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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: October 23, 2025
Subject: Business Services Update

Accounting/Financial Reporting

September's ending fund balance was \$73.59M, up by \$14.24M from August's ending fund balance of \$59.35M. The increase was normal for this time of year as we collected \$21.6M in revenue (mostly from \$20.4M in property tax receipts) and paid out \$7.3M in expenses (mainly for \$3.5M in Payroll and \$2.0M in Pre-Funded Special Ed Tuition). September's revenues came mainly from property taxes (\$20.397M), EBF payments (\$427K), net interest income (\$220K), food service reimbursements (\$48K), special ed reimbursements (\$108K), title grant reimbursements (\$96K), Medicaid reimbursements (\$265K) and impact fees (\$19K), accounting for over 99.9% of all revenues collected. Expenses totaled about \$7.34M and were mainly due to normal school year startup expenses, including pre-funded and summer school special education tuition (\$2.8M), summer construction payouts (\$864K), and two regular payrolls (\$3.5M), accounting for over 97.5% of all expenses paid. We typically receive large property tax distributions in June and September, and smaller ones in July, August, October, and November, drawing down reserves from October through May, until the following June when subsequent early tax receipts are collected. After receiving our second property tax installment in September, we are now at our high water mark for the year (\$73.6M in total fund balances), and we will use those reserves through May, as we draw down fund balances to about \$50M. Our reserves were at \$77.5M in September of last year, and we are at \$73.6M in September of this year. This \$3.9M difference is primarily related to capital projects completed over the past year, including almost \$6M in roof work and solar array installations at three of our schools.

Investments/Cash Management

At the end of August, we held about \$26.65M in Cash and Cash Equivalents (0-30 days), \$2.7M in Short-Term Investments (30-90 days), \$7.7M in Mid-Term Investments (90-365 days), and \$36.54M in Long-Term Investments (over 1 year). The investment curve remains inverted for the first three years or so, then becomes upward-sloping thereafter. As it returns to normal in



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the near future, we will move cash and short-term investments out to longer maturities. We are “cash heavy” right now because of the recent property tax receipts, but for now, cash and short term rates are still a little higher, so that is ok. We are currently investing about \$43.8M with PFM, \$20.9M with PMA, \$8.2M with Fifth Third Bank and \$690K with ONB. As of 9/30/25, we had no outstanding vouchers at ISBE and the State is staying on track, making payments. We are in good shape from a cash flow standpoint, and our coordinated investment program is set to realize interest earnings and investment appreciation in the current interest rate environment. We earned over \$3.7M in net investment income last year, including investment appreciation of \$772K, and this year we hope to earn about \$3.5M in net investment income if rates hold up (we earned \$254K in interest income and realized \$34K in investment depreciation in September).

Due to the inverted investment curve, we have used cash and short-term investments 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 (by 100 bps during the 4th quarter) and they have begun doing so again in late 2025 (they made a 25 bps cut in September and are expected to do one more 25-50 bps cut in December). When we eventually experience an upward sloping investment curve (probably in early 2026), we will begin investing out for longer periods of time, and we will move to a more traditional investment philosophy. The inflation report for September was supposed to come out on 10/15, but it has been delayed to 10/24 because of a lack of current data due to the government shutdown. Jobs reports, consumer confidence surveys and GDP growth information (all critical pieces of data used to analyze and help determine inflation) have not yet been released. This has led the Fed to sit tight on a potential rate cut until current data can be obtained. We therefore expect a potentially larger rate cut to occur in December. Investment rates are currently about 4.15% for cash and short-term investments, 3.75% for mid-term investments of around 1 year and 4.20% for long-term investments over 3 years. We earned \$1.4M in interest income in FY23, \$3.1M in FY24, and \$3.7M in FY25. Our level of reserves and our cash management and investment program allow us to realize substantial interest earnings and provide additional funds for operations and capital improvements.

State Legislation

The 104th Session of the Illinois General Assembly began last January (a two year cycle) and despite a very lean budget year there was no shortage of proposed legislation. Over 6,000 bills were introduced this past spring (~4K in the House and ~2K in the Senate) and when the session ended on May 31st about 425 bills had passed, with about 50 relating to K-12 education and only a few of real substance. Plugging a massive \$1B budget hole while trying to maintain public services dominated the headlines this spring. Among the notable pieces of education related legislation that made it through the General Assembly were a “partial” Tier II pension fix,



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teacher evaluation reform, school discipline reform, contractor limitations, and mandated categorical pro-rations. The final budget included a \$307M increase for EBF (\$350M was requested), a \$20M increase in mandated categorical programs (\$148M was requested), \$0M for early childhood (\$20M was requested), and \$100M more for pensions and various other items (almost \$400M was requested), so about \$920M in additional funds was requested by ISBE, but only \$430M was provided by the General Assembly...not great, but it could have been worse. The General Assembly largely supported and moved the Governor's budget this year. With the approved State budget, we are looking at significant pro-rations to mandated categorical transportation reimbursements that will equate to a loss of about \$300K for us, to be partially offset by about \$75K in new EBF tier funding monies.

The Fall Veto Session is underway (they met on 10/14-10/16 and will meet again on 10/28-10/30), but except for some relatively minor cleanup language processed for the teacher evaluation reform bill, the school discipline reform bill and the suspension and expulsion reform bill, as well as a potential second round of Tier II Pension Fix legislation, not much related to public education is expected to be discussed or passed. The General Assembly will be primarily focusing on the Mass Transit Funding Cliff and the potential impact to the State budget from the Federal One Big Beautiful Bill Act. The past six plus years have been pretty favorable for public education, but with the State budget expected to be sharply in the red this year, and next year, little new money for education (or anything else for that matter) is expected.

Federal Legislation

In Washington, the Federal Government shutdown is almost one month old and no immediate end is in sight. Until some resolution occurs, nothing of substance (except for furloughs, layoffs and potential job eliminations to the Department of Education, Health and Human Services and other Federal Agencies that support public education programs) can happen related to Federal funding and/or program support. We should expect to see a slowdown and/or delay in receiving Federal reimbursement for currently approved programs, due to a lack of staff in those affected agencies. As we only get about \$2.5M (or about 5%) of our budget revenues from Federal sources, this should not impact our overall operations, and hopefully funding reimbursements will catch up quickly after the shutdown is resolved.

Despite the ongoing shutdown and uncertainty it creates, our economy continues to chug along and avoid massive job cuts and rapidly increasing prices that many economists have feared. Surprisingly, despite the uncertain state of affairs, the economy remains relatively healthy, but the threat of simultaneous high unemployment and high inflation during a recession, known as "stagflation", has many economists on edge and the equity and bond markets in flux.



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Several Federal K-12 education issues have moved into the spotlight, including the proposed elimination of the Department of Education, funding for IDEA and ESEA, the E-Rate Program, Medicaid and NSLP funding, Title IX protections for women, Cyber Security in schools, School Choice, Student Loan Debt Relief, Transgender Rights and Religion in Schools, to name a few. Higher education has really been targeted as well. We continue to push for more USDA meal program reimbursements, increased IDEA and ESEA funding, and expanded Medicaid and E-Rate funding, but we may be looking at flat funding at best, and funding cuts at worst, in the near future. It seems clear that last fall's election resulted in a shift to the right and major changes for public education. We will have to wait and see how wide, how deep and how lasting the proposed cuts and program restrictions are, based on actions of Congress and decisions of the Courts.

Legal Matters

The WEA contract negotiations are done, the tax objection lawsuit has been settled (a small property tax adjustment was processed this fall) and there are no active Special Education Due Process Hearings going on right now. Except for periodic personnel inquiries, things are very quiet right now on the legal front. We are monitoring the Social Media Class Action lawsuit (Pat gives periodic updates as the lawsuit progresses), but no other significant legal matters are pending at this time. We continue to monitor and process regular tax appeals and valuation objections for 2023, 2024 and 2025 (at PTAB and the Board of Review). Ongoing and active fund balance management should allow us to minimize (or eliminate) any future excess accumulation objections. However, ongoing assessment appeals always occur throughout 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.

Economic Trends

Year over Year inflation (CPI) stayed slightly elevated in September, after coming in at 2.9% in August, but formal numbers were not published due to the ongoing Federal government shutdown. 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 held steady at 3.1% in August, with housing, energy and travel costs all elevated, and the trend of Core CPI exceeding Full CPI continued. The Fed cut rates in September by 25 basis points, after cutting rates by 100bps in late 2024, with the Overnight Lending Rate now at 4.00%-4.25%. We still expect 1 more rate cut in December, probably totaling 25-75bps, with another 25-50bps of cuts in 2026 and 25-50bps of cuts in 2027. That would drop the Fed Funds Lending Rate to about 3.00%-3.25% (their target range). GDP is expected to grow minimally this year by about 2%,



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but each month the shutdown continues, the GDP Growth declines by about .15% to .20%. Unemployment is expected to increase slightly to around 4.5%-4.75% (it is at 4.4% now) and CPI and Core CPI are hopefully expected to settle in at around 2.75% in 2025, 2.50% in 2026 and 2.25% in 2027. A Base CPI and Core CPI target of 2.0% to 2.5% has been set by the Fed, but the government shutdown, tariffs and pending trade wars, coupled with a soft job market and a potentially recessionary economy, could lead to a time of rising prices during a stagnant economy and increasing unemployment (“stagflation”).

Student Transportation

We have been dealing with significant staffing shortages of bus drivers and bus monitors over the past few weeks, and it has definitely affected operations. However, things do appear to be slowly getting better. Normal absences of 4%-6% per day typically (4-6 people) were replaced by larger absences in late September (10%-12%) and then critical shortages in early and mid October (18%-20%) that led to route delays, on-time issues and parent complaints. This critical shortage was not isolated to the Westmont Terminal, and in checking with other CSBOs throughout the region, everyone (not just First Student customers) has been dealing with staffing challenges, and some have been worse than ours. We have not seen these issues with Sunrise (our Special Ed Transportation service provider), and they largely appear to be concentrated in the regular student transportation service area. We are trying to work with First Student to address these shortages and find ways to work around the manpower gap, but the reality is that we have had far too many buses running late, missing stops and in general not providing the level of service we would expect. We are using liquidated damages wording in our contract to recoup some costs for the problems encountered, but in the end we would much rather have the routes running properly and not have to take these credits.

Technology

Josh and I met recently with our E-Rate consultant (Janet Kratchovil of Innovative Solutions) to develop plans for Year 30 of the Federal E-Rate Program. We are bringing Technology Refresh and Purchasing Plans to the Board in October and November in hopes of placing our non-E-rate technology order in December and then our E-rate technology order in February. We also met with Sentinel Technology and have developed a professional services agreement with them to provide isolated technology and network support, on an as needed basis, to our school district. We do not expect this arrangement to result in significant costs, but if this program does result in annual costs over \$25K, we will definitely bring the contract to the Board for review and approval. Josh and his team have done an awesome job over the past year and we really appreciate all of their efforts!!!



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Utility Management

As we approach winter and the expected run up of natural gas costs, we are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and minimize those costs. This fall, we are also finishing installation of the solar arrays at Goodrich, Meadowview and Edgewood, and we hope to have them up and running (and delivering energy back into the grid) by the end of March, at the latest. We also renewed our Demand-Response contract with NRG Energy recently, which generates about \$40K in annual rebates (we had our test event in late June and we exceeded all reduction targets) and we filed for additional Federal Tax Credits of about \$250K for our Phase I solar projects. Electricity costs are expected to continue rising significantly in 2026, due primarily to increasing PJM capacity charges, and 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 PJM capacity charges, while also minimizing our carbon footprint and being more environmentally responsible (when all is said and done, we expect to generate almost 100% of our electricity needs, once these final three solar arrays are brought online). We are looking at about \$250K in annual electric savings in 2026 and beyond!

Employee Benefits

We just completed our annual Flu Shot Clinic and we had a good response with almost 100 staff getting flu shots. Our preliminary renewal information should be known in January, and there is much uncertainty in the market right now as the Federal Affordable Care Act health insurance marketplace subsidies are set to expire at the end of December. This has been a key point of contention in the Federal Government Shutdown, and it remains to be seen how the potential expiration of these subsidies might impact our regular health insurance premiums and renewal. BenefitsSolver is now up and running for all staff year round, and we are starting to plan for our annual Empower Health Biometric Health Screening (set for February/March). As we had over 300 people screened this past year (up from 100 the prior year), we will be able to have an individual screening date at each school this spring. We also recently held a 403(b)/457(b) committee meeting and verified that the changes made to the program and the investment providers added last year have been well received by our staff. Finally, we are preparing to roll out a new Employee Wellness Program this year with the help of our newly formed Wellness Committee and we have several surveys planned and activities being developed. Our comprehensive employee benefits program is a key feature in attracting new staff and retaining existing staff, in addition to providing a competitive salary schedule and a robust training program. A big thanks goes out to Kayla, Michelle, Sharon and the committee



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for working to put this program together and provide additional savings for our staff and the school district.

Food Services

The new food service program with Quest Foods has been a big hit and we continue to see student participation, for both free/reduced students and pay students, exceed expectations. We have started the student taste testing and survey feedback program at each school (two are completed and we have two more scheduled for before Winter Break) and the feedback so far has been great. Where we had been serving about 125-150 breakfasts and 400-600 lunches on a typical day last year, we are now seeing participation rates as high as 200-250 breakfasts and about 1,000-1,200 lunches served on some days! We will soon be expanding to two serving lines at JJH, and we are discussing possibly reopening the à la carte/snack bar line at JJH that was discontinued during COVID. We hope to realize continued growth in student participation for our breakfast and lunch programs as the year progresses. We are focusing on ways to increase student interest and participation and improve menu options and meal variety, while staying as cost effective as possible for our students and staff. I would like to thank Michelle Swanson for all of her hard work to complete the RFP process, manage the selection process with ISBE, coordinate the start up with our new food service vendor and lead us to what we hope will be a good working relationship with Quest and a better food service product and program overall for our students and staff.

Custodial and Maintenance Services

Kyle Hanson hit the ground running as our new Director of Buildings and Grounds this summer and he is doing an awesome job! We finished our summer cleaning ahead of time and summer construction was completed on time and under budget. We also completed significant maintenance work, including painting, technology installations, room renovations and room moves over Summer Break. We are currently fully staffed and we had about ten summer workers assist with painting, grounds work and the summer cleaning program. Kyle and Grant are doing a great job managing and maintaining our staff despite the tight labor market and they have kept up on our construction work (especially the solar array installations and playground replacements that are ongoing in October and November) while also beginning planning for our Summer of 2026 work program. We expect bids for that work to be finalized by the end of October, put out on the street in November, and then hopefully brought to the Board for your review and approval in December. We would then execute contracts and begin scheduling that work in early 2026 with support from Wight and ICI. The custodians have done an awesome job this past year and our buildings have received compliments from students, staff and visitors



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alike. We are preparing for the winter “cold and flu season,” and we will provide extra, deep cleaning of any identified “hot spots” in our schools this winter. We really do appreciate all of their ongoing efforts to keep our buildings and grounds clean and looking great!

Construction and Capital Improvements

We are managing this summer’s construction work through closeout and have had no major setbacks or significant delays. The only projects still in process are the Meadowview Playground Renovations and the Phase II Solar Array Installations. Our summer construction work started on June 2nd and was substantially complete by August 8th. This work included miscellaneous HVAC work, related electrical work, locker painting, roof work, window treatments and landscaping upgrades, all costing about \$1.5M, as well as solar array installations and related roof work at Edgewood, Meadowview and Goodrich that will cost about \$6M and playground replacements at Goodrich and Meadowview that will cost about \$250K. We will therefore have completed about \$7.75M of budgeted work this summer and fall at an anticipated cost of about \$6.5M. 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 \$10.5M on \$12.5M of budgeted work during our third CIP cycle (2025-2029). Next summer, we are expecting to complete a handful of miscellaneous projects costing about \$1.0M to \$1.5M.

Risk Management

With the recent approval of our SELF Worker’s Compensation Insurance Policy in June, along with our ongoing SSCIP Property/Casualty/Liability Insurance Policy that renews in January (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in very good shape from a risk management/insurance coverage perspective. We are also installing the Crisis Go critical incident notification system this fall. We have two very stable insurance cooperatives in place that maximize coverage while minimizing cost. Both the SELF and SSCIP cooperatives are running very well and are financially sound. I just wrapped up my first year as Chairman of the SSCIP Executive Board (three more years to go ☺) and so far things have gone very well. We continue to implement proactive management practices and realize excellent claims experience with both insurance cooperative programs, and although both insurance markets have been relatively hard and seen larger than normal increases in recent years, we have received very competitive renewals for both programs (slightly above the rate of inflation). We expect that trend to continue in the future despite the hard insurance market. Finally, we are actively managing our Tort Fund to make sure that we do not develop excess fund balances that might be susceptible to excess accumulation claims.



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