

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
June 16, 2025

Item 7.2a

The finance committee met in the High School Forum Room on June 16, 2025 at 4:45 p.m. with the following present: Beth Hautala, Mark Taylor and Hannah Wesner. Rick Aulie and Bill Tollefson were also present.

Annual Agenda Items on June Board Agenda – The committee reviewed a number of items that are routinely included on the June agenda in preparation for the upcoming fiscal year. They included:

- a. Annual Agreements
 - i. Ice Time with Hallett Community Center
 - ii. Athletic Trainer Services with CRMC
 - iii. PSEO Agreement with CLC
 - iv. Concurrent Enrollment Agreement(s)
 - v. Lepmiz Speech Clinician Services
 - vi. Hearing Interpreter Professional Services Contract(s)
 - vii. Braille Professional Services Contract(s)
 - viii. Student Teaching Agreement(s)
 - ix. Northern Pines for Day Treatment and Family Service Worker Programs
 - x. Consortium Agreement with Brainerd Adult Basic Education
 - xi. Joint Purchasing Agreement with Anoka-Hennepin Schools, ISD #11
- b. Minnesota State High School League Membership for 2025-2026
- c. Substitute and Other Employee Wage Rates for 2025-2026
- d. Fees
 - i. Activity Fees and Gate Fees for 2025-2026
 - ii. Facility Use/Rental Fees for 2025-2026
- e. Bidding for Milk, Bread and Trash Collection
- f. Approve Superintendent to Serve as LEA for Title I Programs for 2025-2026
- g. Authorize Employment of Barb Neprud for 2025-2026 Supplemental Extra-Curricular
- h. Authorize Employment of Laura Lee for 2025-2026 Nursing Services
- i. Combined Polling Place Resolution for School Elections Held on Other Than Statewide Election Days – Calendar 2026

These items were reviewed by the finance committee and are included on the June agenda for approval.

Job Vacancies – The committee reviewed a list of job vacancies that exist within the School District, including job vacancies with Crosby-Ironton Transportation.

2025-2026 Preliminary Budget – The committee spent the rest of the meeting going through the updates incorporated into the 2025-2026 Preliminary Budget, which will be adopted at the June Regular Board meeting. Highlights included:

The overall budget, including both operating and non-operating funds, is projecting revenues of \$20,272,146 and expenditures of \$26,196,431. This is an overall deficit of \$5,924,285; with \$5,050,000 of the deficit being the result of the Building Construction Fund, which will continue to spend down until all the bond proceeds and interest income has been spent on building improvements.

The most important area of the budget is the General Fund Unassigned Fund Balance. The June 30, 2025 starting point was updated to the estimate from the 2024-2025 Revised Budget at an estimated \$1,661,345. Revenue and expenditures were updated and now reflect a projected unassigned deficit of \$1,030,033, compared to a projected deficit of \$477,825 in the unassigned General Fund in the 2024-2025 Revised Budget. This calculates a June 30, 2026 estimated General Fund Unassigned Fund Balance of \$631,312 or about 4.5% of the Unassigned expenditure budget. This is a spend down of approximately 62% of the fund balance.

The 2025-2026 Preliminary Budget is based on a significant number of assumptions. The 2025 legislature did not complete their work prior to the State Constitutional adjournment deadline, and a working group was formed and eventually a special session was called for June 9, 2025. Some assumption are made based on what was accomplished in regular session, some from the working group agreement and some assumptions were left as they are under prior law, as the results of the special session were uncertain at the time the budget was calculated. Also, on the expenditure side, a significant assumption relates to what the settlements will be for the employment contracts that expire on June 30, 2025. The 2025-2026 Preliminary Budget does not represent a Board negotiation strategy. It is only a financial projection based on a number of what-if factors, reflecting a projection or estimation of what could happen if those various assumptions become reality.

Overall General Fund revenue is anticipated to decrease by \$214,888 over 2024-2025. The 2025-2026 enrollment projection is lower than the 2024-2025 enrollment by 34 pupil units. The 2025-2026 Preliminary Budget includes a 2.74% increase in the General Education formula allowance. These factors interplay to result in an increase in basic General Education Revenue of approximately \$29,265 (up \$212,400 due to increase in the allowance and down about \$254,354 due to enrollment decline, after factoring in declining enrollment aid and up \$71,219 factoring in declining enrollment revenue). Another significant reason for the decline in revenue is that there was \$125,957 in federal COVID funding that carried forward into 2024-2025 and which is no longer available because all COVID funding expired September 30, 2024. Special Education aid is anticipated to decrease by \$100,000, on top of an anticipated \$225,000 decrease for 2024-2025, based on lower Special Education expenditures in 2024-2025 due to an unfilled position for most of the year. 2024-2025 expenditures are the base for the Special Education formula calculations for 2025-2026 revenue. Federal Title I, II and IV entitlements are also down by \$16,493 compared to 2024-2025. Basic Skills/Compensatory revenue is estimated to be up \$32,662 after initially anticipated to decrease by \$130,250, but buoyed by a hold harmless calculation for 2025-2026 adopted by the 2025 legislature in special session. The capital project levy revenue is up \$28,836; however, both of these last two revenue streams are part of restricted fund balances and can only be used for very specific purposes.

Overall General Fund expenditures are budgeted to increase by \$286,001 comparing the 2024-2025 Revised Budget to the 2025-2026 Preliminary Budget. The 2025-2026 Preliminary Budget is based on a number of factors, the most significant of which is an estimate of the cost of employment contract settlements. The expenditure budget is also adjusted to include the estimated employer cost of the new Paid Family Medical Leave Act payroll tax that will become effective January 1, 2026 and an increase in the TRA employer contribution rate from 8.75% in 2024-2025 to 9.31% in 2025-2026. Also added to the 2025-2026 Preliminary Budget are the estimated cost of running a special election for the operating referendum in November 2025, the restoration of a 1.0 f.t.e. special education teacher position at the high school that was unfilled for most of 2024-2025, inflationary adjustments, and the addition of a line item called "special circumstance substitute teacher" to cover the projected cost of an ongoing paid leave of absence and several maternity leaves that will happen in 2025-2026.

Food service revenue and expenditures are adjusted based on lower anticipated enrollment, resulting in the likelihood of less meals served, thus reducing revenue. A USDA foods grant also expires, which will result in an increase to the food budget to cover the food costs that were covered by a grant that will no longer be there. Community Service is expected to operate at a deficit of \$63,497, mainly due to the restructuring of the preschool program. The program schedule will include increased opportunities for full-time schedules for 4 year olds and more opportunities for 3 year olds. That increased time comes with an estimate of higher fees and increased revenue, which is offset by the need for 1.0 f.t.e. additional teacher to cover all of the program's schedule. The preschool change is a one-year experiment and if families do not embrace the expanded opportunities, adjustments will have to be considered for 2026-2027 that will reduce expenses and create a more break-even program schedule.

The meeting adjourned at 7:55 p.m.

Respectfully prepared and submitted by William Tollefson