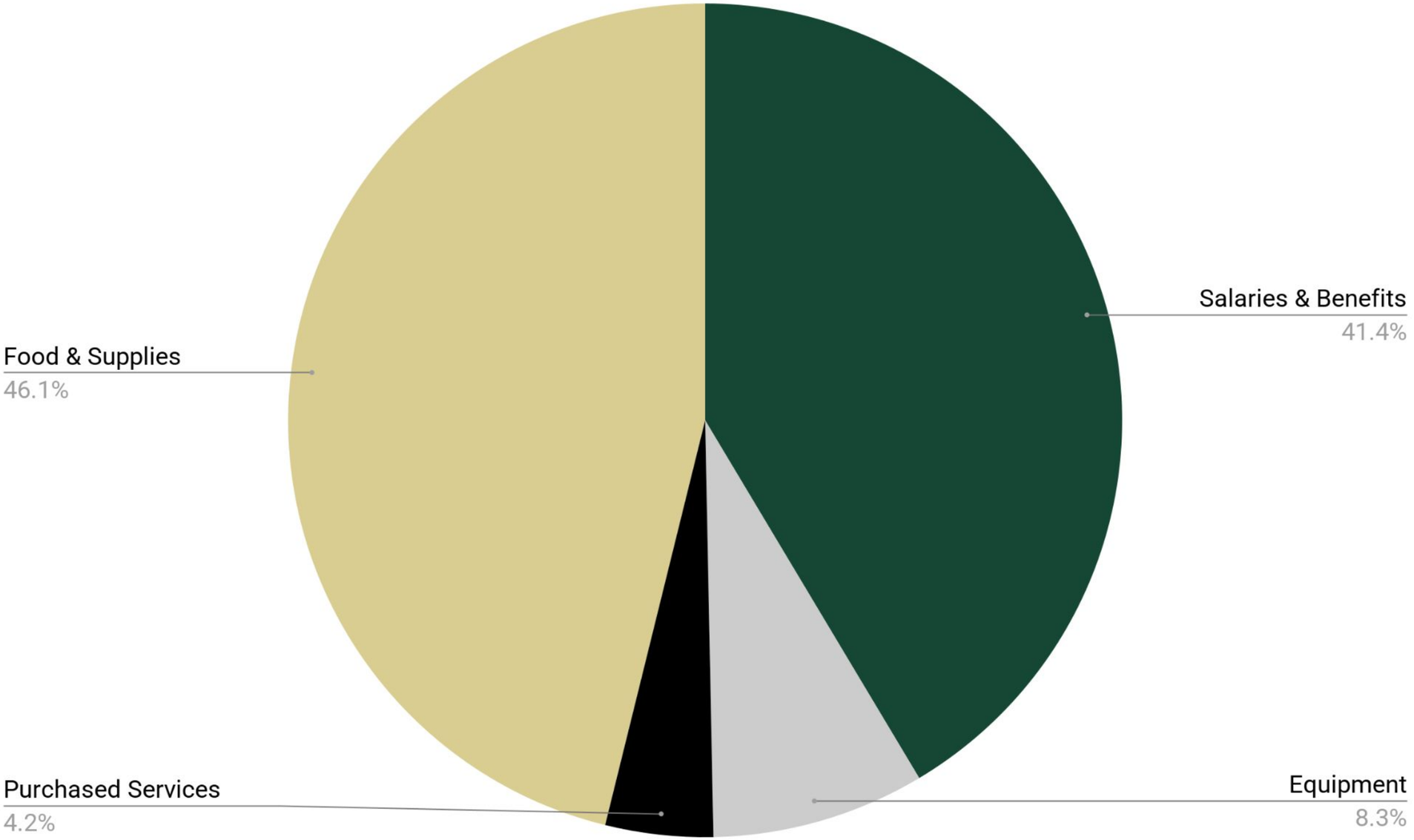
Food Service Fund Balance

Estimated at 6/30/2025		$935,941
Revenue	$2,630,900	
Expenditures	$2,662,003	
	$ (31,103)	
Estimated at 6/30/2026		$904,838

Food Service - Revenue



Food Service - Expenditures



Community Service Fund

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

Community Service Fund

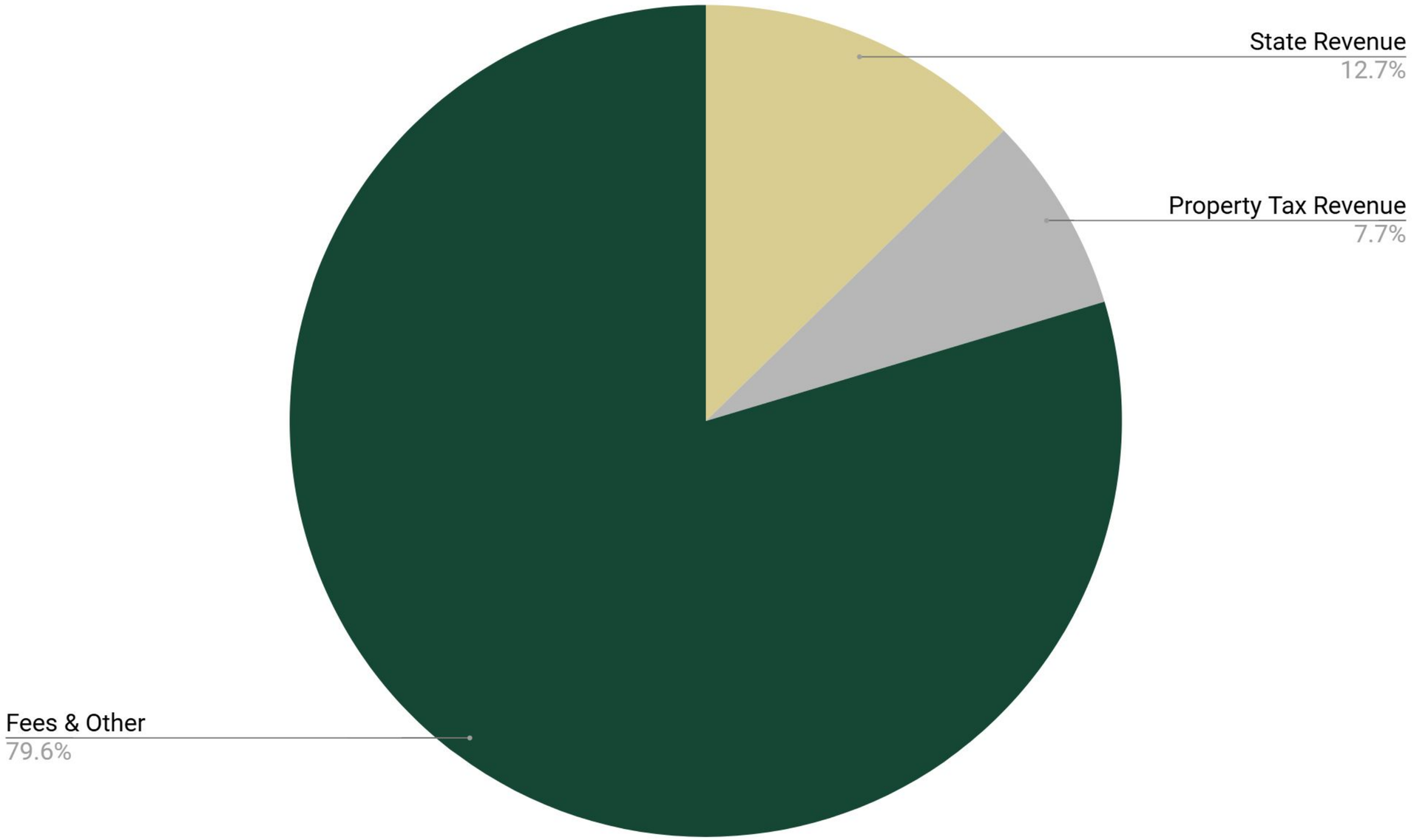
The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund is comprised of five components, each with its own fund balance:

- 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

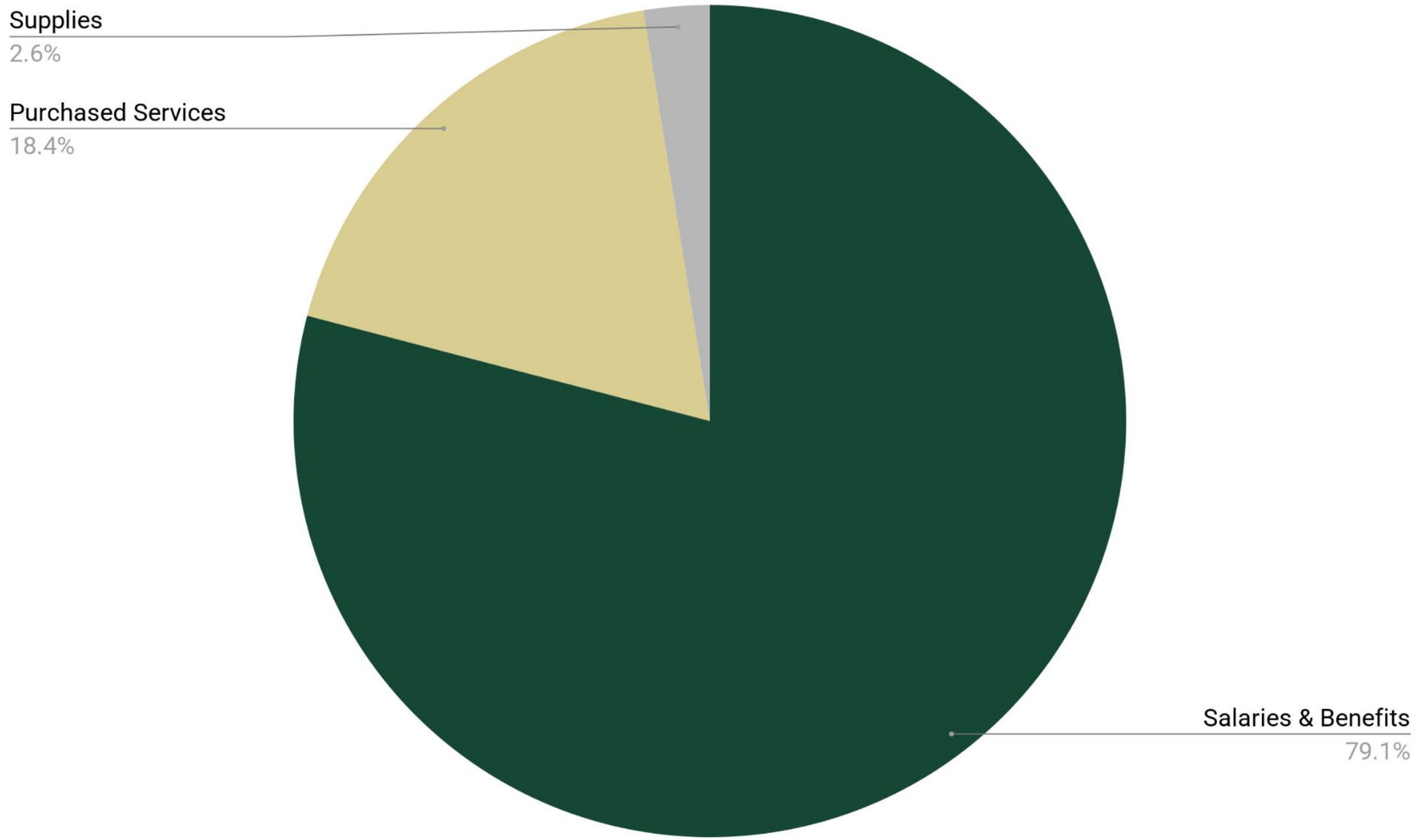
Community Service Fund Balance

Estimated at 6/30/2025		$654,416
Revenue	$3,223,902	
Expenditures	$3,102,079	
	$ 121,823	
Estimated at 6/30/2026		$776,239

Community Service - Revenue



Community Service - Expenditures



Debt Service Fund

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

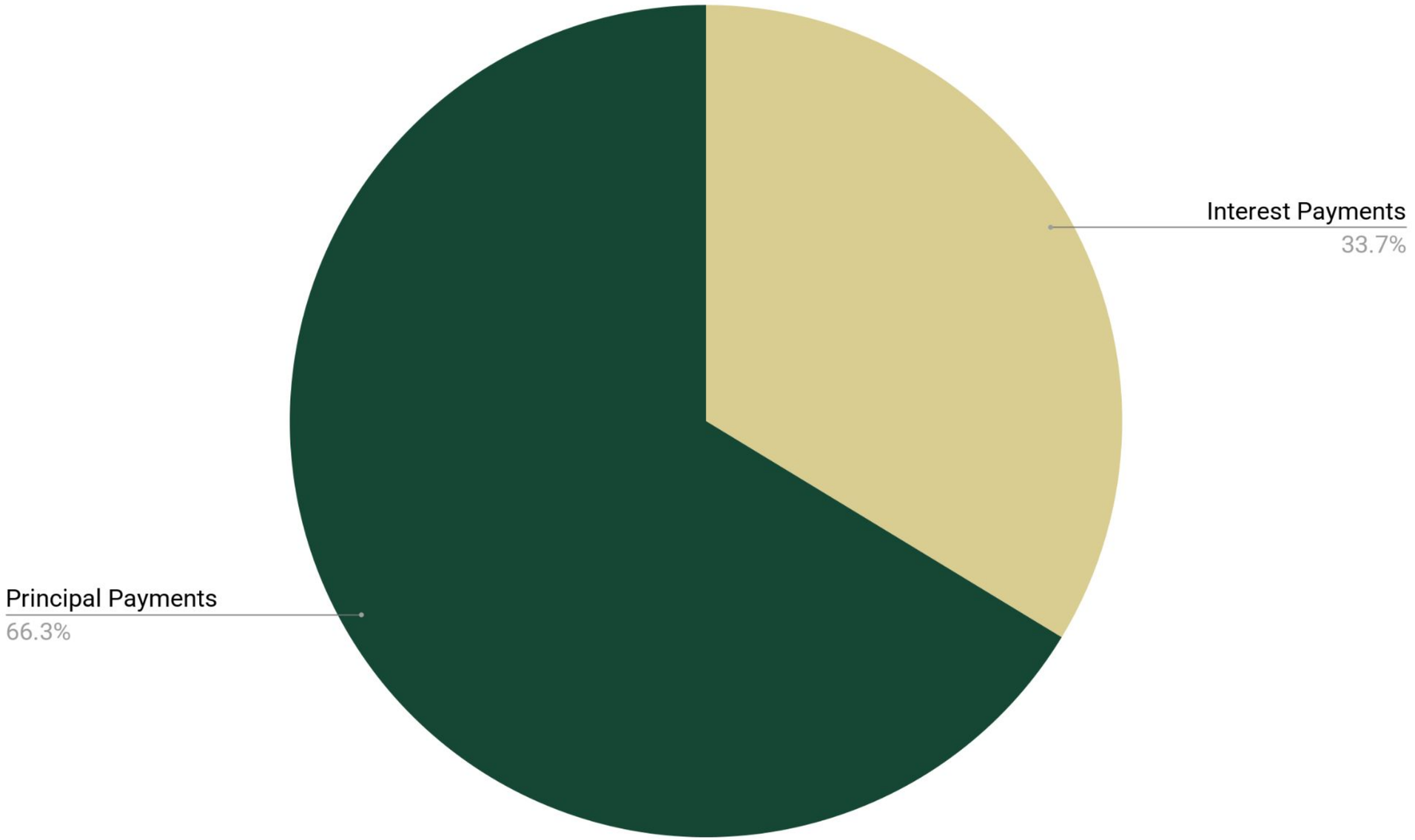
Debt Service Fund

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).

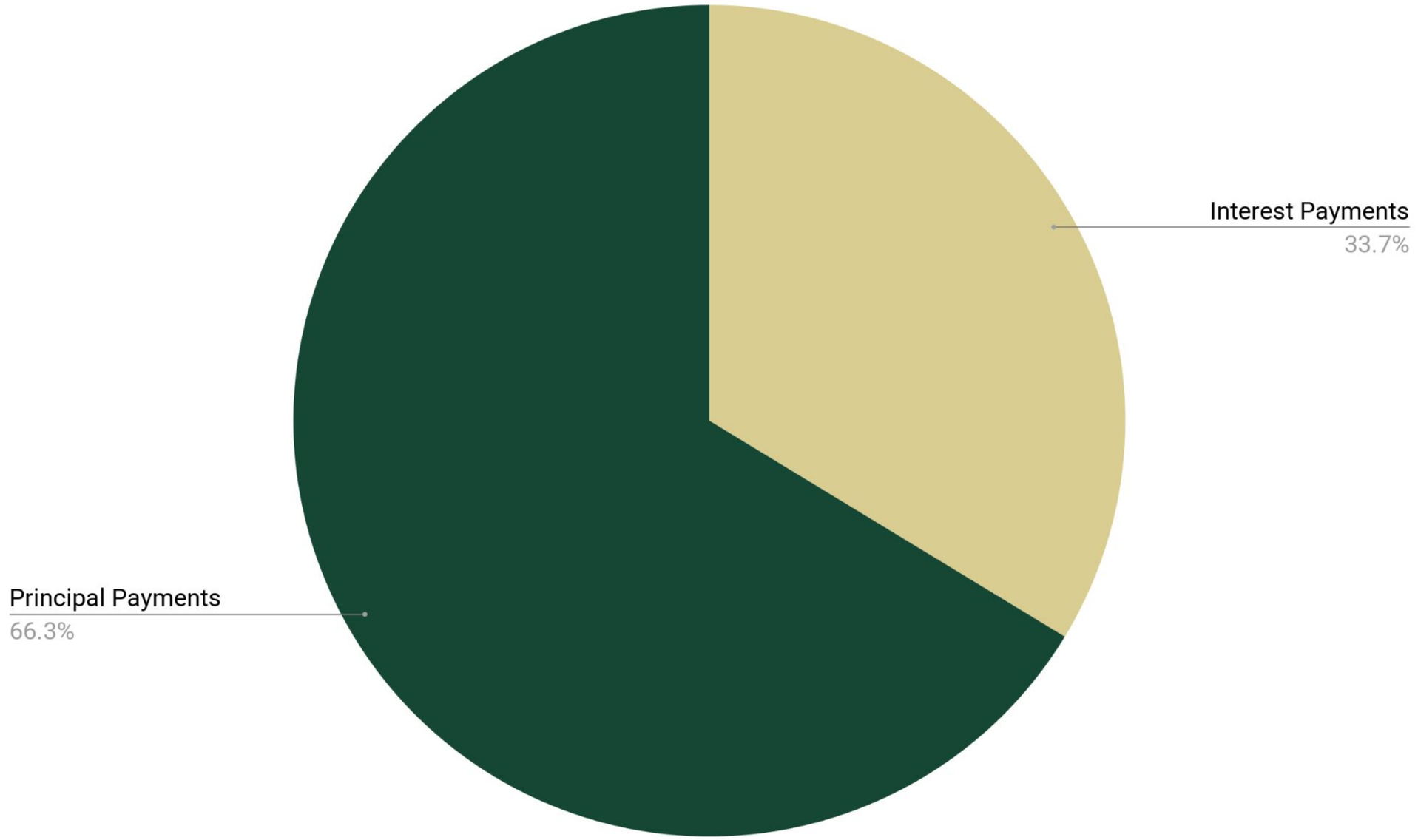
Debt Service Fund Balance

Estimated at 6/30/2025		$1,651,522
Revenue	$5,636,336	
Expenditures	$5,221,114	
	$ 415,222	
Estimated at 6/30/2026		$2,066,744

Debt Service - Revenue



Debt Service - Expenditures



Custodial (Scholarship) Fund

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

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 6/30/2025		$19,403
Revenue	$ 35,000	
Expenditures	$(35,000)	
	$ 0	
Estimated at 6/30/2026		$19,403

Fund Balances

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.

Change in Fund Balances

Fund	FY26 Revenue	FY26 Expenses	Change in Fund Balance
General	$47,884,363	$48,979,983	$(1,095,620)
Food Service	$ 2,630,900	$ 2,662,003	$ (31,103)
Community Service	$ 3,223,902	$ 3,102,079	$ 121,823
Debt Service	$ 5,636,336	$ 5,221,114	$ 415,222
Custodial	$ 35,000	$ 35,000	$ 0
Totals	$59,410,501	$60,000,179	$ (589,678)

Estimated Fund Balances

Fund	Estimated 6/30/2025	Change	Estimated 6/30/2026
General Unassigned	$ 3,103,322	$ 87,856	$ 3,191,178
General Restricted	$ 4,724,644	$(1,183,476)	$ 3,541,168
Food Service	$ 935,941	$ (31,103)	$ 904,838
Community Service	$ 654,416	$ 121,823	$ 776,239
Debt Service	$ 1,651,522	$ 415,222	$ 2,066,744
Custodial	$ 19,403	$ 0	$ 19,403

Thank you

CHISAGO LAKES
SCHOOL DISTRICT
Engage. Educate. Empower.