



**Buffalo  
Hanover  
Montrose**  
**BHM SCHOOLS**

# 2026 Financial Forecast

Independent School District 877  
Buffalo-Hanover-Montrose

# 2026 Financial Forecast

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- 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

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- 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

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- 1<sup>st</sup> Budget Revision

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

# General Fund Expenditures 2025-26

- 1st Budget Revision

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

# General Fund Balances 2025-26

- 1<sup>st</sup> 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	<b>3,711,959</b>
Committed or Assigned	4,642,085	4,294,900	4,917,411	622,511	4,175,560	(119,340)	(84,340)	35,000	<b>4,833,071</b>
Unassigned/Nonspendable	<b>12,624,921</b>	<b>11,453,420</b>	<b>13,459,426</b>	<b>2,006,006</b>	<b>8,931,120</b>	<b>(2,522,300)</b>	<b>(782,556)</b>	<b>1,739,744</b>	<b>12,676,870</b>
<b>Total</b>	20,201,962	19,036,377	22,083,575	3,047,198	16,306,832	(2,729,545)	(861,675)	1,867,870	<b>21,221,900</b>
Unassigned/Nonspendable %	<b>15.98%</b>	<b>14.03%</b>	<b>16.81%</b>	<b>2.78%</b>	<b>10.84%</b>	<b>-3.20%</b>	<b>-1.42%</b>	<b>1.77%</b>	<b>15.39%</b>

# 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
<b>Budget Total</b>	<b>4,990</b>	<b>4,965</b>	<b>4,943</b>	<b>4,972</b>
<b>Projection for Served K-12</b>	<b>4,907</b>	<b>4,874</b>	<b>4,850</b>	<b>4,878</b>

# Staffing Assumptions

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- 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
<b>K-5</b>	102.745	103.309	103.071	103.787
<b>6-8</b>	51.451	47.351	48.399	47.831
<b>9-12</b>	64.746	66.475	66.559	67.744
<b>Total</b>	218.942	217.135	218.029	219.362
<b>Staffing Change</b>		<b>(1.807)</b>	<b>0.894</b>	<b>1.333</b>

# Revenue Assumptions

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- 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

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

# Expenditure Assumptions

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- 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

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- 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

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- 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 <b>\$7,281</b>	2025-26 <b>\$7,481</b>	2026-27 <b>\$7,705</b>	2027-28 <b>\$7,859</b>	2028-29 <b>\$8,016</b>
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 %	<b>16.81%</b>	<b>15.39%</b>	<b>13.18%</b>	<b>9.23%</b>	<b>4.30%</b>

## 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 <b>\$7,281</b>	2025-26 <b>\$7,481</b>	2026-27 <b>\$7,705</b>	2027-28 <b>\$7,859</b>	2028-29 <b>\$8,016</b>
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 %	<b>16.81%</b>	<b>15.39%</b>	<b>12.64%</b>	<b>8.25%</b>	<b>2.92%</b>

## Scenario #2 - Half Staff Cuts in 2026-27

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 <b>\$7,281</b>	2025-26 <b>\$7,481</b>	2026-27 <b>\$7,705</b>	2027-28 <b>\$7,859</b>	2028-29 <b>\$8,016</b>
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 %	<b>16.81%</b>	<b>15.39%</b>	<b>12.91%</b>	<b>8.74%</b>	<b>3.61%</b>

# Forecast Summary

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- 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