Osseo Area Schools

Action Item: Adoption of Fiscal Year 2027 Budgets

School Board Meeting

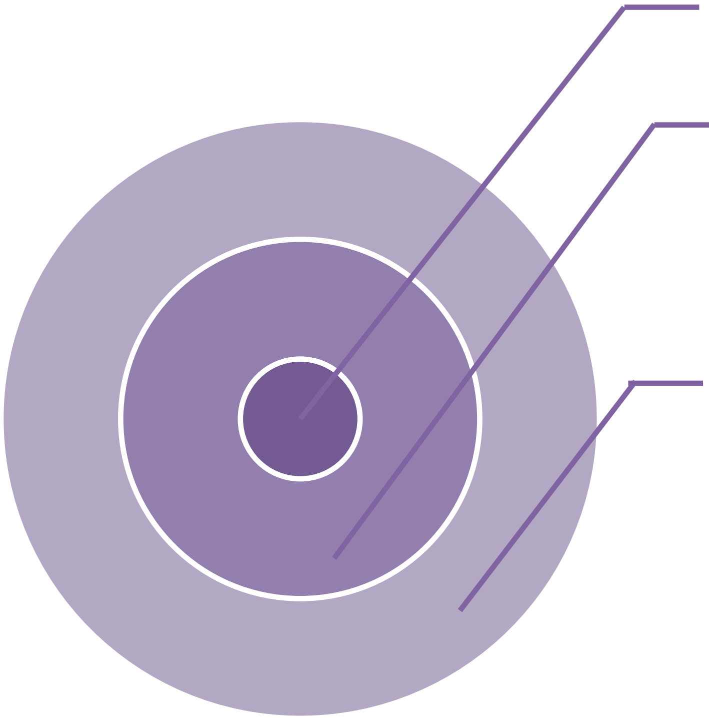
KELLY BENUSA

JUNE 23, 2026

Budget Alignment with Strategic Plan

- Long Range Financial Planning (LRFP) Framework
- Significant School Board influence

LRFP Framework provides structure for budget planning



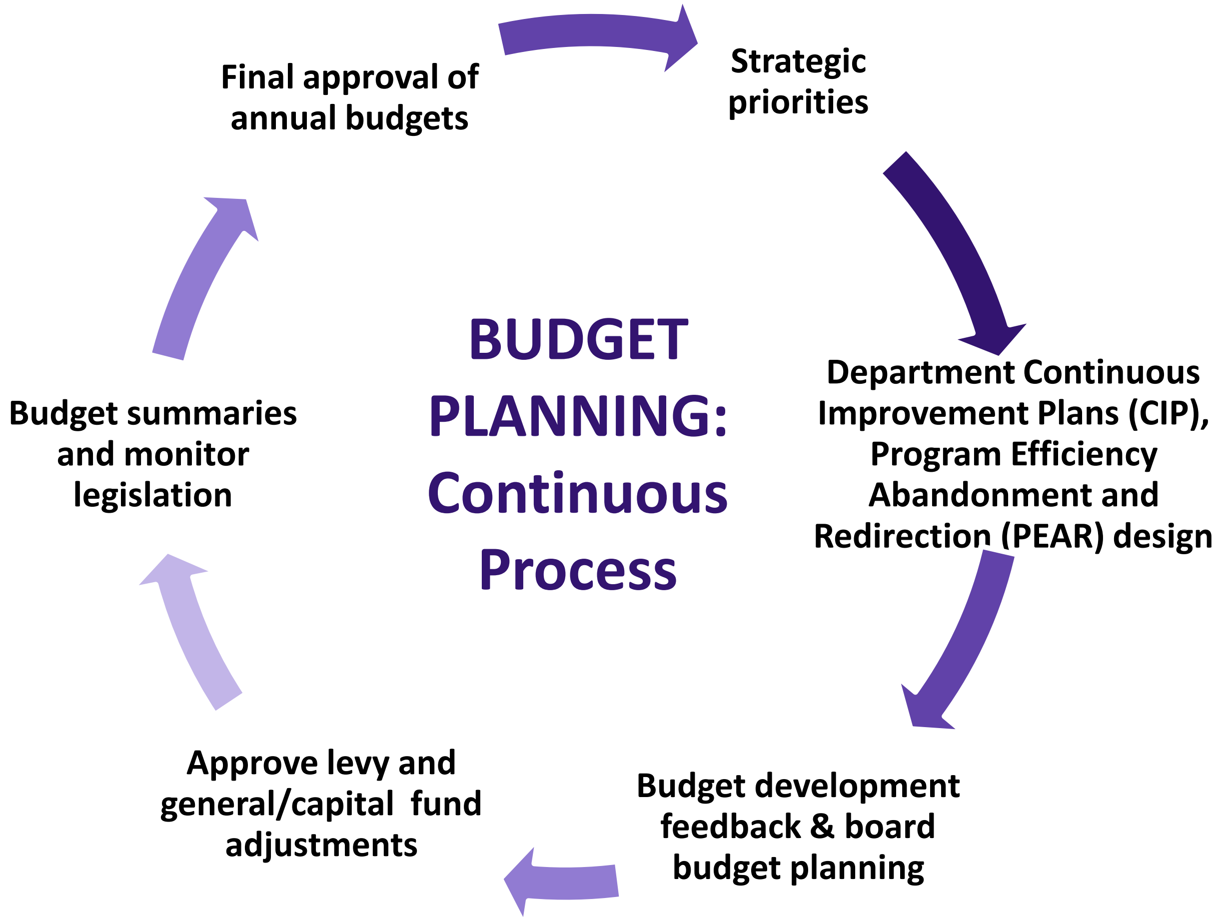
Mission

Staff responsibilities

LRFP guiding principles
Continuous Improvement Plan
Budget
Budget Summaries

School Board direction

Strategic priorities
Forecast
Budget targets
Feedback


BUDGET PLANNING: Continuous Process
Strategic priorities
Department Continuous Improvement Plans (CIP), Program Efficiency Abandonment and Redirection (PEAR) design
Budget development feedback & board budget planning
Approve levy and general/capital fund adjustments
Budget summaries and monitor legislation
Final approval of annual budgets

Budget has 5 separate funds

- General
- Food and Nutrition Services
- Community Service
- Capital
- Debt Service

FY 2027 · GENERAL FUND REVENUE

Total Revenue Outlook, $349.6 Million

TOTAL INCREASE

+$22.3M

Year-over-year growth in projected General Fund revenue.

PERCENT CHANGE

+6.8%

Driven primarily by state formula changes and enrollment-related aid.

TOP DRIVER

+$7.2M

General education aid, reflecting a 2.69% basic formula increase to $7,683 per ADM.

LARGEST DRIVERS

General education aid +$7.2M · **Special education** +$6.5M · **English learner** +$3.7M · **Operating referendum** +$2.7M · **Desegregation transportation** +$1.6M · **Other net adjustments** ≈ +$530K

FY 2027 · GENERAL FUND EXPENDITURES

Total Expenditure Outlook, $367.8 Million

EXPENDITURE GROWTH

+6.9%

Year-over-year growth in total General Fund expenditures.

vs. BOARD TACTIC

+3.9 pts

Above the 3% Board expenditure tactic for FY 2027.

TOTAL INCREASE

+$9.3M

More than previously projected.

NET LRFP ADJUSTMENTS

Aspen Ridge operating capacity +$1.1M · **Enrollment alignment** +$906K · **MN paid leave payroll tax** +$389K · **Custodial staffing** +$386K · **Student support / library aid** −$551K

FY 2027 · GENERAL FUND EXPENDITURES

Strategic, One-Time Adjustments, and Delayed Investments

SPECIAL ED INVESTMENT

+$2.75 M

One-year Board-approved staffing investment, with ~$1.9M offset in FY 2028 revenue.

HOLD HARMLESS SUNSET

-$1M

Planned end of the FY 2026 compensatory maximum hold harmless.

CREST VIEW START-UP

+$350K

FY 2026 start-up costs delayed into FY 2027 for the Crest View rebuild.

LARGEST DRIVERS

Special education staffing +$2.75M · **Hold harmless sunset** -$1M · **Crest View start-up** +$350K · **Mid-year savings** −$67K

Ending Fund Balance Outlook

The FY 2027 ending fund balance remains well above the 5% Board policy minimum despite a projected operating deficit of $18.2 million.

ENDING FUND BALANCE

23.7%

Of FY 2027 annual expenditures; $2.3M below February projection.

BALANCE AMOUNT

$87.2M

Projected General Fund balance at fiscal year-end.

OPERATING DEFICIT

−$18.2M

Net effect of FY 2027 revenue and expenditure variances on the General Fund.

POLICY COMPLIANCE

Board policy minimum 5% · **Projected balance** 23.7% · **Status** In compliance with Board policy

Osseo Area Schools

Five-Year Financial Projection - General Fund

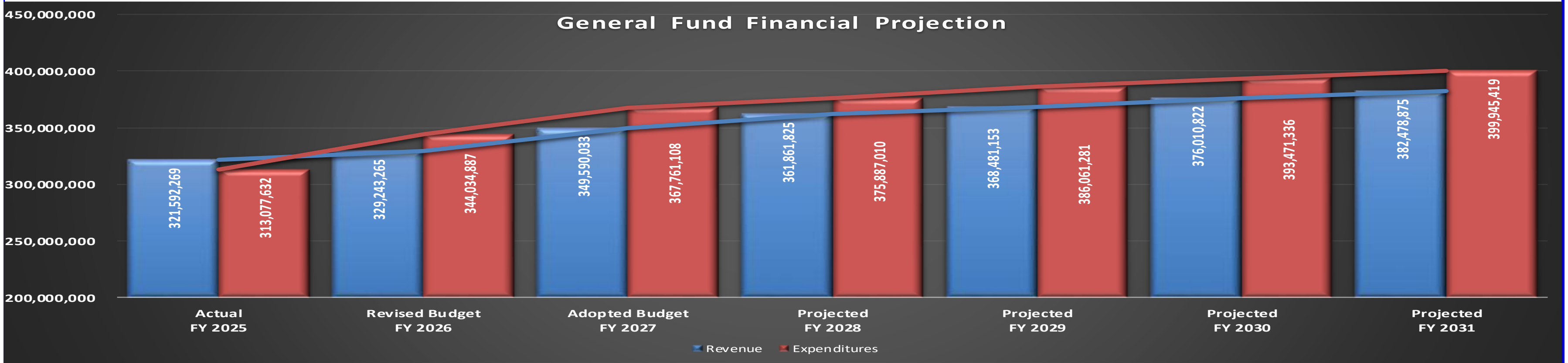
Categories	Actual FY 2025	Revised Budget FY 2026	% Chg	Adopted Budget FY 2027	% Chg	Projected FY 2028	% Chg	Projected FY 2029	% Chg	Projected FY 2030	% Chg	Projected FY 2031	% Chg
Revenue	321,592,269	329,243,265	2.4%	349,590,033	6.2%	361,861,825	3.5%	368,481,153	1.8%	376,010,822	2.0%	382,478,875	1.7%
Expenditures	313,077,632	344,034,887	9.9%	367,761,108	6.9%	375,887,010	2.2%	386,061,281	2.7%	393,471,336	1.9%	399,945,419	1.6%
Difference over/(under)	8,514,637	(14,791,622)		(18,171,075)		(14,025,184)		(17,580,127)		(17,460,515)		(17,466,544)	
Assigned/Unassigned Fund Balance	120,205,774	105,414,152		87,243,077		73,217,893		55,637,766		38,177,251		20,710,707	
Fund Balance %	**38.4%**	**30.6%**		**23.7%**		**19.5%**		**14.4%**		**9.7%**		**5.2%**	
Operational Adjustments						(2,000,000)		(3,000,000)		(5,000,000)		(6,000,000)	

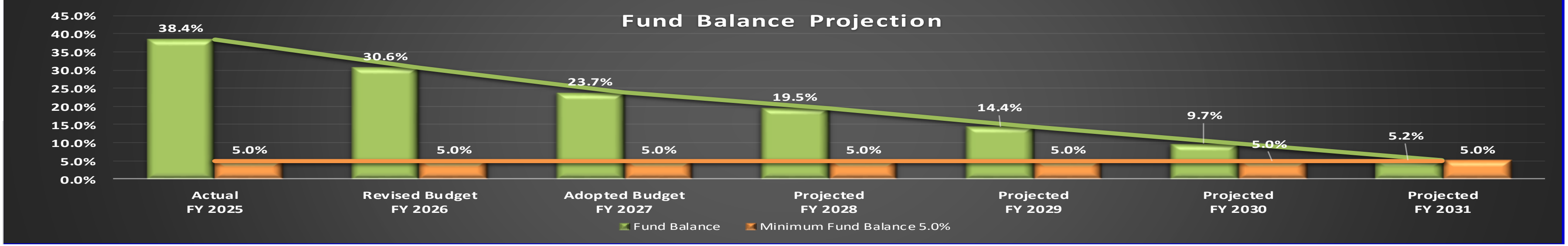
Assumptions

General Formula increase estimates 3% FY 2028, 2% FY 2029, 2.1% FY 2030, 2% FY 2031, future years 2% minimum and 3% cap tied to inflation

Expenditure increase of 3.0% annually

(16,000,000) total operational adjustments





Five-Year Financial Projection General Fund

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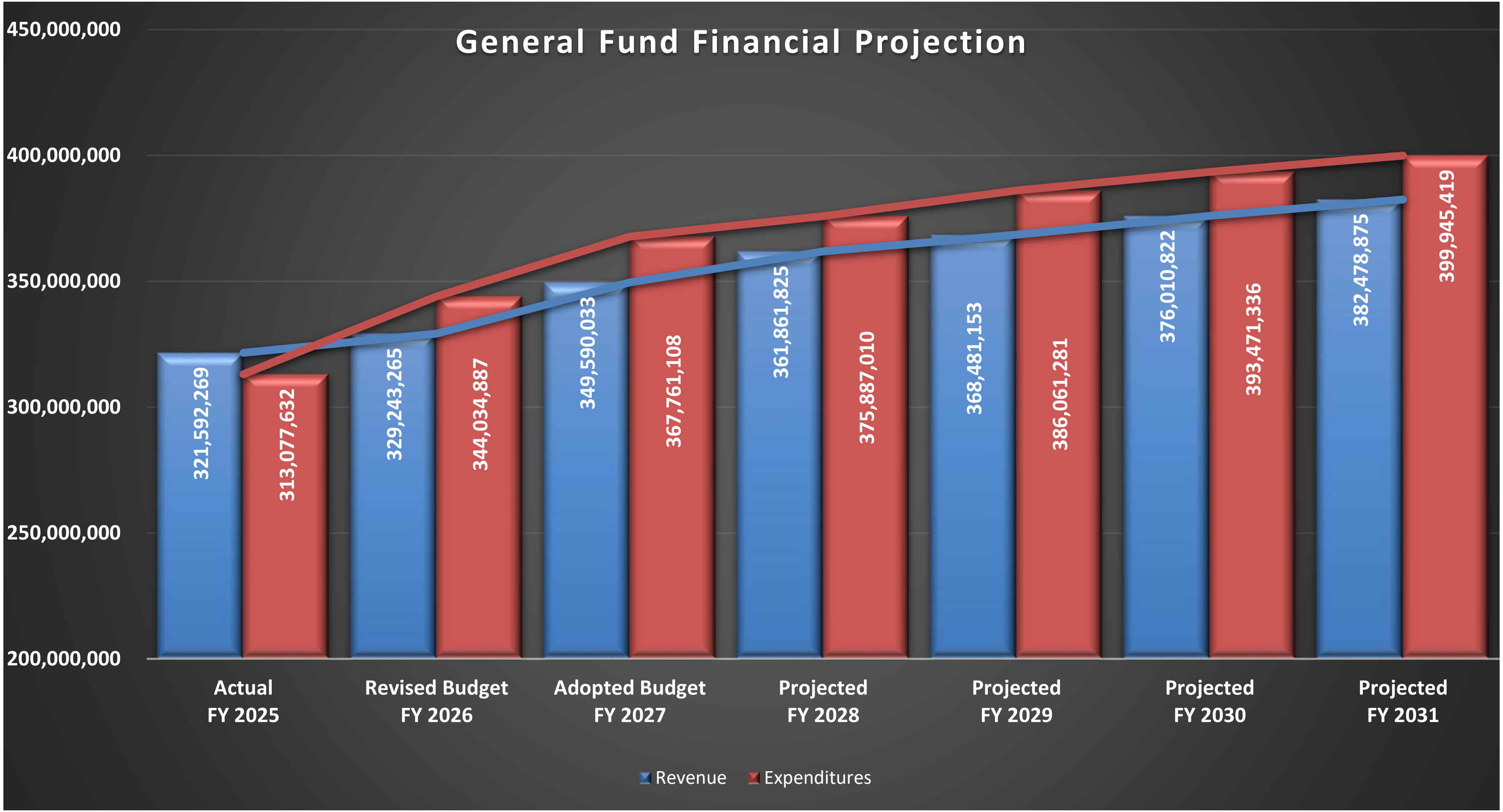
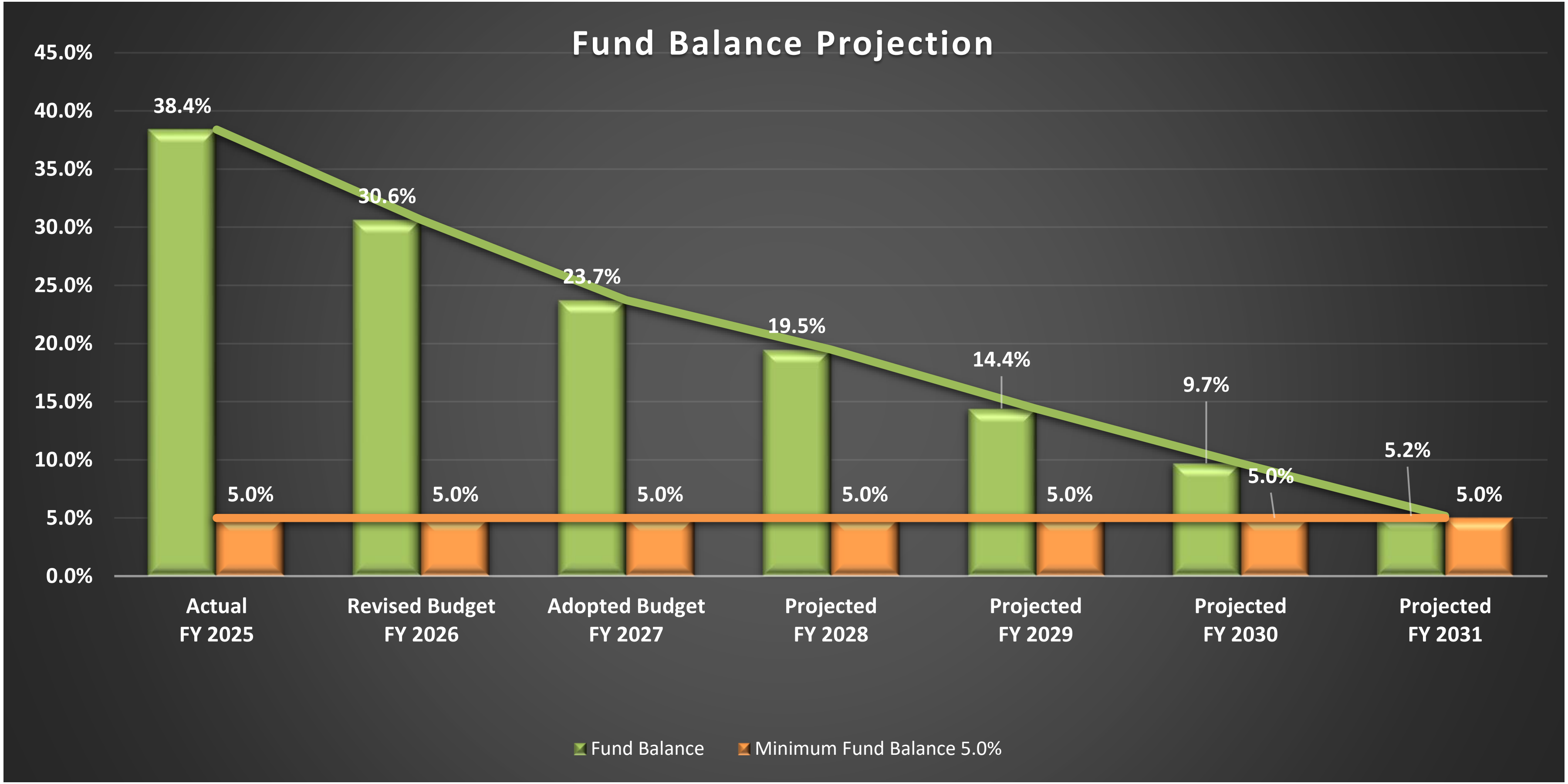
Operational Adjustments						(2,000,000)		(3,000,000)		(5,000,000)		(6,000,000)	

Assumptions:

- Revenue - General formula increase estimate between 2% - 3% annually
- Expenditures increase 3%

$16 million in operating reductions projected for FY 2028 – FY 2031


General Fund Financial Projection
450,000,000
400,000,000
350,000,000
300,000,000
250,000,000
200,000,000
321,592,269
313,077,632
329,243,265
344,034,887
349,590,033
367,761,108
361,861,825
375,887,010
368,481,153
386,061,281
376,010,822
393,471,336
382,478,875
399,945,419
Actual FY 2025
Revised Budget FY 2026
Adopted Budget FY 2027
Projected FY 2028
Projected FY 2029
Projected FY 2030
Projected FY 2031
Revenue
Expenditures


Fund Balance Projection
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
38.4%
30.6%
23.7%
19.5%
14.4%
9.7%
5.2%
5.0%
5.0%
5.0%
5.0%
5.0%
5.0%
5.0%
Actual FY 2025
Revised Budget FY 2026
Adopted Budget FY 2027
Projected FY 2028
Projected FY 2029
Projected FY 2030
Projected FY 2031
Fund Balance
Minimum Fund Balance 5.0%

Budgets Recommended for FY 2027

	General Fund	Food and Nutrition Services Fund	Community Service Fund	Capital/Land Proceeds Fund	Debt Service Fund
Fund Balance, June 30, 2026	105,414,152	6,875,514	2,411,514	7,867,338	6,662,018
Revenue	349,590,033	19,577,557	18,833,581	23,289,490	38,070,407
Expenditures	367,761,108	19,872,500	20,226,681	25,753,258	36,809,552
Fund Balance, June 30, 2027	$ 87,243,077	$ 6,580,571	$ 1,018,414	$ 5,403,570	$ 7,922,873

Action Item

Recommend adoption of FY 2027 budgets for:

- ✓ General Fund
- ✓ Food and Nutrition Services Fund
- ✓ Community Service Fund
- ✓ Capital Fund
- ✓ Debt Service Fund

Thank You