Community Unit School District #205

..... Helping Students Achieve Their Dreams .....

District Website: www.galesburg205.org

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Phone: (309) 973-2000 Fax: (309) 343-7757

October 13, 2016

Dear District Stakeholders:

I write once again to update you on the district financial situation.

As you are no doubt aware, the State of Illinois did pass a 12 month state budget for spending for K-12 public education. That means that District 205 will receive our General State Aid for the entire 2016-2017 school year. For that we are grateful. The way the spending appropriation for education spending was crafted, District 205 will receive approximately the same amount of General State Aid in FY 17 as we did in FY 16. I anticipate that in the future, District 205 will receive less General State Aid than we have in the past due to declining student enrollment and a stagnant district Equalized Assessed Valuation.

At the October 11, 2016, Board meeting, I asked to Board to discuss the overall financial condition of the District in light of the fact that our FY 17 District budget was another deficit budget. This is the seventh year in a row that the District will deficit spend in terms of the budget. That situation simply cannot continue to happen. At some point, the continued deficit spending will deplete the district's financial reserves. It has been those very reserves that have allowed the district to continue to deficit spend but those reserves are about to be depleted within the next few years if the trend of deficit spending is not stopped.

I have suggested to the Board that they consider addressing the continued deficit spending by considering additional reductions in spending and by enacting an increase to the local property tax rate. As you may recall, the Board approved approximately $2.6 million dollars of reductions for FY 17 in February, 2016. These reductions led to the smaller FY 17 District budget deficit. In my conversation with the Board, I have indicated that there are still additional reductions that can be made in the amount of $500,000 - $600,000. We will be preparing a list of those additional reductions for the Board to review and will present that list to the Board at the November 14, 2016 Board meeting.

I also asked the Board to consider increasing the levy amount for two of the nine funds for which we collect a tax to operate the school district. I have suggested to the Board that the Transportation Fund levy needs to be increased by 11 cents in order to maximize the amount of money we can collect for this particular fund. I have suggested that the Tort Fund be increased by as much as 25 cents in order to keep as much money in the Education Fund as possible. The Education Fund is the fund that we use to pay approximately 75% of our district expenditures.

I provided the Board with several tables showing where our total district tax rate of $4.70 per one hundred dollars of equalized assessed valuation compares to 16 school districts in our area. The total tax rate of $4.70 ranks 13th out of the list of 16 districts that we compared ourselves to. An

increase in our total tax rate of 35 cents to $5.05 would put us 8th on the list of 16 school districts used in the comparison. The tables that I reference are posted on the district web site.

I also want to let you know that we continue to review several major programs to look for efficiencies and other ways to save money. We will be starting soon a study of the effectiveness and efficiency of the Block schedule that is currently in place at GHS. We will be presenting to the Board in January, 2017, the results of a building study that was conducted to determine how we can use our buildings more efficiently and how we can more efficiently deliver educational services to our students. We continue to monitor our district wide staffing patterns as well in light of the fact that we have seen a 3% decrease in student enrollment this year compared to the similar time last year.

Our financial challenges are significant, as they are for virtually every school district in the state of Illinois. We do not make recommendations concerning additional budget reductions or increasing the local property tax rate lightly. We do this because we feel it is in the overall best interest of the district for the long term.

I would be happy to visit with any district stakeholder or groups of district stakeholders about these topics at any time. Please contact my office at (309) 973-2000 if you wish to discuss these topics with me. Please educate yourself about the financial difficulties that the State of Illinois is having and the effects of that difficulty on local units of government. Please educate yourself on the steps that we have taken over the last 15 months to deal with this situation prior to asking for more taxes from our local property owners. And please feel free to offer your suggestions for things that we can continue to do or look at.

Thank you for taking time to read this letter and for your continued support of District 205.

Our goal of Right Sizing the district continues to be our primary goal. We have made significant steps toward full implementation of the plan that I provided to the Board of Education in January of 2016. We will continue down that path in order to keep this district thriving and viable for the foreseeable future.

Respectfully,

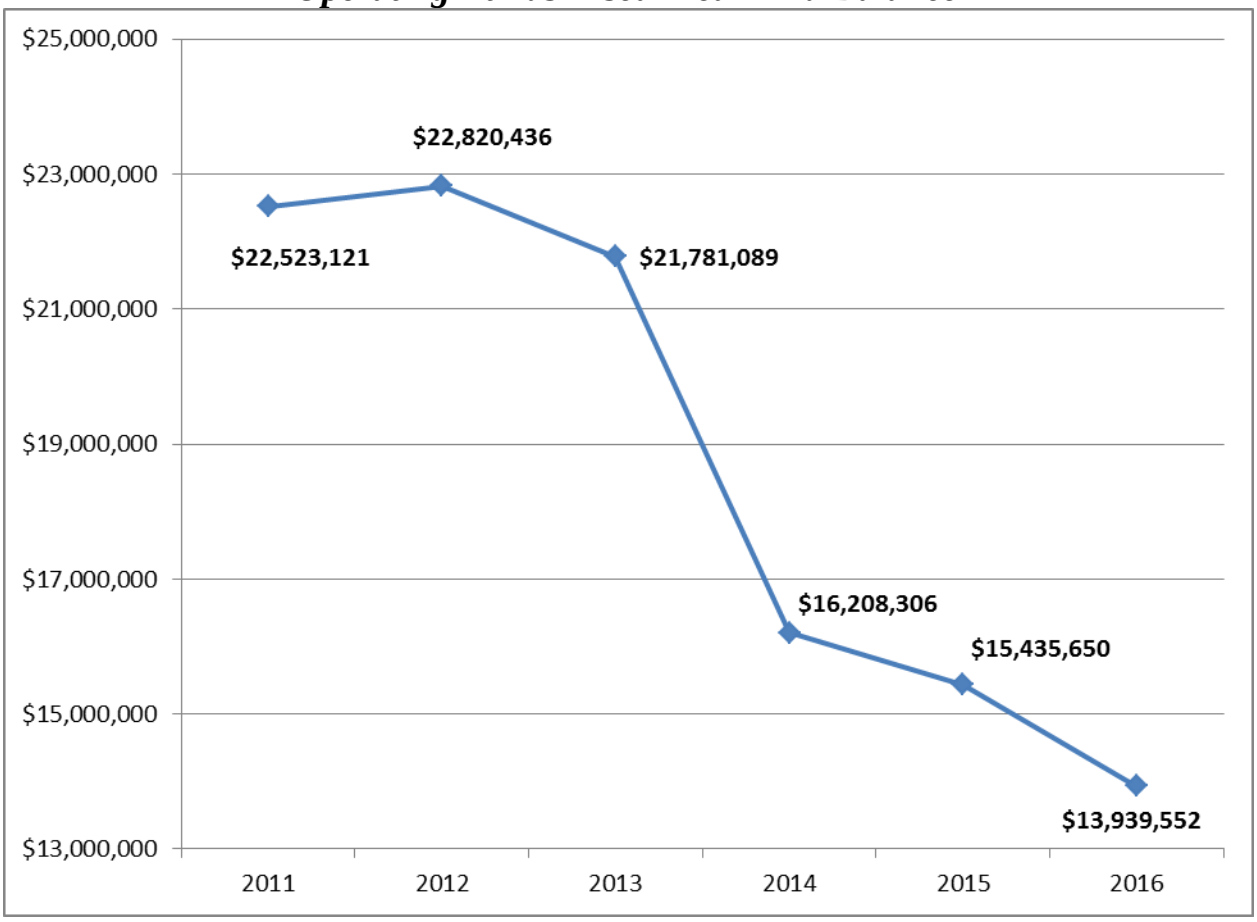
Ralph Grimm

Ralph Grimm
Superintendent

Table 1

Tax Rate Increase Impact on Homeowners										
Home Values	Current 2015 Tax Rate	$0.10 Increase	$0.15 Increase	$0.20 Increase	$0.25 Increase	$0.30 Increase	$0.35 Increase	$0.40 Increase	$0.45 Increase	$0.50 Increase
$25,000	$352.85	$360.36	$364.11	$367.87	$371.62	$375.38	$379.13	$382.88	$386.64	$390.39
$50,000	$705.71	$720.72	$728.23	$735.74	$743.24	$750.75	$758.26	$765.77	$773.27	$780.78
$75,000	$1,058.56	$1,081.08	$1,092.34	$1,103.60	$1,114.86	$1,126.13	$1,137.39	$1,148.65	$1,159.91	$1,171.17
$100,000	$1,411.41	$1,441.44	$1,456.46	$1,471.47	$1,486.49	$1,501.50	$1,516.52	$1,531.53	$1,546.55	$1,561.56
$125,000	$1,764.26	$1,801.80	$1,820.57	$1,839.34	$1,858.11	$1,876.88	$1,895.65	$1,914.41	$1,933.18	$1,951.95
$150,000	$2,117.12	$2,162.16	$2,184.68	$2,207.21	$2,229.73	$2,252.25	$2,274.77	$2,297.30	$2,319.82	$2,342.34
$200,000	$2,822.82	$2,882.88	$2,912.91	$2,942.94	$2,972.97	$3,003.00	$3,033.03	$3,063.06	$3,093.09	$3,123.12
$250,000	$3,528.53	$3,603.60	$3,641.14	$3,678.68	$3,716.22	$3,753.75	$3,791.29	$3,828.83	$3,866.37	$3,903.90

Graph 1

Galesburg CUSD #205

Operating Funds Fiscal Year-End Balance