

DIXON PUBLIC SCHOOLS #170

"A Place to Grow"

www.dps170.org

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Margo Empen, Superintendent
Doug Stansford, Asst. Superintendent
Marc Campbell, Business Manager

Date: December 18, 2024
To: Margo Empen, Superintendent
From: Marc Campbell, Chief School Business Official
RE: Public Act 103-0394 Operational Fund Reserve Reduction Disclosure

Public Act 103-0394 amends the School Code. The Act requires any district that does not receive federal impact aid to calculate the combined, annual average expenditures of its operational funds for the previous three fiscal years, as reported in the school district's most recently audited annual financial reports.

It requires that school boards annually present a written report covering the annual average expenditures of its operational funds for the previous three fiscal years at a board meeting.

If a district's combined cash reserve balance of its operational funds exceeds 2.5 times annual average expenditures of its operational funds for the previous three fiscal years, the school board shall adopt and file with the Illinois State Board of Education (ISBE) a written Operational Funds Reserve Reduction Plan by December 31.

Public Act 103-0394 borrows largely from certain portions of the case law on tax rate objections most famously set forth in the 1969 Supreme Court case of Central Illinois Public Service Co. v. Miller, 42 Ill.2d 542 (1969). Under this line of cases, Illinois courts have found that taxing districts are subject to tax objections for excessive accumulations when the amounts available to districts exceed 2.0 times the average annual expenditures. While the new law stops short of increasing this permissible "Miller ratio" from 2.0 to 2.5, this expression of legislative intent provides a compelling argument for dismissal of cases where taxpayers object to Miller ratios that are less than 2.5. On the other hand, school districts should be mindful that Section 17-1.10, in effect, puts a cap on how much money districts can hold in reserves. However, it should be noted that districts would not be required to spend the excess reserves, but only to submit a plan detailing how they intend to do so over the next three years. This acknowledges the understanding that there are several reasons for a district to build up reserves, including saving up to pay for capital expenses, purchasing a new security system or planning for a situation where their HVAC system fails. Taken from Robbins Schwartz at: <https://robbins-schwartz.com/news/low-alerts/2023/08/11/bill-requiring-cash-reserve-reduction-plans-becomes-law/>

Attached is the required disclosure of PA 103-0394. A reserve reduction plan is not required by the District.

Dixon Public Schools, in cooperation with the community, will provide students with a comprehensive educational program that produces well-educated, self-sufficient, and involved citizens.

Dixon Unit School District #170
For the Tax Year 2024

Compliance reporting for Public Act 101-0895

Treasurer's Report for Dixon Unit School District #170

Fund #	Fund Name	Cash Balance 10/31/2024	Investment Balance 10/31/2024	Total Cash Balance 10/31/2024
10	Education Fund	\$ 17,802,791.17	\$ 2,258,891.48	\$ 20,061,682.65
20	O&M Fund	\$ 1,579,403.09	\$ 554,755.31	\$ 2,134,158.40
30	Debt Services	\$ 3,474,947.36	\$ 568,563.20	\$ 4,043,510.56
40	Transportation Fund	\$ 1,006,796.78	\$ 667.66	\$ 1,007,464.44
50	IMRF/Social Security Fund	\$ 1,424,711.28	\$ 131,671.47	\$ 1,556,382.75
60	Capital Projects Fund	\$ 33,351.40	\$ 896.70	\$ 34,248.10
70	Working Cash Fund	\$ 2,145,258.34	\$ 1,346,420.18	\$ 3,491,678.52
80	Tort Fund	\$ 865,873.55	\$ 298,387.12	\$ 1,164,260.67
90	Fire/Safety Fund	\$ 798,038.79	\$ 15.65	\$ 798,054.44
Total		\$ 29,131,171.76	\$ 5,160,268.77	\$ 34,291,440.53

Treasurer's Report for Dixon Unit School District #170

Fund #	Fund Name	Cash Balance 6/30/2024	Investment Balance 6/30/2024	Total Cash Balance 6/30/2024
10	Education Fund	\$ 9,229,270.79	\$ 2,227,397.15	\$ 11,456,667.94
20	O&M Fund	\$ 596,046.41	\$ 547,020.71	\$ 1,143,067.12
30	Debt Services	\$ 1,212,392.26	\$ 560,636.07	\$ 1,773,028.33
40	Transportation Fund	\$ 26,871.71	\$ 658.37	\$ 27,530.08
50	IMRF/Social Security Fund	\$ 791,698.56	\$ 129,835.69	\$ 921,534.25
60	Capital Projects Fund	\$ 173,376.12	\$ 884.18	\$ 174,260.30
70	Working Cash Fund	\$ 1,899,141.65	\$ 1,327,647.86	\$ 3,226,789.51
80	Tort Fund	\$ 548,941.19	\$ 294,226.89	\$ 843,168.08
90	Fire/Safety Fund	\$ 569,305.51	\$ 15.46	\$ 569,320.97
Total		\$ 15,047,044.20	\$ 5,088,322.38	\$ 20,135,366.58

Amounts shown represent unaudited amounts as of the creation of report - 11/15/24

School District: Dixon USD 170 Most Recent AFR Fiscal Year: 2024
 RCDD: 47-052-1700-22

2.5 Yrs Annual Average Expenditures to Combined Cash Reserve Balance

Data from District's Annual Financial Reports						
Direct Disbursements / Expenditures	FY2022	FY2023	FY2024	Total Expenditures	Average Annual Expenditures	Cash Reserve Balances FY2024
Educational Fund (10)	25,174,388	27,185,481	30,989,223	83,349,092	27,783,030.67	11,990,561
Operations & Maintenance Fund (20)	2,373,610	2,494,008	2,933,570	7,801,188	2,600,396.00	707,806
Transportation Fund (40)	2,769,340	3,124,797	3,358,798	9,252,935	3,084,311.67	27,530
Operational Balance - June 2024	30,317,338	32,804,286	37,281,591	100,403,215	33,467,738.33	12,725,897

Must be < 2.5

Cash Reserve Balance to Expenditures Ratio: 0.380

Determination: No action needed

Required by 105 ILCS 5/17-1.10 Illinois General Assembly - Illinois Compiled Statutes (ilga.gov)
 Sec. 17-1.10. Operational funds expenditure report and reserve reduction plan.

- (a) In the 2024-2025 school year and in each subsequent school year, the school board of any school district that does not receive federal impact aid funding shall calculate the combined, annual average expenditures of its operational funds for the previous 3 fiscal years, as reported in the school district's most recently audited annual financial reports. Operational funds shall include the district's educational, transportation, and operations and maintenance funds. The school board shall annually present a written report covering the annual average expenditures of its operational funds for the previous 3 fiscal years at a board meeting.
- (b) With respect to a school district to which subsection (a) applies, if the school district's combined cash reserve balance of its operational funds, as most recently reported by the district pursuant to Section 17-1.3 of this Code, exceeds 2.5 times the annual average expenditures of its operational funds for the previous 3 fiscal years, the school board shall adopt and file with the State Board of Education by December 31 a written operational funds reserve reduction plan to reduce, within 3 years, the district's combined cash reserve balance of its operational funds to an amount at or below 2.5 times the annual average expenditures of its operational funds for the previous 3 fiscal years. The State Board shall post any operational funds reserve reduction plans received on the State Board's Internet website.

(Source: P.A. 103-394, eff. 7-28-23.)

Dixon Unit School District #170
Reserve Ratios - Miller Ratio Summary
For the Tax Year 2024

Education Fund	FY 24	FY 23	FY 22
Cash/Investments	\$ 11,990,561	\$ 10,750,103	\$ 6,296,343
Taxes Receivable	\$ 13,743,276	\$ 10,769,116	\$ 11,605,724
Ending Total Assets Available	\$ 25,733,837	\$ 21,519,219	\$ 17,902,067
3-Year Average Expenses	\$ 27,783,031	\$ 25,493,286	\$ 24,191,015
Total Assets Available to Expense Ratio	0.93	0.84	0.74

Operations & Maintenance	FY 24	FY 23	FY 22
Cash/Investments	\$ 707,806	\$ 513,189	\$ 367,748
Taxes Receivable	\$ 2,260,407	\$ 1,769,262	\$ 1,907,703
Ending Total Assets Available	\$ 2,968,213	\$ 2,282,451	\$ 2,275,451
3-Year Average Expenses	\$ 2,600,396	\$ 2,287,095	\$ 2,095,080
Total Assets Available to Expense Ratio	1.14	1.00	1.09

Transportation Fund	FY 24	FY 23	FY 22
Cash/Investments	\$ 27,530	\$ 164,187	\$ 582,281
Taxes Receivable	\$ 904,163	\$ 707,704	\$ 763,081
Ending Total Assets Available	\$ 931,693	\$ 871,891	\$ 1,345,362
3-Year Average Expenses	\$ 3,084,312	\$ 2,603,205	\$ 2,323,174
Total Assets Available to Expense Ratio	0.30	0.33	0.58

IMRF Fund	FY 24	FY 23	FY 22
Cash/Investments	\$ 921,535	\$ 680,830	\$ 645,952
Taxes Receivable	\$ 706,601	\$ 544,019	\$ 603,983
Ending Total Assets Available	\$ 1,628,136	\$ 1,224,849	\$ 1,249,935
3-Year Average Expenses	\$ 715,118	\$ 749,840	\$ 738,126
Total Assets Available to Expense Ratio	2.28	1.63	1.69

Tort Fund	FY 24	FY 23	FY 22
Cash/Investments	\$ 798,168	\$ 782,772	\$ 1,029,199
Taxes Receivable	\$ 1,527,594	\$ 1,117,659	\$ 1,240,766
Ending Total Assets Available	\$ 2,325,762	\$ 1,900,431	\$ 2,269,965
3-Year Average Expenses	\$ 1,512,367	\$ 1,363,637	\$ 1,070,815
Total Assets Available to Expense Ratio	1.54	1.39	2.12

HLS Fund	FY 24	FY 23	FY 22
Cash/Investments	\$ 569,321	\$ 327,475	\$ 324,289
Taxes Receivable	\$ 226,041	\$ 176,926	\$ 190,771
Ending Total Assets Available	\$ 795,362	\$ 504,401	\$ 515,060
3-Year Average Expenses	\$ 86,186	\$ 158,065	\$ 1,368,319
Total Assets Available to Expense Ratio	9.23	3.19	0.38