

# DRAFT

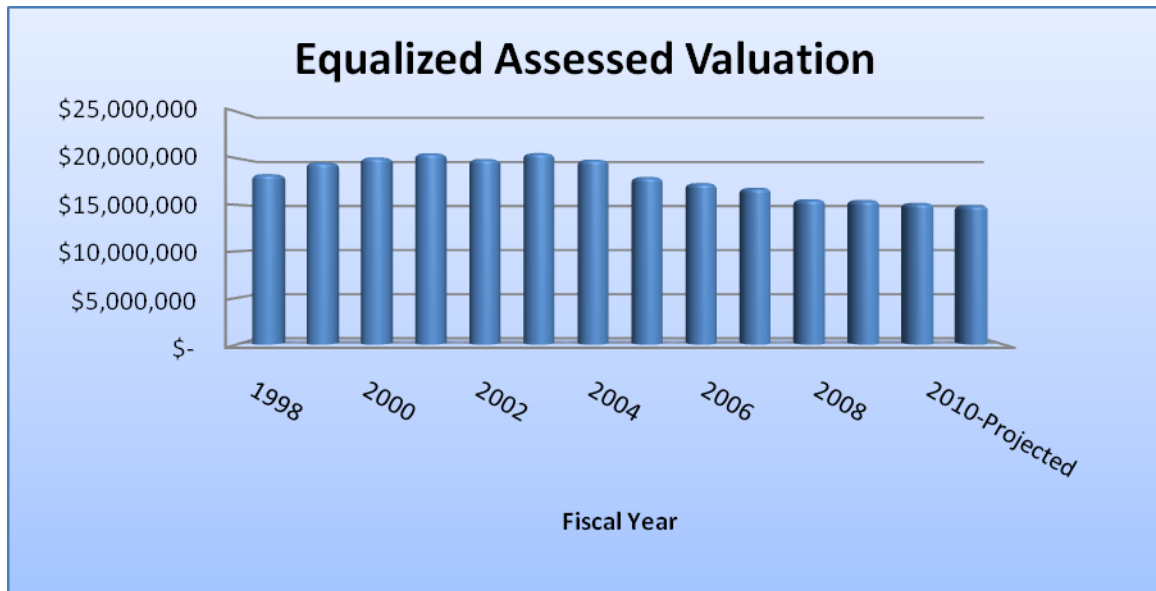
**Annual Report to the State Superintendent  
Submitted by Cairo School District No. 1 Financial Oversight Panel  
August 2009**

## **Introduction**

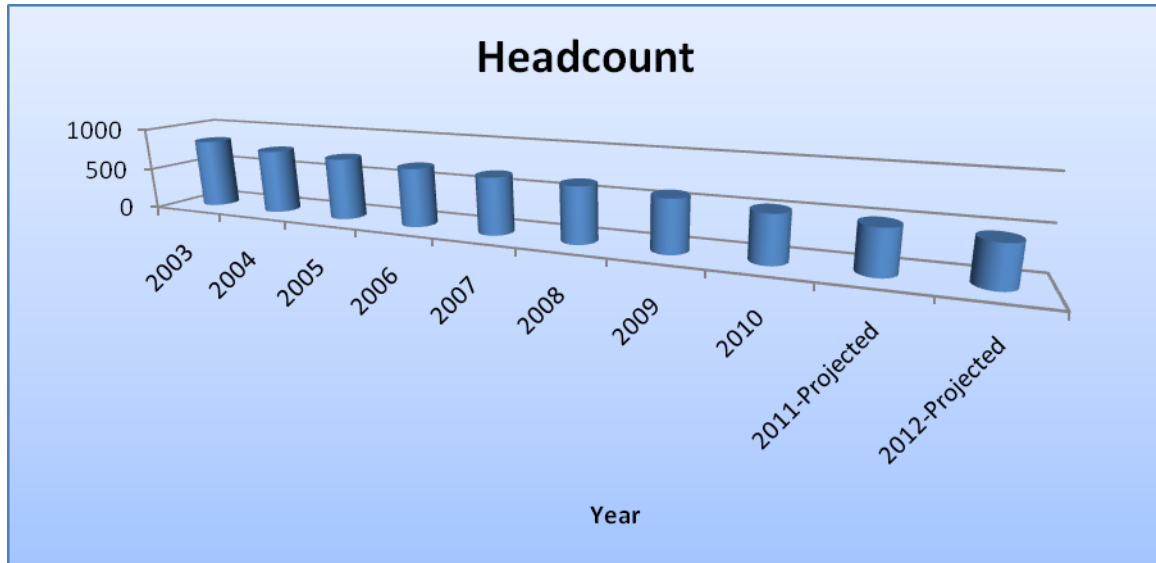
This report is submitted in accordance with section 1B-5 of the School Code by the Financial Oversight Panel for Cairo School District No.1. Panel members are Dr. Glenn Webb, chairman, Dr. Brad Colwell and Dr. Elizabeth Lewin. The oversight panel was established in February 2003. In May, 2003 the oversight panel hired Educational Management Consultants, Marion, Illinois, as the financial administrator. The District’s financial condition, summary of actions taken, and recommendations for the future are summarized below.

## **District’s Financial Condition**

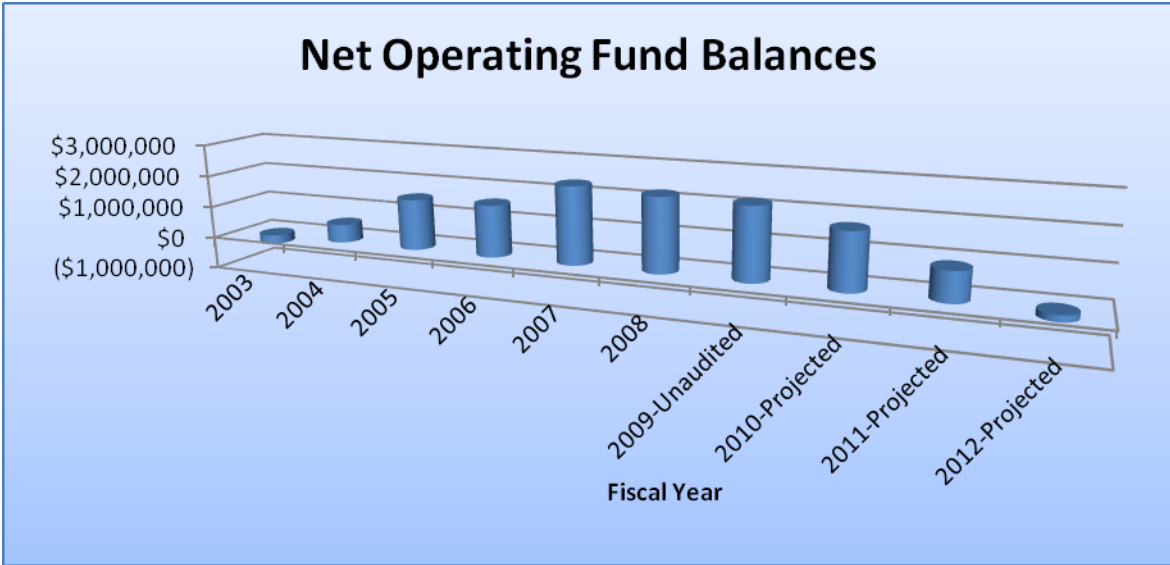
Cairo School District has been in financial difficulty for several years as a result of declining enrollments and a decreasing economic base. The current years assessed valuation of \$15,542,062 is a decrease of \$76,941 from the previous year. The chart below gives a graphical presentation of the past seven years and projects the next two years:



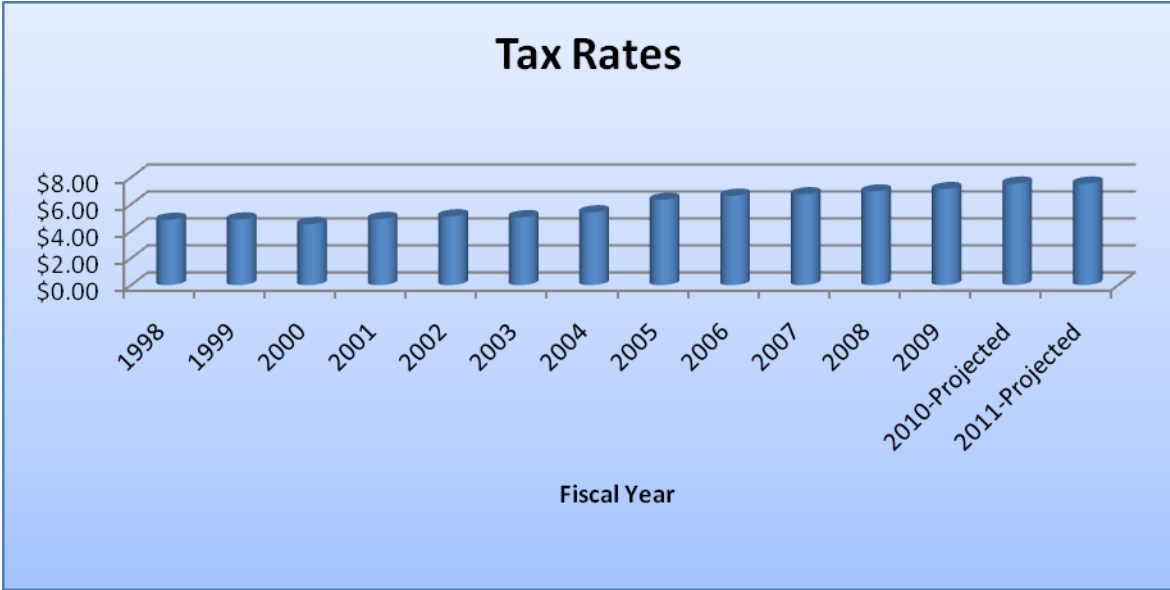
Tenth day enrollment for fall 2009 was 536. Enrollments have decreased each year for the past eight years and are projected to decrease further as shown in the chart below:



The current operating fund balance is \$2,246,384 excluding the state emergency loan. Although fund balances have risen in recent years, projections tell a different story. Decreasing enrollments and lower assessed valuations along with increases in operating costs will cause fund balances to decrease in future years. It is significant to note that for every 10 student decrease in enrollment the District will lose approximately \$20,000 in General State Aid. The chart below shows the unaudited current year deficit to be \$155,068.



The current tax rate of \$7.12 is one of the highest in the state. This is of much concern to the District. The chart below shows the upward trend:



**Facilities**

On June 22, 2009 the FOP toured the district's three buildings: Emerson, Bennett, and the Junior/Senior High School. All facilities were clean and attractive and it appears that each has excess space.

Emerson has an enrollment of 186 students in grades PreK-2 and is a two story building with 19 classrooms. Bennett housed 138 students in grades 3-6 in a two story building containing 17 regular classrooms plus a library and a small classroom used for special education.

The Junior/Senior High School building is the district's "newest" building and is in full compliance with the Health Life Safety requirements. The building houses grades 7-12 with 212 students. There are approximately 30 classrooms including what is referred to as the "green hall". This area previously housed the vocational education shops, but was converted in 2004 to house junior high students. Currently the "green hall" is used sparingly for a variety of purposes.

The district administrative offices are housed in the former junior high building which is referred to as the C.C.E.C. During the tour of the facilities Dr. Swopes, Superintendent, mentioned the need for the District to better utilize available space. The FOP has requested Dr. Swopes to present a facility utilization plan that could be implemented in FY10 at the FOP's October regular meeting.

**Programs-AYP**

Cairo Unit District #1 is continually striving to make Adequate Yearly Progress. It is our goal to ensure that all students have access to a high quality education. During the last three years the ISAT test results for Bennett School were as follows:

	<u>Bennett School</u>		
Year	<u>07</u>	<u>08</u>	<u>09</u>
Bench mark	55.5	62.5	70.0
Reading	54.8	43.5	58.5
Math	70.3	66.4	77.7

Not meeting the benchmark in Reading will identify Bennett for School Improvement according to the AYP specifications of the federal No Child Left Behind Act.

Cairo JR/SR High School

Year	<u>07</u>	<u>08</u>	<u>09</u>
Bench mark	55.5	62.5	70.0
Reading	50.0	31.7	44.7
Math	41.0	32.5	56.8

This year marks the second year for the implementation of the Restructuring Plan which was submitted to ISBE in May of 2008.

**Summary of Actions Taken**

Cairo School District No.1 Board of Education and its administrative staff recognized the serious nature of their situation and in January, 2003 requested that a Financial Oversight Panel be established. With the encouragement and assistance of the Panel, the District has taken many significant steps to improve their financial condition. Below are the most significant steps taken to date:

- Reduction in force notices were sent to significant numbers of employees both in 2003 and 2004. Recalls have been made only when documented needs have been identified and available funding sources have been found.
- In 2003, the Board made the decision to close the Jr. High School and reassign the students to elementary and high school facilities.
- Extensive renovations were made to the High School in the summer of 2004 to improve the educational climate.
- Budgeted funds have been tightly controlled and as a result the District's operating fund balances have shown significant improvement.
- The District has approved a balanced tentative budget for the past five years.
- The District and the FOP continue to work in a cooperative manner regarding all financial aspects of the District. There has consistently been an open and honest exchange of information and ideas.
- Previously the District entered into an agreement with the ROE to lease the existing Jr. High building. It was to be used for a variety of educational organizations along with using part of the space for its own offices. Since that time a decrease in the use of the building by other agencies is presenting the District with concerns as to the feasibility of continuing this arrangement. The ROE is no longer using the facility and has moved their operation to another facility. The District is currently developing a District utilization plan for existing buildings.
- Based on recommendations from the FOP, the District has reorganized its central office staff and reduced the number of clerical staff.
- Prepared a three-year financial plan based on information available and current projections.

## **Recommendations for the Future**

The FOP recognizes that many significant steps have already been taken to improve the financial condition of the District, but these alone will not guarantee the continued existence of the District. Therefore the following recommendations are strongly encouraged:

- 1) The District, with the assistance of the Financial Administrator will update the existing three year financial plan. This process was used in developing the FY10 budget.
- 2) Taking into account current financial projections the FOP has prepared the following “working list” of options for consideration by the District.
  - Continue to provide current and/or similar educational services until all of the District funds are expended.
  - Consolidate all services with one or more neighboring Districts.
  - Pay tuition for High School students to attend another District and maintain grades pre-K through 8 at Cairo.
  - Form a public charter school to replace the existing organization.
  - Employ a private entity or college to manage the District.
  - Reorganize the District so that each attendance center will operate independently of the others by utilizing a site-based operation with each attendance center having its own budget and advisory board.
  - Identify and invite community entities and organizations to serve as active partners in the improvement of both financial matters and educational services.

## **Summary**

Cairo School District No.1 continues to face many serious challenges. Many changes have been implemented that have favorably impacted the District’s finances. With the help of the State Board’s staff and the Financial Oversight Panel the District must continue to make decisions that will improve the District’s financial position.