



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

Fiscal Year 2017 Adopted Budget

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

# Executive Summary

## 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 all District 228 employees, students, volunteers, families, and school board members.

- 1<sup>st</sup> place designation in the Top 10 Digital Districts in the nation award.
- Pathway to the Meritorious Budget Award winner.
- Named District of Distinction by District Administration magazine.
- Digital Content and Curriculum Achievement Award.
- U.S. News and World Report Silver Medalist as one of the top high schools in the nation, and Geneseo High School ranked #2 in Illinois downstate high schools.
- Named to the College Board's 4<sup>th</sup> Annual Advanced Placement Honor Roll.
- 37 students from Geneseo High School were named Illinois State Scholars.
- 36 Students received the Presidential Award for Educational Excellence.
- 17 Students were named AP Scholars.
- 16 All-State individuals in Band, Choir, and Orchestra this past school year.
- 56 consecutive winning seasons and 40 state football playoff appearances in varsity football, state records.
- 22 individual athletes qualify for state competition in Boys and Girl Track, Boys and Girls Tennis, Girls Golf, Boys and Girls Cross Country, and Wrestling.

# 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

# Board Goals and Priorities

- 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.
- Engage the community in such a way to create a Job Description for a 21<sup>st</sup> Century School District and the governance team is prepared to respond and “apply” for the position.
- Celebrate completion of 1 year of Performance Evaluation Reform Act (PERA) implementation and will be ready to act on strategies for improved processes.
- Celebrate a successor contract to the 2014-17 Professional Agreement with the GEA following their ratification meeting.
- The use of data and evidence will more formally be incorporated into Board policy (policies) for monitoring, evaluating, and communicating results.

## Budget at a Glance

### Fiscal Year 17

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 (FY) 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*

- The Fiscal Year 17 (FY 17) budget will include roughly \$15,000,000 in construction and remodel work which is financed via the voted bond referendum and the 1-cent county sales tax revenues.
- None of the current instructional or extracurricular programs are reduced or eliminated.
- Historical averages are budgeted for expenditures in all operating funds.
- District enrollment based on historical cohort survival averages is projected to increase slightly, +1.14% from prior year.
- Given the historical uncertainty with the State budget and k-12 funding, the District will budget General State Aid (GSA) “flat” from Fiscal Year 17.
- A \$1,000,000 abatement from the Working Cash Fund to the Education Fund is budgeted.
- Transportation costs will increase by 1.9% per negotiated contract with Pink’s Bus Service.
- Regular transportation State reimbursement is budgeted at \$800,000 which is a 69% proration level of the District transportation entitlement.
- \$60,000 investment in a new k-8 science curriculum is budgeted to incorporate new state science standards.
- A -\$828,492 Education Fund deficit is budgeted for Fiscal Year 17.
- An overall -\$2,700,000 deficit is expected in the District operating funds (Education Fund, Operations & Maintenance Fund, Transportation Fund, and Working Cash Fund).

# Geneseo CUSD #228 at a Glance

## District Location

The Geneseo CUSD #228 is located 20 miles west of the Quad City Metropolitan area, and approximately 150 miles west of Chicago. The Quad City Metro area is home to a combined statistical population of approximately 475,000 individuals, and includes the cities of: Moline, IL, Rock Island, IL, Bettendorf, IA, and Davenport, IA. The last census revealed that 6,850 reside in Geneseo, IL.

## Who do we serve?

The District is a k-12 school district that also serves grant funded pre-k programs. All of the District kindergarten programs are full-day. The Geneseo CUSD #228 will serve 2,579 children this school year.

## Buildings

School	Geneseo High School	Geneseo Middle School	Southwest Elementary	Northside Elementary	Millikin Elementary
Grades	9-12	6-8	k-5	Pre-k-5	k-5
Enrollment 2016-17	831	678	341	327	402

## How are we governed?

The School Board is the governing body of the Geneseo CUSD #228. This elected school board is created under the authority of the Illinois School Code, Article 10.

## Who approves the budget?

The budget is approved by the School Board every September. A tentative budget is announced and presented to the Board of Education in August, and this tentative budget is on public display for 30 days prior to the formal and final budget adoption in September.

# 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. A 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.

## All Funds Summary

	FY 16	FY 17
<b>Total Revenue by Fund</b>	<b>Actual Estimate</b>	<b>Budget</b>
Education	\$17,184,144	\$16,873,982
Operations & Maintenance	\$2,052,993	\$1,857,500
Debt Service	\$3,059,572	\$3,102,000
Transportation	\$1,657,748	\$1,664,900
IMFRF/SS	\$834,329	\$828,000
Capital Projects	\$28,651,965	\$895,000
Working Cash	\$86,775	\$82,000
Tort	\$520,360	\$551,000
Health Life Safety	\$7,598,541	\$66,000
<b>Totals</b>	<b>\$61,646,427</b>	<b>\$25,920,382</b>

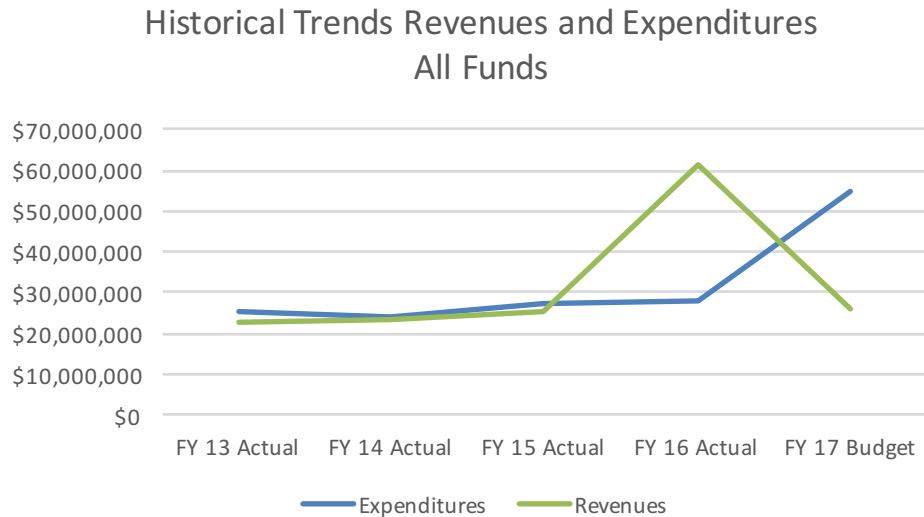
	FY 16	FY 17
<b>Total Expenditures by Fund</b>	<b>Actual Estimate</b>	<b>Budget</b>
Education	\$16,798,827	\$17,662,344
Operations & Maintenance	\$1,919,377	\$2,380,550
Debt Service	\$2,066,600	\$3,770,493
Transportation	\$1,856,507	\$2,009,000
IMFRF/SS	\$606,699	\$726,120
Capital Projects	\$2,622,879	\$21,185,000
Working Cash	\$1,000,000	\$1,000,000
Tort	\$485,312	\$665,200
Health Life Safety	\$364,029	\$4,980,000
<b>Totals</b>	<b>\$27,720,230</b>	<b>\$54,378,707</b>

	FY 16	FY 17
<b>Surplus/(Deficit) All Funds</b>	<b>Actual Estimate</b>	<b>Budget</b>
Education	\$385,317	-\$788,362
Operations & Maintenance	\$133,616	-\$523,050
Debt Service	\$992,972	-\$668,493
Transportation	-\$198,759	-\$344,100
IMFRF/SS	\$227,630	\$101,880
Capital Projects	\$26,029,086	-\$20,290,000
Working Cash	-\$913,225	-\$918,000
Tort	\$35,048	-\$114,200
Health Life Safety	\$7,234,512	-\$4,914,000
<b>Totals</b>	<b>\$33,926,197</b>	<b>-\$28,458,325</b>



## Significant Trends in District 228 Historical Revenues and Expenditures

The graph below indicates that prior to FY 16 revenues and expenditures in all funds have been fairly stable and consistent. FY 16 revenues peaked from the capital projects voted bond referendum, and as the graph indicates expenditures of these bond proceeds begin to take place in the FY 17 budget year.



## Significant Trends in District 228 Historical Revenues and Expenditures

The Fiscal Year 17 Budget is projected to produce an operating funds deficit of -\$2,642,920 and an overall deficit of -\$27,778,240. It is important to note that the District operates on a cash basis for accounting meaning that revenues are recorded when received, and expenses are recorded when incurred. The bond proceeds for capital projects were received in FY 16, the projects will be expensed throughout FY 17, explaining the large aggregate deficit. When considering the operating funds deficit, it is also important to note that the operating funds consist of the Education Fund, Operations & Maintenance Fund, Transportation Fund, and the Working Cash Fund. The FY 16 estimated actual figures show an operating fund surplus of roughly \$1,400,000, however this includes a \$2,000,000 working cash bond issue which offset actual deficits. In other words, the District borrowed to cover operating deficits, and without the "borrowed" dollars the District would have exhibited an actual deficit of -\$600,000.

Over the past several years the District has deficit spent in its operating funds on average of approximately -\$1.5 million dollars per year. These deficits are a product of decreased state funding in both General State Aid (GSA) which typically is deposited into the Education Fund and decreased funding for Transportation. GSA was over \$6,000,000 several years ago, today GSA is \$4,300,000. Currently, the Education Fund tax rate is \$2.35 per \$100 of equalized assessed property valuation. This \$2.35 rate is not adequate to cover the Education fund deficits, and combined with nearly a \$2,000,000 shortfall in GSA the District continues to deficit spend in operating funds.

# Education Fund

The Education Fund is the most significant of all funds in the District. In a typical year roughly 2/3 of all revenues and expenditures are found within the Education Fund. Examples of common expenditures that are expensed from the Education Fund are teacher salaries, administrative salaries, expenses related to curriculum & instruction, all technology expenses, and food service.

The -\$788,362 deficit budgeted for FY 17 includes a \$1,000,000 transfer from the Working Cash Fund.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Property Tax	\$10,184,780	Salaries	\$11,771,224
State Sources	\$4,922,310	Benefits	\$2,020,510
Federal Sources	\$766,392	Purchased Services	\$791,400
Inter-fund Transfers	\$1,000,000	Supplies and Materials	\$1,413,060
		Capital Outlay	\$90,800
		Other Objects	\$1,342,350
		Non-Capital Equipment	\$233,000
		Termination Benefits	
		Transfers	
<b>On-Behalf Payments</b>	<b>\$3,750,000</b>	<b>On-Behalf Payments</b>	<b>\$3,750,000</b>
Total Revenue	<u>\$20,623,482</u>	Total Expenditures	<u>\$21,412,344</u>

Beginning Fund Balance at 07/01/16	\$4,628,981
Net Gain (Loss)	<u>(\$788,362)</u>
Projected Fund Balance at 06/30/17	<u><u>\$3,840,619</u></u>

# Operations and Maintenance Fund

One of the four operating funds, the Operations and Maintenance Fund (O & M) is where all costs associated with maintaining buildings and grounds are located. Typical expenses associated with the O & M Fund are custodial and maintenance salaries, utilities expenses, and expenses for cleaning supplies.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Property Tax	\$1,707,500	Salaries	\$869,000
State Sources		Benefits	\$134,550
Federal Sources		Purchased Services	\$335,000
Sale of Fixed Assets	\$150,000	Supplies and Materials	\$854,000
		Capital Outlay	\$153,000
		Other	\$0
		Non-Capital Equipment	\$35,000
		Termination Benefits	
		Transfers	
<b>Total Revenue</b>	<b><u>\$1,857,500</u></b>	<b>Total Expenditures</b>	<b><u>\$2,380,550</u></b>
Beginning Fund Balance at 07/01/16			\$3,100,624
Net Gain (Loss)			<u>(\$523,050)</u>
Projected Fund Balance at 06/30/17			<u><u>\$2,577,574</u></u>

## Debt Service Fund

All expenditures related to paying principal and interest on debt instruments are located in the Debt Service Fund. These principal and interest payments are determined by bond counsel and levied by the County Clerk each year.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Property Tax	\$2,302,000	Salaries	
State Sources		Benefits	
Federal Sources		Purchased Services	
Inter-fund Transfer	\$800,000	Supplies and Materials	
		Capital Outlay	
		Bond principal and interest	\$3,770,493
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	
Total Revenue	<u>\$3,102,000</u>	Total Expenditures	<u>\$3,770,493</u>
Beginning Fund Balance at 07/01/16			\$3,468,172
Net Gain (Loss)			<u>(\$ 668,493)</u>
Projected Fund Balance at 06/30/17			<u><u>\$2,799,679</u></u>

# Transportation Fund

The District is legally obligated to provide transportation to and from school for all students within District boundaries that live 1.5 miles or further from their school. Currently, the District outsources this transportation function to a private vendor. Major expenses are contract costs to the transportation provider and costs for bus fuel. Revenues come from both local taxpayers and the State of Illinois in the form of Transportation categorical payments.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Property Tax	\$679,900	Salaries	\$7,500
State Sources	\$985,000	Benefits	
Federal Sources		Purchased Services	\$1,750,500
		Supplies and Materials	\$216,000
		Capital Outlay	
		Other	\$35,000
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	
		On-Behalf Payments	
Total Revenue	<u>\$1,664,900</u>	Total Expenditures	<u>\$2,009,000</u>
Beginning Fund Balance at 07/01/16			\$2,386,376
Net Gain (Loss)			<u>(\$344,100)</u>
Projected Fund Balance at 06/30/17			<u>\$2,042,276</u>

# Illinois Municipal Retirement Fund

Expenses related to District contributions to the Illinois Municipal Retirement Fund (IMRF) are the major expenses in the IMRF Fund. Also, District contributions for Social Security and Medicare payments are also included.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Property Tax	\$828,000	IMRF Pension Contr.	\$356,542
State Sources		Social Security	\$166,349
Federal Sources		Medicare Only PMTS.	\$203,229
		Supplies and Materials	
		Capital Outlay	
		Dues, Fees, and Tuition	
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	
		On-Behalf Payments	
Total Revenue	<u>\$828,000</u>	Total Expenditures	<u>\$726,120</u>
Beginning Fund Balance at 07/01/16			\$735,825
Net Gain (Loss)			<u>\$101,880</u>
Projected Fund Balance at 06/30/17			<u><u>\$837,705</u></u>

# Capital Projects Fund

Only expenditures for capital projects can be expensed out of the Capital Projects Fund. There is no tax levy for this fund, revenues come from the 1-cent county sales tax referendum that was past two years ago, and also voted bond referendum proceeds for capital projects.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources/Sales Tax	\$895,000	Salaries	
State Sources		Benefits	
Federal Sources		Purchased Services	\$1,560,000
		Supplies and Materials	\$875,000
		Capital Outlay	\$17,900,000
		Other	\$850,000
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	
		On-Behalf Payments	
Total Revenue	<u>\$895,000</u>	Total Expenditures	<u>\$21,185,000</u>
Beginning Fund Balance at 07/01/16			\$29,426,110
Net Gain (Loss)			<u>(\$20,920,000)</u>
Projected Fund Balance at 06/30/17			<u>\$9,136,110</u>



# Working Cash Fund

The Working Cash Fund is the District “rainy day” fund/savings account. No direct expenditures are made from this fund, only transfers to funds in need are made. There are two sources of revenue for the Working Cash Fund, the local tax levy and Working Cash Bonds.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources	\$82,000	Salaries	
State Sources		Benefits	
Federal Sources		Purchased Services	
		Supplies and Materials	
		Capital Outlay	
		Dues, Fees, and Tuition	
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	\$1,000,000
		On-Behalf Payments	
Total Revenue	<u>\$82,000</u>	Total Expenditures	<u>\$1,000,000</u>
Beginning Fund Balance at 07/01/16			\$2,801,819
Net Gain (Loss)			<u>(\$918,000)</u>
Projected Fund Balance at 06/30/17			<u><u>\$1,883,819</u></u>

## Tort Fund

The Tort fund covers all expenditures related to risk management and liability. Typical expenditures associated with the Tort Fund are liability insurance payments, workers compensation insurance payments, security cameras, and any other costs associated with student safety can be expensed from the Tort Fund.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources	\$551,000	Salaries	\$79,700
State Sources		Benefits	\$12,000
Federal Sources		Purchased Services	\$533,500
		Supplies and Materials	
		Capital Outlay	
		Dues, Fees, and Tuition	
		Non-Capital Equipment	\$40,000
		Termination Benefits	
		Transfers	
		On-Behalf Payments	
Total Revenue	<u>\$551,000</u>	Total Expenditures	<u>\$665,200</u>
Beginning Fund Balance at 07/01/16			\$544,002
Net Gain (Loss)			<u>(\$114,200)</u>
Projected Fund Balance at 06/30/17			<u>\$429,802</u>

# Health Life Safety Fund

Projects that are placed on the District 10-year Health Life Safety Survey which is validated by the District architect are expensed from the Health Life Safety Fund, or projects that go through the formal state amendment process. Typically, projects that are approved in the Health Life Safety Survey are those projects that bring the District up to building codes.

<b>Revenues</b>	<b>Amount</b>	<b>Expenditures</b>	<b>Amount</b>
Local Sources	\$66,000	Salaries	
State Sources		Benefits	
Federal Sources		Purchased Services	
		Supplies and Materials	
		Capital Outlay	\$4,980,000
		Dues, Fees, and Tuition	
		Non-Capital Equipment	
		Termination Benefits	
		Transfers	
		On-Behalf Payments	
Total Revenue	<u>\$66,000</u>	Total Expenditures	<u>\$4,980,000</u>
Beginning Fund Balance at 07/01/16			\$7,868,505
Net Gain (Loss)			<u>(\$4,914,000)</u>
Projected Fund Balance at 06/30/17			<u><u>\$2,954,505</u></u>

# Significant Trends in District 228

## Student Demographics

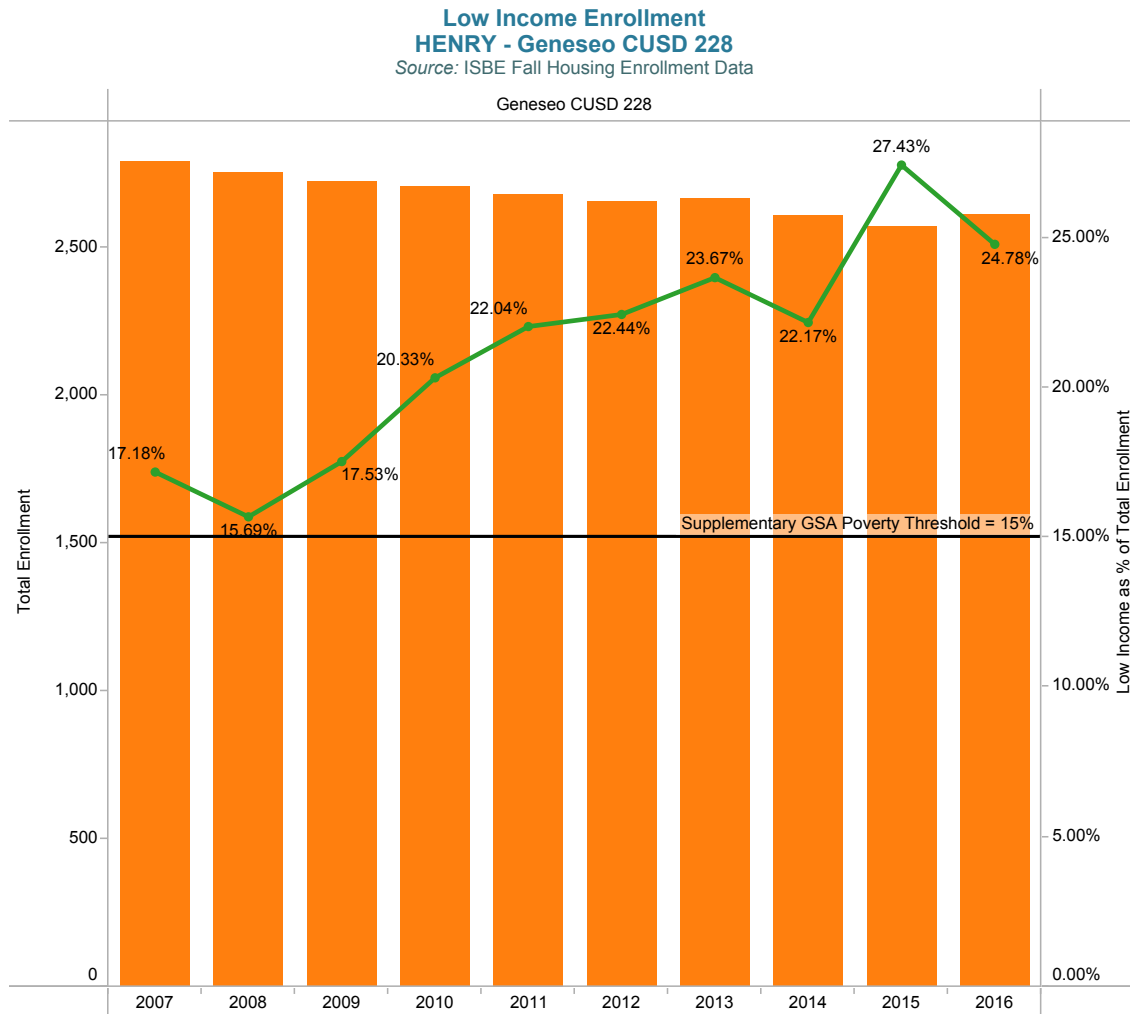
Beginning in 2008, District 228, along with the majority of school Districts around the state of Illinois, has experienced a significant increase in the number of low-income students as a percent of total enrollment. This trend due primarily to adverse economic conditions at both state and national levels 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 2008-2013 throughout the District. This increase of students from low-income families during 2008-2013 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.

As enrollment declined slightly in FY 15 the percent of students from low-income families as a percent of total enrollment peaked for the District. Last year, as enrollment increased slightly this ratio fell to where 24.78% of all students in the District are from low-income households. To put the District low-income ratio in perspective however, in Illinois roughly 51% of all students are considered to come from low-income families.

# Student Demographics

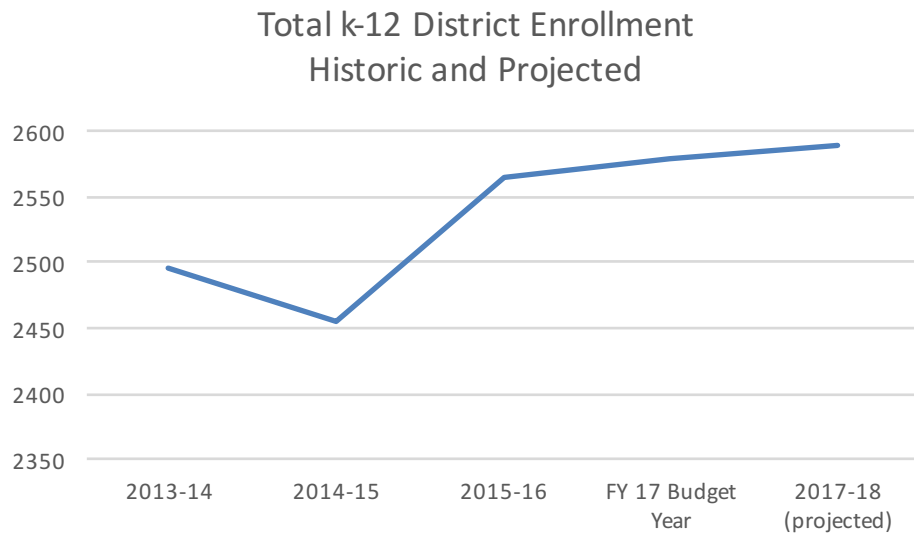
## Low Income Enrollment Trend



# Enrollment

Since 2006 the Geneseo CUSD # 228 has experienced steady declines in overall student enrollment. However, the last 2 years has shown enrollment leveling off and last year the District saw a small increase in enrollment for the first time in several years from 2014-15.

Using 3-year cohort survival data, the District is projecting an approximate 1% increase in total k-12 enrollment for the 2016-17 school year. Student enrollment is a key driver for decisions involving staffing, facility usage, and program offerings. Enrollment figures are also important drivers of the amount of General State Aid the District ultimately receives. The projected small 1% increase however is not significant enough to have an impact on any staffing or program offerings, nor will enrollment projections have any significant bearing on General State Aid.

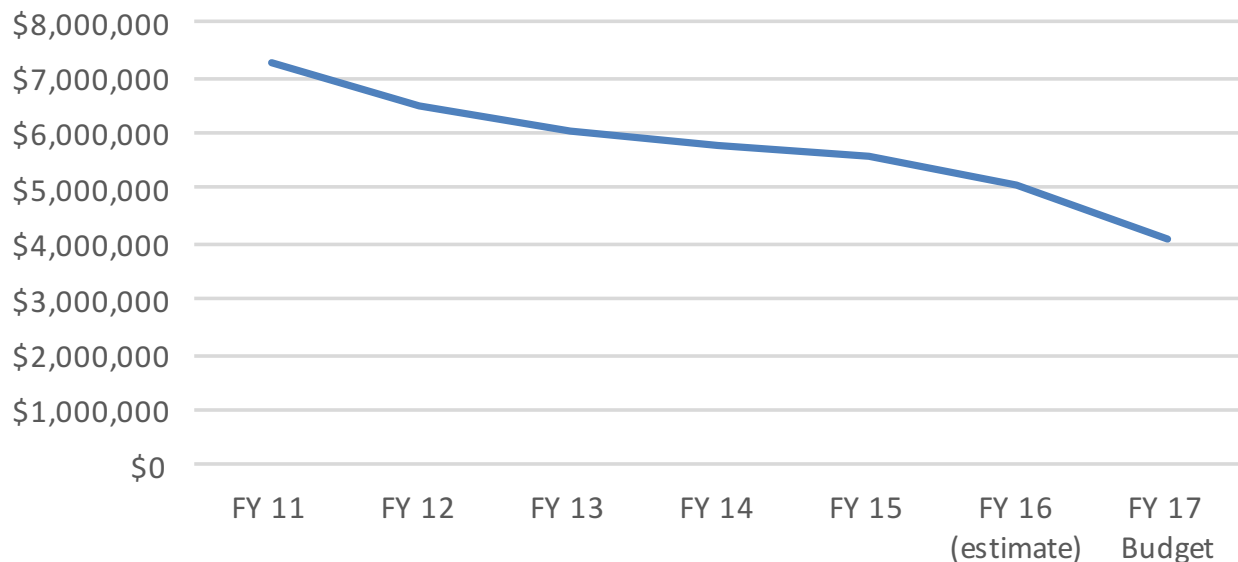


# Revenue Trends

Over the past several years District #228 has seen a significant decline in total state funding. Since Fiscal Year 2011 the District has received roughly -23% less revenue on an inflation adjusted basis. This negative trend in state revenues has been the catalyst for deficit spending throughout the District, primarily in the Education Fund where approximately 90% of all state revenues are deposited. In order to continue District operations in this declining state revenue environment, working cash bonds have been issued to offset the revenue gap created by this lack of state funding.

Throughout Illinois the topic of funding schools has been widely discussed, debated, and publicized. The current consensus and the fact that Illinois ranks last in the country for funding public education is that school finance reform is a top priority for legislators. The political process in the state capital has added to the complexity of this problem making it difficult to estimate/budget with any certainty state funding levels for the upcoming FY 17 budget. Currently in Illinois 60% of all school districts deficit spend, and the State of Illinois has announced it has a -\$8,000,000,000 deficit.

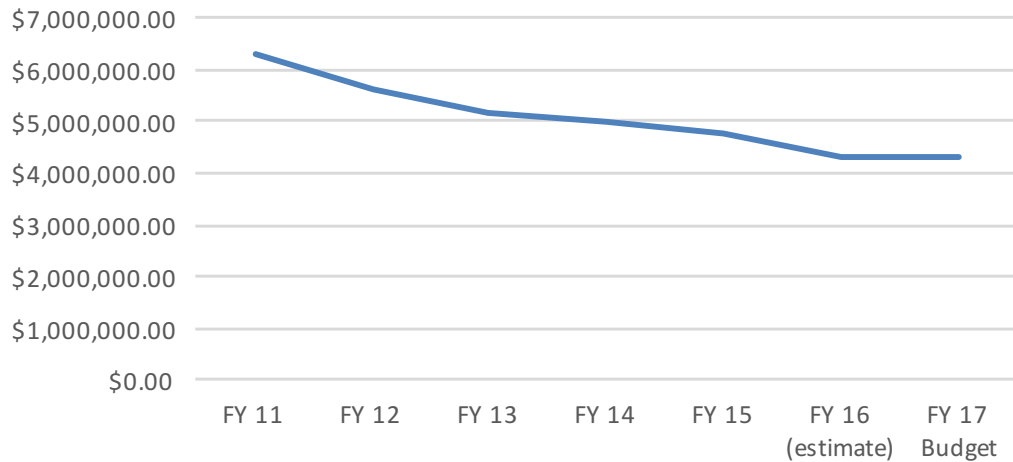
## State Revenue Trend Geneseo CUSD #228



# Revenue Trends

General State Aid (GSA) is “unrestricted” revenue and it can be used for any purpose to expend funds. The reality is the District places 100% of GSA into the Education Fund. 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. Since FY 12, the state shortfall resulted in GSA payments of only 89% of the amount owed to District 228. Since FY 11 the District has seen its General State Aid payments decrease by over -24% in inflation adjusted dollars, and the net cumulative effect is roughly a -\$9,000,000 shortfall in GSA revenues over this time period.

General State Aid Trend  
Geneseo CUSD #228

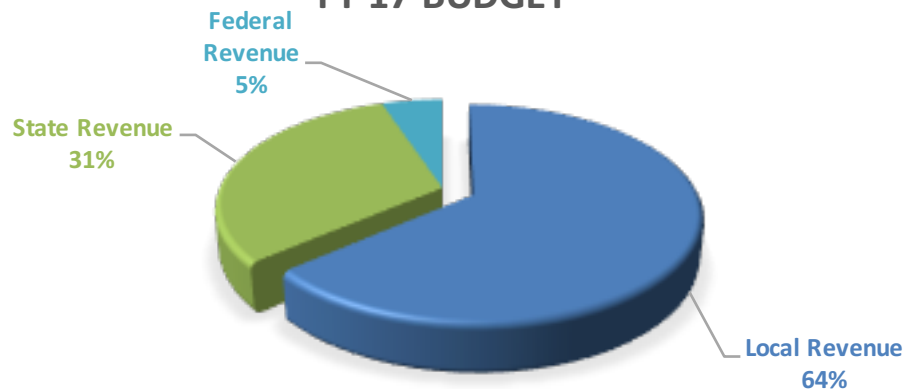




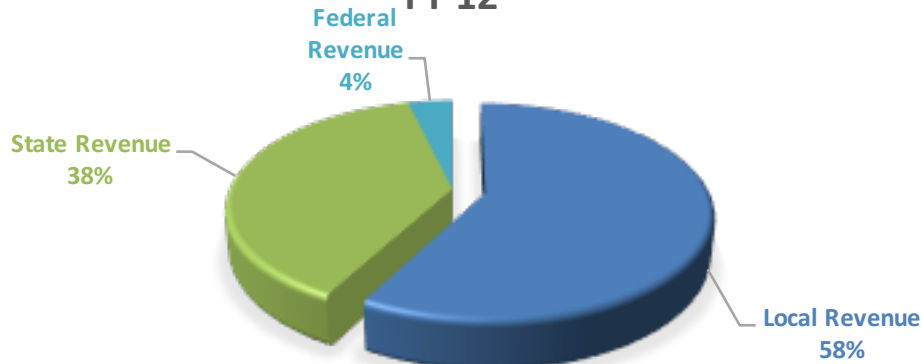
# Revenue Trends

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 providing an ever increasing percentage of the overall revenues to finance the education of students in the District. This is a common trend for school districts across Illinois as the state struggles financially, local taxpayers are being asked to fund a greater proportion of educational programs. The current FY 17 Budget estimates local taxes will provide 63% of the funding to support its schools, compared to 58% just 5 years ago. As the burden to fund schools shifts to the local level, the state portion of funding education in the District shrinks to 31% for FY 17 compared to 38% 5 years ago.

**REVENUE SOURCES  
FY 17 BUDGET**



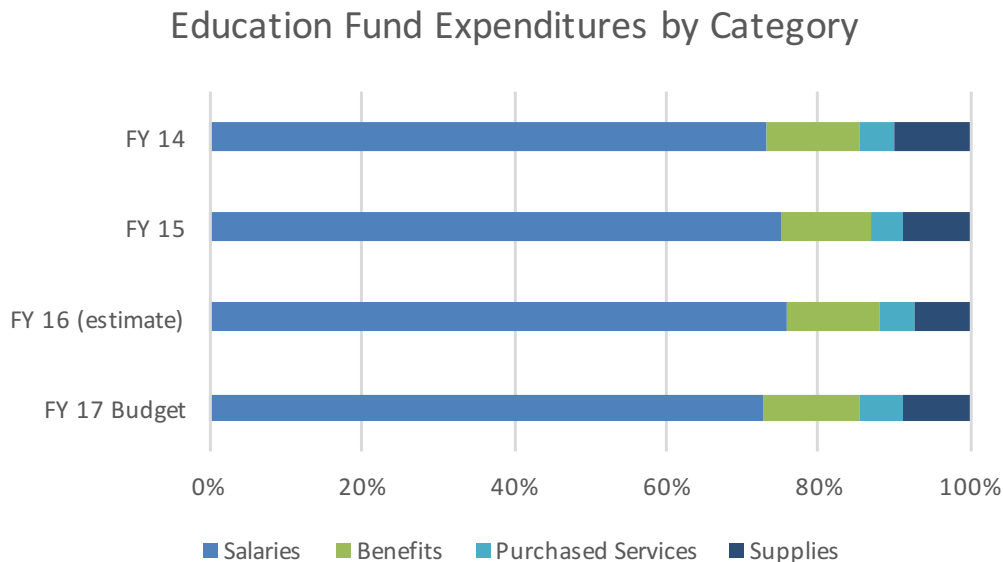
**REVENUE SOURCES  
FY 12**



## 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 graph below highlights the 4 major expenditure objects (salaries, benefits, purchased services and supplies) within the Education Fund over the past 4 years. As the graph indicates, these expenditure objects have been relatively stable as a percent of the Education Fund expenditures over the past 4 years.

The FY 17 Education Fund budgeted expenditures indicate a small percent decreases in salaries. This decrease comes from the District shifting portions of high school administration salary to the Tort Fund based on the District Risk Management Plan, and also shifting custodian salaries to the Operations and Maintenance Fund.



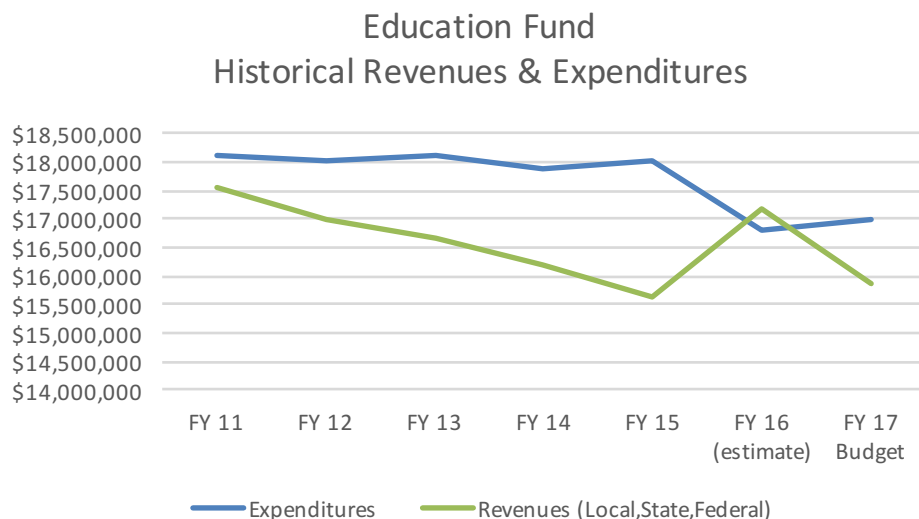
Challenges that lie ahead for District 228 for long-term budget sustainability in the Education fund include the upcoming teacher contract negotiations in FY 17, uncertainty in the Illinois Congress regarding the future of school funding, and the potential for a property tax freeze across the state based on recent proposed legislation.

# Revenue and Expenditure Trend Comparisons Education Fund

The following graph is a historical representation 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, inter-fund transfers to the Education Fund, and dollars received for the National School Lunch Program.

It is important to note that the estimated FY 16 revenue/expenditure figures indicate a small surplus, this is a result of a \$1,000,000 permanent transfer of funds from the District Working Cash Fund, and a \$560,000 shift of custodial salaries from the Education Fund to the Operations and Maintenance Fund. The custodial salary shift also explains the sharp decrease in overall Education Fund expenditures in comparison to FY 15 and prior years.

The District will continue to deficit spend in the Education Fund for FY 17. The current revenue stream in the Education Fund is not adequate to maintain expenditure levels. 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%. It is evident that the deficit spending in the Education Fund in the present and past is 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 4 years along with a projected 2016 tax rate and equalized assessment value (EAV). A 2.20% EAV increase estimate will be used in the upcoming tentative tax levy in December of 2016. Historically, the District maximizes legal rates in the Education, Operations & Maintenance (O & M), Special Education, and Transportation levies.

	<b>Maximum Legal Rate</b>	<b>2016 Levy Projected Rate</b>	<b>Actual 2015 Rate</b>	<b>Actual 2014 Rate</b>	<b>Actual 2013 Rate</b>	<b>Actual 2012 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	.5581	.5637	.6114	.5997	.5901
Municipal 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 Education	.04000	.0400	.0400	.0394	.0400	.0400
Fire Prevention and Safety	.05000	.0000	.0500	.0046	.0032	.0079
Working Cash	.05000	.0500	.0500	.0492	.0047	.0079
	<b>Total District Tax Rate</b>	<b>4.2058</b>	<b>4.1917</b>	<b>4.0411</b>	<b>4.0609</b>	<b>4.0561</b>

Rate Setting Equalized Assessed Property Values				
<b>2016 Projected</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$342,625,513	\$332,856,121	\$330,532,161	\$320,368,018	\$320,462,306

# 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: 1. Renovate and remodel the 3 existing elementary buildings. 2. 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

Currently, there are 3 construction projects in progress, and a 4<sup>th</sup> project will begin in the summer of 2017.

- Working Cash Bond Issue, February 2016, \$2,000,000. This revenue will be used to offset Education Fund Deficits.

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, 2016 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 17 legal debt margin an estimated equalized assessed value of \$337,213,300 is used.

## Legal Debt Margin Calculations

	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>
Legal Debt Limit	\$44,084,513	\$45,613,438	\$46,535,446
Less Qualifying Debt	\$ 6,975,000	\$5,190,000	\$27,493,527
Legal Debt Margin	\$37,109,513	\$40,428,438	\$19,042,119

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.

# Three-Year Financial Forecast

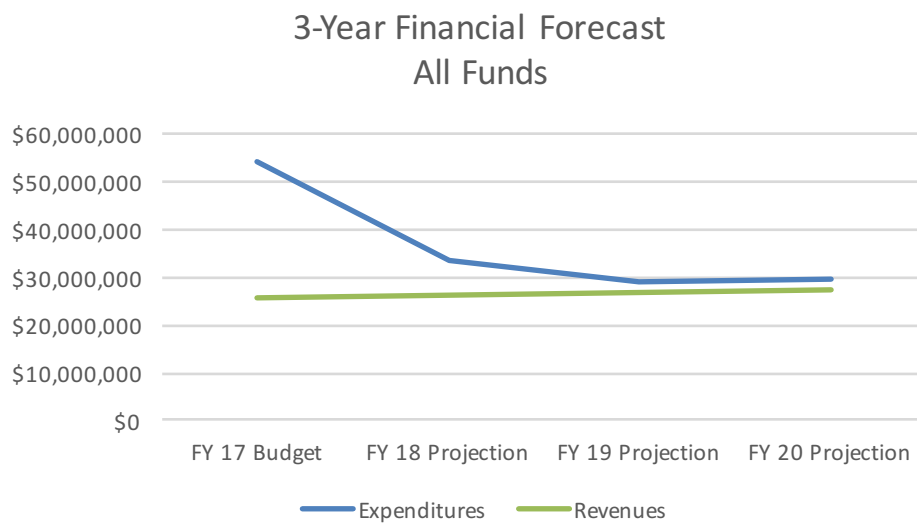
## *Significant Assumptions and Drivers*

- State revenues were forecasted assuming a 0% change over the FY 18 budget, then 1% increases in overall state funding for fiscal years 19 & 20. Uncertainty with the Illinois Legislature and historical declines in state revenues over the past years were used as rationale when projecting state revenues over the next 3 years.
- 2% increase in local revenues was used in the three-year forecast. These revenues are a combination of tax levy revenues and student registration/participation fees. However, it is important to note, if property tax freeze legislation discussion in Springfield becomes law, this revenue forecast will have to be re-adjusted which will have a negative impact on the 3-year local revenue forecast.
- Transportation costs are projected to remain at a 2% historic annual increase with state reimbursement remaining at 72% proration.
- Certified salaries are projected to increase at 1% for FY 18, then a 2% decline in FY 19 and FY 20 from staff attrition and retirements,
- Operations and Maintenance costs are projected to remain at historical levels of 2% annual increases during the 3-year forecast.
- District wide supplies and travel costs are forecasted at 5% annual decrease.
- Federal revenues are forecasted at a 1% increase each year of the 3-year forecast.

## Three-Year Financial Forecast All Funds Revenue and Expenditures

The graph below is an aggregate financial projection of all funds in the District. The FY 17 Budget year indicates a significant deficit where expenditures are budgeted to well above revenues. This is due to Project Leaf and the multiple capital construction projects currently underway and where a majority of costs will be expensed in FY 17, while all revenues for these capital projects were recorded and received in FY 16.

The FY 18, FY 19, and FY 20 all funds projection indicates an overall District deficit.



## Three-Year Financial Forecast Operating Funds

Operating Funds consist of four funds vital to the on-going financial health of the District in day-to-day operations. These operating funds are the Education Fund the Operations & Maintenance Fund, the Transportation Fund, and the Working Cash Fund. It is important to monitor operating fund balances and future projections as activity in the operating funds is the core of all financial activity in the District.

	<b>FY 17 Budget</b>	<b>FY 18 Projected</b>	<b>FY 19 Projected</b>	<b>FY 20 Projected</b>
Beginning Fiscal Year Balance	\$11,680,045	\$8,877,635	\$6,400,226	\$4,475,360
Revenues	\$20,344,302	\$22,905,712	\$23,145,484	\$23,620,073
Expenditures	\$23,137,222	\$25,383,121	\$25,070,351	\$24,819,913
Surplus (deficit)	(-2,792,920)	(-2,477,409)	(-\$1,924,866)	(-\$1,199,839)
Ending Operating Funds Balance	\$8,887,125	\$6,400,226	\$4,475,360	\$3,275,521
Operating Fund Balance % of Expenditures	38.00%	25.21%	17.85%	13.19%

The three-year forecast indicates **declining operating fund balances** will require the Board of Education to consider staff reductions in the Education Fund, a bond issue, or possibly a tax rate referendum. Fiscal Year 2019 forecasts operating fund balances to continue to decline, the most significant impact will be in the Education Fund, and balances will become historically low as a percentage of expenditures.

State funding has decreased over the past 6 years with no indication of a reversal of this trend. The decline in state funding, along with tax levy limiting legal rates has put the Board in a position to make decisions on future expenditure levels in order to attain a balanced operating budget. Current property tax freeze legislation that is being proposed in the state legislature will create new challenges for the District moving forward if enacted into law. A property tax freeze would essentially hold local revenues flat from year to year placing even more downward pressure to reduce operating fund expenditures.



# Human Resources Allocation Changes for Fiscal Year 2017

The following bullet list summarizes the human resources changes for Fiscal Year 2017, and the 2016-17 school year.

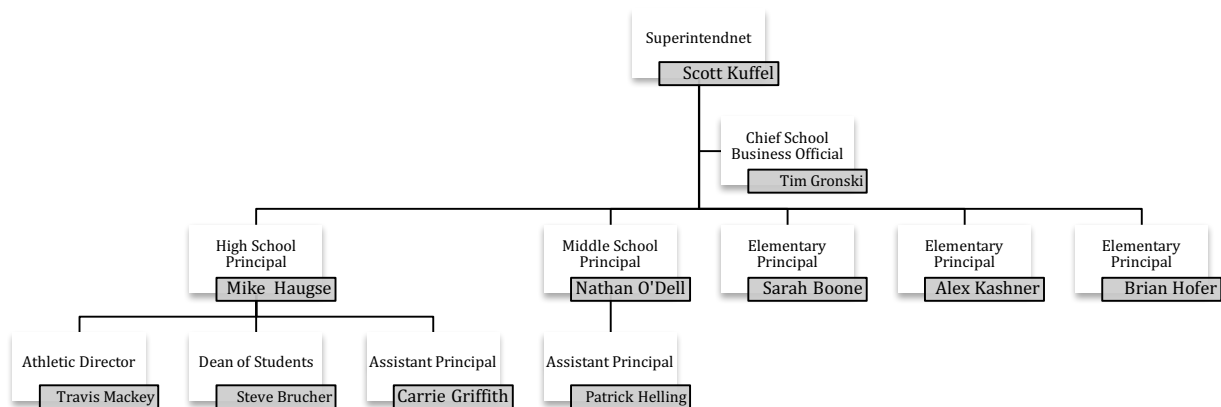
- 10 certified staff personnel changes occurred from FY 16 to FY 17.
- 2 certified staff retirements were recognized at the end of the 2015-16 school year, along with 2 non-certified staff retirements at the end of the 2015-16 school year.
- A new District Bookkeeper was hired in August of 2016, replacing the retired District Bookkeeper.
- Overall, the total number of District 228 employees decreased from 303 to 300 for FY 16.

# 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



# 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, 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 \$8,540. 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 last 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 6 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.

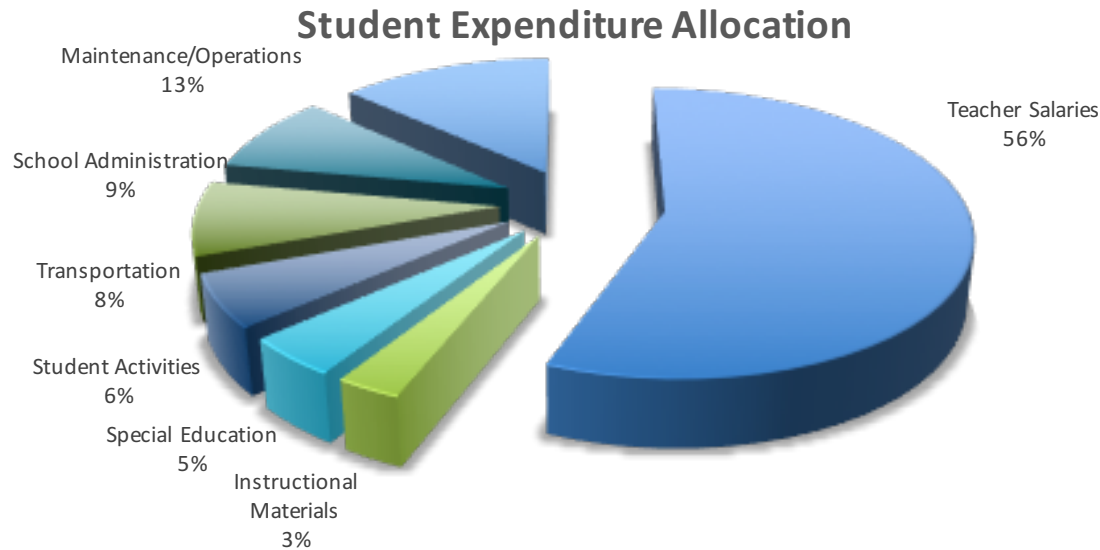
*How much of the budget is used for athletics, fine arts, and other extra-curricular activities?*

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 \$8,540?

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.



## Description of Categories

**Teacher Salaries:** benefits and related expenses for regular classroom teachers, regular resource teachers, and regular teacher assistants.

**Instructional Materials:** Textbooks, instructional materials, and instructional equipment, which includes technological equipment.

**Special Education:** Salaries, benefits, and related expenses for special education teachers and assistants.

**Student Activities:** All costs associated with athletic programs, officials, fine arts, and all other student activities.

**Transportation:** All expenses related to the transport of students to and from school.

**School Administration:** Salaries, and benefits for school administrators, clerical staff, security staff, office supplies and equipment, and related expenses for administration of school services.

**Maintenance/Operations:** Salaries and benefits for maintenance and custodial staff, utilities, and repairs to buildings, also the overall costs associated with facilities

