

October 3, 2011

Dear District #41 Staff and Parents/Guardians:

Financial challenges continue to impact Illinois schools and schools districts across the country. Lake Villa School District 41 is no exception. Despite this challenge, the District has been well managed, maintaining the Illinois State Board of Education's highest financial recognition status the past five years. This could change in the next few years due to declining student enrollment, economic challenges, and diminished State funding for K-12 education. The situation is not going to get better anytime soon.

As of August 16, 2011, the Illinois State Board of Education owed District 41 a total of \$854,333. This is the third consecutive year with no increase in General State Aid. Additionally, the State of Illinois budget does not have enough funds allocated for full payment of General State Aid this fiscal year. Consequently, a payment of \$292,558, due June 20, 2012, has been cancelled by the State. Nearly all categorical and special program state grants have been reduced or eliminated.

The District has reduced both certified and non-certified staff during the past four years, targeted resources to the areas of highest priority each year, and has implemented efficiencies in operations on an on-going basis. Even with staff reductions and more efficient operations, revenues will not be sufficient to meet expenditures this school year.

The District adopted 2011-2012 budget with a deficit in the operating funds of approximately \$1,000,000. Luckily, District 41 has sufficient fund balances to offset this shortfall and has made a decision to draw down reserves for this year. However, just like any household budget, maintaining expenditures greater than revenue is not sustainable. Expenditures must be adjusted. The District will face difficult choices in planning for budget years 2012-13 and 2013-2014 as it looks for more cost savings while maintaining educational quality and serving as good stewards of financial resources.

We'll work to help keep you informed as we plan for the 2012-2013 school year and prepare recommendations for the Board of Education later this school year.

Sincerely yours,



Dr. John Van Pelt
Superintendent of Schools
Lake Villa School District #41

JVP/jl