

MULBERRY GROVE COMMUNITY UNIT SCHOOL DISTRICT # 1

Budget Summary 2007 – 2008

| Fund | 7/01/07 | Revenues | Expenditures | 6/30/08 |
|---------------------|----------------|-----------------|---------------------|----------------|
| + Education | 496,528 | 2,850,000 | 2,860,000 | 486,528 |
| + OBM | 10,412 | 86,500 | 80,100 | 16,812 |
| + B & I | 44,462 | 191,872 | 194,835 | 41,499 |
| + Transportation | 20,964 | 350,676 | 310,000 | 61,640 |
| + IMRF/SS | 84,939 | 81,406 | 130,000 | 36,345 |
| + Working Cash | 136,068 | 80,000 | 80,000 | 136,068 |
| + FPS | 11,135 | 9,422 | 10,000 | 10,557 |

Notes:

General Finance Information:

The Budget for the 2007 – '08 School Year will show some improvement over the 2006 –'07 School Year; this is primarily due to ending the previous year with positive balances in all funds and an anticipated small increase in State-aide. Our position has improved significantly without having to use Tax Anticipation Warrants and/or State Aid Certificates over the past two years. We continue to manage short-term debt without the use of either Tax Anticipation Warrants or State Certificates. In this process our short-term debt has been limited to our participation in the Illinois Funds program, and we have managed to use the short-term loans for less than six months for cash flow purposes only. Additionally, we have saved a significant amount of money in interest on the loans and the associated legal fees for the filing of certificates or warrants.

It should be noted that we still face many of the same concerns and challenges as other districts of similar size and demographics throughout the State of Illinois. The fact that we are so heavily reliant on General State Aid to finance our District obviously makes us vulnerable to the legislative whims and politics of our day. We are most susceptible on prorating or delaying payments in all categories including as we have recently seen in the Transportation fund. The delays associated with a lack of State budget may affect State Aide payments and categorical payments.

Our State Aid payments are expected to remain consistent with last year's payment, with the possibility of a slight increase over last year. Although increases in State-aid have been proposed legislatively, we must consider that we have also had a slight decrease in enrollment from the previous year. The two will likely counterbalance each other in the long run. Our district will also be affected directly by the reductions in revenue caused by Reduced Farmland Values, as well as Homestead Exemptions and Senior Citizen Exemptions to our local EAV. As you know, there are several factors contributing to the overall financial picture including: 1) The Equalized Assessed Valuation (EAV) affecting both Bond and Fayette Counties, 2) the overall Foundation Level for each student in the State, 3) our Average Daily Attendance (ADA), 4) our student enrollment, and 5) the DHS Poverty Count for the District. All of these factors have worked slightly in our favor this year. We will certainly work diligently to maintain or increase the areas we have control over, and keep our fingers crossed that the State's economy and political thoughts once again favor education.

Special Education Costs:

Special Education expenses will be significantly increasing this year. This is due to an increase in our overall special education population in the District and increased assessments from the Mid-State Special Education Coop for 2007-'08. Special education costs can quickly change with students moving in to the district, and/or if student placement requires more extensive services. We have no choice but to address these expenses on an as needed basis. We will budget special education revenues and expenses accordingly.

Transportation:

Transportation expenses remain a significant concern. We have seen several positive improvements this past year with the addition of seven new buses to our fleet and now two vans that will be used for special education and activity routes. Certainly, the move to lease several new buses has and will continue to have a positive impact on both the overall quality of our District vehicles. We have vehicles that will be under warranty for three full years and we have as a consequence reduced the amount of time and money spent on repairs and maintenance. This has helped us better manage overall transportation expenses. The decision has been made to increase this year's transportation revenues by placing some state-aid funds into the Transportation budget. Of course we will continue to look for ways to work down daily expenses wherever possible and to address the existing transportation. We are hopeful that we will be able to eventually balance this fund down the road.

This year I will again recommend that we address the expenditures of the KRP program. Fuel costs are something that all districts will have to contend with again this year. We will continue to explore ways to improve the efficiency of our transportation program; including reevaluation of current bus routes.

Other:

A number of factors will potentially affect our financial picture over the next several years. State Aid increases over the next few years are not likely to keep pace with the past few years. We will certainly welcome any increases and opportunities for matching funds, etc.

On the local level we have practically eliminated the majority of our short-term debt. This opens up opportunities to borrow over the short-term in cases of an emergency expense. We are pleased to say that we have been able to significantly improve the integrity of the District's buildings over the past several years; thus improving the quality of the environment our students and employees work within each day. Most notable over the past five years are: the replacements of the JH/SH roofs, rebuilding of the High School Lobby area, the High School addition, electrical and water upgrades, numerous upgrades in technology equipment including wiring, computers, increasing the number of classroom and lab facilities, improvements to lighting in classrooms and hallways, and window and door replacements. We are among the few districts state-wide with wireless capacity throughout the District. Our new fire alarm system is first rate, and our classroom to home communications has improved greatly with the recent overhaul of our entire District phone system. We have managed this through some very tight economic times and with little to no interruption of academic class time. We are proud to say that things continue to improve regularly; our latest large project has been improving the lighting in each of the District's Gymnasiums.

Although we have several Life Safety projects yet to be completed, we have a plan to address what is on our list. Whenever possible this will be handled in-house and if necessary with the assistance of outside professionals. The larger projects such as the elementary roof, etc. will of course need to be either funded through grant funds and/or with re-issuance of Life-Safety Bonds. A conscience effort is being made to keep tax rates as low as possible and still provide for a quality education for our students.

We have settled a three-year bargaining agreement between the Mulberry Grove Board of Education and the MGEA. This agreement will take us through the 2010 School Year. Additionally, both non-certified employees and the District administration have negotiated raises for the next three years. We of course will continue to look for grant opportunities, and other sources of raising revenue in this coming year and in the future.

I am pleased with the progress that we have been able to make in some very difficult economic times. The past five years reflect an effort on all parties to examine trends in the amount of revenue coming onto the District and the historical expenses involved in running this District. We have turned the corner on addressing the need for long range planning and for building a contingency for unexpected expenses incurred by the District. The Board can expect to continue to receive regular updates as the year progresses. Each fund will be reviewed and you will receive monthly updates on each fund's balance. We will note additional revenues and/or expenses as they influence the final fund balances each month. Our goal will be to continue to look at where we believe things are going to

be in six months, the end of the current school year. We will continue to work together in developing long-range plans for the district. It will be our intent to develop this from one, to three and five-year plans.

We're off to a good start in preparing for and establishing cycles to address many of our building maintenance, textbook, athletic, technology and other needs. In this year we will continue to work with the building principals as they address the individual building budgets. We will do the same with the District Directors for the first time this year. Our main concerns outside of personnel costs still remain with the areas of transportation and OBM. Both areas will continue to be closely monitored. Transportation will again be an area of major emphasis this year.

As Superintendent, I look forward to the upcoming school year. I am grateful for another year's experience and understanding of our local culture and needs. I am looking forward to working with you and our wonderful faculty and staff again this year. We will continue our commitment to keeping everyone well informed and involved in this process. I expect that each individual within our District will do his/her best to help us achieve our District Goals both academically and financially. We will continue to do our best to inform you and the members of our community of all that is happening at the Mulberry Grove Community Schools. We certainly appreciate everyone's support!