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:	July 15, 2026
Subject:	Business Services Update

Accounting/Financial Reporting

June's ending fund balance totaled $59.45M, up by $14.99M from May's ending fund balance of $44.46M. We collected $23.79M in revenues and paid out $8.80M in expenses in June. June's revenues and expenses were both fairly typical for this time of year, as we received significant early tax receipts in June (about $22.2M) and we paid year-end bills and payrolls at the end of June to capture as much of our FY26 expenses in the proper fiscal year (about $4.5M in year-end bills and payrolls). June is our first "transition month" of the new tax cycle as we received two major tax payments (about $18.9M was received on 6/5 and $3.3M on 6/25, to go along with $4.1M received on 5/22) and paid out year-end bills. After receiving our second large property tax installment in September, we will be at our "high water mark" for fund balances for the year at around $70M-$74M, and we rely on those reserves to carry us through May, as we draw down our fund balances to around $40M- $45M (our low water mark for the year).

June expenses totaled $8.80M, and included $1.4M in regular board bills, with about $525K of this total in the Education Fund, $100K in the O&M Fund, $736K in the Trans. Fund, $34K in the Capital Projects Fund and $3K in the Tort Fund. We also processed two regular payrolls totaling $3.5M, and three summer payrolls totaling $3.9M, in June. 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 for the rest of the fiscal year until next May. In June we booked revenues for Property Tax Receipts ($22.2M), Interest Income ($169K), Investment Depreciation ($79K), EBF State Aid ($427K), IDEA Reimbursements ($42K), State Transportation Reimbursements ($345K), State Special Ed Reimbursements ($120K), Food Service Revenues ($72K), Early Childhood Grant Receipts ($89K), Federal Title Grant Reimbursements ($345K), IASBO P-Card Rebates ($12K) and Registration Fees ($35K), representing over 99.8% of all revenues collected in June. Overall, we had about $59.45M in reserves at the end of June this year, and we were at $66.20M at the end of June last year (a

$6.75M decrease). Given the fact that we completed over $7.87M in capital projects last year this was a very good outcome.

Investments/Cash Management

At the end of June, we held $28.17M in Cash and Cash Equivalents (0-30 days), $.49M in Short-Term Investments (30-90 days), $1.82M in Mid-Term Investments (90-365 days) and $28.97M 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 moving our cash/cash equivalent investments out to longer term maturities over time. We are currently investing about $45M with PFM, $2.2M with Fifth Third Bank, $ 11M with PMA and $1.2M with Old National Bank. As of 6/30/26 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 $3.1M in interest income in FY25 and we earned about $2.6M in interest income in FY 26.

Due to a 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 then 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. The CPI Report for June was released recently and it came in at 3.5% for CPI and 2.6% for Core CPI, a decrease of .9% and .8% over last month. This was due largely to lower overall energy prices related to the temporary cease fire with Iran and the opening of the Strait of Hormuz, but as hostilities have resurfaced and the Strait has closed again, we expect inflation to tick up somewhat in July. Overall investment rates have held steady lately at about 3.65% for cash and cash equivalents, 3.7% for short-term investments, 3.9% for mid-term investments and 4%+ for long-term investments. Our continued level of overall fund balance reserves (~$44M-$74M), 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 the fall election cycle. The session generated over 9,000 bills and about 900 related generally to education and about 90 relating specifically to K-12 public education, but only a few were of real consequence. 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 funds were approved by the legislature, but about $750M was requested by ISBE. We expect to receive slightly less funding this year from the State overall, when all is said and done. The Fall Veto Session is expected to be uneventful.

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 education 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 stabilize the economy. 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. 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. <u>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.</u>

<u>Legal Matters</u>

<u>We do have a few minor 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 negotiations have concluded, the FOIA lawsuit has been settled, 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)</u> 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 regular 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 Board of Review and our legal counsel (I will continually update the Board as they move through the appeals process).

<u>Economic Trends</u>

<u>Year over Year inflation (CPI) decreased in June, coming in at 3.5% (it was 4.2% in May).</u> 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. <u>Year-Over-Year Core Inflation also decreased, coming in at 2.6% in May (it was 3.4% in May), as both CPI and Core CPI were still higher than desired.</u> The Fed held rates steady in June (Kevin Warsh's first meeting as the new Fed Chair), leaving the Overnight Lending Range at 3.50% to 3.75%. We don't expect any rate adjustments until maybe the fourth quarter, 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%-4.5% and the unemployment creeps over 4.5%. In the end, the path of the Fed under the new Chairman, Kevin Warsh, is uncertain at this time, as President Trump has expressed his desire to have rates cut, while the data suggests that 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 are getting ready to file our State Transportation Claim this summer. We are also recommending submitting a new hazardous crossing approval for IDOT's consideration (for River's Edge) as we look to maximize transportation revenues (see the related action item). As State pro-rations decrease it will be that much 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 this past year, but in the end we would much rather have the routes running properly and on time than take these 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 districtwide, and getting the new 1st and 5th grade devices ready to go for next year. The new staff Chromebooks were given out this spring so they could get used to them prior to next school year, and the new student Chromebooks will be handed out to our first and fifth graders in August. They also completed device turn in and buyback with our 8th graders purchasing their devices if they wanted to, 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 (IAR and ISA primarily) this past spring and everything went off without a hitch. See the related Board Recommendation for the purchase and installation of a new data management, data recovery and applications management platform through Dell.

Utility Management

As we moved through winter, natural gas costs increased dramatically due to extreme cold weather in January, the effects of the war in the Middle East this spring and some hot weather this summer. 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 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 Credits of about $238K for our Phase I solar projects and we will be filing for about $1.07M of Federal Tax Credits for Phase II work this summer/fall. Energy costs are expected to keep rising in 2026, due primarily to increasing demand from Data Centers, from PJM capacity charges, and from overall 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 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 through our solar program, 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 for our electric supply overall. Finally, with Board approval we would like to investigate the feasibility of installing a battery storage system in the district to potentially create additional future savings and positive cash flows.

Employee Benefits

Our Annual Open Enrollment Period closed in early June and Sharon Maloney did an awesome job processing all of the changes for a 7/1/26 effective date. Unfortunately, we realized a larger than normal increase in health insurance premiums (about 15% overall) for next year and that is providing 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. The screenings went great this spring and we had over 330 people screen when all was said and done (about 90% of our eligible staff). 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'll get over $60K back this year!), 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 programs. 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 this past year and we continue 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 next 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 last year, we are now seeing participation rates of about 30%-50% for our pay students and upwards of 45%-65% for our free/reduced students participating now! Our goal for next year is to have participation rates of 45%-55% for pay students and 65%-75% for free/reduced students by the end of next year. 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 families. I would like to thank Michelle Swanson, Lynette Neal and Amy Mitchell 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 crew have 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 this past year and the extra time they put in to check on our buildings during 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 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 the State Superintendent, 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 the winter cold and flu season 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 (provided through SSCIP and free of charge) and are also working to transition our Energy Management System software platform 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. 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 will help cover the costs of the bathroom renovations at Goodrich and Meadowview this summer. With Meadowview's solar array officially coming online in late June, there are now no remaining 2025 construction projects in process. 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 $10.9M on $12.5M of budgeted work during our third CIP cycle (2025-2029). See the Board memo related to this summer's construction projects, and we are also moving forward with the Park District to install a new Challenge Course at JJH later this summer and fall.

Risk Management

With the approval of our SELF Worker's Compensation Insurance Policy last month, and the SSCIP Property/Casualty/Liability Insurance renewal from 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 spring at no cost to the school district and we received a $3K SELF Safety Grant. 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. Both the SELF and SSCIP cooperatives are running very well 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 are also looking to transition to a new claims management service 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!