



District 23

SUSTAINABLE FINANCING

Board of Education Presentation
January 8, 2026
Part I



4.1 Develop and articulate plan for sustainable financing.

4.1 Maintain and monitor annual budget for cost savings opportunities.

4.1 Implement budgeting strategies to meet Boards Policy Fund Balance target.

4.2 Facilitate Construction design, bid process, and selection of vendors for Eisenhower Addition (FDK) and Phase 2 Windows, Siding, and Doors Project (MacArthur).

4.4 Continued implementation of zero-based budgeting.

Overview

PART I

FINANCE FOUNDATION

**EXPENDITURE &
REVENUES**

**FUND BALANCE
HISTORY &
INFLUENCES**

PART II

**CURRENT BUDGET
ASSUMPTIONS**

**SETTING OUR NEW
“BASELINE”**

FDK NEEDS/IMPACT

PART III

**FORECASTING
FORWARD**

BUDGET SCENARIOS

FUNDING STRATEGIES

FINANCE FOUNDATIONS



Why Are We Talking About Finances?

- Provide an understanding of how school district finances work
- Show where our money comes from
- Show how funds are spent to support students
- Review our fund balance and long-term stability

What Is School Finance?

- School Districts operate on **Public Funds**
- Annual Budgets must Be:
 - Balanced
 - Transparent
 - Approved by the Board of Education
- Spending must follow Illinois State law and School Code

Understanding the Annual Budget

How the Budget is Built...

- Planning Begins in January
- Budget is Based on:
 - Student Enrollment
 - Staffing Needs
 - Programs and Services
- Board Approval
- Regular Monitoring Throughout the Year



Prospect Heights School District 23
FY2026 Budget
September 18, 2025

Types of School Funds...

Not all dollars are the same!

- General Fund (Day to Day Operations)
- Special Revenue Funds
 - Grant Dollars
 - Restricted Programs
- Capital - Facilities Funds
 - Buildings
 - Repairs
 - Equipment

REVENUES & EXPENDITURES



Where Our Money Comes From...

Revenue Sources

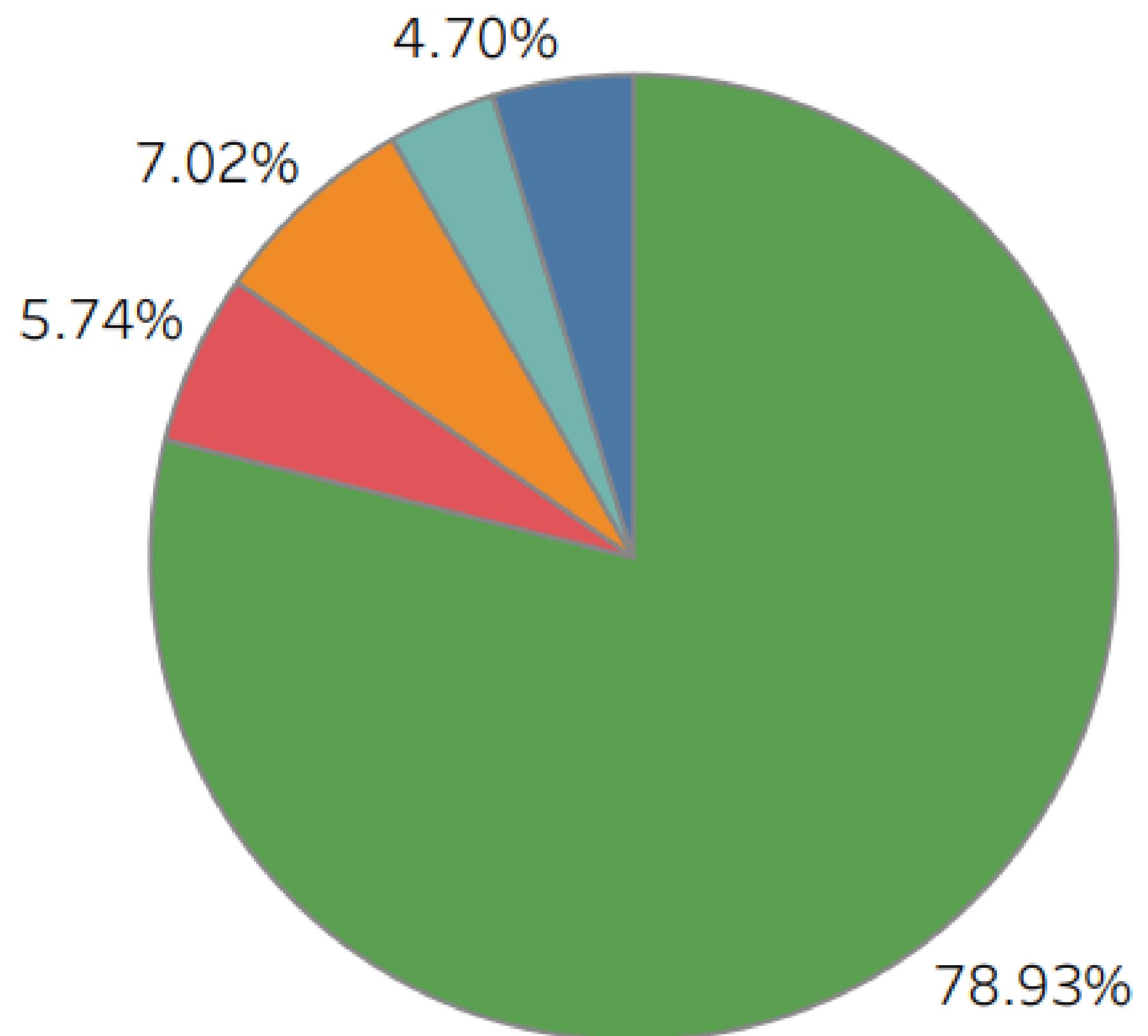
- Local Funding
 - Property Taxes
 - Other Local Revenues
- State Funding
 - Evidence Based Funding
 - Other State Revenues
- Federal Funding
 - Targeted Programs and Services

Revenue Influencers

What Affects Our Funding?

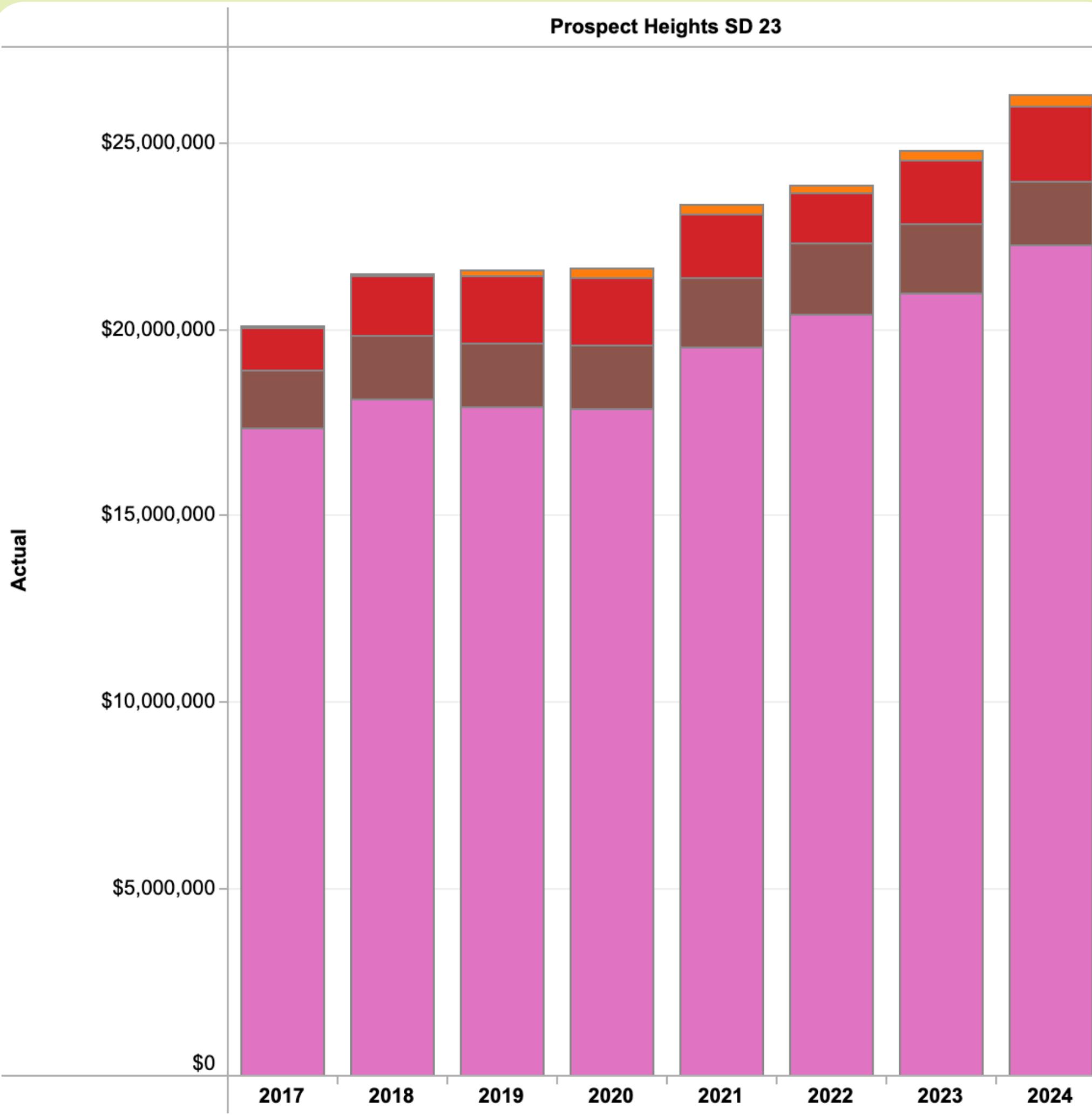
- Student Enrollment
- State Funding Formula Changes
- Legislative Decisions
- One-Time vs Ongoing Funding

FY2024 Operational Fund Revenue Sources



- Source
- Property Taxes
- Other Local Revenue
- General State Aid
- Other State Sources
- Federal Sources

Operational Fund Revenues Over Time (All Sources)



How to read the charts...

We've built the slides for consistency and comparability.

We have included many data points.

Our goal for these presentations is to look at trends and patterns.

How to read the charts...

Title and sources:

- Revenue/Expenditure
- Funds

Annual CPI percentage

Actual \$\$ received/spent.

Percentage change in \$\$ +/- year over year.

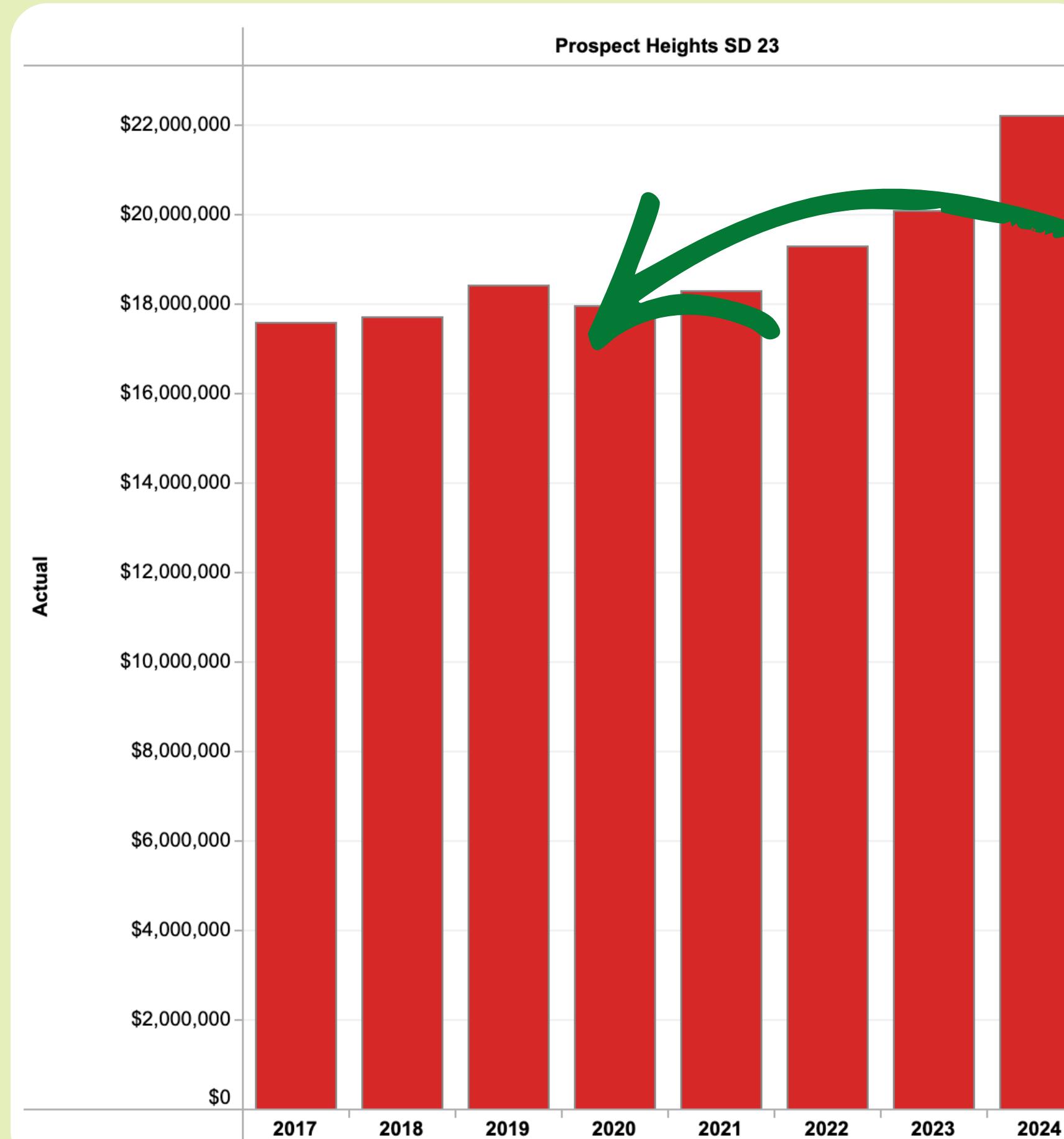
Total Annual Operational Revenue/Expenditure.

Local Revenues

As a % of All Operational Revenue
(Incl. Property Taxes & Other Local Revenues)

Operational Funds Local Revenue				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Revenue
2017	2.2	\$17,560,196	9.73%	\$20,091,842
2018	1.9	\$17,705,331	0.82%	\$21,450,940
2019	2.3	\$18,532,886	3.86%	\$21,578,953
2020	1.4	\$17,941,576	-2.43%	\$21,621,847
2021	7.0	\$18,286,730	1.92%	\$23,308,136
2022	6.5	\$19,269,560	5.37%	\$23,857,531
2023	3.4	\$20,078,243	4.08%	\$24,753,190
2024	2.0	\$20,999,478	10.61%	\$26,251,547

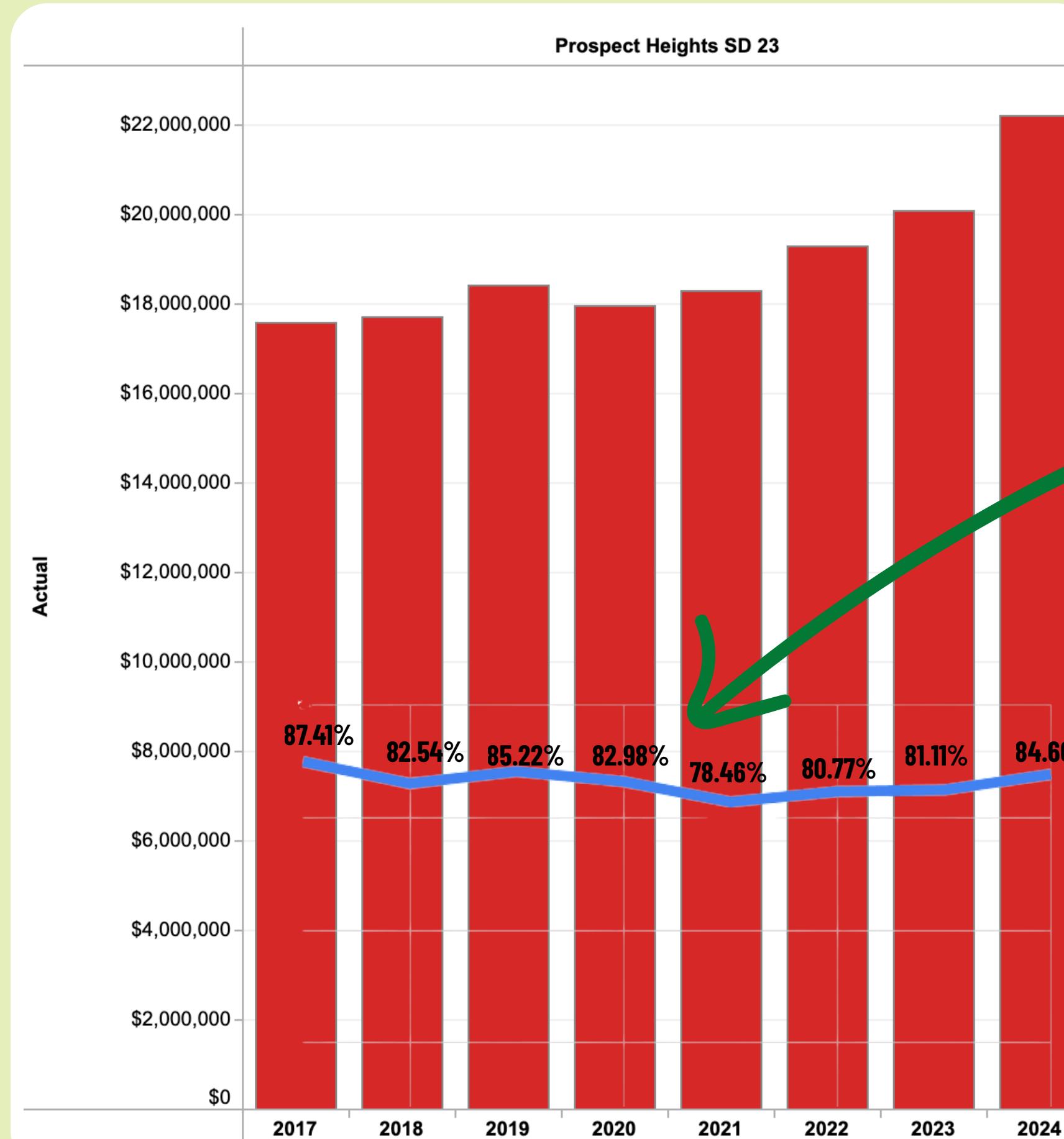
How to read the charts...



Bar graphs represent the actual DOLLAR AMOUNTS year over year.

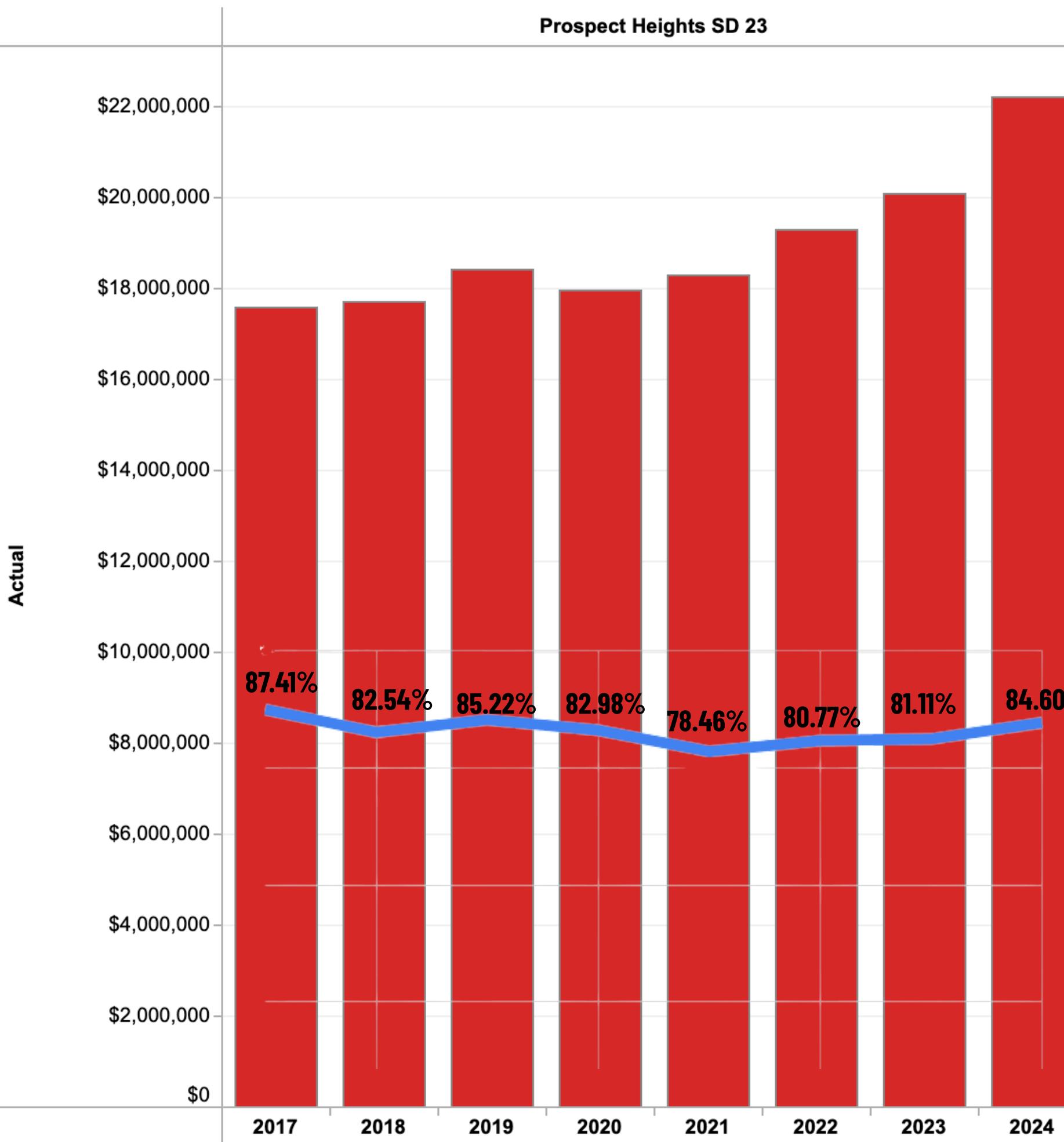
Look for changes in \$\$.

How to read the charts...



Line graph represents the PERCENTAGE of overall component to operational revenues or expenditures.

Look for trendline and pattern.



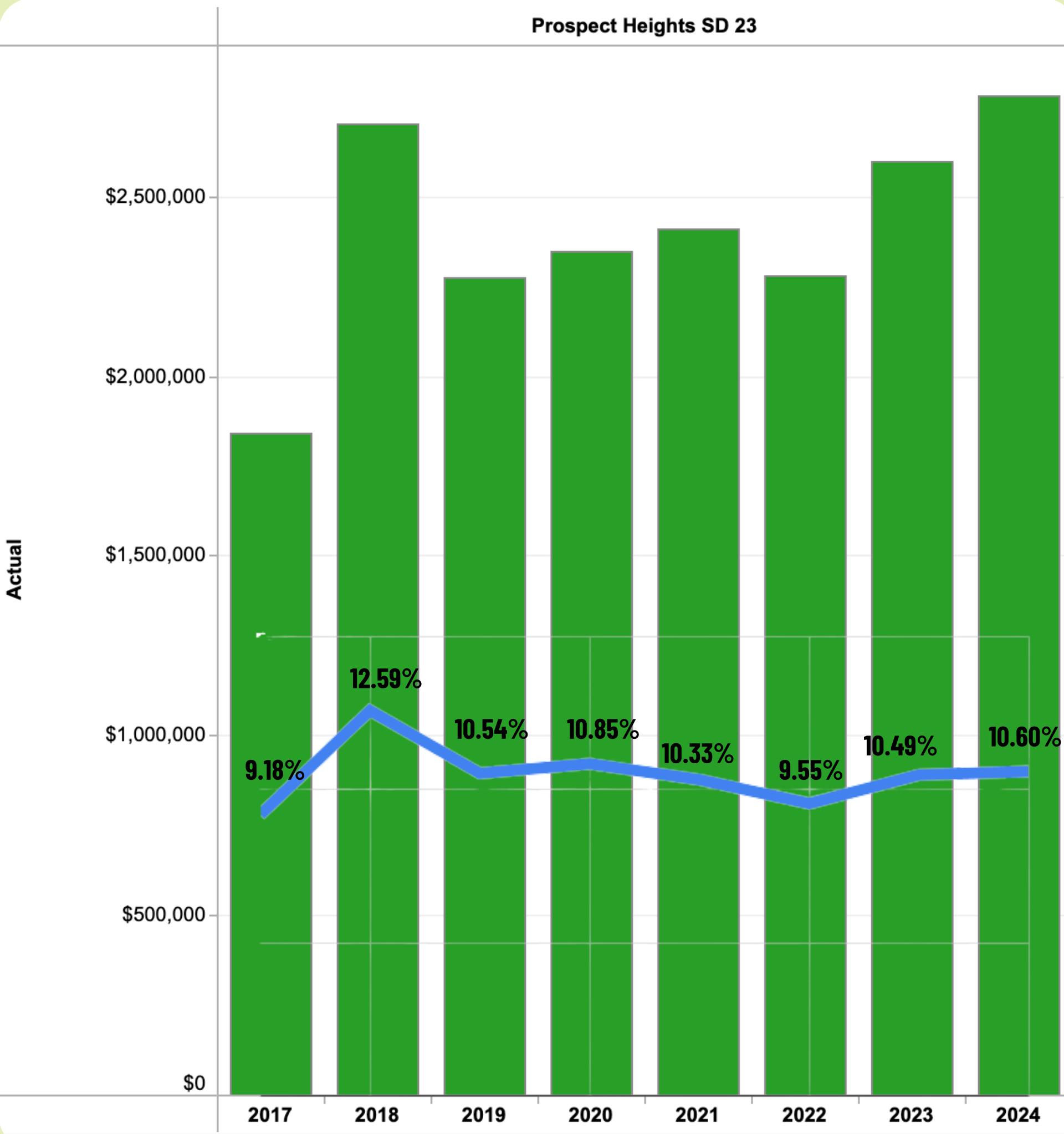
Local Revenues As a % of All Operational Revenue

(Incl. Property Taxes &
Other Local Revenues)

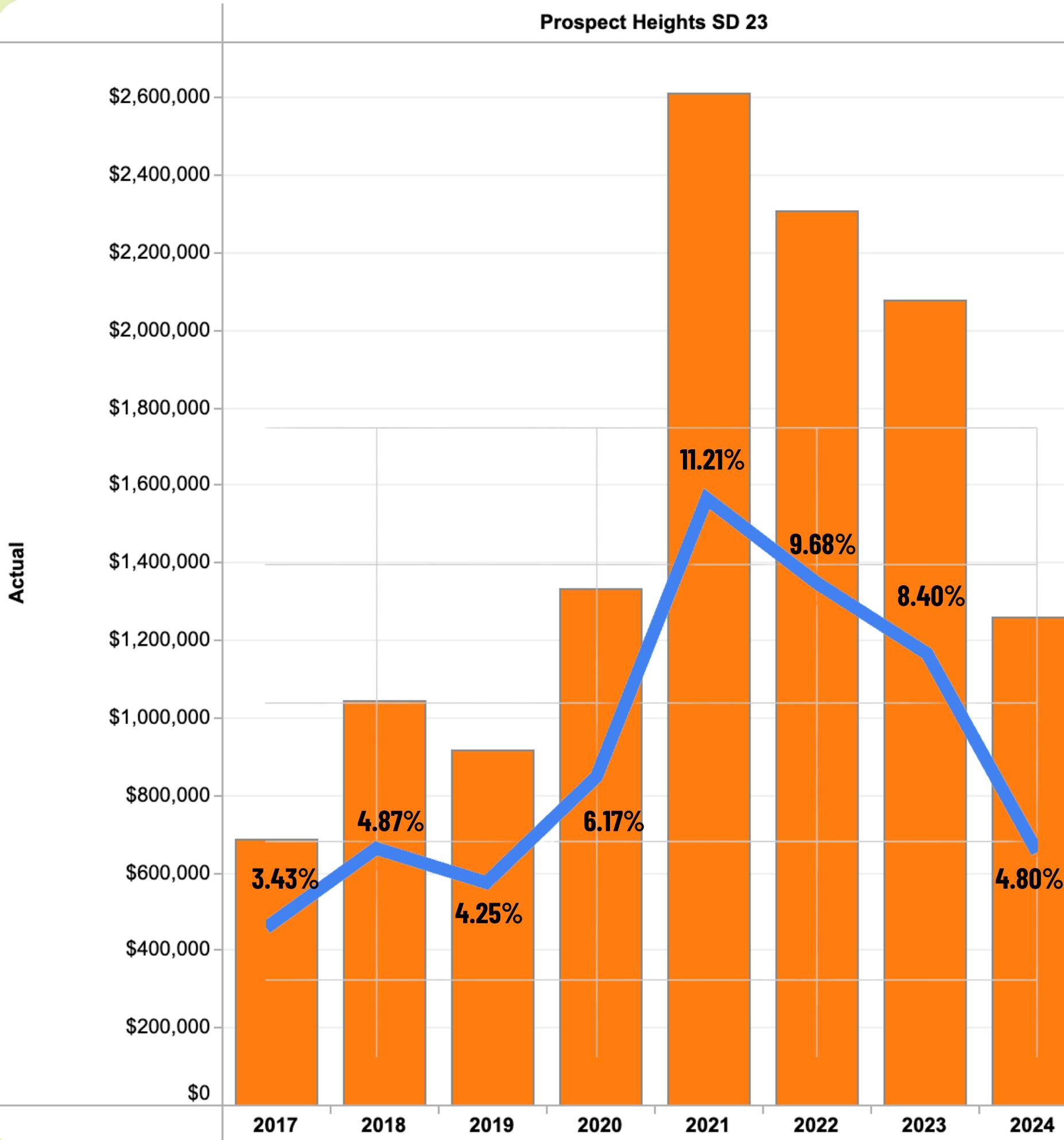
Operational Funds Local Revenue				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Revenue
2017	2.1	\$17,560,196	9.73%	\$20,091,842
2018	1.9	\$17,705,331	0.82%	\$21,450,940
2019	2.3	\$18,388,886	3.86%	\$21,578,953
2020	1.4	\$17,941,466	-2.43%	\$21,621,847
2021	7.0	\$18,286,790	1.92%	\$23,308,136
2022	6.5	\$19,269,560	5.37%	\$23,857,531
2023	3.4	\$20,078,243	4.19%	\$24,753,190
2024	2.9	\$22,209,478	10.61%	\$26,251,547

State Revenues As a % of All Operational Revenue

(Incl. General State Aid & Other
State Sources)



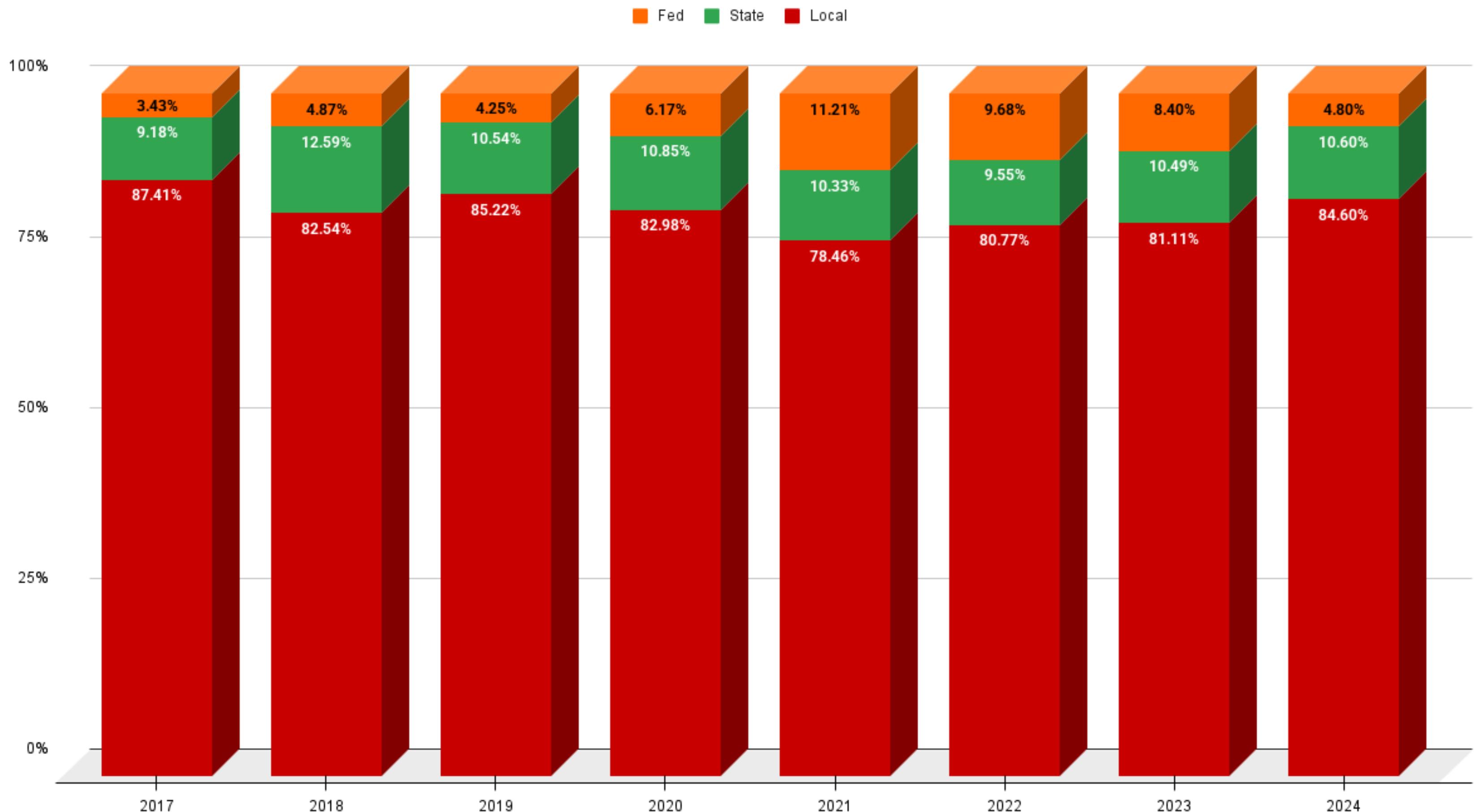
Operational Funds State Revenue				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Revenue
2017	2.1	\$1,843,431	-6.15%	\$20,091,842
2018	1.9	\$2,700,710	46.50%	\$21,450,940
2019	2.3	\$2,273,468	-15.82%	\$21,578,953
2020	1.4	\$2,345,498	3.16%	\$21,621,847
2021	7.0	\$2,408,321	2.67%	\$23,308,136
2022	6.5	\$2,279,207	-5.36%	\$23,857,531
2023	3.4	\$2,595,554	13.87%	\$24,753,190
2024	2.9	\$2,781,675	7.17%	\$26,251,547



Federal Revenues As a % of All Operational Revenue

Operational Funds Federal Revenue				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Revenue
2017	2.1	\$688,215	39.08%	\$20,091,842
2018	1.9	\$1,044,899	51.82%	\$21,450,940
2019	2.3	\$916,599	-12.27%	\$21,578,953
2020	1.4	\$1,334,883	45.63%	\$21,621,847
2021	7.0	\$2,613,025	95.74%	\$23,308,136
2022	6.5	\$2,308,764	-11.64%	\$23,857,531
2023	3.4	\$2,079,393	-9.93%	\$24,753,190
2024	2.9	\$1,260,394	-39.38%	\$26,251,547

Revenue Sources

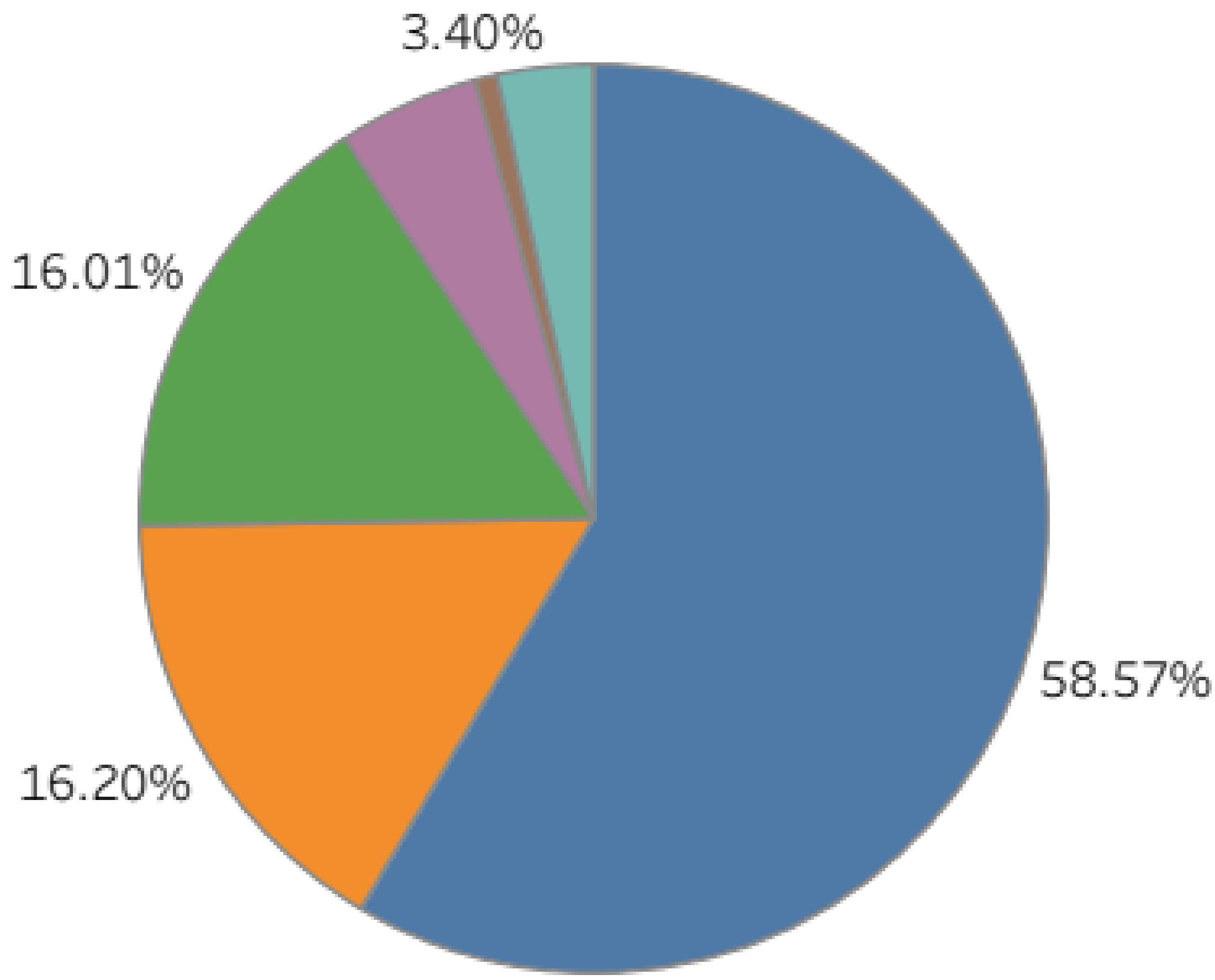


How We Spend Our Money...

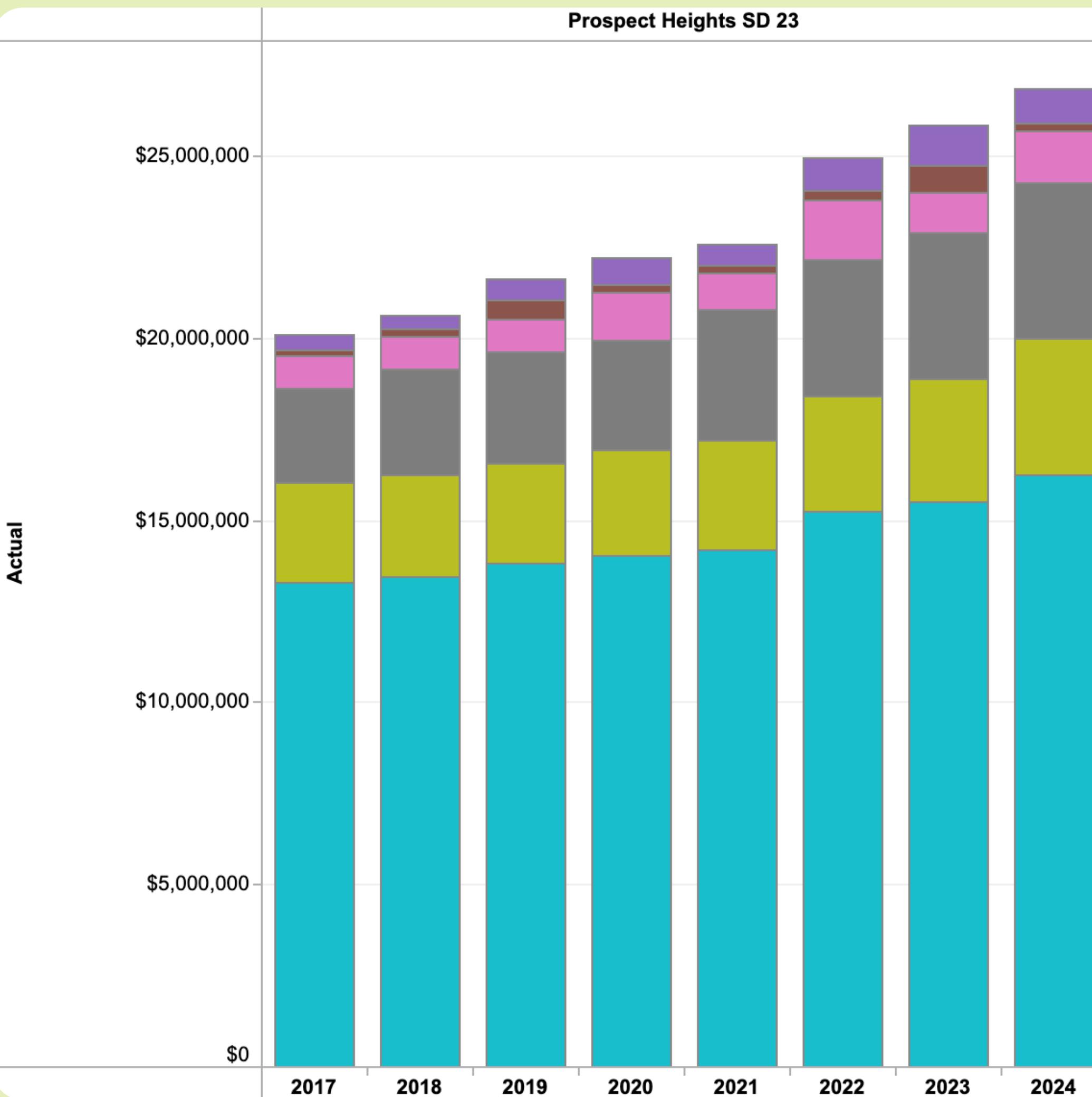
Expenditures Overview

- **Instruction** - Teachers, Aides, Classroom Materials
- **Student Support** - Special Education & Support Services, Health Services
- **Operations** - Transportation, Utilities, Maintenance
- **Administration** - School & District Leadership

FY2024 Operational Fund Expenditures by Object

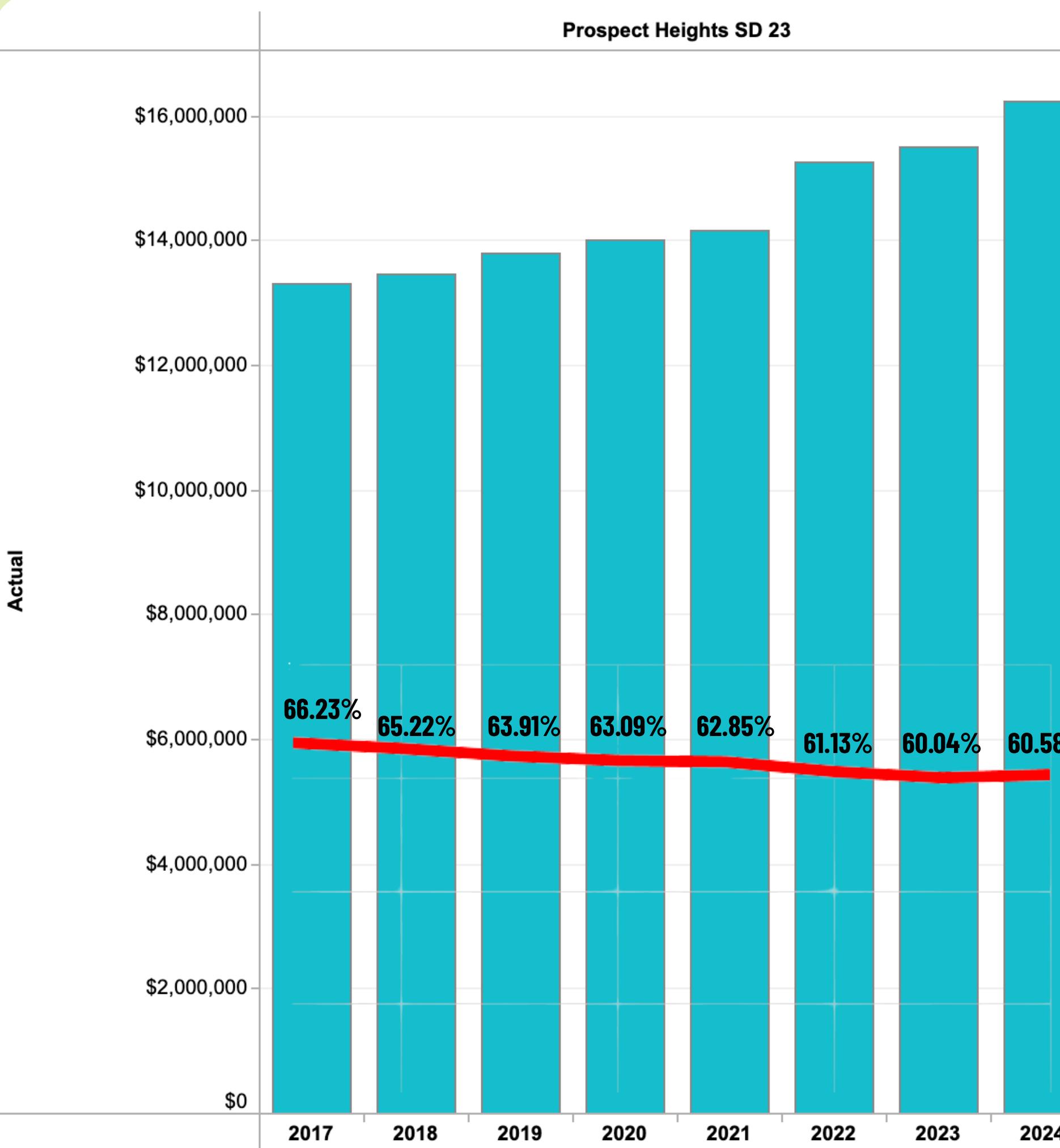


- Object
- Salaries
- Employee Benefits
- Purchased Services
- Supplies & Materials
- Capital Outlay
- Other Objects



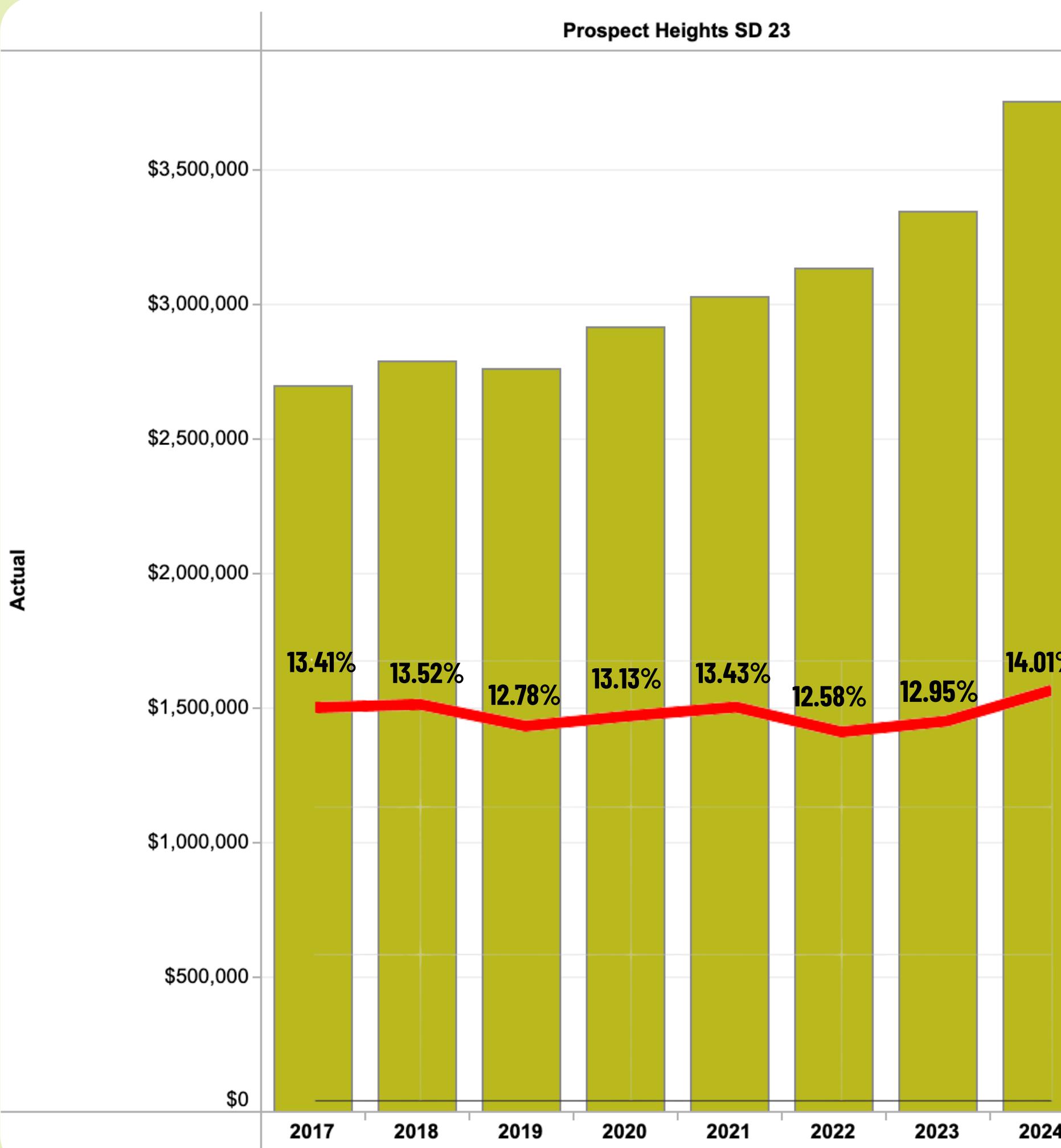
Operational Fund Expenditures Over Time (All Objects)

- 600 Other Objects
- 500 Capital Outlay
- 400 Supplies & Materials
- 300 Purchased Services
- 200 Employee Benefits
- 100 Salaries



Operational Fund Salaries As a % of All Operational Expenditures

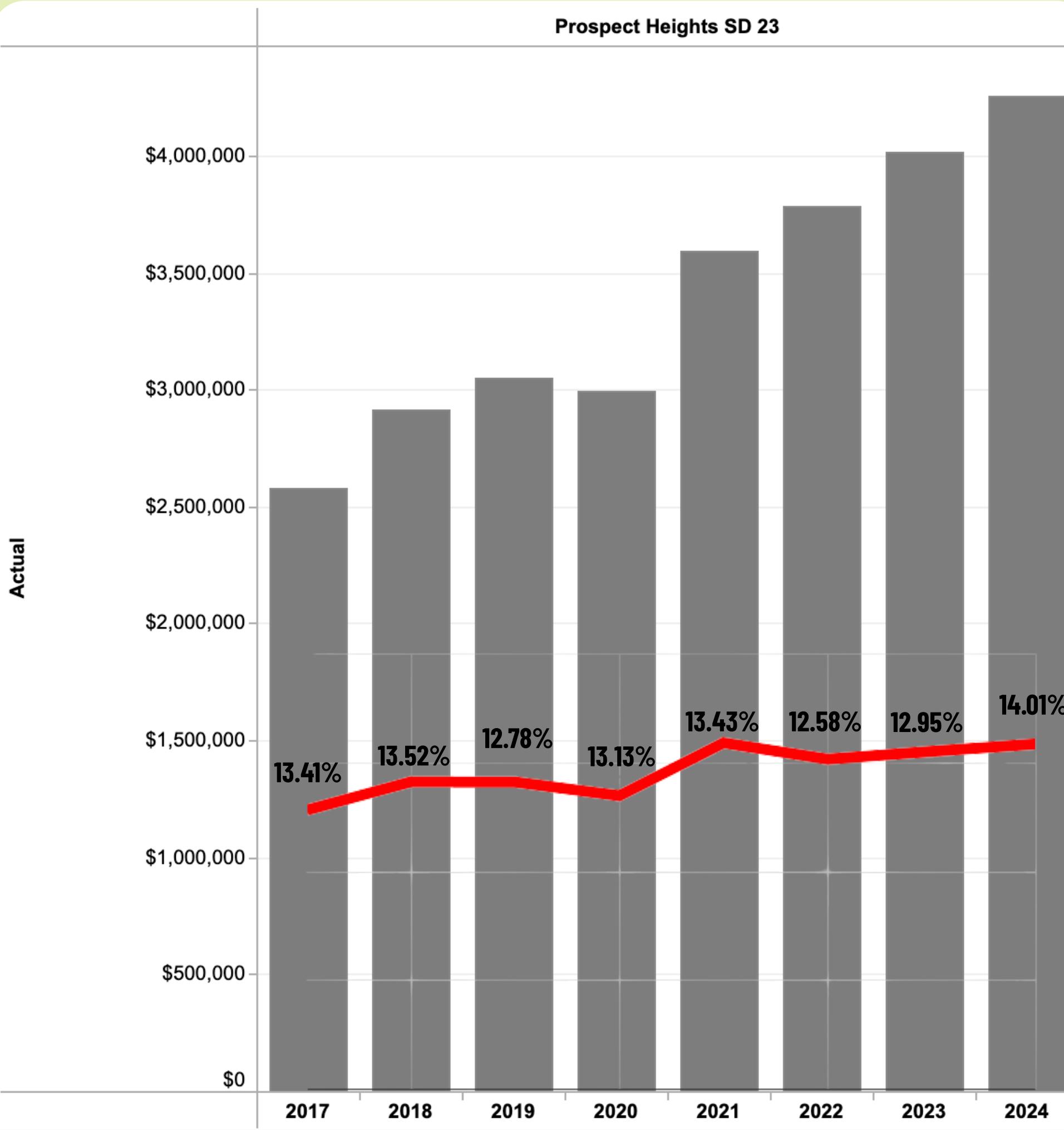
Operational Funds Expenditures - Salaries				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$13,312,049	4.91%	\$20,098,634
2018	1.9	\$13,449,536	1.03%	\$20,621,147
2019	2.3	\$13,802,860	2.62%	\$21,596,862
2020	1.4	\$14,006,920	1.47%	\$22,201,632
2021	7.0	\$14,168,794	1.15%	\$22,542,515
2022	6.5	\$15,245,787	7.60%	\$24,938,515
2023	3.4	\$15,513,391	1.75%	\$25,836,751
2024	2.9	\$16,244,732	4.71%	\$26,815,178



Operational Fund Employee Benefits As a % of All Operational Expenditures

Operational Funds Expenditures - Employee Benefits

Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$2,695,109	-4.77%	\$20,098,634
2018	1.9	\$2,788,589	3.46%	\$20,621,147
2019	2.3	\$2,761,119	-0.98%	\$21,596,862
2020	1.4	\$2,915,041	5.57%	\$22,201,632
2021	7.0	\$3,027,870	3.87%	\$22,542,515
2022	6.5	\$3,136,725	3.59%	\$24,938,515
2023	3.4	\$3,345,615	6.65%	\$25,836,751
2024	2.9	\$3,756,736	12.28%	\$26,815,178



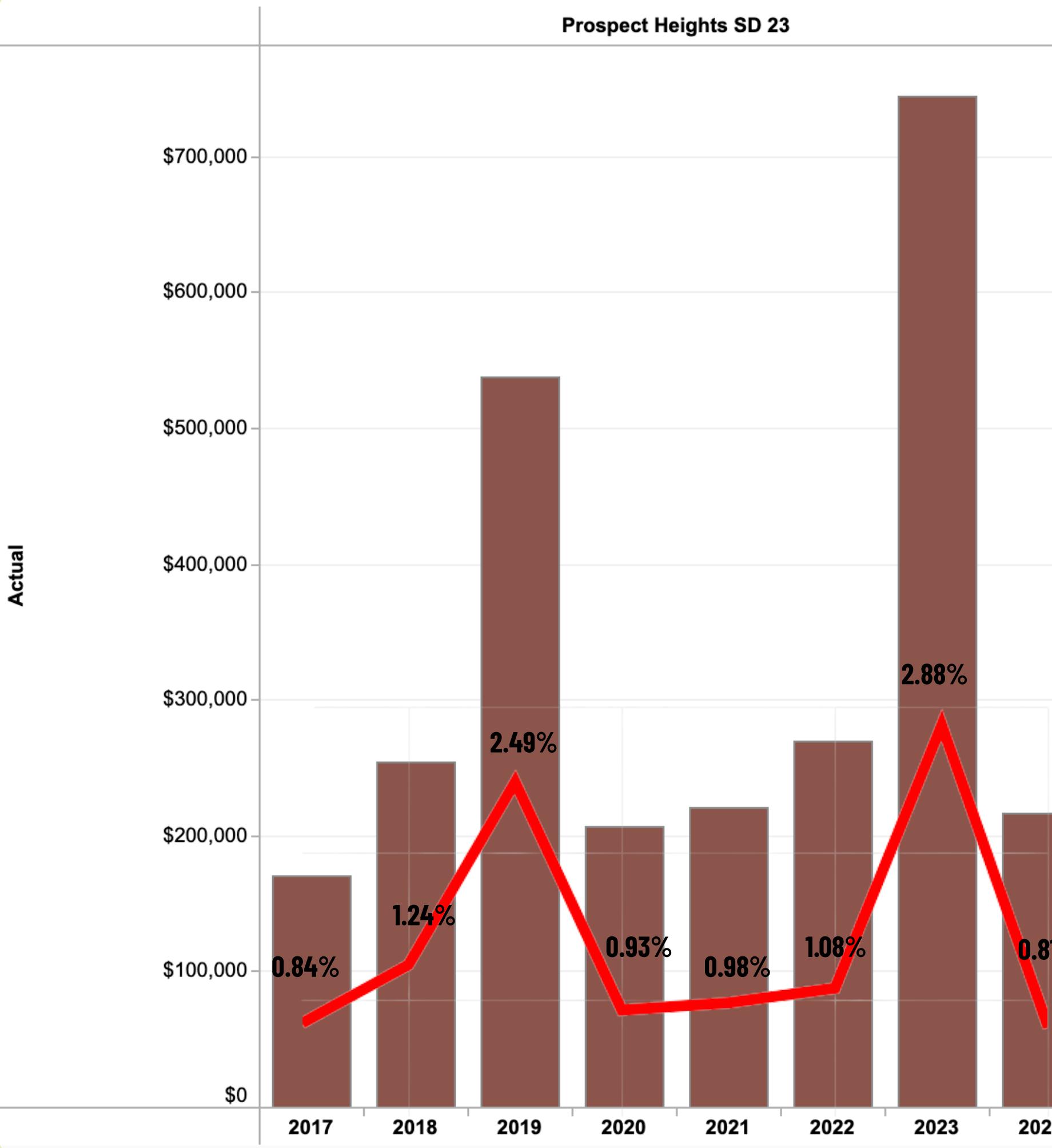
Operational Fund Purchased Services As a % of All Operational Expenditures

Operational Funds Expenditures - Purchased Services				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$2,580,492	-2.87%	\$20,098,634
2018	1.9	\$2,915,291	12.97%	\$20,621,147
2019	2.3	\$3,050,362	4.63%	\$21,596,862
2020	1.4	\$2,995,638	-1.79%	\$22,201,632
2021	7.0	\$3,589,293	19.81%	\$22,542,515
2022	6.5	\$3,783,910	5.42%	\$24,938,515
2023	3.4	\$4,013,887	6.07%	\$25,836,751
2024	2.9	\$4,257,413	6.06%	\$26,815,178

Operational Fund Materials & Supplies As a % of All Operational Expenditures

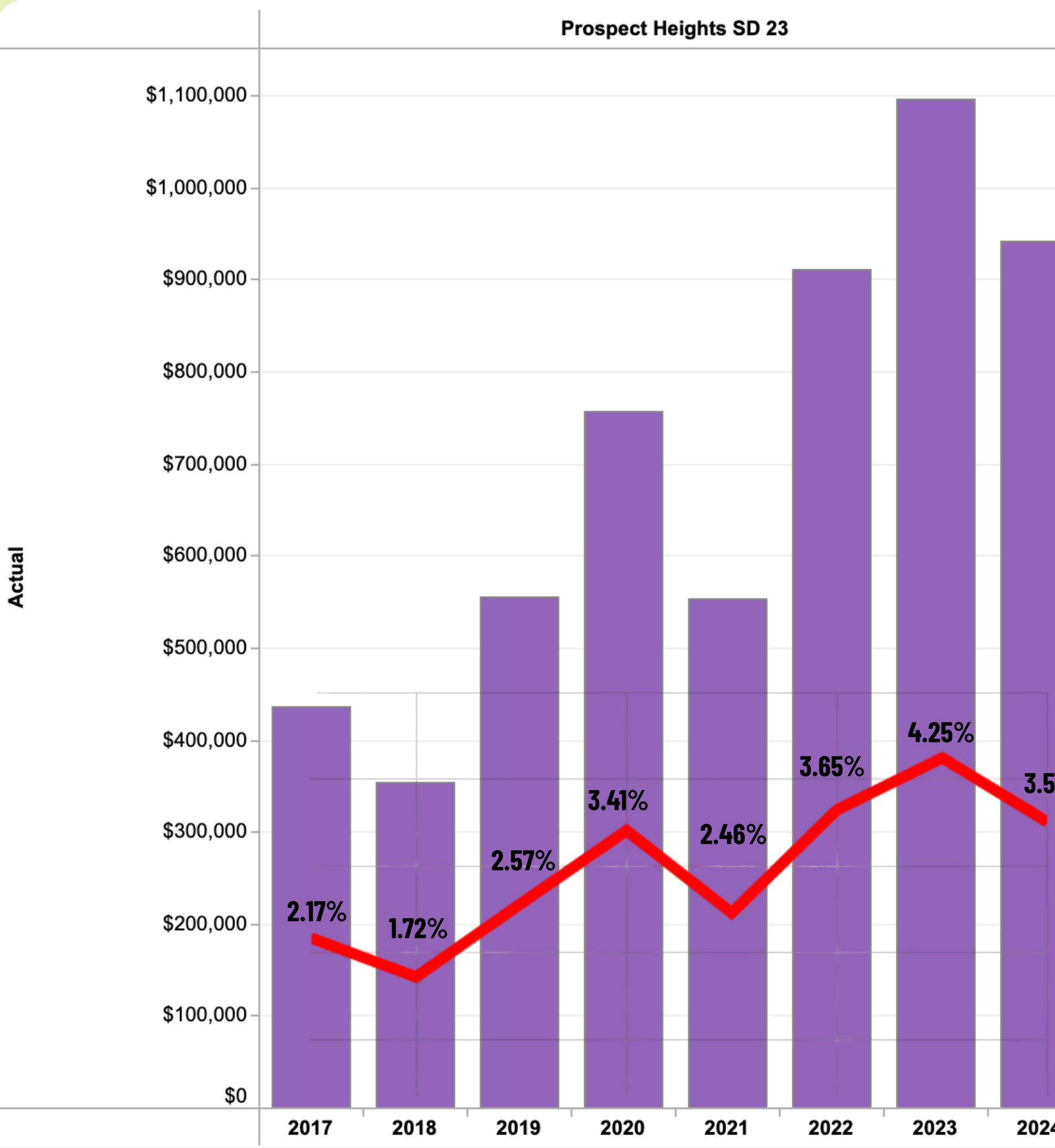


Operational Funds Expenditures - Supplies & Materials				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$905,283	10.04%	\$20,098,634
2018	1.9	\$859,083	-5.10%	\$20,621,147
2019	2.3	\$889,607	3.55%	\$21,596,862
2020	1.4	\$1,320,590	53.72%	\$22,201,632
2021	7.0	\$981,086	-25.70%	\$22,542,515
2022	6.5	\$1,592,099	62.27%	\$24,938,515
2023	3.4	\$1,121,953	-29.52%	\$25,836,751
2024	2.9	\$1,398,122	24.61%	\$26,815,178



Operational Fund Capital Equipment As a % of All Operational Expenditures

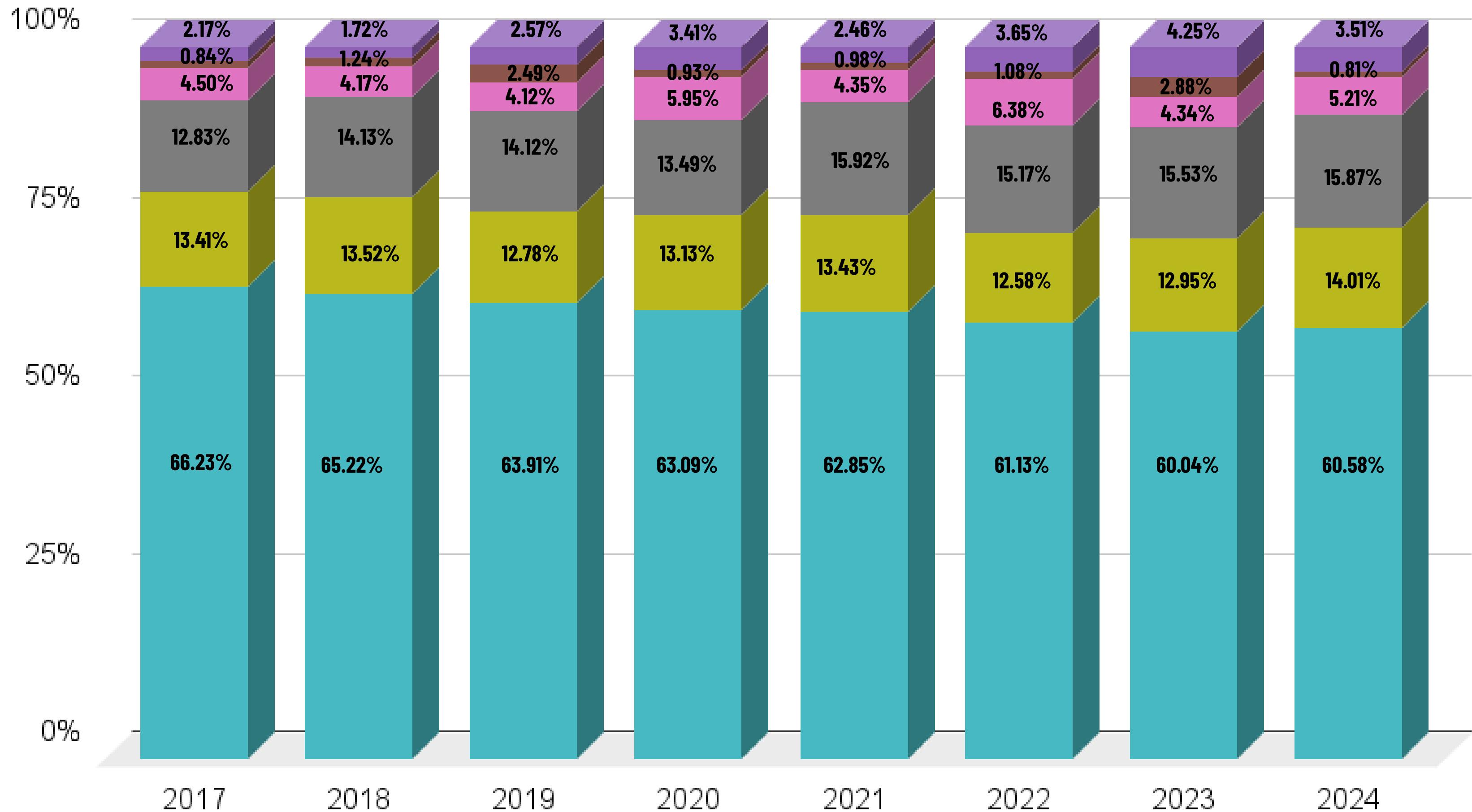
Operational Funds Expenditures - Capital Equipment				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$169,821	-6.70%	\$20,098,634
2018	1.9	\$254,826	50.05%	\$20,621,147
2019	2.3	\$537,720	110.93%	\$21,596,862
2020	1.4	\$206,964	-61.49%	\$22,201,632
2021	7.0	\$221,413	6.98%	\$22,542,515
2022	6.5	\$269,323	21.63%	\$24,938,515
2023	3.4	\$745,051	176.63%	\$25,836,751
2024	2.9	\$215,896	-71.02%	\$26,815,178



Operational Fund Other Objects As a % of All Operational Expenditures

Operational Funds Expenditures - Other Objects				
Fiscal Year	CPI	Actual Amount	Percentage Change Over Prior Year	Total Operational Fund Expenditures
2017	2.1	\$435,880	-16.57%	\$20,098,634
2018	1.9	\$353,822	-18.82%	\$20,621,147
2019	2.3	\$555,194	56.91%	\$21,596,862
2020	1.4	\$756,479	36.25%	\$22,201,632
2021	7.0	\$554,059	-26.75%	\$22,542,515
2022	6.5	\$910,671	64.36%	\$24,938,515
2023	3.4	\$1,096,854	20.44%	\$25,836,751
2024	2.9	\$942,279	-14.09%	\$26,815,178

Other Capital Equipment Supplies and Materials Purchased Services Benefits Salaries



Spending Priorities

Aligning Dollars to Students

- Majority of Spending Supports:
 - Classroom Instruction
 - Student Services
- Staffing is the Largest Expense
 - Salaries & Benefits
- Focus Remains on:
 - Safety, Learning & Student Well-Being

FUND BALANCES~ HISTORY & INFLUENCES



What Is “Fund Balance”?

Fund Balance is...

- Available funds AFTER annual revenues minus expenditures on June 30
- Used for:
 - Emergencies & unanticipated costs
 - Cash flow
 - Reserved funds for identified capital projects

Why Does Fund Balance Matter?

Financial Stability...

- Protects Against:
 - Enrollment Declines
 - Delays in Funding
 - Unanticipated Expenditures
- Helps Maintain Programs & Staffing
- Best Financial Practices

District 23's Fund Balance Policy 4:20

The Superintendent or designee shall maintain fund balances adequate to ensure the District's ability to maintain levels of service and pay its obligations in a prompt manner, in spite of unforeseen events or unexpected circumstances.

The School District seeks to maintain an operating fund balance to operating fund expenditure ratio equal to or greater than 33%, when including funds 10, 20, 40 and 70 (in alignment with ISBE). At least quarterly, Administration shall advise the Finance Committee of the current fund balance ratio. Utilizing the guidelines below, the Board may direct Administration to take action and prepare a debt reduction plan should the year-end, audited fund balance (as of June 30th) fall below the designated range:

35% and above - No Action Necessary

30 - 35% - Administration & Finance Committee Discussion

Below 30% - Administration & BOE Discussion and Development of a Plan to Address

The Superintendent or designee shall inform the Board whenever it should discuss drawing upon its reserves or borrowing money.



Fund Balances... Keeping “Our Ship” Afloat

- Multi Year Overview
- Understanding Influences and Variances
- Year-End Status



Keeping the Ship Afloat and Moving
Forward...

Historical Fund Balances and Influences

33% Fund
Balance Target

60%

50%

40%

33% Fund
Balance Target

20%

10%

FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26 FY27 FY28 FY29

36%

36%

35%

31%

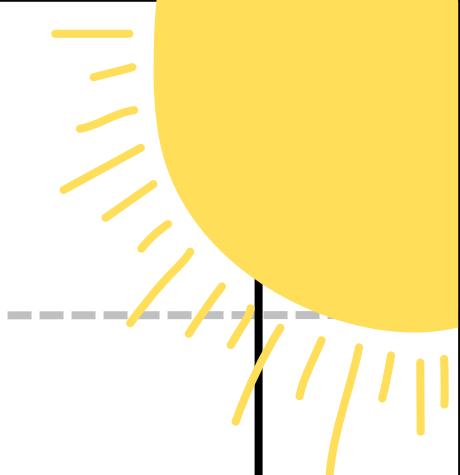
34%

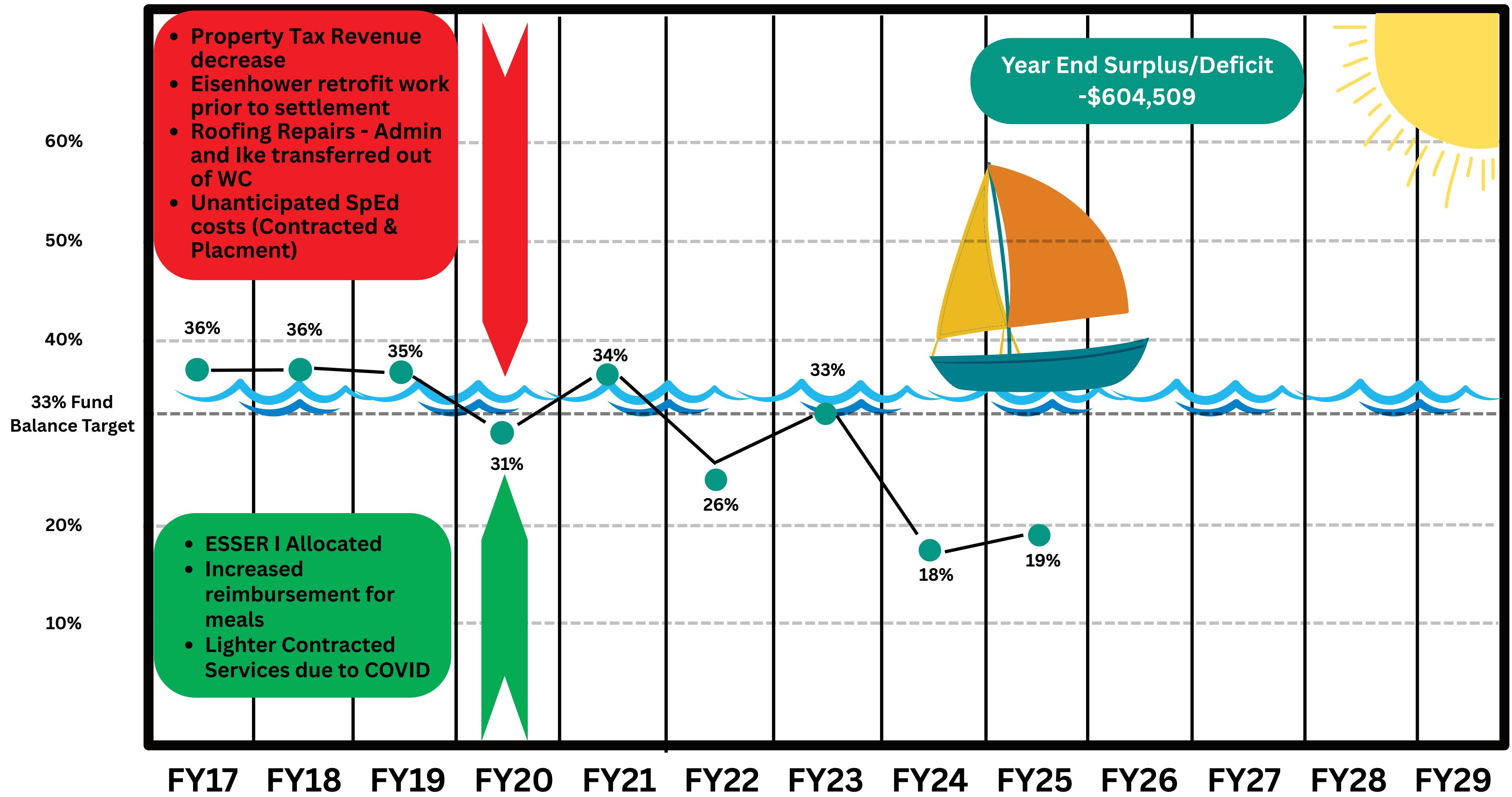
26%

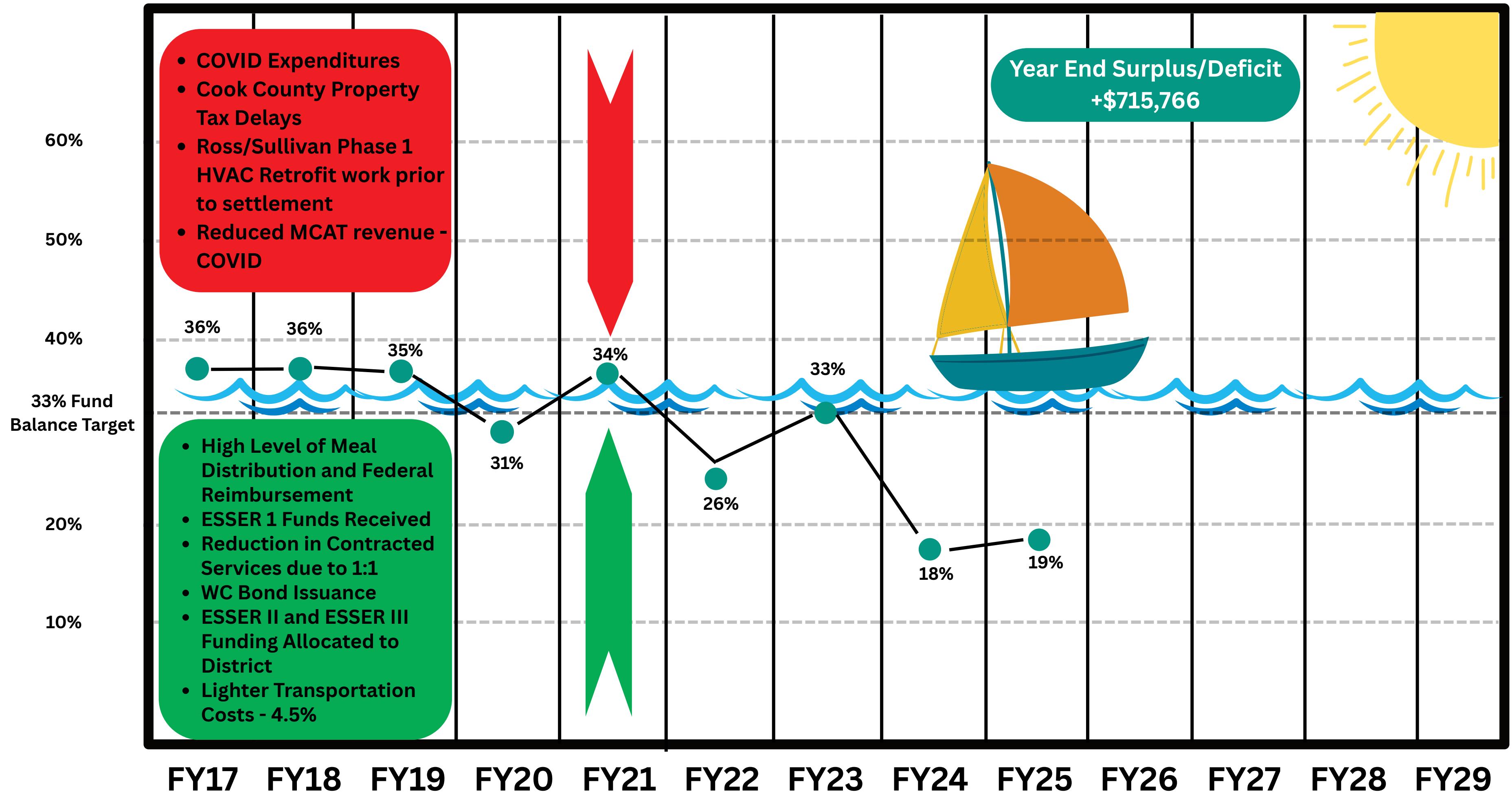
33%

18%

19%







- Unanticipated Property Tax Refunds and Property Tax Delays
- Federal Meal Reimbursement - Unanticipated Reduction
- Ross/Sullivan Phase 2 Retrofit work prior to settlement
- Mac & Sullivan Roofing from WC
- ESSER Projects for II and III completed prior to reimbursement
- 7% CPI

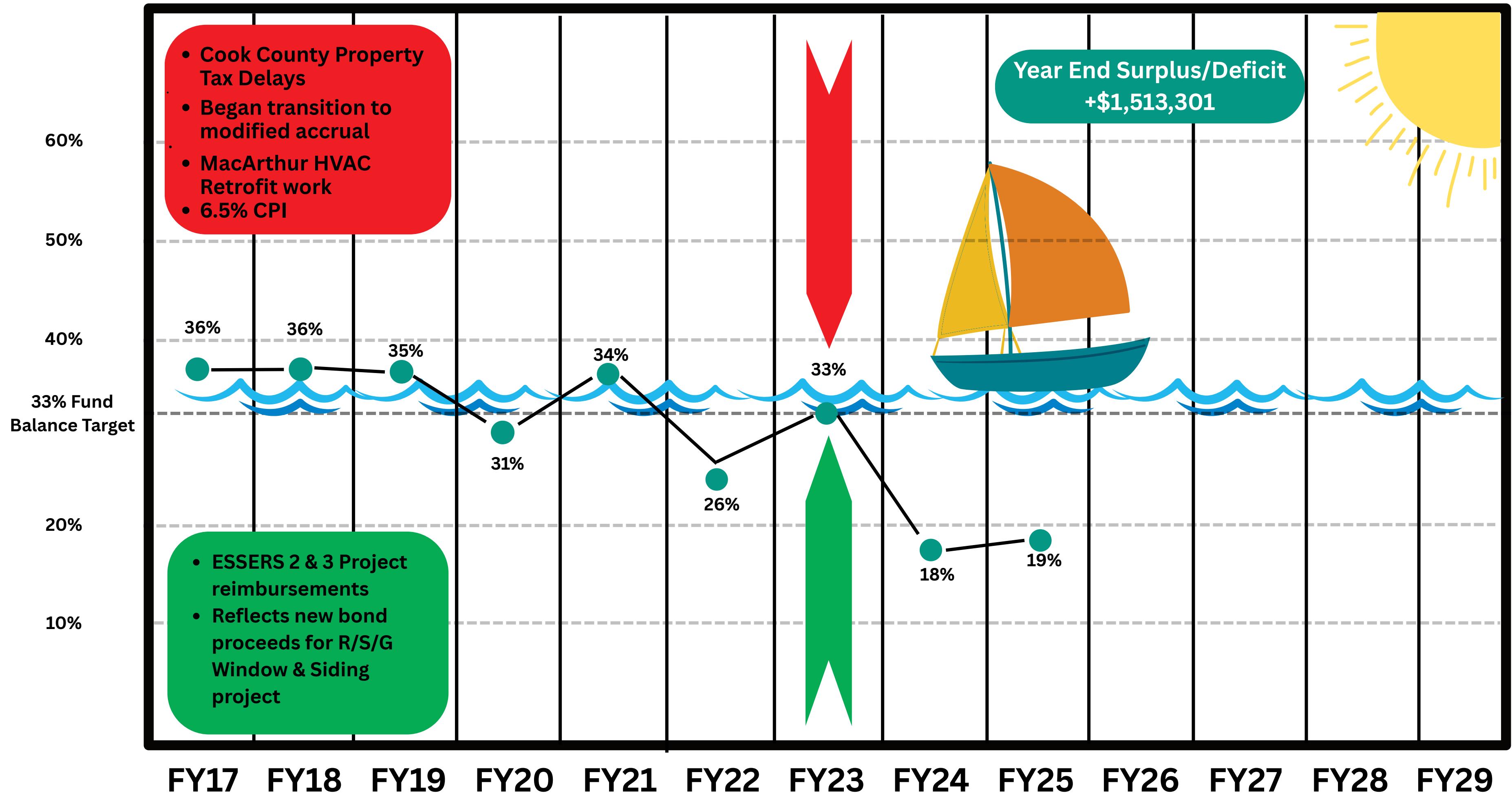
Year End Surplus/Deficit
-\$1,178,441

60%
50%
40%
33% Fund Balance Target
20%
10%

36%
36%
35%
34%
31%
26%
33%
18%
19%

- HVAC Settlement received and partially reimbursed capital projects
- Reflects inclusion of bond proceeds in WC

FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26 FY27 FY28 FY29

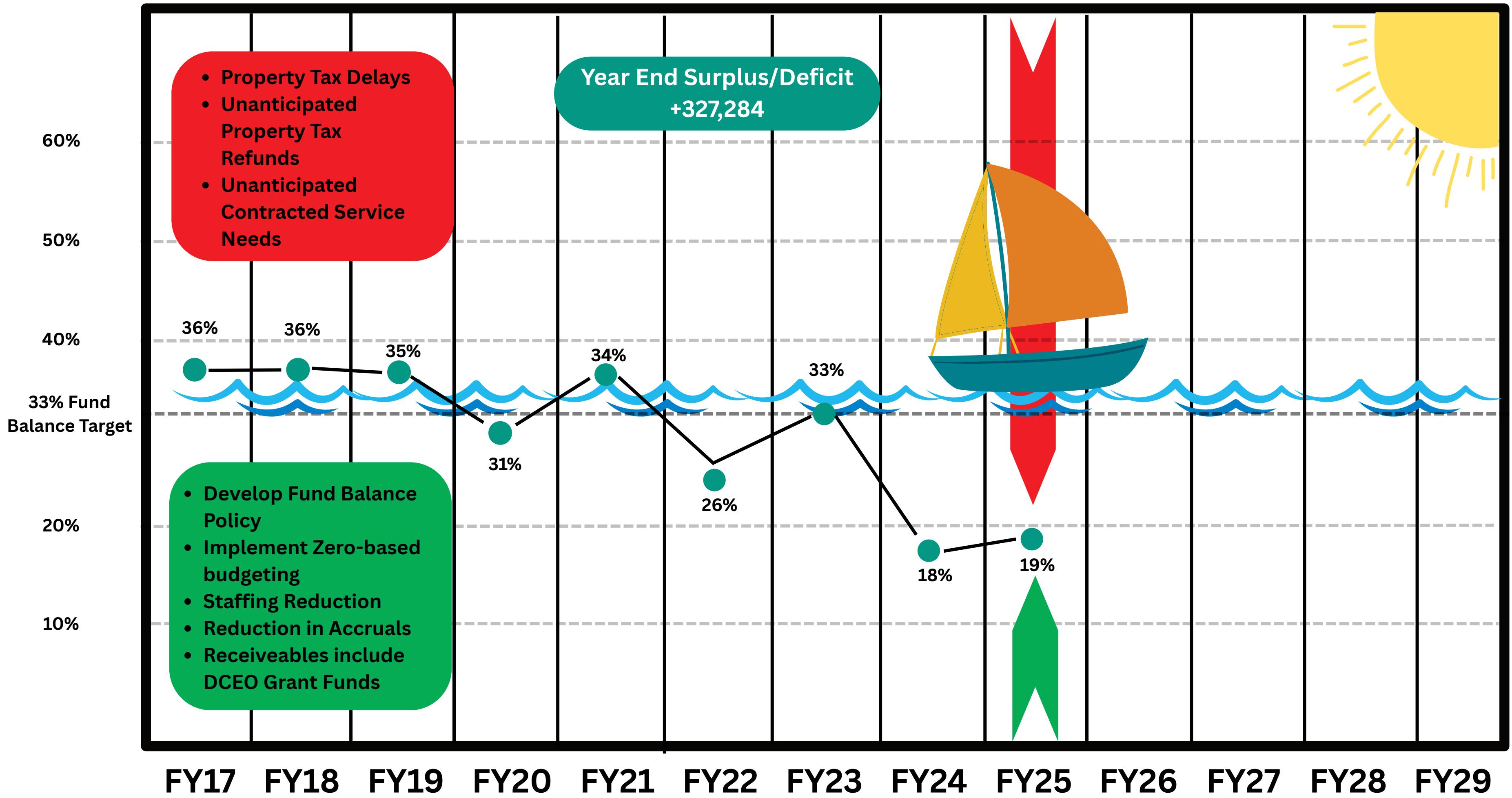


- Property Tax Delays
- Completed transition to modified accrual - Balance restatement and approximately \$1.4M in Accruals
- \$2M Bond proceeds shifted to capital projects for R/S/G Windows & Siding
- Unanticipated Plumbing Repairs at Sullivan & Mac
- \$700K from WC for Ike Design work
- 9.9% Increase in Transportation

Year End Surplus/Deficit
-\$3,741,468



FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26 FY27 FY28 FY29



Key Takeaways

- **A school district's Fund Balance ebbs and flows throughout the year.**
 - June 30th is a single point in time and typically a low point as District 23's cash flow is fully aligned with Cook County's Property Tax Cycle, due to dependence on local funding.
- **Zero-Based Budgeting Improves Fiscal Discipline**
 - The district continues to implement a zero-based approach to expenditures, requiring all departments and schools to justify costs annually. This ensures funding is aligned with current priorities and eliminates unnecessary or outdated spending.
- **Conservative Revenue Assumptions Strengthen Financial Stability**
 - Property tax revenue is budgeted at 96% of projected collections. Any surplus generated will be directed to district fund balances, strengthening financial reserves and improving long-term fiscal sustainability.
- **Targeted Reductions in Building-Level Discretionary Spending**
 - A 10% reduction in the building discretionary cost-per-pupil allocation was implemented in FY26, encouraging the principals prioritization of essential needs while maintaining flexibility to support student learning.



Key Takeaways Continued...

- **Shared Responsibility Through Departmental Budget Reductions**
 - District departments will continue to implement budgetary reductions in an effort to promote efficiency and shared accountability.
- **Limited and Strategic Staffing Increases**
 - Staffing additions will be limited and prioritized when tied to student enrollment, student needs or required services, helping to control long-term costs.
- **Savings Designed to Minimize Impact on Instruction**
 - The savings strategies focus primarily on operational and administrative efficiencies, with the goal of preserving classroom instruction and essential student supports.
- **Multi-Year Strategy Supports Stability and Predictability**
 - The district's approach balances immediate savings with long-term planning, avoiding one-time fixes and supporting sustainable financial health.
- **Commitment to Transparency and Student-Centered Decisions**
 - The district will continue to provide clear communication and regular updates to the school board and community, ensuring that fiscal responsibility supports educational excellence.



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**EXPENDITURE &
REVENUES**

**FUND BALANCE
HISTORY &
INFLUENCES**

PART II

**CURRENT BUDGET
ASSUMPTIONS**

**SETTING OUR NEW
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FDK NEEDS/IMPACT

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FORWARD**

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FUNDING STRATEGIES

QUESTIONS & DISCUSSION

