

**Business Office Update
May 7, 2012 Meeting**

FY2012 Tentative Budget Amendment

- A review of the district budget resulted in my finding a few areas that require me to recommend that FY2012 budget be amended. This doesn't mean that we are overspending. The total expenditures for the FY2012 adopted budget (\$16,067,157) is equal to the expenditures for the tentative FY2012 amended budget (\$16,067,157). A spreadsheet is included in your packet showing the original expenditure budget and estimated expenditures for the Education Fund, the Operations & Maintenance Fund, the Transportation Fund and the IMRF/Social Security Fund prior to the budget amendment. I have also included a spreadsheet comparing budgeted revenue with the revenue received as of 4/30/12.
 - IMRF/Social Security Fund – An estimated shortfall of \$10,000 was identified in the IMRF/Social Security Fund. This is primarily due to the fact that the Millburn Before and After School Program salaries were included in the Education Fund budget, but the IMRF/Social Security fund did not reflect the IMRF/Social Security benefits for this program. To allow for a \$10,000 cushion for any surprises, I am also recommending that in addition to adding \$10,000 to the Community Services account, \$5000 be added to both the regular and special education instruction accounts.
 - Transportation Fund – An estimated shortfall of \$17,571 was identified in the Transportation fund. This is primarily due to the addition of a bus route in the fall as well as the fact that we had three bus drivers that were out for long-term illnesses during this school year. This resulted in the district exhausting the funds that were budgeted for substitute drivers. I am recommending that the transportation budget be increased by \$20,000.
 - Tort Fund & Education Fund – I did not alter the original tentative budget for the Tort Fund that was presented in June, 2011 prior to my employment. The fund began with a negative cash balance of (\$47,607) with anticipated revenue of \$45,186 with an estimated ending cash balance of (\$158,421). I submitted the budget to ISBE as adopted. However, I received a call from ISBE telling me that no fund could begin the year with a negative cash balance. They suggested that I show temporary loans between funds to bring the starting balance to \$0.00. I made the adjustments, but I would like to include this in the budget amendment.
 - This process reduces the Education fund starting balance by (\$47,607) from \$104,925 to \$57,318.
 - The expenditures of \$156,000 from the Tort Fund will also need to be shifted from the Tort Fund to the Education Fund.
 - I am also recommending a reduction in the Education Fund expenditures in the amount of (\$40,000) to account for the increase in expenditures of \$20,000 in the Transportation Fund and \$20,000 in the IMRF/Social Security Fund.
 - “On Behalf” Payments - Local school districts are required to add an amount that represents both the revenue and expenditures for the “On Behalf” payments that the state makes on behalf of the school districts for the Teacher Retirement System. This has no impact on the actual revenue or expenditures of the district. I have added \$1,770,000 to the “On Behalf” line of the “Budget Summary” of the Tentative FY2012 Amended Budget.

Budget Information

- Due to the time involved in the FY2012 budget amendment, preliminary information on the FY2013 budget will be presented at the May 21, 2012 Board meeting.

Property Tax Update

- The district's property tax levy was certified by the County Clerk on April 18, 2012.
- The total levy for Calendar Year 2011 pay 2012 is \$10,950,470.77. This is an increase over the 2010 pay 2011 levy of \$293,167.81. Approximately half of the increase is in the Bond fund (\$147,487.73) and cannot be used for day-to-day operation of the school district.
- Attached is a short description regarding how the tax bills are calculated.

Bond Refunding

- The bond refunding closing was held on May 1, 2012
- The bond refunding will reduce the local property tax payments by a total of \$339,717 over the next 8 years.

Workers Compensation

- I met with Mark Almburg, the Director of Risk Services for our Workers Compensation carrier to review the loss history of our Workers Compensation plan.
 - The positive news is that we have reported claims in a more timely manner this year than in previous years. This year, we have had nine reports submitted. All were reported within 0-7 days of the injury.
 - Five of the nine claims resulted in medical payments and/or reserves that are set aside for work-related injuries. The data below is accurate as of 4/17/12.
 - 2011-12 - 5 claims - \$111,126.74 incurred with \$61,540.89 in reserves
 - 2010-11 - 11 claims - \$19,45.12 incurred with no reserves outstanding
 - 2009-10 - 7 claims - \$3,626.50 incurred with no reserves outstanding
 - 2008-09 - 4 claims - \$5314.41 incurred with no reserves outstanding
 - Our insurance premium is based on the district's workers compensation modification factor. The modification factor is based on a running three-year average of claims experience. The average modification factor is 1.00. The district's modification factor was .81 in 2010-11 and is .84 for 2011-12. It is important that we put programs in place to reduce workplace injuries for both the safety of the employees as well as keeping our workers compensation costs down.
- I am recommending that the following be instituted as the start of a plan to reduce workers compensation injuries at Millburn District 24:
 - Six foot step ladders will be purchased for each building this month to be located throughout the building for teacher use. This will discourage teachers from falling as a result of standing on a chair, table, counter, etc...
 - Training has been scheduled for all custodians and summer help on Monday, June 11, 2012 to review basic safety precautions. This is the same day that the classroom moves will begin.
 - I have received a series of safety reminders that I will be emailing to all staff throughout the month of May.

- I will be working with the administrative team to incorporate an accident investigation component into the workers comp process. Many districts have adopted a board policy that delineates accident reporting requirements and includes the investigation component. The investigation component is designed to identify ways that similar accidents can be prevented in the future.

School Maintenance Project Grant

- The School Maintenance Project Grant was submitted to ISBE and it looks positive that the district will receive the \$50,000 grant to replace a portion of the roof at Millburn Central School.
- We are planning to bid the roof project in January, 2013 for the work to be completed during the summer of 2013.

Energy Audit

- Mr. Lind has been in contact with the Smart Energy Design Assistance Center (SEDAC) that is based out of the University of Illinois. SEDAC conducts free energy assessments for both private and public entities. SEDAC has assessed approximately 1000 buildings (85.6 million square feet) that generated annual cost savings in excess of \$7.3 million.
- My office has begun the process of providing SEDAC with energy use data that they need to review prior to an on-site visit.