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:	November 12, 2026
Subject:	Business Services Update

Accounting/Financial Reporting

October's ending fund balance was $66.87M, down by about $4.56M from September's ending fund balance of $71.43M. We collected $2.43M in revenues and paid out $6.99M in expenses. October's revenues were fairly typical for this time of year, as we received some residual property tax payments in addition to the normal CPPRT revenues, Evidence Based Funding receipts, interest income, Sped reimbursements, food service revenues, Medicaid reimbursements and other miscellaneous revenues. On the expenditure side we had three school year payrolls (instead of the normal two in a month) and typical Board Bills and Construction Payouts. October is the first month of our "drawdown cycle" where expenses will exceed revenues as we use up some of our existing fund balance reserves. After receiving our second large property tax installment in September, we were at our high water mark for fund balances for the year (~ $71.5M), and we will rely on those reserves to carry us through to next June, as we draw down our fund balances to around $40M-$45M over that time period.

October expenses totaled $6.99M, and included $1.41M in regular board bills, with about $730K in the Education Fund, $119K in the O&M Fund, $139K in the Transportation Fund, $5K in the Tort Fund and $420K in the Capital Projects Fund. We also processed three regular payrolls, totaling just under $5.58M. Our fund balances increased significantly in June, decreased a little bit in July and August, then increased significantly again in September before decreasing each month for the rest of the fiscal year until the next June. In October we booked Property Tax Receipts ($604K), CPPRT Receipts ($71K), EBF Reimbursements ($434K), Interest Income ($166K), Investment Appreciation ($323K), E-Rate Receipts ($57K), Medicaid Reimbursements ($25K), IDEA Reimbursements ($605K), Food Service Sales ($101K), Energy Refunds ($12K) and Check Refunds ($12K), representing over 99% of all revenues collected in October. Overall, we had about $66.87M in reserves at the end of October this year, and we had about $69.12M last year (a $2.25M decrease). Given that we completed about $9M in capital projects over the past two summers, this was a very good outcome.

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Investments/Cash Management

At the end of October, we held $25.98M in Cash/Cash Equivalents (0-30 days), $2.18M in Short-Term Investments (30-90 days), $1.48M in Mid-Term Investments (90-365 days) and $37.23M in Long-Term Investments (over 1 year). We are "cash heavy" right now due to our September Tax Receipts and Cash Flow Planning for November – May, and we will be investing much of this liquid cash out to Mid-Term and Long-Term investments soon. Rates increased 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, so we are gradually moving our investments out to longer term maturities. We are currently investing about $55.25M with PFM, $5.25M with PMA and $6.37M with Old National Bank. As of 10/31/26 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 $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 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 Fed Funds Range of 3.50%-3.75%. This 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 due to higher energy and food prices, the Fed increased rates in September by 25bps, bumping the range to 3.75%-4.00%. The CPI Report for October was released recently and it came in at 3.9% for CPI (a .2% increase over September) and 2.9% for Core CPI (a .3% increase over September). Overall interest rates have ticked up slightly in response to the rate hike, to about 3.93% for cash/cash equivalents, 4.15% for short-term investments, 4.60% 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 104th Session of the Illinois General Assembly will conclude in early December with completion of the Fall Veto Session and the General Assembly will convene its 105th Session in mid January (no Lame Duck Session in early January is planned). 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 (an $81K increase for us), a $50M increase for mandated categorical programs (a $100K 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 advocating for an additional $150M in "Supplemental State Funding" during the Veto Session to help balance its budget, but it is doubtful that this request will be acted upon. Coincidentally, that is exactly the amount that the State underfunded our Mandated Categorical Grant Program by, 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 Democrats grew their super-majority as a result of the November Election and they supported and moved the Governor's budget last spring. K-12 Education ended up getting just over $9B of the almost $56B budget (over 15% of all State revenues).

Federal Legislation

In Washington, a "Blue Tsunami" hit the November Elections as the Democrats took control of the House, the Senate and several Governor's Mansions previously inhabited by Republicans. While it remains to be seen how this will affect things in Washington, there will undoubtedly be a different tone, tenor and dynamic than we have seen for the past two years. There appears to be an ongoing effort 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 and higher education. Fortunately, the Courts, and to some degree Congress, have been hesitant to go along with all of these proposed changes, and hopefully that movement will continue to support public education. 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, bilingual and Medicaid eligible kids), so it is critical in allowing us to provide additional services for those at-risk populations. The repeated buzzwords as we emerge from the election are affordability and inflation, as the Federal Government 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 highly unlikely, but its workforce and scope of services has definitely been diminished. How a new Congress responds to these changes, and what kind of

pushback they get from the Administration will largely dictate the next few years of Federal education support and involvement.

Despite the negative effects of global geopolitical uncertainty, the wars in Ukraine and the Middle East, high inflation and a somewhat stagnant job market, our economy continues to show resiliency and signs of strength. Our overall economy and equity markets remained relatively healthy in 2026, but the threat of high 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 right now. 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 is one Special Ed Due Process Hearings just starting, and the Social Media Class Action Lawsuit is slowly moving along) We continue to monitor the Due Process Hearing and the Social Media Lawsuit, and Pat will keep the Board informed as these cases proceed. We also continue monitoring any 2023-2026 tax appeals and valuation objections. Ongoing fund balance management 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 October, coming in at 3.9% (it was 3.7% in September). 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 October, coming it at 2.9% (it was 2.6% in September), as both CPI and Core CPI

were still noticeably higher than desired. The Fed increased rates by 25 bps in September, in an effort to cool persistent inflation, raising the Overnight Lending Range to 3.75% to 4.00%. We expect one more 25 bps 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 around 4.5%. 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, ongoing economic uncertainty, an unstable tariff policy, global trade wars, global geopolitical turmoil, 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 hovers near 4.0% and unemployment creeps up to 4.5%. The new Fed Chair, Kevin Warsh, has remained cautious, 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 started this school year strong and filed our State Transportation Claim in mid August (we should get just over $1.2M in State reimbursements for student transportation). However, as State pro-rations continue to increase it will be all the more important to maximize our claim expenses and collect as much money 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 have budgeted 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 contracts 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 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 student Chromebooks were given out last spring, and Josh is already planning

to order next year's devices soon (see the related Board Memo). The IT Department was also very busy this past spring supporting our schools with State testing (IAR and ISA). The testing went off without a hitch. Finally, we wish Derek Boyke well as he transitions to a new job and we welcome Megan Kooi as his replacement (she will be starting in a few weeks).

Utility Management

Both natural gas and electricity prices have increased significantly in 2026, as the effect of the wars in the Middle East and Ukraine impacted oil supply, and some warmer than normal weather and Data Center development this summer and fall increased demand. We are working with our Cooperative (the IUPC) to manage our natural gas and electric needs and minimize these increases. We 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 (BESS) and more information will be presented on this topic at the December Board Meeting. Energy costs are expected to keep rising into 2027, due to increased electricity demand from Data Centers, for PJM transmission and capacity 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 utility charges. We now should be generating 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. 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 put 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 is to have a comprehensive Wellness Program that will lead to improved claims experience and lower premium renewals, 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).

Food Services

Our new food service program with Quest Foods was a big hit last year and we continue to see student participation increase steadily as we move into SY 2026-2027. We have had a few student taste testing events so far this year and the feedback has been very positive! While we had seen participation rates of only about 10%-15% 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 with greater rates of student participation and satisfaction going forward.

Custodial and Maintenance Services

Kyle Hanson and the custodial and maintenance crews have done an incredible job and been very busy at all our schools this year. 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 summer and we 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 year without issue and we provided extra, deep cleaning to any identified "hot spots" in all of our schools…and we plan to do the same again this winter. Kyle and Grant set up and installed water sensors throughout our schools this past summer and they also just completed a transition of our Energy Management System at Murphy and Jefferson to a new Tridium EMS. 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 received 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 are applying for the FY27 grant this winter (see the related Board Action 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 (2025-2028). We are in the process of planning for next summer's construction work (see the related Board Discussion Memo), and we are also working with the Park District to finish up the Challenger Course at JJH later 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 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 well and are financially sound. I am now in my third 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 program for SELF this summer. See the related Board Discussion Memo for more details regarding the upcoming 2027 SSCIP renewal. 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!