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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: January 9, 2026
Subject: Five Year Financial Projections

Five year financial projections are a useful tool to not only assist in the annual budgeting process, but also to see how current conditions, assumptions, and forecasts could potentially impact our budget and operations in the near future. We previously worked with PMA Financial Services using ForeCast5 to develop some fairly reliable five year financial projections. We limited our forecasts to five years out because that is about as far as we are comfortable projecting, and in our current political and economic environment, that is as far out as we could predict with much accuracy. In reality, the later years of this forecast will most likely not come to fruition (ie, we will probably not realize year to year reductions of fund balance reserves), as we will make needed adjustments to our budget and operations proactively, realizing savings and efficiencies, or seeking out additional revenues, to ensure that we make ends meet and live within our means. We would not overspend carelessly or erode our fund balances critically.

I would like to preface this presentation with a brief disclaimer. Due to uncertainties related to global geopolitics and the global economy, our ongoing national state of affairs, both State and Federal political climates, and economic forecasts, and a host of other factors, we are working with preliminary assumptions for future years that could change significantly. Any forecast is only as good as the data and assumptions behind it, and while I am confident that this forecast gives a decent overall picture of the general direction of our finances over the next five years, it should not be taken as a precise or exact projection, especially as we look out into years 3, 4, and 5 of the forecast. The FY25 figures show final results from last year and create a “base year” for projections going forward. Our current-year budget-to-actual results give us a snapshot of how we are doing so far this year, but projections are really just best guesses based on current information. Because of uncertainty on several fronts, more than at any time in my years as a CSBO, the projections being made are definitely “tentative” and “preliminary” at best.

Our ending FY25 fund balances totaled about \$65.3M (\$60.6M from our Operating Funds and \$4.7M for our Non-Operating Funds) and are a starting point for our five year projections (FY2026 – 2030). Given our positive results from operations over the past several years, and our ability to fund Capital Improvement Projects with fund balance reserves and



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results from operations, we have not had to tap into as much of the “old” fund balances, or borrow internally or externally, as had been initially anticipated. Therefore, we have been able

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to preserve those fund balances, reducing them only slightly over the past eight years from about \$75M when I arrived, to around \$60M to \$70M the past few years, despite initial projections that these reserves would decrease to about \$50M during this time. In total, for capital improvement projects and repairs, we have spent about \$21M during the past five years and almost \$44M over the past eight years, to improve our buildings and facilities. All of this work was completed without borrowing from outside sources or passing a referendum. With the new updated CIP approved last year, we expect a much lower level of capital spending over the next few years (estimated at about \$10M, versus just over \$13M and \$22M during the last two plans). When all is said and done, we will have spent almost \$50M on over 100 capital projects.

We typically predict revenues conservatively with EAV, New Construction, CPI, and other revenue factors set to grow at the lower end of expected ranges, while projecting expenses, especially for salaries and employee benefits, during the upcoming five year cycle a little more aggressively, at the higher end of expected ranges. While this creates a base case scenario that might be slightly more conservative than we typically realize, it is this conservative approach that has worked well for us in the past. We follow the philosophy of “plan for the worst, hope for the best, and realize something in between”. Where we end up dictates how we fine tune and tweak our budget, our levy, and our spending and operating plans going forward annually.

This conservative approach typically shows some nominal fund balance growth in the early years of our base case scenario and then a decrease in reserves during the last few years of the forecast. While it does predict declining fund balances in later years, with expense growth outpacing revenue growth, in reality, we would take action to ensure that this did not happen. For example, six years ago we projected that we would deplete our operating fund balances down to about \$50M at the end of that five year forecast cycle (to a year’s worth of projected expenses at that time), but now those balances are actually at about \$65M this year, and our five year fund balance is projected to come in at just over \$67M (slightly less than a year’s worth of projected normal expenses at that time)...so we are in much better shape than we predicted six years ago. Finally, the analysis of operating funds does not include the Capital Projects Fund, but this fund does have a big impact on the school district's operating fund balances, with about \$1M-\$2M per year in planned operating fund transfers for ongoing capital needs over the next few years.

Overall, you can see that our operating fund balances are expected to peak in FY28 at about \$67.6M and then decline to about \$65.2M by FY30, despite undertaking about \$10M in capital projects during that time. Additionally, our total fund balances should peak at about \$71.1M in FY28 and then gradually decline to about \$67.4M in FY30. We have recently been

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using positive results from operations, along with some minimal existing fund balance reserves, to fund our CIP needs. We are still at about one year's worth of projected expenses on hand and this is a healthy level of reserves to maintain (and our goal for all funds overall).

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Our goal is always to balance the budget, or come as close as we can and use minimal reserves, with a plan of realizing positive results from operations if possible, to provide for continued fund balance stabilization and growth. In reality, we hope to continue to realize positive results from operations and nominal fund balance growth each year, despite the economic challenges we are facing, and to continue transferring reserves to funds most in need, maintaining a year's worth of expenses as a reserve in each fund, if possible. In a perfect world, we would be able to finish all the projects in our new Capital Improvement Plan without tapping into existing reserves (just using positive results from operations), but we do have these reserves on hand if needed. Then, after all that work is complete, and assuming the Board has not identified any other major capital project needs, we could consider abating property taxes by using any excess reserves that become available each year as we move into the out years of our projection window.

Attached are several graphs and charts that show the five year projections for our various individual funds, as well as for two groupings of Operating Funds and Non-Operating Funds, and then finally for All Funds Combined. Over the next five years, we expect to see operating fund balances initially rise a little bit and then decline in the out years, as inflation and salary and benefit growth outpace our ability to increase revenues. Our goal is to keep fund balances at about a year's worth of expenditures, if possible, and that is a reasonable/responsible level of reserves to maintain. This forecast provides us with the reserves to assist any non-operating funds if they have negative results from operations or run short of cash, as well as keeping up with larger than expected operating expense growth should higher inflation persist, if enrollment picks back up, or if costs get shifted from the State to the Local level. It also helps protect us against the ever-present threat of a property tax freeze, a pension cost shift, mandated categorical cuts, or other revenue restrictions, or expense increases that could occur.

I would be happy to discuss any of these charts and graphs and answer any questions you might have, or clarify the assumptions and what they mean for the benefit of the group. We will use this information as we develop our budget this spring and summer, but more importantly, this analysis provides us with a road map to prepare general operating plans and to develop strategic initiatives in keeping with the Board's stated goals moving forward. This analysis does confirm that we are currently on very sound financial footing, and that as long as we continue to plan and prepare, and are flexible and responsive to changes in our financial environment, we can safeguard our assets, preserve our fund balances, and continue to complete much needed capital projects, all while protecting the interests of our taxpayers, our students, our staff and the community at large. Please let me know if you have any questions. Thank you.