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: April 16, 2026
Subject: Business Services Update

Accounting/Financial Reporting

March's ending fund balance totaled $49.86M, down by $4.45M from February's ending fund balance of $54.31M. We collected only $392K in revenues and paid out $4.85M in expenses in March. March's revenues were less than normal due to a large amount of non-cash investment depreciation (~$427K) and cash receipts were actually about $819K (in the normal range) and expenses were fairly typical for this time of year (a little under $5M). March is our sixth "normal/typical" month of the year and we will continue to steadily draw down fund balances into May, when we get our first early tax payment for next year. After receiving our second large property tax installment on September 5th we were at our "high water mark" for fund balances for the year (at $73.62M), and we will rely on those reserves to carry us through May as we draw down our fund balances to around $40M to $45M range (our low water mark for the year) before getting just over $22M in early tax receipts in late May/early June.

March expenses totaled $4.85M, including $1.23M in regular board bills, with about $835K in the Education Fund, $147K in the O&M Fund, and $217K in the Trans. Fund, $25K in the Capital Projects Fund and $3K in the Tort Fund. We also processed two regular payrolls in March, accounting for $3.67M in payroll expenses. Our fund balances typically decrease in July and August, then increase significantly in September, before decreasing for the rest of the fiscal year until June. In February we booked Prior Year Tax Receipts ($3K), Interest Income ($159K), Investment Depreciation (-$427K), EBF State Aid ($427K), EC Grant Receipts ($89K), Food Services Revenues ($112K), CPPRT Receipts ($13K) and Impact Fees ($10K). This represents about 98.5% of all revenues collected in March. Overall, we had $49.86M in reserves at the end of March this year, and $55.99M at the end of March last year (a $6.13M decrease). This is an expected outcome, given that we completed just under $8M in capital projects over the past year and that payroll expense growth (salaries and benefits) continues to outpace both inflation and our ability to generate additional revenue. We hope to end the year with about $43M-$46M in total adjusted reserves.

Investments/Cash Management

At the end of March, we held about $6.44M in Cash and Cash Equivalents (0-30 days), $2.70M in Short-Term Investments (30-90 days), $3.68M in Mid-Term Investments (90-365 days) and $37.04M in Long-Term Investments (over 1 year). If/when rates continue to drop, the investment curve will return to a "positively sloped curve", and we will move short-term investments out to longer maturities. We are currently investing about $39.085M with PFM, $4.527M with Fifth Third Bank, $425K with PMA and $5.820M with Old National Bank. As of 3/31/26, we had 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 capture interest earnings in the current declining interest rate environment. We earned just over $3.8M in net investment returns last year, including $772K in investment appreciation, and, if rates hold up, we hope to earn about $3.1M in net interest income this fiscal year (we are at about $2M so far this year).

Due to an 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% over that period, to a current Fed Funds Range of 3.50%-3.75%. This was expected and should lead to a normal upward-sloping investment curve in 2026, where investing out for longer maturities will yield higher returns. The Inflation Report for March was released last week. It came in at a 3.3% rate for CPI and 3.5% for Core CPI, an increase of 0.9% and 1.0% over last month, respectively, and the largest month-to-month jump since 2021. This was primarily due to skyrocketing oil and gas prices stemming from the war in the Middle East and the closure of the Strait of Hormuz. Overall, investment rates have dropped to about 3.60% for cash and cash equivalents, 3.50% for short-term investments, 3.65% for mid-term investments and 3.95% for long-term investments. We earned about $1.4M of net interest income in FY23, $3.1M in FY24 and $3.8M in FY25, and we hope to earn about $3.1M in FY26, as long as we continue to ladder out investments and roll them into longer term investments as they mature. Our continued level of fund balance reserves (~$45M-$75M), along with a managed investment program through PFM, allows us to realize increased interest earnings and provide additional funds for operations and capital projects.

State Legislation

The 104th Session of the Illinois General Assembly began last January (a two-year cycle) and despite two very lean budget years, there is no shortage of proposed legislation. Over 9,000 bills have been introduced since last January (~6K in the House and ~3K in the Senate) and about 900 relate to public education. By the time the session ends this spring (hopefully in late

May), about 1,000 bills will have passed both chambers, with maybe 90-100 relating to K-12 education, but only a few will be of real financial substance. Plugging a $1B+ budget hole this year while trying to maintain public services has dominated the headlines this spring. Among the notable pieces of education-related legislation that will likely make it through the General Assembly are a "partial" Tier II pension fix, a cell phone ban, ongoing teacher evaluation and school discipline reform, unemployment compensation and minimum wage expansion, and mandated categorical pro-rations and minimal EBF funding. We hope that the final budget includes a $350M increase for EBF ($350M was proposed), a $150M increase for mandated categorical programs (only $51M was proposed), $25M for early childhood ($0 was proposed), $75M for pension reform ($75M was proposed) and $150M for various other items (about $25M was proposed), so about $750M in additional funds was requested by ISBE, but only about $500M was proposed by the Governor. The Democrat dominated General Assembly has supported and moved the Governor's budgets in the past, and they are expected to do so again next year, with some possible additions. If this recommended budget gets approved, we are looking at significant additional pro-rations to mandated categorical transportation reimbursements that will more than offset any marginal increases we realize from increased Evidence Based Funding. Committee hearings are ongoing and the next few months leading up to late May will be packed with action. We will try to fight or kill bad legislation, promote good legislation and continue supporting the interests of our school district and our community. As the spring session heats up, and the General Assembly debates the Governor's proposed budget, fully funding the EBF formula and maintaining funding for mandated categorical programs, while proposing no new unfunded mandates, is becoming the consistent and clearly articulated message from our public school associations across the State.

Federal Legislation

In Washington, another Federal Government shutdown, while smaller and less problematic, started on February 1st and continues on now, while Congress negotiates with the White House on Department of Homeland Security and ICE reforms in exchange for funding the Department's operations. The enhanced Affordable Care Act subsidies expired on January 1st, increasing insurance premiums for millions of Americans nationwide. Gas and oil prices are up dramatically and inflation fears are escalating, as war in the Middle East rages on and adds to global unease. Affordability has become the new buzzword in Washington, as the President tries to calm inflation fears and stabilize the economy. The Department of Education quickly resumed efforts to transfer much of its oversight to other agencies through six "interagency agreements" in January, in an attempt to effectively dismantle the department entirely. However, recent court decisions have gone against the Administration, and the actual, initial proposed budget for the

Department of Education next year is actually the same as it was for this year (ie, it is flat funded), so closing the Department seems very unlikely.

Despite the negative effects of both government shutdowns, our economy remains resilient, though the war in the Middle East is testing that resilience. Despite the uncertain state of affairs, the economy remained relatively healthy through 2025, but the ongoing threat of high unemployment and high inflation during a recessionary period, known as "stagflation", has many economists concerned, especially as the job market cools. Consumer confidence is at an all-time low as the mid-term elections appear on the horizon this fall. Several education issues have remained in the forefront of the Administration's agenda, including the elimination of the Department of Education, funding IDEA and ESEA, E-Rate, Medicaid and NSLP participation, Title IX protections, School Choice Scholarships, Transgender Rights 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 realistically, more Federal funding cuts, in the near future.

Legal Matters

We do have a few pending legal matters that Pat has been keeping you abreast of (a Grievance matter, an EEOC claim and a FOIA lawsuit for starters), but there are no other significant issues outstanding at this time (the WEA contract revisions are done, the tax objection lawsuit has been settled, there are no Special Ed Due Process Hearings going on, and the Social Media Class Action Lawsuit is slowly moving along) We are monitoring the Social Media Class Action Lawsuit, and will keep the Board informed as that lawsuit proceeds. We also continue to monitor and process regular tax appeals and valuation objections for tax years 2023, 2024, and 2025. Ongoing fund balance management should allow us to minimize any future exposure to objections related to excess accumulation. 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 Board of Review, and our legal counsel (we have received nine so far this fall and winter, and I will update the Board as they progress).

Economic Trends

Year over Year inflation (CPI) increased in March, coming in at 3.3% (it was 2.4% in February). The June 2022 CPI of 9.1% was the highest in over four decades and well above the Fed's desired 2.0%-2.5% target range. Year-Over-Year Core Inflation also increased, coming it at 3.5% in March (it was 2.5% in February), as both CPI and Core CPI were higher than expected. The Fed held rates steady in March, leaving the Overnight Lending Range at 3.50% to

3.75%. We don't expect any more cuts for a while (maybe late summer or fall), but long term projections indicate 25-50 bps of cuts in the second half of 2026. That would drop the Fed Funds Lending Rate to 3.00%-3.25% by the end of the year (the Fed's long term target range). GDP is expected to grow by 3.5%-4.5% this year, and unemployment is expected to inch up to 4.5%-5.0% (it is currently 4.4%). 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, government shutdowns, tariff policy, global trade wars, global geopolitical uncertainty, rising prices and a softening job market continue to cause concern among economists that we could encounter "stagflation", as inflation persists during a time of stagnant economic activity and higher than warranted unemployment. The Fed's dual mandate of supporting job growth while maintaining low inflation is becoming increasingly challenging every day.

Student Transportation

We are rapidly moving toward the end of the school year and the conclusion of this year's busing contracts with First Student, Sunrise, American Taxi and a few other special service providers that we use on an "as needed" basis. While we did experience a severe shortage of bus drivers last fall, things have gotten a little better this semester. However, there is still an overall shortage of bus drivers and the sub pool at both companies is not as big as they (or we) would like. Additionally, we are closely monitoring our fuel escalator clause, as gas prices have risen dramatically recently, and we may need to budget more for bus gas next year. The bus driver shortage is not isolated to us; when we checked with other CSBOs in the region, everyone has been dealing with transportation challenges this year. We continue to work with First Student and Sunrise to try and address staffing issues and find ways to work around their manpower shortages. We are using the liquidated damages clause in our contract to recoup some of the cost for any problems encountered, but in the end, we would much rather have the routes running properly and on time than take these punitive credits. We will be providing you with next year's route rates in May, as we enter year two of a ten year contract with First Student and year nine of a ten year contract with Sunrise (American Taxi's contract and rates are set up on a year to year basis, and we use them "as needed" for special taxi service routes).

Technology

We recently started receiving the Chromebooks (for students) and Chromebook+ devices (for JJH staff) ordered for next year, and we are setting them up and getting them ready to go. The staff devices are being handed out this spring so teachers can use them and get comfortable with them prior to the next school year, and the new student devices will be handed out to our first and fifth grade students in August. We are also preparing for device turn in at the end of this year, the 8th graders purchasing their devices if they want, and the reissuing of devices for use over the summer for our current K-7 students. The IT Department has also been very busy supporting our schools with State testing (primarily IAR and ISA), and that testing is scheduled for next week. Finally, the IT Department is helping evaluate and integrate new Library Software (with Greg) and Energy Management System Software (with Kyle). Josh and Mike have also been working with Kyle to set up our wireless Water Sensor Monitoring Program that is being provided for free through SSCIP (our property and casualty insurance cooperative).

Utility Management

As we moved through winter, natural gas costs increased dramatically due to extended cold weather in January and the effects of the war in the Middle East this spring. We are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and hopefully minimize these additional costs. We just finished installing the solar arrays at Goodrich, Meadowview, and Edgewood, and Edgewood and Goodrich are up and running, with Meadowview slated to come online in June after ComEd completes a transformer upgrade. We also filed for additional IRS Federal Tax Credits of about $238K for our Phase I solar projects and we hope to receive those funds soon. We will be filing for about $1M of Federal tax credits for this Phase II work. Energy costs are expected to keep rising significantly in 2026, driven primarily by rising demand from Data Centers, PJM capacity charges, and overall energy market pressures stemming from the war in the Middle East. The three new solar arrays, in addition to the four brought online in early 2024, will be very helpful in reducing our electric supply costs and minimizing our PJM capacity charges. When all is said and done, we expect to generate almost 100% of our electricity needs, once the three additional solar arrays are up and running. We are looking to save about $250K in annual electricity costs going forward and pay less than $50K in total per year.

Employee Benefits

Sharon Maloney attended our EBC Final Renewal Meeting in March, and, as expected, we were looking at a significant increase in health insurance premium rates (about 18.2% for PPO plans and 16.4% for HMO plans) if no plan design changes were implemented. The Insurance Committee has recommended options to make changes to our plan designs (see the Board Recommendation Memo and attached details) to bring these health insurance renewals down somewhat, but they will still be higher than normal. Our annual biometric health screenings went great, and we had over 330 people screened when all was said and done (about 90% of our eligible staff). Also, BenefitsSolver is being updated as we speak to prepare for our Annual Open Enrollment Period, which will run in May, with July 1st effective changes. We continue to roll out our Employee Wellness Program with the work of our new Wellness Committee, and we have several surveys planned for this spring and activities planned for next school year. Our overarching goal/hope is that a robust Wellness Program will lead to improved claims experience and lower renewal rates for our various insurance programs.

Food Services

The new food service program with Quest Foods has been a big hit and we continue to see student participation increase steadily. We wrapped up our initial student taste testing at all schools in April, and the response was great! We have one final meeting with JJH students in early May, as we plan for next year and continue improvements to the program. While we saw participation rates of 10% or less among our pay students and only 20%-25% among our free/reduced students last year, we are now seeing about 30% of our pay students and around 50% of our free/reduced students participate. Our goal is to have all schools over 30% (pay students) and 50% (free/reduced students) by the end of this school year. Our ultimate goal, since we are not a CEP school district, is to reach around 75% for our free/reduced-price students and maybe 50% for our pay students, so we still have a long way to go. We are focused on increasing student interest and participation and improving menu options and meal variety, while staying as cost-effective as possible for our students and staff. I would like to thank Michelle Swanson, Lynette Neal and Amy Phillips for all of their hard work to help make this program a success. In the end, we hope to have a much better food service program and higher participation rates.

Custodial and Maintenance Services

Kyle Hanson and his crew have been very busy in March and April, completing some Spring Break projects and spring cleanup work. I'd like to thank them for all of their hard work this winter and the extra time put in to check on our buildings on the weekends and off days, plow snow, salt sidewalks and ensure safe passage for our students and staff! 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 summer construction planning. 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. We made it through the winter "cold and flu season" without issue by providing extra deep cleaning to any identified "hot spots" in our schools. We really do appreciate all of their ongoing efforts to keep our buildings and grounds safe, clean and looking great!

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Construction and Capital Improvements

We did receive approval for the FY27 State School Maintenance Grant Program (a $50K matching grant) and it will help cover the costs of the bathroom renovations at Meadowview and Goodrich. The only remaining 2026 project still not technically “finished” is the Phase II Solar Array Installation at Meadowview (all work is done and we are waiting for ComEd to complete a transformer upgrade and then give us the ok to start generating electricity for the gird). Last summer’s work included miscellaneous HVAC updates, related electrical work, locker painting, roof work, window treatments and landscaping upgrades, as well as the solar array installations and related roof work at Edgewood, Meadowview and Goodrich, and playground replacements at Goodrich and Meadowview. We spent about $21.8M on $25M of budgeted work during our first CIP cycle (2017-2021), about $11.6M on $13.7M of budgeted work during our second CIP cycle (2021-2025), and we hope/expect to spend about $10.7M during our third CIP cycle (2025-2029). We are also looking to upgrade and standardize our Energy Management Software (EMS) for Murphy, Jefferson and eventually DAC (see the Board discussion Memo and information for more details).

Risk Management

With the approval of our SELF Worker’s Compensation Insurance Policy last June, and the SSCIP Property/Casualty/Liability Insurance renewal in December (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in very good shape from a risk management/insurance coverage perspective. Both were very good renewals with broad lines of coverage and enhanced services. We are installing a water sensor program through SSCIP this spring at no cost to the school district. We have two very stable insurance cooperative programs in place that maximize coverage while minimizing cost and employing proactive claims management tools and programs. Both the SELF and SSCIP cooperatives are running very well and are financially sound. I am wrapping up my second year as Chairman of the SSCIP Executive Board (I have two more years to go ☺) and so far things have gone very well. We continue to implement proactive programs, such as the water sensor monitoring program and effective return-to-work practices, and have realized excellent claims experience with both. We are also looking to transition to a new claims management service firm for SELF this summer. Finally, we are actively managing our funds to ensure 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!