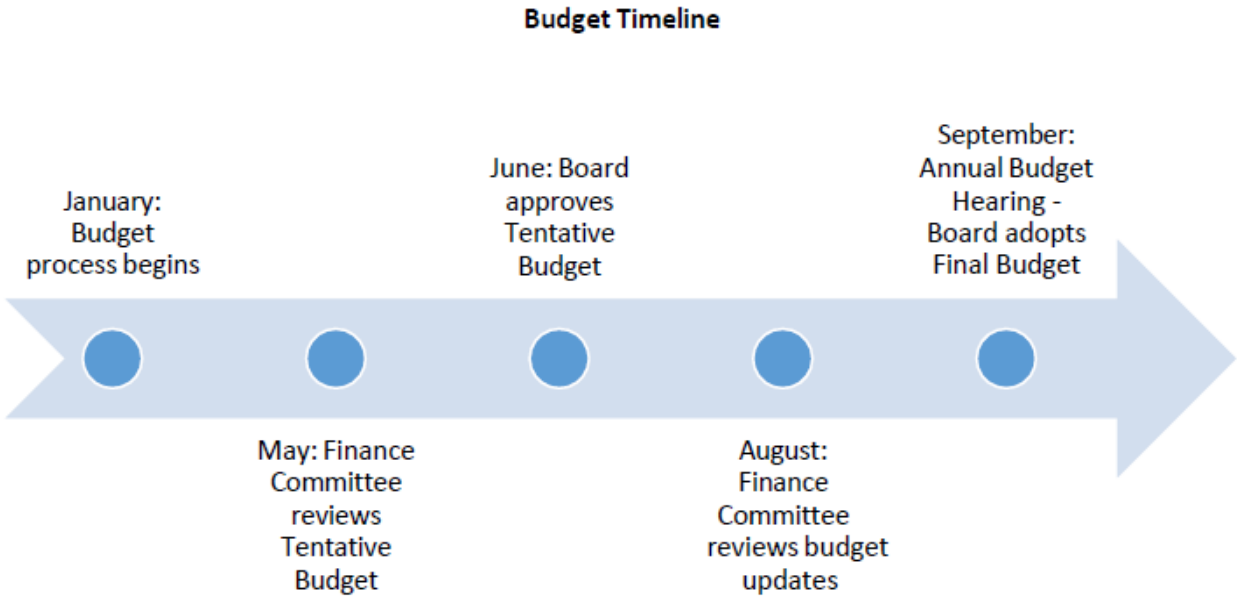
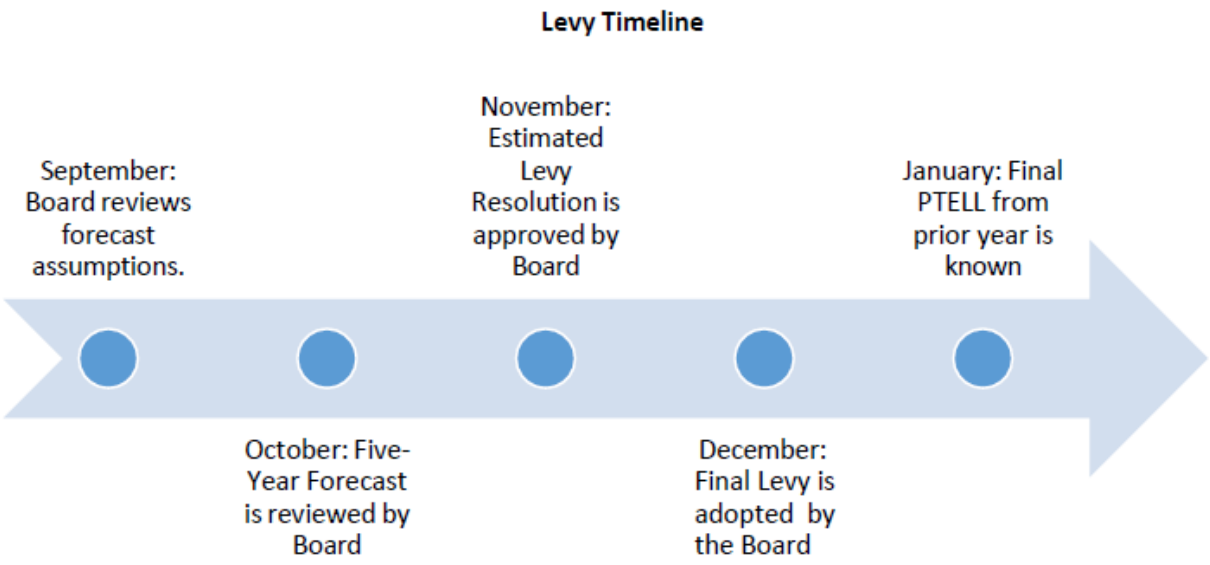
Budget Overview and Timeline

Each year, the district is required to prepare an annual budget for public review and Board Approval. The timeline is shown below; this process begins in January of each year; a tentative budget is approved in June, and a final budget is approved in September. The district currently uses a combination of Function/Object Budgeting along with Zero-Based Budgeting. Function/Object budgeting uses historical data organized around basic functions: instruction, support, and plant services. Objects are organized around salaries, benefits, services, supplies, and capital. Zero-Based budgeting starts with a clean slate, and the budget is built based on the expectations for the upcoming year independent of historical data. Zero-Based budgeting is used strategically to reevaluate and substantiate specific budget line items. Since it is a longer process the district elects to implement it when it is deemed that it will be value added. All department heads propose a budget for their department which includes everything for the coming fiscal year apart from salary and benefits which are budgeted by the Business Office. Those budgets are then reviewed by building leadership before being submitted to the Business Office. Items that are not specific to an individual department, e.g. utilities, are also budgeted by the Business Office. Capital projects are prioritized based on recommendations from administration and reviewed by the Board of Education. The district's budget is fully accrual, but it does exclude depreciation since the state budget form does not provide a means for reporting it. The Chief Financial Officer oversees the budgeting process.





Summary of Changes and Financial Drivers

For fiscal year 2027 the major year-over-year changes are below:

1. The Corporate Personal Property Replacement Tax "CPPRT" has been projected by the Illinois Department of Revenue to increase 22% year-over-year. After years of volatility the IDOR estimate for last two years has been in line with the actuals received so this budget estimate should be accurate.
2. With the uncertainty surrounding interest rates over the course of this year, the district is budgeting for interest earnings slightly below last year. An increase in interest rates would result in additional interest earnings and vice versa with an interest rate reduction. The timing is a factor as well in determining the magnitude of the impact based on where in the annual cash flow cycle the change occurs.
3. The district is fully staffed in all certified positions and support staff positions. The budget is completed assuming full staffing. Any vacancies create a financial benefit, while simultaneously creating an operational challenge.
4. Transportation and utility have increased significantly over the last few years. Transportation cost increases have started to normalize, and the district is working to bring some transportation in-house to reduce costs. The solar panel project is expected to provide approximately 25% of the district's electricity needs. This will provide operational cost savings once they are active.
5. The district is self-insured for medical and dental plans. Variability in claims can drive a surplus or deficit in the Self-Insurance Fund.
6. Mandated Categorical reimbursements, specifically for special education transportation and private facility tuition are anticipated to be prorated further.
7. The district saw a reduction in the annual allotments for Title I and Title II grants along with a reduction in the Pre-Employment Career Training (PECT) grant.

Summary of Revenues

The budgeted revenues are organized by source: local, state, federal, and other sources. In D86, most of our revenue comes from local sources.

	Actuals FY26*	Budget FY27	Variance F/(U)	% Change YOY
Local	$ 138,133,345	$ 142,080,972	$ 3,947,626	2.86%
State	$ 5,311,180	$ 5,597,336	$ 286,156	5.39%
Federal	$ 2,538,097	$ 1,366,036	$ (1,172,061)	-46.18%
Other Sources	$ 2,700,000	$ 1,500,000	$ (1,200,000)	-44.44%
Total Revenue	**$ 148,682,622**	**$ 150,544,344**	**$ 1,861,722**	**1.25%**

Increases in local revenue are being driven predominantly by the consumer price index (CPI) and new construction increases that were applied through the 2025 levy. Additionally, the district is anticipating an increase in the corporate replacement tax. Interest revenue is projected to be slightly down compared to the prior year. There are no other significant changes in local revenue.

State funding for fiscal year 2027 is projected to be relatively flat compared to the prior year. Evidence Based Funding (EBF) is the primary state funding method. The district is categorized as a tier 4 District meaning that it exceeds 100% of the adequacy target with current resources. Tier 4 districts receive a 0.15% annual increase in EBF. The district also receives mandated categorical payments that provide prorated reimbursement for prior year expenditures related to private facility tuition, regular/vocational transportation, and special education transportation. The regular and vocational transportation reimbursements are a flat amount and are a small fraction of the actual cost. The special education transportation costs have been increasing rapidly over the last few years, but the state has not maintained the reimbursement level and continues to prorate it further each year. The district is expecting to receive reimbursement for public facility tuition this year, but the proration of the funding is still unknown.

For federal funding the district receives the following federal grants: IDEA, Title I, Title II, Title III, Title IV, Perkins, and the Pre-Employment Career Training (formerly STEPs). The district has received a reduction in the annual allotment for Title I and Title II. The district is still waiting for additional information related to the PECT grant but is anticipating reductions based on the changes that were implemented last year. The district continued in this budget cycle moving salary and benefits from staff out of federal grants into operational funds as a continued way to insulate the district from declining federal revenues. For this budget there are only three full-time equivalent paraprofessional positions in the Title I budget. All other staff salaries and benefits for full-time positions have now been moved to operations. Along with the grants the district receives some reimbursement from Medicaid. Last year the district received Medicaid settlement funds from fiscal year 2023 and 2024. It is unknown if any settlement funds are owed for 2025 and if so when the fund would be disbursed.

The district will complete an interfund transfer as part of this budget of $1.5 million from the Education Fund to the Transportations Fund.

Summary of Expenditures

The budgeted expenditures are organized by object: salaries, benefits, purchased services, supplies, capital, dues and fees, and non-capital equipment.

	Actuals FY26*	Budget FY27	Variance F/(U)	% Change YOY
Salaries	$ 70,770,306	$ 71,021,226	$ 250,920	0.35%
Benefits	$ 26,460,020	$ 27,881,678	$ 1,421,658	5.37%
Purchased Services	$ 16,709,911	$ 17,554,722	$ 844,811	5.06%
Supplies	$ 4,374,140	$ 5,155,252	$ 781,112	17.86%
Capital	$ 6,994,179	$ 9,491,173	$ 2,496,994	35.70%
Dues & Fees	$ 19,770,967	$ 19,120,233	$ (650,734)	-3.29%
Non-Capital Equipment	$ 104,257	$ 169,913	$ 65,656	62.97%
Total Expenditures	**$ 145,183,779**	**$ 150,394,196**	**$ 5,210,418**	**3.59%**

Salaries & Benefits

Salaries and benefits account for approximately two-thirds of the district's annual budget. The full-time equivalents (FTE) for each budget year are determined by the Board of Education in March. The timing is determined to meet state requirements for non-renewal reporting and notification for certified staff.

Salary amounts and increases along with benefits are determined on an annual basis by collective bargaining agreements for employee groups in bargaining units or directly by the Board for non-unionized staff. Around 500 of the District FTE are covered under one of the three bargaining units that operate within the district. The three bargaining units are the Hinsdale High School Teachers Association (HHSTA), the Hinsdale Township High School Support Staff Association (HTHSSSA), and the Service Employees International Union (SEIU). In addition to base salaries for district staff, salaries also include stipends for athletic coaching, club sponsors, department chairs, substitutes, extra-duty, and overtime.

The district is self-insured for medical coverage. The employer medical premiums are expensed from operational funds and along with the employee premiums from employees' checks the funds are moved into a restricted Self-Insurance Fund. The Self-Insurance Fund is a sub-fund to the Educational Fund. All claims, premiums, administrative expenses, and fees are then paid from that fund.

Purchased Services

Transportation is the largest category of expenditures under purchased services and includes contracts for regular bus transportation, special education bus transportation, and taxi services for McKinney-Vento and special education students. The regular and special education transportation contracts are both multi-year contracts with annual increases between three and four percent. This has been a significant improvement over last few years which has seen significant cost increases. The next largest contract is for custodial services for all district sites. This contract is tied to CPI increases

on an annual basis. Also included in purchased services is software, insurance, legal fees, and travel. Property and casualty insurance increases last year were relatively flat after multiple years of large increases. Workers Compensation and Cyber Insurance have been relatively flat recently. Legal fees are budgeted at the annual average over the last few years, though last year the district ended well below budget. Utility cost increases are related to increases in water costs and increases in police service costs (SROs).

Supplies

Supplies include all consumable items for instruction, support services, and maintenance of the facilities. Also included in supplies are the natural gas and electricity costs to operate the district sites. The supply cost for electricity is lower this year based on our new multi-year contract. Natural gas is continuing the current contract that expires toward the end of this fiscal year. The infrastructure costs for electricity have escalated significantly due to the increasing electric demand across the country. The supply budgets show a large change compared to the prior year actuals because typically these budgets are not fully consumed annually.

Capital

The district completed the restroom renovation project at Hinsdale Central over the past summer. The switchgear maintenance at Hinsdale South was completed over the summer. The transformer replacements will occur in the fall. The solar panel array project began towards the end of the summer and will continue into the fall at both schools. The hallway flooring replacement at Central was limited this summer by some additional abatement that will need to occur next summer. The district will look to continue site improvements with exterior lighting projects for athletic facilities and work to improve the landscaping and overall aesthetic of the outdoor spaces.

Project Description	Completion	Site	Amount
Restroom Renovation	Summer 2026	Central	$ 3,290,953
Solar Panel Array Project (net amt)	Summer/Fall 2026	Central/South	$ 2,139,214
Transformers & Switchgear Maint.	Summer/Fall 2026	South	$ 681,500
Hallway Flooring	Summer 2026/2027	Central	$ 314,460
Stadium Lighting Replacement	Summer 2027	South	$ 305,000
Tower Field Lighting Addition	Summer 2027	Central	$ 415,000
Sitework & Landscaping Updates	Summer 2027	Central/South	$ 107,500
		Total	**$ 7,253,627**

Dues & Fees

There are four main categories of items within the dues & fees object codes: dues & fees, tuition, debt service, and transfers. Dues & Fees include activity contests, membership dues, and merchant fees. Tuition is for private/public facility tuition and the Technology Center of DuPage. There is one interfund transfer of $1.5 million from the Education Fund into the Transportation Fund. Below are

details on the current outstanding debt for the district and the principal and interest payments due this fiscal year. The district currently has the following bond series outstanding:

1. 2015B series was self-funded by the District for the Darien Transition Center renovation.
2. 2016A series is the refinanced portion of the 2012 series which provided air conditioning to classrooms.
3. 2019A series funded the referendum projects approved in April of 2019
4. 2019B series funded the referendum projects approved in April of 2019
5. 2020 series funded the referendum projects approved in April of 2019

	FY26 Payment		Remaining		
Series	**Principal**	**Interest**	**Principal**	**Interest**	**Matures**
2015B	$ 560,000	$ 17,584	$ -	$ -	1/15/2027
2016	$ 1,610,000	$ 117,083	$ 5,020,000	$ 152,660	12/30/2029
2019A	$ 1,675,000	$ 2,351,150	$ 55,420,000	$ 16,700,400	1/15/2039
2019B	$ -	$ 1,146,500	$ 27,735,000	$ 9,489,400	7/15/2039
2020	$ 3,770,000	$ 990,600	$ 23,320,000	$ 6,379,675	7/15/2040
Total	**$ 7,615,000**	**$ 4,622,917**	**$ 111,495,000**	**$ 32,722,135**	

Non-Capital Equipment

Non-capital equipment includes items that are over $500 in value that last longer than a year and are below the capitalization threshold for the district.

Fund Balance

The district is beginning the year with $33.1 million in total fund balances and does not expect a material change at the end of the fiscal year.

Fund	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance	Surplus/ (Deficit)
Education	$ 15,385,531	$ 95,321,314	$ 95,987,032	$ 14,719,813	$ (665,718)
Self-Insurance	$ 6,205,456	$ 11,819,108	$ 11,741,559	$ 6,283,005	$ 77,549
Operations & M	$ 777,377	$ 18,844,254	$ 18,930,319	$ 691,312	$ (86,065)
Debt Services	$ 2,318,837	$ 12,443,115	$ 12,239,742	$ 2,522,210	$ 203,373
Transportation	$ 328,227	$ 7,844,670	$ 7,555,826	$ 617,071	$ 288,844
Social Security	$ 706,504	$ 1,850,417	$ 2,062,201	$ 494,720	$ (211,784)
IMRF	$ 1,647,382	$ 593,510	$ 796,639	$ 1,444,254	$ (203,129)
Working Cash	$ 5,562,125	$ 625,990	$ -	$ 6,188,115	$ 625,990
Tort	$ 118,737	$ 1,201,966	$ 1,080,879	$ 239,824	$ 121,087
Grand Total	**$ 33,050,177**	**$ 150,544,344**	**$ 150,394,196**	**$ 33,200,324**	**$ 150,147**

Full-Time Equivalents (FTE)

Overall FTE is down compared to last year. The primary reductions are in certified staff and paraprofessionals.

Employee Group	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Teachers	332.30	329.80	315.50	319.80	318.50	321.20	318.30	319.30	317.70	309.40
Counselors	20.00	20.00	20.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Social Workers	11.00	12.00	14.00	14.00	14.00	14.00	14.00	15.00	16.00	16.00
Librarians	5.20	4.20	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Psychologists	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration	25.00	25.00	24.00	24.00	31.00	31.00	29.00	29.00	30.00	27.00
Aides/Student Supervisors	116.50	118.50	103.50	105.50	106.00	115.00	107.80	104.80	98.60	93.50
Buildings & Grounds	31.00	31.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Information Technology	10.00	10.00	14.00	14.00	14.00	13.00	13.00	13.00	13.00	12.00
Support Staff	71.00	64.00	72.00	70.00	73.00	74.00	77.00	82.00	83.00	83.00
Total FTE	**627.00**	**619.50**	**601.00**	**603.30**	**612.50**	**624.20**	**615.10**	**619.10**	**614.30**	**596.90**

Budget Outlook

Looking beyond fiscal year 2027 the district will be negotiating with the HHSTA as their contract expires on June 30, 2027. The HTHSSSA contract runs through June 30, 2029, and the SEIU contract through June 30, 2028. The high level of interest rates has had a positive impact on the district's interest earnings. A downturn in interest rates will have a significant impact on interest revenue. The district will continue to monitor and evaluate expenditure items related to transportation, insurance, and utilities as these have grown at a faster pace than inflation in the past few years.