



Geneseo Community Unit School District #228  
Geneseo, IL  
Henry County, IL  
Whiteside County, IL

Fiscal Year 2016 Adopted Budget

Geneseo Community Unit School District  
648 North Chicago Street  
Geneseo, Illinois 61254  
[www.geneseoschools.org](http://www.geneseoschools.org)

**Geneseo Community Unit School District # 228**  
**Geneseo, Illinois**

Fiscal Year 2016 Adopted Budget

Detailed Budget Analysis

Effective  
July 1, 2015 to June 30, 2016  
As Adopted September 30, 2015

Issued by the Central Office Administration Office:

Mr. Scott Kuffel, Superintendent  
Mr. Tim Gronski, Chief School Business Official

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# Achievements

The following is a list of significant accomplishments throughout the Geneseo CUSD #228 in recent years. The list reflects the dedication and hard work of the District 228 school board members, employees, students, volunteers, and families.

- 1<sup>st</sup> place designation in the Top 10 Digital Districts in the nation award.
- Digital Content and Curriculum Achievement Award.
- U.S. News and World Report Silver Medalist as one of the nations top high schools, and GHS ranked #2 in Illinois downstate high schools.
- District #228 named to the College Board's 4<sup>th</sup> Annual AP Honor Roll.
- 37 students from Geneseo High School were named Illinois State Scholars.
- 17 Students were named Advanced Placement Scholars.
- 16 All-State individuals in Band, Choir, and Orchestra this past school year.
- 53 consecutive winning seasons and 37 state football playoff appearances in varsity football, state records.
- 25 individual athletes qualify for state competition in Boys and Girl Track, Boys and Girls Tennis, Girls Golf, Boys and Girls Cross Country, and Wrestling.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT  
#228  
School Board and Central Administration

Board of Education

Mr. Doug Ford, President, 2003

Mr. John Puentes, Secretary 1999

Mrs. Christy Coleman, 1989

Mr. Alan VanDeWoestyne, 1989

Mr. Barry Snodgrass, 1997

Mrs. Heather DeBrock, 2013

Mrs. Diane Olson, 2015

Central Office Administration

Mr. Scott Kuffel, Superintendent

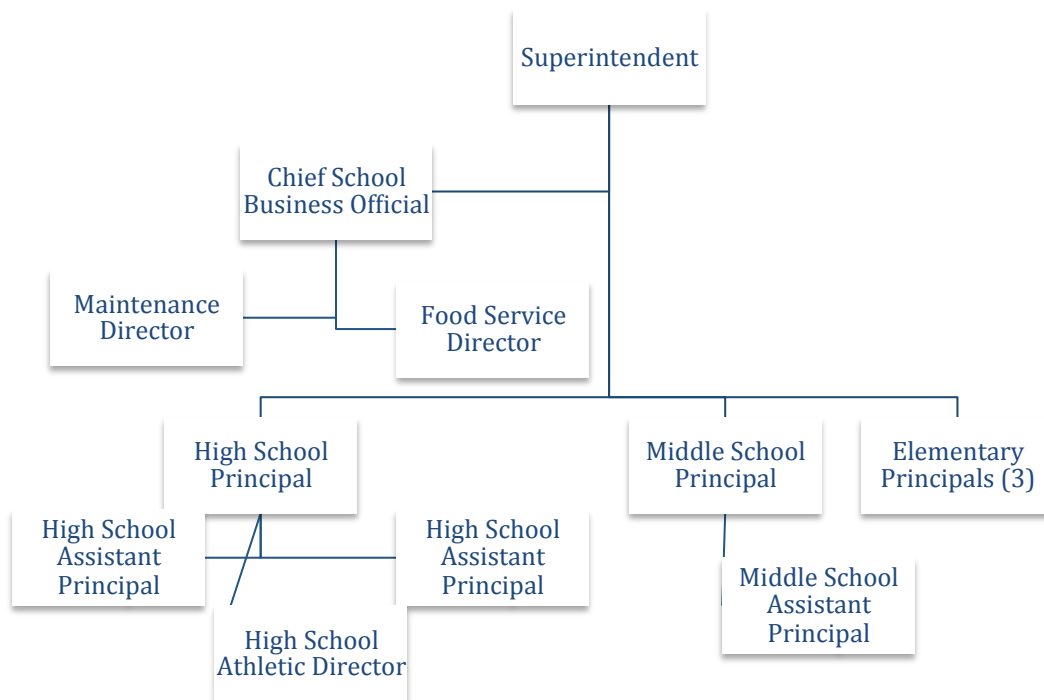
Mr. Tim Gronski, Chief School Business Official

# School District Leadership Organization

Geneseo District #228 is organized as a Unit District serving the needs of children in grades Pre-Kindergarten to 12 and others as required by the Illinois School Code.

Illinois school law requires all school Districts to be governed by a locally elected school board. School boards typically consist of 7 members, and Illinois Statute sets board member terms to 4 years. However, there is no limit to the number of terms a school board member may be elected to serve as a board member. In the Geneseo CUSD #228 there are 7 elected board members, the majority of whom have served on the Board for over 10 years. Illinois law provides that school boards are to adopt and enforce all necessary rules for the management and government of the public schools of their District. The rules adopted by a school board are to be filed for public inspection in the administrative office of the District.

## Organizational Chart for Administration



## Board Goals and Priorities

- Direct continuation of dialogue with the community furthering the work of multiple capital improvement and construction projects “Project Leaf” through to first phase of construction expected to begin May of 2016.
- Direct development and communication of a *Long-Term Budget Sustainability Plan*.
- To create academic targets for the entire District that provide comprehensive standards rooted in the Common Core based k-12 curriculum, which will be followed District-wide in all schools.

## Budget at a Glance

The budget process in District 228 is a collaborative effort, which involves several stakeholders at a variety of different levels. The process begins in the early fall after the upcoming fiscal year budget is adopted by the Board of Education at the September Board Meeting. The budget calendar outlines and summarizes the entire budgeting process throughout the year and the benchmark dates in which significant financial decisions are made.

### *Key Budget Assumptions and Drivers*

- This budget will serve as a basis for a Long Range Budget Sustainability Plan.
- The Fiscal Year 16 (FY 16) budget will include a \$16,000,000 voted bond referendum for construction projects, an \$11,000,000 Alternative Revenue Bond issue backed by the 1-cent county sales tax revenues, and a \$7,500,000 Health Life Safety Bond issue. All projects financed by these bond issues fall under the District-wide Project Leaf initiative.
- None of the current instructional or extracurricular programs are reduced or eliminated.
- 2.1% increase in educational support salary budget, which equates to a \$50,000 aggregate increase in hourly wages for non-certified staff.
- District enrollment based on historical cohort survival averages is projected to decrease slightly, -.36% from prior year.
- A \$2 million dollar working cash bond issue is budgeted to cover negative cash flow in the Education Fund before the end of the 2016 Fiscal Year.
- General State Aid (GSA) is budgeted to be \$4.3 million, which is \$373,000 less than the previous year payment.
- Transportation costs will increase by 2.1% per negotiated contract with Pink's Bus Service.
- Regular transportation state reimbursement is budgeted at \$800,000 which is a 75% proration.
- A net decrease of -\$175,000 in certified teacher salaries due to retirements is reflected in the Education Fund.
- A -\$1,400,000 operating fund deficit is budgeted for Fiscal Year 16.



## District 228 Annual Budget Work Organization

July: New fiscal year begins. The Superintendent and Chief School Business Official enter initial budget draft numbers for the upcoming fiscal year budget draft.

August: Tentative budget is presented to the Board of Education. Budget is on display for public viewing for 30 days.

September: By law the Board of Education must publicly adopt their budget by September 30.

October: Tentative Tax Levy is prepared.

November: Present estimate of property tax levy to the Board of Education.

December: The Board adopts the annual tax levy. Truth in Taxation Public Hearing is held if estimate of taxes to be levied is more than 105% of the prior year's tax extension.

January: Educational Support Personnel (ESP) salary parameters are presented to the Board of Education. District student enrollment for the upcoming school year is analyzed using December 1 enrollment figures and historical cohort survival data.

February: Statement of Economic Interests is filed with the county clerk.

March: The Board determines staffing numbers for the following school year by reducing personnel in what is termed as Reduction in Force.

April: Present 3<sup>rd</sup> quarter financial report to the Board of Education.

May: The Board designates person or persons to prepare budget in tentative form.

June: General State Aid Entitlement claim and Transportation Claims are worked on and filed.

## Education Fund Fund 10

The Education Fund is the most significant fund of Geneseo CUSD 228 as it supports all of the educational programs, and encompasses approximately 75% of the District's financial activity. Teacher salaries, administrative salaries, curricular materials, student programs, and athletics are all examples of expenditures budgeted in the Education Fund. The Fund consists of two sub-funds, each with its own tax levy, the Lease Technology Fund and Special Education Fund.

- Grants: Funding on both the Federal and State grants has been significantly reduced, and the predictability of the State of Illinois making its obligations has become even more challenging.
- Property Tax Revenue: This is the District's largest source of revenue and the largest source of revenue for the Education Fund.
- Curriculum: The District is leading professional development to align instructional goals and objectives according to the Common Core State Standards. The District continues to develop and refine practices for Response to Intervention (RtI) and student assistance.

Overall, the Education Fund is projected to produce a -\$608,209 deficit during FY 16, which includes a \$2,000,000 inter-fund transfer from the Working Cash Fund.

| Revenues                   | Amount              | Expenditures           | Amount              |
|----------------------------|---------------------|------------------------|---------------------|
| Local Sources/Property Tax | \$9,761,545         | Salaries               | \$11,994,405        |
| State Sources              | \$5,306,475         | Benefits               | \$2,021,001         |
| Federal Sources            | \$616,000           | Purchased Services     | \$941,885           |
| Inter-fund Transfers       | \$2,000,000         | Supplies and Materials | \$1,592,218         |
|                            |                     | Capital Outlay         | \$86,800            |
|                            |                     | Other Objects          | \$1,247,900         |
|                            |                     | Non-Capital Equipment  | \$408,000           |
|                            |                     | Termination Benefits   |                     |
|                            |                     | Transfers              |                     |
| On-Behalf Payments         | \$3,750,000         | On-Behalf Payments     | \$3,750,000         |
| Total Revenue              | <u>\$21,434,000</u> | Total Expenditures     | <u>\$22,042,209</u> |

|                                    |                    |
|------------------------------------|--------------------|
| Beginning Fund Balance at 07/01/15 | \$4,201,936        |
| Net Gain (Loss)                    | <u>(\$608,209)</u> |
| Projected Fund Balance at 06/30/16 | <u>\$3,593,727</u> |

## Operations and Maintenance Fund Fund 20

The Operations and Maintenance Fund (O&M) is one of the District's largest operating funds. It contains approximately 6% of the District's financial activity. The fund supports the daily operations of all 5 school buildings, the District Unit Office, and the Athletic Facility. Examples of common expenditures from the Operations and Maintenance Fund include:

- Energy Costs. Typically energy costs comprise roughly 20%-25% of the entire Operations and Maintenance budget.
- Salary expenditures for all custodial, and maintenance employees.
- Equipment and Repairs, such as HVAC rooftop replacements, general roof repairs, and repairs to the boiler system.

| Revenues                   | Amount             | Expenditures           | Amount             |
|----------------------------|--------------------|------------------------|--------------------|
| Local Sources/Property Tax | \$1,664,600        | Salaries               | \$850,500          |
| State Sources              |                    | Benefits               | \$107,595          |
| Federal Sources            |                    | Purchased Services     | \$391,000          |
|                            |                    | Supplies and Materials | \$833,000          |
|                            |                    | Capital Outlay         | \$101,500          |
|                            |                    | Other                  |                    |
|                            |                    | Non-Capital Equipment  | \$35,000           |
|                            |                    | Termination Benefits   |                    |
|                            |                    | Transfers              |                    |
|                            |                    | On-Behalf Payments     |                    |
| Total Expenditures         | <u>\$1,664,600</u> | Total Expenditures     | <u>\$2,319,495</u> |

|                                    |                    |
|------------------------------------|--------------------|
| Beginning Fund Balance at 07/01/15 | \$2,618,700        |
| Net Gain (Loss)                    | <u>(\$654,895)</u> |
| Projected Fund Balance at 06/30/16 | <u>\$1,963,805</u> |

## Debt Service Fund Fund 30

The Debt Service Fund allocates revenue and expenditures for all of the District's long and short-term debt. The debt is usually in the form of principal and interest payments for prior bond issuances. The county clerk extends the necessary taxes each year to payoff the District debt obligations based on the board approved resolutions that were filed when the debt was issued.

| <b>Revenues</b>                    | <b>Amount</b>      | <b>Expenditures</b>    | <b>Amount</b>             |
|------------------------------------|--------------------|------------------------|---------------------------|
| Local Sources/Property Tax         | \$1,602,000        | Salaries               |                           |
| State Sources                      |                    | Benefits               |                           |
| Federal Sources                    |                    | Purchased Services     |                           |
| Inter-fund Transfer                | \$868,000          | Supplies and Materials |                           |
|                                    |                    | Capital Outlay         |                           |
|                                    |                    | Other                  | \$2,067,000               |
|                                    |                    | Non-Capital Equipment  |                           |
|                                    |                    | Termination Benefits   |                           |
|                                    |                    | Transfers              |                           |
| Total Revenue                      | <u>\$2,470,000</u> | Total Expenditures     | <u>\$2,067,000</u>        |
|                                    |                    |                        |                           |
| Beginning Fund Balance at 07/01/15 |                    |                        | \$1,648,973               |
| Net Gain (Loss)                    |                    |                        | <u>\$ 403,000</u>         |
| Projected Fund Balance at 06/30/16 |                    |                        | <u><u>\$2,051,973</u></u> |

## Transportation Fund Fund 40

The Transportation Fund supports the student transportation program. Revenue from the fund is received via property taxes and state reimbursement for transportation. Over the years, the Transportation Fund balance has decreased due primarily from a decrease in levels of state funding for reimbursement, which is currently prorated by the state at approximately 72%. The District outsources the transporting of students to and from school and most extra-curricular events to Pink's Bus Service, a local private company. This past school year District 228 children were transported over 457,000 miles on 30 different bus routes.

| <b>Revenues</b>                    | <b>Amount</b>      | <b>Expenditures</b>    | <b>Amount</b>      |
|------------------------------------|--------------------|------------------------|--------------------|
| Local Sources/Property Tax         | \$669,800          | Salaries               | \$7,000            |
| State Sources                      | \$980,000          | Benefits               |                    |
| Federal Sources                    |                    | Purchased Services     | \$1,707,000        |
|                                    |                    | Supplies and Materials | \$225,800          |
|                                    |                    | Capital Outlay         |                    |
|                                    |                    | Other                  | \$10,000           |
|                                    |                    | Non-Capital Equipment  |                    |
|                                    |                    | Termination Benefits   |                    |
|                                    |                    | Transfers              |                    |
|                                    |                    | On-Behalf Payments     |                    |
| Total Revenue                      | <u>\$1,649,800</u> | Total Expenditures     | <u>\$1,949,800</u> |
|                                    |                    |                        |                    |
| Beginning Fund Balance at 07/01/15 |                    |                        | \$1,738,139        |
| Net Gain (Loss)                    |                    |                        | <u>(300,000)</u>   |
| Projected Fund Balance at 06/30/16 |                    |                        | <u>\$1,438,139</u> |

## Illinois Municipal Retirement Fund Fund 50

There are two sub-funds in the Retirement Fund of Geneseo CUSD 228. They are the Illinois Municipal Retirement Fund and F.I.C.A./Medicare Fund. They are organized into two separate funds to coincide with the tax levy. This supports the pension program for all non-certified employees. The District is required to contribute to this program if an employee works over 600 hours per year. Each year the contribution rate is set based on employee experience, and in Fiscal Year 16 the employer rate is 11.82%, down from 12.86% in Fiscal Year 15. Revenues for the Illinois Municipal Retirement Fund come from the local tax levy and also a percentage set by law of Corporate Personal Property Replacement Taxes (\$30,000 annually).

| <b>Revenues</b>                    | <b>Amount</b>    | <b>Expenditures</b>     | <b>Amount</b>           |
|------------------------------------|------------------|-------------------------|-------------------------|
| Local Sources/Property Tax         | \$807,430        | Salaries                |                         |
| State Sources                      |                  | Benefits                | \$739,140               |
| Federal Sources                    |                  | Purchased Services      |                         |
|                                    |                  | Supplies and Materials  |                         |
|                                    |                  | Capital Outlay          |                         |
|                                    |                  | Dues, Fees, and Tuition |                         |
|                                    |                  | Non-Capital Equipment   |                         |
|                                    |                  | Termination Benefits    |                         |
|                                    |                  | Transfers               |                         |
|                                    |                  | On-Behalf Payments      |                         |
| Total Revenue                      | <u>\$807,430</u> | Total Expenditures      | \$739,140               |
|                                    |                  |                         |                         |
| Beginning Fund Balance at 07/01/15 |                  |                         | \$489,020               |
| Net Gain (Loss)                    |                  |                         | <u>\$68,290</u>         |
| Projected Fund Balance at 06/30/16 |                  |                         | <u><u>\$557,310</u></u> |

## Capital Projects Fund Fund 60

The Capital Projects Fund will be used for financing major capital projects, which have been approved by the Board of Education, or for the abatement of existing debt. A recent \$16,000,000 voted bond referendum along with the 1-cent countywide sales tax referendum that was passed in 2014 will be the source of revenue for this fund. The District is currently undergoing a series of architectural design meetings in order to prepare for the renovations and facility enhancements. The majority of expenditures for construction projects will come due in the next fiscal year.

| <b>Revenues</b>                    | <b>Amount</b>       | <b>Expenditures</b>    | <b>Amount</b>       |
|------------------------------------|---------------------|------------------------|---------------------|
| Local Sources/Bond Proceeds        | \$26,005,000        | Salaries               |                     |
| State Sources                      |                     | Benefits               |                     |
| Federal Sources                    |                     | Purchased Services     | \$1,415,000         |
|                                    |                     | Supplies and Materials | \$100,000           |
|                                    |                     | Capital Outlay         | \$4,020,000         |
|                                    |                     | Other                  | \$100,000           |
|                                    |                     | Non-Capital Equipment  |                     |
|                                    |                     | Termination Benefits   |                     |
|                                    |                     | Transfers              |                     |
|                                    |                     | On-Behalf Payments     |                     |
| Total Revenue                      | <u>\$26,005,000</u> | Total Expenditures     | <u>\$5,635,000</u>  |
|                                    |                     |                        |                     |
| Beginning Fund Balance at 07/01/15 |                     |                        | \$1,153,506         |
| Net Gain (Loss)                    |                     |                        | <u>\$20,370,000</u> |
| Projected Fund Balance at 06/30/16 |                     |                        | <u>\$21,523,506</u> |

## Working Cash Fund Fund 70

The Working Cash Fund can be used for internal borrowing. Internal borrowing usually occurs because of late property tax collections and/or low fund balances. It is also permissible to abate or permanently transfer funds from the Working Cash Fund to the fund most in need. The District can use this fund for cash flow purposes. This fund can act like the District's "savings" account.

| <b>Revenues</b>                    | <b>Amount</b>      | <b>Expenditures</b>     | <b>Amount</b>             |
|------------------------------------|--------------------|-------------------------|---------------------------|
| Local Sources                      | \$2,168,000        | Salaries                |                           |
| State Sources                      |                    | Benefits                |                           |
| Federal Sources                    |                    | Purchased Services      |                           |
|                                    |                    | Supplies and Materials  |                           |
|                                    |                    | Capital Outlay          |                           |
|                                    |                    | Dues, Fees, and Tuition |                           |
|                                    |                    | Non-Capital Equipment   |                           |
|                                    |                    | Termination Benefits    |                           |
|                                    |                    | Transfers               | 2,000,000                 |
|                                    |                    | On-Behalf Payments      |                           |
| Total Revenue                      | <u>\$2,168,000</u> | Total Expenditures      | <u>\$2,000,000</u>        |
|                                    |                    |                         |                           |
| Beginning Fund Balance at 07/01/15 |                    |                         | \$1,714,681               |
| Net Gain (Loss)                    |                    |                         | <u>\$168,000</u>          |
| Projected Fund Balance at 06/30/16 |                    |                         | <u><u>\$1,882,681</u></u> |



## Tort Fund Fund 80

The Tort Fund is used for all liability insurance expenditures, judgments against the District, and all aspects of the District Risk Management Plan.

| <b>Revenues</b>                    | <b>Amount</b>    | <b>Expenditures</b>     | <b>Amount</b>      |
|------------------------------------|------------------|-------------------------|--------------------|
| Local Sources                      | \$431,510        | Salaries                | \$6,000            |
| State Sources                      |                  | Benefits                |                    |
| Federal Sources                    |                  | Purchased Services      | \$592,000          |
|                                    |                  | Supplies and Materials  |                    |
|                                    |                  | Capital Outlay          |                    |
|                                    |                  | Dues, Fees, and Tuition |                    |
|                                    |                  | Non-Capital Equipment   | \$35,000           |
|                                    |                  | Termination Benefits    |                    |
|                                    |                  | Transfers               |                    |
|                                    |                  | On-Behalf Payments      |                    |
| Total Revenue                      | <u>\$431,510</u> | Total Expenditures      | <u>\$633,000</u>   |
|                                    |                  |                         |                    |
| Beginning Fund Balance at 07/01/15 |                  |                         | \$494,720          |
| Net Gain (Loss)                    |                  |                         | <u>(\$201,490)</u> |
| Projected Fund Balance at 06/30/16 |                  |                         | <u>\$293,200</u>   |

## Health Life Safety Fund Fund 90

The Health Life Safety Fund is used to budget for eligible code-required building projects that are included in the District health life safety survey conducted by contracted District architects. Only projects that are go through the formal health life safety amendment process can be included in this fund. The District architects have completed the most recent ten-year health life safety survey and projects are in the process of being prioritized and a determination will be made as to what projects will undergo the formal amendment process. The ten-year survey has revealed \$8,000,000 worth of Health Life Safety projects to be completed over the next 10 years. \$7,500,000 worth of Health Life Safety Bonds will be received in Fiscal Year 16 as part of the voted referendum.

| <b>Revenues</b>                    | <b>Amount</b>      | <b>Expenditures</b>     | <b>Amount</b>             |
|------------------------------------|--------------------|-------------------------|---------------------------|
| Local Sources                      | \$7,566,000        | Salaries                |                           |
| State Sources                      |                    | Benefits                |                           |
| Federal Sources                    |                    | Purchased Services      | \$390,000                 |
|                                    |                    | Supplies and Materials  |                           |
|                                    |                    | Capital Outlay          |                           |
|                                    |                    | Dues, Fees, and Tuition |                           |
|                                    |                    | Non-Capital Equipment   |                           |
|                                    |                    | Termination Benefits    |                           |
|                                    |                    | Transfers               |                           |
|                                    |                    | On-Behalf Payments      |                           |
| Total Revenue                      | <u>\$7,566,000</u> | Total Expenditures      | <u>\$390,000</u>          |
|                                    |                    |                         |                           |
| Beginning Fund Balance at 07/01/15 |                    |                         | \$548,994                 |
| Net Gain (Loss)                    |                    |                         | <u>\$7,176,000</u>        |
| Projected Fund Balance at 06/30/16 |                    |                         | <u><u>\$7,724,994</u></u> |

## Significant Trends in District 228 Historical Revenues and Expenditures

### Revenues

| <b>Fund</b>           | <b>FY 13<br/>Actual</b> | <b>FY 14<br/>Actual</b> | <b>FY 15<br/>Actual</b> | <b>FY 16<br/>Budget</b> |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Education             | \$19,651,749            | \$19,894,138            | \$21,580,118            | \$21,434,000            |
| O & M                 | \$1,763,821             | \$1,748,346             | \$1,674,840             | \$1,664,600             |
| Bond/Interest         | \$1,917,311             | \$1,988,558             | \$1,905,365             | \$2,407,000             |
| Transportation        | \$1,996,355             | \$1,951,335             | \$1,816,057             | \$1,649,800             |
| IMRF/SS               | \$614,015               | \$650,079               | \$753,958               | \$807,430               |
| Capital Projects      | \$0                     | \$135,274               | \$1,018,262             | \$26,005,000            |
| Working Cash          | \$31,866                | \$105,010               | \$169,967               | \$2,168,000             |
| Tort                  | \$439,488               | \$436,943               | \$424,191               | \$431,510               |
| Health Life<br>Safety | \$18,830                | \$14,389                | \$95,871                | \$7,566,000             |
| <b>Total Revenues</b> | <b>\$26,433,435</b>     | <b>26,924,072</b>       | <b>\$29,438,629</b>     | <b>\$64,133,340</b>     |

Over the previous 3 years the District has experienced overall combined deficits. FY 16 will produce an overall budget surplus because of the \$16,000,000 voted bond issue, \$11,000,000 Alternative Revenue Bond issue, and \$7,500,000 in Health Life Safety bonds. However, in FY 16 the *operating funds* will produce a deficit of approximately -\$1,400,000. Bond revenues do not appear in the operating funds as the revenue from the bond issue is deposited in the Capital Projects Fund and legally only available for capital projects.

### Expenditures

| <b>Fund</b>                            | <b>FY 13<br/>Actual</b> | <b>FY 14<br/>Actual</b> | <b>FY 15<br/>Actual</b> | <b>FY 16<br/>Budget</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Education                              | \$20,642,158            | \$21,431,132            | \$21,031,611            | \$22,042,209            |
| O & M                                  | \$1,365,293             | \$1,539,242             | \$1,874,167             | \$2,319,495             |
| Bond/Interest                          | \$2,031,215             | \$2,046,035             | \$2,010,300             | \$2,067,000             |
| Transportation                         | \$1,830,652             | \$1,783,936             | \$1,816,056             | \$1,949,800             |
| IMRF/SS                                | \$703,928               | \$697,549               | \$665,461               | \$739,140               |
| Capital Projects                       | \$0                     | \$0                     | \$365                   | \$5,635,000             |
| Working Cash                           | \$0                     | \$0                     | \$2,300,000             | \$2,000,000             |
| Tort                                   | \$504,910               | \$539,695               | \$592,359               | \$633,000               |
| Health Life Safety                     | \$160,004               | \$40,243                | \$39,218                | \$390,000               |
| <b>Total Expenditures</b>              | <b>\$27,238,160</b>     | <b>\$28,077,832</b>     | <b>\$30,329,537</b>     | <b>\$37,775,644</b>     |
| <b>Surplus/(Deficit) All<br/>Funds</b> | <b>(-\$804,745)</b>     | <b>(-\$1,153,760)</b>   | <b>(-\$890,908)</b>     | <b>\$26,357,696</b>     |

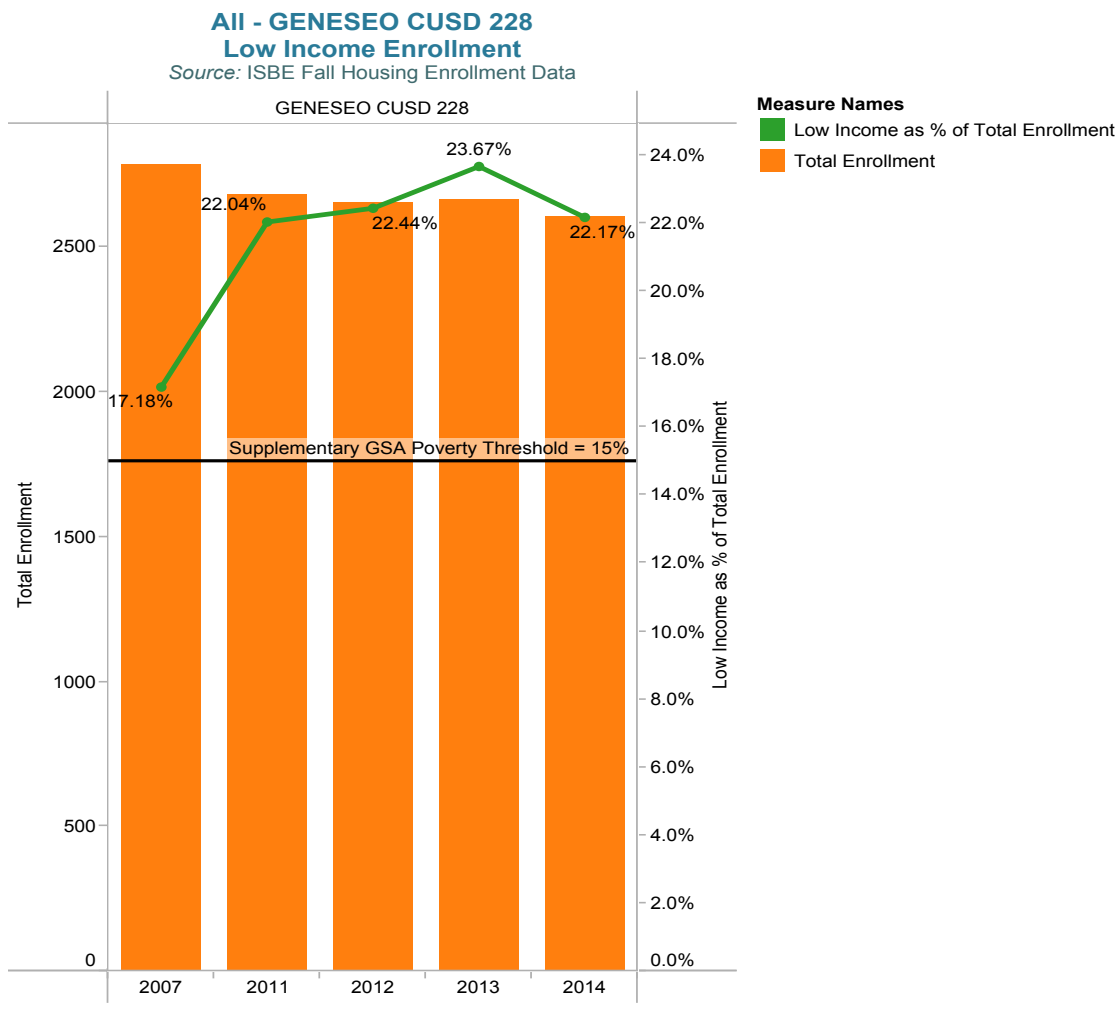
## Student Demographics

Beginning in 2007, District 228, along with the majority of school Districts around the state of Illinois, has experienced a significant increase in the number of low-income students as a percent of total enrollment. This trend due primarily to adverse economic conditions at both state and national levels and a prolonged economic recession has created challenges for all stake-holders in the Geneseo CUSD #228. Children that come from homes with limited resources present new challenges to our teachers and staff, and over the past several years school leaders have implemented numerous academic, social/emotional, and behavioral interventions in order to best meet the needs of our changing student demographics.

The following graph is a historical trend of the low-income children as a percent of total District enrollment. It is noteworthy to observe the steep increase in low-income percentages from 2007-2011 throughout the District. This increase of students from low-income families during 2007-2011 correlates with state and national economic recessionary periods. These adverse economic conditions and overall declines in total student enrollment have increased the ratio of low income students as a percentage of total enrollment dramatically in the District over the past several years.

Over this 4-year period the District has increased the number of teachers that serve special needs/at risk students. This time in history also marks the period where the District has re-designed and implemented Response to Intervention (RtI) programs throughout the District in order to better serve at risk students.

# Low Income Enrollment Trend



# Enrollment

Since 2006 the Geneseo CUSD # 228 has experienced steady declines in overall student enrollment. Using 3-year cohort survival data, the District is projecting an approximate -.36% decline in total k-12 enrollment for the 2015-16 school year. Student enrollment is a key driver for decisions involving staffing, facility usage, and program offerings. The graph below is a historic 3-year picture, which identifies declining enrollment. This declining enrollment not only creates pressure for the school board to adjust the number of employees but also the declining enrollment has a net negative effect on General State Aid.

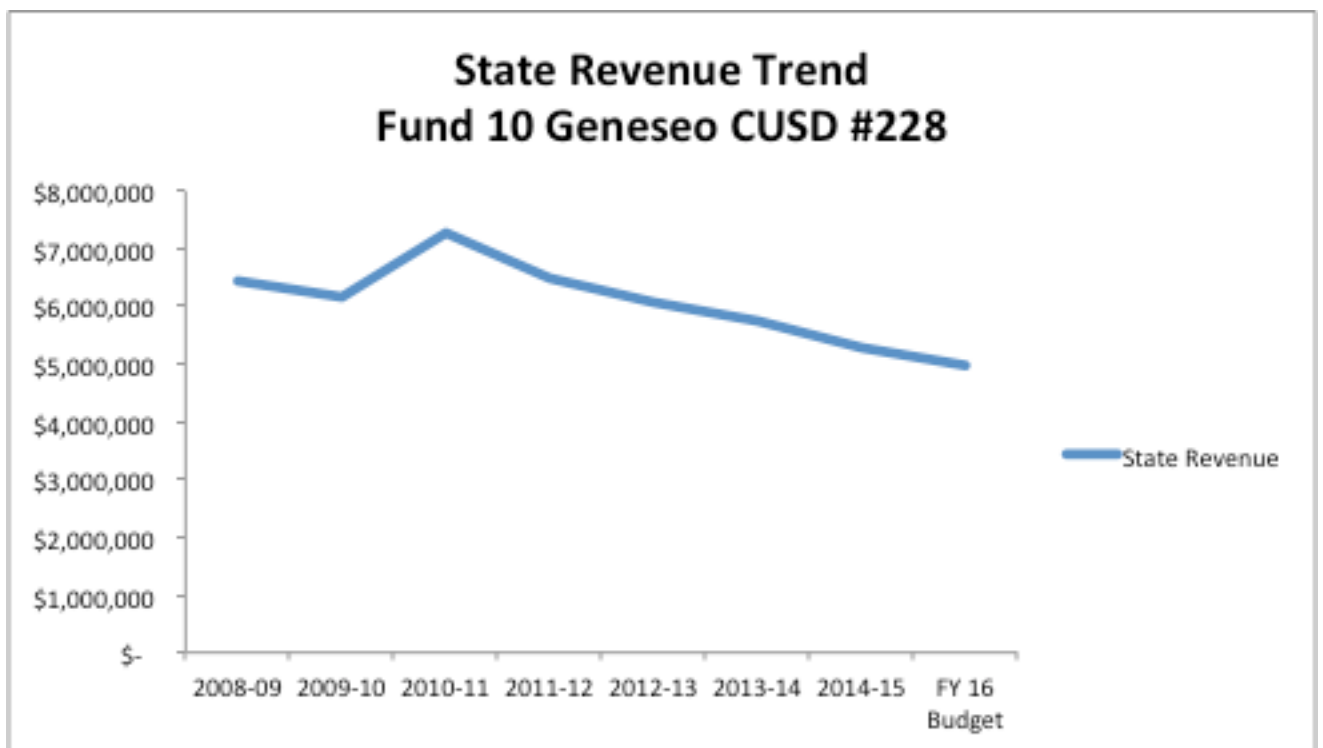
District 228 K-12 Cohort Survival Rate  
December 1 Enrollment Figures

| <b>Grade</b>  | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> | <b>Cohort Survival Rate</b> | <b>2015-16 Projected Enrollment</b> |
|---------------|----------------|----------------|----------------|-----------------------------|-------------------------------------|
| K             | 175            | 171            | 155            | .9998                       | 167                                 |
| 1             | 170            | 177            | 169            | 1.005                       | 155                                 |
| 2             | 187            | 167            | 182            | 1.019                       | 170                                 |
| 3             | 188            | 191            | 170            | 1.020                       | 186                                 |
| 4             | 214            | 186            | 201            | .9869                       | 174                                 |
| 5             | 176            | 213            | 182            | 1.025                       | 198                                 |
| 6             | 196            | 180            | 219            | 1.046                       | 187                                 |
| 7             | 223            | 198            | 195            | 1.008                       | 229                                 |
| 8             | 204            | 221            | 203            | .9807                       | 197                                 |
| 9             | 218            | 198            | 219            | .9811                       | 199                                 |
| 10            | 188            | 212            | 196            | .9822                       | 215                                 |
| 11            | 239            | 184            | 209            | .9826                       | 193                                 |
| 12            | 209            | 232            | 183            |                             | 205                                 |
| <b>Totals</b> | <b>2587</b>    | <b>2530</b>    | <b>2483</b>    |                             | <b>2475</b>                         |

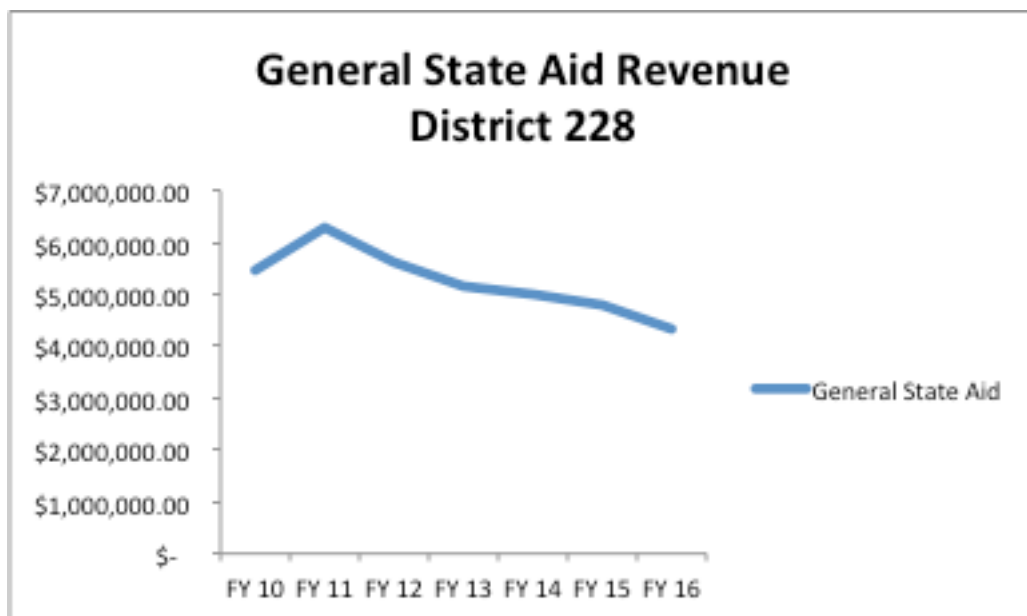
## Revenue Trends

Over the past 3 years District #228 has seen a significant decline in total state funding. In Fiscal Year 2014 the District received roughly 20% less revenue (inflation adjusted dollars) than it did just 4 years previously in Fiscal Year 2010. This negative trend in state revenues has created education fund deficit spending and the need to issue working cash bonds to cover Education Fund deficits during this time period.

Throughout the state of Illinois, total K-12 education spending from Springfield has decreased by roughly 6% since 2008. This reduction in state spending for K-12 education has created significant financial pressure on Districts throughout the entire state. Over the last two years the number of school districts in either Financial Early Warning or Financial Watch has doubled.



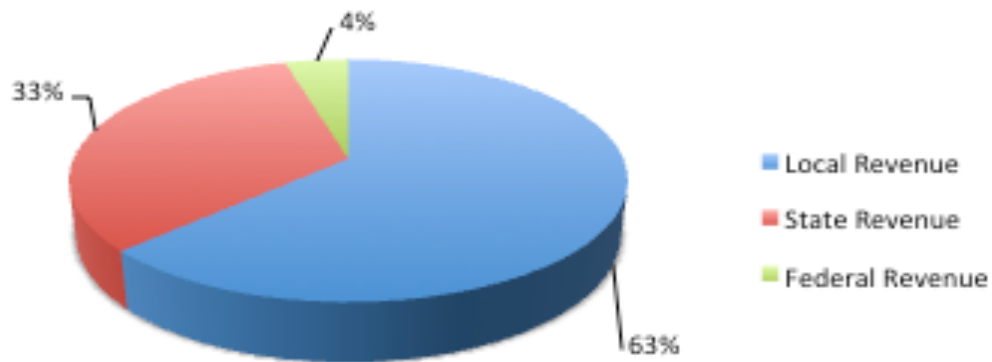
General State Aid (GSA) is “unrestricted” revenue and it can be used for any purpose to expend funds. The state allocates GSA in inverse proportion to Districts local ability to raise funds from the property tax. GSA, like many other state programs, has not been fully funded in recent years and as a result the state has not appropriated the dollars necessary to fully fund District General State Aid claim amounts. In FY 13, 14 and FY 15 the state shortfall resulted in GSA payments of only 89% of the amount owed to District 228. Since FY 11 District #228 has seen its General State Aid payments decrease by over 23% in inflation adjusted dollars, and the net cumulative effect is roughly a \$7,000,000 shortfall in GSA revenues for the District.



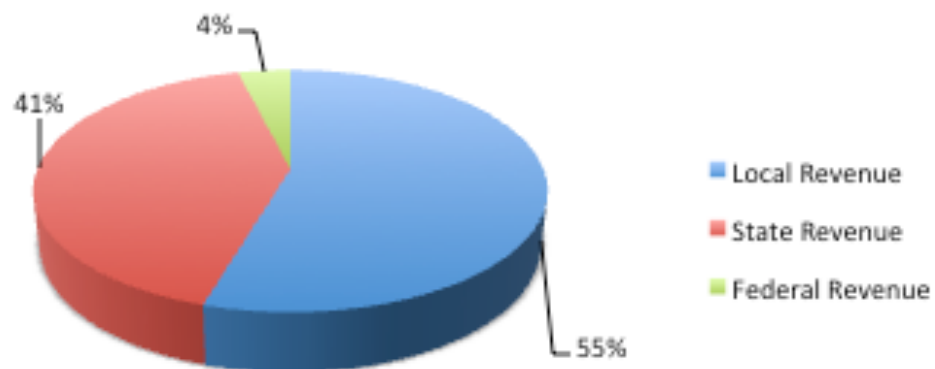
The decrease in state revenue over the past several years has placed a burden on the local taxpayers in District 228. The following pie charts demonstrate how local taxpayers are now funding a larger percentage of the Education Fund than in the past. This is a common trend in school Districts across Illinois as the state struggles financially, local taxpayers are being asked to fund a greater proportion of educational programs. Currently, District 228 tax payers fund 63% of the Education Fund, compared to 55% just 5 years ago.



### FY 16 Budgeted Revenue Sources Education Fund

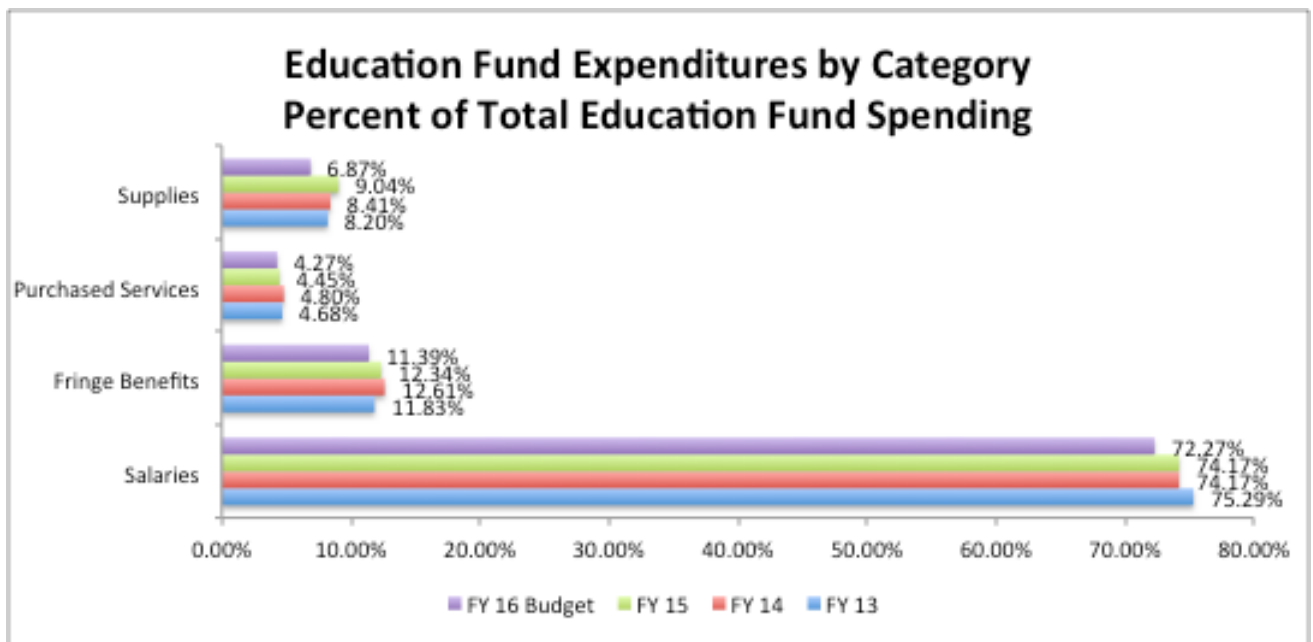


### FY 11 Revenue Sources Education Fund



## Expenditure Trends

As state revenues continue to decline, the District has had to implement cost control measures in order to contain expenses, especially in the largest of all funds, the Education Fund. The 4-year Geneseo Education Association contract that was ratified in 2010 saw a “soft freeze” of salaries for certified staff members. This negotiated contract helped control costs in the Education Fund and allowed the District to operate with consistent full-time numbers of employees throughout the life of the bargaining agreement. Over the past years expenditures in the Education Fund have risen by 3.1%, which includes teacher salaries, fringe benefits, technology expenditures, and all other costs associated with curriculum and instruction. FY 16 Education Fund budgeted expenditures indicate percent decreases across the board in the 4 major objects of the Education Fund. The salary decreases are attributed to teacher retirements and a shift of custodian salaries into the Operations and Maintenance Fund from the Education Fund.

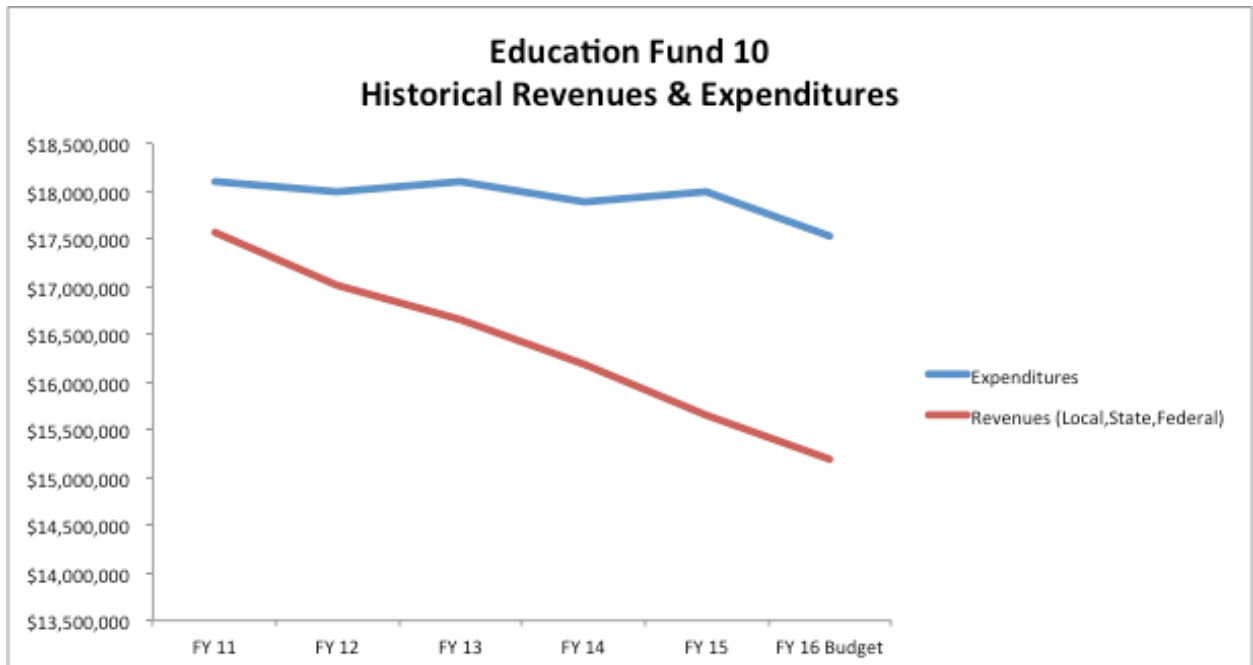


Challenges that lie ahead for District 228 on the expenditure budget will include uncertainty in the Illinois Congress, school funding debate, and property tax freeze legislation that is pending in Springfield. Fiscal Year 2015 saw the District deficit spend roughly \$1.1 million dollars, and the FY 16 budget is projecting another deficit spending year of nearly \$1.2 million dollars.

## Revenue and Expenditure Trend Comparisons Education Fund

The following graph is a historical picture of the revenue expenditure gap in the Education Fund over time. The revenues are a total of all sources local, state and federal dollars. This would include local tax levy dollars, General State Aid payments, state categorical revenue for special programs, and dollars received for the National School Lunch Program.

It is important to note that while the District continues to deficit spend, overall expenditures in the Education Fund have remained fairly stable in an environment of significant revenue decreases. The main driver of revenue decrease has been from state sources, particularly in General State Aid entitlement payment reductions over the years from proration efforts in Springfield. Since 2011 in inflation adjusted dollars, the District has seen its state revenue decline by -23% in the Education Fund, while over the same time period Education Fund expenditures, adjusted for inflation, have declined by -3%. There is no debate that the deficit spending in the Education Fund in the present and past is a directly correlated to a lack of funding from the State of Illinois and the overall fiscal crisis the state is currently battling.



## Tax Base and Rate Trends

The table below is a summary of the Geneseo CUSD #228 tax base and rate trend over the past three years along with a projected 2015 tax rate and equalized assessment value (EAV). A 2.15% EAV increase will be used in the FY 15 tentative tax levy. Historically, the District maximizes legal rates in the Education, Operations & Maintenance (O & M), Special Education, and Transportation funds.

|                               | <b>Maximum<br/>Legal Rate</b>      | <b>2015 Levy<br/>Projected<br/>Rate</b> | <b>Actual<br/>2014<br/>Rate</b> | <b>Actual<br/>2013<br/>Rate</b> | <b>Actual<br/>2012 Rate</b> | <b>Actual<br/>2011<br/>Rate</b> |
|-------------------------------|------------------------------------|---|---------------------------------|---------------------------------|-----------------------------|---------------------------------|
| Educational                   | 2.3500                             | 2.3500                                  | 2.3500                          | 2.3106                          | 2.3500                      | 2.3483                          |
| O & M                         | .50000                             | .5000                                   | .5000                           | .4917                           | .5000                       | .4997                           |
| Transportation                | .20000                             | .2000                                   | .2000                           | .1967                           | .2000                       | .1999                           |
| Debt Services                 | None                               | .6181                                   | .5637                           | .6114                           | .5997                       | .5901                           |
| Municipal<br>Retirement       | None                               | .1042                                   | .1232                           | .0999                           | .1034                       | .0937                           |
| Social Security               | None                               | .1265                                   | .1292                           | .0878                           | .0861                       | .0781                           |
| Tort                          | None                               | .2044                                   | .1322                           | .11271                          | .1284                       | .1405                           |
| Leasing                       | .05000                             | .0000                                   | .0031                           | .0227                           | .0454                       | .0500                           |
| Special<br>Education          | .04000                             | .0400                                   | .0400                           | .0394                           | .0400                       | .0400                           |
| Fire Prevention<br>and Safety | .05000                             | .0000                                   | .0500                           | .0046                           | .0032                       | .0079                           |
| Working Cash                  | .05000                             | .0500                                   | .0500                           | .0492                           | .0047                       | .0079                           |
|                               | <b>Total District<br/>Tax Rate</b> | <b>4.1919</b>                           | <b>4.1414</b>                   | <b>4.0411</b>                   | <b>4.0609</b>               | <b>4.0561</b>                   |

| Rate Setting<br>Equalized Assessed Property Values |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| <b>2015<br/>Projected</b>                          | <b>2014</b>   | <b>2013</b>   | <b>2012</b>   | <b>2011</b>   |
| \$340,000,000                                      | \$332,856,121 | \$330,532,161 | \$320,368,018 | \$320,462,306 |

## Henry County Aggregate Tax Rate Comparisons Unit Districts K-12

The graph below is a summary of all Henry County Unit School Districts aggregate school tax rate. Unit school districts serve students in grades k-12, and these districts have different legal maximize levy rates compared to elementary districts or high school districts. The tax rates as shown below are a product of different levels of debt structures in each districts, different level of property values, and in some cases voted tax rate increase referendums that allow districts to levy more in funds where voters of their respective communities have agreed to raise the legal rate limit.

The Geneseo CUSD #228 has the lowest school tax rate of all Henry County Unit Districts, and is well below the 4.7436625 average of all schools. This is due primarily for 3 reasons:

1. Geneseo property values comprise nearly 1/3 of all Henry County. This strong tax base relative to other Henry County Districts allows the Geneseo CUSD #228 to levy more dollars and a lower overall tax rate.
2. There have been no voted tax rate increase referendums in the District.
3. Debt structure. The District has not issued debt that has any increasing impact on the aggregate tax rate while many of the districts in Henry County have had bond referendums that have increased their tax rates considerably.

| Total District Tax Rates    |  |               |               |               |               |               |               |
|-----------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|
| k-12 Districts Henry County |  | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          |
| ALWOOD CUSD 225             |  | 5.3281        | 5.5824        | 5.5901        | 5.5376        | 5.4701        | 5.4584        |
| Annawan CUSD 226            |  | 4.2778        | 4.2509        | 4.3021        | 4.3109        | 5.3091        | 5.4761        |
| Cambridge CUSD 227          |  | 4.9856        | 4.9718        | 4.9644        | 5.1085        | 5.0101        | 5.0074        |
| GALVA CUSD 224              |  | 4.7538        | 4.743         | 4.7226        | 4.6939        | 4.4399        | 4.4515        |
| GENESEO CUSD 228            |  | 4.0454        | 4.0556        | 4.0561        | 4.0579        | 4.038         | 4.1385        |
| Kewanee CUSD 229            |  | 4.4694        | 4.4666        | 4.3535        | 4.531         | 4.0929        | 4.2893        |
| ORION CUSD 223              |  | 4.7244        | 4.7913        | 4.7557        | 4.7827        | 4.7734        | 4.7821        |
| Wethersfield CUSD 230       |  | 3.9747        | 4.4139        | 4.4027        | 4.4978        | 4.3467        | 4.346         |
| <b>Average</b>              |  | <b>4.5699</b> | <b>4.6594</b> | <b>4.6434</b> | <b>4.6900</b> | <b>4.6850</b> | <b>4.7437</b> |

## Debt Structure Changes

In the spring of 2013 the Henry County School Sales Tax Referendum was voted on and passed by the voters of Henry County. This new 1 cent “sales tax revenue” that generates nearly \$1,000,000 per year for the District began a series of community engagement sessions (Project Leaf). The goal of these community engagement sessions was to determine the best use of this new revenue stream within the limits of the law meaning that the revenue can only be used for: 1. Abating existing debt. 2. Facilities and Grounds.

The Project Leaf community engagement sessions led to the consensus that the best use of the 1 cent sales tax revenue was to:

- Renovate and remodel the 3 existing elementary buildings.
- Renovate and remodel the athletic stadium and fine arts area of the high school.
- The total estimated costs of these projects was roughly \$35,000,000, well beyond the annual \$1,000,000 of sales tax revenue, thus a referendum was required.

The referendum passed April 7, 2015 and below is a summary of the different finance and debt structures that will be used to finance the Project Leaf construction and remodel projects:

- Voted Referendum Bonds = \$16,500,000
- Alternate Revenue Bonds = \$11,000,000
- Life Safety Bonds = \$9,000,000

Total Debt to finance Project Leaf = \$36,500,000

Section 5/19-1 of the Illinois School Code limits the amount of qualifying debt to 13.8% of the latest equalized assessed value. The equalized assessed value of the Geneseo Community Unit School District #228 as of January 1, 2015 was \$332,856,121. The following table is a 3-year comparison of the changes in legal debt margin of the District. To calculate the FY 16 legal debt margin an estimated equalized assessed value of \$335,000,000 is used.

### Legal Debt Margin Calculations

|                      | <b>FY 14</b> | <b>FY 15</b> | <b>FY 16</b> |
|----------------------|--------------|--------------|--------------|
| Legal Debt Limit     | \$44,084,513 | \$45,613,438 | \$46,230,000 |
| Less Qualifying Debt | \$ 6,975,000 | \$5,190,000  | \$18,433,327 |
| Legal Debt Margin    | \$37,109,513 | \$40,428,438 | \$27,796,673 |

Alternate revenue bonds do not count against the District's debt limit because property taxes are not extended to pay back the bonds. The principal and interest on the bonds are paid with sales tax revenue streams.

## Human Resources Allocation Changes For Fiscal Year 2016

The following bullet list summarizes the human resources changes for Fiscal Year 2016, and the 2015-16 school year.

- 19 certified staff personnel changes occurred from FY 15 to FY 16. This is an usually high volume of turnover for the District compared to past years.
- 2 certified staff retirements were recognized at the end of the 2014-15 school year.
- A one-year unpaid leave of absence was granted to certified staff member. This will save the District approximately \$18,000 in FY 16.
- 3 of the 19 certified vacancies were not rehired, resulting in a net payroll savings of \$312,262 for FY 16.
- 4 part-time custodial positions were eliminated and 2 full-time custodial positions were created.
- 4 administrative building shifts occurred during the summer of 2015. These shifts were made for curricular purposes in order to better serve students and staff.
- Overall, the total number of District 228 employees decreased from 307 to 303 for FY 16.

## Common Budget Questions

*What is the average teacher salary?*

\$47, 472. This average teacher salary does not include fringe benefits such as board paid TRS, insurance benefits, etc.

*What is the average cost per pupil and how is it determined?*

There are several ways you can think about average cost per pupil. One way is to simply look at the Education Fund 10, which is the primary fund, used to capture expenditures directly related to educating students (Teachers, Books, and Materials). The District spends roughly \$6,200 per pupil out of the Education Fund, however this number does not give a true measure of the total costs of educating a student in District #228. When buildings, maintenance, and transportation are taken into consideration this “operating cost” per pupil is roughly \$8,199. The average operating cost per pupil in Henry County is \$8,875 for k-12 school Districts.

*Does the state fully-fund all of the programs and services it mandates?*

No. Not even close. In fact Illinois ranks near the bottom of all states in regards to equity in school funding. Historically, the Geneseo CUSD #228 has seen its share of state revenue decline nearly significantly over the past 5 years, costing the District roughly well over \$7 million dollars over this time. These state revenue declines have been significant in recent years in general state aid payments, special education, and transportation.

*How much of the budget is used for athletics, fine arts, and other extra-curricular activities?*

Roughly \$820,000 is spent on extra-curricular activities every year, which equates to around \$330 per student in District 228. The Geneseo CUSD is a District that prides itself on student involvement in extra-curricula's, this is evident by the 75% participation rate at the high school in athletics, fine arts, clubs, and all other extra-curricular activities.



## Common Budget Questions

### How Does the Typical Student Use \$8,199?

Another way of analyzing expenditures is to study how the “operating costs” per student are distributed in order to educate a child in District #228. These operating costs capture salaries paid to all employees in the District that have either a direct or indirect impact on educating a student. Also captured in operating costs are the costs of transporting students, maintaining and operating school buildings, and the costs associated with instructional support. The graph below shows how operating expenses are used to support a typical student.

