

February 21, 2018

To: IGA Governing Board for the purchase of services pertaining to Early Childhood Education

Re: Administrative Reserve Fund

At the September 27, 2017, meeting of the IGA Governing Board it was the agreement that the Village Manager along with the Superintendents of D97 and D200 would confer and recommend to the IGA Governing Board financial parameters for maximum amount of unspent funds to be held by the Administrative District pursuant to Article 5 of the IGA, as amended.

As history, when the Village, D97 and D200 established the terms of the IGA, it was anticipated that the Collaboration would need approximately \$1.3 million annually to operate and the percentage shared by each taxing body in support of the annual contract for services was established pursuant to Article 4 of the IGA. Since that time, the Collaboration has operated with a higher efficiency than anticipated and each year, the Collaboration has returned money to the Administrative Reserve Fund. The parties name D97 as the Administrative District and in accordance with IGA, returned funds are held in separate and segregated banking accounts. Based upon the November 2017 financials, there is approximately \$791,774 in the Administrative Reserve Fund – which is assigned to each parties as follows:

D97 (39%)	\$	308,793
D200 (34%)	\$	269,205
VOP (27%)	\$	213,776
	\$	791,774

The above Administrative Reserve Funds and above and in addition to cash reserves held by the Collaboration and reported in their financials. As the Contract for Services with the Collaboration for Early Childhoods is very specific as to annual funding, it is the consensus and recommendation of the Village Manager along with the Superintendents of D97 and D200 that the Administrative Reserve Fund district back to the Village, D97 and D200, on an annual basis any funds in excess of \$325,000 total. This amount is approximately 25% of the \$1.3 million annual contract for services. In general, the estimated Refund to the Taxing Bodies under the recommended policy of a maximum Administrative Reserve Fund balance of \$325,000 would be:

D97	\$	182,043
D200	\$	158,704
VOP	\$	<u>126,027</u>
	\$	466,774

Therefore, it is recommended the Governing Board, by simple motion, approve as its financial policy, that at each February meeting, the Governing Board direct a refund from the Administrative District, to the taxing bodies, funds held in excess of \$325,000 in accordance with the same percentage of each taxing body funds the IGA.

Maximum Account Balance to be held by Administrative District
Annually effective March 1

D97	39%	\$	126,750
D200	34%	\$	110,500
<u>VOP</u>	<u>27%</u>	<u>\$</u>	<u>87,750</u>
	100%	\$	325,000