



# EDER, CASELLA & CO.

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  
5400 WEST ELM STREET, SUITE 203  
McHENRY, ILLINOIS 60050

---

Telephone (815) 344-1300  
Fax (815) 344-1320  
cpas@edercasella.com

**WARREN TOWNSHIP HIGH SCHOOL  
DISTRICT NO. 121  
LAKE COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Warren Township High School District No. 121  
Lake County, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

### WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121 Lake County, Illinois

as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Warren Township High School District No. 121 as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009 on our consideration of Warren Township High School District No. 121's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 42 through 54, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren Township High School District No. 121's basic financial statements. The supplemental financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charge, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 5, 2009



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Warren Township High School District No. 121  
Lake County, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

### WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121 Lake County, Illinois

as of and for the year ended June 30, 2009, which collectively comprise Warren Township High School District No. 121's basic financial statements, and have issued our report thereon dated October 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren Township High School District No. 121's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren Township High School District No. 121's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren Township High School District No. 121's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Warren Township High School District No. 121's internal control.

Our consideration of the internal control over financial reporting was for the limited purposed described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren Township High School District No. 121's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the District, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 5, 2009



## REQUIRED SUPPLEMENTARY INFORMATION

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

As Management of Warren Township High School District No. 121 (District), we offer readers of the District's statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at June 30, 2009 by \$47,323,221 (net assets).
- The District's total net assets increased by \$1,314,761.
- At June 30, 2009, the District reported combined ending fund balances of \$57,069,238, an increase of \$26,508,230 in comparison with the prior year. 99.7 percent of this total amount, \$56,924,782, is available for spending at the District's discretion (unreserved fund balance).
- At June 30, 2009, the unreserved fund balance for the Educational Fund was \$6,417,694, or 17 percent of total Educational Fund expenditures.
- The District's total long-term debt increased by \$27,116,753 (47 percent) during the year ended June 30, 2009. The key factors in this increase were the issuance of three new bonds offset by principal payments made on the debt.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include instruction, support services, operation and maintenance, student transportation, food services, and certain other activities and expenses such as payments to other districts and governmental units, interest and fees, and unallocated depreciation.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the Educational, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, Capital Projects, Working Cash, Tort, and Fire Prevention and Safety Funds, all of which the District considers to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is required supplementary information, has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.

The basic fund financial statements can be found on pages 13 through 16 and the required supplementary information can be found on pages 42 through 54 of this report.

*Fiduciary Funds* - Fiduciary funds are used to account for assets held for others, such as student activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the assets of these funds are not available to support the District's operations.

The basic fiduciary financial statement can be found on page 17 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 41 of this report.

**Other Information** - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain supplementary information concerning the District's progress in meeting its obligation to provide fully adequate educational services and extracurricular activities to all of its resident's students.

Supplemental financial information can be found on pages 55 through 60 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$47,323,221 at June 30, 2009.

The following table presents a summary of the District's net assets for the years ended June 30, 2009 and 2008:

Warren Township High School District No. 121's Net Assets

	Governmental Activities	
	6/30/2009	6/30/2008
Current and Other Assets	\$ 85,451,171	\$ 56,550,622
Capital Assets	75,800,562	73,897,913
Total Assets	\$ 161,251,733	\$ 130,448,535
Long-Term Liabilities Outstanding	\$ 85,391,552	\$ 56,877,396
Other Liabilities	28,536,960	27,562,679
Total Liabilities	\$ 113,928,512	\$ 84,440,075
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 34,367,276	\$ 32,948,568
Restricted	15,364,242	11,979,603
Unrestricted	(2,408,297)	1,080,289
Total Net Assets	\$ 47,323,221	\$ 46,008,460

By far the largest portion of the District's net assets (73 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide educational services and extracurricular activities for the students of the local community; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of changes in net assets for the years ended June 30, 2009 and 2008:

Warren Township High School District No. 121's Change in Net Assets

	Governmental Activities	
	6/30/2009	6/30/2008
Revenues		
Program Revenues		
Charges for Services	\$ 3,841,312	\$ 3,537,149
Operating Grants and Contributions	7,461,577	6,850,374
Capital Grants and Contributions	91,301	219,267
General Revenues		
Property Taxes	40,439,123	39,705,556
Other Taxes	781,089	892,907
Grants and Contributions not Restricted to Specific Activities	2,238,798	2,227,592
Unrestricted Investment Earnings	781,917	1,041,256
Gain/(Loss) on Sale of Capital Assets	(496,542)	-
Other	-	283,999
Total Revenues	\$ 55,138,575	\$ 54,758,100
Expenses		
Instruction		
Regular Programs	\$ 15,973,394	\$ 14,440,918
Special Education Programs	4,038,570	2,915,420
Other Instructional Programs	4,795,951	3,634,782
Support Services		
Pupils	2,755,468	2,488,972
Instructional Staff	1,676,721	1,651,196
General Administration	1,111,922	972,261
School Administration	1,408,825	1,349,954
Business	553,767	482,009
Operations and Maintenance	3,513,590	3,501,088
Transportation	3,329,774	3,300,399
Food Services	1,443,663	1,182,084
Central	344,630	346,101
Other Support Services	11,956	38,418
Community Services	50	-
Payments to Other Districts and Governmental Units	3,838,817	3,579,015
Interest and Fees on Long-Term Debt	3,086,170	3,086,372
On-Behalf Retirement Contributions	3,698,952	2,536,347
Depreciation - Unallocated	2,241,594	2,075,211
Total Expenses	\$ 53,823,814	\$ 47,580,547
Change in Net Assets	\$ 1,314,761	\$ 7,177,553
Net Assets - Beginning of Fiscal Year	46,008,460	39,059,776
Net Asset Adjustment	-	(228,869)
Net Assets - End of Fiscal Year	\$ 47,323,221	\$ 46,008,460

The District's total revenues increased \$380,475 (less than 1 percent) compared to the prior year. The most significant factors of this increase were increases in property tax revenue of \$733,567 offset by the loss on sale of capital assets.

Overall expenditures increased \$6,243,267 (13 percent) above the prior year. Expenses generally increased in each function due to growth within the District. Significant increases included regular program increases of \$1,532,476, special education program increases of \$1,123,150, and On-Behalf Retirement Contribution increases of \$1,162,605.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the District funds reported combined ending fund balances of \$57,069,238, an increase of \$26,508,230 in comparison with the prior year.

The Educational Fund is the chief operating fund of the District. At June 20, 2009, fund balance was \$6,417,694 (all of which is unreserved). As a measure of the Educational Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance both represent 17 percent of total Educational Fund expenditures.

The Educational Fund balance increased \$398,761 and included principal on bonds sold of \$688,807.

The Operations and Maintenance Fund balance increased \$2,057,032 and includes a transfer from the Educational Fund of \$1,000,000 and proceeds from the sale of fixed assets of \$321,675.

The Capital Projects Fund balance increased \$26,731,800 due mostly to the issuance of building bonds offset by the start of construction on the Almond Campus additions.

The Working Cash Fund balance decreased \$1,980,047 due mostly to a transfer to the Educational Fund of \$2,500,000.

The other funds experienced net revenues and expenditures that remained relatively consistent with the prior year.

## **EDUCATIONAL FUND BUDGETARY HIGHLIGHTS**

Significant differences between the original and amended budgets are related to the issuance of bonds and related expenditures of the bond proceeds and debt service payments.

Budgeted revenues exceeded actual revenues by \$264,422. This was primarily attributable to less than expected personal property replacement taxes and interest income. Other sources of revenue were relatively consistent with budgeted amounts.

Actual expenditures exceeded budgeted expenditures by \$173,824. This was primarily attributable to higher than expected On-Behalf Payments.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – The District's investment in capital assets as of June 30, 2009 amounts to \$75,800,562 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, site improvements and infrastructure, equipment other than transportation/food service, transportation equipment, and food services equipment.

Major capital asset events during the year ended June 30, 2009 included the following:

- Construction in progress additions of \$2,897,837 related to the additions at Almond Campus
- Demolition of the previous administrative office building and sale of land to SEDOL
- Purchase of land for \$373,054
- O'Plaine Campus classroom additions for \$185,154
- O'Plaine life safety projects and new roof for \$674,627

The following table presents a summary of capital assets for the years ended June 30, 2009 and 2008:

Warren Township High School District No. 121's Capital Assets  
(net of depreciation)

	Governmental Activities	
	2009	2008
Land	\$ 3,772,677	\$ 3,999,623
Construction in Progress	2,897,837	-
Buildings and Building Improvements	65,965,821	67,132,250
Site Improvements and Infrastructure	1,753,970	1,889,769
Equipment Other than Transportation/Food Service	1,330,397	847,864
Transportation Equipment	67,934	15,026
Food Services Equipment	11,926	13,381
Total	<u>\$ 75,800,562</u>	<u>\$ 73,897,913</u>

Further detail of the District's capital assets can be found in Note 4 on page 24 of this report.

**Long-term debt** – At June 30, 2009, the District had total debt outstanding of \$85,391,098.

The following table presents a summary of outstanding debt for the years ended June 30, 2009 and 2008:

Warren Township High School District No. 121's Outstanding Debt

	Governmental Activities	
	2009	2008
General Obligation Bonds	\$ 84,010,510	\$ 56,608,711
Debt Certificates	1,166,000	1,445,000
Lease/Purchase Agreements	214,588	220,634
Total	<u>\$ 85,391,098</u>	<u>\$ 58,274,345</u>

Principal payments on all outstanding debt were \$4,697,252 for the year.

Major debt transactions during the year ended June 30, 2009 included the following:

- Issuance of two General Obligation School Building Bonds, Series 2008 (\$6,275,000) and 2009 (\$23,725,000) for the purpose of additions at the Almond Campus and renovations at both campuses.
- SEDOL issued \$10,700,000 of special education bonds to construct a facility for severe/profound students and to provide housing for behavior disorder students. The District's portion of the debt included a down-payment of \$1,020,191 and a remaining balance of \$688,807 to be paid over five years.

Further detail of the District's debt obligations can be found in Note 5 on pages 24 through 29 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The squeeze felt for so long in the private sector is making its way to the public sector, as shown in the 2010 budget. While home property foreclosures have little impact on the budget, the drop in the consumer price index - which determines so much of the revenue that supports a public school budget - is having a compounding effect, therefore contributing to the creation of a deficit. Overall, the budget reflects attempts to be responsible to taxpayers by not only watching daily operational spending, but also giving back with a smaller tax rate as a result of paid debt. At the same time, the spending plan shows how the District took advantage of new revenue sources such as federal economic stimulus money. Despite these efforts, the revenue side is not keeping up with the expenditure side and the uncertainty of payments from the State of Illinois continues to overshadow the ability to plan from month to month. No deficit reduction plan is included in the budget, but the District remains cognizant of the uncertainty of the economy in the 2010 budget and how that uncertainty may continue into the 2011 budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate its accountability for the money it receives. If there are questions about this report or additional information is needed please contact the District at the following address:

Warren Township High School District No. 121  
34090 N. Almond Rd.  
Gurnee, IL 60031

## BASIC FINANCIAL STATEMENTS



WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 25,225,774
Investments, at Fair Value	33,544,458
Employee Receivables, net of allowance of \$0	25,844
Property Taxes Receivable, net of allowance of \$0	20,535,102
Due from Other Governments, net of allowance of \$0	1,726,839
Prepaid Expenses	102,307
Deposits	103,504
Other Current Assets	599
Debt Issuance Costs, net of amortization	4,186,744
Capital Assets (Note 4):	
Land	3,772,677
Construction in Progress	2,897,837
Depreciable Buildings, Property, and Equipment, net of depreciation	69,130,048
<b>Total Assets</b>	<b>\$ 161,251,733</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 3,052,796
Accrued Payroll and Payroll Liabilities	953,081
Deferred Revenue	20,244,632
Other Liabilities	110
Long-Term Liabilities	
Due Within One Year	3,968,549
Due in More Than One Year	85,709,344
<b>Total Liabilities</b>	<b>\$ 113,928,512</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, net of related debt	\$ 34,367,276
Restricted for:	
Operations and Maintenance	3,052,178
Debt Service	3,988,383
Transportation	995,875
Retirement	385,920
Future Capital Projects	1,979,053
Working Cash	4,922,995
Tort	14,285
Fire Prevention/Life Safety	25,553
Unrestricted/(Deficit)	(2,408,297)
<b>Total Net Assets</b>	<b>\$ 47,323,221</b>

The Notes to Financial Statements are an integral part of this statement.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction					
Regular Programs	\$ 15,973,394	\$ 1,841,485	\$ 302,020	\$ -	\$ (13,829,889)
Special Education Programs	4,038,570	-	943,183	-	(3,095,387)
Other Instructional Programs	4,795,951	494,375	113,183	-	(4,188,393)
Support Services					
Pupils	2,755,468	-	80,056	-	(2,675,412)
Instructional Staff	1,676,721	-	986	-	(1,675,735)
General Administration	1,111,922	-	-	-	(1,111,922)
School Administration	1,408,825	-	-	-	(1,408,825)
Business	553,767	-	-	-	(553,767)
Facilities Acquisition and Construction	-	-	-	32,707	32,707
Operations and Maintenance	3,513,590	75,007	-	58,594	(3,379,989)
Transportation	3,329,774	14,562	1,640,036	-	(1,675,176)
Food Services	1,443,663	1,415,883	19,578	-	(8,202)
Central	344,630	-	-	-	(344,630)
Other Support Services	11,956	-	-	-	(11,956)
Community Services	50	-	-	-	(50)
Payments to Other Districts and Governmental Units	3,838,817	-	663,583	-	(3,175,234)
Interest and Fees on Long-Term Debt	3,086,170	-	-	-	(3,086,170)
On-Behalf Retirement Contributions	3,698,952	-	3,698,952	-	-
Depreciation - Unallocated	2,241,594	-	-	-	(2,241,594)
Total Governmental Activities	<u>\$ 53,823,814</u>	<u>\$ 3,841,312</u>	<u>\$ 7,461,577</u>	<u>\$ 91,301</u>	<u>\$ (42,429,624)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 34,347,373
Property Taxes, Levied for Debt Service					6,091,750
Other Payments in Lieu of Taxes					781,089
Grants and Contributions not Restricted to Specific Activities					2,238,798
Unrestricted Investment Earnings					781,917
Gain/(Loss) on Sale of Capital Assets					(496,542)
Total General Revenues					<u>\$ 43,744,385</u>
Change in Net Assets					\$ 1,314,761
Net Assets - July 1, 2008					<u>46,008,460</u>
Net Assets - June 30, 2009					<u>\$ 47,323,221</u>

The Notes to Financial Statements are an integral part of this statement.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Educational Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,166,817	\$ 3,129,521	\$ 1,613,408	\$ 722,824
Investments, at Fair Value	-	-	2,329,346	-
Employee Receivables, net of allowance of \$0	23,793	2,051	-	-
Property Taxes Receivable, net of allowance of \$0	13,787,286	2,134,378	2,571,859	1,246,159
Due from Other Governments, net of allowance of \$0	505,088	-	-	404,737
Prepaid Expenses	77,500	15,557	9,250	-
Deposits	103,504	-	-	-
Other Current Assets	599	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 21,664,587</u>	<u>\$ 5,281,507</u>	<u>\$ 6,523,863</u>	<u>\$ 2,373,720</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 824,940	\$ 116,675	\$ -	\$ 47,339
Accrued Payroll and Payroll Liabilities	829,579	8,467	-	101,974
Deferred Revenue	13,592,264	2,104,187	2,535,480	1,228,532
Other Liabilities	110	-	-	-
Total Liabilities	<u>\$ 15,246,893</u>	<u>\$ 2,229,329</u>	<u>\$ 2,535,480</u>	<u>\$ 1,377,845</u>
<b>FUND BALANCE</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	6,417,694	3,052,178	3,988,383	995,875
Total Fund Balance	<u>\$ 6,417,694</u>	<u>\$ 3,052,178</u>	<u>\$ 3,988,383</u>	<u>\$ 995,875</u>
Total Liabilities and Fund Balance	<u>\$ 21,664,587</u>	<u>\$ 5,281,507</u>	<u>\$ 6,523,863</u>	<u>\$ 2,373,720</u>

The Notes to Financial Statements are an integral part of this statement.

Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Working Cash Fund	Tort Fund	Fire Prevention and Safety Fund	Total Governmental Funds
\$ 433,128	\$ 7,998,520	\$ 4,125,468	\$ 10,535	\$ 25,553	\$ 25,225,774
-	20,567,585	10,647,527	-	-	33,544,458
-	-	-	-	-	25,844
530,280	-	-	265,140	-	20,535,102
52,326	-	-	-	-	962,151
-	-	-	-	-	102,307
-	-	-	-	-	103,504
-	-	-	-	-	599
<u>\$ 1,015,734</u>	<u>\$ 28,566,105</u>	<u>\$ 14,772,995</u>	<u>\$ 275,675</u>	<u>\$ 25,553</u>	<u>\$ 80,499,739</u>

\$ 93,974	\$ 1,149,750	\$ -	\$ -	\$ -	\$ 2,232,678
13,061	-	-	-	-	953,081
522,779	-	-	261,390	-	20,244,632
-	-	-	-	-	110
<u>\$ 629,814</u>	<u>\$ 1,149,750</u>	<u>\$ -</u>	<u>\$ 261,390</u>	<u>\$ -</u>	<u>\$ 23,430,501</u>

\$ 144,456	\$ -	\$ -	\$ -	\$ -	\$ 144,456
241,464	27,416,355	14,772,995	14,285	25,553	56,924,782
<u>\$ 385,920</u>	<u>\$ 27,416,355</u>	<u>\$ 14,772,995</u>	<u>\$ 14,285</u>	<u>\$ 25,553</u>	<u>\$ 57,069,238</u>
<u>\$ 1,015,734</u>	<u>\$ 28,566,105</u>	<u>\$ 14,772,995</u>	<u>\$ 275,675</u>	<u>\$ 25,553</u>	<u>\$ 80,499,739</u>

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$	57,069,238
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$ 99,630,581		
Accumulated Depreciation on Capital Assets	(23,830,019)		
			75,800,562

Other assets are not available to pay for current period expenditures and therefore are not receivables in the funds.

Due from Other Governments		764,688
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Net OPEB Obligation is not included in the governmental funds.		(317,792)
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Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.

Debt Issuance Costs, net of related amortization	\$ 4,186,744		
Bond Premiums, net of related amortization	(3,981,731)		
Bond Discounts, net of related amortization	12,728		
			217,741

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	\$ (84,010,510)		
Debt Certificates Payable	(1,166,000)		
Capital Leases Payable	(214,588)		
Accrued Interest on Long-Term Debt	(820,118)		
			(86,211,216)

Net Assets of Governmental Activities	\$	47,323,221
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The Notes to Financial Statements are an integral part of this statement.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	Educational Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund
<b>REVENUES</b>				
Property Taxes	\$ 26,515,004	\$ 4,101,997	\$ 6,091,750	\$ 1,877,502
Payments in Lieu of Taxes	624,871	-	-	-
Tuition	1,253,536	-	-	-
Transportation Fees	-	-	-	14,562
Earnings on Investments	94,934	15,774	128,874	3,180
Food Service	1,415,883	-	-	-
District/School Activity Income	721,282	142,461	-	-
Other Local Sources	277,176	75,007	-	-
State Aid	3,110,899	-	-	1,235,298
Federal Aid	890,537	-	-	-
On-Behalf Payments	3,698,952	-	-	-
	<u>\$ 38,603,074</u>	<u>\$ 4,335,239</u>	<u>\$ 6,220,624</u>	<u>\$ 3,130,542</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular Programs	\$ 15,357,955	\$ -	\$ -	\$ -
Special Education Programs	3,923,588	-	-	-
Other Instructional Programs	4,742,385	-	-	-
Support Services				
Pupils	2,609,306	-	-	-
Instructional Staff	1,557,970	-	-	-
General Administration	640,696	-	-	-
School Administration	1,363,492	-	-	-
Business	493,832	6,694	-	-
Operations and Maintenance	3,433	3,352,411	-	-
Transportation	-	-	-	3,044,199
Food Services	1,442,208	-	-	-
Central	311,466	-	-	-
Other Support Services	11,913	-	-	-
Community Services	50	-	-	-
Payments to Other Districts and Governmental Units	2,442,946	185,397	1,061,882	-
Debt Service				
Principal	-	-	4,658,244	-
Interest and Fees	-	-	3,360,955	-
Capital Outlay	292,928	55,380	-	62,590
On-Behalf Payments	3,698,952	-	-	-
	<u>\$ 38,893,120</u>	<u>\$ 3,599,882</u>	<u>\$ 9,081,081</u>	<u>\$ 3,106,789</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (290,046)</u>	<u>\$ 735,357</u>	<u>\$ (2,860,457)</u>	<u>\$ 23,753</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers	\$ -	\$ 1,000,000	\$ -	\$ -
Principal on Bonds Sold	688,807	-	1,601,897	-
Premium on Bonds Sold	-	-	394,918	-
Sale or Compensation for Fixed Assets	-	321,675	-	-
	<u>\$ 688,807</u>	<u>\$ 1,321,675</u>	<u>\$ 1,996,815</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 398,761</u>	<u>\$ 2,057,032</u>	<u>\$ (863,642)</u>	<u>\$ 23,753</u>
<b>FUND BALANCES - JULY 1, 2008</b>	<u>6,018,933</u>	<u>995,146</u>	<u>4,852,025</u>	<u>972,122</u>
<b>FUND BALANCES - JUNE 30, 2009</b>	<u><u>\$ 6,417,694</u></u>	<u><u>\$ 3,052,178</u></u>	<u><u>\$ 3,988,383</u></u>	<u><u>\$ 995,875</u></u>

The Notes to Financial Statements are an integral part of this statement.

Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Working Cash Fund	Tort Fund	Fire Prevention and Safety Fund	Total Governmental Funds
\$ 1,362,432	\$ -	\$ 12,725	\$ 464,988	\$ 12,725	\$ 40,439,123
156,218	-	-	-	-	781,089
-	-	-	-	-	1,253,536
-	-	-	-	-	14,562
1,309	30,560	507,228	-	58	781,917
-	-	-	-	-	1,415,883
-	-	-	-	-	863,743
-	32,707	-	-	-	384,890
-	-	-	-	-	4,346,197
-	-	-	-	-	890,537
-	-	-	-	-	3,698,952
<u>\$ 1,519,959</u>	<u>\$ 63,267</u>	<u>\$ 519,953</u>	<u>\$ 464,988</u>	<u>\$ 12,783</u>	<u>\$ 54,870,429</u>
\$ 199,449	\$ -	\$ -	\$ -	\$ -	\$ 15,557,404
114,982	-	-	-	-	4,038,570
53,566	-	-	-	-	4,795,951
146,162	-	-	-	-	2,755,468
118,751	-	-	-	-	1,676,721
17,769	-	-	453,457	-	1,111,922
45,333	-	-	-	-	1,408,825
53,241	-	-	-	-	553,767
157,746	-	-	-	-	3,513,590
275,894	-	-	-	-	3,320,093
-	-	-	-	-	1,442,208
33,164	-	-	-	-	344,630
43	-	-	-	-	11,956
-	-	-	-	-	50
187,600	-	-	-	-	3,877,825
-	-	-	-	-	4,658,244
-	-	-	-	-	3,360,955
-	4,562,698	-	-	-	4,973,596
-	-	-	-	-	3,698,952
<u>\$ 1,403,700</u>	<u>\$ 4,562,698</u>	<u>\$ -</u>	<u>\$ 453,457</u>	<u>\$ -</u>	<u>\$ 61,100,727</u>
<u>\$ 116,259</u>	<u>\$ (4,499,431)</u>	<u>\$ 519,953</u>	<u>\$ 11,531</u>	<u>\$ 12,783</u>	<u>\$ (6,230,298)</u>
\$ -	\$ 1,500,000	\$ (2,500,000)	\$ -	\$ -	\$ -
-	29,425,103	-	-	-	31,715,807
-	306,128	-	-	-	701,046
-	-	-	-	-	321,675
<u>\$ -</u>	<u>\$ 31,231,231</u>	<u>\$ (2,500,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,738,528</u>
\$ 116,259	\$ 26,731,800	\$ (1,980,047)	\$ 11,531	\$ 12,783	\$ 26,508,230
269,661	684,555	16,753,042	2,754	12,770	30,561,008
<u>\$ 385,920</u>	<u>\$ 27,416,355</u>	<u>\$ 14,772,995</u>	<u>\$ 14,285</u>	<u>\$ 25,553</u>	<u>\$ 57,069,238</u>

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 26,508,230

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (2,252,730)	
Capital Outlays	<u>4,973,596</u>	
		2,720,866

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets	\$ (496,542)	
Proceeds from Sale of Fixed Assets	<u>(321,675)</u>	
		(818,217)

Some revenues reported in the Statement of Activities do not provide current financial resources and therefore are deferred in the governmental funds.

State Aid	764,688
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The change in the Net OPEB Liability is not included in the governmental funds.	(317,792)
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Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Proceeds from Long-Term Debt	(32,515,051)
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Long-term debt issuance costs decrease current financial resources in the governmental funds and are therefore shown as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but debt issuance costs are amortized and reported as an asset in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Debt Issuance Costs	409,708
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Debt	\$ (146,711)	
Debt Issuance Costs - Amortization	(273,842)	
Bond Premium - Amortization	286,358	
Bond Discount - Amortization	<u>(728)</u>	
		(134,923)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt	<u>4,697,252</u>
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Change in Net Assets of Governmental Activities	<u>\$ 1,314,761</u>
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The Notes to Financial Statements are an integral part of this statement.



WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
FUND FINANCIAL STATEMENTS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 303,742
Investments	<u>112,489</u>
Total Assets	<u><u>\$ 416,231</u></u>
LIABILITIES	
Due to Activity Fund Organizations	<u>\$ 416,231</u>
Total Liabilities	<u><u>\$ 416,231</u></u>

The Notes to Financial Statements are an integral part of this statement.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warren Township High School District No. 121's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Statements*

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs,

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. *Basic Financial Statements – Government-Wide Statements (Continued)*

payments to other districts and governmental units, etc.). Program revenues include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

#### C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The District electively made all governmental funds major funds.

##### 1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports these major governmental funds and fund types:

General Fund – The General Fund (Educational Fund) is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Special Education and Leasing levies are included in this fund.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, Illinois Municipal Retirement/Social Security Fund, Working Cash Fund, and Tort Fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Services Fund – The Debt Services Fund is used to account for the accumulation of funds for the periodic payment of principal, interest and related fees on general long-term debt.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. *Basic Financial Statements – Fund Financial Statements (Continued)*

##### 1. Governmental Funds (Continued)

Capital Projects Fund – The Capital Projects Funds (Capital Projects Fund and Fire Prevention and Safety Fund) are used to account for financial resources to be used for the acquisition or construction of major capital facilities and fire prevention and safety projects.

##### 2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets. The following is a description of the fiduciary fund of the District:

Agency Fund – The Agency Fund (Student Activity Fund) accounts for assets held by the District as an agent for the student organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to student organizations are equal to the assets.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (student organizations) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

#### D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### 1. Accrual

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

##### 2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their cash balances in common accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans that have not been authorized by District Board action.

No District fund had a cash overdraft at June 30, 2009.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

#### F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

#### G. *Prepaid Expenses*

Prepaid Expenses are for payments made by the District in the current year for goods and services received in the subsequent fiscal year, and the reserve for prepaid expenses in the governmental funds has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

#### H. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

#### I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

#### J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$6,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### J. *Capital Assets (Continued)*

all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Buildings and Building Improvements	20 - 50 years
Site Improvements and Infrastructure	20 years
Equipment Other than Transportation/Food Service	5 - 20 years
Transportation Equipment	5 - 10 years
Food Services Equipment	15 years

#### K. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the District. Vacation is required to be used by June 30 and there is no allowance for carryover. Sick leave is accumulated from year to year without limit and up to 120 days and 340 days can be turned over to IMRF or TRS, respectively, for credit. Unused sick days beyond the IMRF and TRS credit thresholds are paid out by the District at \$15 and \$30 per day for IMRF or TRS, respectively. No compensated absence accrual is recorded because vacation benefits do not accumulate from year to year and sick leave paid by the District has amounted to a de minimus amount for each of the past three years.

#### L. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### M. *Government-Wide Net Assets*

Government-wide net assets are divided into three components:

- Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets – consist of net assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net assets are reported in this category.

#### N. *Governmental Fund Balances*

Governmental fund balances are reported as "reserved" because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### N. *Governmental Fund Balances (Continued)*

balances. From time to time, the District Board agrees to set aside or "designate" resources for future uses – such as specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

### O. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2008 tax levy was passed by the Board on December 16, 2008. The 2007 tax levy was passed by the Board on December 11, 2007. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

### P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## NOTE 2 - DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7.

### *Investments*

As of June 30, 2009, the District had the following investment and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pools	\$ 21,768,513	\$ 21,768,513	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

*Interest Rate Risk.* The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2009, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's

## NOTE 3 - EMPLOYEE RECEIVABLES

In order to encourage its teachers to improve their computer knowledge, the District sponsors a program in which employees can purchase computers for personal/home use. The District purchases a computer for each employee who signs up for the program, and the

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 3 - EMPLOYEE RECEIVABLES (Continued)

employee is required to repay the District, interest free, through payroll withholdings over a two year period. At June 30, 2009 a total of \$25,844 is due the District.

## NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital Assets not being depreciated:				
Land	\$ 3,999,623	\$ 373,054	\$ 600,000	\$ 3,772,677
Construction in Progress	-	2,897,837	-	2,897,837
Total Capital Assets not being depreciated	\$ 3,999,623	\$ 3,270,891	\$ 600,000	\$ 6,670,514
Other Capital Assets				
Buildings and Building Improvements	\$ 86,544,620	\$ 859,781	\$ 283,696	\$ 87,120,705
Site Improvements and Infrastructure	3,005,552	-	-	3,005,552
Equipment Other than Transportation/ Food Service	1,843,918	780,335	-	2,624,253
Transportation Equipment	91,972	62,589	-	154,561
Food Services Equipment	54,996	-	-	54,996
Total Other Capital Assets at Historical Cost	\$ 91,541,058	\$ 1,702,705	\$ 283,696	\$ 92,960,067
Less Accumulated Depreciation for				
Buildings and Building Improvements	\$ 19,412,370	\$ 1,807,993	\$ 65,479	\$ 21,154,884
Site Improvements and Infrastructure	1,115,783	135,799	-	1,251,582
Equipment Other than Transportation/ Food Service	996,054	297,802	-	1,293,856
Transportation Equipment	76,946	9,681	-	86,627
Food Services Equipment	41,615	1,455	-	43,070
Total Accumulated Depreciation	\$ 21,642,768	\$ 2,252,730	\$ 65,479	\$ 23,830,019
Other Capital Assets, Net	\$ 69,898,290	\$ (550,025)	\$ 218,217	\$ 69,130,048
Governmental Activities Capital Assets, Net	\$ 73,897,913	\$ 2,720,866	\$ 818,217	\$ 75,800,562

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
Transportation	\$ 9,681
Food Services	1,455
Unallocated	2,241,594
Total Governmental Activities Depreciation Expense	\$ 2,252,730

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
<b>Long-Term Debt</b>					
General Obligation Bonds	\$ 56,608,711	\$ 31,715,807	\$ 4,314,008	\$ 84,010,510	\$ 3,260,477
Debt Certificates	1,445,000	-	279,000	1,166,000	291,000
Lease/Purchase Agreements	220,634	98,198	104,244	214,588	105,368
Total Long-Term Debt	\$ 58,274,345	\$ 31,814,005	\$ 4,697,252	\$ 85,391,098	\$ 3,656,845
<b>Other Long-Term Liabilities</b>					
Bond Premiums, net of amortization	\$ 3,567,043	\$ 701,046	\$ 286,358	\$ 3,981,731	\$ 312,431
Bond Discounts, net of amortization	(13,456)	-	(728)	(12,728)	(727)
Net Other Post-Employment Benefit Obligation	-	351,726	33,934	317,792	-
Total Other Long-Term Liabilities	\$ 3,553,587	\$ 1,052,772	\$ 319,564	\$ 4,286,795	\$ 311,704
Total Long-Term Obligations	\$ 61,827,932	\$ 32,866,777	\$ 5,016,816	\$ 89,677,893	\$ 3,968,549



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

On July 1, 2000 the District issued Limited Tax School Bonds, Series 2000, for \$4,090,000. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2002 with interest at rates ranging from 4.55% to 5.45% payable on January 1 and July 1 of each year. The balance due on these bonds at June 30, 2009 is \$2,025,000.

On June 1, 2001 the District issued Limited Tax School Bonds, Series 2001, for \$3,900,000. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2003 with interest at rates ranging from 3.35% to 5.1% payable on January 1 and July 1 of each year. The balance due on these bonds at June 30, 2009 is \$240,000.

On March 1, 2004 the District issued Limited Tax School Bonds, Series 2004A, for \$4,570,000. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2010 with interest at rates ranging from 4.0% to 5.0% payable on January 1 of each year. The balance due on these bonds at June 30, 2009 is \$4,355,000.

On March 1, 2004 the District issued Limited Tax School Bonds, Series 2004B, for \$1,730,000. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2005 with interest at rates ranging from 2.75% to 3.0% payable on January 1 of each year. The balance due on these bonds at June 30, 2009 is \$0.

On May 1, 2004 the District issued School Building Bonds, Series 2004C, for \$15,500,000. The issue provides for serial retirement of principal on March 1 of each year beginning March 1, 2019 with interest at rates ranging from 5.5% to 5.75% payable on March 1 and September 1 of each year. The balance due on these bonds at June 30, 2009 is \$15,500,000.

On November 1, 2004 the District issued Refunding School Bonds, Series 2004D, for \$31,850,000. The issue provides for serial retirement of principal on March 1 of each year beginning March 1, 2005 with interest at rates ranging from 3.0% to 5.25% payable on March 1 and September 1 of each year. \$8,270,000 of these bonds was refunded on December 22, 2005. The balance due on these bonds at June 30, 2009 is \$17,110,000.

On December 22, 2005 the District issued Refunding School Bonds, Series 2005, for \$9,350,000. The issue provides for serial retirement of principal on March 1 of each year beginning March 1, 2006 with interest at rates ranging from 4.0% to 4.125% payable on March 1 and September 1 of each year. The balance due on these bonds at June 30, 2009 is \$2,880,000.

On December 27, 2007, the District issued General Obligation Limited School Bonds, Series 2007, for \$7,000,000. The bond proceeds less the related discount received with the bond issuance were used to (1) increase the District's Working Cash Fund to provide for capital projects (2) refund a portion of the District's outstanding General Obligation Limited Tax School bonds, Series 2001A, and (3) pay for certain costs associated with the issuance of the Bonds. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2018 with interest at rates ranging from 3.85% to 4.20% payable on January 1 and July 1 of each year beginning on July 1, 2008. The balance due on these bonds at June 30, 2008 is \$7,000,000.

On December 27, 2007, the District deposited \$1,730,449 into an escrow account to refund \$1,665,000 of the 2001A bond issue. The \$1,730,449 was used to purchase U.S. Government Securities. The escrow account will be used to provide for all future debt service payments on the refunded debt. As a result, a portion of the 2001A bond issue is

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

considered defeased and its corresponding liability for the amount refunded has been removed from the District's liabilities. At June 30, 2009, a total of \$1,455,000 of defeased debt is still outstanding as a result of the 2001A bond issue.

On March 19, 2008, the District issued General Obligation Limited School Bonds, Series 2008A, for \$3,035,000. The bond proceeds and related premium received with the bond issuance were used to (1) increase the District's Working Cash Fund to provide for capital projects (2) refund a portion of the General Obligation Limited Tax School Bonds, Series 2000 and General Obligation Limited Tax School Bonds, Series 2001A, and (3) pay for certain costs associated with the issuance of the Series 2008A Bonds. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2018 with interest at rates ranging from 4.00% to 4.20% payable on January 1 and July 1 of each year beginning on July 1, 2008. The balance due on these bonds at June 30, 2009 is \$3,035,000.

On March 19, 2008, the District deposited \$1,023,427 into an escrow account to refund \$355,000 of the 2000 bond issue and \$605,000 of the 2001A bond issue. The \$1,023,427 was used to purchase U.S. Government Securities. The escrow account will be used to provide for all future debt service payments on the refunded debt. As a result, a portion of the 2000 and 2001A bond issues is considered defeased and its corresponding liability for the amount refunded has been removed from the District's liabilities. At June 30, 2009, a total of \$115,000 and \$550,000 of defeased debt is still outstanding as a result of the 2000 and 2001A bond issues, respectively.

On March 19, 2008, the District issued Taxable General Obligation Limited School Bonds, Series 2008B, for \$250,000. The bond proceeds received with the bond issuance were used to (1) refund a portion of the District's outstanding Taxable General Obligation Limited School Bonds, Series 2004A, and (3) pay for certain costs associated with the issuance of the Series 2008B Bonds. The issue provides for retirement of principal on January 1, 2009 with interest at 3.15% payable on July 1, 2008 and January 1, 2009. The balance due on these bonds at June 30, 2009 is \$0.

On March 19, 2008, the District deposited \$240,921 into an escrow account to refund \$215,000 of the 2004A bond issue. The \$240,921 was used to purchase U.S. Government Securities. The escrow account will be used to provide for all future debt service payments on the refunded debt. As a result, a portion of the 2004A bond issue is considered defeased and its corresponding liability for the amount refunded has been removed from the District's liabilities. At June 30, 2009, a total of \$215,000 of defeased debt is still outstanding as a result of the 2004A bond issue.

As described in Note 15, the District is a member of the Special Education District of Lake County (SEDOL). On September 1, 1998, SEDOL issued \$7,400,000 in Special Education Bonds. In 2008, the bonds were refunded to reduce the interest rate. The bond proceeds were used to pay the cost of constructing and equipping an additional building on the Gages Lake campus to provide special education facilities and services, including facilities to house the Cyd Lash Academy, an alternative behavior disorder high school program. The 2008 issue provides for serial retirement of principal on June 1 of each year through June 1, 2013 with interest at a rate of 3.75% payable on June 1 and December 1 of each year. Each SEDOL member district is liable for a portion of the debt payments through the maturity of the bonds regardless of their continued membership in the joint agreement. The District's portion of the principal due on the bonds is \$149,703 at June 30, 2009.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

On October 1, 2008, SEDOL also issued \$10,700,000 in Special Education Bonds. The bond proceeds were used to construct a facility for severe/profound students and to provide housing for behavior disorder students. The 2008 issue provides for serial retirement of principal on October 1 of each year through October 1, 2028 with interest at rates ranging from 3 to 5% payable on October 1 and April 1 of each year. The District's portion of the bond issue matures October 1, 2013 as the District chose to finance its portion of the debt over 5 years. Each SEDOL member district is liable for a portion of the debt payments through the maturity of the bonds regardless of their continued membership in the joint agreement. The District's portion of the principal due on the bonds is \$688,807 at June 30, 2009.

On December 30, 2008 the District issued General Obligation School Building Bonds, Series 2008, for \$6,275,000. The issue provides for serial retirement of principal on January 1 of 2010, 2027, and 2028 with interest at rates ranging from 5.0% to 5.125% payable on January 1 and July 1 of each year. The balance due on these bonds at June 30, 2009 is \$6,275,000.

On May 19, 2009 the District issued General Obligation School Building Bonds, Series 2009, for \$23,725,000. The issue provides for serial retirement of principal on January 1 of each year beginning January 1, 2021 with interest at rates ranging from 5.4% to 6.3% payable on January 1 and July 1 of each year. The balance due on these bonds at June 30, 2009 is \$23,725,000.

On June 2, 2009 the District issued General Obligation Limited School Bonds, Series 2009B, for \$1,027,000. The issue provides for retirement of principal on July 7, 2009 with interest at a rate of 1.4%. The balance due on these bonds at June 30, 2009 is \$1,027,000.

At June 30, 2009 the annual debt service requirements to service all general obligation bonds are:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2010	\$ 3,260,477	\$ 3,276,947	\$ 6,537,424
2011	1,504,472	4,249,296	5,753,768
2012	1,690,452	4,190,106	5,880,558
2013	1,934,802	4,120,712	6,055,514
2014	2,105,307	4,028,539	6,133,846
2015	2,175,000	3,927,314	6,102,314
2016	2,695,000	3,814,606	6,509,606
2017	2,895,000	3,675,748	6,570,748
2018	3,770,000	3,525,760	7,295,760
2019	4,645,000	3,333,578	7,978,578
2020	4,970,000	3,090,228	8,060,228
2021	4,730,000	2,830,165	7,560,165
2022	5,185,000	2,590,766	7,775,766
2023	5,660,000	2,330,879	7,990,879
2024	6,170,000	2,046,471	8,216,471
2025	6,715,000	1,733,387	8,448,387
2026	7,315,000	1,357,657	8,672,657
2027	7,965,000	940,465	8,905,465
2028	8,625,000	526,105	9,151,105
	<u>\$ 84,010,510</u>	<u>\$ 55,588,729</u>	<u>\$ 139,599,239</u>

On March 5, 2002 the District issued Debt Certificates, Series 2002A, in the amount of \$465,000. The Certificates are to be retired with annual installments of principal on January 1 of each year beginning January 1, 2003 with interest at rates ranging from 2.5% to 4.6% payable on January 1 and July 1 of each year. The balance due on these debt certificates at June 30, 2009 is \$160,000.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

On May 1, 2002 the District issued Debt Certificates, Series 2002B, in the amount of \$1,200,000. The Certificates are to be retired with annual installments of principal on January 1 of each year beginning January 1, 2003 with interest at rates ranging from 2.6% to 4.9% payable on January 1 and July 1 of each year. The balance due on these debt certificates at June 30, 2009 is \$410,000.

On October 1, 2003 the District issued Debt Certificates, Series 2003, in the amount of \$500,000. The Certificates are to be retired with annual installments of principal on January 1 of each year beginning January 1, 2005 with interest at rates ranging from 2.55% to 4.6% payable on January 1 and July 1 of each year. The balance due on these debt certificates at June 30, 2009 is \$276,000.

On January 15, 2005 the District issued Debt Certificates, Series 2005, in the amount of \$537,300. The Certificates are to be retired with annual installments of principal on January 1 of each year beginning January 1, 2006 with interest at rates ranging from 2.2% to 4.3% payable on January 1 and July 1 of each year. The balance due on these debt certificates at June 30, 2009 is \$320,000.

At June 30, 2009 the annual debt service requirements to service all debt certificates are:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 291,000	\$ 25,726	\$ 316,726
2011	303,000	38,938	341,938
2012	320,000	25,492	345,492
2013	122,000	10,979	132,979
2014	130,000	5,770	135,770
	<u>\$ 1,166,000</u>	<u>\$ 106,905</u>	<u>\$ 1,272,905</u>

On July 15, 2006 the District entered into a lease/purchase agreement for technology equipment. The agreement is for three years at an interest rate of 8.49%. Annual payments of \$27,402 began in July 2006 and continue until July 2009. The balance due on this lease/purchase agreement at June 30, 2009 is \$25,258.

On July 15, 2007 the District entered into a lease/purchase agreement for technology equipment. The agreement is for three years at an interest rate of 4.99%. Annual payments of \$63,183 began in July 2007 and continue until July 2010. The balance due on this lease/purchase agreement at June 30, 2009 is \$117,500.

On July 15, 2008 the District entered into a lease/purchase agreement for technology equipment. The agreement is for three years at an interest rate of 4.98%. Annual payments of \$26,368 began in July 2008 and continue until July 2011. The balance due on this lease/purchase agreement at June 30, 2009 is \$71,830.

At June 30, 2009 annual debt service requirements to cover outstanding lease/purchase agreements are:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 105,368	\$ 11,584	\$ 116,952
2011	84,106	5,445	89,551
2012	25,114	1,251	26,365
	<u>\$ 214,588</u>	<u>\$ 18,280</u>	<u>\$ 232,868</u>

At June 30, 2009 the annual debt service requirements to cover all outstanding debt are:

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 3,656,845	\$ 3,314,257	\$ 6,971,102
2011	1,891,578	4,293,679	6,185,257
2012	2,035,566	4,216,849	6,252,415
2013	2,056,802	4,131,691	6,188,493
2014	2,235,307	4,034,309	6,269,616
2015	2,175,000	3,927,314	6,102,314
2016	2,695,000	3,814,606	6,509,606
2017	2,895,000	3,675,748	6,570,748
2018	3,770,000	3,525,760	7,295,760
2019	4,645,000	3,333,578	7,978,578
2020	4,970,000	3,090,228	8,060,228
2021	4,730,000	2,830,165	7,560,165
2022	5,185,000	2,590,766	7,775,766
2023	5,660,000	2,330,879	7,990,879
2024	6,170,000	2,046,471	8,216,471
2025	6,715,000	1,733,387	8,448,387
2026	7,315,000	1,357,657	8,672,657
2027	7,965,000	940,465	8,905,465
2028	8,625,000	526,105	9,151,105
	<u>\$ 85,391,098</u>	<u>\$ 55,713,914</u>	<u>\$ 141,105,012</u>

## NOTE 6 - INTERFUND LOANS

There are no interfund loans at June 30, 2009.

## NOTE 7 - SPECIAL TAX LEVIES AND RESERVED EQUITY

### A. *Leasing Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Educational Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balances. Accordingly, there is no reserved fund balance for this tax levy.

### B. *Special Education Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Educational Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balances. Accordingly, there is no reserved fund balance for this tax levy.

### C. *Social Security Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balances. Accordingly, there is no reserved fund balance for this tax levy.

### D. *SEDOL IMRF Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. A portion \$144,456, of this fund's equity represents the excess of cumulative revenues over cumulative expenditures which is reserved for future SEDOL IMRF expenditures in accordance with the Illinois State Board of Education.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 8 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance as of June 30, 2009.

## NOTE 9 - PROPERTY TAXES

Property taxes recorded in these financial statements as property taxes receivable and deferred revenue are from the 2008 tax levy. The deferred revenue is 50% of the 2008 tax levy. These taxes are deferred as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the District does not consider the remaining amounts to be available and does not budget for their use until the following fiscal year. The District has determined that 50% of the 2008 tax levy (\$20,244,631) and 50% of the 2007 tax levy, plus back taxes, less uncollectible amounts (\$20,194,492) are allocable for use in fiscal year 2009. Therefore, 50% of each of these levies are recorded in these financial statements as property taxes revenue. A summary of assessed valuations, rates, and extensions for tax years 2008, 2007, and 2006 is as follows:

Assessed Valuation	2008 \$2,613,896,848		2007 \$2,551,550,559		2006 \$2,365,018,864	
	RATE	EXTENSION	RATE	EXTENSION	RATE	EXTENSION
Educational	1.026	\$ 26,818,582	1.004	\$ 25,617,567	1.065	\$ 25,187,451
Special Education	0.001	26,139	0.001	25,516	0.020	473,004
Operations and Maintenance	0.161	4,208,374	0.157	4,005,933	0.145	3,429,277
Debt Service	0.194	5,070,960	0.280	7,144,341	0.293	6,929,505
Transportation	0.094	2,457,063	0.051	1,301,291	0.051	1,206,160
Municipal Retirement	0.016	418,223	0.029	739,950	0.010	236,502
Social Security	0.016	418,223	0.029	739,950	0.010	236,502
SEDOL Retirement	0.008	209,112	0.008	204,124	0.008	189,201
Tort	0.020	522,779	0.016	408,248	0.009	212,852
Leasing	0.013	339,807	0.013	331,702	0.026	614,905
Fire Prevention and Safety	-	-	0.001	25,516	-	-
Working Cash	-	-	0.001	25,516	0.001	23,650
	<u>1.549</u>	<u>\$ 40,489,262</u>	<u>1.590</u>	<u>\$ 40,569,654</u>	<u>1.638</u>	<u>\$ 38,739,009</u>

## NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2009, the expenditures of the following fund exceeded the budget:

FUND	BUDGET	ACTUAL	EXCESS OF ACTUAL OVER BUDGET
Educational	\$ 38,719,296	\$ 38,893,120	\$ 173,824

The excess of actual over budget in the Educational Fund is due to the District under-budgeting for On-Behalf Payments which are not a direct expenditure of the District.

## NOTE 11 - OPERATING LEASES, AS LESSEE

The District, as lessee, leases photocopiers, technology equipment, operations and maintenance equipment, and buses.

Estimated minimum annual rentals are as follows:

Year Ending June 30	Amount
2010	\$ 954,777
2011	230,193
2012	21,813
2013	14,254
2014	1,754
	<u>\$ 1,222,791</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 11 - OPERATING LEASES, AS LESSEE (Continued)

Total rental expense for all operating leases for the year ended June 30, 2009 was \$1,212,757.

### NOTE 12 - RETIREMENT FUND COMMITMENTS

#### A. *Teachers' Retirement System of the State of Illinois*

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the Plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding the Plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009 was 9.4% of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4% for the years ended June 30, 2008 and 2007.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

#### ➤ ***On-behalf contributions to TRS***

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08% of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$3,525,349 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11% (\$2,536,347) and 9.78% (\$1,859,365), respectively.

The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The State contribution for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

The District makes other types of employer contributions directly to TRS:

#### ➤ ***2.2 formula contributions***

Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$119,869. Contributions for the years ended June 30, 2008 and June 30, 2007 were \$113,091 and \$110,836, respectively.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 12 - RETIREMENT FUND COMMITMENTS (Continued)

#### A. *Teachers' Retirement System of the State of Illinois* (Continued)

##### ➤ **Federal and special trust fund contributions**

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08% of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and June 30, 2007, the employer contribution was 13.11% and 9.78% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$26,838 were paid from federal and special trust funds that required employer contributions of \$4,584. For the years ended June 30, 2008 and June 30, 2007, required District contributions were \$19,906 and \$9,557, respectively.

##### ➤ **Early Retirement Option (ERO)**

The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100% of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5%.

Both the 100% and the 117.5% maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2009, the District paid \$97,765 to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and June 30, 2007, the District paid \$0 and \$0 in employer ERO contributions, respectively.

##### ➤ **Salary increases over 6% and excess sick leave**

Public Act 94-0004 added two additional employer contributions to TRS.

- If an employer grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the employer makes a



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 12 - RETIREMENT FUND COMMITMENTS (Continued)

#### A. *Teachers' Retirement System of the State of Illinois* (Continued)

contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2009, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2008 and June 30, 2007, the District paid \$0 and \$0 to TRS for employer contributions due on salary increases in excess of 6%, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67% of salary during the year ended June 30, 2009).

For the year ended June 30, 2009, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the District paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2008. The report for the year ended June 30, 2009 is expected to be available in late 2009.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

#### B. *Illinois Municipal Retirement Fund*

##### *Plan Description*

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

##### *Funding Policy*

As set by statute, the District's Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 12 - RETIREMENT FUND COMMITMENTS (Continued)

### B. *Illinois Municipal Retirement Fund (Continued)*

#### *Funding Policy (Continued)*

coverage of its own employees. The District's contribution rate for calendar year 2008 was 12.13% of annual covered payroll. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Annual Pension Cost*

For 2008, the District's annual pension cost of \$560,902 for the Regular plan was equal to the District's required and actual contributions.

Three Year Trend Information for the Regular Plan			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 560,902	100%	\$ -
12/31/2007	562,895	100%	-
12/31/2006	562,403	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the District's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 valuation was 24 years.

#### *Funded Status and Funding Progress*

As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 73.91% funded. The actuarial accrued liability for benefits was \$8,252,847 and the actuarial value of assets was \$6,099,486, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,153,361. The covered payroll (annual payroll of active employees covered by the plan) was \$4,624,090 and the ratio of the UAAL to the covered payroll was 47%.

This schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 12 - RETIREMENT FUND COMMITMENTS (Continued)

### B. *Illinois Municipal Retirement Fund (Continued)*

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ 6,099,486	\$ 8,252,847	\$ 2,153,361	73.91%	\$ 4,624,090	46.57%
12/31/2007	5,450,548	8,324,526	2,873,978	65.48%	4,714,362	60.96%
12/31/2006	4,530,943	7,445,790	2,914,847	60.85%	4,644,121	62.76%

### C. *Social Security*

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$275,068, the total required contribution for the current fiscal year.

## NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS

### A. *Teacher Health Insurance Security Fund*

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year.

#### ➤ **On behalf contributions to THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.84% of pay during the year ended June 30, 2009. State of Illinois contributions were \$173,603, and the District recognized revenue and expenditures of this amount during the year.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

#### A. *Teacher Health Insurance Security Fund (Continued)*

State contributions intended to match active member contributions during the year ended June 30, 2008 were also 0.84% of pay. They were 0.80% for the year ended June 30, 2007. State contributions on behalf of District employees were \$163,787 and \$152,877, respectively.

#### ➤ **Employer contributions to THIS Fund**

The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63% during the years ended June 30, 2009 and June 30, 2008. For the year ended June 30, 2007, the rate was 0.60%. For the year ended June 30, 2009, the District paid \$130,202 to the THIS Fund. For the years ended June 30, 2008 and June 30, 2007, the District paid \$122,841 and \$114,658 to the THIS Fund, respectively, which was 100% of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

#### B. *Retiree Insurance Plan*

##### *Plan Overview*

The District provides post-employment benefits other than pensions ("OPEB") to employees who retire directly from the District and who meet certain criteria. The Plan, a single-employer defined benefit plan, provides medical, prescription drug, dental, and vision insurance benefits to retirees. Participants in the plan must contribute 100% of the premium level to participate in the plan. Premiums are based on expected experience for active and retiree populations. Retirees are eligible to continue coverage for life. To be eligible, the employee must be enrolled in the active medical plan immediately prior to retiring and not be enrolled in the TRS medical plan. Teachers are given the choice to select COBRA coverage upon retirement or receive a \$10,000 cash payment from the District. If the participant is not a teacher, they become eligible to retire and receive medical coverage as of 55 years of age and eight years of service. The Plan does not issue a stand-alone financial report.

Membership in the Plan consisted of the following at July 1, 2008 (the date of the latest actuarial valuation):

Active Participants (fully eligible for retirement)	1
Active Participants (not yet fully eligible for retirement)	132
Retirees	<u>7</u>
Total	<u><u>140</u></u>

##### *Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

### B. *Retiree Insurance Plan* (Continued)

#### *Annual OPEB Cost and Net OPEB Obligation*

The District's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

Annual required contribution	\$	351,726
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	351,726
Contributions made		33,934
Increase/(Decrease) in net OPEB obligation	\$	317,792
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	\$	317,792

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 351,726	\$ 33,934	9.6%	\$ 317,792

#### *Funding Status and Funding Progress*

This schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 2,070,245	\$ 2,070,245	0.00%	N/A	N/A

#### *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The following includes actuarial assumptions and methods:

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

### B. *Retiree Insurance Plan* (Continued)

#### *Actuarial Assumptions and Methods* (Continued)

Actuarial Cost Method	Unit Credit, Normal Cost
Amortization Period	Closed, Level Dollar
Remaining Amortization Period	30 Years
Healthcare Inflation Rate	9% initial, 5% ultimate
Mortality	RP-2000 Combined Healthy table using scale AA
New Retiree Elections, Medical Coverage	It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare upon eligibility. Teachers are assumed to enroll in the TRS medical plan and not elect to receive COBRA benefits.

## NOTE 14 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2009 were as follows:

TRANSFER FROM	TRANSFER TO	AMOUNT
Working Cash Fund	Educational Fund	\$ 2,500,000
Educational Fund	Operations and Maintenance Fund	1,000,000
Educational Fund	Capital Projects Fund	1,500,000

The transfers were made to cover capital project expenditures made from the Operations and Maintenance and Capital Projects Funds.

## NOTE 15 - JOINT VENTURES

### A. *Special Education District of Lake County (SEDOL)*

The District and thirty-five other districts within Lake County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of SEDOL at June 30, 2008 (most recent information available) is as follows:

Assets	\$ 19,921,342
Liabilities	\$ 5,988,754
Fund Equity	13,932,588
	<u>\$ 19,921,342</u>
Revenues Received	\$ 63,453,252
Expenditures Disbursed	64,277,885
Net Increase/(Decrease) in Fund Balance	<u>\$ (824,633)</u>

Complete financial statements for SEDOL can be obtained from the Administrative Offices at 18160 Gages Lake Road, Gages Lake, Illinois 60030-1819.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 15 - JOINT VENTURES (Continued)

#### B. *Lake County Area Vocational System (LCAVS)*

The District and seventeen other districts within Lake and McHenry Counties have entered into a joint agreement to provide vocational programs for member districts that are not offering these services individually. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of LCAVS at June 30, 2008 (most recent information available) is as follows:

Assets	\$ 22,105,959
Liabilities	\$ 1,197,829
Fund Equity	20,908,130
	<u>\$ 22,105,959</u>
Revenues Received	\$ 8,967,632
Expenditures Disbursed	9,580,844
Net Increase/(Decrease) in Fund Balance	<u>\$ (613,212)</u>

Complete financial statements for LCAVS can be obtained from the Administrative Offices at 19525 W. Washington Street, Grayslake, Illinois 60030.

### NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2009 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were members.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 16 - RISK MANAGEMENT (Continued)

Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2009, there were no significant adjustments in premiums based on actual experience.

### NOTE 17 - SELF INSURANCE

The District has a self-insured plan that provides its employees' vision and dental care benefits. A third party administrator and a claims administrator are contracted to manage the plan. At June 30, 2009 the liability for unpaid claims was \$20,000. This was estimated based on historical experience. A reconciliation of changes in the aggregate liabilities for claims for the fiscal year ended June 30, 2009 is as follows:

Claims Liabilities - Beginning of Year	\$ 20,000
Incurred Claims	267,114
Payments on Claims	<u>(267,114)</u>
Claims Liabilities - End of Year	<u>\$ 20,000</u>

### NOTE 18 - CONSTRUCTION COMMITMENTS

The District has ongoing construction (for additional classrooms, cafeteria expansion, new theater, additional access road, etc.) at the Almond Campus at June 30, 2009 that has outstanding commitments of \$4,860,407 that have not been included as expenses in these financial statements.

### NOTE 19 - CONTINGENCIES

On or about June 30, 2009, a private individual submitted a formal complaint to the Illinois State Board of Education (ISBE) alleging that the District had improperly prohibited approximately 150 junior students from sitting for the Prairie State Achievement Examination (PSAE) in April 2009. At issue are revised academic criteria established by the District for promotion to the junior class.

ISBE has already announced a determination that the District's criteria for junior status violated state and federal law. The District has appealed this decision and has submitted evidence to support its criteria, including information that it is consistent with best practices established by other area high schools and that it had seemingly been approved by ISBE before and during implementation. The District also reported to ISBE that any defects with the initiative have been cured by action taken by the District to clear up certain inconsistencies in the junior-status provision at issue and that the formal complaint itself was untimely and thus procedurally improper.

The District is currently waiting for a response from ISBE to the District's evidence. The outcome is currently unknown, but if ISBE finds against the District they could conclude that the District failed to make adequate yearly progress (AYP) in 2008-2009 for a seventh consecutive year. Under the *No Child Left Behind Act of 2001*, failure to make AYP can result in interventions of increasing severity, up to and including loss of state and/or federal funding and/or a state takeover of the District.

### NOTE 20 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:



# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 20 - LEGAL DEBT LIMITATION (Continued)

2008 EAV	\$ 2,613,896,848
Rate	<u>6.90%</u>
Debt Margin	\$ 180,358,883
Current Debt (less SEDOL Bonds - Note 5)	<u>84,552,588</u>
Remaining Debt Margin	<u>\$ 95,806,295</u>

## NOTE 21 - FUND BALANCE RESTATEMENT

The July 1, 2008 fund balance of the Educational Fund and the Tort Fund have been restated to reflect the amount of Tort funds that were previously recorded in the Educational Fund and are now required to be recorded in the Tort Fund as follows:

	Educational Fund	Tort Fund
June 30, 2008 fund balance as originally reported	\$ 6,021,687	\$ -
June 30, 2008 Tort reserved fund balance	<u>(2,754)</u>	<u>2,754</u>
June 30, 2008 fund balance as restated	<u>\$ 6,018,933</u>	<u>\$ 2,754</u>

## REQUIRED SUPPLEMENTARY INFORMATION

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Property Taxes	\$ 26,568,904	\$ 26,568,904	\$ 26,515,004
Payments in Lieu of Taxes	755,609	755,609	624,871
Tuition	1,197,460	1,197,460	1,253,536
Earnings on Investments	190,551	190,551	94,934
Food Service	1,360,000	1,360,000	1,415,883
District/School Activity Income	758,600	758,600	721,282
Other Local Sources	255,000	255,000	277,176
State Aid			
General State Aid	2,225,500	1,717,697	1,727,671
Special Education	1,545,385	1,545,385	1,094,584
Career and Technical Education	33,790	33,790	33,790
Bilingual	49,084	49,084	32,721
State Free Lunch and Breakfast	5,100	5,100	7,643
Driver Education	60,000	60,000	63,498
School Safety and Educational Improvement Block Grant	141,530	141,530	141,992
Other State Aid	5,900	5,900	9,000
Federal Aid			
Food Service	8,400	8,400	11,935
Title I	92,288	92,288	96,172
Title IV	7,448	7,448	7,273
Federal Special Education	10,654	10,654	90,506
CTE - Perkins	27,000	27,000	27,935
General State Aid - Education Stabilization	-	-	511,127
Title III - English Language Acquisition	13,003	13,003	16,964
Title II - Teacher Quality	48,290	48,290	47,583
Medicaid Matching Funds - Administrative Outreach	-	-	43,136
Medicaid Matching Funds - Fee-for-Service Program	38,000	38,000	36,920
Other Federal Aid	-	507,803	986
On-Behalf Payments	3,470,000	3,470,000	3,698,952
Total Revenues	\$ 38,867,496	\$ 38,867,496	\$ 38,603,074
EXPENDITURES			
Instruction			
Regular Programs			
Salaries	\$ 12,198,671	\$ 12,198,671	\$ 12,074,174
Employee Benefits	1,899,011	1,899,011	1,905,569
Purchased Services	702,487	702,487	665,890
Supplies and Materials	594,232	594,232	697,657
Other Objects	14,500	14,500	10,561
Non-Capitalized Equipment	-	-	4,104
	\$ 15,408,901	\$ 15,408,901	\$ 15,357,955
Special Education Programs			
Salaries	\$ 2,453,161	\$ 2,453,161	\$ 2,480,690
Employee Benefits	388,196	388,196	372,797
Purchased Services	65,200	65,200	64,256
Supplies and Materials	50,000	50,000	48,165
Other Objects	191,000	191,000	259,950
Non-Capitalized Equipment	35,000	35,000	697,730
	\$ 3,182,557	\$ 3,182,557	\$ 3,923,588
Remedial and Supplemental Programs K-12			
Salaries	\$ 3,900	\$ 3,900	\$ -
	\$ 3,900	\$ 3,900	\$ -

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Instruction (Continued)			
Adult/Continuing Education Programs			
Salaries	\$ 32,853	\$ 32,853	\$ 33,568
Employee Benefits	397	397	406
Supplies and Materials	2,000	2,000	680
	<u>\$ 35,250</u>	<u>\$ 35,250</u>	<u>\$ 34,654</u>
CTE Programs			
Salaries	\$ 1,237,136	\$ 1,237,136	\$ 1,240,400
Employee Benefits	144,397	144,397	134,861
Purchased Services	5,225	5,225	4,967
Supplies and Materials	102,200	102,200	96,650
	<u>\$ 1,488,958</u>	<u>\$ 1,488,958</u>	<u>\$ 1,476,878</u>
Interscholastic Programs			
Salaries	\$ 1,200,671	\$ 1,200,671	\$ 1,135,910
Employee Benefits	83,905	83,905	77,091
Purchased Services	210,205	210,205	212,918
Supplies and Materials	95,200	95,200	70,012
Other Objects	600	600	425
	<u>\$ 1,590,581</u>	<u>\$ 1,590,581</u>	<u>\$ 1,496,356</u>
Summer School Programs			
Salaries	\$ 194,193	\$ 194,193	\$ 195,840
Employee Benefits	2,350	2,350	2,472
Purchased Services	11,312	11,312	3,751
Supplies and Materials	8,000	8,000	12,713
	<u>\$ 215,855</u>	<u>\$ 215,855</u>	<u>\$ 214,776</u>
Driver's Education Programs			
Salaries	\$ 223,666	\$ 223,666	\$ 224,482
Employee Benefits	27,694	27,694	28,648
Purchased Services	26,530	26,530	19,147
Supplies and Materials	4,000	4,000	1,790
	<u>\$ 281,890</u>	<u>\$ 281,890</u>	<u>\$ 274,067</u>
Bilingual Programs			
Salaries	\$ 338,350	\$ 338,350	\$ 336,308
Employee Benefits	67,618	67,618	65,675
Supplies and Materials	5,903	5,903	9,281
	<u>\$ 411,871</u>	<u>\$ 411,871</u>	<u>\$ 411,264</u>
Private Tuition - Other Objects			
Special Education Programs K-12	\$ 1,670,000	\$ 1,670,000	\$ 725,032
Remedial/Supplemental Programs K-12	111,000	111,000	109,358
	<u>\$ 1,781,000</u>	<u>\$ 1,781,000</u>	<u>\$ 834,390</u>
Total Instruction	<u>\$ 24,400,763</u>	<u>\$ 24,400,763</u>	<u>\$ 24,023,928</u>
Support Services			
Pupils			
Attendance and Social Work Services			
Salaries	\$ 730,387	\$ 730,387	\$ 695,907
Employee Benefits	110,616	110,616	101,164
Supplies and Materials	2,000	2,000	-
	<u>\$ 843,003</u>	<u>\$ 843,003</u>	<u>\$ 797,071</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES DISBURSED (Continued)			
Support Services (Continued)			
Pupils (Continued)			
Guidance Services			
Salaries	\$ 1,168,827	\$ 1,168,827	\$ 1,152,594
Employee Benefits	165,648	165,648	155,311
Purchased Services	2,500	2,500	-
Supplies and Materials	2,225	2,225	2,185
Other Objects	350	350	-
	<u>\$ 1,339,550</u>	<u>\$ 1,339,550</u>	<u>\$ 1,310,090</u>
Health Services			
Salaries	\$ 156,475	\$ 156,475	\$ 156,050
Employee Benefits	29,424	29,424	24,493
Supplies and Materials	3,856	3,856	3,788
	<u>\$ 189,755</u>	<u>\$ 189,755</u>	<u>\$ 184,331</u>
Psychological Services			
Salaries	\$ 261,485	\$ 261,485	\$ 250,049
Employee Benefits	36,457	36,457	23,501
	<u>\$ 297,942</u>	<u>\$ 297,942</u>	<u>\$ 273,550</u>
Speech Pathology and Audiology Services			
Purchased Services	\$ -	\$ -	\$ 44,264
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,264</u>
Total Support Services - Pupils	<u>\$ 2,670,250</u>	<u>\$ 2,670,250</u>	<u>\$ 2,609,306</u>
Instructional Staff			
Improvement of Instruction Services			
Salaries	\$ 247,264	\$ 247,264	\$ 160,374
Employee Benefits	32,502	32,502	46,531
Purchased Services	114,950	114,950	65,872
Supplies and Materials	28,750	28,750	21,388
	<u>\$ 423,466</u>	<u>\$ 423,466</u>	<u>\$ 294,165</u>
Educational Media Services			
Salaries	\$ 942,889	\$ 942,889	\$ 942,290
Employee Benefits	162,405	162,405	155,790
Purchased Services	49,600	49,600	41,559
Supplies and Materials	117,840	117,840	109,981
Other Objects	500	500	200
Non-Capitalized Equipment	-	-	4,145
	<u>\$ 1,273,234</u>	<u>\$ 1,273,234</u>	<u>\$ 1,253,965</u>
Assessment and Testing			
Purchased Services	\$ 8,200	\$ 8,200	\$ 9,840
Supplies and Materials	15,000	15,000	-
	<u>\$ 23,200</u>	<u>\$ 23,200</u>	<u>\$ 9,840</u>
Total Support Services - Instructional Staff	<u>\$ 1,719,900</u>	<u>\$ 1,719,900</u>	<u>\$ 1,557,970</u>
General Administration			
Board of Education Services			
Salaries	\$ 7,134	\$ 7,134	\$ 8,459
Employee Benefits	-	-	386
Purchased Services	365,000	365,000	277,509
Supplies and Materials	5,850	5,850	11,061
Other Objects	54,750	54,750	47,719
	<u>\$ 432,734</u>	<u>\$ 432,734</u>	<u>\$ 345,134</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES DISBURSED (Continued)			
Support Services (Continued)			
General Administration (Continued)			
Executive Administration Services			
Salaries	\$ 213,611	\$ 213,611	\$ 204,941
Employee Benefits	53,391	53,391	59,166
Purchased Services	11,150	11,150	6,663
Supplies and Materials	2,450	2,450	1,744
Other Objects	5,450	5,450	10,086
	<u>\$ 286,052</u>	<u>\$ 286,052</u>	<u>\$ 282,600</u>
Special Area Administration Services			
Salaries	\$ 11,815	\$ 11,815	\$ 11,815
Employee Benefits	1,745	1,745	1,147
	<u>\$ 13,560</u>	<u>\$ 13,560</u>	<u>\$ 12,962</u>
Total Support Services - General Administration	<u>\$ 732,346</u>	<u>\$ 732,346</u>	<u>\$ 640,696</u>
School Administration			
Office of the Principal Services			
Salaries	\$ 583,693	\$ 583,693	\$ 579,793
Employee Benefits	135,470	135,470	133,082
Supplies and Materials	26,800	26,800	19,578
Other Objects	14,597	14,597	13,079
	<u>\$ 760,560</u>	<u>\$ 760,560</u>	<u>\$ 745,532</u>
Other Support Services - School Administration			
Salaries	\$ 501,605	\$ 501,605	\$ 504,526
Employee Benefits	115,976	115,976	113,434
	<u>\$ 617,581</u>	<u>\$ 617,581</u>	<u>\$ 617,960</u>
Total Support Services - School Administration	<u>\$ 1,378,141</u>	<u>\$ 1,378,141</u>	<u>\$ 1,363,492</u>
Business			
Direction of Business Support Services			
Salaries	\$ 99,455	\$ 99,455	\$ 106,451
Employee Benefits	28,786	28,786	31,213
	<u>\$ 128,241</u>	<u>\$ 128,241</u>	<u>\$ 137,664</u>
Fiscal Services			
Salaries	\$ 262,352	\$ 262,352	\$ 252,778
Employee Benefits	44,293	44,293	37,477
Purchased Services	11,000	11,000	7,859
Supplies and Materials	7,500	7,500	6,316
Other Objects	30,000	30,000	24,680
	<u>\$ 355,145</u>	<u>\$ 355,145</u>	<u>\$ 329,110</u>
Internal Services			
Purchased Services	\$ 25,000	\$ 25,000	\$ 27,058
	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 27,058</u>
Total Support Services - Business	<u>\$ 508,386</u>	<u>\$ 508,386</u>	<u>\$ 493,832</u>
Operations and Maintenance			
Purchased Services	\$ 234	\$ 234	\$ 3,433
Total Support Services - Operations and Maintenance	<u>\$ 234</u>	<u>\$ 234</u>	<u>\$ 3,433</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Support Services (Continued)			
Food Services			
Purchased Services	\$ 1,248,300	\$ 1,248,300	\$ 1,440,438
Non-Capitalized Equipment	-	-	1,770
Total Support Services - Food Services	\$ 1,248,300	\$ 1,248,300	\$ 1,442,208
Central			
Planning, Research, Development and Evaluation Services			
Purchased Services	\$ 3,400	\$ 3,400	\$ -
	\$ 3,400	\$ 3,400	\$ -
Information Services			
Salaries	\$ 72,331	\$ 72,331	\$ 72,331
Employee Benefits	9,658	9,658	8,624
Purchased Services	1,000	1,000	555
Supplies and Materials	300	300	151
	\$ 83,289	\$ 83,289	\$ 81,661
Staff Services			
Salaries	\$ 182,181	\$ 182,181	\$ 178,096
Employee Benefits	83,800	83,800	42,958
Purchased Services	6,500	6,500	7,421
Supplies and Materials	500	500	330
	\$ 272,981	\$ 272,981	\$ 228,805
Data Processing Services			
Supplies and Materials	\$ 1,000	\$ 1,000	\$ 1,000
	\$ 1,000	\$ 1,000	\$ 1,000
Total Support Services - Central	\$ 360,670	\$ 360,670	\$ 311,466
Other Support Services			
Salaries	\$ -	\$ -	\$ 3,000
Employee Benefits	-	-	531
Purchased Services	18,448	18,448	8,382
Total Other Support Services	\$ 18,448	\$ 18,448	\$ 11,913
Total Support Services	\$ 8,636,675	\$ 8,636,675	\$ 8,434,316
Community Services			
Purchased Services	\$ 250	\$ 250	\$ 50
Total Community Services	\$ 250	\$ 250	\$ 50
Payments to Other Districts and Governmental Units			
Payments to Other Districts and Governmental Units (In-State)			
Payments for Regular Programs			
Purchased Services	\$ 23,131	\$ 23,131	\$ -
	\$ 23,131	\$ 23,131	\$ -
Payments for Special Education Programs			
Purchased Services	\$ 17,888	\$ 17,888	\$ -
	\$ 17,888	\$ 17,888	\$ -
Total Payments to Other Governmental Units (In-State)	\$ 41,019	\$ 41,019	\$ -

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES DISBURSED (Continued)			
Payments to Other Districts and Governmental Units (Continued)			
Payments to Other Districts and Governmental Units-Tuition (In-State)			
Payments for Regular Programs			
Other Objects	\$ -	\$ -	\$ 146,904
Payments for Special Education Programs			
Other Objects	930,000	930,000	1,589,468
Payment for CTE Programs			
Other Objects	733,320	733,320	706,574
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,663,320</u>	<u>\$ 1,663,320</u>	<u>\$ 2,442,946</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 1,704,339</u>	<u>\$ 1,704,339</u>	<u>\$ 2,442,946</u>
Capital Outlay			
Instruction			
Regular Programs	\$ 43,138	\$ 43,138	\$ 44,178
Other Instructional Programs	41,381	41,381	41,380
Support Services			
Instructional Staff	12,750	12,750	207,370
Food Services	10,000	10,000	-
	<u>\$ 107,269</u>	<u>\$ 107,269</u>	<u>\$ 292,928</u>
Provision for Contingencies	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
On-Behalf Payments	<u>\$ 3,470,000</u>	<u>\$ 3,470,000</u>	<u>\$ 3,698,952</u>
Total Expenditures	<u>\$ 38,719,296</u>	<u>\$ 38,719,296</u>	<u>\$ 38,893,120</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 148,200</u>	<u>\$ 148,200</u>	<u>\$ (290,046)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	\$ (453,222)	\$ (453,222)	\$ -
Principal on Bonds Sold	-	-	688,807
	<u>\$ (453,222)</u>	<u>\$ (453,222)</u>	<u>\$ 688,807</u>
NET CHANGE IN FUND BALANCE	<u>\$ (305,022)</u>	<u>\$ (305,022)</u>	<u>\$ 398,761</u>
FUND BALANCE - JULY 1, 2008 (AS RESTATED - NOTE 21)	<u>6,018,933</u>	<u>6,018,933</u>	<u>6,018,933</u>
FUND BALANCE - JUNE 30, 2009	<u>\$ 5,713,911</u>	<u>\$ 5,713,911</u>	<u>\$ 6,417,694</u>

See Accompanying Independent Auditor's Report



WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Property Taxes	\$ 4,107,264	\$ 4,107,264	\$ 4,101,997
Earnings on Investments	31,814	31,814	15,774
District/School Activity Income	140,000	140,000	142,461
Other Local Sources	11,000	11,000	75,007
Total Revenues	<u>\$ 4,290,078</u>	<u>\$ 4,290,078</u>	<u>\$ 4,335,239</u>
EXPENDITURES			
Support Services			
Business			
Direction of Business Support Services			
Salaries	\$ 6,216	\$ 6,216	\$ 6,694
Total Support Services - Business	<u>\$ 6,216</u>	<u>\$ 6,216</u>	<u>\$ 6,694</u>
Operations and Maintenance			
Salaries	\$ 863,221	\$ 863,221	\$ 803,726
Employee Benefits	133,939	133,939	113,159
Purchased Services	1,565,550	1,565,550	1,403,992
Supplies and Materials	1,167,600	1,167,600	1,022,630
Non-Capitalized Equipment	-	-	8,904
Total Support Services - Operations and Maintenance	<u>\$ 3,730,310</u>	<u>\$ 3,730,310</u>	<u>\$ 3,352,411</u>
Total Support Services	<u>\$ 3,736,526</u>	<u>\$ 3,736,526</u>	<u>\$ 3,359,105</u>
Payments to Other Districts and Governmental Units			
Payments to Other Districts and Governmental Units (In-State)			
Payments for Special Education Programs			
Purchased Services	\$ 122,762	\$ 122,762	\$ 124,257
Other Objects	33,046	33,046	28,521
	<u>\$ 155,808</u>	<u>\$ 155,808</u>	<u>\$ 152,778</u>
Payments for CTE Programs			
Other Objects	\$ 28,077	\$ 28,077	\$ 32,619
	<u>\$ 28,077</u>	<u>\$ 28,077</u>	<u>\$ 32,619</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 183,885</u>	<u>\$ 183,885</u>	<u>\$ 185,397</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 183,885</u>	<u>\$ 183,885</u>	<u>\$ 185,397</u>
Capital Outlay			
Support Services			
Operations and Maintenance	\$ 127,000	\$ 127,000	\$ 55,380
	<u>\$ 127,000</u>	<u>\$ 127,000</u>	<u>\$ 55,380</u>
Provision for Contingencies	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 4,247,411</u>	<u>\$ 4,247,411</u>	<u>\$ 3,599,882</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 42,667</u>	<u>\$ 42,667</u>	<u>\$ 735,357</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	\$ -	\$ -	\$ 1,000,000
Sale or Compensation for Fixed Assets	-	-	321,675
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,675</u>
NET CHANGE IN FUND BALANCE	<u>\$ 42,667</u>	<u>\$ 42,667</u>	<u>\$ 2,057,032</u>
FUND BALANCE - JULY 1, 2008	<u>995,146</u>	<u>995,146</u>	<u>995,146</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 1,037,813</u></u>	<u><u>\$ 1,037,813</u></u>	<u><u>\$ 3,052,178</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - TRANSPORTATION FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 1,923,495	\$ 1,923,495	\$ 1,877,502
Transportation Fees	41,500	41,500	14,562
Earnings on Investments	30,436	30,436	3,180
State Aid			
Transportation	1,714,952	1,714,952	1,235,298
Total Revenues	<u>\$ 3,710,383</u>	<u>\$ 3,710,383</u>	<u>\$ 3,130,542</u>
EXPENDITURES			
Support Services			
Transportation			
Salaries	\$ 1,597,329	\$ 1,597,329	\$ 1,435,420
Employee Benefits	235,032	235,032	235,455
Purchased Services	1,166,424	1,166,424	1,162,315
Supplies and Materials	456,195	456,195	210,165
Other Objects	510	510	844
Non-Capitalized Equipment	122,598	122,598	-
Total Support Services - Transportation	<u>\$ 3,578,088</u>	<u>\$ 3,578,088</u>	<u>\$ 3,044,199</u>
Total Support Services	<u>\$ 3,578,088</u>	<u>\$ 3,578,088</u>	<u>\$ 3,044,199</u>
Capital Outlay			
Support Services			
Transportation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,590</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,590</u>
Provision for Contingencies	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 3,678,088</u>	<u>\$ 3,678,088</u>	<u>\$ 3,106,789</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 32,295	\$ 32,295	\$ 23,753
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>122,598</u>	<u>122,598</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ 154,893	\$ 154,893	\$ 23,753
FUND BALANCE - JULY 1, 2008	<u>972,122</u>	<u>972,122</u>	<u>972,122</u>
FUND BALANCE - JUNE 30, 2009	<u>\$ 1,127,015</u>	<u>\$ 1,127,015</u>	<u>\$ 995,875</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 585,105	\$ 585,105	\$ 578,134
FICA/Medicare Only Purposes Levies	585,105	585,105	578,134
Other Tax Levies	197,062	197,062	206,164
Payments in Lieu of Taxes	150,000	150,000	156,218
Earnings on Investments	8,413	8,413	1,309
Total Revenues	<u>\$ 1,525,685</u>	<u>\$ 1,525,685</u>	<u>\$ 1,519,959</u>
EXPENDITURES			
Instruction			
Regular Programs			
Employee Benefits	\$ 221,326	\$ 221,326	\$ 199,449
Special Education Programs			
Employee Benefits	116,123	116,123	114,982
Adult/Continuing Education Programs			
Employee Benefits	477	477	454
CTE Programs			
Employee Benefits	17,829	17,829	13,225
Interscholastic Programs			
Employee Benefits	29,028	29,028	27,039
Summer School Programs			
Employee Benefits	7,323	7,323	4,822
Driver's Education Programs			
Employee Benefits	3,244	3,244	3,132
Bilingual Programs			
Employee Benefits	4,908	4,908	4,894
	<u>\$ 400,258</u>	<u>\$ 400,258</u>	<u>\$ 367,997</u>
Support Services			
Pupils			
Attendance and Social Work Services			
Employee Benefits	\$ 72,037	\$ 72,037	\$ 55,553
Guidance Services			
Employee Benefits	47,567	47,567	55,961
Health Services			
Employee Benefits	31,046	31,046	29,851
Psychological Services			
Employee Benefits	5,528	5,528	4,797
	<u>\$ 156,178</u>	<u>\$ 156,178</u>	<u>\$ 146,162</u>
Instructional Staff			
Improvement of Instruction Services			
Employee Benefits	\$ 10,836	\$ 10,836	\$ 7,837
Educational Media Services			
Employee Benefits	110,078	110,078	110,914
	<u>\$ 120,914</u>	<u>\$ 120,914</u>	<u>\$ 118,751</u>
General Administration			
Board of Education Services			
Employee Benefits	\$ 1,821	\$ 1,821	\$ 1,880
Executive Administration Services			
Employee Benefits	16,990	16,990	15,802
Special Area Administrative Services			
Employee Benefits	172	172	87
	<u>\$ 18,983</u>	<u>\$ 18,983</u>	<u>\$ 17,769</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Support Services (Continued)			
School Administration			
Office of the Principal Services			
Employee Benefits	\$ 27,804	\$ 27,804	\$ 26,639
Other Support Services - School Administration			
Employee Benefits	18,989	18,989	18,694
	<u>\$ 46,793</u>	<u>\$ 46,793</u>	<u>\$ 45,333</u>
Business			
Direction of Business Support Services			
Employee Benefits	\$ 1,593	\$ 1,593	\$ 1,724
Fiscal Services			
Employee Benefits	49,475	49,475	51,517
	<u>\$ 51,068</u>	<u>\$ 51,068</u>	<u>\$ 53,241</u>
Operations and Maintenance			
Employee Benefits	\$ 166,854	\$ 166,854	\$ 157,746
	<u>\$ 166,854</u>	<u>\$ 166,854</u>	<u>\$ 157,746</u>
Transportation			
Employee Benefits	\$ 318,316	\$ 318,316	\$ 275,894
	<u>\$ 318,316</u>	<u>\$ 318,316</u>	<u>\$ 275,894</u>
Central			
Information Services			
Employee Benefits	\$ 18,437	\$ 18,437	\$ 18,068
Staff Services			
Employee Benefits	16,530	16,530	15,096
	<u>\$ 34,967</u>	<u>\$ 34,967</u>	<u>\$ 33,164</u>
Other Support Services			
Employee Benefits	\$ -	\$ -	\$ 43
Total Other Support Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>
Total Support Services	<u>\$ 914,073</u>	<u>\$ 914,073</u>	<u>\$ 848,103</u>
Payments to Other Districts and Governmental Units			
Payments for Special Education Programs			
Employee Benefits	\$ 187,252	\$ 187,252	\$ 187,600
Total Payments to Other Districts and Governmental Units	<u>\$ 187,252</u>	<u>\$ 187,252</u>	<u>\$ 187,600</u>
Total Expenditures	<u>\$ 1,501,583</u>	<u>\$ 1,501,583</u>	<u>\$ 1,403,700</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 24,102	\$ 24,102	\$ 116,259
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ 24,102	\$ 24,102	\$ 116,259
FUND BALANCE - JULY 1, 2008	<u>269,661</u>	<u>269,661</u>	<u>269,661</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 293,763</u></u>	<u><u>\$ 293,763</u></u>	<u><u>\$ 385,920</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - WORKING CASH FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 26,339	\$ 26,339	\$ 12,725
Earnings on Investments	380,000	380,000	507,228
Total Revenues	<u>\$ 406,339</u>	<u>\$ 406,339</u>	<u>\$ 519,953</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 406,339	\$ 406,339	\$ 519,953
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>(3,622,598)</u>	<u>(3,622,598)</u>	<u>(2,500,000)</u>
NET CHANGE IN FUND BALANCE	\$ (3,216,259)	\$ (3,216,259)	\$ (1,980,047)
FUND BALANCE - JULY 1, 2008	<u>16,713,799</u>	<u>16,713,799</u>	<u>16,753,042</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 13,497,540</u></u>	<u><u>\$ 13,497,540</u></u>	<u><u>\$ 14,772,995</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - TORT FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 471,432	\$ 471,432	\$ 464,988
Total Revenues	\$ 471,432	\$ 471,432	\$ 464,988
EXPENDITURES			
Support Services			
General Administration			
Workers' Compensation or Worker's Occupational Disease Act			
Purchased Services	\$ 219,000	\$ 219,000	\$ 217,985
	\$ 219,000	\$ 219,000	\$ 217,985
Unemployment Insurance Payments			
Purchased Services	\$ 12,554	\$ 12,554	\$ 2,205
	\$ 12,554	\$ 12,554	\$ 2,205
Insurance Payments			
Purchased Services	\$ 231,704	\$ 231,704	\$ 233,267
	\$ 231,704	\$ 231,704	\$ 233,267
Total Support Services - General Administration	\$ 463,258	\$ 463,258	\$ 453,457
Total Support Services	\$ 463,258	\$ 463,258	\$ 453,457
Total Expenditures	\$ 463,258	\$ 463,258	\$ 453,457
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 8,174	\$ 8,174	\$ 11,531
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	\$ 8,174	\$ 8,174	\$ 11,531
FUND BALANCE - JULY 1, 2008 (AS RESTATED - NOTE 21)	2,754	2,754	2,754
FUND BALANCE - JUNE 30, 2009	\$ 10,928	\$ 10,928	\$ 14,285

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2009

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 23, 2008 and was amended on June 23, 2009. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

The expenditures of the following fund presented as Required Supplementary Information exceeded the budget:

FUND	BUDGET	ACTUAL	EXCESS OF ACTUAL OVER BUDGET
Educational	\$ 38,719,296	\$ 38,893,120	\$ 173,824

The excess of actual over budget in the Educational Fund is due to the District under-budgeting for On-Behalf Payments which are not a direct expenditure of the District.

## SUPPLEMENTAL FINANCIAL INFORMATION



WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICES FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 5,517,326	\$ 5,517,326	\$ 6,091,750
Earnings on Investments	152,608	152,608	128,874
Total Revenues	<u>\$ 5,669,934</u>	<u>\$ 5,669,934</u>	<u>\$ 6,220,624</u>
EXPENDITURES			
Payments to Other Districts and Governmental Units			
Payments to Other Districts and Governmental Units (In-State)			
Other Objects	<u>\$ 46,234</u>	<u>\$ 46,234</u>	<u>\$ 1,061,882</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 46,234</u>	<u>\$ 46,234</u>	<u>\$ 1,061,882</u>
Debt Services			
Interest			
Other Interest on Long-Term Debt			
Other Objects	<u>\$ 2,795,072</u>	<u>\$ 3,712,000</u>	<u>\$ 2,948,892</u>
	<u>\$ 2,795,072</u>	<u>\$ 3,712,000</u>	<u>\$ 2,948,892</u>
Debt Services - Payment of Principal on Long-Term Debt			
Other Objects	<u>\$ 4,658,265</u>	<u>\$ 4,658,265</u>	<u>\$ 4,658,244</u>
	<u>\$ 4,658,265</u>	<u>\$ 4,658,265</u>	<u>\$ 4,658,244</u>
Debt Services - Other			
Purchased Services	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Other Objects	<u>-</u>	<u>-</u>	<u>412,063</u>
	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 412,063</u>
Total Debt Services	<u>\$ 7,453,337</u>	<u>\$ 9,370,265</u>	<u>\$ 8,019,199</u>
Total Expenditures	<u>\$ 7,499,571</u>	<u>\$ 9,416,499</u>	<u>\$ 9,081,081</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,829,637)</u>	<u>\$ (3,746,565)</u>	<u>\$ (2,860,457)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>\$ 453,222</u>	<u>\$ 453,222</u>	<u>\$ -</u>
Principal on Bonds Sold	<u>-</u>	<u>1,500,000</u>	<u>1,601,897</u>
Premium on Bonds Sold	<u>-</u>	<u>700,000</u>	<u>394,918</u>
	<u>\$ 453,222</u>	<u>\$ 2,653,222</u>	<u>\$ 1,996,815</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,376,415)</u>	<u>\$ (1,093,343)</u>	<u>\$ (863,642)</u>
FUND BALANCE - JULY 1, 2008	<u>4,891,268</u>	<u>4,891,268</u>	<u>4,852,025</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 3,514,853</u></u>	<u><u>\$ 3,797,925</u></u>	<u><u>\$ 3,988,383</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Earnings on Investments	\$ 20,644	\$ 20,644	\$ 30,560
Other Local Sources	130,000	130,000	32,707
Total Revenues	<u>\$ 150,644</u>	<u>\$ 150,644</u>	<u>\$ 63,267</u>
EXPENDITURES			
Support Services			
Other Support Services			
Other Objects	\$ -	\$ 500,000	\$ -
	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Total Support Services	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Capital Outlay			
Support Services			
Facilities Acquisition and Construction	\$ 3,500,000	\$ 10,000,000	\$ 4,562,698
	<u>\$ 3,500,000</u>	<u>\$ 10,000,000</u>	<u>\$ 4,562,698</u>
Total Expenditures	<u>\$ 3,500,000</u>	<u>\$ 10,500,000</u>	<u>\$ 4,562,698</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (3,349,356)</u>	<u>\$ (10,349,356)</u>	<u>\$ (4,499,431)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	\$ 3,500,000	\$ 3,500,000	\$ 1,500,000
Principal on Bonds Sold	-	30,075,500	29,425,103
Premium on Bonds Sold	-	100,000	306,128
	<u>\$ 3,500,000</u>	<u>\$ 33,675,500</u>	<u>\$ 31,231,231</u>
NET CHANGE IN FUND BALANCE	\$ 150,644	\$ 23,326,144	\$ 26,731,800
FUND BALANCE - JULY 1, 2008	<u>684,555</u>	<u>684,555</u>	<u>684,555</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 835,199</u></u>	<u><u>\$ 24,010,699</u></u>	<u><u>\$ 27,416,355</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - FIRE PREVENTION AND SAFETY FUND  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 26,339	\$ 26,339	\$ 12,725
Earnings on Investments	398	398	58
Total Revenues	<u>\$ 26,737</u>	<u>\$ 26,737</u>	<u>\$ 12,783</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 26,737	\$ 26,737	\$ 12,783
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ 26,737	\$ 26,737	\$ 12,783
FUND BALANCE - JULY 1, 2008	<u>12,770</u>	<u>12,770</u>	<u>12,770</u>
FUND BALANCE - JUNE 30, 2009	<u><u>\$ 39,507</u></u>	<u><u>\$ 39,507</u></u>	<u><u>\$ 25,553</u></u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
ACTIVITY FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 504,193	\$ 1,050,293	\$ 1,250,744	\$ 303,742
Investments	110,000	51,854	49,365	112,489
	<u>\$ 614,193</u>	<u>\$ 1,102,147</u>	<u>\$ 1,300,109</u>	<u>\$ 416,231</u>
<b>LIABILITIES</b>				
Amount Due to Activity Fund Organization				
Curricular Activity Accounts				
Art Club - Almond	\$ (6)	\$ 157	\$ 93	\$ 58
Art Club - NAHS	-	65	30	35
Astronomy Club	174	-	-	174
Band Clinic	1,630	-	150	1,480
Bookstore	21,086	28,528	37,853	11,761
Chorus Trip	25,867	6,591	10,458	22,000
Class of 2007	3,288	195	3,483	-
Class of 2008	1,672	657	1,974	355
Class of 2009	14,558	1,356	8,604	7,310
Class of 2010	12,498	57,757	67,060	3,195
Class of 2011	11,372	9,649	7,124	13,897
Class of 2012	-	8,853	5,035	3,818
Council for Exceptional Children	53	551	354	250
Creations	10,259	8,277	3,280	15,256
Environmental Science Activity	937	-	-	937
Excel Club	456	2,670	836	2,290
Fashion Club	-	317	291	26
FBLA	1,939	158,753	158,498	2,194
First Class	1,898	-	1,898	-
French Club	1,118	1,134	804	1,448
Frisbee Golf	17	653	512	158
Gages Lake Mentoring Foundation	320	-	-	320
German Club	1,966	658	1,816	808
Industrial Tech Club	1,234	6,701	3,932	4,003
JAVA City	545	1,500	750	1,295
Marching Arts	6,355	20,829	20,392	6,792
MECS Mother Earth	4,563	701	1,372	3,892
International Club	560	5,537	5,512	585
National Honor Society	1,105	888	925	1,068
Northern Area FBLA	3,767	4,857	5,281	3,343
Pep Club	137	-	137	-
Science Club	231	750	947	34
Scratch Paper	1,015	5,081	2,968	3,128
Show Band	11,338	12,634	20,529	3,443
Ski Club	5,835	21,249	22,832	4,252
Students of Service - Almond	784	2,103	1,954	933
Students of Service - O'Plaine	1,209	2,181	2,255	1,135
Spanish Club	3,250	-	-	3,250
Speech Tournament	13,339	6,086	7,698	11,727
Student Council	30,061	43,441	62,429	11,073
Thespian Troupe	15,870	5,271	14,718	6,423
Tech Crew	538	377	443	472
Yearbook - Blue Devil	103,963	10,228	94,903	19,288
Athletic Activity Accounts				
Athletic Trainer	5,411	6,600	6,776	5,235
Boys Baseball	8,390	6,572	14,919	43
Boys Basketball Clinic	5,760	7,363	11,047	2,076
Boys Cross Country	559	447	262	744

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
ACTIVITY FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
Amount Due to Activity Fund Organization (Continued)				
Athletic Activity Accounts (Continued)				
Boys Golf	\$ 12,443	\$ 11,250	\$ 11,303	\$ 12,390
Boys Soccer Clinic	9,170	17,568	17,595	9,143
Boys Swimming	673	1,551	379	1,845
Boys Track and Field	-	15,038	14,702	336
Boys Volleyball	6,551	19,398	23,542	2,407
Cheerleading	1,823	21,743	20,587	2,979
Devilettes	31,725	28,648	31,924	28,449
Football Clinic	40,065	54,054	78,844	15,275
Girls Basketball Clinic	1,589	14,830	7,985	8,434
Girls Cross Country	2,192	5,443	5,380	2,255
Girls Golf	1,418	4,689	4,961	1,146
Girls Soccer	3,139	11,761	9,921	4,979
Girls Track and Field	13,645	13,570	19,420	7,795
Girls Volleyball	11,517	10,749	17,900	4,366
Girls Bowling	165	200	38	327
Girls Swimming	1,958	3,750	4,379	1,329
Gymnastics Account	100	-	-	100
Softball	8,596	30,942	28,251	11,287
Tennis Clinic - Boys	3,882	5,899	5,216	4,565
Tennis Clinic - Girls	13,625	11,879	22,749	2,755
Wrestling Clinic	3,987	4,251	6,353	1,885
Convenience Accounts				
Athletic Invitational	12,162	17,841	14,981	15,022
Band Boosters	11,392	245,890	252,310	4,972
Global Fest	604	964	599	969
IHSA Athletic Tournaments	2,078	22,630	19,981	4,727
IHSA Speech	4,375	3,076	6,563	888
Library Fund	15	-	15	-
Mexico Trip	1,615	-	-	1,615
Parent Connection	5,117	1,565	1,629	5,053
Scholastic Book Fair	2,201	3,418	2,914	2,705
Special Ed Life Skills	4	-	-	4
Speech Team Summer	5,195	-	5,195	-
Student Curriculum Account	3,400	10,403	10,313	3,490
Transportation Pop Fund	98	98	196	-
Scholarship Fund Accounts				
Abbott Laboratories Account	457	-	-	457
Alfred E Hanssen	23,006	1,975	6,000	18,981
Barbara Allen Memorial	5	-	-	5
BOE Scholarship	-	15,082	13,500	1,582
Deborah Rohr Memorial Scholarship	1,822	88	-	1,910
Gilbert Clem	126	500	550	76
Jackie's Magic Show Scholarship	-	3,830	-	3,830
Kate Pedersen Scholarship	-	1,500	1,500	-
Kristen Pilcher Memorial	126	874	1,000	-
Lucile McCullough Scholarship	12,941	652	-	13,593
Matthews	501	1,499	2,000	-
Marilyn L Quist	-	9,470	-	9,470
Moss Scholarship	-	2,000	2,000	-
Thomas Wessell	1,978	4,134	2,000	4,112
Thomas Wright	16,259	4,619	5,022	15,856
Ron Krapf Scholarship	241	28	-	269
Warren Dugout Club	-	1,000	1,000	-
Miscellaneous	-	491	-	491
Unallocated Interest	3,291	3,090	6,278	103
	<u>\$ 614,193</u>	<u>\$ 1,102,147</u>	<u>\$ 1,300,109</u>	<u>\$ 416,231</u>

See Accompanying Independent Auditor's Report

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
COMPUTATION OF OPERATING EXPENSE PER PUPIL  
AND PER CAPITA TUITION CHARGE  
YEAR ENDED JUNE 30, 2009

TOTAL EXPENDITURES		
Educational Fund	\$ 35,194,168	
Operations and Maintenance Fund	3,599,882	
Debt Services Fund	9,081,081	
Transportation Fund	3,106,789	
Illinois Municipal Retirement/Social Security Fund	1,403,700	
Tort Fund	<u>453,457</u>	
		\$ 52,839,077
LESS: NON-OPERATING DEDUCTIONS		
Payments to Other Districts and Governmental Units	\$ 3,877,825	
Special Education	834,390	
Capital Outlay	410,906	
Adult/Continuing Education	35,108	
Summer School Programs	222,663	
Community Services	50	
Noncapitalized Equipment	716,653	
Debt Service - Principal Retired	<u>4,658,265</u>	
		<u>10,755,860</u>
OPERATING EXPENSES		\$ 42,083,217
AVERAGE DAILY ATTENDANCE	3,914.73	
OPERATING EXPENSE PER PUPIL	<u>\$ 10,750</u>	
LESS: OFFSETTING REVENUE		
Transportation	\$ 1,246,795	
Food Services	1,427,819	
Special Education	1,094,585	
Bilingual Education	32,721	
Career and Technical Education	61,725	
Driver Education	63,498	
Rentals	65,007	
Payment from Other Districts	1,500	
District/School Activity Income	863,743	
State Free Lunch and Breakfast	7,643	
Title I	96,172	
Title II - Teacher Quality	47,583	
Title III - English Language Acquisition	16,964	
Title IV	7,273	
School Safety and Educational Block Grant	141,992	
Special Education - I.D.E.A. - Flow-through / Low Incidence	7,800	
Special Education - I.D.E.A. - Room and Board	82,706	
Medicaid Matching Funds - Administrative Outreach	43,136	
Medicaid Matching Funds - Fee-For-Service	36,920	
Other Revenue from State Sources	9,000	
Other Revenue from Federal Sources	<u>986</u>	
		<u>5,355,568</u>
NET OPERATING EXPENSES		\$ 36,727,649
DEPRECIATION		<u>2,324,395</u>
TOTAL COST FOR TUITION CHARGE		<u>\$ 39,052,044</u>
AVERAGE DAILY ATTENDANCE	3,914.73	
PER CAPITA TUITION CHARGE	<u>\$ 9,976</u>	

Unaudited

## ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

**ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)**  
**DISTRICT/JOINT AGREEMENT**  
**Year Ending June 30, 2009**

DISTRICT/JOINT AGREEMENT NAME <b>Warren Township High School District 121</b>	RCDT NUMBER <b>34-049-1210-17</b>	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER <b>060-004991</b>	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM <b>Eder, Casella &amp; Co. 5400 W. Elm St., Suite 203 McHenry, IL 60050</b>	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code)  <b>34090 N. Almond Rd.  Gurnee, IL 60031</b>		E-MAIL ADDRESS <b>cpas@edercasella.com</b> NAME OF AUDIT SUPERVISOR <b>John C. Eder</b>	
		CPA FIRM TELEPHONE NUMBER <b>815-344-1300</b>	FAX NUMBER <b>815-344-1320</b>

**THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:**

- ☒ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☒ Financial Statements including footnotes § .310 (a)
- ☒ Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- ☒ Independent Auditor's Report § .505
- ☒ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- ☒ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- ☒ Schedule of Findings and Questioned Costs § .505 (d)
- ☒ Summary Schedule of Prior Year Audit Findings § .315 (b)
- ☐ Corrective Action Plan § .315 (c)

**THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:**

- ☐ Copy of Federal Data Collection Form § .320 (b)





# EDER, CASELLA & CO.

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  
5400 WEST ELM STREET, SUITE 203  
McHENRY, ILLINOIS 60050

Telephone (815) 344-1300  
Fax (815) 344-1320  
cpas@edercasella.com

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
Warren Township High School District No. 121  
Lake County, Illinois

### Compliance

We have audited the compliance of

Warren Township High School District No. 121

with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Warren Township High School District No. 121's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Warren Township High School District No. 121's management. Our responsibility is to express an opinion on Warren Township High School District No. 121's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren Township High School District No. 121's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren Township High School District No. 121's compliance with those requirements.

In our opinion, Warren Township High School District No. 121 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of Warren Township High School District No. 121 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Warren Township High School District No. 121's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren Township High School District No. 121's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Board of Education, management, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 5, 2009

34-049-1210-17  
Warren Township High School District 121  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ending June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/07-6/30/08 (C)	Year 7/1/08-6/30/09 (D)	Year 7/1/07-6/30/08 (E)	Year 7/1/08-6/30/09 (F)			
U.S. Department of Agriculture Passed Through									
Illinois State Board of Education:									
Special Milk Program	10.556	08-4215-00	6,827	2,132	6,827	2,132		8,959	N/A
Special Milk Program	10.556	09-4215-00		9,803		9,871		9,871	N/A
Subtotal CFDA "10"			6,827	11,935	6,827	12,003		18,830	
U.S. Department of Education Passed Through									
Illinois State Board of Education:									
Title I - Low Income	84.010	08-4300-00	128,899		121,543	7,356		128,899	128,899
Title I - Low Income	84.010	09-4300-00		96,172		96,172		96,172	106,052
Title IV - Safe & Drug Free Schools - Formula	84.186	09-4400-00		7,273		7,273		7,273	7,448
Special Ed - IDEA Room & Board	84.027	08-4625-00	57,356	6,373	57,356	6,373		63,729	N/A
Special Ed - IDEA Room & Board	84.027	09-4625-00		76,333		76,333		76,333	N/A
ARRA - General State Aid (M)	84.394	09-4850-00		511,127		511,127		511,127	N/A
Title III - Lang Inst Prog - Limited Eng LIPLP	84.365	08-4909-00	19,329		16,496	2,833		19,329	19,329
Title III - Lang Inst Prog - Limited Eng LIPLP	84.365	09-4909-00		16,964		16,964		16,964	22,794
Title II - Teacher Quality	84.367	09-4932-00		47,583		47,583		47,583	48,290
Technology - Enhancing Education - Formula	84.318	09-4971-00		986		986		986	986

Special Milk Program (09-4215-00) has a project end date of 9/30/09. Special Ed - IDEA Room & Board (09-4625-00) and Title III - LIPLP (09-4909-00) have a project end date of 8/31/09.

• (M) Program was audited as a major program as defined by OMB Circular A-133.

**The accompanying notes are an integral part of this schedule.**

- <sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- <sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- <sup>3</sup> When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- <sup>4</sup> Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

34-049-1210-17  
Warren Township High School District 121  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ending June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/07-6/30/08 (C)	Year 7/1/08-6/30/09 (D)	Year 7/1/07-6/30/08 (E)	Year 7/1/08-6/30/09 (F)			
U.S. Department of Education Passed Through									
Special Education District of Lake County:									
Special Education - IDEA Flow-Through	84.027	09-4620-00		7,800		7,800		7,800	7,900
U.S. Department of Education Passed Through									
Lake County Area Vocational System Tech Campus:									
Perkins - Title III	84.048	09-4799-00		26,935		26,935		26,935	N/A
Career and Technical Education - Tech Prep	84.243	09-4770-00		1,000		1,000		1,000	N/A
Subtotal CFDA "84"			205,584	798,546	195,395	808,735		1,004,130	
U.S. Department of Health and Human Services Passed									
Through Illinois Department of Healthcare & Family Services:									
Medicaid Matching	93.778	09-4991-00		43,136		43,136		43,136	N/A
Subtotal CFDA "93"				43,136		43,136		43,136	
Total Federal Financial Assistance			212,411	853,617	202,222	863,874		1,066,096	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

**The accompanying notes are an integral part of this schedule.**

- <sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- <sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- <sup>3</sup> When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- <sup>4</sup> Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Warren Township High School District No. 121 and is presented on the GAAP basis of accounting. The information in this schedule is presented in accordance with requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2- SUBRECIPIENTS

The District did not provide federal awards to subrecipients during the year ended June 30, 2009.

NOTE 3 - NON-CASH ASSISTANCE, INSURANCE, AND LOANS

Non-cash assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. During the year ended June 30, 2009, the District received and disbursed \$0 of food commodities.

There was no federal insurance in effect during the year, nor any federal loans or loan guarantees outstanding at year end.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

- 1) Summary of auditor's results:
  - a) An unqualified opinion report was issued.
  - b) No significant deficiencies or material weaknesses were reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Required by *Government Auditing Standards*.
  - c) No noncompliance which is material to the financial statements was disclosed by the audit of the financial statements.
  - d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
  - e) An unqualified opinion report on compliance for major programs was issued.
  - f) The audit disclosed no audit findings which the auditor is required to report.
  - g) The major program identified was ARRA General State Aid – Education Stabilization Fund, CFDA #84.394.
  - f) The dollar threshold to distinguish between Type A and Type B programs was \$300,000.
  - g) Warren Township High School District No. 121 does not qualify as a low-risk auditee.
- 2) There were no findings relating to the financial statements which are required to be reported.
- 3) There were no findings and questioned costs for federal awards which are required to be reported.

WARREN TOWNSHIP HIGH SCHOOL DISTRICT NO. 121  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

There were no prior year audit findings