

Business Office Update July 28, 2014 Meeting

State Funding Outlook

- The state was able to pay all 4 of the categorical payments (special education & transportation). With the forecast for the state finances, we are being told to anticipate only 3 payments for the 2014-15 school year. This may create some challenges and cash flow issues for the 2014-15 school year as the total anticipated shortfall for FY2015 will be approximately \$250,000.

2013 pay 2014 Property Tax Collection

- The property tax levy for the 2013 pay 2014 property taxes is \$12,683,325.95
- The district collected \$617,089.89 in early taxes in May, 2014 and \$5,815,245.54 in June, 2014. We have received a distribution of \$143,838.75 in July.
- At this point, we have collected \$6,576,173.99. This represents 51.85% collection of the property taxes as of July 17, 2014. We typically receive approximately 50% of the distribution prior to the end of June. As of the end of June, we had collected 50.71%.

FY 2014 Budget Update

- On a cash basis, the district ended the fiscal year within budget in all funds. When the budget was developed, the additional revenue from the referendum and new construction (approximately \$1 million) received this spring was not included in the FY2014 budget. We typically receive approximately 50% of the revenue in the spring with the other 50% coming in the fall. The cash position of the district in the tax supported funds, not including the Debt Service Fund, increased by approximately \$1.6 million in FY2014.
- Approximately \$500,000 of this increase is a result of the referendum.
- We discovered an error in the financial reports prior to the auditors arriving. It took several days to pinpoint the problem with the help of our financial software support staff and one of the auditors. We discovered that a portion of one payroll was posted to the financials a second time resulting in an increase in the cash balance of approximately \$300,000. This error occurred in a 3 payroll month where expenses were anticipated to be higher. I discussed the implementation of some additional financial controls with regard to payroll. I anticipate that there will be a comment in the audit regarding this issue.

Audit

- The audit began on July 17, 2014 and most of the field work was completed by July 23, 2014. There are several items requested by the auditors requested that will be compiled and forwarded to the auditors so that they can complete the audit.

Cost Savings

Waste Disposal and Recycling

- The district recently received proposals from waste disposal and recycling companies. The end result is that the district **will save approximately \$7000 each year for the next two years**. Waste Management will be the new vendor for the district. The transition between companies will begin on August 8, 2014 with the first Waste Management pickup on August 11, 2014.

Duplicating Services

- The district also recently received RFP's for copiers. Pricing was very competitive and took longer to analyze than I originally anticipated. Purchase of copiers and many other forms of technology aren't required to be publicly bid. However, it is important to get the best bargain possible for the district and taxpayers. Since the process isn't a formal bid, the district also has the ability to negotiate once the proposals are received. On a positive note, the cost of copiers as other technology items has decreased in price from when the district's current copiers were purchased.
- I am in negotiations with our current vendor for a solution that would allow us to continue to use two of our three-year old machines. Five of the current machines had little or no volume. This allowed for a reduction in the number of machines purchased without impacting the annual copying volume. Volume may start to shift from the printers that are a higher cost per copy than the copy machines as the machines will allow staff to print directly from their computer to a copier. They would then go to the copier and punch in their code to print their job.
- I am exploring the option of either a lease or purchase. With a purchase of the equipment, the **annualized cost savings for 5 years will average \$38,000 per year** assuming that the number of copies per year remains stable. One copier in the office at each building will become the fax machine with the addition of a fax board. If the equipment is purchased through a lease, as we have done in the past, the annualized cost savings would be slightly less.

Electrical Service Issues

- ComEd recently placed monitoring equipment at Millburn Middle School to log the high voltage spikes that has been causing our HVAC equipment to shut down in order to avoid damage to the equipment. During the process, they discovered that our equipment is 260 volts, but the transformer for the 3 phase electric service is 280 volts. During the time that the monitor was on the equipment, the voltage spiked as high as 310 - 315 volts. ComEd made repairs to lower the voltage on Friday, July 25, 2014.
- The monitor is now at Millburn Elementary to determine if the problems we have been experiencing at MES are also related to high voltage.