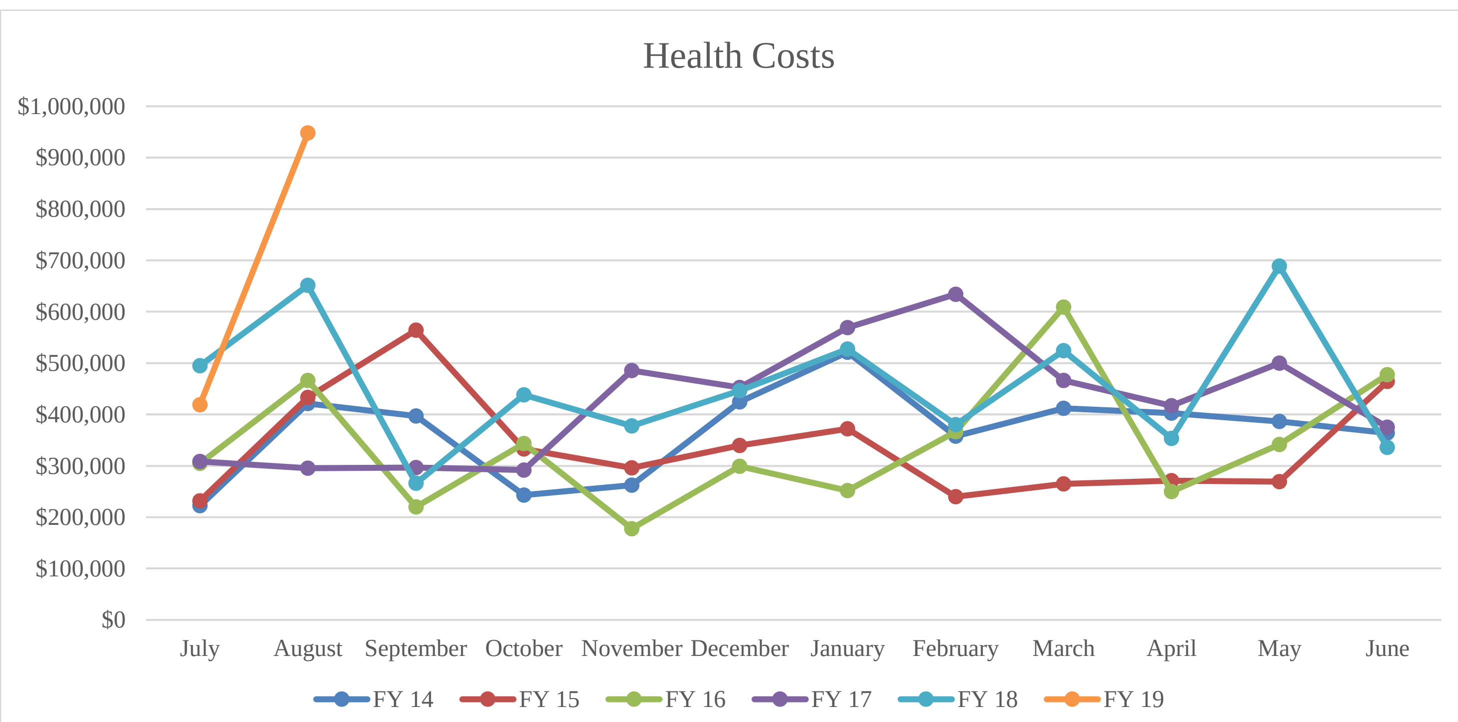
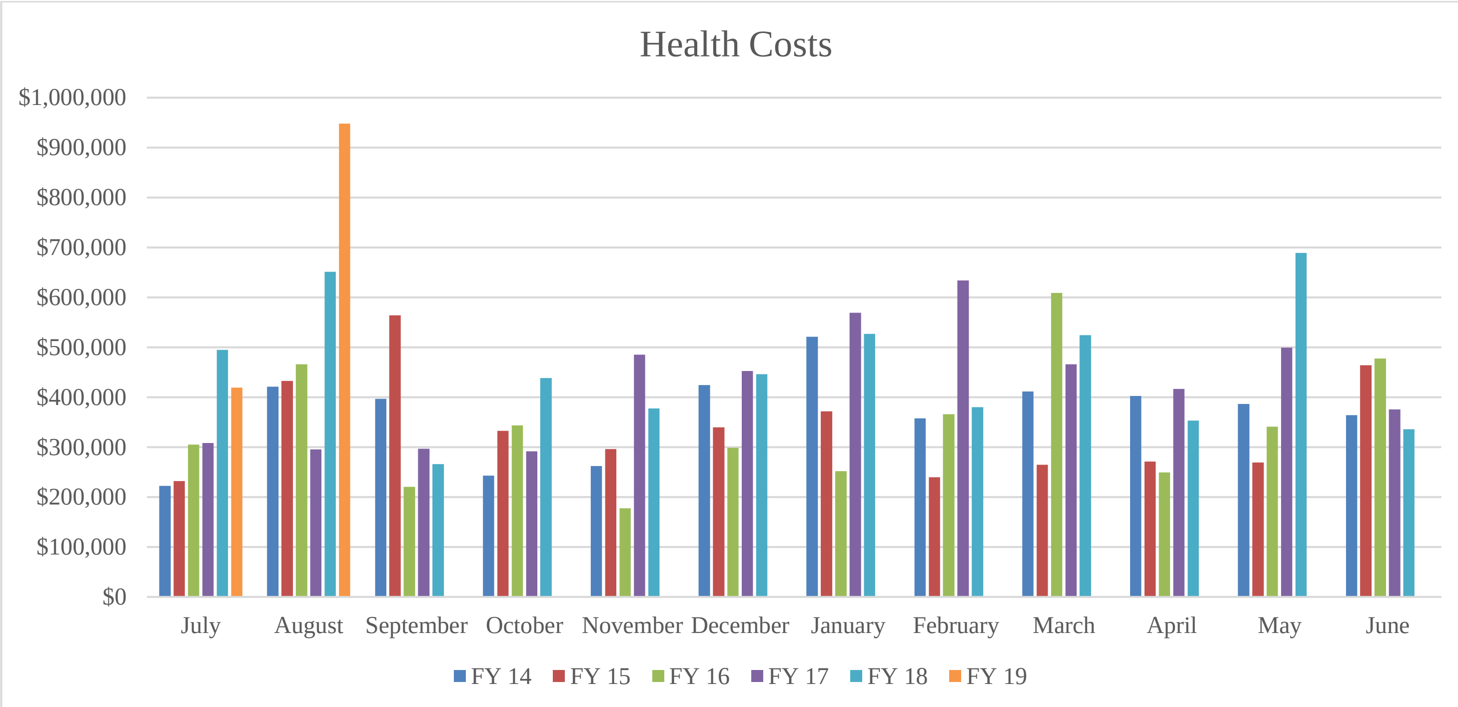
September 2018 Busine$$ Report

BY DAVE BLACKBURN

Health Claims – The August 2018 health claims of $947,930 were considerably higher than the last five years' August costs. See the orange lines (FY 19) in the charts below.

Health Insurance Claim Costs							**Difference**
	FY 14	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**FY 18 v. FY 19**
July	$222,162	$231,894	$304,875	$308,581	$494,819	$419,087	($75,732)
August	$421,391	$432,872	$466,102	$295,643	$651,398	$947,930	$296,532
September	$397,066	$563,910	$220,212	$296,759	$265,806		
October	$243,165	$332,572	$343,562	$291,870	$438,396		
November	$262,462	$296,013	$177,750	$485,458	$377,441		
December	$424,641	$339,803	$298,825	$452,775	$446,263		
January	$521,242	$371,855	$251,916	$569,301	$527,056		
February	$357,697	$240,010	$366,194	$634,151	$379,903		
March	$411,642	$264,983	$609,034	$465,978	$524,062		
April	$402,767	$270,826	$249,562	$416,898	$353,226		
May	$386,683	$269,454	$341,218	$499,554	$688,841		
June	$363,790	$464,321	$477,279	$375,392	$336,172		
Totals	$4,414,708	$4,078,512	$4,106,528	$5,092,359	$5,483,382	$1,367,017	$220,800





As has been repeatedly mentioned in the past, Dixon USD #170 is and has been self-insured for over 30 years. That means that the District utilizes a third party administrator, in our case IPMG, to process and pay claims based on the District's Health Plan and then purchases excess reimbursement coverage for claimants who exceed $125,000 per year (there is also an additional aggregating specific of another $112,000 obligation to the District for claims over the $125,000 threshold). Although being self-insured is a very cost effective method of providing health care it can create some budgeting issues in that it is almost essential to budget "worst case scenario."

County School Facility Tax – Dixon Public Schools' May sales tax amount of $130,584.99 (our eleventh payment). We have begun allocating $60,000 to the Bond & Int. Fund - 30 each month to meet our bond payment obligation. The remaining $70,584.99 will go in Capital Projects Fund – 60. This will work until June of 2022 when an adjustment to $65,000/month will be necessary, then $70,000 in June of 2025, and back to $65,000 in June of 2029.

Countywide Sales Tax Revenues

2017		FY 18	
	July	$112,390.43	11.6.2017
	August	$114,519.33	12.6.2017
	September	$114,384.71	1.13.2018
	October	$110,898.10	2.6.2018
	November	$115,962.00	3.5.2018
	December	$123,609.44	4.6.2018
2018			
	January	$93,605.52	5.6.18
	February	$88,089.56	6.6.18
	March	$110,296.18	7.6.18
	April	$104,551.20	8.6.18
	May	$130,584.99	9.6.18

June	
YTD	$1,218,891.46

State of Illinois Mandated Categorical Payments – Transportation – The FY 18 fiscal year has ended and **we have only received three of our four transportation categorical payments** from the State of Illinois. On 6/20/18 we received $116,109.30 for regular and vocational transportation and $175,765.02 for special education. The total deposited into the Transportation Fund at that time was $291,874.32. The fourth payment has been disbursed, but has not been processed by the Comptroller's Office. The Illinois State Board of Education's Financial Reimbursement Information System shows that we are owed and additional $117,784.95 in Regular and Vocational Transportation and $175,246.40 in Special Education Transportation (Total owed by State = $293,031.35). Since we utilize the modified accrual method of accounting anything owed at the end of the fiscal year has been considered a receivable for FY 18 by our auditors in the audit that is being completed

As of 8/31/18 the Transportation Fund had $621,693, including funds in investments, according to the Treasurer's Report. To date we have received $382,947 in local property taxes for the 2018-2019 school year.

Transportation 3100 - Regular and Vocational

Schedule Date		Amount	Status	Processed by Comp.
9/30/2017	$	113,918.65	Disbursed	2/13/2018
12/30/2017	$	116,109.29	Disbursed	4/19/2018
3/30/2018	$	116,109.29	Disbursed	6/20/2018
6/15/2018	$	117,784.95	Disbursed	
	$	462,922.19		

Transportation 3510 - Special Education

Schedule Date		Amount	Status	Processed by Comp.
9/30/2017	$	172,861.74	Disbursed	2/13/2018
12/30/2017	$	175,765.02	Disbursed	4/19/2018
3/30/2018	$	175,765.02	Disbursed	6/20/2018
6/15/2018	$	175,854.40	Disbursed	
	$	700,246.18		

In April of 2017 the Board of Education authorized a loan in the amount of **$669,614.59** from the Working Cash Fund to our Transportation Fund due to the fact that we had not received any State of Illinois Mandated Categorical Transportation Funding. **That loan is still owed to the Working Cash Fund**.

GASB 75 – Reporting Change - Dixon Unit School District #170 is considered to be a cost-sharing employer whose employees are provided with defined benefit Other Post-Employment Benefits through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan

The **Teacher Retirement Insurance Program of Illinois (TRIP)** is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating school districts throughout the State of Illinois, excluding the Chicago Public School System. **TRIP health coverage** includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. TRIP is administered in accordance with the State Employees Group Insurance Act of 1971 (5 ILSC 375/6.5) which establishes the eligibility and benefit provisions of the plan.

Government Accounting Standards Board **(GASB) Statement No. 75**, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions, defines special funding situations as circumstances in which a non-employer entity is legally responsible for providing financial support for OPEB (other postemployment benefits) of the employees of another entity by making contributions directly to an OPEB plan that is administered through a trust that meets the criteria and either (1) the amount of contributions or benefit payments for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the OPEB plan or (2) the non-employer entity is the only entity with a legal obligation to provide financial support directly to an OPEB plan that is used to provide OPEB to employees of another entity. The State of Illinois is considered a non-employer contributing entity. The Schedule of Employer Allocations and Schedule of Total OPEB Liability by Employer include the employers and the State (non-employer contributing entity).

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, **a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan)—the collective net OPEB liability**. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the OPEB plan are determined.

In essence, the District has in the past and continues to fund its TRIP obligations, but, in similar fashion to the Teachers Retirement System (TRS,) the State of Illinois has not met its obligation and TRIP is terribly underfunded. **GASB 75 now requires that this underfunding be recognized in our local District’s audit and it will reflect a reduction in net positions through no fault of our own.** Our auditors can explain further if there are questions when they present the Fiscal Year 2018 Financial Report, probably in October of this year.