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: December 11, 2025
Subject: Business Services Update

Accounting/Financial Reporting

November's ending fund balance was $65.82M, down by $3.3M from October's ending fund balance of $69.12M. The decrease was expected for this time of year as we collected only $1.294M in revenues from a variety of sources and paid out $4.596M in normal operating expenses during the month. November's revenues came mainly from EBF payments ($427K), net interest income ($348K), food service reimbursements ($97K), IDEA reimbursements ($85K), Early Childhood Grant reimbursements ($224K), Medicaid reimbursements ($53K), Solar reimbursements ($42K) and Impact Fees ($10K), accounting for over 99.3% of all revenues collected. Expenses were mainly due to normal school year operations in the Ed Fund ($431K), O&M Fund ($168K), Transportation Fund ($60K), Capital Projects Fund ($296K), and two regular payrolls ($3.63M), accounting for over 99.7% 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 main property tax installment in September, we were at our high water mark for the year ($73.62M in total fund balances), and we will use those reserves through May, as we draw down fund balances to about $48M. Our reserves were at $69.82M in November of last year, and we are at $65.82M in November of this year. This $4M difference is primarily related to capital projects completed during the past year, including about $5M in roof and solar array work at three of our schools.

Investments/Cash Management

At the end of November, we held about $20.944M in Cash and Cash Equivalents (0-30 days), $607K in Short-Term Investments (30-90 days), $4.486M in Mid-Term Investments (90-365 days), and $39.782M in Long-Term Investments (over 1 year). The investment curve is still slightly inverted during the first three years or s,o and then is upward sloping thereafter. As it returns to normal in the near futur,e we will move cash and short-term investments out to longer maturities. We are "cash heavy" right now because of our property tax collections, but cash and short-term rates are still a little higher, so that is ok. We are currently investing about $45.443M with PFM, $12.453M with PMA, $7.001M with Fifth Third Bank, and $922K with ONB. As of 11/30/25, we had no outstanding vouchers at ISBE. We are in good shape from a cash flow standpoint, and our coordinated investment program is realizing positive interest earnings and investment appreciation in our current interest rate environment. We earned about $3.8M in net investment income last year, including investment appreciation of $772K, and this year we'll probably earn about $3.5M in net investment income if rates hold up (we recognized $269K of interest income and $79K of investment appreciation in November).

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 (25 bps of cuts in both September and October and we are expected another 25-50 bps cut in December). When we eventually do experience an upward sloping investment curve (probably in 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 was delayed until 10/24 because of a lack of current data due to the government shutdown (CPI and Core CPI both came in at 3.0%, slightly lower than expected). The October CPI Report was cancelled altogether and with the shutdown now over, we should be receiving the November report sometime in mid to late December. The job reports, consumer confidence surveys and GDP growth information (all critical pieces of data used to analyze and help determine inflation) have all been delayed or cancelled. Investment rates are currently about 3.95% for cash and short-term investments, 3.75% for mid-term investments of around 1 year and 3.55% for long-term investments over 3 years. We earned $1.4M in net interest income in FY23, $3.1M in FY24, and $3.8M 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 104rd Session of the Illinois General Assembly began in 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. 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 Halloween, and the big news was an RTA transit 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 evolution of a potential second round of Tier II Pension Fix legislation (to be considered during the spring session), not much related to public education happened during the Veto Session. As the spring session agenda heats up, and the Governor begins to formulate a FY27 proposed budget and budget address (to be presented in February), fully funding the EBF formula AND mandated categorical programs is becoming the message from our public schools.

Federal Legislation

In Washington, the Federal Government shutdown officially ended in mid-November. However, the Continuing Resolution only funds the government through January, and while there is no extension of the Affordable Care Act subsidies that are set to expire on January 1st, there was a promise by Republicans to hold a vote on a bill in mid-December. The Department of Education quickly resumed efforts 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 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. Several education issues have remained in the news, 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, 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

There are no significant legal matters outstanding at this time (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), except for a grievance currently being adjudicated, an EEOC claim being investigated and some routine personnel inquiries. We are monitoring the Social Media Class Action Lawsuit and will keep the Board informed as the 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).

Economic Trends

Year over Year inflation (CPI) stayed slightly elevated at 3.0% in October, after coming in at 2.9% in September. November's report has been cancelled because of the Government Shutdown and our next report should be received by December 17th. 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 decreased slightly to 3.0% in October after coming in at 3.1% in September. The trend of Core CPI exceeding Full CPI has now been broken. The Fed cut rates in both September and October by 25 basis points each month, after cutting rates by 100bps in late 2024. With the Overnight Lending Rate now at 3.75%-4.00%, we still expect 1 more rate cut in December, probably totaling 25-50bps, 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 this year by less than 2%, and unemployment is expected to increase slightly to around 4.5%-4.75% (it is at 4.4% now). The CPI and Core CPI are targeted to settle in at around 3.00% in 2025, 2.50% in 2026 and 2.00% in 2027. A Base CPI and Core CPI target range 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"). Inflation has proven to be persistent and slightly elevated as the Fed tries to drive it down to the 2.0% to 2.5% range.

Student Transportation

The severe shortage of bus drivers and bus monitors that we experienced in October has subsided somewhat, but staffing is still very tight. However, things do appear to be getting better and we noted a marked decrease in late routes, missed bus stops and parent complaints during November. This critical shortage was not isolated to the Westmont Terminal, and in checking with other CSBO's throughout the region everyone (not just First Student customers) has been dealing with transportation challenges this fall, and some have been 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 to try and address staffing shortages and find ways to work around the manpower gap, 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. We are using liquidated damage clauses 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, and not have to take these credits.

Technology

Josh and I met via Zoom with our E-Rate consultant (Janet Kratchovil of Innovative Solutions) in November to finalize and post our plans for Year 30 of the E-Rate Program (we are just buying a few battery backups and surge protectors). We will be bringing an E-Rate Plan Purchasing Recommendation to the Board in January, so that we can place our E-rate technology order in February. We also have 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 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. 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. They are 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 approach winter and the expected increase in natural gas costs, we are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and hopefully minimize those increases. 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 $240K for our Phase I solar projects. Electricity costs will continue to rise 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 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 March for our Biometric Health Screenings (we expect over 300 people to participate). As we had over 300 people screen this past year (up from about 100 the prior year) we will therefore 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. Unfortunately, there is a lot of 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. 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. 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 have been well received by our staff. Finally, we continue to roll out our new Employee Wellness Program 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. 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 programs and 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 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! Whereas we had participation rates of about 10% (paid students) and 25% (free/reduced students), 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 end and we are 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 make this new program a success. In the end, working with Quest Foods, we hope to have a better food service program for our students and staff.

Custodial and Maintenance Services

Kyle Hanson and his crew have been very busy the past few weeks dealing with several bouts of nasty winter weather…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 the tight labor market and they have kept up on our construction projects, while also planning for the Summer of 2026 work program. Bids for that work are being brought to the Board for review and approval this month. 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 preparing for the winter “cold and flu season” and we will be providing extra, deep cleaning of any identified “hot spots” in any of our schools this winter. 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 are managing this summer’s construction work through closeout and have had no major setbacks or significant delays. The remaining projects currently being wrapped up are the Meadowview Playground Renovations and the Phase II Solar Array Installations (both done now). 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 $5.75M 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 $6.75M. 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 $10.75M 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 budgeted to cost about $1.5M in total.

Risk Management

With the approval of our SELF Worker's Compensation Insurance Policy in June, and our current renewal proposal from SSCIP for our Property/Casualty/Liability Insurance 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. The renewal recommendation for SSCIP is in your Board packet for the Board's review and approval and it is a very good renewal. We are also installing the Crisis Go critical incident notification system this winter and will be in-servicing staff when we return from Winter Break. We have two very stable insurance cooperatives/programs in place that maximize coverage while minimizing cost and employing proactive claims management 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 winter and spring, and we are also looking to transition to a new claims management service firm for SELF next 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!