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:	January 8, 2026
Subject:	Business Services Update

Accounting/Financial Reporting

December's preliminary ending fund balance totaled $61.5M, down by $4.3M from November's ending fund balance of $65.8M. We have tentatively collected $1.3M in revenues and paid out $5.6M in expenses in December. December's revenues and expenses were fairly typical for this time of year, and revenues have not yet been finalized. December is our third "normal/typical" month of the year and we will continue to steadily draw down fund balances through May, then we will get our first early tax payment for next year in June. 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 fund balances to the $45M to $50M range (our low water mark).

December expenses totaled $5.6M, and included $1.9M in regular board bills, with about $1.1M of this total in the Education Fund, $83K in the O&M Fund, $247K in the Transportation Fund and $501K in the Capital Projects Fund. We also processed two regular payrolls in December, accounting for about $3.7M in total 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 December we booked Property Tax Receipts ($364K), CPPRT Receipts ($33K), Net Interest Income ($77K), EBF State Aid ($427K), Special Ed Reimbursements ($123K), Food Service Receipts ($77K), E-Rate Reimbursements ($56K), Early Childhood Grant Reimbursements ($45K), Title Grant Reimbursements ($31K), and Internal University Stipends ($6K). This represents almost 98% of all revenues collected in December (we still have some interest income to book once we get our PFMAM account statements). Overall, we were at $61.5M in reserves at the end of December, and we were at $67.4M at the end of December last year (a $5.9M decrease). This is a very good result, given the fact that we have completed over $7.5M in capital projects this past year, and that payroll expenses (salaries and benefits) continue to outpace inflation and revenue generation increases.

Investments/Cash Management

At the end of December, we held about $16.8M in Cash and Cash Equivalents (0-30 days), about $506K in Short-Term Investments (30-90 days), $6.4M in Mid-Term Investments (90-365 days) and $37.8M in Long-Term Investments (over 1 year). As rates continue to drop and the investment curve returns to a "positively sloped curve", we will move investments out to longer maturities. See the Board Discussion Item for a more in depth review of our investment program. We are currently investing about $45.35M with PFM, $5.75M with Fifth Third Bank, $9.50M with PMA and $885K with Old National Bank. As of 12/31/25, we had no outstanding vouchers with ISBE. We are in very good shape from a cash flow standpoint, and our cash management and investment program is set to capture interest earnings in the current falling interest rate environment. We earned just over $3.8M in net investment returns last year, including investment appreciation of $772K, and if rates hold up (we recognized $77K of net interest income in December), we hope to earn about $3.5 this fiscal year.

Due to an inverted investment curve, we have been using short-term investments 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 is expected to lead to a normal upward sloping investment curve in 2026, where investing out for longer maturities will yield higher returns. The Inflation Report for November was released a few days late on 12/19/25 and it provided good news overall, with CPI (2.7%) and Core CPI (2.6%) coming in below expectations of 3.1% and 3.0%, respectively. Overall, investment rates have dropped to about 3.75% for short-term investments, 3.65% for mid-term investments and 3.90% 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 expect to earn about $3.5M 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 (~$50M-$75M), along with a managed and coordinated investment plan, allows us to realize increased interest earnings and provide additional funds for operations and capital improvements.

State Legislation

The 104rd 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 but only a few of real substance. Plugging a massive $1B budget hole while trying to maintain public services dominated the headlines this past spring. Among the notable pieces of education related legislation that made it through the General Assembly were a "partial" Tier II pension fix, 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 and is expected to do so again next 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 wrapped up on 10/31, and the big news was an RTA bailout, but no new/additional monies for CPS. Except for some minor cleanup language in the teacher evaluation reform bill, the school discipline reform bill and the suspension and expulsion reform bill, as well as the continued evolution of a potential Tier II Pension Fix (to be considered during the spring session), not much related to public education happened during the Fall Veto Session. As the spring session agenda heats up, and the Governor begins to formulate a FY27 proposed budget and budget address (to be given on February 18th), fully funding the EBF formula AND mandated categorical programs is becoming the consistent message from our public schools.

Federal Legislation

In Washington, the Federal Government shutdown ended in mid November, but the Continuing Resolution only funds most government agencies/activities through January. The enhanced Affordable Care Act subsidies expired on January 1st, increasing insurance premiums for millions of Americans. Affordability has become the new buzzword in Washington, as the President tries to calm inflation and minimize job losses. The Department of Education quickly resumed efforts after the shutdown to transfer much of its oversight to other agencies through six "interagency agreements" in an attempt to effectively dismantle the department entirely.

Despite the negative effects of the shutdown, our economy continues to chug along and has avoided massive job cuts and rapidly increasing prices that many economists had feared. Despite the uncertain state of governmental affairs, the economy remained relatively healthy, but the threat of high unemployment and high inflation during a recessionary period, known as "stagflation", has many economists concerned, especially as the job market cools. Several education issues have remained in the forefront, including the potential elimination of the

Department of Education, funding for IDEA and ESEA, E-Rate funding, Medicaid and NSLP funding, 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 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 in process, 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 2023, 2024 and 2025 (at the PTAB and the Board of Review levels). Ongoing fund balance management 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 (we have received 12 so far this fall and I will update the Board this spring on their status).

Economic Trends

Year over Year inflation (CPI) decreased in November, coming in at 2.7% (it was 3.0% in October) 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 declined, coming in at 2.6% in November, as both CPI and Core CPI were less than expected. The Fed cut rates for the third time in a row in December (by 25 basis points), moving the Prime Lending Range to 3.50% to 3.75%. We don't expect any more cuts for a while, but long term projections indicate 25-50 bps of cuts in late 2026 and the same in 2027. That would drop the Fed Funds Lending Rate to about 3.00%-3.25% by the end of 2027 (the Fed's long term target range). The GDP is expected to grow this year by less than 2% (due to the shutdown) and unemployment is expected to inch up toward 5% (it is 4.6% currently). A desired Base CPI and Core CPI range of 2.0% to 2.5% has been set by the Fed, but the effects of the government shutdown, high tariffs, 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.

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Student Transportation

The severe shortage of bus drivers and bus monitors that we experienced in October has largely subsided, but staffing is still very tight. However, things do appear to be getting better and we noted a dramatic decrease in late routes, missed bus stops and parent complaints during November and December. This critical shortage was not isolated to us, and in checking with other CSBO's throughout the region, everyone has been dealing with transportation challenges this past fall, and some have been much worse than ours. We have not seen these issues as much with our Special Ed Transportation service provider, as many of their vehicles don't require a CDL to drive, but Sunrise is also very thin on staff. We continue to work with First Student and Sunrise to try and address staffing issues and find ways to work around this manpower shortage, but the reality is that we had far too many buses running late, missing stops and in general not providing the level of service we expect in September and October. We are using the liquidated damages clause in our contract to recoup some of the cost for the problems encountered, but in the end we would much rather have the routes running properly and on time than take these credits.

Technology

Josh and I met with our E-Rate consultant, Janet Kratchovil of Innovative Solutions, at the conclusion of our E-Rate bid period in December and developed the associated Board Recommendation (see under Action Items in the Board Packet). We will also be asking the Board to approve our ongoing compliance with the Children's Internet Protection Act (CIPA), as that is part of the E-Rate program requirements. We are only recommending buying a few battery backups and alternate power source devices through E-Rate this year. We have also set up a Sentinel Technologies professional services agreement to provide isolated technology and network support, on an as needed basis, to our school district. We do not expect this agreement to result in significant costs, but if it does result in annual costs over $25K, we will definitely bring the contract to the Board for review and approval. Josh has also been working with Pat to set up and implement the Crisis Go Badges this winter, and he will be working with Kyle and me this spring to set up our wireless Water Sensor Program that is being provided for free through SSCIP (our property and casualty insurance cooperative). Finally, the IT Department recently finished publishing report cards for the first trimester, as well as setting up Parent-Teacher Conferences and also keeping our Chromebooks up and running for students and staff. We just received our first batch of student devices for next year and the IT Department will begin setting them up as we move through the second semester. They are also busily planning for several second semester projects. Josh and his team have done an awesome job this year and we really appreciate their efforts!!!

Utility Management

As we move through winter, natural gas costs are increasing, as expected, and we are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and hopefully minimize those costs. We also just finished installing the solar arrays at Goodrich, Meadowview and Edgewood, and we hope to have them up and running (and delivering energy back into the grid) during the first quarter of 2026. Furthermore, we filed for additional IRS Federal Tax Credits of about $238K for our Phase I solar projects and hope to receive those funds soon. Electricity costs are expected to continue rising significantly in 2026, due primarily to increasing demand from Data Centers and from PJM capacity charges, and 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.

Employee Benefits

We completed our Flu Shot Clinic in October (we had over 120 people participate) and we have locked in dates in early March for our Biometric Health Screenings (we expect over 300 people to participate). As we had over 300 people screened this past year (up from about 100 the prior year), we will be able to have individual screening dates at each school in March. Also, our preliminary health insurance renewal information should be available in late January (we are expecting higher renewal increases this year and are looking at potential ways to minimize those increases, if possible). Unfortunately, there is a lot of uncertainty in the market right now as the Federal Affordable Care Act health insurance marketplace subsidies expired on 1/1/26. While this won't raise our premiums directly, it remains to be seen how the expiration of these subsidies might impact our premiums indirectly. BenefitsSolver is now up and running for all staff and we are continuing to onboard new staff regularly. We also held a 403(b)/457(b) committee meeting this past fall and verified that the changes made to the program this spring, and the investment providers added to the program, have been positively received by our staff. Finally, we continue to roll out our new Employee Wellness Program with the work of our new Wellness Committee. We have several surveys planned and activities being developed. Improving our comprehensive employee benefits program is a key goal in attracting new staff and retaining existing staff. A big thanks goes out to Paul Scaletta, Kayla Araiza, Michelle Swanson, Sharon Maloney and the entire Wellness Committee for working to put this program together and provide additional opportunities and savings for our staff and the school district.

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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 increase dramatically. Three schools have completed student taste testing and food survey feedback events and the feedback so far has been great! We hope to complete events at our other four schools before Spring Break. 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 350 breakfasts and over 1,300 lunches served on some days…and the numbers continue to grow! Last year we had participation rates of about 10% (paid students) and 25% (free/reduced students), and we are now seeing rates as high as 30% (paid students) and over 50% (free/reduced students) at some schools. Our goal was to get to 25% and 50% participation overall by year's end and we were close to exceeding that goal in the first semester alone ☺! 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 and Lynette Neal for all of their hard work to help make this new program a success. In the end, working with Quest, we hope to have a better food service program and greater participation.

Custodial and Maintenance Services

Kyle Hanson and his crew were very busy in early December, dealing with several bouts of nasty winter weather and getting ready for Winter Break projects…thanks to them for all of their hard work and extra time to 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 are entering the winter "cold and flu season," and we will be providing extra, deep cleaning to any identified "hot spots" in any of our schools. We really do appreciate all of their ongoing efforts to keep our buildings and grounds safe, clean and looking great! We do have a few minor spring break projects in the works and summer team cleaning will begin in late May/early June.

Construction and Capital Improvements

We are managing this past summer's construction work through closeout and have had no major setbacks or significant delays. The only remaining projects still being wrapped up are the memo

Phase II Solar Array Installations. Last summer's work included miscellaneous HVAC updates, 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 $5.7M and playground replacements at Goodrich and Meadowview that will cost about $250K. We will therefore have completed about $7.5M of planned work this summer and fall at an actual cost of about $6.7M. 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 on $12.5M of budgeted work during our third CIP cycle (2025-2029). Based on the recent bid results, we also hope to get about $1.5M worth of work done in the summer of 2026 for about $1.2M if all goes well.

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 also in the process of installing the Crisis Go critical incident notification system and we recently in-serviced staff when we returned from Winter Break. We have two very stable insurance cooperatives/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 (two 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. We will be implementing a new water sensor program through SSCIP this spring, and 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!