



MUNDELEIN HIGH SCHOOL

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RE: Budget Amendment Narrative

Resulting from the approval of the referendum on April 5, 2011, the District will soon sell bonds with a par value of \$10,000,000. The total bond proceeds will be approximately \$10,280,045. The additional \$280,045- the premium amount includes a reserve for capitalized interest (\$134,045) and the costs of issuance (\$145,000).

We are currently working with the auditors to create the necessary accounting entries. The amended budget will establish a Capital Projects Fund (Fund 60). This new fund will record the bond proceeds and the expenditures pertaining to the capital projects discussed during the referendum campaign.

We will be required to initially record the \$10 million bond proceeds in the Working Cash Fund. The \$10 million will next be transferred to the Operations and Maintenance Fund. Thirdly, the proceeds will then be transferred to the Capital Projects Fund. In addition, the \$145,000 for the cost of issuance will be budgeted and expended from the Debt Service Fund.

We will create expenditure accounts in the Capital Projects Fund to record expenditures we project may occur through June 30, 2011. These expenditures include, for example:

- Architect payments: \$ 80,000
- Asbestos abatement expenditures: \$ 30,000
- Construction manager payments: \$ 40,000
- Payments to sub-contractors: \$ 50,000
- Total amended budget expenditures: \$200,000

The costs of issuance expenditures will be budgeted in the Debt Service Fund (\$145,000- see paragraph above). The capitalized interest will remain in the Debt Service Fund and be expended in FY 2011-12 and FY 2012-13.

The balance of the bond funds will remain in the Capital Projects Fund and move to the Fund Balance for this fund at June 30, 2011. These funds will be budgeted as expenditures in the FY 2011-12 and FY 2012-13 budgets for projects planned to be implemented during these two fiscal years.

The District will amend its Illinois State Board of Education (ISBE) budget for presentation at the budget hearing on June 21, 2011 as required. The amended budget adopted by the Board of Education on June 21 will then be forwarded to ISBE and the Regional Office of Education.