

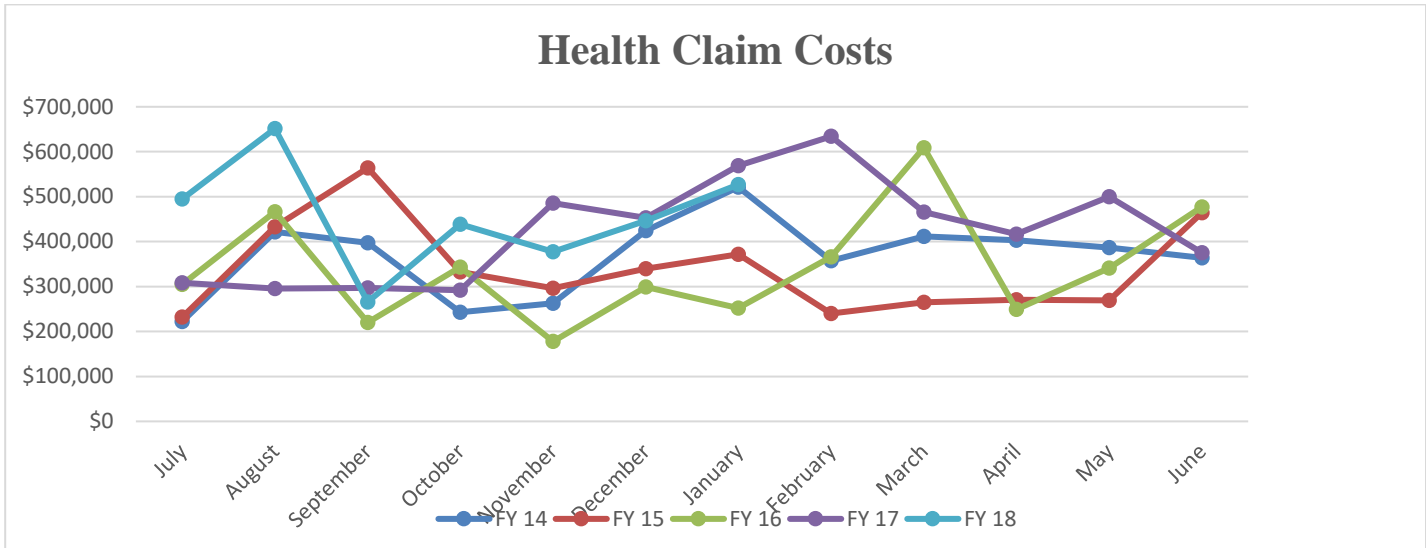
February 2018 Busine\$\$ Report

BY DAVE BLACKBURN

Health Claims – The January 2018 health claims of \$527,056 were slightly lower than last year’s January’s costs, but higher than the three previous years. See the blue line (FY 18) in the line chart below. In the first seven months of the fiscal year the Board has provided \$2,650,000 toward health claim costs while the employees have contributed \$263,038 in premiums. We are currently exceeding last year’s expenses by \$500,792 over the first seven 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	\$527,056	(\$42,245)
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	\$3,201,179	\$500,792



County School Facility Tax – Dixon Public Schools’ October sales tax amount of \$110,898.10 (our fourth payment) was mailed on February 6, 2018. 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. To date the District has spent \$334,903.75 from this fund for architectural/mechanical design with Green Associates and \$2,364.99 with Russell Construction for construction management services totaling \$337,268.74. All of this design work was necessary in advance of finalizing bid specifications and going out for the January and February bid packages involving a portion of the geothermal at three buildings and the elevators at two buildings.

Countywide Sales Tax Revenues

2017

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		
December		

2018

- January
- February
- March
- April
- May
- June

FY 18 \$452,192.57

State of Illinois Mandated Categorical Payments – Transportation – We are seven months into the fiscal year and we have 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).

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 1/31/18 the Transportation Fund had \$616,734.32, including funds in investments, according to the Treasurer’s Report. We have received \$691,351 in local property taxes which is 99.76% of what was expected 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		

Working Cash Fund History – At the most recent special meeting there were some questions asked during the public comment section about the Working Cash Fund.

Question 1 – How did the Working Cash Fund accumulate to \$3M? *The District was experiencing some financial constraints in the 1980’s and consistently used tax anticipation warrants in order to meet its cash flow needs. This borrowing from an outside financial institution enabled the District to meet its financial obligations prior to the arrival of local property taxes and required the repayment of principal and interest when the property taxes were finally received. In the late 1980’s the District sold \$3M in the Working Cash Bonds which were eventually paid off as of 6/30/1994. The Working Cash Fund has served as an “internal bank” since that time and any interest amassed by the fund over the course of the fiscal year has been permanently transferred to the Education Fund in June of each year. The Business Office was instructed to levy the allowable \$0.05 for working cash purposes for the 2009 levy and has done so each year since. The District has been careful to only use WC funds for one-time, non-reoccurring costs (i.e., a new Districtwide phone system in FY 05, Reagan Middle School mechanical & window upgrades in FY 14 and the Brinton Avenue land acquisition in FY 18) and not as a supplement to any of the ongoing operating expenses.*

The fund reached its maximum on 3/31/17 when the fund balance was \$3,989,859.46. At the April 19, 2017 Board of Education meeting there was a temporary loan authorized from the WC Fund to the Transportation Fund in the amount of \$669,614.39 since the State of Illinois had not made any of its four (4) - FY 17 mandated categorical transportation payments. That loan is still outstanding even though those FY 17 payments were finally made well into the next fiscal year, but we are currently 7 months into FY 18 without receiving any transportation funding from the state for this fiscal year. As of 1/31/18 the Working Cash Fund cash balance and investments totaled \$2,437,946.40 and the fund is still owed \$669,614.39 from the Transportation Fund. The total of these two amounts is \$3,107,560.79.

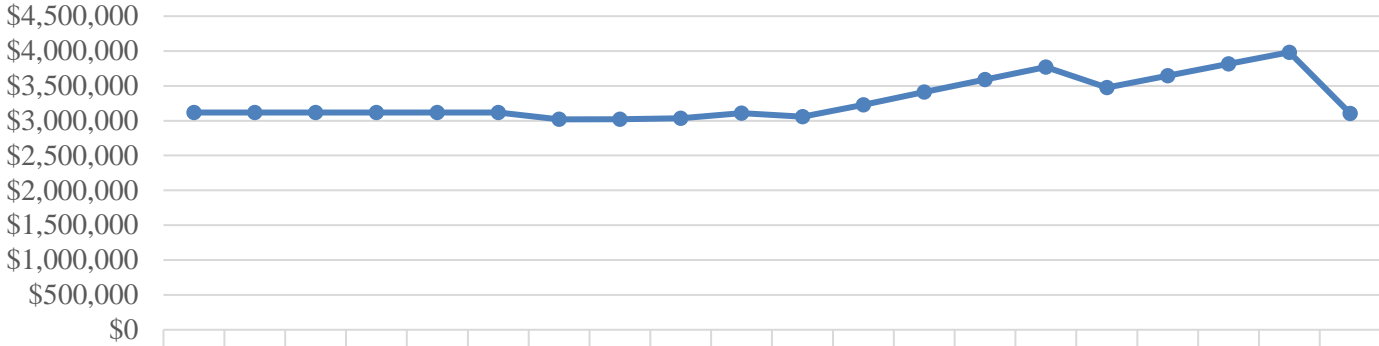
Question 2 – How will the Working Cash Fund be replenished? *The current WC fund balance is almost exactly where it was at the end of FY 08 prior to the implementation of the \$0.05 levy with the 2009 levy. For FY 18 the 2016 levy of \$0.05/\$100 amounted to \$172,845.19 in additional working cash revenue over the course of this fiscal year. The FY 19 Extension of the 2017 levy, which will not be available for a few months, should slightly exceed that amount provided the EAV doesn’t decrease.*

Question 3 – Will the Working Cash Fund be used for the Brinton Avenue Property? *Any use of the working cash funds requires formal Board of Education action. I am not aware of any discussions or plans to use working cash funds for the recently acquired property.*

Working Cash Fund

										Estimated
<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
\$3,107,845	\$3,055,564	\$3,229,738	\$3,410,116	\$3,588,942	\$3,767,695	\$3,474,447	\$3,643,709	\$3,813,777	\$3,982,151	\$3,104,776

Working Cash Fund



6/30/1999	6/30/2000	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18

Estimated