

January 2018 Busine\$\$ Report

BY DAVE BLACKBURN

Health Claims – The December 2017 health claims of \$446,263 were slightly 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 six months of the fiscal year the Board has provided \$2,150,000 toward health claim costs while the employees have contributed \$224,924 in premiums. We are currently exceeding last year’s expenses by \$543,037 over the first six months of the fiscal year.

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	\$446,263	(\$6,512)
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	\$2,674,123	\$543,037

Alternate Revenue Bonds (Sale Tax Alternate Revenue Source) – As was mentioned at the last meeting 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 introduced that concept to the board as an informational item at the December meeting. In order to stay with the current schedule that Green Associates and Russell have designed 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 possible 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.

Consideration of a resolution authorizing the issuance of not to exceed \$15,000,000 of general obligation bonds (sales tax alternate revenue source) of the District in order to alter, repair and equip school buildings and facilities and improve school sites will be on the agenda for the January Board of Education meeting to begin the process. A Notice of Intent to Issue Bonds and Right to File Petition, the resolution and petition will then appear in our local newspaper.

State of Illinois Mandated Categorical Payments – Transportation – We are half way through the fiscal year and we are yet to receive any transportation payments from the State of Illinois. Although the payments have been disbursed they have not been processed by the Comptroller’s Office so we are currently owed a total of \$578,655. The Illinois State Board of Education’s Financial Reimbursement Information System shows that we have been allotted \$462,246.53 in Regular and Vocational Transportation and \$700,156.02 in Special Education Transportation (Total State = \$1,162,402.50). The good news is this is \$129,772.32 more than was budgeted for FY 18 Transportation, but the bad news is we have not received any of the funding as of the second week in January.

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.** Prior to that loan we had relied on the fund balance in the Transportation Fund and the local property tax (\$0.20 per \$100 EAV) revenues levied for transportation purposes. We needed the loan in order to meet our transportation obligations. We then received our first transportation payment on 4/21/17 and our second on 6/21/17 prior to the end of the FY 17 Fiscal Year on 6/30/17. The third FY 17 payment arrived on 8/10/17 and the fourth, and final, on 10/23/17. All FY 17 state transportation funds were finally received four months into the new fiscal year, but that same late payment schedule seems to be unfolding again this fiscal year.

As of 12/31/17 the Transportation Fund had \$802,542.95, including funds in investments, according to the Treasurer’s Report. We have received \$690,940 in local property taxes which is 99.75% of what was budgeted and there will be very little more to be received. Until we receive state transportation funding and have adequate funds to operate it seems pointless to repay the working cash loan.

Transportation - Regular and Vocational

Schedule Date	Amount	Status	Processed by Comp.
9/30/2017	\$ 113,918.65	Disbursed	
12/30/2017	\$ 116,109.29	Disbursed	

3/30/2018	\$	116,109.29	Scheduled
6/15/2018	\$	<u>116,109.29</u>	Scheduled
	\$	462,246.52	

Transportation - Special Education

Schedule Date		Amount	Status	Processed by Comp.
9/30/2017	\$	172,861.74	Disbursed	
12/30/2017	\$	175,765.02	Disbursed	
3/30/2018	\$	175,765.02	Scheduled	
6/15/2018	\$	<u>175,765.02</u>	Scheduled	
	\$	700,156.80		