2026-27 Board Budget Development Guidelines Proposed Revision

Board Meeting

June 25, 2026

Martin Turney, Chief of Finance & Operations

Moriah Banasick, Executive Director of Finance & Budget

Purpose

- Discuss proposed updates to the current Board Budget Development Guidelines and consider revisions to reserve designations in advance of the 2026-27 budget adoption

Why Update the Budget Development Guidelines?

Current Financial Conditions

- Continued enrollment decline impacting state revenue
- Projected 2025-26 operating deficit of approximately $12.5M
- Ongoing operating cost pressures

Emerging Financial Risks

- Projected unreserved fund balance of approximately 1.45%
- Increased scrutiny from bond rating agencies
- Potential for higher borrowing costs and reduced savings opportunities
- Increased risk that auditors may identify financial condition concerns regarding reserve adequacy and long-term financial sustainability

Proposed Revision & Impact

Proposed Revision

- Reduce reserve designated for future school facilities from $20M to $5M

Key Considerations

- Major capital projects are now substantially underway, with key project costs established through design-build contracts
- A $5M reserve continues to provide funding for future school facility needs
- Current financial risks associated with a projected 1.45% unreserved fund balance are more immediate and significant
- This revision would increase the unreserved fund balance to approximately 5%, aligning more closely with the Board's 3%-7% reserve target

Thank you!

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