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To: The Board of Education and Dr. Patrick Broncato, Superintendent  
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO  
Date: April 17, 2026  
Subject: Budget Update – Fund Balance Targets, Transfers and Inter-Fund Loans

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For the past two months, we have reviewed the initial revenue and expense assumptions that are being used to develop our preliminary budget for FY 2026-2027. We will update those budget assumptions throughout this spring and summer, as we learn more about revenues (such as finalized property tax extensions from DuPage County this month, Evidence Based Funding and State grants as the State budget is finalized next month, revised CPPRT estimates from IDOR this spring and finalized Federal grants this summer, to name a few) and expenses (such as updated staffing projections from our Personnel Office this spring, benefit renewal cost increases this month, third party contractor costs like food service costs and transportation costs this spring, updated capital projects expenditure projections this summer, and a variety of other cost drivers). The updated revenue and expense projections for this year will provide a basis for ongoing “results from operations” projections in each fund (we have been running a little below last year’s fund balance levels but are in line with current estimates), and along with projected fund balances in each fund as of 6/30/26 (our end-of-year balances for this year), that will provide our “above the line resources available for operations and capital projects” moving into next year. In April, we are looking at potential “below the line” changes related to Inter-Fund Transfers and Inter-Fund Loans that might be undertaken to ensure that we maintain adequate, but not excessive, fund balances in all funds and what those targeted amounts/transfers might be.

First, we need to define “adequate but not excessive” in terms of year-end fund balances for each fund. We strive for one year’s worth of “normal” expenses on hand as our target for each fund. We look at the past few years and back out any one-time, extraordinary, non-recurring, or non-typical expenses to get a “normal” base level of expenses. We then increase that normal expense base by estimated contractual and inflationary factors for salaries, benefits, purchased services, materials and supplies, capital purchases, and so on. The Working Cash Fund does not have a normal expense level as it is our “savings account”, so we tie the targeted fund balance in that fund to 10%-15% of overall expenses. Additionally, the Capital Projects Fund is used to complete major capital projects approved by the Board and we typically spend down that fund balance and then replenish it as new projects are approved and initiated, if

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funds are available, so it too does not have a normal and recurring level of typical expenses. Finally, when looking at year-end fund balances, you need to back out our “early tax receipts,” as those are funds collected in May and June and are really for next year’s operating cycle.

Therefore, based on our recent past history and the adjustments described above, our targets for estimated, adequate fund balances for the FY 2026-27 budget would be: Education Fund ~ \$47.5M (we had about \$24M, net of early tax receipts, at the end of last year); O&M Fund ~ \$4M (we had about \$3M, net of early tax receipts, at the end of last year); Transportation Fund ~ \$4M (we had about \$3M, net of early tax receipts, at the end of last year); IMRF Fund ~ \$1.5M (we had about \$1.25M, net of early tax receipts, at the end of last year); Tort Fund ~ \$400K (we had about \$175K, net of early tax receipts, at the end of last year). Additionally, our targeted ending balance for the Working Cash Fund would be about \$9M (or 15% of our total estimated operating expenditures of about \$60M this year) and we had about \$7.5M at the end of last year. Finally, the Debt Service Fund had about \$20K in reserves at the end of last year and will have about the same at the end of this year, and the Capital Projects Fund had about \$5M in reserves at the end of last year and we expect to have about \$1M at the end of this year. As you can see, we have room to continue growing our fund balances before we hit targeted levels. Specifically, we will keep an eye on the O&M Fund, the Transportation Fund, the IMRF Fund and the Tort Fund to make sure that fund balances grow to “adequate, but not excessive” levels. We have more room in the Education Fund and Working Cash Fund to grow fund balances.

Other than potential temporary loans that might be needed from time to time, we are not anticipating or budgeting for any permanent loans or fund balance transfers from Working Cash. We are again anticipating a permanent transfer from the O&M Fund (~\$1M) to the Capital Projects Fund to help cover next year’s Capital Projects of about \$2M, in addition to the \$1M we expect to have left over in that fund at year end (total expenses in that fund next year are only expected to be about \$1.5M-\$2.0M). We will also transfer interest income to the funds most in need, as we do annually, with Board approval (probably the Education Fund, based on initial estimates).

All of our Inter-Fund Transfers and Inter-Fund Loans are done with the goal of attaining and then maintaining adequate, but not excessive, fund balance reserves in all funds (defined as about one year’s worth of normal, anticipated expenses in each respective fund), so as to have some limited funds available for a rainy day, if needed, while at the same time not building up excessive fund balances that could be subject to excess accumulation claims in the form of property tax appeals or tax objection lawsuits. As always, please let me know if you have any questions or need additional information...thank you.