WOODRIDGE
SCHOOL DISTRICT 68

memo

To:	The Board of Education and Dr. Patrick Broncato, Superintendent
From:	Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date:	May 16, 2025
Subject:	Preliminary Budget Discussion – Summary Spreadsheet

For the past few months, we have been discussing revenues and expenses, as well as transfers that are being contemplated in the initial development of our FY 2025-2026 tentative budget. Due to ever-changing conditions, including the uncertain nature of State and Federal budgets and funding right now, unstable economic conditions, nagging inflation and increasing costs in several areas, budgeting this year continues to be a challenge. We are trying to proceed carefully when preparing the budget by initially being conservative with revenues and a little more aggressive with expenses, to hopefully show a "worst case scenario" as we continue putting the budget together. However, as we refine the budget over the summer, and as revenues are firmed up and staffing and salaries settle in, we can hopefully provide a more accurate picture with better and 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 80% complete at this time, with ongoing changes to both revenues and expenses expected throughout the course of the summer as the budget is finalized.

It is important to note that even if the "worst case scenario" plays out, we are looking at relatively minor 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, 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 be presenting revised budget projections in June (probably 85% 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 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 80% complete and will be changing over the upcoming summer months as we finalize salaries and wages, determine actual employee benefit and insurance costs, identify purchased service needs, process material and supplies orders, finalize capital project cost estimates, 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 notes to clarify the numbers. We are only providing estimates for the three main "Operating Funds" (Education, O&M and Transportation), and then 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 have a Health Life Safety Fund, so no information is provided for that fund.

Revenues are initially projected to increase by about 5.8%, or around $3M, as local revenues from property taxes and interest earnings make up most of this increase and offset projected losses to CPPRT, transportation reimbursements, and other miscellaneous State and Federal grants and programs. For expenditures we are expecting normal, planned increases to salaries (5% overall) and employee benefits (8% on average), as well as increased capital spending, additional staffing in some areas, and higher prices for materials, supplies, and purchased services due to inflation…that will lead to about $5.5M in additional spending. We will look to realize efficiencies and economies of scale wherever possible and hold the line on discretionary spending as much as possible. In the end, we hope to realize about $3M in new revenues and incur $5M in new expenses, to create a small decrease in fund balance reserves related mainly to ongoing capital projects. The implementation of our new Capital Improvement Plan will result in increased spending next year (~$7.5M next year versus $5M this year). After next year, capital spending should decline to about $1M per year over the next 3 years. We hope to stabilize overall fund balances at about one year's worth of normal expenses (about $53M-$54M), but we will probably be a little bit shy of that targeted level for now. After removing contingencies and capital projects spending, the overall operating budget should be balanced.

In summary, this first pass through of our preliminary budget looks pretty good and hopefully it will get better as time goes on. Some unknowns right now are State and Federal revenues, if inflation will further erode our fund balances and how long interest rates will stay elevated. Finally, there is always a chance for potential cost increases or revenue reductions if the State looks to shift costs for pensions, unfunded mandates, or other accountability measures, or limit revenue growth through property tax freezes or CPPRT reallocations. However, these currently appear unlikely. We should know by late May or early June if anything of significance will materialize at the State level. Federal impacts won't be known until later in the summer or early in the fall, as the Federal government works toward an October 1st fiscal year budget and spending plan. These are ongoing concerns we always face, and in the end, we are committed to balancing our budget and living within our means, given the factors and circumstances in place. If some small and manageable deficits do persist, we have reserves in place to handle those temporary deficits while we adjust our spending plan and ensure that we don't erode those reserves too much. As always, if you have any questions, please do not hesitate to let me know.