WOODRIDGE
SCHOOL DISTRICT 68

memo

To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: August 13, 2026
Subject: Business Services Update

Accounting/Financial Reporting

July's ending fund balance totaled $58.925M, down by $525K from June's ending fund balance of $59.450M. We collected $746K in revenues and paid out $1.271M in expenses in July. July's revenues and expenses were both fairly typical for this time of year, and July is one of our quieter financial months of the year, with the exception of some minimal property tax collections, interest income and Medicaid receipts on the revenue side, and small summer payroll expenses, insurance premium payments and construction payouts on the expenditure side. July is our second "transition month" of the new property tax cycle, as we continue to receive current year tax payments (only $340K was received in July, to go along with $26.3M remitted as "early tax receipts" from DuPage County in May and June). After receiving our second large property tax installment in September, we will be at our "high water mark" for fund balances at around $72M, and we will rely on those reserves to carry us through to next May, as we draw down our fund balances to about $40M-$42M (our low water mark for the year).

July expenses totaled $1.27M, and included $514K in regular board bills, with about $355K of this total in the Education Fund, $82K in the O&M Fund, $3K in the Transportation Fund, $6K in the Capital Projects Fund and $68K in the Tort Fund. We also processed two summer payrolls totaling only $755K, in July. Our fund balances typically increase significantly in June, decrease a little bit in July and August, and then increase significantly again in September, before decreasing each month for the rest of the fiscal year until the next May. In July we booked revenues for Property Tax Receipts ($340K), CPPRT ($50K), Interest Income ($180K), Investment Depreciation ($100K), Medicaid Reimbursements ($218K), Impact Fees ($13K), Energy Rebates ($11K) and Registration Fees ($24K), representing over 98.5% of all revenues collected in July. Overall, we had about $58.925M in reserves at the end of July this year, and we were at $63.085M at the end of June last year (a $4.16M decrease). Given the fact that we completed almost $7.9M in capital projects last year, and we expect to spend another $1.5M or so this summer, this was a very good outcome and was very much expected.

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Investments/Cash Management

At the end of July, we held $22.33M in Cash and Cash Equivalents (0-30 days), $2.25M in Short-Term Investments (30-90 days), $1.49M in Mid-Term Investments (90-365 days) and $32.855M in Long-Term Investments (over 1 year). As rates have held steady recently and the investment curve returned to a more traditional "positively sloped/normal curve", after a few years of an "inverted/abnormal curve", we are gradually moving our cash/cash equivalent investments out to longer term maturities if feasible. We are currently investing about $45.015M with PFM, $2.233M with Fifth Third Bank, $7.536M with PMA and $4.142M with Old National Bank. As of 7/31/26 there were no outstanding vouchers with ISBE. We remain in good shape from a cash flow standpoint, and our cash management and investment program is set to maximize interest earnings in the current interest rate environment. We earned about $2.6M in interest income in FY26 and we hope to earn about $2.5M in interest income in FY 27, if rates hold out and inflation persists.

Due to the previously inverted investment curve, we have been using cash and cash equivalents to maximize interest income for a few years now. However, for the first time in almost five years, the Fed cut rates in late 2024, and again in late 2025, dropping rates by 1.75% during that time, to a current Fed Funds Range of 3.50%-3.75%. This was expected and should lead to a normal upward sloping investment curve 2026-2027, where investing out for longer maturities will yield higher returns. However, persistent inflation might lead to a rate bump in late 2026. The CPI Report for July was released recently and it came in at 3.4% for CPI and 2.5% for Core CPI, a decrease of .1% and .1% over June. This was largely due to slightly lower energy prices related to a possible settlement in the conflict with Iran, and we expect inflation to be tied to the war with Iran for the near future. Overall investment rates have held steady lately at about 3.70% for cash and cash equivalents, 3.80% for short-term investments, 3.90% for mid-term investments and 4%+ for long-term investments. Our continued level of overall fund balance reserves, along with a managed investment program through PFM, allows us to realize maximum interest earnings, and provide supplemental funds for operations and capital projects.

State Legislation

The 104rd Session of the Illinois General Assembly concluded in late May and the General Assembly is now on Summer Break, as they prepare for Fall Elections and the Fall Veto Session. The General Assembly passed a tenuously balanced budget on 5/31/26 ($55.95B in revenues and $55.90B in expenses) and it remains to be seen if it stays balanced as we move through the fiscal year. The final budget included a $350M increase for EBF, a $50M increase for mandated categorical programs, and about $100M for various other items, so about $500M in additional education funds was approved by the legislature, but about $750M was requested by ISBE. Additionally, the City of Chicago is pushing for an additional $150M in “supplemental State funding” to balance its budget, but it remains to be seen if that request will be acted upon. Coincidentally, that is exactly the amount that the State underfunded our Mandated Categorical Grant Program, thereby increasing pro-rations for student transportation and special education services. We expect to receive slightly less funding this year from the State overall. The Fall Veto Session is expected to be uneventful, with the exception of CPS’s request for more funding.

The Democrat dominated General Assembly supported and moved the Governor’s budget and Education ended up getting just over $9B of the almost $56B budget (over 15% of all State revenues are going toward K-12 education). The General Assembly is now on Summer Recess, and no special sessions are planned as legislators prepare for the fall elections. Now that the Governor’s budget has been approved, we are looking at increased pro-rations to State Mandated Categorical Transportation and Private Facility reimbursement programs that will more than offset any marginal increases we might realize from increased Evidence Based Funding.

Federal Legislation

In Washington, there are ongoing efforts by the House to dismantle the Department of Education and reduce Federal funding for public education significantly, while at the same time placing additional restrictions on public schools. Luckily, the Senate has been hesitant in the past to go along with all of these proposed cuts and changes, and hopefully that resistance will continue. We only get about $2.5M of our roughly $65M budget (about 4%) from the Federal Government, but that $2.5M helps our neediest students (low income, special ed, bilingual and Medicaid eligible kids), so it is critical in allowing us to provide additional services for those at-risk populations. The new buzzwords in Washington are affordability and inflation, as the Administration tries to ease persistent inflation and lower energy prices. The Department of Education continues to push efforts to transfer much of its oversight to other agencies in an attempt to effectively shutter the department through 11 inter-agency agreements. However, recent court decisions have held up those plans and the fight continues over the role of the Federal Government in public education and funding at the Federal level. Closing the Department of Education seems highly unlikely, but its scope of services has been diminished.

Despite the negative effects of global geopolitical uncertainty, the war in the Middle East, high inflation and a somewhat stagnant job market, our economy continues to show resiliency and chug along. Our overall economy and equity markets remained relatively healthy through 2025 and into 2026, but the ongoing threat of elevated unemployment and high inflation during a recession (known as "stagflation") has many economists concerned, especially if the job market cools further and inflation increases a little bit. Consumer confidence is at an all-time low as the mid-term elections loom in the fall. Several education issues remain in the forefront, including elimination of the DoE, funding for IDEA, ESEA, E-Rate, Medicaid and School Meals, Title IX protections, School Choice Scholarships and Religion in Schools, to name a few. We continue to push for more USDA meal program reimbursements, increased IDEA and ESEA funding, and expanded Medicaid and E-Rate funding, but we are probably looking at flat funding at best, and more realistically probably Federal funding cuts at worst in the near future.

Legal Matters

We do have a few pending legal matters that Pat has been keeping you abreast of recently, but there are no new significant issues outstanding at this time (the WEA Contract Revisions are done, WESS Contract Negotiations are done, the FOIA lawsuit has been settled, the IELRB Hearing has concluded, all prior Tax Objection Lawsuits have been settled, there are no Special Ed Due Process Hearings going on, and the Social Media Class Action Lawsuit is slowly moving along) We continue to monitor the Social Media Class Action Lawsuit, and will keep the Board informed as that lawsuit proceeds. We also continue to monitor and process tax appeals and valuation objections for tax years 2023, 2024 and 2025. Ongoing fund balance management practices should allow us to minimize any future exposure to excess accumulation objections. However, ongoing assessment appeals always occur during the year and have to be dealt with on a recurring basis with the help of the Lisle Township Assessor, the DuPage County Supervisor of Assessors, the DuPage County Board of Review, and our legal counsel. I will continually update the Board as we move through "appeals season" this fall.

Economic Trends

Year over Year inflation (CPI) decreased in July, coming in at 3.4% (it was 3.5% in June). The June 2022 CPI of 9.1% was the highest in over four decades and way above the desired 2.0% - 2.5% target range set by the Fed. Year-Over-Year Core Inflation also decreased in July, coming in at 2.5% (it was 2.6% in June), as both CPI and Core CPI were still higher than desired. The Fed held rates steady in July and comments focused on following the data to make rate decisions, leaving the Overnight Lending Range at 3.50% to 3.75%. We don't expect any rate adjustments until maybe the fourth quarter of 2026, and there is growing talk of a rate increase instead of a rate decrease at that time. The long term goal is a rate range of 3.00%-3.25% with GDP growth of 3.5%-4.5% annually and unemployment around 4.5%-5.0%. A target Base CPI and Core CPI range of 2.0% to 2.5% has been set by the Fed, but the effect of the war in the Middle East, recurring economic uncertainty, inconsistent tariff policy, global trade wars, global geopolitical uncertainty, rising energy prices and a softening job market continue to cause concern among economists that we could encounter "stagflation", as inflation persists during a time of potential stagnant economic activity and higher than warranted unemployment. The Fed's dual mandate of supporting job growth while maintaining low inflation is becoming more of a challenge as inflation hovers near 3.5%-4.0% and the unemployment creeps over 4.5%. In the end, the path of the Fed under new Chairman Kevin Warsh is uncertain at this time, as President Trump has expressed his desire for lower rates, while the data suggests rates remain steady, or potentially go up a little bit, in the near future (until inflation comes under control).

Student Transportation

We finished the school year strong and just filed our State Transportation Claim this past week (we should get just over $1M in State reimbursements for student transportation). We also recommended a new hazardous crossing approval for IDOT's consideration (for River's Edge) and it was recently approved. As State pro-rations continue to decrease it will be all the more important to maximize our claim and collect as much as possible through the formula. We are also closely watching our fuel escalator costs, as the price of gas has risen dramatically, and we may need to budget more for gas next year. The bus driver shortage and gas costs are not isolated to us, and in checking around everyone has been dealing with these same challenges during the past year. We continue to work with First Student and Sunrise to try and address staffing issues and find ways to work around manpower shortages. We used the liquidated damages clause in our contract to recoup some costs for problems encountered last year, but we would much rather have the routes running properly and on time than take punitive credits.

Technology

Josh and his team are working on several special projects this summer in addition to their normal summer work. They are working on a PowerSchool Student Data Project with Anne Bowers, a Yellow Folder Student Records Project with Bill Schmidt, a Legacy Library Software Project with Greg Wolcott, an Energy Management Software Project with Kyle Hansen and a Dell DataCenter Project with me, while also completing regular summer cleanup, maintenance, inventory updates, and getting the new 1st and 5th grade devices ready to go. The new staff Chromebooks were given out this spring so they could get used to them prior to the school year starting, and the new student Chromebooks will be handed out to our 1st and 5th graders in late August. They also completed device turn in and buyback with our 8th graders purchasing their devices in May, and the reissuing of devices for use over the summer for our returning students. The IT Department was also been very busy supporting our schools with State testing (IAR and

ISA primarily) this past spring and everything went off without a hitch. Finally, they have been updating all of us on registration numbers so that we can proactively plan for splits at various grade levels (Dr. Schmidt will update you on our current splits).

Utility Management

As we moved through last winter, natural gas costs increased dramatically due to cold weather in January, the effects of the war in the Middle East this spring and some hot weather early this summer. We are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and minimize these additional costs. We finished installing solar arrays at Goodrich, Meadowview and Edgewood, and all three are up and running. We also filed for an additional IRS Federal Tax Credits of about $238K for our Phase I solar projects and we will be filing for about $1.075M of Federal Tax Credits for Phase II work this fall. Finally, we are investigating the possibility of installing an electric battery storage system and more will be presented on this topic in September. Energy costs are expected to keep rising in 2026, due to increased electricity demand from Data Centers, for PJM capacity charges, and from general energy market pressures due to the war in the Middle East. The three new solar arrays, in addition to the four brought online in early 2024, will be critical in reducing our electric supply costs and minimizing our capacity charges. We expect to generate almost 100% of our projected electricity needs with our solar program and we are looking to save $250K in annual electricity costs going forward, and pay less than $50K in total per year for our electricity. Finally, as we investigate the feasibility of installing a battery storage system in the district, this could provide over $9M in positive cash flow over its projected 15 year life cycle and potentially create additional future energy savings and significant positive cash flows.

Employee Benefits

Our Annual Open Enrollment Period closed in June and Sharon Maloney did an awesome job processing all of the changes for a 7/1/26 effective date. Unfortunately, we did realize a larger than normal increase in health insurance premiums this year (about double the norm at 15% overall) and that is putting an additional strain on our FY27 budget. We are hoping that increased Wellness Programming and participation in our annual Biometric Health Screening will improve claims and reduce year to year premium increases going forward. Our overarching goal/hope is to have a robust and comprehensive Wellness Program that will lead to improved claims experience and lower premium renewal rates for our various health insurance programs. We are happy to report that we achieved Tier III Wellness status with the EBC and will not only maximize our premium credits/rebates (we got over $60K back last week!), but also improve our claims experience going forward and move into the top tier of positive claims experience, so that we can lower our renewal increases in future years and get a better handle on our overall health insurance program costs. Kaela Araiza, Sharon Maloney and Michelle Swanson have developed the Wellness Committee and should be commended!

Food Services

The new food service program with Quest Foods was a big hit last year and we continued to see student participation increase steadily. We wrapped up our initial student taste testing at all schools in late April and the response was great! We had one final meeting with JJH students in early May, as we started planning for this year and continued improvements to the program. While we had seen participation rates of only about 10% for our pay students and 20%-25% for our free and reduced students two years ago, we are now seeing participation rates of about 30%-50% for our pay students and upwards of 45%-65% for our free students participating now! Our goal for this year is to have participation rates of 50% or more for pay students and 70% or more for free students by the end of the year. We are focusing on increased student participation and improving menu options and meal variety, while staying as cost effective as possible for our students and families. I would like to thank Michelle Swanson, Lynette Neal, Amy Mitchell and Cory Weider for all of their hard work this past year to help make this program such a huge success. In the end, we hope to have a much better food service program and greater rates of student participation and satisfaction going forward.

Custodial and Maintenance Services

Kyle Hanson and his custodial and maintenance crews have done an incredible job and been very busy this summer completing deep cleaning of all our schools, as well as completing summer maintenance and landscaping upgrades. I'd like to thank them for all of their hard work and the extra time and care they put in to check on our buildings during the evenings, weekends and off days, plow snow, salt sidewalks and ensure safe passage for our students, staff and visitors! Kyle and Grant are doing a great job managing and maintaining our staff despite a tight labor market and they have kept up on our construction planning and building management as well. The custodial and maintenance staff have done an awesome job this past year and our buildings have received compliments from students, staff and visitors alike, including Dr. Tony Sanders, who complimented Dr. Broncato on the condition of our buildings during his visit in May to Sipley and Jefferson. We made it through last winter without issue as we provided extra, deep cleaning to any identified hot spots in all of our schools. Kyle and Grant have been setting up and installing water sensors throughout our schools this summer and are also working to transition our Energy Management System at Murphy and Jefferson over to the Tridium system starting later this summer and into the fall. This will increase efficiency and create additional energy savings for the school district while also allowing us to better control temperatures throughout our buildings. We really do appreciate all of their ongoing efforts to keep our buildings and grounds safe, clean and looking great!

Construction and Capital Improvements

We did receive approval for the FY27 State School Maintenance Grant Program (a $50K matching grant) in April and it helped cover the costs of the bathroom renovations at Goodrich and Meadowview this summer. This summer's work included window and wall replacements at Edgewood, door and door frame replacements at Willow Creek and Sipley, bathroom remodeling at Goodrich and Meadowview, and extensive renovations and the installation of a new bathroom at Murphy, costing about $1.5M in total. We spent about $21.8M on $25M of budgeted work during our first CIP cycle (2017-2021), about $11.6M on $14M of budgeted work during our second CIP cycle (2021-2025), and we hope/expect to spend about $10.8M on $12.5M of budgeted work during our third CIP cycle (2025-2029). See Board memos related both to this summer and next summer's construction projects, and we are also moving forward with the Park District to install a new Challenger Course at JJH later this summer and fall.

Risk Management

With the approval of our SELF Worker's Compensation Insurance Policy in June, and the SSCIP Property/Casualty/Liability Insurance renewal last December (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in very good shape from a risk management and insurance coverage perspective. Both were good renewals with broad lines of coverage and enhanced risk management services. We are installing a water sensor program through SSCIP this summer at no cost to the school district and we received a $3K SELF Safety Grant this summer as well. We have two very stable insurance cooperative programs in place that not only maximize coverage while minimizing cost, but also employ proactive claims management tools and programs. The SELF and SSCIP cooperatives are both running smoothly and are financially sound. I just wrapped up my second year as Chairman of the SSCIP Executive Board (I have two more years to go as the Chair) and so far things have gone very well. We continue to implement proactive programs, like the water sensor monitoring program and effective return to work practices, and we have realized excellent claims experience with both programs as a result. We also recently transitioned to a new claims management firm for SELF this summer. Finally, we are actively managing our funds to make sure that we don't develop fund balances that might be susceptible to excess accumulation claims.

As always, let me know if you have any questions or need additional information…thanks!