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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: May 15, 2026
Subject: Preliminary Budget Discussion – Summary Spreadsheet

For the past few months, we have been discussing revenues, expenses and transfers, in the initial development of our FY 2026-2027 tentative budget. Due to changing conditions, including the uncertain nature of State and Federal funding right now, unstable economic conditions, nagging inflation and increasing costs in several areas (especially with regard to employee health insurance costs and special ed tuition costs), developing a balanced budget this year will continue to be a big challenge. We are trying to proceed carefully when preparing the budget by initially being conservative with revenues and aggressive with expenses, to hopefully show a “worst case scenario” as we continue putting the budget together. However, as we refine the budget and revenues firm up, and staffing and salaries settle in, we can hopefully provide a more accurate picture with more precise estimates. Our hope is that the refined tentative budgets in June, July and August will show more accurate projected results from operations than this initial scenario. Our budget is about 85% complete at this time, with ongoing changes to both revenues and expenses expected throughout the course of the summer.

It is important to note that even if the “worst case scenario” plays out, we are looking at temporarily manageable reductions of fund balance reserves, and we have adequate fund balances to absorb any deficit spending that might occur in a given fund (that is why we build up those reserves over time, for just such an occasion). Our hope is that as we finalize the budget this summer we will be able to eliminate, or at least minimize, any projected deficit spending that is initially planned to occur in a particular fund. We will present revised budget projections in June (probably 90% complete) and a formal, tentative budget in July (probably 95% complete), before requesting approval of a final budget in September (hopefully 100% complete). However, in May, we wanted to give you an “initial glance” at what our budget assumptions are projecting in terms of operating results for next year. We hope to have a better handle on finalized staffing, salary and benefit costs in June and July, and we probably won't know for sure what final revenues, especially as it relates to State and Federal funds, will look like until July or August. The attached spreadsheets are a “first draft” of what we are looking at for next year, in general.



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The attached preliminary budget projection is probably 85% complete and will be changing over the upcoming summer months as we finalize salaries and wages, determine final employee benefit costs, identify purchased service needs, process material and supplies orders, finalize capital project cash flows, and identify any other miscellaneous expenditures and contingencies. We will also be fine tuning revenues from Local, State and Federal sources to determine our resources available to provide services and programming. The spreadsheets show broad categories of revenues and expenses with general notes to clarify the numbers. We are only providing estimates for our three main “Operating Funds” (Education, O&M and Transportation), and then for All Funds Combined, along with an estimate on the last page of fund balance summaries for the three funds mentioned above, plus IMRF, Debt Service, Working Cash, Capital Projects and Tort (our special purpose funds). We do not use or maintain a Health Life Safety Fund, so no information is provided for that fund.

Revenues are initially projected to increase by about 5%, or around \$2.6M, as local revenues from property taxes make up most of this increase and are being offset by lower revenues from interest income and CPPRT, and relatively flat revenues from transportation reimbursements, mandated categorical programs and other miscellaneous State and Federal grants and programs. For expenditures we are expecting normal, planned increases to salaries (5% overall) and employee benefits (15% on average), as well as minimal capital spending, flat staffing in most areas, and somewhat higher prices for materials, supplies, and purchased services due to inflation...and rapidly increasing Special Ed tuition costs...that will lead to about \$3.3M in additional spending. We will look to realize efficiencies and economies of scale wherever available and hold the line on discretionary spending, as much as possible. In the end we expect to realize about \$2.6M in new revenues and incur \$3.3M in new expenses, creating an initial overall deficit of about \$1.885M. This decrease in fund balance reserves relates mainly to Education Fund activities (\$1.85M deficit projected). The ongoing implementation of our Capital Improvement Plan will result in only about \$1.5M in spending next year (down from almost \$8 this past year) and involve no/minimal transfers. After next year, capital spending should decline to about \$1M per year over the next 2-3 years. Ideally, we’d hope to stabilize overall fund balances at about one year’s worth of normal expenses (~\$55M in the Education Fund), but we will end up shy of that target when all is said and done next year.

In summary, this first pass through of our preliminary budget shows a noticeable initial projected deficit, especially in the Education Fund, and our goal is to minimize that deficit, or to potentially eliminate it all together, if possible. In the end we are committed to balancing our budget and living within our means, but also acknowledge that we do have adequate fund balance reserves to help get us through this current fiscal challenge. If manageable deficits do persist, we have reserves in place to handle those projected shortfalls. As always, if you have any questions please do not hesitate to let me know.