



Cambridge-Isanti School District

FY2024 Financial Summary

JANUARY 23, 2024

PRESENTED BY:
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DIRECTOR OF FINANCE &
OPERATIONS

FY2024 Audit Headlines



- Clean Audit
- Strong Financial Results
- General Fund Revenues exceed Expenses by \$8.0 million
- Performance was largely driven by one-time actions won't be entirely sustainable

FY2024: Strong Financial Performance



- **Results**

- General Fund revenues exceeded expenses by \$8.0 million

- **Revenue**

- Investment Income aided performance
- Special Education Revenue

- **Expenses**

- Labor contracts back-loaded
- Deferral of high-cost savings (Bus Purchases and Facility Maintenance)
- Expenses will occur in future periods





FY2024 Financial Results

Revenue Performance

1. Investment Income
2. Medical Asst Billing
3. Special Education entitlement and legislation

Expense Performance

1. Deferral of Large Expenses (Buses)
2. Timing of Labor Contracts

| DESCRIPTION | Budget | Actual | Variance |
|------------------------------|-------------------|---------------------|---------------------|
| REVENUE | | | |
| Property Tax | \$ 9,381,578 | \$ 9,417,735 | \$ 36,157 |
| Other Local | 2,825,021 | 3,622,296 | 797,275 |
| State Aid | 59,326,126 | 59,787,229 | 461,104 |
| Federal | 928,904 | 2,139,604 | 1,210,700 |
| Total | 72,461,629 | 74,966,865 | 2,505,236 |
| EXPENSES | | | |
| Labor | 40,874,679 | 39,564,851 | (1,309,828) |
| Benefits | 15,583,845 | 14,849,077 | (734,768) |
| Services & Materials | 11,217,339 | 9,564,639 | (1,652,700) |
| Facilities and Student Accts | 3,975,748 | 2,897,793 | (1,077,955) |
| Total | 71,651,611 | 66,876,360 | (4,775,251) |
| NET REVENUE | \$ 810,018 | \$ 8,090,505 | \$ 7,280,486 |

FY2024 Financial Results



- **Revenue**

- Investment Income: \$2,089,920 (FY2021: \$17,537)
 - Will decrease in future periods as interest rates decrease and cash balance is spent down
- Medical Asst Billing: \$184k in revenue above budget
- Special Education Revenue: increase in State legislation and carryover of past Federal allocations that couldn't be spent due to MOE considerations

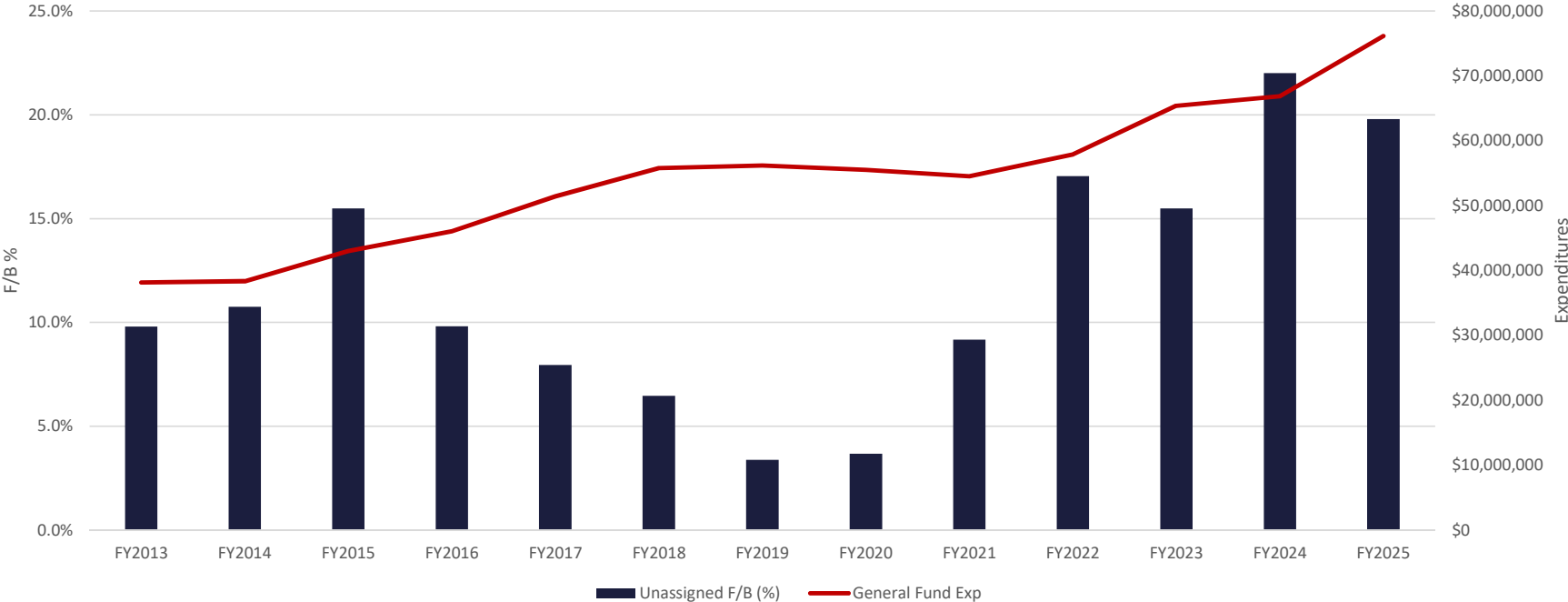
- **Expenses**

- Labor Contracts: final settlements were back-loaded for FY2025
- Benefits: less salaries and wages results in less benefits
- Bus Purchases: \$1.2 million deferred to FY2025

Fund Balance



Unassigned Fund Balance and Expenditures



Demographic Study – Declining Enrollment



| Grade | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---------------|----------|----------|----------|----------|----------|----------|----------|
| | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| K | 340.0 | 339.0 | 338.0 | 343.0 | 346.0 | 350.0 | 353.0 |
| 1.0 | 321.0 | 345.4 | 344.4 | 343.4 | 348.5 | 351.5 | 355.6 |
| 2.0 | 329.0 | 318.4 | 342.7 | 341.7 | 340.7 | 345.7 | 348.7 |
| 3.0 | 353.0 | 324.4 | 314.0 | 337.9 | 336.9 | 335.9 | 340.9 |
| 4.0 | 343.0 | 356.2 | 327.3 | 316.8 | 340.9 | 339.9 | 338.9 |
| 5.0 | 346.0 | 344.4 | 357.6 | 328.6 | 318.1 | 342.3 | 341.3 |
| 6.0 | 327.0 | 353.6 | 351.9 | 365.5 | 335.9 | 325.1 | 349.8 |
| 7.0 | 402.0 | 327.7 | 354.3 | 352.7 | 366.2 | 336.5 | 325.7 |
| 8.0 | 399.0 | 412.5 | 336.2 | 363.5 | 361.8 | 375.7 | 345.3 |
| 9.0 | 427.0 | 427.7 | 442.1 | 360.4 | 389.7 | 387.9 | 402.8 |
| 10.0 | 459.0 | 424.9 | 425.6 | 439.9 | 358.6 | 387.8 | 385.9 |
| 11.0 | 428.0 | 453.0 | 419.3 | 420.1 | 434.2 | 353.9 | 382.7 |
| 12.0 | 468.0 | 427.6 | 452.6 | 418.9 | 419.6 | 433.8 | 353.6 |
| Adj ADM | 4,942.0 | 4,854.7 | 4,806.1 | 4,732.3 | 4,697.0 | 4,666.0 | 4,624.2 |
| Internal K-12 | | | | | | | |
| Projections | 4,886.4 | 4,817.5 | 4,777.2 | 4,717.7 | 4,733.0 | 4,681.7 | 4,671.9 |
| Variance | (55.61) | (37.21) | (28.93) | (14.61) | 35.92 | 15.77 | 47.76 |

Enrollment Projections



| Grade | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---------|---------|---------|---------|---------|---------|------------|----------|----------|----------|----------|----------|
| | Actual | Actual | Actual | Actual | Final | 12.02.2024 | Forecast | Forecast | Forecast | Forecast | Forecast |
| HK | 52.9 | 63.1 | 57.2 | 59.3 | - | - | - | - | - | - | - |
| K | 287.9 | 275.1 | 276.2 | 250.3 | 341.8 | 295.2 | 295.2 | 330.6 | 335.5 | 334.1 | 334.1 |
| 1.0 | 341.8 | 315.3 | 360.9 | 329.1 | 323.3 | 349.7 | 299.0 | 299.0 | 334.5 | 339.4 | 338.0 |
| 2.0 | 321.7 | 319.9 | 347.7 | 356.1 | 325.7 | 333.4 | 352.7 | 301.0 | 301.0 | 336.9 | 341.8 |
| 3.0 | 377.9 | 305.0 | 344.5 | 340.4 | 350.5 | 340.7 | 334.8 | 354.6 | 301.7 | 301.7 | 337.8 |
| 4.0 | 382.7 | 363.5 | 317.0 | 347.7 | 339.2 | 356.0 | 346.3 | 339.7 | 359.4 | 305.8 | 305.8 |
| 5.0 | 364.9 | 360.1 | 373.6 | 322.6 | 342.2 | 350.7 | 363.4 | 353.3 | 347.1 | 366.9 | 312.1 |
| 6.0 | 402.2 | 361.6 | 385.8 | 396.0 | 328.2 | 347.5 | 364.6 | 376.7 | 367.9 | 358.7 | 384.2 |
| 7.0 | 397.9 | 388.5 | 389.2 | 384.4 | 401.1 | 333.4 | 351.8 | 368.7 | 381.0 | 372.2 | 363.3 |
| 8.0 | 413.7 | 388.6 | 415.4 | 396.4 | 399.8 | 398.1 | 341.5 | 357.5 | 377.3 | 388.7 | 381.0 |
| 9.0 | 416.6 | 440.1 | 437.1 | 444.2 | 424.9 | 437.8 | 426.2 | 364.8 | 386.3 | 403.0 | 416.9 |
| 10.0 | 383.3 | 411.8 | 450.4 | 424.6 | 453.9 | 414.3 | 440.4 | 424.8 | 365.4 | 380.7 | 403.2 |
| 11.0 | 389.4 | 375.9 | 417.3 | 442.9 | 414.0 | 443.5 | 406.6 | 442.3 | 421.9 | 366.7 | 373.7 |
| 12.0 | 389.1 | 393.8 | 384.9 | 413.2 | 441.8 | 417.2 | 454.8 | 404.8 | 453.8 | 426.9 | 380.0 |
| EC | 49.2 | 40.0 | 49.8 | 69.3 | 72.4 | 70.9 | 71.8 | 72.8 | 73.9 | 75.0 | 76.1 |
| Adj ADM | 4,971.2 | 4,802.2 | 5,006.8 | 4,976.5 | 4,958.8 | 4,888.4 | 4,849.0 | 4,790.6 | 4,806.8 | 4,756.7 | 4,748.0 |
| Ext | 51.5 | 18.6 | 44.1 | 45.4 | 38.1 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| EL | 60.8 | 64.3 | 96.4 | 99.4 | 111.6 | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 | 110.0 |
| Tot ADM | 5,086.0 | 4,885.1 | 5,147.2 | 5,121.3 | 5,108.5 | 5,038.4 | 4,999.0 | 4,940.6 | 4,956.8 | 4,906.7 | 4,898.0 |

Declining Enrollment



- **Strengths**

- Projecting a slow, but steady, decline – manageable
- Eases capacity concerns

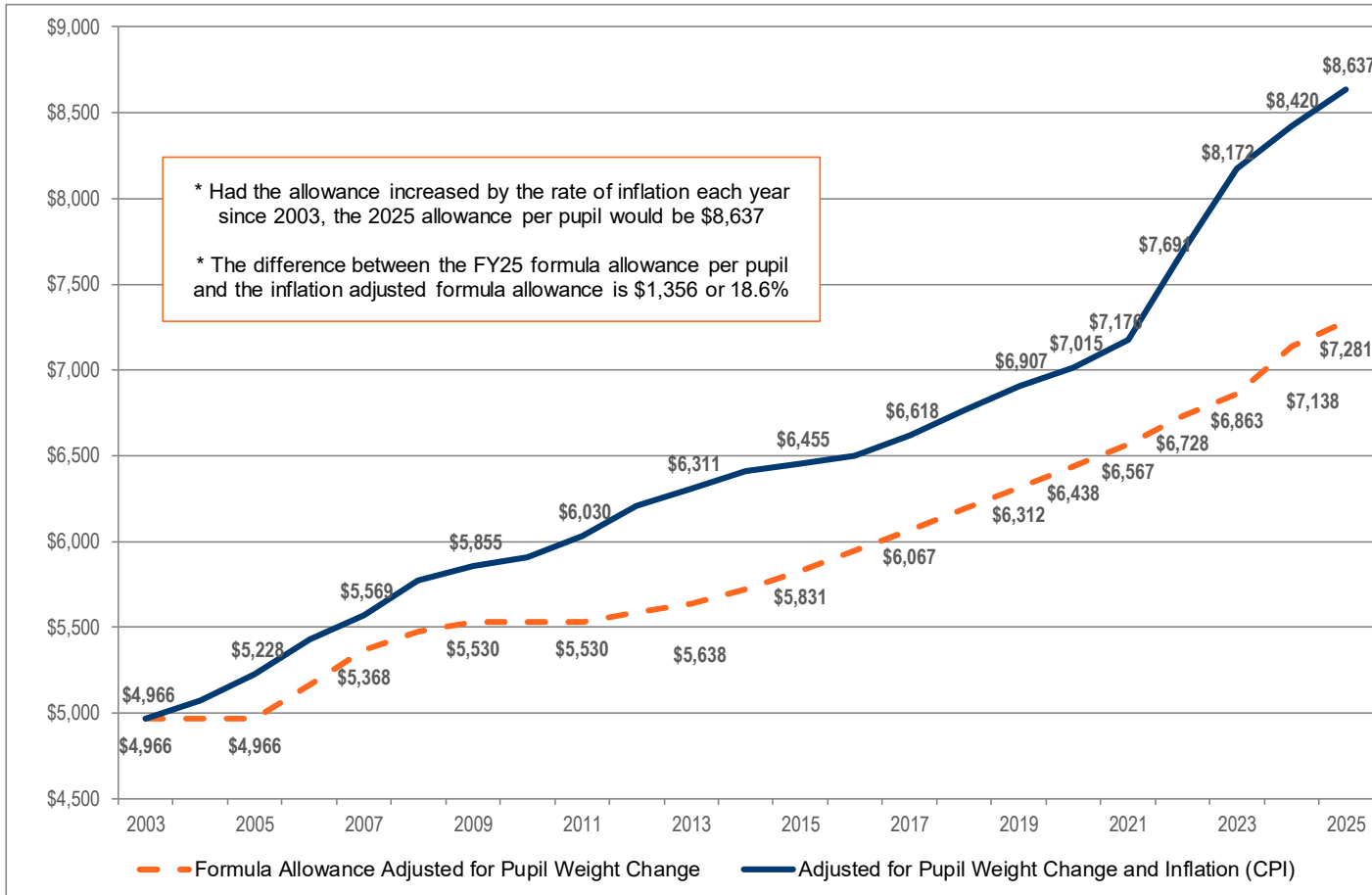
- **Challenges**

- Less enrollment = less revenue
- Kindergarten difficult to predict



General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



* Had the allowance increased by the rate of inflation each year since 2003, the 2025 allowance per pupil would be \$8,637

* The difference between the FY25 formula allowance per pupil and the inflation adjusted formula allowance is \$1,356 or 18.6%

Since 2021:

- Revenue/pupil increased \$714 (10.8%)
- Inflation/pupil increased \$1,459 (20.3%)

Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

Revenue Rankings



- **General Fund Revenue**
 - Revenue per student: \$9,963
 - Rank: **219th** out of 328 districts
 - Percentile: **67th** (bottom 1/3rd)
- **Prior to Operating Referendum**
 - Rank: **311th** out of 330 districts
 - Percentile: **95th** (bottom 5%)

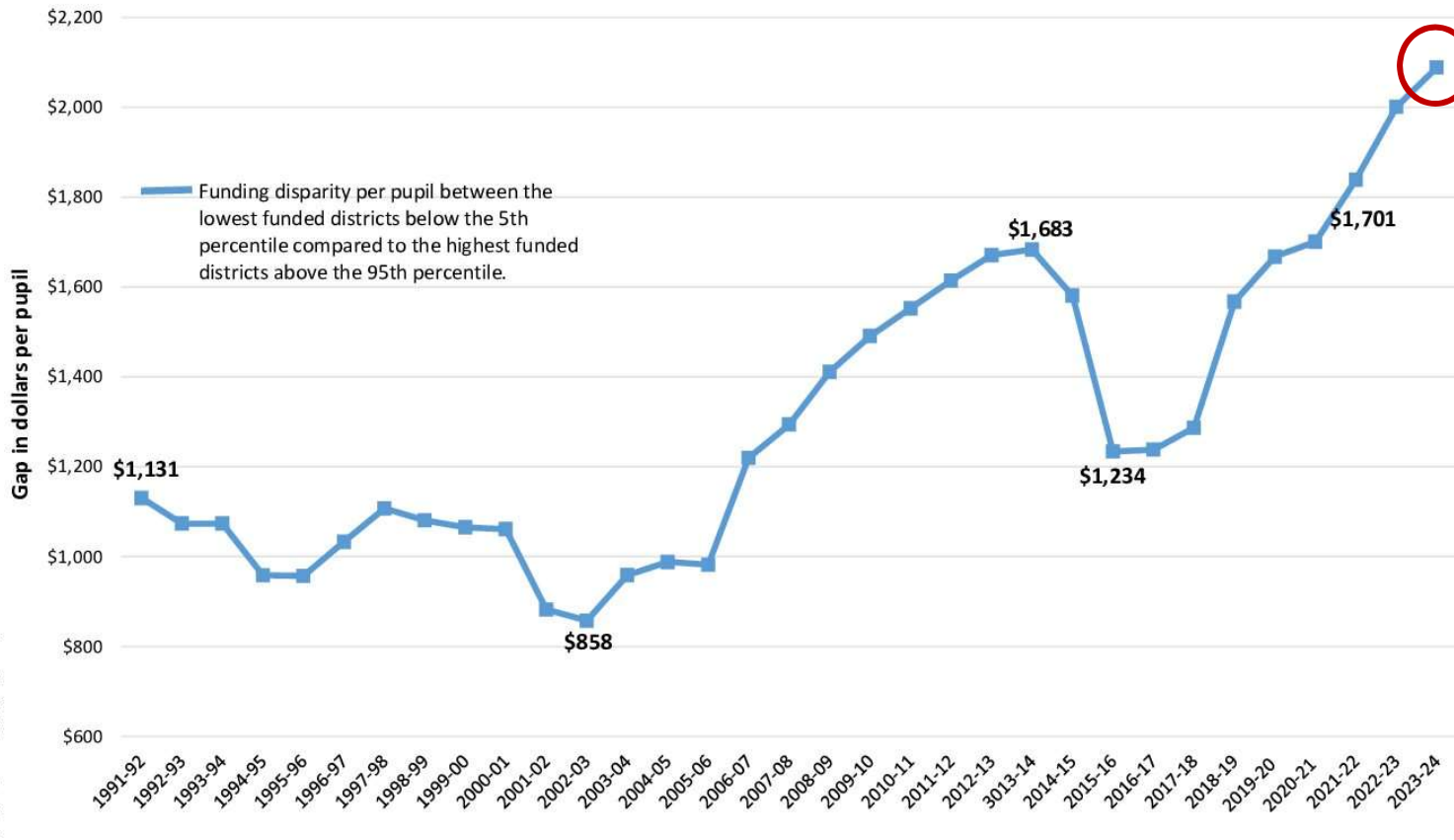




General Education Revenue Disparity Between the Lowest and Highest Funded Schools Districts

Estimated General Education Revenue Gap per Pupil
(Basic Revenue, Referendum Revenue, Local Optional Revenue and Equity Revenue)

"... it is the duty of the legislature to establish a general and uniform system of public schools." Minnesota State Constitution Article X111, Section 1



Revenue Gap
\$2,185

The revenue gap between the highest and lowest funded districts has grown by 2.5x a little over 20 years!!

Theresa

Referendum and Class Size



- **Operating Referendum: \$686 per pupil**
 - Reduced class size by adding 17 classroom teachers
 - Sustained Career and Technical Education Instruction
- **Academic Supports**
 - Elementary: Added 6 Interventionists
 - Middle School: Added 2 Counselors and 2 Interventionists
 - High School: Added 1 Counselor
- **Future Budget Reductions**
 - Class Sizes likely to increase



Staffing



- **FY2024-FY2025 Labor Contracts**

- Settled at 11% across all labor groups
- Large amount was back-loaded to FY2025
 - Resulted in budget savings for FY2024, but will push FY2025 higher

- **Staffing Levels**

- Returned to normal and we are no longer under-staffed
- Savings from under-staffing no longer being realized



Curriculum and Training



- **READ Act**
 - Read Act Literacy Aid - \$203,374
 - Read Act Teacher Compensation Training - \$183,618 for 40 hours of training for all teachers
- **Curriculum Investments (\$2.8 million over 4 years)**
 - 6-12 Science
 - K-12 English Language Arts
 - K-12 Social Studies
 - K-5 Math



Strategic Investments



- **Technology**

- Cyber Security – MFA, Firewall mgmt, email encryption, etc.
- New computers for all staff
- Wireless access points upgraded
- Cat 6 wiring and classroom port installed
- VOIP Phones
- Student 1:1 Devices – maintained without financing (and use of COVID and Emergency Connectivity Funds)



Strategic Investments



- **Facilities**

- Successful \$18 million construction project; \$2 million under budget
- Critical Infrastructure: Steam-to-hot water boiler conversion (CPIS & CIHS) and wastewater discharge at CMS
- Energy Savings: LED Lighting, window upgrades, and building automation
- Parking Lot improvements
- Grounds Equipment upgrades (more needed)
- Custodial Equipment upgrades (more needed)



Legislation



- Summer Unemployment – funding is depleted and may not be replaced. Could result in \$800k of additional expenses and staffing challenges
- ESST – increased amount sick leave: record substitute costs and challenges filling positions
- PFMLA – will allow employees to take up to 20 weeks of paid leaving beginning Jan 1, 2026.
- Compensatory Revenue decreasing due Universal Free Meal program
- Nonexclusionary Discipline – soaring workers compensation claims
- English Learner population has tripled and funding hasn't kept up
- Paid E-Learning Days
- Licensure requirements for preschool teachers
- Administrative burdens – unemployment, ESST, compensatory revenue allocations, e-learning days, class size reporting, local literacy plan, MDE audits, etc.



Revenue

State Funding from Legislature



| <u>Funding Type</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY23 – FY25 % Increase</u> |
|---------------------|------------------|------------------|------------------|-----------------------------------|
| Discretionary | \$6,822,339,153 | \$7,104,375,711 | \$7,232,260,756 | 6% |
| Categorical | \$3,325,944,367 | \$4,403,995,666 | \$4,510,396,569 | 35% |
| Grants - K-12 | \$19,285,120 | \$51,390,500 | \$51,409,000 | 167% |
| Non-K12 Revenue | \$211,520,880 | \$575,919,500 | \$439,799,500 | 108% |
| Total State Revenue | \$10,379,089,519 | \$12,135,681,377 | \$12,233,865,825 | 18% |

- Historic funding, but...
 - Only 6% over two-years went towards discretionary spending (labor, operations, etc.)
 - Categorical revenue offset by increased mandates
 - Plus: new unfunded mandates
 - Mismatch between perceptions and reality



CAMBRIDGE

ISANTI *Schools*

EVERY STUDENT, EVERY DAY