



LAKE BLUFF SCHOOL DISTRICT 65

TO: Board of Education
Dr. Lisa Leali, Superintendent

FROM: Jay Kahn, Chief School Business Official

DATE: February 24, 2026

RE: 2026-Tentative Budget

Background

The annual budget adopted by all public school districts includes all funds, that when taken as a whole, set the plan for accomplishing the educational and financial goals of the school board. All budgets must be entered and adopted on the budget form prepared and provided by the Illinois State Board of Education (ISBE).

The Budget is designed to meet requirements imposed by Illinois law and applicable rules; provide expending and taxing authority; and satisfy a minimum level of financial information for state, local and federal governments.

The attached budget is a Tentative Budget and will be on display at the Administrative Office and on the District website for public inspection for at least 30 days prior to the public hearing and the public meeting at which the final budget will be approved. Budgets are due to be filed by September 30 each year.

Current Situation

The 2026 Tentative Budget is a *balanced* operating budget, but a small *net deficit* budget as we transfer some of the current fiscal year surplus fund balance to use for capital investment. Next year's budget prioritizes Student Growth and Support as well as Teacher Efficacy.

All comparisons are relative to the 2025-26 *estimated actuals**

Total Revenue expected to be flat (+0.1%) vs this year

Local Property taxes are up +2.9% due to the CPI increase, but net only a +1.5% increase due to a lower assumed collection rate (99%) and a 40% reduction in the recapture amount.

Corporate tax revenues are budgeted to be flat and *interest earnings*, though still a significant source of revenue, are forecasted to be down 20%.

State EBF (Evidenced Based Funding) which makes up 75% of state revenue will remain flat, but lower transportation and other grant funding will erode the small gains in local funding. Federal revenue is expected to be mostly flat vs FY26 (-3%).

Operating Expenditures are budgeted to increase (+5.0%) vs the prior year's projected actual results

Expenditures for *operations* are projected to increase by 4.8% (+\$1.0 million) vs prior year largely due to increases in salaries and benefits due to salary increases and added FTE.

The District is able to present a balanced budget on flat revenue with increasing expenditures due to the significant favorability in FY26, which is projected to end the year with a \$1 million surplus.

- Salaries increase +6.0% (\$800 thousand) – The increase in salaries is driven by contractual salary increases of roughly 5%, admin and support staff increases of 3%-6%, and the addition of two instructional coaches, and one special education teacher to support a new dysregulation space. These increase are tempered by the restructuring of the technology department.
- Benefits increase +6.8% (~\$185 thousand) – This increase is due to increases insurance costs which saw premium increases of 7-10%. Other pension and payroll tax benefits increase proportionally with salaries.
- Purchased services increase +8.1% (\$265 thousand) – The contracts for night custodial and regular transportation services increased by only 3%, however, special education transportation and nursing services are projected to increase and we plan to contract tech department leadership.
- Supply expenses increase +24% (\$130 thousand) – Supply increases mostly linked to the purchase of the new curriculum and regular inflationary increases.
- Capital expenditures (in operations) will see a reduction -68% (-\$500 thousand) – The lease of new copiers and staff tech devices in the prior year was treated as capital creating a large year over year variance.
- Special Ed tuition expenses are higher +36% (\$128 thousand) – due to one additional and one contingency outplacement vs the prior year.

Non-operating funds

- Debt service is budgeted in accordance with scheduled payments.
- Capital Projects fund spending reflects the elementary school emergency backup power generator which will be supported through a fund balance transfer from fund the education fund.

The Operating Fund Balance is projected to end the year at 43% of annual operating expenditures. The Fund Balance Board Policy target for fund balance is between 30% – 50%.

Lake Bluff Elementary School District 65
Statement of Revenue, Expenditures and Change in Fund Balance
Budget Amount vs. Estimated FY26 Act
By Object

	Operating Funds											Total Governmental Funds	Estimated FY26 Act	Δ PY
	General Fund		Special Revenue Funds											
Revenue:	Education & Working Cash Funds	Δ PY	Operations & Maintenance Fund	Δ PY	Transportation Fund	Δ PY	Municipal Retirement / Social Security Fund	Δ PY	Debt Service Fund	Δ PY	Capital Projects Fund			
Local Sources	\$ 17,312,700	0.4%	\$ 2,176,500	9.1%	\$ 977,000	-10%	\$ 534,500	-2%	\$ 2,270,000	-2%	\$ 18,500	\$ 23,289,200	\$ 23,197,310	0.4%
State Sources	588,850	-1%	-	-100%	84,000	-5%	-	-	-	-	-	672,850	735,096	-8%
Federal Sources	423,713	-3%	-	-	-	-	1,850	-30%	-	-	-	425,563	439,043	-3%
Total Revenue	\$ 18,325,263	0.3%	\$ 2,176,500	6.4%	\$ 1,061,000	-10%	\$ 536,350	-2%	\$ 2,270,000	-2%	\$ 18,500	\$ 24,387,613	\$ 24,371,449	0.1%
Expenditures:														
Salaries	\$ 13,613,625	6.2%	\$ 501,415	2.0%	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 14,115,040	\$ 13,315,118	6.0%
Employee Benefits	2,267,741	7.5%	74,477	8.3%	-	-	529,575	4%	-	-	-	2,871,792	2,686,783	6.9%
Purchased Services	1,673,846	5.0%	818,350	7.6%	1,033,250	14%	-	-	5,000	-48%	-	3,530,446	3,271,659	7.9%
Supplies	337,350	24%	344,000	24.0%	-	-	-	-	-	-	-	681,350	541,006	25.9%
Capital Outlay	-	-100%	237,000	-37%	-	-	-	-	-	-	350,000	587,000	744,184	-21%
Tuition, Fees & Debt Service	489,425	35.7%	500	-9%	-	-	-	-	2,371,963	-18%	-	2,861,888	3,262,599	-12%
Total Expenditures	\$ 18,381,987	4.9%	\$ 1,975,742	0%	\$ 1,033,250	14%	\$ 529,575	4%	\$ 2,376,963	-18%	\$ 350,000	\$ 24,647,516	\$ 23,832,156	3.4%
Excess (Deficiency) of Revenue over (under) Expenditures	\$ (56,724)		\$ 200,758		\$ 27,750		\$ 6,775		\$ (106,963)		\$ (331,500)	\$ (259,903)	\$ 539,293	
Other Financing Sources/(Uses):														
Other Sources of Funds	-		-		-		-		153,155		350,000	503,155	1,872,650	
Other Uses of Funds	(503,155)		-		-		-		-		-	(503,155)	(1,000,000)	
Change in Fund Balance	\$ (559,879)		\$ 200,758		\$ 27,750		\$ 6,775		\$ 46,192		\$ 18,500	\$ (259,903)	\$ 1,411,944	
Beginning Fund Balance	\$ 8,464,919		\$ 644,537		\$ 398,901		\$ 260,403		\$ (32,151)		\$ 552,882	\$ 10,289,490		
Ending Fund Balance	\$ 7,905,040		\$ 845,295		\$ 426,651		\$ 267,179		\$ 14,041		\$ 571,382	\$ 10,029,587		

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Statement of Revenue, Expenditures and Change in Fund Balance
Budget Amount vs. Estimated FY26 Act
By Function

	Operating Funds										Total Governmental Funds	Estimated FY26 Act	Δ PY Act	
	General Fund	Special Revenue Funds												
	Education & Working Cash Funds	Δ PY Act	Operations & Maintenance Fund	Δ PY Act	Transportation Fund	Δ PY Act	Municipal Retirement / Social Security Fund	Δ PY Act	Debt Service Fund	Δ PY Act	Capital Projects Fund			
Revenue:														
Local Sources														
Real Estate Taxes	\$ 15,999,700	1.8%	\$ 2,116,500	10.4%	\$ 861,500	-12%	\$ 516,500	-3%	\$ 2,245,000	-1%	\$ -	\$ 21,739,200	\$ 21,416,556	1.5%
Replacement Taxes	210,000	0.0%	-	-	-	-	5,000	0.0%	-	-	-	215,000	215,000	0.0%
Earnings on Investments	490,000	-21%	45,000	-25%	15,000	-17%	13,000	30%	25,000	-26%	18,500	606,500	746,000	-19%
Tuition	49,000	-22%	-	-	-	-	-	-	-	-	-	49,000	62,768	-22%
Student Fees	241,500	-5%	-	-	100,500	8%	-	-	-	-	-	342,000	253,229	35%
Food Service	287,000	6%	-	-	-	-	-	-	-	-	-	287,000	271,563	6%
Other Local	35,500	-	15,000	-	-	-	-	-	-	-	-	50,500	232,194	-78%
Total Local Revenue	\$ 17,312,700	-9.5%	\$ 2,176,500	-14.5%	\$ 977,000	-17%	\$ 534,500	-2%	\$ 2,270,000	-2%	\$ 18,500	\$ 23,289,200	\$ 23,197,310	0.4%
State Sources														
General State Aid	\$ 568,000	0%	-	-	-	-	-	-	-	-	-	\$ 568,000	\$ 567,350	0%
Special Education	20,000	-32%	-	-	-	-	-	-	-	-	-	20,000	29,485	-32%
Transportation	-	-	-	-	84,000	-5%	-	-	-	-	-	84,000	88,261	-5%
Other State	850	-	-	-100%	-	-	-	-	-	-	-	850	50,000	-98%
Total State Sources	\$ 588,850	-1%	\$ -	-100%	\$ 84,000	-5%	\$ -	-	\$ -	-	\$ -	\$ 672,850	\$ 735,096	-8%
Federal Sources														
Special Ed	\$ 266,500	-4%	-	-	-	-	\$ 1,850	-28.5%	-	-	-	\$ 268,350	\$ 279,571	-4%
Milk	5,000	16%	-	-	-	-	-	-	-	-	-	5,000	4,327	16%
Title I - Low Income	33,759	-4%	-	-	-	-	-	-100.0%	-	-	-	33,759	35,045	-4%
Title II - Teacher Quality	13,454	-	-	-	-	-	-	-	-	-	-	13,454	15,961	-16%
Other Federal	105,000	-13%	-	-	-	-	-	-	-	-	-	105,000	104,139	1%
Total Federal Sources	\$ 423,713	-3%	\$ -	-	\$ -	-	\$ 1,850	-29.7%	\$ -	-	\$ -	\$ 425,563	\$ 439,043	-3%
Total Revenue	\$ 18,325,263	0.3%	\$ 2,176,500	6%	\$ 1,061,000	-10%	\$ 536,350	-2%	\$ 2,270,000	-2%	\$ 18,500	\$ 24,387,613	\$ 24,371,449	0.1%
Expenditures:														
Instruction:														
Regular Programs	\$ 7,468,446	2.2%	-	-	-	-	\$ 89,319	5.4%	-	-	-	\$ 7,557,764	\$ 7,395,933	2.2%
Private Tuition	65,000	1730%	-	-	-	-	-	-	-	-	-	65,000	3,553	1730%
Special Education	2,580,771	8.3%	-	-	-	-	125,194	13.2%	-	-	-	2,705,966	2,493,747	8.5%
Remedial/Supplemental	449,626	6%	-	-	-	-	5,558	14.0%	-	-	-	455,184	427,446	6%
Cocurricular/Athletics	197,659	0%	-	-	-	-	2,478	-16.7%	-	-	-	200,138	200,352	0%
Gifted Programs	86,852	7.1%	-	-	-	-	1,067	18.1%	-	-	-	87,919	82,016	7%
Summer School	32,900	2%	-	-	-	-	464	1.6%	-	-	-	33,364	32,851	2%
Bilingual	487,582	1%	-	-	-	-	6,082	6.6%	-	-	-	493,664	487,711	1%
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 11,368,836	4.2%	\$ -	-	\$ -	-	\$ 230,162	9.5%	\$ -	-	\$ -	\$ 11,598,999	\$ 11,123,607	4.3%
Supporting Services														
Pupil Support	\$ 1,742,296	12.2%	-	-	-	-	\$ 73,474	9.5%	-	-	-	\$ 1,815,770	\$ 1,620,600	12.0%
Educational Staff Support	1,090,171	51.3%	-	-	-	-	12,504	49.2%	-	-	-	1,102,675	728,821	51.3%
General Administration	1,180,170	0.4%	-	-	-	-	36,555	11.0%	-	-	-	1,216,725	1,207,992	0.7%
School Administration	998,494	1.7%	-	-	-	-	28,819	-7.8%	-	-	-	1,027,313	1,013,487	1.4%
Business & Operations	589,987	8%	1,975,742	0%	1,033,250	14.0%	118,109	4%	-	-	350,000	4,067,088	3,545,973	15%
Food Service	403,305	8%	-	-	-	-	7,746	80.7%	-	-	-	411,052	377,616	9%
HR/Technology	498,726	-15%	-	-	-	-	22,206	-44.7%	-	-	-	520,932	625,127	-17%
Total Support Services	\$ 6,503,150	9.5%	\$ 1,975,742	0%	\$ 1,033,250	14.0%	\$ 299,412	0.5%	\$ -	-	\$ 350,000	\$ 10,161,555	\$ 9,119,617	11.4%
Community Services														
Nonprogrammed Charges	10,000	3.6%	-	-	-	-	-	-	-	-	-	10,000	9,656	4%
Payments to other Districts	500,000	-25.2%	-	-	-	-	-	-	-	-	-	500,000	668,317	-25%
Debt Service														
Principal	-	-	-	-	-	-	-	-	2,074,125	-	-	2,074,125	2,560,306	-19%
Interest and Other Charges	-	-	-	-	-	-	-	-	302,838	-13.6%	-	302,838	350,652	-13.6%
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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