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:	October 22, 2026
Subject:	Business Services Update

Accounting/Financial Reporting

September's ending fund balance totaled $71.43M, up by about $15.02M from August's ending fund balance of $56.41M. We collected $21.62M in revenues and paid out $6.60M in expenses. September's revenues were fairly typical for this time of year, as we received our second large property tax installment of the year from DuPage County, in addition to normal Evidence Based Funding receipts, Interest Income, Special Education Reimbursements, Transportation Reimbursements and other miscellaneous reimbursements. On the expenditure side we had two normal school year payrolls and typical Board Bills and Construction Payouts. September is our second big collection month of the property tax cycle, as we continue to receive current year tax payments (we have now received about 95% of our 2025 property tax extension of $49.18M). After receiving our second large property tax installment in September, we are at our high water mark for fund balances for the year (at $71.43M), 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 over that time.

September expenses totaled $6.599M, and included $2.858M in regular board bills, with about $2.634K in the Education Fund, $141K in the O&M Fund, $38K in the Transportation Fund, $10K in the Capital Projects Fund and $34K in the Tort Fund. We also processed two regular payrolls, totaling just over $3.73M. Our fund balances increased significantly in June, decreased a little bit in July and August, and then increased significantly again in September, before decreasing each month for the rest of the fiscal year until the next May/June. In September we booked Property Tax Receipts ($20.85M), EBF Reimbursements ($434K), Impact Fees ($13K), Interest Income ($158K), Investment Depreciation ($488K), Medicaid Reimbursements ($ K), Title Grant Reimbursements ($16K), IDEA Reimbursements ($136K), Transportation Reimbursements ($391K), Fees/Refunds/Donations ($25K), Food/Meal Sales ($53K) and Refunded Checks Fees ($13K), representing about 99.9% of all revenues collected in September. Overall, we had about $71.43M in reserves at the end of September this year, and we

were at $73.59M last year (a $2.16M decrease). Given that we completed about $9M in capital projects over the past two summers, this was still a very good outcome.

Investments/Cash Management

At the end of September , we held $16.86M in Cash and Cash Equivalents (0-30 days), $10.41M in Short-Term Investments (30-90 days), $1.96M in Mid-Term Investments (90-365 days) and $42.20M in Long-Term Investments (over 1 year). Rates have increased some in recent weeks and the investment curve has returned to a more traditional positively sloped curve, after a few years of an inverted/abnormal curve and we are gradually moving our investments out to longer term maturities. We are currently investing about $54.77M with PFM, $10.49M and with PMA and $6.17M with Old National Bank. As of 9/30/26 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 $3M in interest income in FY 27, if rates moderate upward and stay elevated, as expected.

Due to the previously inverted investment curve, we had been using cash and cash equivalents to maximize interest income. 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 Fed Funds Range of 3.50%-3.75%. This has led to a normal upward sloping investment curve in 2026, where investing out for longer maturities yielded higher returns. However, due to recent persistent inflation, primarily from higher energy, food prices and interest rates, the Fed Board increased rates in September by 25bps, bumping the range to 3.75%-4.00%. The CPI Report for September was released recently and it came in at 3.7% for CPI (a .3% increase over August) and 2.6% for Core CPI (a .2% increase over August). Overall rates have ticked up slightly in response to this rate hikes, to about 3.89% for cash/cash equivalents, 4.12% for short-term investments, 4.48% for mid-term investments and 5.10%+ for long-term investments. Our continued strong level of overall fund balance reserves, along with a managed investment program through PFM, allows us to maximize interest earnings, providing funds for operations.

State Legislation

The 104rd Session of the Illinois General Assembly will conclude in early December with the Veto Session and the General Assembly will convene its 105th Session in early January. 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 (equates to an $81K increase for us),

a $50M increase for mandated categorical programs (a $125K cut for us), and about $100M for various other items (no new money for us), so about $500M in additional education funds was approved by the legislature, but about $750M was requested by ISBE (we will probably have a small net decrease in State revenues this year). Additionally, the Chicago Public Schools System 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 and effectively cutting our funding. The Fall Veto Session is expected to be uneventful, with the exception of CPS's request for more money, and few education issues are expected to be on the agenda.

The Democrat dominated General Assembly supported and moved the Governor's budget and K-12 Education ended up getting just over $9B of the almost $56B budget (over 15% of all State revenues). The General Assembly is still in Recess, and no special session is planned as legislators prepare for the November election. Now that the Governor's budget has been approved, we are looking at increased pro-rations and cuts 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 New Tier Funding.

Federal Legislation

In Washington, there are ongoing efforts by the Administration to dismantle the Department of Education and reduce Federal funding for public education, while at the same time placing additional restrictions on public schools. Luckily, the Courts and Congress have been hesitant to go along with all of these proposed cuts, and hopefully that resistance will continue (especially if the midterm elections result in change of power in Congress). 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 heading into the elections are affordability and inflation, as the Administration tries to ease persistent inflation and lower food and 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 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 education funding at the Federal level. Closing the Department of Education seems unlikely, but its workforce and scope of services has recently 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 signs of growth. Our overall economy and equity markets remain relatively healthy in 2026, but the ongoing threat of elevated unemployment and high inflation during a recessionary period (known as "stagflation") has economists concerned, especially if the job market cools further and inflation increases much more. Consumer confidence related to affordability is at an all-time low as the mid-term elections loom next month. Several education issues are in the forefront, including the 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 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 concluded, the FOIA lawsuit has been settled, WEA Arbitration has been cancelled, 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 Lawsuit, and Pat will keep the Board informed as that lawsuit proceeds. We also continue to monitor and process 2023-2026 tax appeals and valuation objections. Ongoing fund balance management practices should allow us to minimize any future exposure to excess accumulation claims. 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 update the Board as we move through "assessment appeals season" this winter.

Economic Trends

Year-Over-Year Base Inflation (CPI) increased in September, coming in at 3.7% (it was 3.4% in August). 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 increased in September, coming it at 2.6% (it was 2.4% in August), as both CPI and Core CPI were still somewhat higher than desired. The Fed increased rates by 25bps in September, in an effort to cool persistent inflation, raising the Overnight Lending Range to 3.75% to 4.00%. We expect one more rate hike in December and then 2-3 more in 2027, if inflation doesn't moderate.

The long term goal is an Overnight Lending Rate range of 3.00%-3.25% with GDP growth of 3.5%-4.5% and unemployment under 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 and food 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/minimizing unemployment while maintaining low inflation/lower interest rates is becoming more of a challenge as inflation has hovered near 4.0% and unemployment creeps over 4.5%. What the new Fed Chair (Kevin Warsh) will do is uncertain, as President Trump wants lower interest rates, while the data suggests interest rates should remain steady, or potentially go up a little bit more in the near future (until inflation is under control).

Student Transportation

We finished the school year strong and just filed our State Transportation Claim in mid August (we should get over $1.2M in State reimbursements for student transportation). 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 diesel gas has risen dramatically, and we may need to budget more for gas costs this year. The bus driver shortage and escalating diesel 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 are using the liquidated damages clause in our contract to recoup some costs for problems encountered, but we would much rather have the routes running properly and on time than take these punitive credits.

Technology

The IT Department is working on several special projects this summer/fall, in addition to their normal workload. 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 completing regular work and getting Chromebooks out to all students. The new staff Chromebooks were given out last spring, and they are already planning for ordering next year's devices (see the related discussion Memo). The IT Department was also very busy this spring supporting our schools with State testing (IAR and ISA) . The testing went off without a hitch.

Utility Management

Both natural gas and electricity costs have increased significantly in 2026, as the effects of the wars in the Middle East and Ukraine impacted supply and some hot weather and Data Center development this summer increased demand. We are working with our Cooperative (the IUPC) to manage our natural gas and electric needs and minimize these cost increases. We are finished installing solar arrays at Goodrich, Meadowview and Edgewood, and all three were up and running by the end of June. We also filed for an additional IRS Federal Tax Credit of about $238K for our Phase I solar projects and we will be filing for about $1.078M of Federal Tax Credits for Phase II work this fall. Finally, we are investigating the possibility of installing a battery energy storage system and more will be presented on this topic at the November Board Meeting. Energy costs are expected to keep rising into 2027, due to increased electricity demand from Data Centers, for PJM capacity and transmission charges, and from general energy market pressures due to the wars in the Middle East and Ukraine. 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 additional charges. We should generate almost 100% of our projected electricity needs with our solar program and we are looking to save $250K or more 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 energy storage system in the district, this could provide $5M to $10M in positive cash flows over a projected 15 year life cycle and potentially create additional future energy savings and significant positive cash flows for the school district.

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 additional pressure on our FY27 Budget (about $750K in additional expenses). 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 comprehensive Wellness Program that will lead to improved claims experience and lower premium renewal rates, while increasing employee health and well-being. We are happy to report that we achieved Tier III Wellness status with the EBC in FY2026 that will maximize our premium credits/rebates (we got over $61K back in August!), and hopefully improve our claims experience going forward so that we can lower our renewal increases in future years and get a better handle on our overall health insurance program costs.

Food Services

The new food service program with Quest Foods was a big hit last year and we continue to see student participation increase steadily as we start 2026-2027. We had our first student taste testing of the year this week at Jefferson and it was a big success! While we had seen participation rates of only about 10%-12% for our pay students and 20%-25% for our free and reduced students just two years ago, we are now seeing participation rates at some schools of up to 50% or more for our pay students and upwards of 70% or more free/reduced students! Our goal is to have participation rates of 50% or more for our pay students and 75% or more for our free/reduced students at all schools 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 to help make this program such a huge success! In the end, we hope to have an even 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 completing deep cleaning of all our schools, as well as completing preventative 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 and ensure safe passage for our students, staff and visitors alike! 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 work/planning and building management. The custodial and maintenance crews did an awesome job this past year and our buildings received compliments from students, staff and visitors alike, including State Superintendent 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 and we plan to do the same again this year. 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 later this 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. Finally, Kyle and Grant are taking the lead in developing a repair and maintenance program for our solar arrays, in an effort to reduce downtime and maximize savings from this program. We really appreciate all of their efforts, and those of their staff, to keep our buildings and grounds safe, clean and looking great!

Construction and Capital Improvements

We did receive approval for the FY26 State School Maintenance Grant Program (a $50K matching grant) last April and it helped cover the costs of the bathroom renovations at Goodrich this past summer. We will be applying for the FY27 grant this winter (see the related Board Discussion Item) to support ongoing bathroom renovations at Sipley next summer. This past summer's work included window and wall replacements at Edgewood, door and door frame replacements at Willow Creek and Sipley, bathroom renovations at Goodrich and Meadowview, and extensive renovations and the installation of a new bathroom at Murphy, costing about $1.15M 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 $10.5M on $12.5M of budgeted work during our third CIP cycle (2025-2029). We are in the process of closing out this summer's construction work, and we are also working with the Park District to install a Challenger Course at JJH this month.

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 installed 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!