

Financial Update for FY24-25 & General Fund Budget Framework for FY26-27

Feb 23, 2026



Why We're Here Today

- ❑ Review the FY2024-25 financial results and timeline of audit
- ❑ Share the FY2025-26 revised budget process and timing
- ❑ Deliver a set of recommended budget assumptions and parameters for FY2026-27
- ❑ Preparatory work to begin building the FY2026-27 general fund budget
- ❑ No action sought this evening - Approval of budget parameters at next meeting
- ❑ Overall district budget approval sought in May/June (preliminary) and June (final)



Financial Results

❑ Audit completion timeline

- Where we are in the process
- April 20th board meeting

❑ FY26 revised budget

- FY25 results, contract settlements/parameters, budget & enrollment monitoring
- April or May for final recommended revisions



2024-25 Financial Results

	2024-25 Revised Budget	2024-25 Results	Over/(Under) Budget
Revenue			
General Fund	100,584,188	105,582,078	4,997,890
Food Service	4,878,836	4,872,055	(6,781)
Community Ed	5,659,014	6,103,281	444,267
Construction	16,348,098	17,521,773	1,173,675
Debt Service	10,333,734	10,493,816	160,082
Expenditures			
General Fund	99,907,909	105,942,045	6,034,136
Food Service	4,760,049	4,730,025	(30,024)
Community Ed	5,631,472	6,032,912	401,440
Construction	1,848,808	6,022,908	4,174,100
Debt Service	10,207,623	10,205,248	(2,375)
Operating result			
General Fund	676,279	(359,967)	(1,036,246)
Food Service	118,787	142,030	23,243
Community Ed	27,542	70,369	42,827
Construction	14,499,290	11,498,865	(3,000,425)
Debt Service	126,111	288,568	162,457



2024-25 Financial Results



	Beginning Fund Balance	FY25 Operating Result	Ending Fund Balance
General Fund	5,894,782	(359,967)	5,534,815
Food Service	706,889	142,030	848,919
Community Ed	911,190	70,369	981,559
Construction	-	11,498,865	11,498,865
Debt Service	1,996,077	288,568	2,284,645

General Fund Reserves	FY24	FY25
Student Activities	164,156	175,184
Staff Development	271,019	267,408
Literacy Incentive Aid	260,361	199,250
Operating Capital	84,577	-
School Library Aid	86,666	-
Literacy Aid - Read Act	-	211,402
Tchr Comp - Read Act	-	82,149
LTFM	1,690,654	1,302,054
Medical Assistance	507,208	429,902
Non-Spendable	491,402	531,659
Unassigned	2,338,739	2,335,807
Total	5,894,782	5,534,815



FY2026-27 Framework assumptions & parameters

- ❑ Strategic framework
- ❑ Enrollment
- ❑ Levy
- ❑ State funding
- ❑ Employee compensation
- ❑ Staffing/class size ratios
- ❑ Cost containment target



Cost containment



Context, Not Crisis

This is a strategic cost containment cycle designed to ensure long-term sustainability, not an emergency response.



Buying Power Reality

While the budget will grow next year in absolute dollars, inflation means our actual purchasing power is declining.



Budget Parameters

The primary purpose for today's session is to seek the board's approval on the parameters that will be used to build the FY2026-27 budget.



What This Isn't

This is **not** a discussion of specific cuts, positions, or programs. Those decisions and communication there of will follow the board's approval of the parameters and associated contractual language.



The Budget Reality

School districts nationwide are navigating an unprecedented fiscal environment where traditional funding models no longer align with operational realities.

Rising Operational Costs



Inflation continues to drive up costs across all categories: salaries, benefits, transportation, utilities, and insurance premiums are all increasing significantly.

State Funding Gap



State funding has not kept pace with inflation or the true cost of delivering quality education over time, creating a structural imbalance.

Regional Trend



Many districts across our region and state are facing similar challenges, making this a shared challenge requiring thoughtful, strategic responses.

Projections with no changes

West St. Paul Public School District Five Year General Fund Budget Projection Summary

Definitions	Actual 2023-2024	Budget 2024-2025	Projected 2025-2026	% Chg	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg
Revenue	\$90,869,305	\$104,414,078	\$110,484,158	5.8%	\$111,198,625	0.6%	\$111,963,970	0.7%	\$113,369,504	1.3%	\$114,522,142	1.0%
Expenditures	\$93,289,581	\$104,774,045	\$108,735,654	3.8%	\$112,470,405	3.3%	\$115,878,675	3.0%	\$119,427,249	3.1%	\$123,123,026	3.1%
Revenue Over (Under) Expenditures	(\$2,420,276)	(\$359,967)	\$1,748,503		(\$1,271,780)		(\$3,914,704)		(\$6,057,745)		(\$8,600,884)	
Fund Balance	\$5,894,782	\$5,534,815	\$7,283,318		\$6,011,538		\$2,096,834		(\$3,960,911)		(\$12,561,795)	
Assigned Fund Balance	\$3,556,043	\$3,199,008	\$3,091,676		\$2,822,777		\$2,434,121		\$1,986,684		\$1,461,526	
Unassigned Fund Balance	\$2,338,739	\$2,335,807	\$4,191,642		\$3,188,761		(\$337,286)		(\$5,947,595)		(\$14,023,321)	
Percent Unassigned	2.5%	2.2%	3.9%		2.8%		-0.3%		-5.0%		-11.4%	

Cost Containment Target

\$2.5M

Reduction Target

Total cost containment goal for Fiscal Year 2027

This \$2.5 million reduction target is separate from normal enrollment-driven staffing adjustments that occur annually. These are strategic reductions designed to ensure financial sustainability.

Our focus is on creating **long-term sustainability**, not implementing short-term fixes that would require repeated painful adjustments in future years.

Projections with \$2.5M in reductions

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Expenditures	\$93,289,581	\$104,774,045	\$108,735,654	3.8%	\$109,970,405	1.1%	\$113,378,675	3.1%	\$116,927,249	3.1%	\$120,623,026	3.2%
Revenue Over (Under) Expenditures	<u>(\$2,420,276)</u>	<u>(\$359,967)</u>	<u>\$1,748,503</u>		<u>\$1,228,220</u>		<u>(\$1,414,704)</u>		<u>(\$3,557,745)</u>		<u>(\$6,100,884)</u>	
Fund Balance	\$5,894,782	\$5,534,815	\$7,283,318		\$8,511,538		\$7,096,834		\$3,539,089		<u>(\$2,561,795)</u>	
Assigned Fund Balance	\$3,556,043	\$3,199,008	\$3,091,676		\$2,822,777		\$2,434,121		\$1,986,684		\$1,461,526	
Unassigned Fund Balance	\$2,338,739	\$2,335,807	\$4,191,642		\$5,688,761		\$4,662,714		\$1,552,405		<u>(\$4,023,321)</u>	
Percent Unassigned	2.5%	2.2%	3.9%		5.2%		4.1%		1.3%		-3.3%	

Proposed Budget Parameters

While the specifics are included in greater detail in the board packet, highlights from the proposed budget parameters include...

Class Size Protection

Class size parameters are proposed to remain unchanged. This was a clear priority for the district and in the feedback we received.

\$2.5 million Reduction

Classrooms and direct student instruction remain our top priority. Budget adjustments will be strategically directed away from core instructional positions.

Supply budgets

While we recognize inflation reduces the buying power of existing budget levels, we recommend freezing supply budgets to keep the focus on retaining people over materials.

District Absorption

District-level budgets continue to absorb a majority of reductions, minimizing the impact on individual school sites and classrooms.

FY2026-27 General Fund Budget Framework - Summary

Purpose: Provide a structured, fiscally responsible guide for developing the FY 2026–27 General Fund budget aligned to district priorities

Key Assumptions and Parameters:

- Projecting a slight enrollment decline
- Levy and state funding per current statutes and adopted plans
- Staffing and compensation per collective bargaining agreements with estimates for unsettled contracts
- No changes to staffing ratios

Financial Sustainability: \$2.5 million cost containment target through strategic, ongoing reductions

