

MULBERRY GROVE COMMUNITY UNIT SCHOOL DISTRICT # 1

Budget 2008 – 2009

Fund	7/01/08	Revenues (08-09)	Expenditures (08-09)	6/30/09
+				
Education	652,387	2,877,640	2,821,851	708,176
+				
OBM&E	9,070	93,835	90,425	12,480
+				
Debt Services	43,481	195,450	193,000	45,931
+				
Transportation	2,387	330,370	349,610	(16,853)
+				
IMRF/SS	76,109	82,260	71,980	86,389
+				
Working Cash	152,133	11,030	11,030	163,163
+				
Tort	21,214	169,900	169,200	21,914
+				
FPS	404,133	10,230	474,000	(59,637)

Notes:

General Finance Information:

A few technicalities to start: The New Budget format for school districts now requires a separate line for Tort. Previously, Tort was considered part of the Education Fund. In addition, Operations/Buildings/Maintenance (OBM) has been added to, and is now Operations/Buildings/Maintenance & Equipment (OBM&E). What was previously called Bond & Interest is now called Debt Services and what was called Site Construction is now called Capital Projects. These items will also be modified on the State Budget Form required by ISBE.

The Budget for the 2008 – '09 School Year will show some improvement over the 2008 – '09 School Year, with the exception of the Transportation and Fire Prevention & Safety Funds. Expenses are expected to be over the amount of revenue we will receive in this fiscal year and the overages will be covered by with transfer of State aide or loans from working cash. We will end the year with positive balance in all funds with loans from working cash if necessary.

We have now been without need to use Tax Anticipation Warrants and/or State Aid Certificates over four years. We have for the first time in the past three years managed without taking a short-term loan with the Illinois Funds Program to manage cash flow

over the month of July and August. We have saved a significant amount of money in interest without the loans, and a more significant savings has been achieved by not having the associated legal fees for the filing of certificates or warrants. We have over this past two years maintained investment funds through the use of relatively short-term Certificate of Deposit (CD's) and we will be looking more closely at investment opportunities to continue this trend over the next fiscal year.

It should be noted that the political climate at the state and federal level are likely to continue to influence school district budget through the state and nation. The local economy will also have a direct influence on adjustments to our local tax rates and the amount of revenue that we are able to generate locally. Unfortunately or not, we still face many of the same concerns and challenges as other districts of similar size and demographics throughout the State of Illinois. Mulberry Grove's overall fiscal position has improved on a steady pace locally over the past six years. This past year we have moved to 'Recognition' Status on the State's financial profile. We hope to continue this trend with close management of funds and programs. It will be important monitor both short-term and long range planning for efficiency and effective use of our available resources. As it stands, our District still remains heavily reliant on General State Aid and Title programs to supplement local funding. Although we careful in our planning, we remain most susceptible to prorating or delaying state-aide payments and in all categorical funds (Special Education, Vocational Education, and School Lunch Program Funds). We witnessed delays at the close of the 2007-'08 School Year in Transportation and Categorical Fund payments. This had a direct effect on our final year-end balances in several areas.

Our State Aid payments are expected to remain consistent near last year's payment. There have been increases in aide proposed legislatively, yet we have had a slight decrease over the past two years in enrollment and so this will affect the true amount of increase that we see, (enrollment figures are always two years behind the current fiscal year). Our local EAV (Equalized Assessed Valuation) continues to be directly influenced by the reductions in revenue caused by Reduced Farmland Values, as well as Homestead Exemptions and Senior Citizen Exemptions to our local EAV. The local EAV rose approximately 7+% this past year in Bond County. As a result local tax rates actually decreased from \$5.02 per hundred dollars assessment to \$4.79 over the last local levy.

There are several factors contributing to the overall financial picture of the District 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 increasing this year. This is due to an increase in our overall special education population in the District (with several students with exceptional needs) and increased assessments from the Mid-State Special Education Coop for 2008-'09 SY. We all know how quickly this can change with students moving in and out of District, and/or changes in placement of our current special education students. 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. This past school year we addressed an abatement of several loans from the District's Working Cash Fund and in doing so did at least temporarily improve our overall financial position in the Transportation Fund. We can expect however that we will continue to have difficulties in this area for several obvious reasons. The cost of providing safe and up-to-date buses and other vehicles will continue rising each year. We cannot and will not compromise the safety of our students by cutting corners on maintenance costs in any way. The boundaries of our District dictate that we cover a tremendous amount of ground and this won't change unless we significantly cut the number of stops we make in all directions to and from school. We already closely monitor the number of field trip related expenses we have.

Leasing the majority of our bus fleet has, and will continue to have a positive impact on both the overall quality of our District vehicles. We have vehicles that been 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. We will continue to look for ways to work down the existing transportation debt. Our goal will be to continue to come as close as we are able to balancing this fund.

This year I will again recommend that we address the expenditures of the KRP program. Fuel costs are volatile, and are something that all districts will have to contend in the coming years. We will continue to explore ways to improve the efficiency of our transportation program; including reevaluation and possible consolidation 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 been very practical and will be closely monitoring our short-term debt. In doing this, we are allowing room for opportunities to borrow over the short-term in the case of an emergency expense.

We have worked very hard 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 with each day. Most notable over the past six years are the JH/SH roofs (elementary roof and tuck pointing projects are currently in progress), rebuilding of the High School Lobby area, the High School addition, electrical and water upgrades throughout the entire building, numerous upgrades in technology equipment including wiring, computers, increasing the number of classroom and lab facilities (we have further expanded our internet capacity this summer). We are among the few districts in the state with school-wide wireless capacity throughout the District, including the school grounds. Our 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, and the additions of the SchoolReach & Parent Connect Programs. 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. Last year we completed a large project improving the lighting in each of the District's Gymnasiums. We have recently overhauled the mechanics in our high school bleachers, updated the lighting and sound quality of the high school stage area. We have seen improvements in our locker rooms with new plumbing and painting. We now have a fully functional indoor batting cage located in our Elementary Gymnasium.

Although we have several Life Safety projects yet to be completed, we continue to move forward with 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, and lighting projects, etc. have been funded through a combination of grant funds and/or with re-issuance of Life-Safety Bonds. We very much appreciate your support of these issues. We can assure you that 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 are currently in the middle of a three-year bargaining agreement between the Mulberry Grove Board of Education and the Mulberry Grove Education Association. 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 two years. We will continue to look for grant opportunities, and other sources of raising revenue in this coming year and in the future.

As Superintendent, I am pleased with the progress that we have made in some very difficult economic times. The past six years reflect an effort on all parties to examine trends in the amount of revenue coming into 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, and the end of the current school year. In developing long-range plans for the district, we will be looking at establishing goals for one-to-three years, and five-year plans.

We now have established 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 of Food Services, Transportation, and Maintenance. Our main concerns outside of personnel costs still remain with the areas of transportation and OBM. These areas will continue to be closely monitored.

I look forward to the 2008- 2009 School Year ahead. I am grateful for another year's experience with you locally. We have an outstanding and dedicated faculty and staff again this year. We will continue our commitment to keeping everyone well informed. I expect that each individual will do their best to help us achieve our District Goals both academically and financially. We appreciate the support of the members of our community. We will continue to see the best is happening at the Mulberry Grove Community Schools!