Executive Summary
Finance Committee

DATE: August 20, 2026
TOPIC: SD74 Final Budget for Fiscal Year 2027
PREPARED BY: Courtney Whited

Recommended for:

☒ Action
☒ Discussion
☒ Information

Purpose

Annually, the Board of Education must approve the School District Budget. The Tentative Fiscal Year 2027 Budget was presented at the August 6, 2026 Board of Education. The attached final Budget will be presented for its September 2, 2026 formal adoption at the Public Hearing held during the Board of Education meeting.

Background

Revenues: $33,975,000

Real estate taxes account for 82.9 % of total anticipated revenue. The District may receive approximately $28,178,000 from local property taxes, likely to arrive later than the traditional August 1st date followed by the March 1, 2027 collections.

The District anticipates receiving $3,207,253 which is approximately 9.4 % of its revenue, from local sources primarily stemming from fees, tuition, interest and personal property replacement taxes.

State-derived funds account for 5.1% of total revenue. The majority of this $1,720,447 will come from the Evidence Based Funding formula and the Transportation Claim.

Federal revenues of $869,300 account for 2.6% of total revenue from Title I, Title III, IDEA and School Improvement grants.

Expenditures: $38,595,000

Salaries & Benefits

Overall, salaries are expected to be $18,533,655 which is 5.0% above last year's actual amount of $17,634,189. The Business Office conducted an in depth review of all salaries because this object represents 47.9% of the total planned expenditures. The prominent factors influencing this estimate are teachers' salary schedule levels and class advancements, the raises associated with the new LSSU CBA, retirements, four teachers added to the retirement track, new hires for resignations, and the anticipation of fully staffing the open FTE Substitute and paraprofessional positions.

As for benefits, PPO medical insurance increased by 17.5%, HMO medical increased by 17.4%, dental increased by 3.9%, and life insurance remained the same. Long-term disability and flexible spending account fees remain unchanged. Percentages related to the District's share of TRS, THIS, Medicare and Social Security will also remain stable. TRS on federally-funded salaries decreased slightly from 10.34% to 10.0%. The District's IMRF rate will decrease on January 1, 2027 from 8.07% to 6.82%. The overall cost of benefits is estimated to be up 17.2% to $4,447,320. It will not likely reach this high mark because there is an expectation built in for new employees' medical/dental insurance elections that may not occur.

Purchased Services

At $4,964,109 the approximate 20.4% increase in purchased services corresponds to architect/engineering fees for construction, rising transportation costs, the special education cooperative, and insurance costs for workers' compensation and property/casualty/liability.

Supplies & Materials

Expenditures are projected to be $1,650,340 which is a 11.6% increase. Approximately $73,300 could be covered by grant funds. Curriculum materials, food services, and energy will be the substantial expenses in this object category.

Capital Outlay

Primarily due to planned Security, Capital and Health Life Safety facilities projects, the FY27 capital outlay budget is anticipated to be $3,219,024. An estimated $50,000 is scheduled to be covered by grant funds.

Dues & Fees/Debt Payments

FY27 principal and interest payments of $1,402,700 for the 2016, 2018, and 2021 series bonds are slightly less than the $1,403,575 paid in FY26. However, Niles Township District for Special Education #807 invoices will likely increase due to student counts and placements. Overall, expenditures from this object will likely total $5,283,850 which is 16.5% more than FY26 actual expenditures of $4,535,241.

Non-Capitalized Equipment

$147,940 is 48.4% more than last year's $99,694 in actual expenses. The expenditures are anticipated to be higher due to Technology/Security purchases throughout the District.

Termination Benefits

$348,762 is 30.9% more than the FY26 expenditures. One LSSU member will begin retiree insurance and one LTA member will receive a $35,000 lump sum payout in January. The service recognition benefit pay and THIS insurance rates have increased along with the anticipated insurance costs associated with the one support staff retiree.

Fund Balance

As of June 30, 2026 the District's fund balance was $27,355,555. The projected fund balance for June 30, 2027 is $28,735,555. The Illinois State Board of Education budget form indicates SD74 will be submitting an **un**balanced budget due to less anticipated operational fund revenues than expenditures. ISBE does NOT require a Deficit Reduction Plan in this case.

General Comments

The legal process to adopt a budget requires notice to be given to the general public. That notice was published in the July 30, 2026 *Lincolnwood Review*. It announced the availability of the Tentative Budget and the Public Hearing at the September 2nd Regular Board of Education meeting.

Last year, Administrative Costs were budgeted less than the 5.0% limit set by Section 17-1.5 of the School Code. The attached FY27 Budget indicates SD74 will EXCEED the 5.0% limit this year with a 7.0% increase. The overage was primarily caused by the 17.5% PPO increase and the 17.4% HMO increase.

Fiscal Impact

$27,355,555 Beginning Fund Balance July 1, 2026

+$33,975,000 Budgeted Revenues

-$38,595,000 Budgeted Expenditures

+$ 6,000,000 Bond Issuance

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$28,735,555 Projected Ending Fund Balance on June 30, 2027

Please see the attached FY27 Budget presentation for further details.

Recommendation:

The Finance Committee concurs with the Administration's recommendation to the Board of Education to adopt the Fiscal Year 2027 Budget after the Public Hearing at the Board of Education meeting on September 2, 2026.