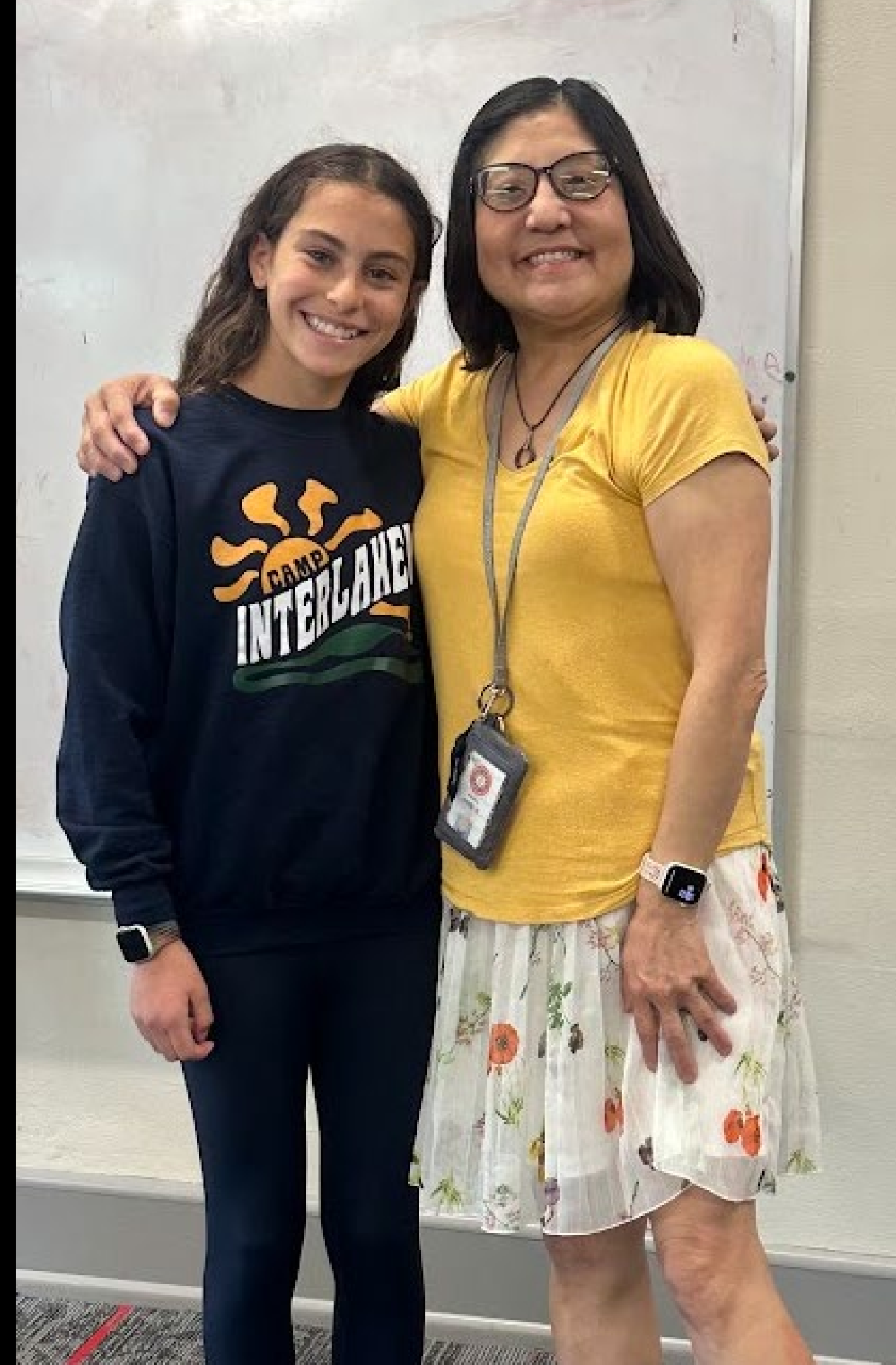


FY26 Budget

Preliminary Budget

Heather Heaviland, Director
of Business Services

May 27, 2025



Agenda

Financial Strategy

- Referendum Forecast vs Current
- Strategies Employed
- Draft FY25 Fund Balance Allocation

Budget Overview

- Revenues and Expenses by Type
- Proposed Tax Levy (preliminary)

Discussion and Next Steps

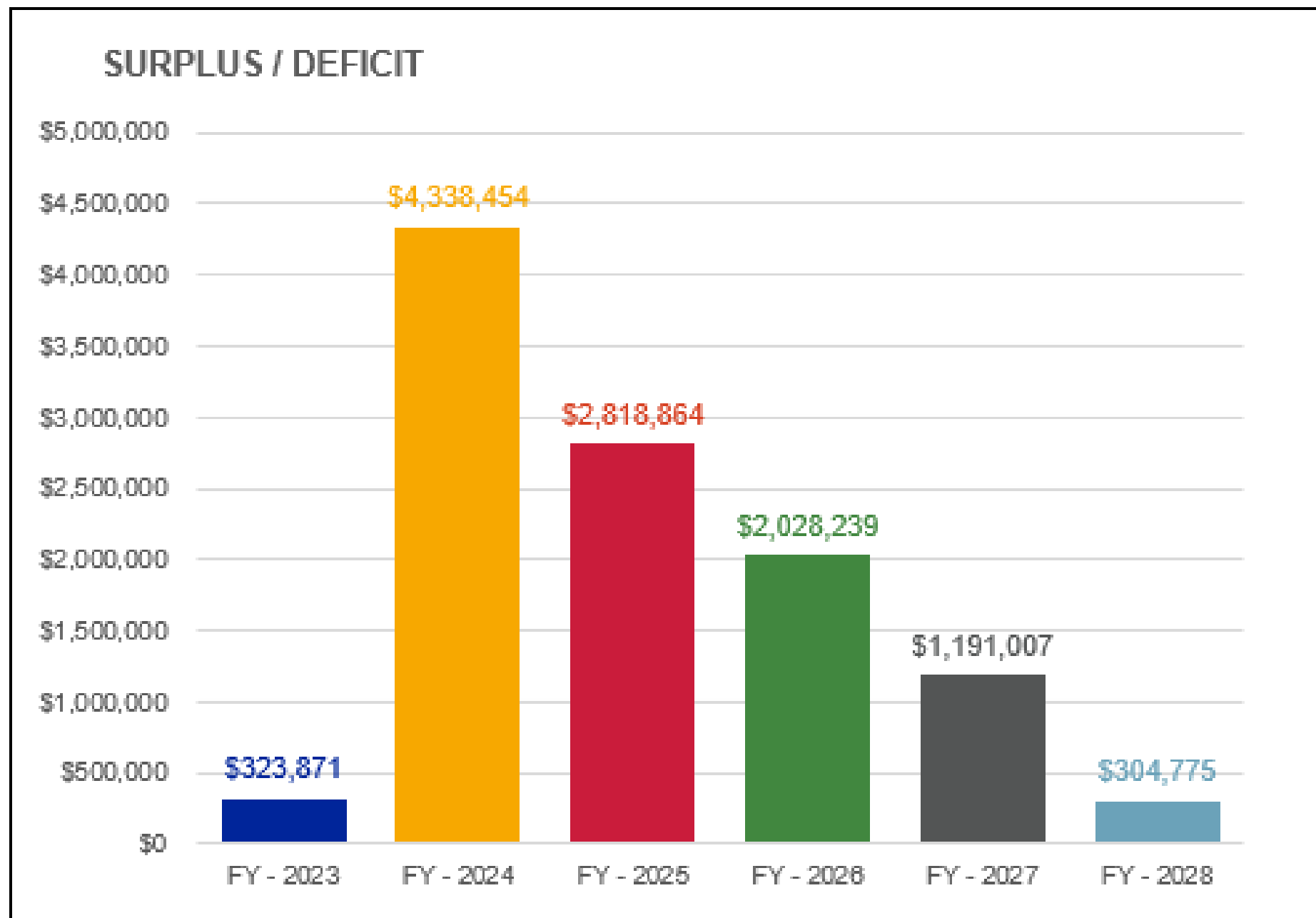


FINANCIAL STRATEGY



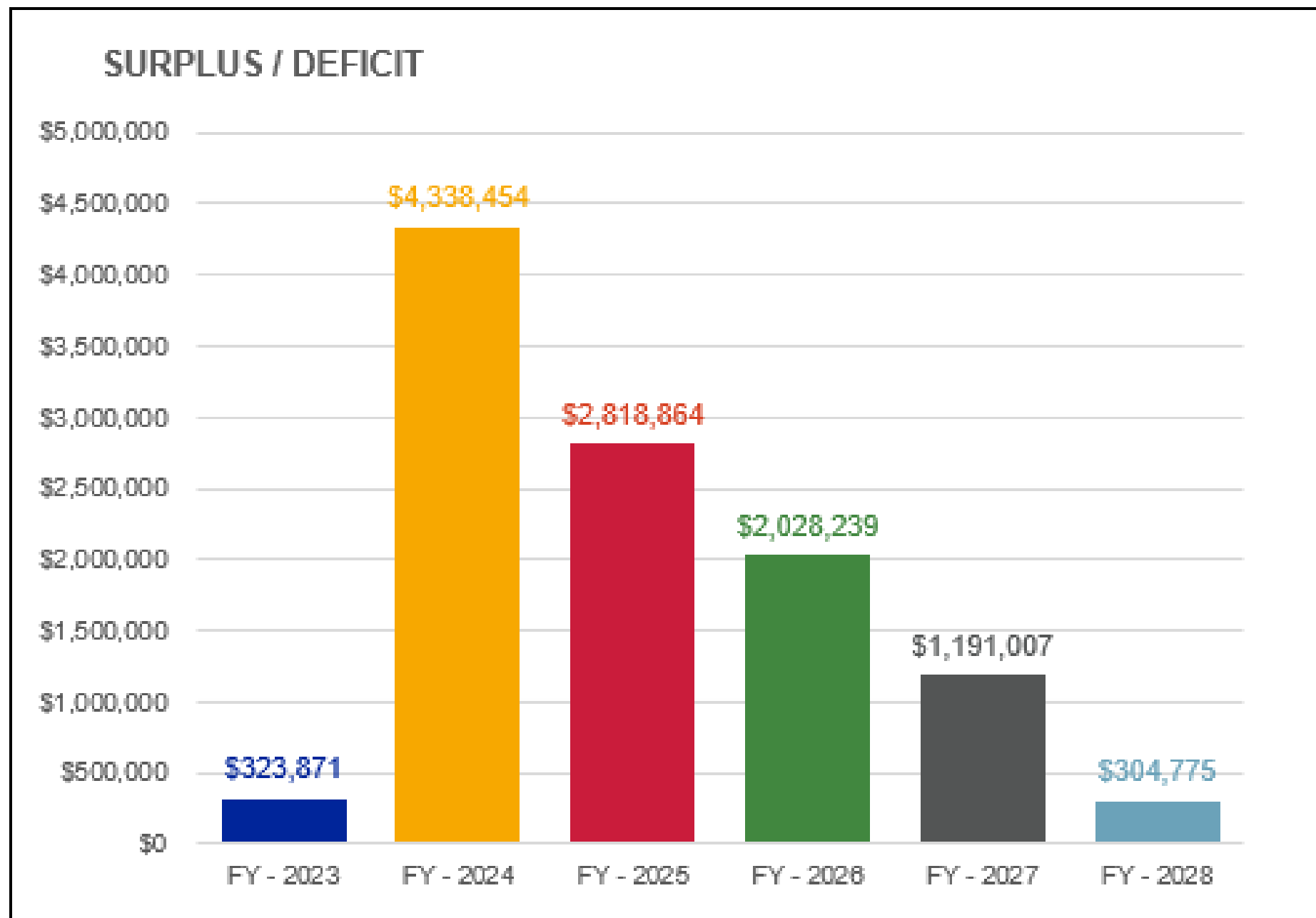
Referendum Forecast - Fall 2022

During the referendum planning process, we projected what the District's finances would look like with a \$5.5M operating referendum, ongoing alignment of enrollment and staffing, and salary, benefit, and inflationary expense increases.

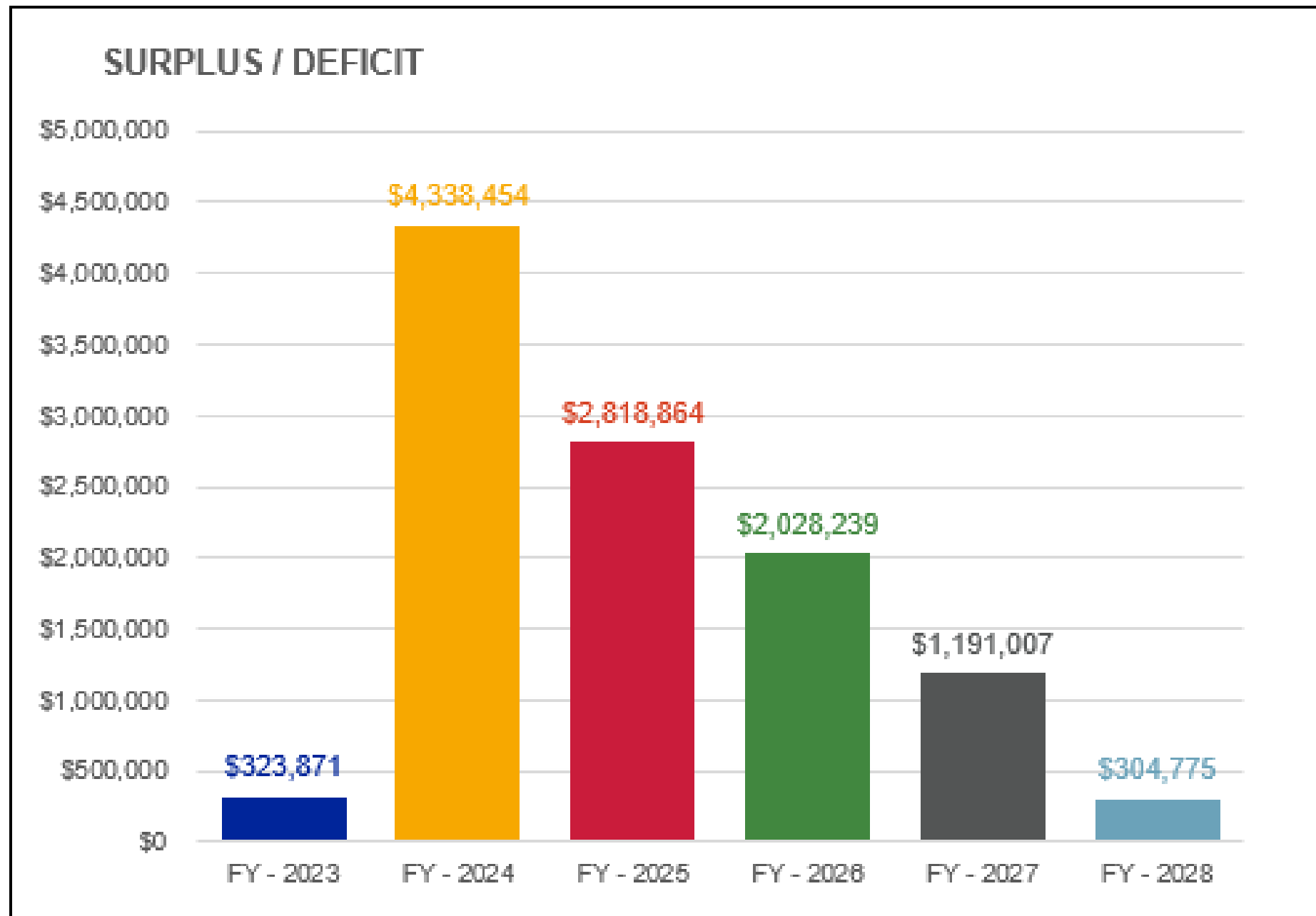


Referendum Forecast - Fall 2022

We anticipated growing the fund balance and committed to maintaining top compensation, while working over the five years to find additional solutions to maintaining financial health.



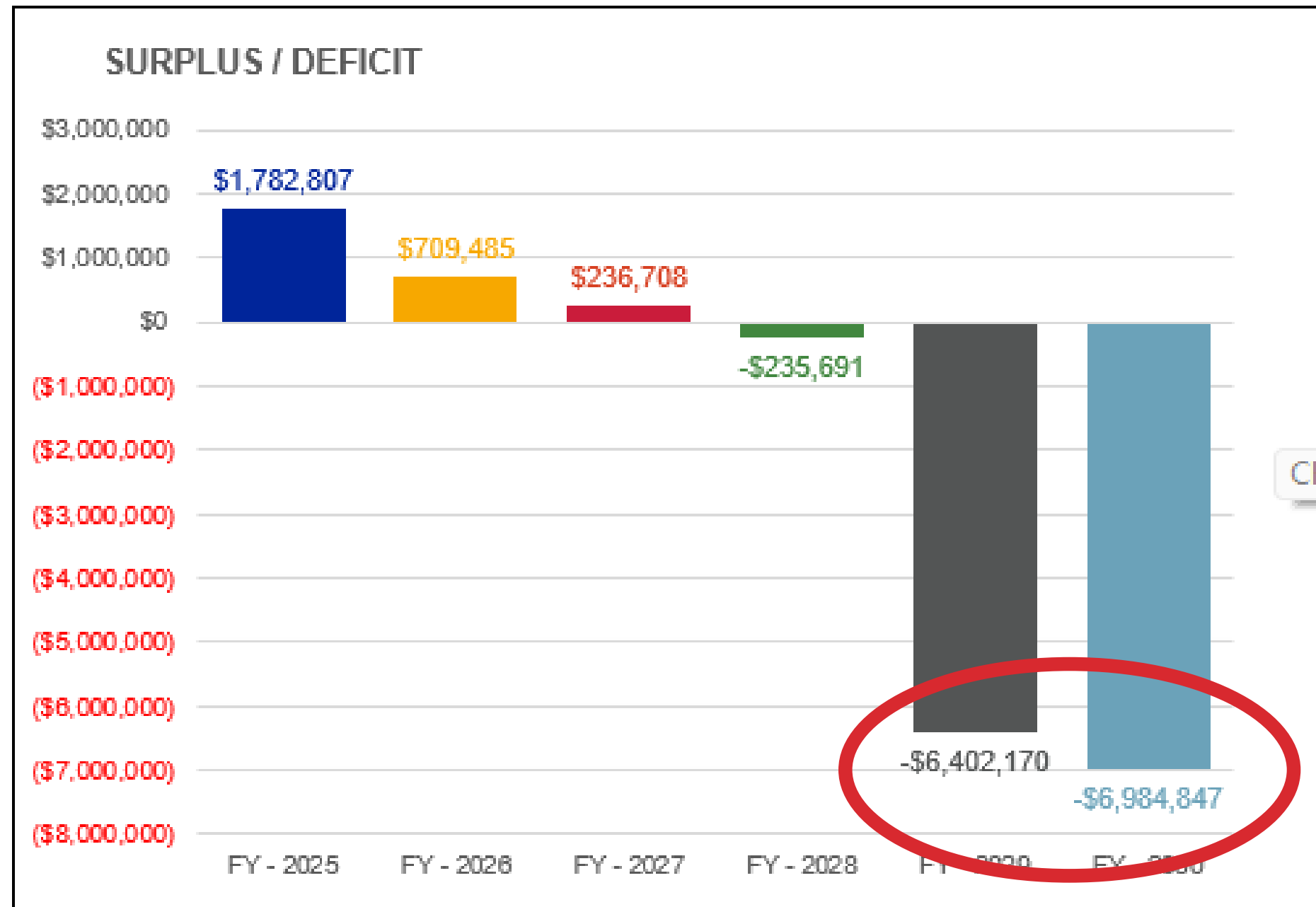
Referendum Forecast - Fall 2022



We knew that the large annual drops in net surplus would result in gaps that significantly exceeded \$5.5M per year in the years following the initial 5-year referendum



Referendum Progress - 2025

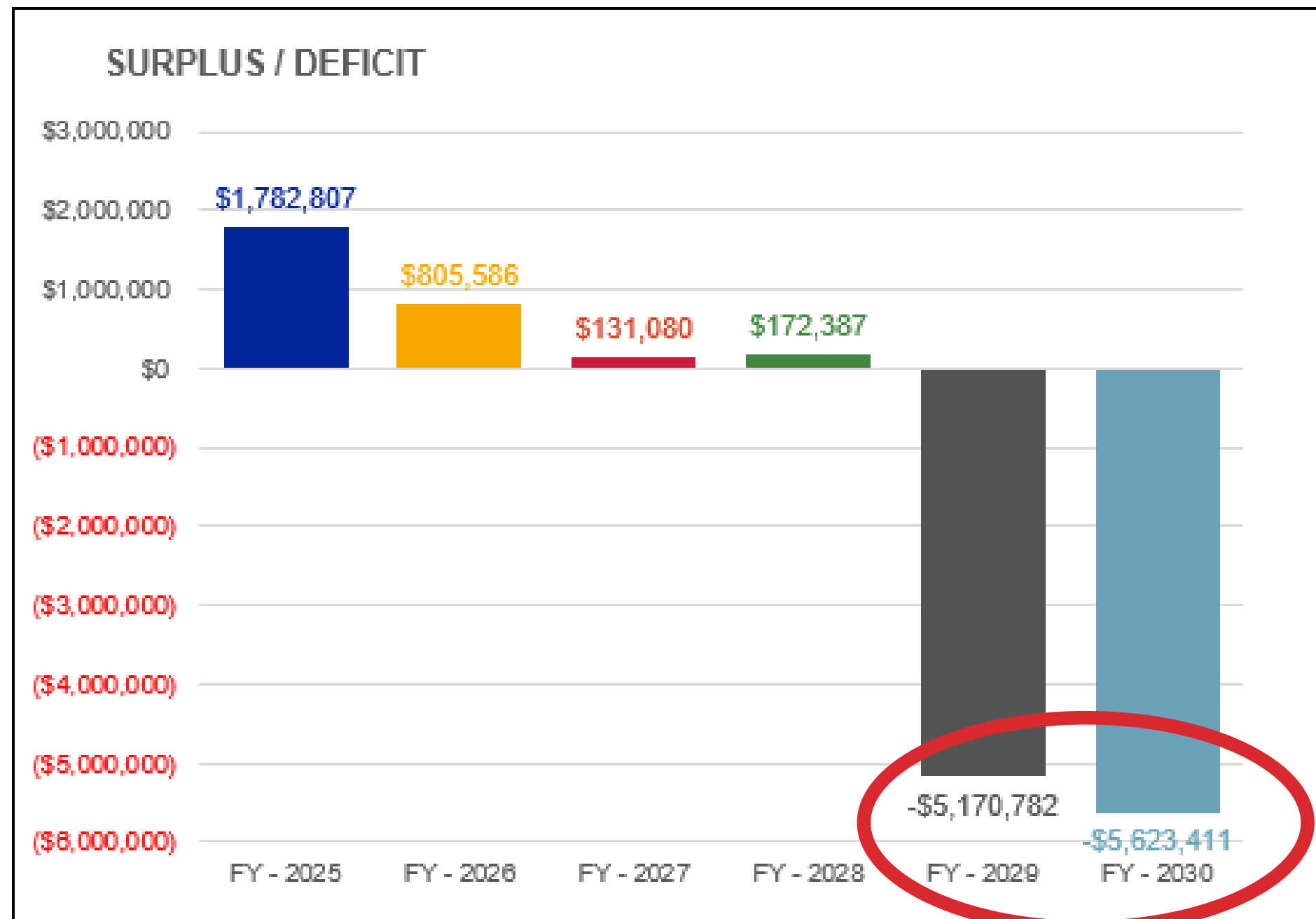


Based on our current model, we have decreased the pace at which the gap between revenues and expenses is widening, but are still projecting gaps well in excess of \$5.5M beginning in 28 -29.



Referendum Progress - 2026

With the proposed 25 -26 budget and current financial strategy, we expect to be able to reduce the magnitude of future reliance on operating referendum funds.



Strategies

1 Address the capital strain on operations

CAPITAL PROJECTS FUND (FUNDS 41, 46, 48, 49)	Audited 2022-23	Audited 2023-24	Budget 2024-25
900 000 Beginning Fund Balance	9,576,362	1,835,502	1,986,440
900 000 Ending Fund Balance	1,835,502	1,986,440	2,183,225
TOTAL REVENUES & OTHER FINANCING SOURCES	570,777	1,140,721	1,187,500
200 000 Support Services	8,187,222	414,783	990,715
400 000 Non-Program Transactions	124,415	574,999	0
TOTAL EXPENDITURES & OTHER FINANCING USES	8,311,637	989,783	990,715

While we have been increasing investment into our capital funds, our expenses for essential infrastructure such as roofing and heating/air conditioning maintenance have nearly equaled our annual investment.

(See 4-8-25 board materials for additional information on capital investments.)



Strategies

- 2 Leverage additional funds in years where we out-perform expectations/build capital funds.

One-time unexpected funding, investment income, hiring delays in 23-24, better than expected health care performance, and improved budgetary controls have helped increase the pace at which we've built our financial reserves.

We can invest in our capital funds when we have funding available, decreasing our future reliance on the revenue limit to fund our capital fund.



Strategies

- 3 Maintain fund balance for both working capital and as a tool kit for episodic, high-impact expenses.

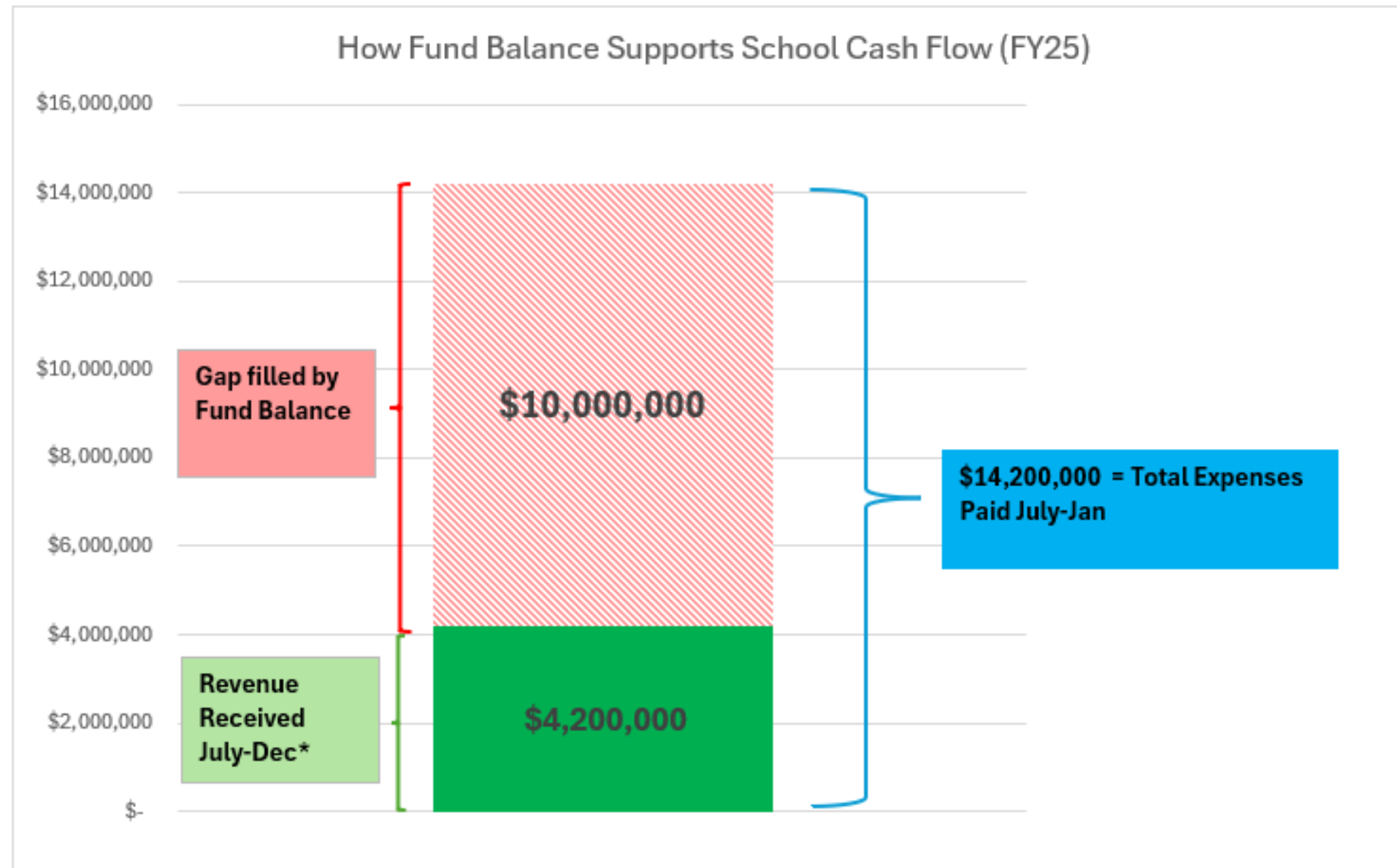
Fund balance is a strategic tool that can help us smooth the impact of unanticipated needs.



Fund Balance and Cash Flow

Funding working capital is one of the most important roles of fund balance.

In 24-25, we received only \$4.2M to fund \$14.2M in expenses in the first half of the year, leaving a gap of \$10M to be offset by financial reserves.



* January revenue is not included as it is not received until the second half of the month and therefore cannot be relied on to comfortably ensure funds are in place to fund payroll and bills



Fund Balance Allocation

FY25 DRAFT

Working Capital	\$ 11,000,000
Contingency	\$ 800,665
Emergencies	\$ 1,250,000
Health Care	\$ 750,000
Retirement Funding	\$ 65,000
Vehicle Replacement	\$ -

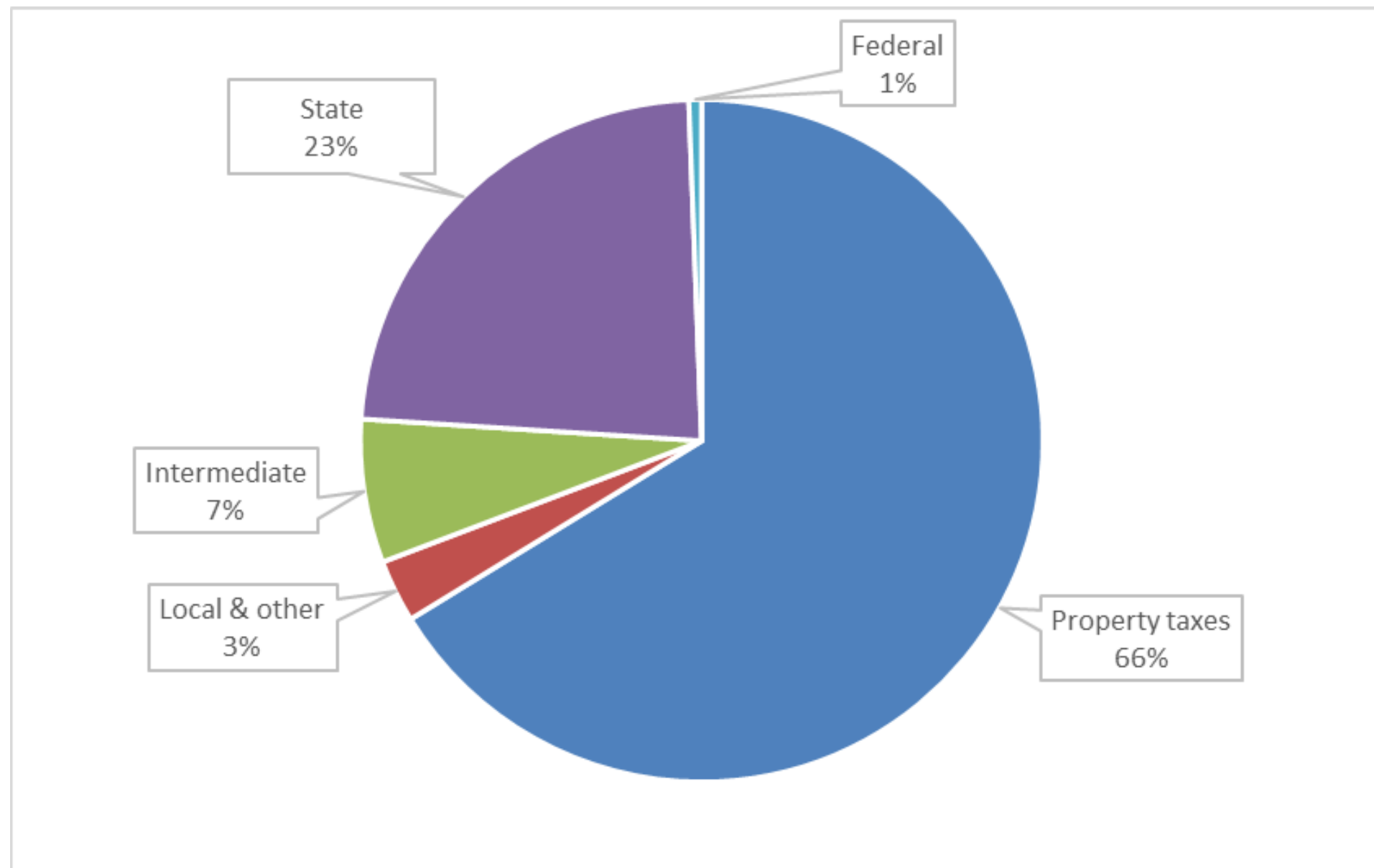
Allocating funds for each of these purposes helps us plan for the future and know we do not have to make drastic adjustments in the event of a crisis situation. These are estimates based on the FY25 budget and will be updated annually.



FY26 PROPOSED PRELIMINARY BUDGET DETAIL

Revenues by Source

General Fund (Fund 10)



Total Revenue: \$31,023,709 (- .6%)

We are planning for an increased reliance on property taxes over state aid, given instability in the state funding formula. This will be adjusted in the original budget.

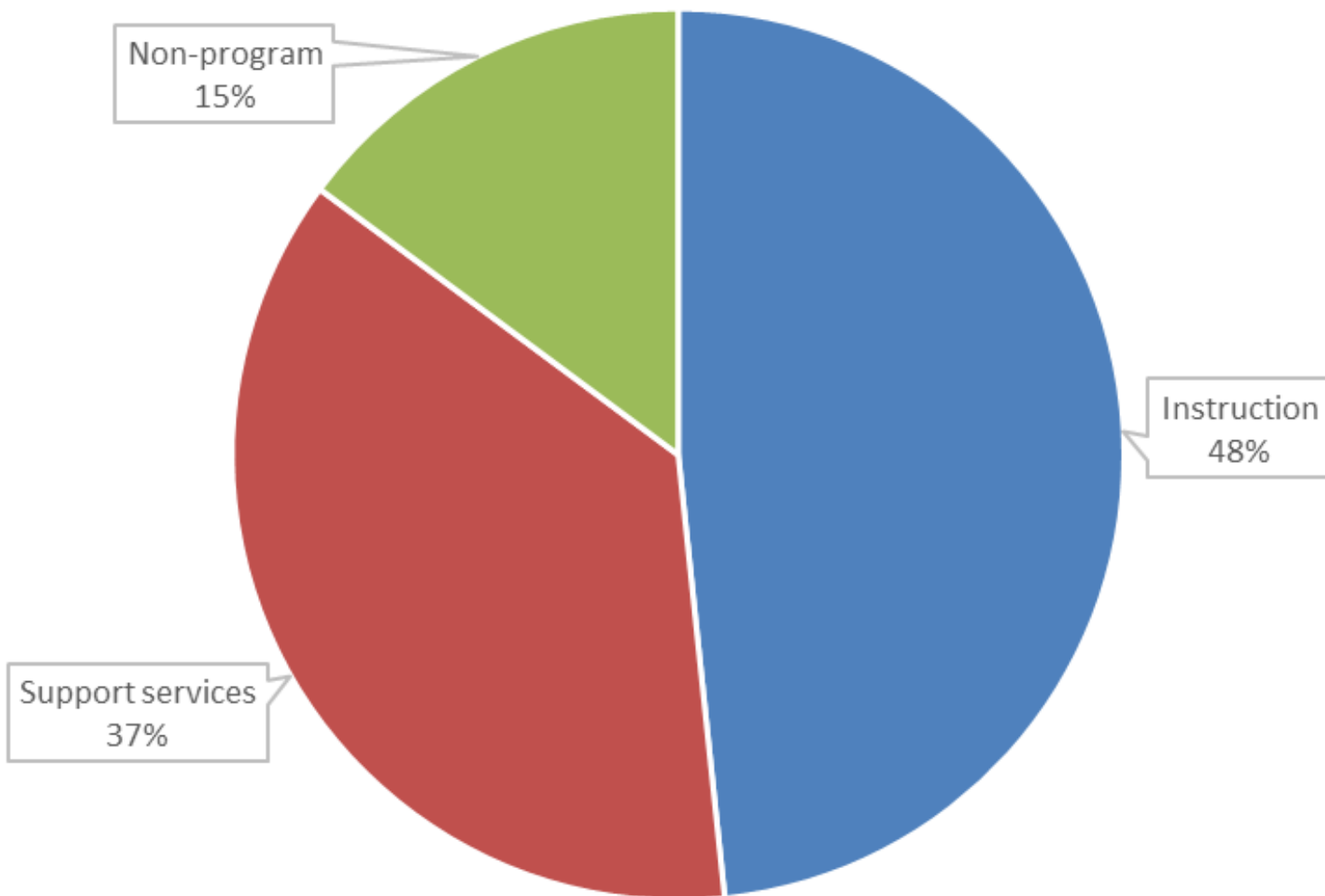


Expenses by Function

General Fund (Fund 10)

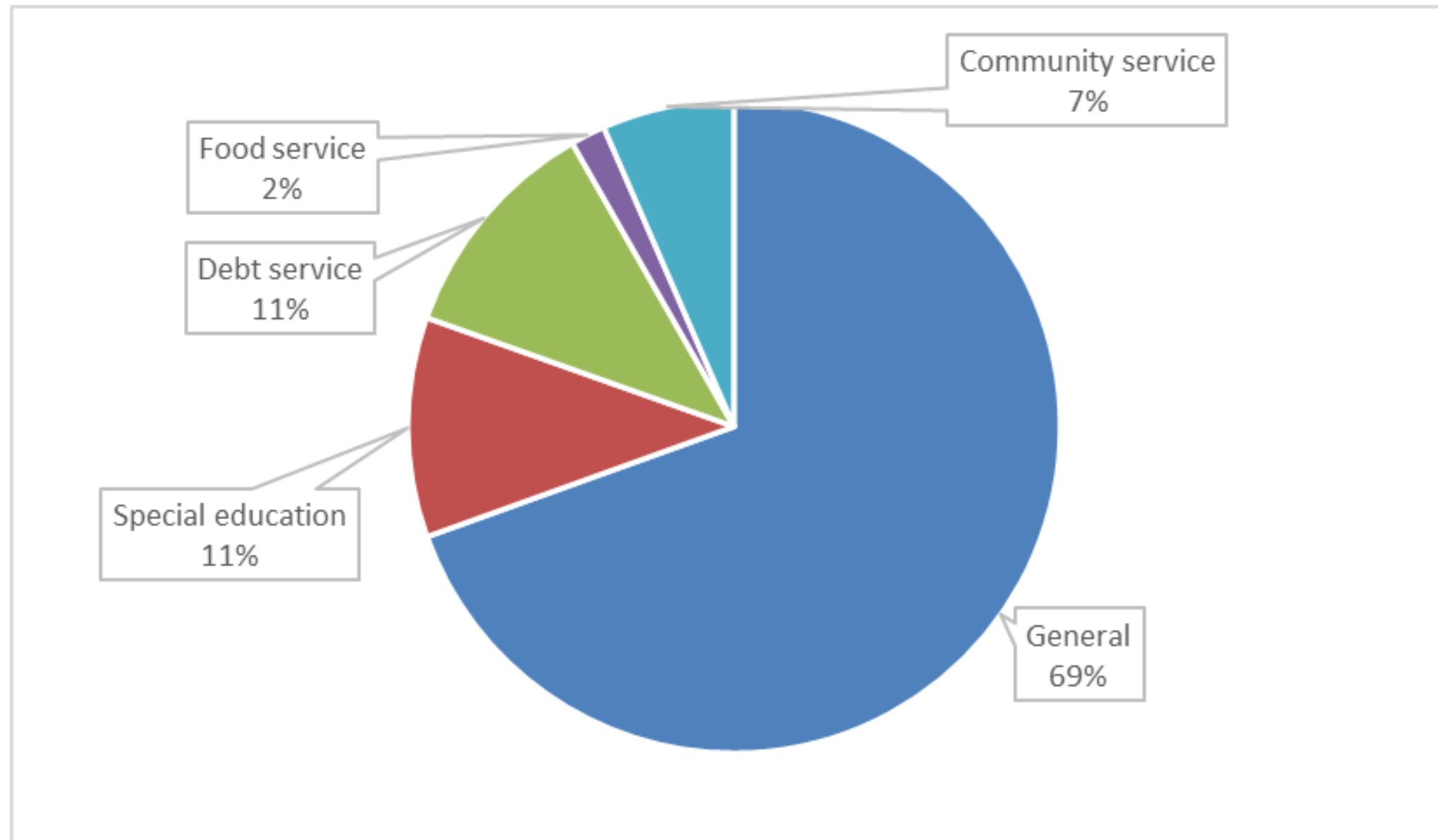
Total Expenses: \$30,224,001
(+2.4%)

Overall allocation by function is similar to the FY25 breakdown. The share of “non -program” expenses (operating transfers) increased slightly.



Expenses by Fund

All funds excluding capital



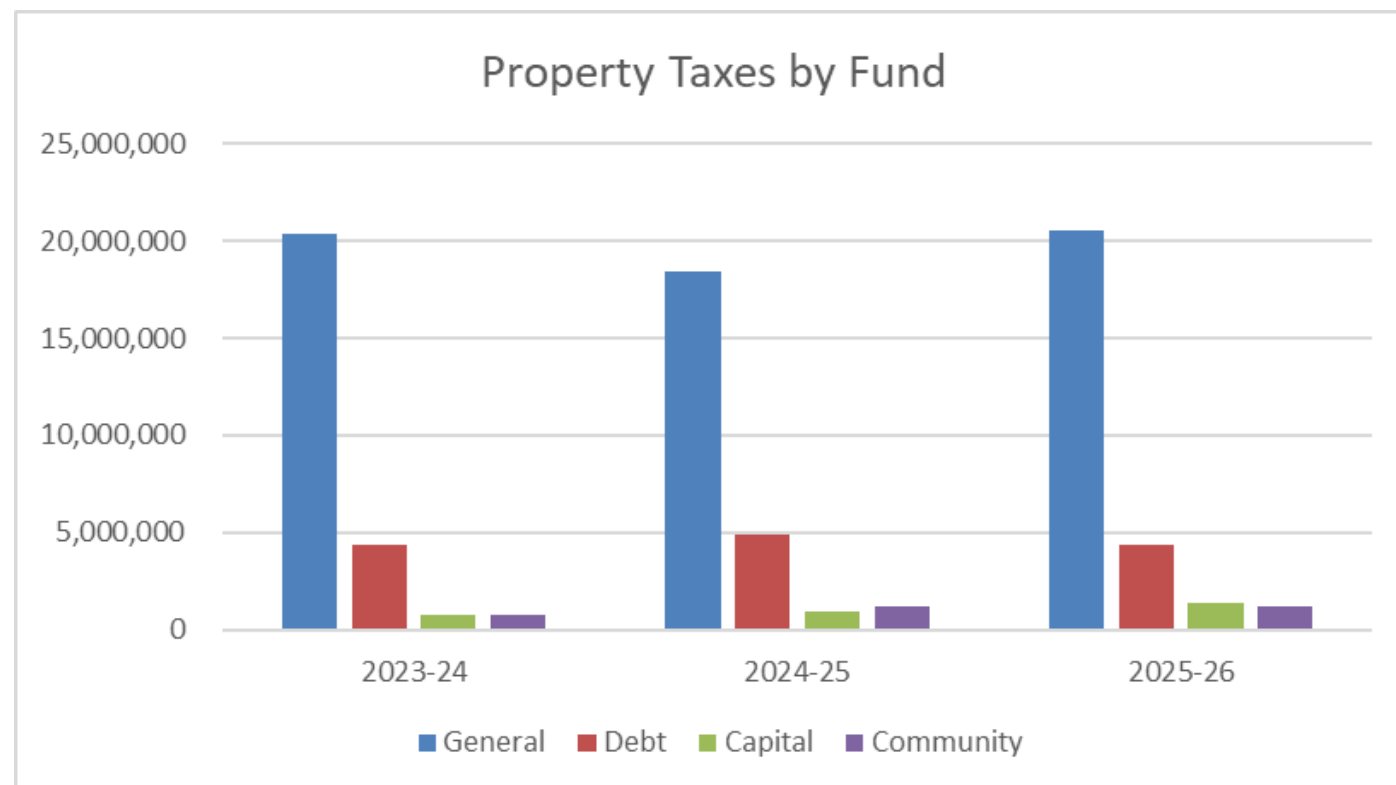
The general and special education funds together comprise 80% of the District's proposed FY26 expenses.

The capital fund is excluded due to large annual fluctuations. If included in FY26, capital expenses would comprise 2.7% of expenses.



Proposed Property Tax Levy

PROPOSED PROPERTY TAX LEVY			
FUND	Audited 2023-24	Budget 2024-25	Budget 2025-26
General Fund	20,338,974	18,388,111	20,553,836
Referendum Debt Service Fund	3,736,848	4,272,110	3,772,110
Non-Referendum Debt Service Fund	598,450	597,800	597,800
Capital Expansion Fund	750,000	937,500	1,375,000
Community Service Fund	800,000	1,250,000	1,250,000
TOTAL SCHOOL LEVY	26,224,272	25,445,521	27,548,746
PERCENTAGE INCREASE -- TOTAL LEVY FROM PRIOR YEAR		-3.0%	8.3%
Equalized property tax rate	12.35	13.40	12.19



The increased reliance on property taxes over state aid creates an overall increase in the property tax levy. This will be adjusted based on actual state aid prior to finalization of a tax levy recommendation.



Next Steps

- ☐ Preliminary Budget Approval - 6/10/25
- ☐ Enrollment and School Model Task Force
- ☐ Long-Term Goals: Where do we want to be at the end of the five-year referendum?



QUESTIONS AND DISCUSSION

