

June 24, 2025

To: Dr. Carlondrea Hines

From: The Business Office

Re: FY2025 June Budget Update

The purpose of this memo is to provide summary information regarding June updates to the budget for the 2024-25 fiscal year (FY2025) for school board approval. Adding these items to the budget will assist with explanation of audit variances. We have also updated the FY2026 budget recommendation to include these items in the initial budget.

General Fund

We are preparing a budget adjustment that includes both revenue and expenditures to recognize the **GASB Statement No. 68 pension adjustment**.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments to recognize their proportionate share of the Net Pension Liability (NPL), pension expense, and to report related deferred inflows and outflows of resources. This standard applies to all employers participating in cost-sharing pension plans, such as those administered by the Public Employees Retirement Association of Minnesota (PERA) and the Teachers Retirement Association (TRA).
- The final pension adjustment amount will be determined based on the actuarial valuation reports provided by PERA and TRA. For budget planning purposes, the district is estimating a **pension adjustment of \$200,000 for FY2025** in both revenue and expenditures, with no impact on fund balance.

Community Service Fund

We are preparing a budget adjustment that reflects anticipated revenue and expenditures for the **Nonpublic Pupil Aid program**. Minnesota's Nonpublic Pupil Aid program provides financial support to students attending nonpublic schools, including private, parochial, and home schools, to access essential educational services. This aid is administered through local public school districts and is governed by Minnesota Statutes, specifically sections 123B.40 to 123B.48.

- This program is accounted for within the Community Service Fund, but is not a part of the Advisory Council's oversight. The program is administered in the business office in conjunction with Student Support Services.
- For FY2025, the Nonpublic Pupil Aid budget will remain unchanged at \$900,000 and the **Nonpublic Pupil Aid expenditure budget will be increased by \$182,710 to \$918,910**.

Internal Service (self funded medical & dental) Fund

We are preparing a budget adjustment that establishes a budget in the **Internal Service Funds for Self Funded Medical and Dental**. This is a major accounting item, particularly since adding self-funded medical in FY2020, however we have not budgeted for activity in this fund.

An Internal Service Fund (Fund 20) is used to account for the financing of goods or services provided by one department to other departments of the district on a cost-reimbursement basis. In the case of self-funded health and dental insurance, this includes:

- Collection of premiums (from both employer and employees)
- Payment of medical/dental claims
- Administrative fees (third party administrator, stop-loss insurance)
- Reserve funding

For FY2025, we will add the budgets below. We have also incorporated this adjustment into the **FY2026 budget recommendation** to ensure it is reflected in the initial budget planning process.

	Revenue	Expenditures
Self Funded Dental	\$585,310	\$700,000
Self Funded Medical	\$11,212,000	\$12,076,000

Final FY2025 Revenue and Expenditure Budget

Fund	Revenue	Expenditures	Expanlation
General	\$83,022,700	\$84,307,300	Rev and Exp increase by \$200,000 for GASB 68
School Nutrition	\$3,027,000	\$2,963,000	No change
Community Service	\$8,243,800	\$8,183,910	Exp increase by \$182,710 for Nonpublic Pupil Aid expenses
Debt Service	\$19,171,000	\$18,783,000	No change
Internal Service	\$11,797,310	\$12,776,000	Rev & exp budgets are created, previous budget was \$0