

## MULBERRY GROVE COMMUNITY UNIT DISTRICT # 1

Budget 2006 – 2007

<b>Fund</b>	<b>7/01/06</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>6/30/07</b>
+ Education	319,320	2,980,000	2,970,000	329,320
+ OBM	881	81,100	80,100	1,881
+ B & I	41,670	191,698	194,835	38,533
+ Transportation	676	234,676	300,000	(65,324)
+ IMRF/SS	80,435	97,016	120,000	18,686
+ Working Cash	112,653	80,000	60,000	132,653
+ FPS	2,282	8,762	10,000	1,004

Notes:

### **General Finance Information:**

The budget for FY '07 will show some improvement over FY'06; this is primarily due to ending the previous year with positive balances. Our position has improved significantly without having to use Tax Anticipation Warrants and/or State Aid Certificates. Since we have paid all of these off in full in '05 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. This has additionally helped us save money in interest on the loans and the associated legal fees for the filing of certificates or warrants. The most recent Illinois Funds loan, (\$200,000 + \$2928.51), has been paid in full upon as of this report.

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.

Our State Aid payments have increased by nearly \$ 80,000 over last year's total. Although we welcome this improvement, we like every other district in the State will be

affected directly by the reductions in revenue caused by 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:**

I am optimistic that this year's Special Education expenses will remain stable. This past year showed a slight reduction in overall costs associated with the program outside of the District itself. We all know how quickly this can change with students moving in and/or changes in placement of our current special education students. I expect Special Education reimbursement to remain nearly the same as last year. We will budget special education revenues and expenses accordingly.

**Transportation:**

Transportation expenses remain a concern. It does not take much to realize if you are short on expected revenue that you are likely to end the year in a deficit. Last year's shortfall has compounded the deficit that has been in place for a number of years now. Certainly, it is our hope that the state will make up for only sending three of the four quarterly payments expected last year. As stated before this now makes two payments missing in the past five years, the problems associated with this kind of thing are obvious.

In spite of the funding issues we have made progress toward managing our assets and improving our transportation program. Consolidating two of our bus routes this past year saved on both fuel and maintenance expenses. This year we are not transporting students to the Hillsboro building trades program, since we are able to send our students to the Vandalia building trades site. The addition of two special education routes this year will add initially to our expenses; we will however receive some reimbursement for these routes. This year I recommend addressing transportation related expenditures of the KRP program. Additionally, as we continue to explore other ways to improve the efficiency of our transportation program we need to reevaluate the other routes as well. Fuel costs are certainly something that all districts will have to contend with again this year.

This summer it was necessary to replace the District car, and we have done so. I am happy to report even at this early date that this has worked out well. We are currently looking at both new buses and 'activity buses' to further improve our fleet. We will be bringing options to the Board of Education in the near future.

**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. If the state's economy continues to improve this may not be the case. We will certainly welcome any increases and opportunities for matching funds, etc.

On the local level we have for all practical purposes eliminated large short-term debt. This is significant because it opens up opportunities for short-term borrowing in the event that should that become necessary. I am pleased to say that we have been able to significantly improve the integrity of the District's buildings over the past few years. This has certainly improved the quality of the environment that our students and employees work within each day. Most notable over the past four years are the JH/SH roofs, rebuilding of the High School Lobby area, the High School addition (classrooms and restroom facilities), electrical and water upgrades, numerous upgrades in technology equipment including wiring, computers, increasing the number of classroom and lab facilities and now wireless capacity throughout the District, the new fire alarm system, and most recently the upgrade of our entire communications system throughout the District facilities. We have managed this through some very tight economic times and/or interruption of academic class time. We couldn't be more pleased, and things continue to improve regularly.

Although we have several Life Safety projects yet to be completed, we have plans to address what is possible to be handled both in-house and through 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.

I would like to remind everyone that we are currently entering the third year of a three-year contract with the members of the MGEA. We have had a mutual spirit of cooperation since developing this agreement and I expect that to continue. Salary increases for our non-certified staff have also been set for the next year. I expect that we will work toward a multi-year contract this spring and corresponding efforts toward establishing salary increases for our non-certified staff as well. 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 four 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, the end of the current school year. We will work together to develop

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. 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, (Maintenance, Transportation, Food Services, and Athletic 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.

I look forward to the upcoming school year. I am grateful for another year's experience with our District. I am looking forward to working with you and our wonderful faculty and staff 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 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!