



2026

Financial Forecast

Independent School District 877
Buffalo-Hanover-Montrose

2026 Financial Forecast

- General Fund Only
- Revised budgets for 2025-26
- Projected fund balances for 2025-26
- Enrollment assumptions
- Staffing assumptions
- Revenue assumptions
- Expenditure assumptions
- Fund balance assumptions
- Forecast scenarios

General Fund Definition

- General Fund – Fund 01
- Capital Outlay – Fund 05
- Student Activities – Fund 09 (committed fund balance)
- Student Activities – Fund 51 (restricted fund balance)

General Fund Revenues 2025-26

- 1st Budget Revision

| 2025-26 | Original Budget | 1st Revised | \$ Change | Adjustment |
|----------------------|-----------------|-------------|-----------|--|
| Local Property Taxes | 12,583,291 | 12,571,184 | (12,107) | Miscellaneous tax adjustments, unemployment levy, and tax shift update |
| State Sources | 62,341,087 | 63,857,624 | 1,516,537 | State Aid adjustments due to prior year changes, current year enrollment update, Special Ed aid adjustments, endowment fund, and desegregation transportation aid. |
| Federal Sources | 1,637,838 | 1,778,341 | 140,503 | Revised entitlements |
| Other | 3,121,194 | 3,307,709 | 186,515 | Interest income update, Erate reclassification, Reimbursements for other districts, and high school activities |
| Total | 79,683,410 | 81,514,858 | 1,831,448 | |

General Fund Expenditures 2025-26

- 1st Budget Revision

| 2025-26 | Original Budget | 1st Revised | \$ Change | Adjustment |
|---------------------------|-------------------|-------------------|------------------|---|
| Salaries | 46,043,982 | 45,893,845 | (150,137) | Revised salary projections |
| Employee Benefits | 17,968,587 | 18,080,282 | 111,695 | Revised benefits projections, between terms unemployment, severance payments, workers comp premiums |
| Purchased Services | 11,927,230 | 12,066,824 | 139,594 | Contracts for educational services, transportation, and restricted expenditures |
| Supplies | 3,021,160 | 3,039,390 | 18,230 | Activities, curriculum, Special Ed, technology, and restricted expenditures |
| Capital Outlay | 2,508,037 | 2,413,578 | (94,459) | Capital/LTFM adjustments, grants, and activities. |
| Other | 943,959 | 882,614 | (61,345) | Activities, transfers out for LEP, and property taxes paid |
| Total | 82,412,955 | 82,376,533 | (36,422) | |

General Fund Balances 2025-26

- 1st Budget Revision

| Category | Ending Balance 06/30/2024 | Projected Ending Balance 06/30/2025 | Audited Ending Balance 06/30/2025 | Fund Balance Change between Projection and Actual 2024-25 | Original Ending Balance 6/30/2026 | Original Projected Change 2025-26 | Final Revised Projected Change 2025-26 | Difference Revision vs. Original 2025-26 | Projected Ending Balance 06/30/2026 |
|---------------------------------------|------------------------------|--|--------------------------------------|---|--------------------------------------|--------------------------------------|---|---|--|
| Restricted | 2,934,956 | 3,288,057 | 3,706,738 | 418,681 | 3,200,152 | (87,905) | 5,221 | 93,126 | 3,711,959 |
| Committed or Assigned | 4,642,085 | 4,294,900 | 4,917,411 | 622,511 | 4,175,560 | (119,340) | (84,340) | 35,000 | 4,833,071 |
| Unassigned/ Nonspendable | 12,624,921 | 11,453,420 | 13,459,426 | 2,006,006 | 8,931,120 | (2,522,300) | (782,556) | 1,739,744 | 12,676,870 |
| Total | 20,201,962 | 19,036,377 | 22,083,575 | 3,047,198 | 16,306,832 | (2,729,545) | (861,675) | 1,867,870 | 21,221,900 |
| Unassigned/ Nonspendable % | 15.98% | 14.03% | 16.81% | 2.78% | 10.84% | -3.20% | -1.42% | 1.77% | 15.39% |

Enrollment Assumptions

- Revised for the financial forecast

| Grade Level | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Pre-K | 83.00 | 91.00 | 93.00 | 94.00 |
| K | 323 | 356 | 366 | 370 |
| 1-5 | 1,822 | 1,822 | 1,805 | 1,819 |
| 6-8 | 1,177 | 1,093 | 1,118 | 1,103 |
| 9-12 | 1,585 | 1,603 | 1,561 | 1,586 |
| Budget Total | 4,990 | 4,965 | 4,943 | 4,972 |
| Projection for Served K-12 | 4,907 | 4,874 | 4,850 | 4,878 |

Staffing Assumptions

- Staffing using established ratios
- Supt. Contingency 2.95 FTE
- Special Education 1.0 FTE staffing contingency

| Grade Level | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|------------------------|---------|----------------|--------------|--------------|
| K-5 | 102.745 | 103.309 | 103.071 | 103.787 |
| 6-8 | 51.451 | 47.351 | 48.399 | 47.831 |
| 9-12 | 64.746 | 66.475 | 66.559 | 67.744 |
| Total | 218.942 | 217.135 | 218.029 | 219.362 |
| Staffing Change | | (1.807) | 0.894 | 1.333 |

Revenue Assumptions

- General Education Aid – Base Scenario includes 3% for 2026-27 and 2% for future years
- Includes \$750 per pupil operating referendum through 2029-30 - no inflationary factor
- Special education aid – 5.0% increase each year of the forecast
- Special education cross subsidy increased from 44% to 50% for 2026-27 forward

Revenue Assumptions - Continued

- Federal funding remains the same
- Compensatory revenue remains the same
- PPD included for all years

Expenditure Assumptions

- Base plan includes 2018-19 staffing ratios applied to student enrollment for all years of the forecast
- Salary & benefit increases projected are based on expected market conditions, comparable settlements, and settled contracts
- Non-salary, non-benefit costs 0%-3%
- PPD expenditures adjusted to match revenues
- Supt. contingency of 2.95 FTE positions and Special Education contingency of 1.0 FTE positions

Fund Balance Assumptions

- District's unassigned and nonspendable fund balance policy is 8-12% of General Fund total expenditures
- Building Carryover fund balance estimated to have a \$100,000 utilization
- Committed Severance Fund Balance based on Actuarial estimates
- Maintaining expenditures as projected will result in an unassigned and nonspendable fund balance below policy in the fiscal year 2026-27

Other Factors to Consider

- The impact of inflation for both expenditures and the General Education formula
- Funding decisions by the State Legislator

Forecast Base Scenario

1/12/2026

General Education Formula changes:

3.0%, 2.0%, 2.0%

Retains 14-15 6.0 FTE LOR and Class Size Reduction Staff For All Years

Special Education Aid increase 5% in all years

Cross Subsidy at 50% for FY 27 forward

Operating Referendum continuing through 2029-30

100.00% of Revenues Realized

100.00% of Expenditures Realized

| | 2024-25 \$7,281 | 2025-26 \$7,481 | 2026-27 \$7,705 | 2027-28 \$7,859 | 2028-29 \$8,016 |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenue | \$81,945,427 | \$81,514,858 | \$83,566,069 | \$84,963,267 | \$87,054,758 |
| Expenditures | (\$80,063,814) | (\$82,376,533) | (\$85,304,891) | (\$88,060,254) | (\$90,921,986) |
| Enrollment change | | -127 | -25 | -22 | 29 |
| Staffing change | | | -1.807 | 0.894 | 1.333 |
| Federal revenue change | | \$ (230,548.02) | \$ 71,134.00 | \$ 73,979.00 | \$ 76,938.00 |
| Fund Balance-Unassigned | \$ 13,459,426 | \$ 12,676,870 | \$ 11,245,013 | \$ 8,125,710 | \$ 3,907,218 |
| Change in fund Balance | | \$ (782,556) | \$ (1,431,856) | \$ (3,119,303) | \$ (4,218,492) |
| Fund Balance % | 16.81% | 15.39% | 13.18% | 9.23% | 4.30% |

Scenario #1 - No Staff Cuts in 2026-27

1/12/2026

General Education Formula changes:

3.0%, 2.0%, 2.0%

Retains 14-15 6.0 FTE LOR and Class Size Reduction Staff For All Years

Special Education Aid increase 5% in all years

Cross Subsidy at 50% for FY 27 forward

Operating Referendum continuing through 2029-30

100.00% of Revenues Realized

100.00% of Expenditures Realized

| | 2024-25 \$7,281 | 2025-26 \$7,481 | 2026-27 \$7,705 | 2027-28 \$7,859 | 2028-29 \$8,016 |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenue | \$81,945,427 | \$81,514,858 | \$83,566,069 | \$84,963,267 | \$87,054,758 |
| Expenditures | (\$80,063,814) | (\$82,376,533) | (\$85,718,499) | (\$88,473,862) | (\$91,335,594) |
| Enrollment change | | -127 | -25 | -22 | 29 |
| Staffing change | | | 2.293 | 0.894 | 1.333 |
| Federal revenue change | | \$ (230,548.02) | \$ 71,134.00 | \$ 73,979.00 | \$ 76,938.00 |
| Fund Balance-Unassigned | \$ 13,459,426 | \$ 12,676,870 | \$ 10,831,405 | \$ 7,298,494 | \$ 2,666,394 |
| Change in fund Balance | | \$ (782,556) | \$ (1,845,464) | \$ (3,532,911) | \$ (4,632,100) |
| Fund Balance % | 16.81% | 15.39% | 12.64% | 8.25% | 2.92% |

Scenario #2 - Half Staff Cuts in 2026-27

1/12/2026

General Education Formula changes:

3.0%, 2.0%, 2.0%

Retains 14-15 6.0 FTE LOR and Class Size Reduction Staff For All Years

Special Education Aid increase 5% in all years

Cross Subsidy at 50% for FY 27 forward

Operating Referendum continuing through 2029-30

100.00% of Revenues Realized

100.00% of Expenditures Realized

| | 2024-25 \$7,281 | 2025-26 \$7,481 | 2026-27 \$7,705 | 2027-28 \$7,859 | 2028-29 \$8,016 |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenue | \$81,945,427 | \$81,514,858 | \$83,566,069 | \$84,963,267 | \$87,054,758 |
| Expenditures | (\$80,063,814) | (\$82,376,533) | (\$85,511,695) | (\$88,267,058) | (\$91,128,790) |
| Enrollment change | | -127 | -25 | -22 | 29 |
| Staffing change | | | 0.243 | 0.894 | 1.333 |
| Federal revenue change | | \$ (230,548.02) | \$ 71,134.00 | \$ 73,979.00 | \$ 76,938.00 |
| Fund Balance-Unassigned | \$ 13,459,426 | \$ 12,676,870 | \$ 11,038,209 | \$ 7,712,102 | \$ 3,286,806 |
| Change in fund Balance | | \$ (782,556) | \$ (1,638,660) | \$ (3,326,107) | \$ (4,425,296) |
| Fund Balance % | 16.81% | 15.39% | 12.91% | 8.74% | 3.61% |

Forecast Summary

- Fund Balance is projected to decrease throughout the forecast period
- PPD expenditures will be aligned with revenues for 2026-27 and beyond
- The assigned fund balance for technology will continue to be utilized
- To maintain the district's policy of an 8%-12% unassigned and nonspendable fund balance, budget modifications will be essential by 2028-29