LAKE BLUFF SCHOOL DISTRICT 65

TO: Board of Education
Dr. Lisa Leali, Superintendent

FROM: Jay Kahn, Chief School Business Official

DATE: September 29, 2026

RE: 2026 Final Budget

Background

The annual budget adopted by all public school districts includes all funds, that when taken as a whole, set the plan for accomplishing the educational and financial goals of the school board. All budgets must be entered and adopted on the budget form prepared and provided by the Illinois State Board of Education (ISBE).

The Budget is designed to meet requirements imposed by Illinois law and applicable rules; provide expending and taxing authority; and satisfy a minimum level of financial information for state, local and federal governments.

The tentative budget was on display at the Administrative Office and on the District's website for public inspection for at least 30 days prior to the public hearing and the public meeting at which the final budget will be approved. Budgets are due to be filed by September 30 each year.

There were only minor changes made between the tentative and final budget. A reconciliation of the final to prelim budget is attached.

- Revenue was increased slightly based on new corporate tax estimates, revised food service pricing, and the budgeting of the State Project Maintenance grant.

- Expenditures are also slightly higher as one additional special education outplacement was added and the long-term sub budget was increased based on known leaves.

Current Situation

The 2026 Tentative Budget is a *balanced* operating budget, but a small *net deficit* budget as we transfer some of the current fiscal year surplus fund balance to use for capital investment. Next year's budget prioritizes Student Growth and Support as well as Teacher Efficacy.

All comparisons are relative to the 2025-26 final audited actual results.

Total Revenue expected to be flat (- 0.1%) vs this year

Local Property taxes are up +2.9% due to the CPI increase, but net only a +1.5% increase due to a lower assumed collection rate (99%) and a 40% reduction in the recapture amount.

Corporate tax revenue is budgeted to increase by 16% based on **new guidance** from the Illinois Department of Revenue. The forecast for interest earnings (-25%) has not been updated, however recent federal reserve policy changes suggest upside in this revenue line.

State EBF (Evidenced Based Funding) which makes up 75% of state revenue will remain flat, but lower transportation and other grant funding will erode the small gains in local funding. Federal revenue is expected to be mostly flat vs FY26 (-5%).

Operating Expenditures are budgeted to increase (+4.7%) vs the prior year's audited actual results

Expenditures for *operations* are projected to increase by 4.7% (+$1.0 million) vs prior year largely due to increases in salaries and benefits due to salary increases and added FTE.

The District is able to present a balanced budget on flat revenue with increasing expenditures due to the significant favorability in FY26, which is ended the year with a $1.4 million surplus.

- Salaries increase +6.1% ($800 thousand) – The increase in salaries is driven by contractual salary increases of roughly 5%, admin and support staff increases of 3%-6%, and the addition of two instructional coaches, and one special education teacher to support a new dysregulation space. These increase are tempered by the restructuring of the technology department.
- Benefits increase +7.1% (~$190 thousand) – This increase is due to increases insurance costs which saw premium increases of 7-10%. Other pension and payroll tax benefits increase proportionally with salaries.
- Purchased services increase +7.5% ($250 thousand) – The contracts for night custodial and regular transportation services increased by only 3%, however, special education transportation and nursing services are projected to increase and we plan to contract tech department leadership.
- Supply expenses increase +12.8% ($75 thousand) – Supply increases mostly linked to the purchase of the new curriculum and regular inflationary increases.
- Capital expenditures (in operations) will see a reduction -68% (-$500 thousand) – The lease of new copiers and staff tech devices in the prior year was treated as capital creating a large year over year variance.
- Special Ed tuition expenses are higher +50% ($200 thousand) – due to one additional and one contingency outplacement vs the prior year. **An additional outplacement was added to the final budget** (vs the tentative budget).

Non-operating funds

- Debt service is budgeted in accordance with scheduled payments.
- Capital Projects fund spending reflects the elementary school emergency backup power generator which will be supported through a fund balance transfer from fund the education fund.

The Operating Fund Balance is projected to end the year at 42% of annual operating expenditures. The Fund Balance Board Policy target for fund balance is between 30% – 50%.

Lake Bluff Elementary School District 65
Statement of Revenue, Expenditures and Change in Fund Balance
Original Budget vs. Activity
By Object

	Operating Funds: General Fund		Operating Funds: Special Revenue Funds											
Revenue:	Education & Working Cash Funds	Δ PY	Operations & Maintenance Fund	Δ PY	Transportation Fund	Δ PY	Municipal Retirement / Social Security Fund	Δ PY	Debt Service Fund	Δ PY	Capital Projects Fund	Total Governmental Funds	Activity	Δ PY
Local Sources	$ 17,395,700	0.4%	$ 2,201,000	10.4%	$ 976,500	-13%	$ 534,750	-4%	$ 2,270,000	-2%	$ 35,734	$ 23,413,684	$ 23,339,386	0.3%
State Sources	588,850	-1%	50,000	0%	84,000	-28%	-		-		-	722,850	764,592	-5%
Federal Sources	440,013	-8%	-		-	-100%	1,850	-31%	-		-	441,863	487,153	-9%
Total Revenue	$ 18,424,563	0.1%	$ 2,251,000	10.1%	$ 1,060,500	-15%	$ 536,600	-4%	$ 2,270,000	-2%	$ 35,734	$ 24,578,397	$ 24,591,131	-0.1%
Expenditures:														
Salaries	$ 13,668,171	6.2%	$ 497,755	2.2%	$ -		$ -		$ -		$ -	$ 14,165,927	$ 13,354,272	6.1%
Employee Benefits	2,270,435	7.8%	74,477	8.3%	-		536,600	5%	-		-	2,881,511	2,687,786	7.2%
Purchased Services	1,667,821	0.1%	869,550	13.0%	1,008,250	17%	-		5,000	-48%	-	3,550,621	3,306,759	7.4%
Supplies	350,015	23%	338,750	3.8%	-		-		-		-	688,765	610,582	12.8%
Capital Outlay	10,000	-97%	252,000	-40%	-		-		-		350,000	612,000	785,795	-22%
Tuition, Fees & Debt Service	582,925	49.7%	500	-23%	-		-		2,371,969	-18%	-	2,955,394	3,292,273	-10%
Total Expenditures	$ 18,549,367	4.9%	$ 2,033,032	-2%	$ 1,008,250	17%	$ 536,600	5%	$ 2,376,969	-18%	$ 350,000	$ 24,854,218	$ 24,039,808	3.4%
Excess (Deficiency) of Revenue over (under) Expenditures	$ (124,804)		$ 217,968		$ 52,250		$ 0		$ (106,969)		$ (314,266)	$ (275,821)	$ 551,322	
Other Financing Sources/(Uses):														
Other Sources of Funds	-		-		-		-		153,150		350,000	503,150	2,040,043	
Other Uses of Funds	(503,150)		-		-		-		-		-	(503,150)	(1,167,393)	
Change in Fund Balance	**$ (627,954)**		**$ 217,968**		**$ 52,250**		**$ 0**		**$ 46,181**		**$ 35,734**	**$ (275,821)**	**$ 1,423,972**	
Beginning Fund Balance	$ 8,280,929		$ 548,751		$ 507,134		$ 266,733		$ 137,832		$ 563,878	$ 10,305,257		
Ending Fund Balance	$ 7,652,975		$ 766,719		$ 559,384		$ 266,733		$ 184,013		$ 599,612	$ 10,029,436		

Lake Bluff Elementary School District 65
Statement of Revenue, Expenditures and Change in Fund Balance
Original Budget vs. Activity
By Function

	Operating Funds													
	General Fund		Special Revenue Funds											
	Education & Working Cash Funds	Δ PY Act	Operations & Maintenance Fund	Δ PY Act	Transportation Fund	Δ PY Act	Municipal Retirement / Social Security Fund	Δ PY Act	Debt Service Fund	Δ PY Act	Capital Projects Fund	Total Governmental Funds	PY Actual	Δ PY Act
Revenue:														
Local Sources														
Real Estate Taxes	$ 15,999,700	1.8%	$ 2,116,500	10.4%	$ 861,500	-12%	$ 516,750	-2%	$ 2,245,000	-1%	$ -	$ 21,739,450	$ 21,418,091	1.5%
Replacement Taxes	270,000	16.3%	-		-		5,000	0.0%	-		-	275,000	237,132	16.0%
Earnings on Investments	490,000	-25%	45,000	-16%	15,000	-55%	13,000	-35%	25,000	-33%	18,500	606,500	810,404	-25%
Tuition	49,000	-29%	-		-		-		-		-	49,000	68,538	-29%
Student Fees	239,500	-4%	-		100,000	-5%	-		-		-	339,500	250,706	35%
Food Service	312,000	5%	-		-		-		-		-	312,000	298,261	5%
Other Local	35,500		39,500		-		-		-		17,234	92,234	256,255	-64%
Total Local Revenue	$ 17,395,700	-9.7%	$ 2,201,000	-13.5%	$ 976,500	-21%	$ 534,750	-4%	$ 2,270,000	-9%	$ 35,734	$ 23,413,684	$ 23,339,386	0.3%
State Sources														
General State Aid	$ 568,000	0%	$ -		$ -		$ -		$ -		$ -	$ 568,000	$ 567,354	0%
Special Education	20,000	-32%	-		-		-		-		-	20,000	29,455	-32%
Transportation	-		-		84,000	-28%	-		-		-	84,000	116,932	-28%
Other State	850	0%	50,000	0%	-		-		-		-	50,850	50,850	0%
Total State Sources	$ 588,850	-1%	$ 50,000	0%	$ 84,000	-28%	$ -		$ -		$ -	$ 722,850	$ 764,592	-5%
Federal Sources														
Special Ed	$ 266,500	-5%	$ -		$ -		$ 1,850	-28.5%	$ -		$ -	$ 268,350	$ 282,880	-5%
Milk	5,500	-11%	-		-		-		-		-	5,500	6,158	-11%
Title I - Low Income	33,759	5%	-		-	-100.0%	-	-100.0%	-		-	33,759	38,779	-13%
Title II - Teacher Quality	13,454		-		-		-		-		-	13,454	22,168	-39%
Other Federal	120,800	-24%	-		-		-		-		-	120,800	137,168	-12%
Total Federal Sources	$ 440,013	-8%	$ -		$ -	-100.0%	$ 1,850	-30.5%	$ -		$ -	$ 441,863	$ 487,153	-9%
Total Revenue	$ 18,424,563	0.1%	$ 2,251,000	10%	$ 1,060,500	-15%	$ 536,600	-4%	$ 2,270,000	-2%	$ 35,734	$ 24,578,397	$ 24,591,131	-0.1%
Expenditures:														
Instruction:														
Regular Programs	$ 7,461,750	0.3%	$ -		$ -		$ 88,473	2.5%	$ -		$ -	$ 7,550,222	$ 7,524,361	0.3%
Private Tuition	65,000	186%	-		-		-		-		-	65,000	22,737	186%
Special Education	2,594,758	8.1%	-		-		125,257	12.8%	-		-	2,720,015	2,510,581	8.3%
Remedial/Supplemental	449,876	26%	-		-		5,558	39.0%	-		-	455,434	361,246	26%
Cocurricular/Athetics	201,909	12%	-		-		2,478	-9.4%	-		-	204,388	183,447	11%
Gifted Programs	85,855	5.6%	-		-		1,067	18.1%	-		-	86,922	82,219	6%
Summer School	32,900	10%	-		-		464	10.3%	-		-	33,364	30,200	10%
Bilingual	487,582	1%	-		-		6,082	6.5%	-		-	493,664	487,721	1%
Other	-		-		-		-		-		-	-	-	
Total Instruction	$ 11,379,630	3.5%	$ -		$ -		$ 229,379	8.6%	$ -		$ -	$ 11,609,009	$ 11,202,510	3.6%
Supporting Services														
Pupil Support	$ 1,745,631	7.9%	$ -		$ -		$ 73,552	6.9%	$ -		$ -	$ 1,819,183	$ 1,685,999	7.9%
Educational Staff Support	1,105,118	64.8%	-		-		12,504	46.4%	-		-	1,117,622	679,289	64.5%
General Administration	1,170,611	-3.7%	-		-		34,782	4.8%	-		-	1,205,393	1,249,352	-3.5%
School Administration	1,012,567	2.5%	-		-		28,819	-7.6%	-		-	1,041,386	1,019,161	2.2%
Business & Operations	609,860	9%	2,033,032	-2%	1,008,250	17.0%	120,872	6%	-		350,000	4,122,014	3,609,046	14%
Food Service	410,178	10%	-		-		7,869	60.1%	-		-	418,047	377,022	11%
HR/Technology	514,023	-12%	-		-		28,823	-28.3%	-		-	542,846	624,190	-13%
Total Support Services	$ 6,567,987	9.3%	$ 2,033,032	-2%	$ 1,008,250	17.0%	$ 307,221	2.1%	$ -		$ 350,000	$ 10,266,490	$ 9,244,059	11.1%
Community Services	9,250		-		-		-		-		-	9,250	9,750	-5%
Nonprogrammed Charges														
Payments to other Districts	592,500	-11.8%	-		-		-		-		-	592,500	671,599	-12%
Debt Service														
Principal	-		-		-		-		2,076,920	-19%	-	2,076,920	2,562,245	-19%
Interest and Other Charges	-		-		-		-		300,049	-14.2%	-	300,049	349,644	-14.2%
Contingency	-		-		-		-		-		-	-	-	
Total Expenditures	$ 18,549,367	4.9%	$ 2,033,032	-2%	$ 1,008,250	17.0%	$ 536,600	5%	$ 2,376,969	-18%	$ 350,000	$ 24,854,218	$ 24,039,808	3.4%
Excess (Deficiency) of Revenue over (under) Expenditures	$ (124,804)		$ 217,968		$ 52,250		$ 0	-100.0%	$ (106,969)		$ (314,266)	$ (275,821)	$ 551,322	
Other Financing Sources/(Uses):														
Other Sources of Funds	-		-		-		-		153,150		350,000	503,150	2,040,043	
Other Uses of Funds	(503,150)		-		-		-		-		-	(503,150)	(1,167,393)	
Change in Fund Balance	**$ (627,954)**		**$ 217,968**		**$ 52,250**		**$ 0**	-100%	**$ 46,181**		$ 35,734	**$ (275,821)**	**$ 1,423,972**	

Lake Bluff Elementary School District 65
Statement of Revenue, Expenditures and Change in Fund Balance
Change vs Tentative Budget
By Object

	Operating Funds											
	General Fund		Special Revenue Funds									
Revenue:	Education & Working Cash Funds	Δ PY	Operations & Maintenance Fund	Δ PY	Transportation Fund	Δ PY	Municipal Retirement / Social Security Fund	Δ PY	Debt Service Fund	Δ PY	Capital Projects Fund	Total Governmental Funds
Local Sources	$ 83,000		$ 24,500		$ (500)		$ 250		$ -		$ 17,234	$ 124,484
State Sources	-		50,000		-		-		-		-	50,000
Federal Sources	16,300		-		-		-		-		-	16,300
Total Revenue	$ 99,300		$ 74,500		$ (500)		$ 250		$ -		$ 17,234	$ 190,784
Expenditures:												
Salaries	$ 54,547		$ (3,660)		$ -		$ -		$ -		$ -	$ 50,887
Employee Benefits	2,694		-		-		7,025		-		-	9,719
Purchased Services	(6,025)		51,200		(25,000)		-		-		-	20,175
Supplies	12,665		(5,250)		-		-		-		-	7,415
Capital Outlay	10,000		15,000		-		-		-		-	25,000
Tuition, Fees & Debt Service	93,500		-		-		-		6		-	93,506
Total Expenditures	$ 167,381		$ 57,290		$ (25,000)		$ 7,025		$ 6		$ -	$ 206,702
Excess (Deficiency) of Revenue over (under) Expenditures	$ (68,081)		$ 17,210		$ 24,500		$ (6,775)		$ (6)		$ 17,234	$ (15,918)
Other Financing Sources/(Uses):												
Other Sources of Funds	-		-		-		-		(5)		-	(5)
Other Uses of Funds	5		-		-		-		-		-	5
Change in Fund Balance	**$ (68,076)**		**$ 17,210**		**$ 24,500**		**$ (6,775)**		**$ (11)**		**$ 17,234**	**$ (15,918)**

Lake Bluff Elementary School District 65
Statement of Revenue, Expenditures and Change in Fund Balance
Change vs Tentative Budget
By Function

	Operating Funds						
	General Fund	Special Revenue Funds					
	Education & Working Cash Funds	Operations & Maintenance Fund	Transportation Fund	Municipal Retirement / Social Security Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:							
Local Sources							
Real Estate Taxes	$ -	$ -	$ -	$ 250	$ -	$ -	$ 250
Replacement Taxes	60,000	-	-	-	-	-	60,000
Earnings on Investments	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-
Student Fees	(2,000)	-	(500)	-	-	-	(2,500)
Food Service	25,000	-	-	-	-	-	25,000
Other Local	-	24,500	-	-	-	17,234	41,734
Total Local Revenue	$ 83,000	$ 24,500	$ (500)	$ 250	$ -	$ 17,234	$ 124,484
State Sources							
General State Aid	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Education	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Other State	-	50,000	-	-	-	-	50,000
Total State Sources	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ 50,000
Federal Sources							
Special Ed	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Milk	500	-	-	-	-	-	500
Title I - Low Income	-	-	-	-	-	-	-
Title II - Teacher Quality	-	-	-	-	-	-	-
Other Federal	15,800	-	-	-	-	-	15,800
Total Federal Sources	$ 16,300	$ -	$ -	$ -	$ -	$ -	$ 16,300
Total Revenue	$ 99,300	$ 74,500	$ (500)	$ 250	$ -	$ 17,234	$ 190,784
Expenditures:							
Instruction:							
Regular Programs	$ (6,696)	$ -	$ -	$ (846)	$ -	$ -	$ (7,542)
Private Tuition	-	-	-	-	-	-	-
Special Education	13,987	-	-	63	-	-	14,049
Remedial/Supplemental	250	-	-	-	-	-	250
Cocurricular/Athetics	4,250	-	-	-	-	-	4,250
Gifted Programs	(997)	-	-	-	-	-	(997)
Summer School	-	-	-	-	-	-	-
Bilingual	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Instruction	$ 10,794	$ -	$ -	$ (783)	$ -	$ -	$ 10,010
Supporting Services							
Pupil Support	$ 3,335	$ -	$ -	$ 78	$ -	$ -	$ 3,413
Educational Staff Support	14,946	-	-	0	-	-	14,946
General Administration	(9,560)	-	-	(1,772)	-	-	(11,332)
School Administration	14,073	-	-	-	-	-	14,073
Business & Operations	19,873	57,290	(25,000)	2,763	-	-	54,926
Food Service	6,873	-	-	123	-	-	6,995
HR/Technology	15,297	-	-	6,617	-	-	21,914
Total Support Services	$ 64,837	$ 57,290	$ (25,000)	$ 7,809	$ -	$ -	$ 104,935
Community Services	(750)	-	-	-	-	-	(750)
Nonprogrammed Charges							
Payments to other Districts	92,500	-	-	-	-	-	92,500
Debt Service							
Principal	-	-	-	-	2,795	-	2,795
Interest and Other Charges	-	-	-	-	(2,789)	-	(2,789)
Contingency	-	-	-	-	-	-	-
Total Expenditures	$ 167,381	$ 57,290	$ (25,000)	$ 7,025	$ 6	$ -	$ 206,702
Excess (Deficiency) of Revenue over (under) Expenditures	$ (68,081)	$ 17,210	$ 24,500	$ (6,775)	$ (6)	$ 17,234	$ (15,918)
Other Financing Sources/(Uses):							
Other Sources of Funds	-	-	-	-	(5)	-	(5)
Other Uses of Funds	5	-	-	-	-	-	5
Change in Fund Balance	**$ (68,076)**	**$ 17,210**	**$ 24,500**	**$ (6,775)**	**$ (11)**	$ 17,234	**$ (15,918)**