

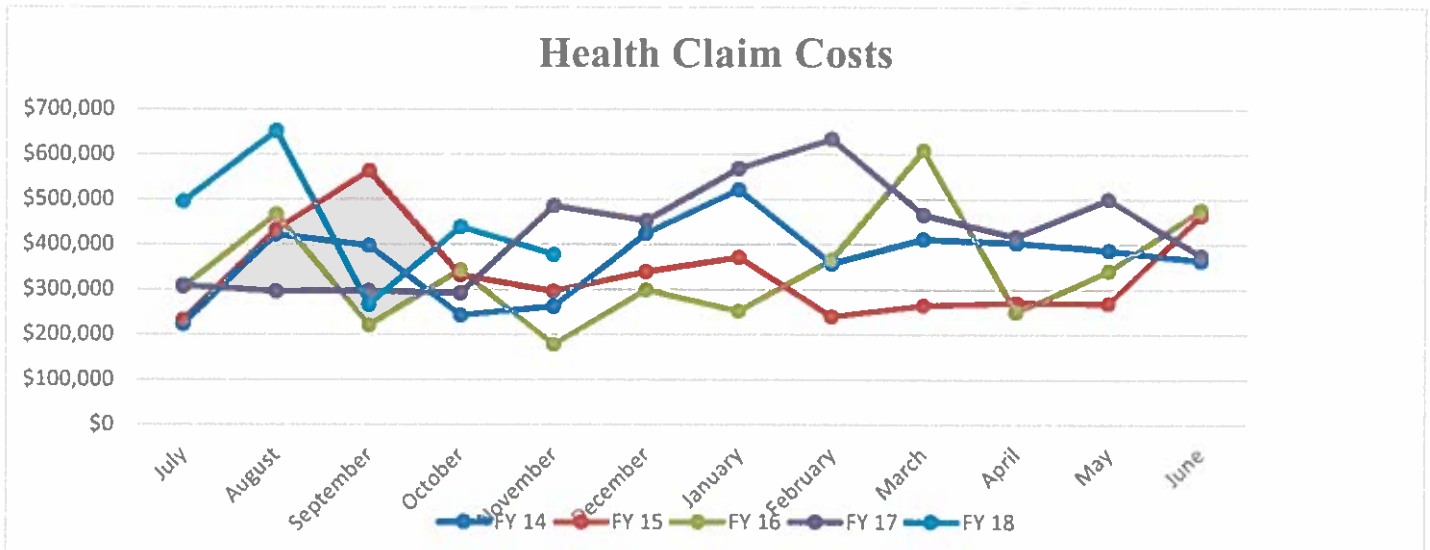
December 2017 Business Report

BY DAVE BLACKBURN

Health Claims – The November 2017 health claims of \$377,441 which were lower than last year’s November costs, but higher than the three previous years. See the blue line (FY 18) in the line chart below. In the first five months of the fiscal year the Board has provided \$1,750,000 while the employees have contributed \$185,057 in premiums.

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.”

<u>Health Insurance Claim Costs</u>						<u>Difference</u>
	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 17 v. FY 18</u>
July	\$222,162	\$231,894	\$304,875	\$308,581	\$494,819	\$186,239
August	\$421,391	\$432,872	\$466,102	\$295,643	\$651,398	\$355,755
September	\$397,066	\$563,910	\$220,212	\$296,759	\$265,806	(\$30,953)
October	\$243,165	\$332,572	\$343,562	\$291,870	\$438,396	\$146,526
November	\$262,462	\$296,013	\$177,750	\$485,458	\$377,441	(\$108,017)
December	\$424,641	\$339,803	\$298,825	\$452,775		
January	\$521,242	\$371,855	\$251,916	\$569,301		
February	\$357,697	\$240,010	\$366,194	\$634,151		
March	\$411,642	\$264,983	\$609,034	\$465,978		
April	\$402,767	\$270,826	\$249,562	\$416,898		
May	\$386,683	\$269,454	\$341,218	\$499,554		
June	<u>\$363,790</u>	<u>\$464,321</u>	<u>\$477,279</u>	<u>\$375,392</u>		
Totals	\$4,414,708	\$4,078,512	\$4,106,528	\$5,092,359	\$2,227,860	\$549,549



2017 Levy – The levy is the amount of money a school district certifies to be raised from local property taxes. Our District’s levy process began in November and will be completed at our December meeting. A tentative levy was placed on file for more than the minimum of 20 days before the permanent levy will be voted on by the Board of Education and filed with the county clerks (Lee and Ogle) by the last Tuesday in December.

This levy will be extended in the spring and summer of 2018 and represents tax revenues that will be collected to operate the FY 19 (2018-2019) school year. It is important that the Board realizes that the assessed value figure for the 2017 tax year is a projection. We will not have actual 2017 Equalized Assessed Value figures until April or May of next year, but the District will not have the opportunity to amend the 2017 tax levy at that time. Because of this time cycle, the tendency is to estimate the assessed value slightly on the high side. ***A taxing body can and probably will get less, but it cannot get more than its levy.***

Although actual 2017 EAV figures will not be available from either Lee or Ogle Counties for several months, estimates from the assessors’ offices show a combined EAV slightly increasing without taking into consideration appeals, exemptions or new construction.

Since we are currently looking at deficit spending in FY 18, which would further lessen our fund balance, and due to our needs in the Education Fund it would be advisable to capture all of the funds we have access to (i.e., Education = \$2.95/\$100 EAV (maximum limit)).

A Truth in Taxation Hearing would have been required if the current year’s levy request (excluding bond and interest) was more than 5% greater than the prior year’s extension. Because this recommended regular tax levy is less than a five percent increase over the estimated 2016 levy extension, a Truth in Taxation hearing was not required. Final action considering adoption and certification of the levy will take place at the December 13, 2017 meeting.

County School Facility Tax – Dixon Public Schools’ August sales tax amount of \$114,519.33 (our second payment) arrived on Friday, December 8, 2017. There was a slight adjustment in this month’s amount since the Steward School District was not compensated in the July payment and that was corrected. The revenue will be once again placed in the Capital Projects – Fund 60 and can only be used for new facilities, additions & renovations, security, entrances, safety, disabled access, architectural planning, energy efficiency, parking

lots, issuing bonds or retiring bonds. That Capital Projects Fund had \$27,321 prior to the first sales tax payment.

There is an action item for the December meeting which enables the Lee/Ogle/Whiteside Regional Office of Education #47 to keep interest earned while funds are in their account prior to distribution to the Lee County school districts. This is the same method the ROE had previously used for the Whiteside County school districts after the countywide sales tax passed in Whiteside.

The Board of Education does have the ability to issue alternative revenue bonds if it prefers to borrow funds to complete projects earlier rather than utilize a pay as you go method. This can be done by pledging the sales tax proceeds to do the debt service. Mr. Kevin McCanna from Speer Financial will introduce the concept to the board as an informational item at the December meeting. If we are looking at staying with the current schedule that Green Associates and Russell are working on for geothermal heating and cooling at three buildings, elevators at the two elementary buildings, a secure vestibule at DHS, a multipurpose room addition at Jefferson and some offsite development we will need to utilize this method. There seems to be an economy of scales by bundling the like projects together and doing them at the same time and it is definitely best for the current students and staff to complete the projects sooner rather than later.

2017	.	.
July	\$112,390.43	11.6.2017
August	\$114,519.33	12.6.2017
September		
October		
November		
December		

2018		
January		
February		
March		
April		
May		
June		
FY 18 Y-T-D	\$226,909.76	

Property Tax Relief SB 851 – I reported last month that there is new property tax legislation pending in Springfield currently aimed at Cook and collar counties that could ultimately impact school downstate districts through referendum. The two-year temporary property tax freeze also increases the current general homestead exemption from \$6,000 to \$10,000 and the senior exemption from \$5,000 to \$8,000. Dixon Public Schools currently has 6,548 homestead exemptions in Lee and Ogle counties and 2,224 senior exemptions. If implemented these exemptions would lower the District’s total EAV by (\$32,864,000) and increase the total tax rate adversely impacting those who aren’t able to utilize the exemptions while possibly lowering the property taxes collected overall.

I attempted to sit in on a presentation at the Joint Annual Conference on November 17, 2017 titled "Property Tax Freezes and Exemptions: The Impact," but was unable to do so due to the unusually large interest. I arrived right at the 2:00 pm starting time and the crowd attending spilled out into the hallway to the point you could not hear the speakers. I chose an alternate session out of necessity. The legislation passed in the IL House and it is yet to be determined if the legislation will be voted on in the Senate. We will continue to monitor the legislation and keep you informed.