



# FY27 Budget Presentation

St. Croix Preparatory Academy  
*Building Long-Term Financial Sustainability*

Presented by: SMS and Finance Committee  
May 11, 2026



# Role of the Finance Committee

## Financial Stewardship

- Long-term financial health and sustainability
- Responsible stewardship of school resources
- Protect classroom learning and student outcomes

## Oversight & Accountability

- Oversight of the school's financial position
- Review financial trends, operating performance
- Collaborative budgeting process

## Strategic Alignment

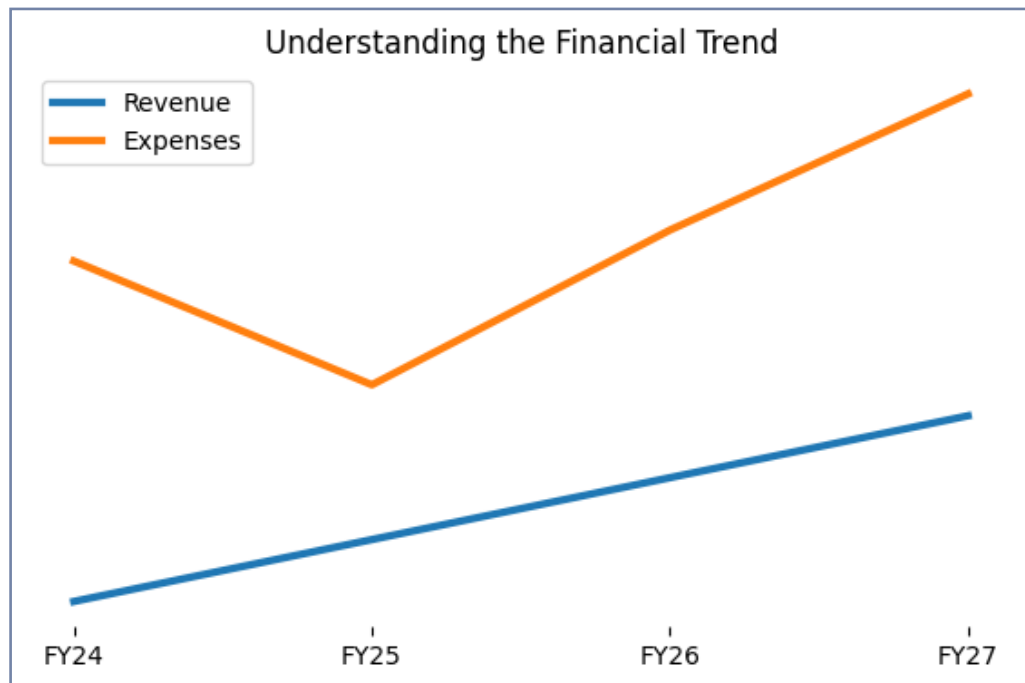
- Support alignment with the strategic plan
- Review strategic financial priorities
- Long-term planning

The Finance Committee exists to provide thoughtful, transparent, and sustainable financial stewardship for the future of the school.



# Understanding the Financial Trend

- Expenses have increased faster than revenues over multiple years
- The school has balanced student needs, staffing, and operational costs
- Without adjustments, the gap would continue over time
- Goal: Support long-term sustainability while protecting classroom learning

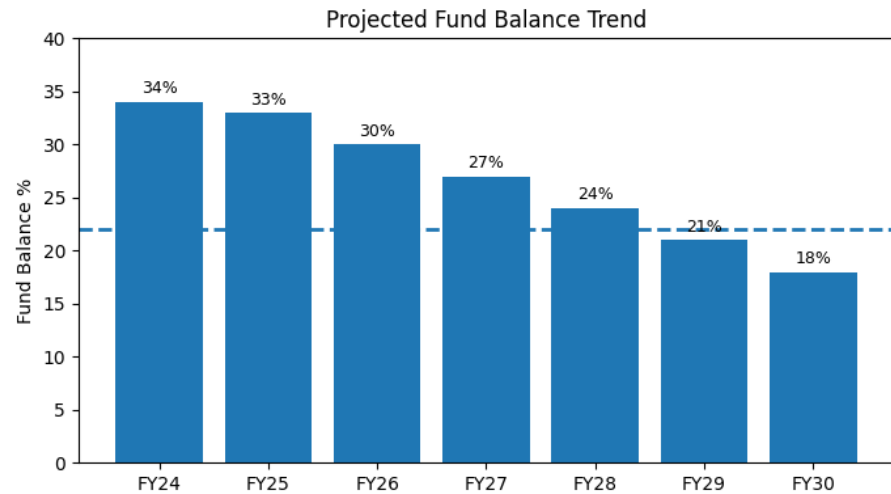


The proposed FY27 budget begins addressing long-term operating deficits through a gradual and strategic approach



# Projected Fund Balance Trend

- Fund balance levels are projected to gradually decline over time without additional adjustments.
- Bond covenants require the school to maintain a minimum fund balance of 22%.
- The FY27 budget process is intended to begin addressing long-term sustainability before reaching covenant thresholds.



**Maintaining a healthy fund balance supports financial stability and compliance with bond requirements**



# Why Does This Matter?

- Maintaining financial stability protects the long-term future of the school.
- Healthy fund balances help ensure stability during enrollment changes, unexpected expenses, or economic challenges.
- Strong financial stewardship supports confidence from families, staff, lenders, the authorizer, and the State of Minnesota.
- Because charter schools cannot pursue local operating levies or referendums, long-term planning and operational sustainability are especially important.
- If financial challenges are not addressed proactively, they will ultimately directly impact students, classrooms, programming, and opportunities.
- Addressing financial trends early allows the school to make thoughtful, gradual adjustments rather than dramatic short-term reductions.

**The goal is not simply to balance the budget — it is to preserve the long-term strength and mission of St. Croix F**



# Budget Assumptions and Revenue

## What is a Budget Assumption?

- A budget assumption is an estimated financial factor used to build the annual budget.

## What are Budget Assumptions based on?

- historical trends
- state guidance
- contracts
- enrollment projections
- known operational costs

*Many assumptions are generally dependable and predictable, though they may still fluctuate due to enrollment, inflation, legislation, or economic conditions.*

## Enrollment (ADM) = Primary Revenue Source

ADM = Average Daily Membership

Small enrollment changes = significant financial impact

## How is enrollment projected?

- historical enrollment trends
- retention data
- waitlists
- current registration activity

**Strong budgeting relies on thoughtful assumptions, careful monitoring, and ongoing financial review throughout the year.**



# Key FY27 Assumption Changes

*The FY27 budget includes several updated assumptions based on current planning and long-term sustainability goals.*

## REVENUE

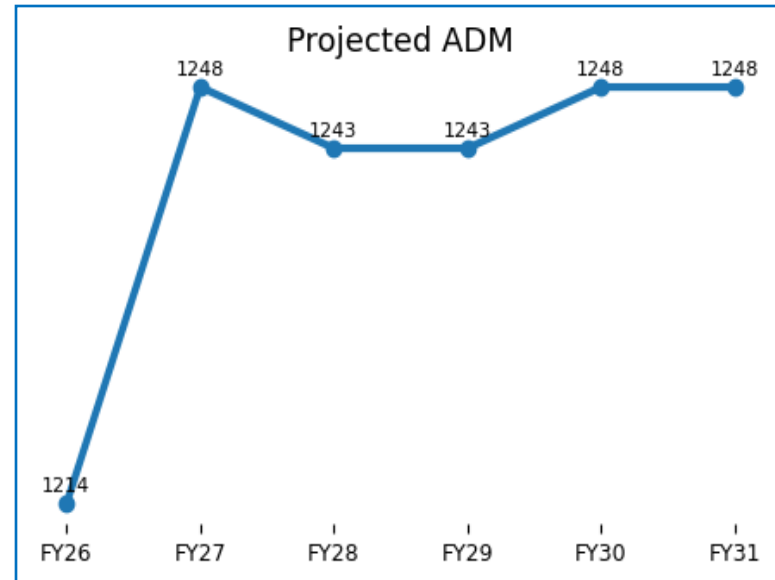
- 1,248 ADM Projected
- + \$160K enrollment-driven revenue
- ~ 2.69% state aid increase

## STRUCTURAL CHANGES

- The budget assumes a reduction in the amount charged back to the affiliated building company for qualified expenses.
- Foundation funding is no longer built directly into the operating budget, though support is expected to continue through directed gifts and grants.

## ONGOING INVESTMENTS

- Planned curriculum cycle investments and technology investments remain included in the budget.



**These assumptions are intended to support a more sustainable and transparent long-term budgeting approach.**



# Key Areas of Budget Expenditures

## People

Salaries & benefits (largest investment)

## Student Support

Special education, interventions, & support services

## Learning & Instruction

Curriculum & classroom resources

## Operations

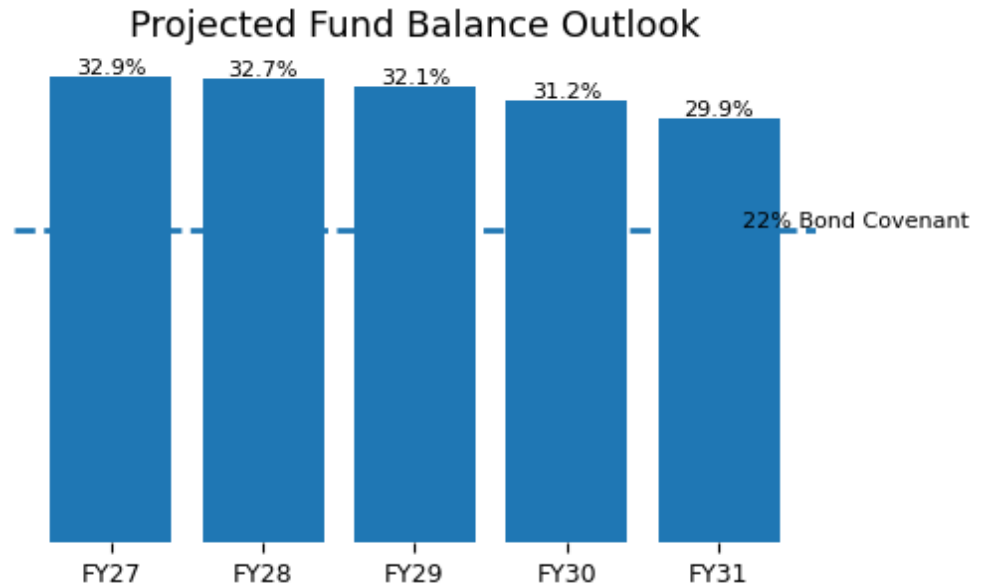
Facilities, technology, & inflationary costs

The budget process focused on balancing operational needs with long-term financial sustainability.



# FY27 Financial Outlook

**Projected Revenue: \$17.7M**  
**Projected Expenses: \$17.5M**  
**Positive Operating Variance:  
\$183K**  
**Projected Fund Balance: 32.9%**



Long-term financial planning remains focused on sustainability, stability, and supporting the mission of the school.



# FY27 Outcomes

## A. Long-Term Sustainability

- Long-term planning reviewed through FY31
- Gradual and proactive adjustments
- Strong projected fund balance
- Focus on the long-term financial strength of the school

## B. Operational Adjustments

- Difficult but necessary decisions
- The reality is that prior financial trends were not sustainable
- Focus on minimizing student impact

## C. Continued Commitment to Students

- Academic programming remains prioritized
- Student support services are maintained
- Curriculum and instructional resources continue
- Teacher and classroom support remain a priority

The FY27 budget process focused on balancing long-term sustainability with the continued mission and priorities of St. Croix Prep.



# Looking Ahead

*The school will continue moving the needle forward using the community backed Strategic Plan as the guide for future planning, priorities, and decision-making.*

## **Year One Strategic Plan Priorities Include:**

3.1 Competitive and Sustainable Total Compensation

3.2 Organizational Effectiveness and Shared Ownership

4.1 Financial Health and Planning

4.2 Transparency and Shared Understanding of Financial Realities

**The Strategic Plan and the goals established within it will help guide the development and alignment of the FY28 budget process.**



# Finance Committee Recommendations



- **Approval of the FY27 Revised Budget**
- **Continued multi-level financial oversight and accountability**
- **Continued support for the Strategic Plan and long-term financial alignment**

Thank you for your partnership, support, and continued commitment to the school community.