

# CENTRAL CASS PUBLIC SCHOOLS



Fostering student excellence by empowering individuals to make a positive impact.

## LONG-RANGE FINANCIAL PLAN

2024

## Table of Contents

Executive Summary.....	2
Understanding Financial Projections .....	2
General Fund.....	3
Financial Overview .....	3
Enrollment Data .....	5
Revenues.....	6
Revenue Resources.....	7
Local Sources.....	7
State Sources.....	7
Federal Sources.....	7
Revenue Summary .....	8
Expenditures .....	9
Expenditure Requirements .....	10
Salary & Benefits.....	10
Purchased Services.....	10
Supplies .....	10
Equipment.....	10
Other Costs .....	10
Expenditure Summary.....	11
Fund Balance.....	12
Building Fund .....	13
Financial Overview .....	13

## Executive Summary

The Long-Range Financial Plan (LRFP) provides a road map for the District's financial well-being and plans to achieve educational results by combining financial projections with financial strategizing. The LRFP can be used as a tool to identify financial opportunities and obstructions while creating an avenue for discussion among the District's stakeholders. The LRFP clarifies the District's financial strategic intent and imposes discipline on decision makers to consider the long-term effects of decisions made today.

A multi-year financial plan projects revenues and expenditures into the future. Unlike a multi-year budget, it does not authorize expenditures, but illustrates what **may happen** to the District's ability to pay for and provide services, given a set of economic assumptions. These projections help assess revenue trends, expenditure commitments, financial risks and the affordability of additional services and capital investments.

## Understanding Financial Projections

Projections are an important element of the financial review and planning process. As part of the process of developing a forecast, an underlying set of assumptions must be developed and applied to the information as each year is projected. These assumptions will not all hold true for the entire term of the forecast, and will be adjusted annually, or at such times as new information changes the assumptions.

Projections utilize historical, current, and future data. As the District looks forward, there are several major factors that will need to be considered in both short- and long-term financial planning. They include:

- Analysis of the newly completed facility assessment to determine best space utilization as growing enrollment continues to be a reality for the District. The assessment will be used to identify additional areas for continued remodel/upgrades that started with the 2018 renovation; identify a priority schedule for long term maintenance of all current structures and grounds; provide a long-range maintenance plan for the current facility and grounds; and strategize budgeting for maintenance with or without a building fund levy.
- Using the 2023 demographic study of the District for enrollment projections.
- Continued meetings with the Casselton Economic Developer, those entities with current and planned housing developments with the District, and the local JDA.
- Continued close working relationship with the Mapleton School District to strategize and prepare for the incoming 7-12<sup>th</sup> grade students from the Mapleton School District, who is also experiencing rapid enrollment growth projections.
- Review of the Long-Range Technology Plan. This plan that was initially completed May 2020, is now monitored, and reviewed annually. Any adjustments needed for the ever-changing use of technology are referred to administration for periodic adjustments. The plan includes infrastructure needs and replacement schedule, current inventory and future inventory needs and replacement schedule, and analysis of post-high school readiness, and technology benefits in the classroom.
- Offering competitive wages and an employee benefit package to attract and retain highly qualified employees.

Careful planning and prioritizing will be necessary to maintain financial stability and a fund balance that provides the resources to cash flow operations without the need for borrowing funds to finance those operations.

## THE INS AND OUTS



### Money In

Most K-12 funding in North Dakota comes from State Aid.

The next largest source for the District is from local taxpayers.

Rounding out funding is federal grant revenue and other sources such as tuition and fees income.



### Money Out

Most outflows are for instructional purposes including teacher and paraprofessional staff, supplies, equipment, and instructional support.

Operational expenditures include facilities costs, transportation, and central office services.

Administration consists of superintendent, principal, and school board expenditures.

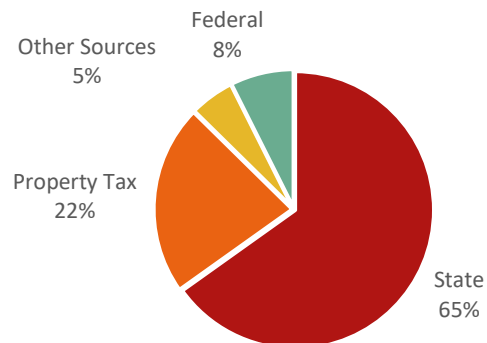
## General Fund

### Financial Overview

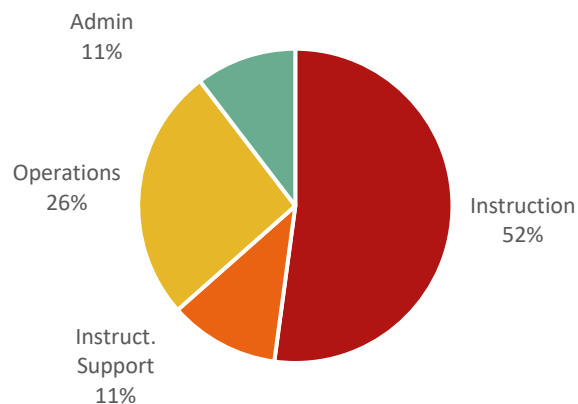
The general fund balance on June 30, 2023, was \$1,100,577 or 7.6% of budgeted expenditures for the year. As the District prepares for next year and beyond, appropriate planning must ensure the maintenance of the financial position that has been established for prosperity into the future.

The first step in financial planning is to understand where Central Cass Schools funding is sourced and where it is spent.

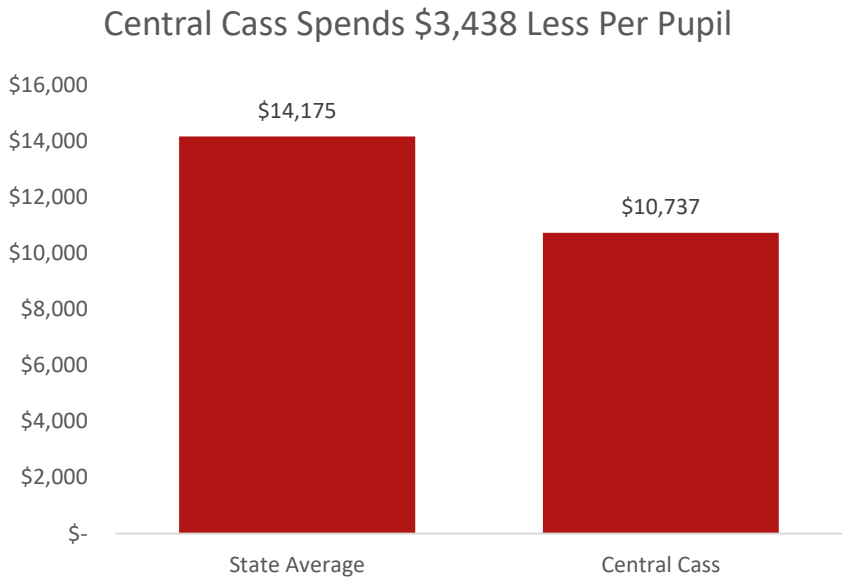
### WHERE OUR MONEY COMES FROM



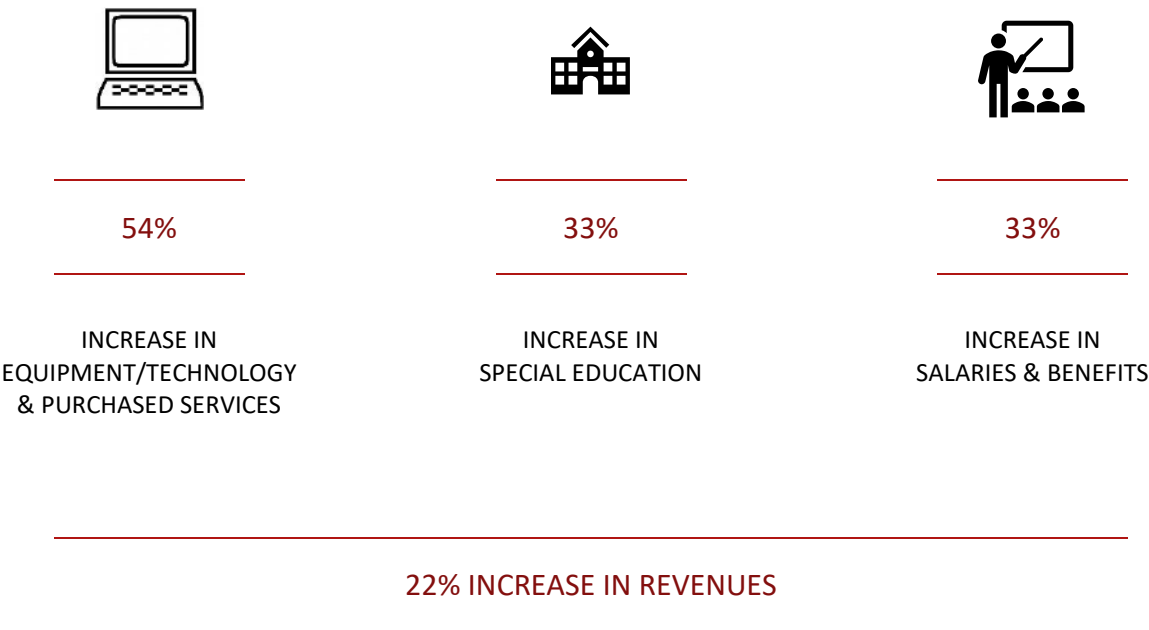
### WHERE OUR MONEY GOES



Next, the District analyzes how spending compares to others within the state. Central Cass School spends \$3,3438 less per pupil than that state average cost. The two main factors that help Central Cass maintain a lower cost per pupil include our size or staff to student ratios, and operation of one facility which allows efficient use of staff across multiple schools and reduces the duplication of administrative staff as well as all other education support staff.



These steps help to identify key areas that produce the largest impact on the District’s budget. Over the past five years, the District has experienced:



While expenditures continue to rise at a faster pace than revenues, tradeoffs are made each year to balance the budget, even though spending increases each year. The District expects expenditures to rise on average 6.33% per year while revenue growth is projected to rise by 3.77% based on assumptions contained in this document.

## ENROLLMENT HIGHLIGHTS



Continued growth.



Students within the District take advantage of school choice options.



Planned housing developments show the District will continue to grow.

## Enrollment Data

Enrollment in the Central Cass School District has steadily increased since 2018. Enrollment in the fall of 2023 sits at 1,043 PreK through 12<sup>th</sup> grade students.

A new housing development just to the west of the school opened in the Spring of 2020. Development has been slower than originally anticipated due to the timing of 2020 COVID pandemic followed by supply chain issues and the resulting high inflation.

Another housing development on the south end of the City of Casselton opened the Summer of 2023. That proposal includes a plan for another 70 single family homes, and potential for 2 high-density apartment buildings that could begin construction already in the Spring of 2024. It is anticipated that this new development, with smaller, but lower priced lots, will be more attractive to young families and will have an even larger impact on enrollment growth.

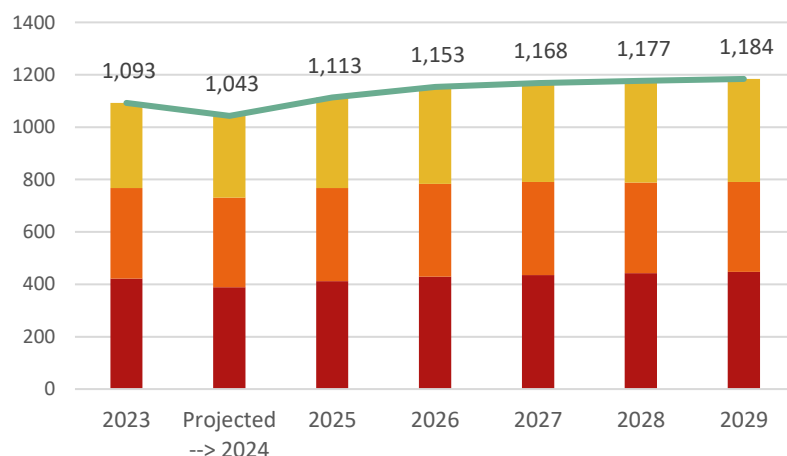
Ag Industry projects such as the Soybean Processing Plant and Grand Farms are anticipated to attract additional families to the District. Other small business expansions or additions, such as Dollar General and Dairy Queen tend to have a lesser impact on District growth.

The recent addition of the Casselton City Economic Development Director is also a factor in predicting continued growth for the school district over the long term.

The addition of AP and CTE courses attracts families who want the smaller class sizes yet have greater course offerings typical to the large, neighboring districts of West Fargo and Fargo.

For purposes of this plan, enrollment is projected to increase approximately 83 students over the next five years. These projections **do** not account for the new housing developments but do include current enrollments in the Mapleton Elementary School.

### PROJECTED ENROLLMENT



## PER PUPIL FUNDING



### Revenues

The District realizes a lower per pupil payment rate than legislatively approved due to a component in the funding formula called the mill levy deduct, which currently reduces state aid by the value of the first 60 mills levied as well as other local revenue offsets such as tuition received from Mapleton 7-12<sup>th</sup> grade students.

### Fiscal Year 2024

State Per Pupil Payment Rate  
\$10,339

Central Cass School Realized  
State Per Pupil Payment Rate  
\$8,022

### RATE OF INFLATION vs FUNDING

From 2015-2022, inflation grew 24%, while the state per pupil payment increased 9%.

## Revenues

Financial planning is impacted by many factors each year. On the revenue side changes in taxable valuation, interest rates, state support, federal support and the accompanying mandates, and enrollment all impact revenue generation.

The District utilizes many resources in the development of revenue projections including legislatively approved funding, enrollment projections, federal and state education department information, and city and county assessment offices.

As part of the process of developing a forecast, an underlying set of assumptions must be developed and applied to the information as each year is projected. These assumptions will not all hold true for the entire term of the forecast and will be adjusted annually, or when new information is provided requiring changes in the assumptions.

Revenue projections are based on the following assumptions:

- State foundation aid per pupil formula payment increases 1.5% per year.
- Weighted Average Daily Membership increases around 1.6% per year.
- The increase in taxable valuation at 5% per year.
- No significant property will be removed from the tax rolls and other local tax sources will grow as new business and housing developments are added within the City of Casselton and other Rural Communities within the District.
- General fund mills levied stay constant at 70 mills per year.
- Miscellaneous mills levied stay constant at 12 mills per year.
- Federal revenues increase at 1% per year.

## Revenue Resources

Revenue can be divided into local, state, and federal sources. Local revenues are comprised of property taxes, interest income, tuition, and other fees assessed by the District for services provided to students and patrons. State sources include foundation aid, grants, and career and technical educational related funding. Federal funding is generally restricted in nature for specific programs.

### Local Sources

#### *Property Tax*

The largest of the local sources is property tax. Levied against real property in the District, this tax is a function of the value of the taxable property in the District.

#### *Interest Income*

Interest income has increased in recent years and is a function of the Federal Reserve's rate setting. The District anticipates interest income to remain stable, however changes in the inflation rate, outcomes of the 2024 Presidential election, and other economic factors all play a role in interest rate fluctuations.

#### *Tuition*

This District continues to attract students from other neighboring, rural districts because of increased academic and extra-curricular offerings available. Mapleton School is a K-6 elementary and their 7-12<sup>th</sup> grade students have the option to attend Central Cass or West Fargo. In recent years Central Cass has added all day PreK programming as well as an afterschool program, both of which are currently funded through parent paid tuition and grant funds.

### State Sources

#### *Foundation Aid*

The primary state revenue source is the foundation aid. The major components to this formula are the per pupil payment which now includes on-time funding, the weighting factors, the mill levy deduct, and transportation aid.

#### *Other State Aid*

Other state aid is received for career and technical education programs, state child placement and specific grant opportunities.

### Federal Sources

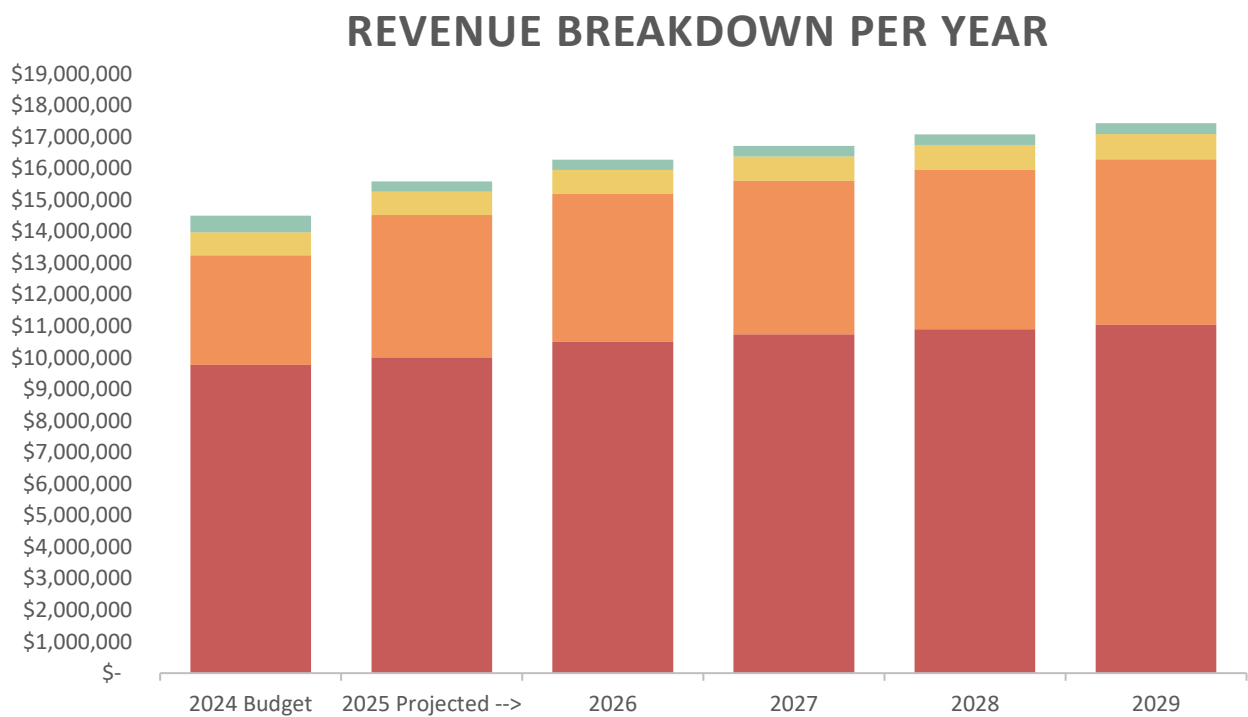
Federal revenue, received by the District for specific programs, is generally a restricted revenue source. Federal funding typically makes up less than 2% of total revenues. The increase to 8% in the last two fiscal years is due to an influx of one-time federal aid received in response to the COVID 19 Pandemic of 2020. Central Cass expended all those one-time funds at the end of the 2023 fiscal year. The ND Department of Public Instruction is currently evaluating other methods to determine Title I funding, which would result in a significant decrease for the Central Cass federal title funding allocations.



Revenue Summary

Based on the revenue assumptions previously discussed, the projections for the District’s revenue into the future depict a slowly increasing trend as follows:

	2024 Budget	2025 Projected-->	2026	2027	2028	2029
State	\$9,775,561	\$10,003,962	\$10,507,983	\$10,737,398	\$10,898,835	\$11,035,886
Property Tax	3,467,107	4,514,176	4,684,535	4,863,411	5,051,232	5,248,444
Other Sources	726,769	741,304	756,130	771,253	786,678	802,412
Federal	526,539	327,055	330,653	334,290	337,967	341,685
Total Revenues	\$14,495,976	\$15,586,498	\$16,279,301	\$16,706,353	\$17,074,713	\$17,428,427



## EXPENDITURE HIGHLIGHTS

### Over the Past 5 Years



Total Salary and benefit costs  
increased on average 7.06%



Increased enrollment and  
post-COVID technology use and  
expectations increased



Subscription costs for curriculum  
and technology increased an  
average of 54%



Special Education costs increased  
on average 54%

## Expenditures

This District, like most school districts, spends most of its resources on salary and benefits for staff. Central Cass Public School spends approximately 70% of the General Fund budget on personnel costs.

Expenditure projections are based on the following assumptions:

- Salary and benefits costs based on salary increase a total of 7.78% per year. Personnel increases include the cost of additional personnel for increasing enrollment and include 8 teaching FTEs, 2 support staff, and 5 extra-curricular positions over the next 5 years.
- Employer contributions to the Teachers Fund for Retirement and the Public Employees Retirement System are 24.5% and 9.26%, respectively. Legislatively this could change in the future.
- Early identification of education intervention needs, mental health needs, and other supportive services needs increase with increased enrollment.
- Purchased services, including curriculum and safety and security subscriptions, and facility & technology maintenance supports, increase 5% per year.
- Any additional square footage will require added resources to operate and maintain the expanded facility and grounds. Maintenance equipment, technical services for infrastructure maintenance, and staffing and supplies are all critical components of a long-range facility maintenance plan.
- Technology is an integral part of classroom instruction as well as the overall operations of the District. Regular review of the equipment and infrastructure needs of constant-changing technology options requires constant review of the long-range technology plan.
- Increased enrollment, increased extra-curricular offerings and numbers of participants in them, has necessitated the need to grow the inventory of buses and other vehicles. A long-term rotation cycle of route buses, activity buses, and all other transportation vehicles is being strategized to balance costs as evenly as possible and still maintain a fleet of all vehicle types that meet the current and future needs of the District.
- Critical components of transportation planning include staffing with qualified bus drivers, fulfillment of new federal training requirements, daily maintenance, and scheduling.
- Central Cass has partnered with the Cass County Career and Technical Education Center (C3TEC), to expand offerings to students and an advisory board is working toward the creation of a Career Workforce Academy.

## Expenditure Requirements

Expenditures can be broken down into the categorical areas of salary and benefits, purchased services, supplies, equipment and other costs.

Overall, expenditures in the District have increased from \$11,871,545 in 2020 to budgeted amount of \$14,382,300 in 2024, an average of 7.63% per year.

### Salary & Benefits

Increases in salaries and benefits will make up most of the increase in operational costs going forward unless changes in staffing or the sharing of benefit costs between the employee and the employer change.

Personnel costs increased an average of 6.73% in the last 5 years. Projected staffing needs, estimates the next 5 year average increase at 7.78%. This increase includes staff increases and increasing costs of benefits.

### Purchased Services

The District contracts for certain instructional, instructional support, and other professional & technical services with annual increases projected to be 5%. Examples include curriculum subscriptions, mental health services, mechanical maintenance services, parent/staff communication platforms, and web and filter monitoring services.

Operational services like snow removal, and other grounds and facility maintenance costs will increase with expanded facility and grounds.

As we increase the number of buses, other transportation vehicles, and large maintenance and grounds equipment, so will costs for maintenance and repair.

### Supplies

Supplies are both instructional and operational in nature and include classroom supplies, textbooks, paper, utilities, and custodial and other district wide supplies. For purposes of forecasting, these costs are projected to increase 6% per year.

### Equipment

Equipment costs include transportation, instructional, activities, grounds, and technology costs. Increases are calculated at 5% per year.

### Other Costs

Other costs include dues, fees and registrations and fund transfers. The fund transfer relates to the Building Fund and is projected to remain at \$250,000.00 annually until a building fund levy can be re-established. The General Fund has one debt payment related to the Building Authority for an HVAC repair completed in 2016 and a Certificate of Indebtedness issued to complete the Building Addition/Renovation that was completed October 2018. The Miscellaneous Levy of up to 12 mills is currently earmarked to cover both these payments. Both are 20 year Bond Obligations that will be paid off May 2036 and August 2038, respectively. As valuations increase, the number of mills needed to cover payment obligations will decrease. The excess mills have been allocated to other general operating needs. These have included excess construction costs for summer maintenance projects and technology needs.

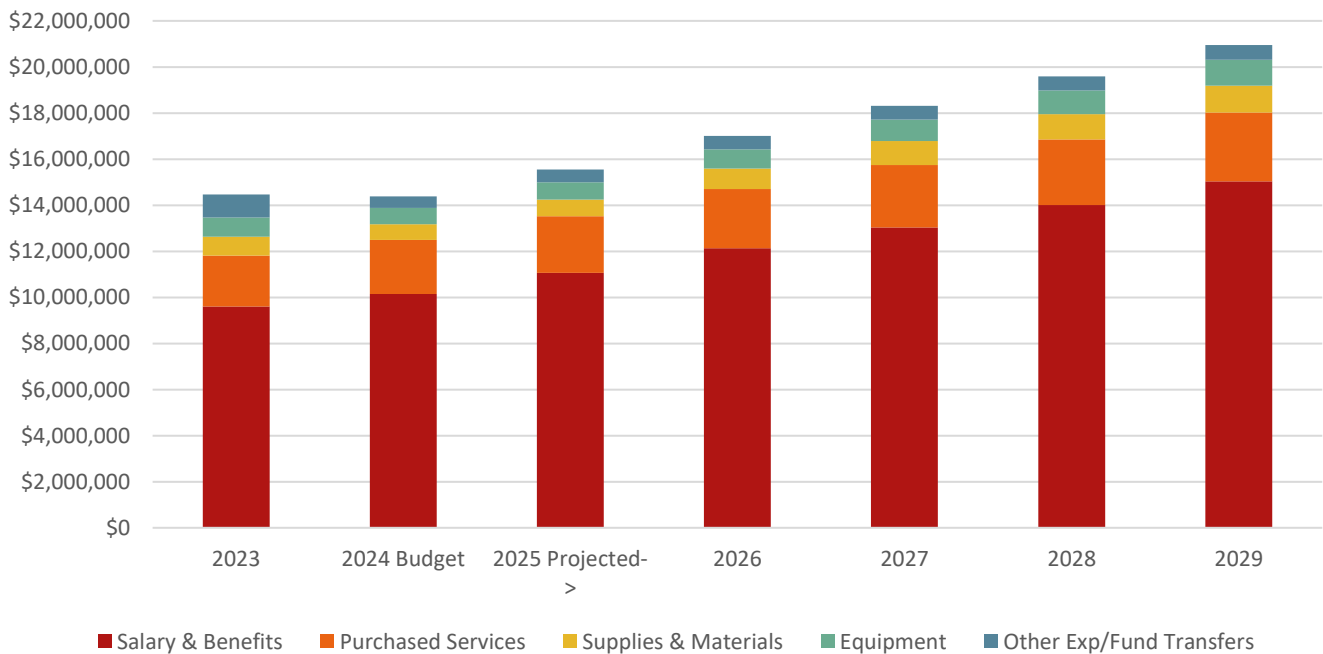
## Expenditure Summary

The strategic plan also identifies needs, both short term and long term, that will require consideration in future budget processes. Some of these needs have been identified while others will result from curriculum and instruction or operational discussions that are occurring at the present time and in the future.

With the assumptions projected, the General Fund expenses will increase as depicted below.

	2024 Budget	2025 Projected->	2026	2027	2028	2029
Salary & Benefits	\$10,153,300	\$11,062,592	\$12,131,145	\$13,039,052	\$14,007,788	\$15,041,430
Purchased Services	2,336,924	2,453,770	2,576,459	2,705,282	2,840,546	2,982,573
Supplies & Materials	683,790	724,817	888,306	1,041,605	1,104,101	1,170,347
Equipment	712,533	748,160	835,568	927,346	1,023,713	1,124,899
Other Exp/Fund Transfers	495,753	560,625	577,444	594,767	612,610	630,989
<b>Total Expenditures</b>	<b>\$14,382,300</b>	<b>\$14,382,300</b>	<b>\$15,549,964</b>	<b>\$17,008,922</b>	<b>\$18,308,052</b>	<b>\$20,950,238</b>

### EXPENDITURE BREAKDOWN PER YEAR



## A DECREASING FUND BALANCE?



### Fund Balance

For school districts, a decreasing fund balance reduces the ability to pay expenses timely and for unexpected or emergency costs.

In addition, a decreasing fund balance adversely affects the District's credit rating which can then increase the costs to borrow money and issue debt for facility needs in the future.

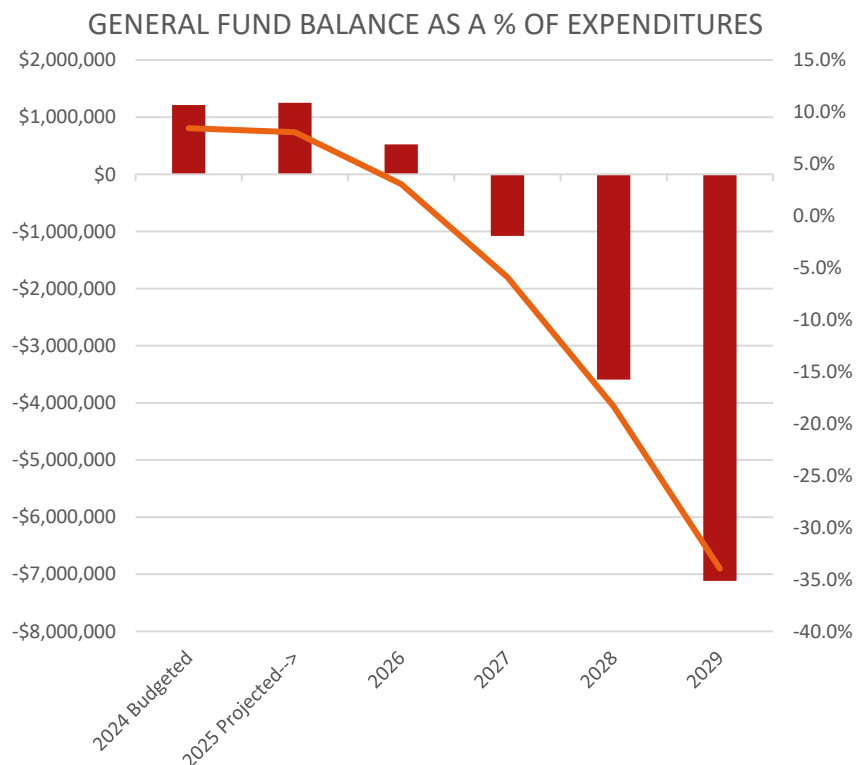
## Fund Balance

Central Cass Public School has been in a sound financial position. Post-COVID inflation, increasing enrollment, and a recent failed referendum for a building maintenance levy have required closer scrutiny of all expenditures and other revenue sources. The current fund balance on June 30, 2023, was \$1,100,577 or 7.6% of General Fund expenditures.

As the District prepares for the future, appropriate planning must ensure the maintenance of a strong financial position. Through the 2023 the District Strategic Plan Update and Governance Procedure and Process, a fund balance minimum of 10% has been established and intentional planning is being done to move in that direction to maintain financial stability for the District.

Considering the revenue and expenditure projections based on the assumptions contained herein, the District will need to be cognizant of costs rising at a higher level than revenues available and seek to control variable costs. As salary and benefits comprise 70% of the expenditure budget, increases in these areas will need to be monitored closely and consideration given to such areas as class size, program offerings, or levying additional mills to maintain the financial position of the District.

The chart below depicts the effects on the General Fund balance without consideration for any long-term facility needs identified in a Long-Range Facility Plan.



## THE INS AND OUTS



### Money In

Funding for the Building Fund is currently a transfer from the General Fund and the pledge payments for the 2016-2018 Building Project and Athletic Projects.

NDCC 57-15-16 allows a levy up to 20 mills. To add a building fund levy, 60% of the voters must vote in favor of the levy.



### Money Out

Expenditures of the Building Fund should be designated through the budgeting process and defined annually, using the facility assessment.

## Building Fund

### Financial Overview

For purposes of this plan, the Building Fund does not currently have a levy and it consists of an annual \$250,000 transfer from the General Fund and pledge payments for the 2016-2018 Building Project and Athletic Projects that are almost completed. These amounts are currently designated for principal and interest payments related to the debt obligation incurred by the building and athletic projects recently completed.

The Special Assessments Levy allows the District to levy the amount necessary to pay for the costs of special assessments.

Money in the Building Fund may be used for the construction, renovation, improvement, repair or expansion of District buildings, facilities and real property including the payment of principal and interest on bonds issued.

In summary, under the assumptions used in this projection, if the District does not utilize the 20 mills Building Fund Levy, long-term maintenance and continued facility improvements will not be possible to sustain from the General Fund.

The Long-Range Facility Assessment identified \$4.8M in deferred maintenance needs for the next two years. \$3.8M are classified as “high criticality”. The top costs for the next ten years include the following:

- All the 1994 roof sections that were not updated during the 2018 project, along with the EFIS in those same areas and the 1994 bathrooms and locker rooms.
- Paint, flooring, and furniture updates to the High School areas.
- North gym bleachers beyond life expectancy and ability to repair.
- Parking lot maintenance and repair/replacement schedule for all other outdoor and athletic facilities and playground.
- Water heaters and walk in condensers nearing end of life. Long-term maintenance rotation for facility infrastructure such as HVAC.
- Replacement of interior doors and windows in the 1960’s addition.
- Inadequate parking for staff, students, and events. Repairs to current bus garage.
- Long-term maintenance rotation to keep the 2018 renovations current.