

**Warren Township High School  
District 121**

**Annual Financial Report**

**Year Ended June 30, 2013**



# Warren Township High School District 121

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education  
Warren Township High School District 121  
Gurnee, Illinois

### **Report on the Financial Statements**

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 121, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Warren Township High School District 121's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Warren Township High School District 121's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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*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 121, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the Illinois Municipal Retirement Fund historical data on page 51, the other postemployment benefits data on page 52, the budgetary comparison schedules on pages 53 through 69, and notes to required supplementary information on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren Township High School District 121's basic financial statements. The other schedules listed in the table of contents in the supplementary financial information and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other Information*** (Continued)

The District's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated October 11, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated October 11, 2012, stated that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Debt Service Fund, and Fire Prevention and Safety Fund for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

The Other Supplemental Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013 on our consideration of Warren Township High School District 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren Township High School District 121's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.

*Miller, Cooper & Co., LTD.*

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Certified Public Accountants

Deerfield, Illinois  
November 19, 2013



# **Warren Township High School District 121**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2013**

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The discussion and analysis of Warren Township High School District 121's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2013. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

#### **Financial Highlights**

- The assets of the District exceeded its liabilities at June 30, 2013 by \$51,482,385 (net position).
- At June 30, 2013, the District reported combined ending fund balances of \$30,413,813, an increase of \$1,046,011 in comparison with the prior year.
- At June 30, 2013, the unassigned fund balance for the General Fund was \$22,107,012, or 46% of the total General Fund expenditures.
- During the fiscal year ending June 30, 2013, the District terminated the swaption agreement with funds provided from the issuance of General Obligation Refunding School Bonds Series 2013A and Series 2012B.
- General revenues accounted for \$47,329,848, or 65% of total revenue. Program specific revenues in the form of charges for services, grants and contributions accounted for \$25,812,145 million, or 35% of total revenue.
- The District had \$68,391,010 in expenses related to governmental activities, of which \$25,812,145 were offset by program specific charges for services or grants and contributions. General revenues of \$47,329,848 million were adequate to provide for the remaining costs of these programs.

#### **Overview of the Financial Statements**

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

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

This report also contains required supplementary information, supplementary financial information, other supplemental information in addition to the basic financial statements.

# **Warren Township High School District 121**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2013**

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#### *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 government's net assets changed during the 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 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.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

#### *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 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 (the District maintains no proprietary 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 school district'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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Warren Township High School District 121**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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The District maintains seven governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General includes Educational, Tort Immunity and Judgment and Working Cash Accounts), Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Debt Service, Capital Projects, and Fire Prevention and Safety all of which are considered to be major funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), which was adopted by the District as of the fiscal year ended June 30, 2011. In the fund financial statements, governmental funds now report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the school district. Fiduciary (agency) funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary (agency) funds is much like that for the governmental fund financial statements.

*Notes to the financial statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees.

**Warren Township High School District 121**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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**Government-Wide Financial Analysis**

**Net Assets:** The District's combined net position increased by 10% to \$51,482,385 as a result of fiscal year 2013 operations (Table 1).

<b>Table 1</b>		
<b>Condensed Statement of Net Position</b>		
	<i>Governmental Activities <u>2013</u></i>	<i>Governmental Activities <u>2012</u></i>
Current and other assets	\$ 61,563,002	\$ 60,651,295
Capital assets	<u>108,601,925</u>	<u>103,141,142</u>
Total assets	<u>170,164,927</u>	<u>163,792,437</u>
Long-term liabilities	91,394,193	93,242,217
Other liabilities	<u>27,288,349</u>	<u>23,818,818</u>
Total liabilities	<u>118,682,542</u>	<u>117,061,035</u>
Net position:		
Invested in capital assets, net of related debt	21,525,360	30,110,355
Restricted	7,936,761	4,884,934
Unrestricted	<u>22,020,264</u>	<u>11,736,113</u>
Total net position	<u>\$ 51,482,385</u>	<u>\$ 46,731,402</u>

**Warren Township High School District 121**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**Changes in Net Position:** Fiscal year 2013 revenue from governmental activities was \$73,141,993, with related expenses of \$68,391,010, resulting in a change in net position of \$4,750,983. (Table 2).

**Table 2**  
**Changes in Net Position**

	<i>Governmental Activities <u>2013</u></i>	<i>Governmental Activities <u>2012</u></i>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 3,991,962	\$ 4,000,765
Operating and capital grants and contributions	21,820,183	10,787,290
General revenues:		
Taxes	44,707,997	43,399,496
General state aid	2,392,974	2,938,691
Other	<u>228,877</u>	<u>54,703</u>
Total revenues	<u>73,141,993</u>	<u>61,180,945</u>
<b>Expenses:</b>		
Instruction	37,591,284	33,353,864
Pupil and instructional services	5,817,608	5,201,730
Administration and business	4,669,846	3,917,539
Transportation	4,053,101	3,570,143
Operations and maintenance	3,920,002	3,968,112
Other	<u>12,339,169</u>	<u>11,693,819</u>
Total expenses	<u>68,391,010</u>	<u>61,705,207</u>
<b>Increase (decrease) in net position</b>	<u>\$ 4,750,983</u>	<u>(\$ 524,262)</u>

**Warren Township High School District 121**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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**Financial Analysis of the District's Funds**

As the District closed the year, the District's governmental funds reported a combined fund balance of \$30,413,813, higher than last year's ending fund balance of \$29,367,702, an of approximately 4%.

The General Fund is the largest of the governmental funds. The fund balance at the beginning of the year was \$22,244,455. Actual total revenues were \$48,249,651; actual total expenditures were \$48,257,094. The net change in fund balance was (\$137,443); the fund balance at the end of the year was \$22,107,012.

The Operation and Maintenance Fund fund balance at the beginning of the year was \$1,864,280. Actual total revenues were \$4,627,077; actual total expenditures were \$3,944,083. The net change in fund balance was \$411,015; the fund balance at the end of the year was \$2,275,295.

The Transportation Fund fund balance at the beginning of the year was \$1,388,592. Actual total revenues were \$3,634,364; actual total expenditures were \$3,759,434. The net change in fund balance was (\$125,070); the fund balance at the end of the year was \$1,263,522.

The Municipal Retirement/Social Security Fund fund balance at the beginning of the year was \$160,457. Actual total revenues were \$1,495,249; actual total expenditures were \$1,596,086. The net change in fund balance was (\$100,837); the fund balance at the end of the year was \$59,620.

The Debt Service Fund fund balance at the beginning of the year was \$3,494,562. Actual total revenues were \$5,932,682; actual total expenditures were \$7,099,779. There was a transfer into the fund in the amount of \$434,803 from the Operations and Maintenance Fund as well as bond proceeds of \$35,704,945 and a deposit with escrow agent of \$35,440,434. The net change in fund balance was (\$467,783); the fund balance at the end of the year was \$3,026,779.

The Capital Projects Fund fund balance at the beginning of the year was \$189,788. Actual total revenues were \$10,039,680; actual total expenditures were \$8,573,451. The net change in fund balance was \$1,466,229; the fund balance at the end of the year was \$1,656,017.

The Fire Prevention and Safety Fund experienced net revenues and expenditures that remained relatively consistent with the prior year.

**General Fund Budgetary Highlights**

The District did amend the budget during fiscal year 2013, therefore the both the original budget and the amended budget are reported in the financial statements.

Actual revenues exceeded budgeted revenues by \$1,745,744 and actual expenditures exceeded budgeted expenditures by \$998,503. See pages 53-62 for additional detail on the General Fund budget.

# Warren Township High School District 121

## Management's Discussion and Analysis

### For the Year Ended June 30, 2013

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#### Capital Asset and Debt Administration

##### *Capital assets*

By the end of fiscal year 2013, the District had invested \$108,601,925 (net of depreciation) in a broad range of capital assets, including, buildings and building improvements, site improvements and equipment (Table 3). Additional detailed information on capital assets is in Note H to the financial statements.

<b>Table 3</b> <b>Capital Assets (net of depreciation)</b>		
	<i>Governmental Activities</i> <u>2013</u>	<i>Governmental Activities</i> <u>2012</u>
Land	\$ 11,664,443	\$11,761,126
Construction in process	8,573,453	-
Buildings, and building improvements	83,030,296	85,435,177
Site improvements	4,252,040	4,479,688
Equipment	<u>1,081,693</u>	<u>1,465,151</u>
Total	<u>\$108,601,925</u>	<u>\$103,141,142</u>

##### *Long-term debt*

At year-end, the District had \$91,394,193 in outstanding general obligation bonds and other long-term liabilities (Table 4).

<b>Table 4</b> <b>Outstanding Long-Term Liabilities</b>		
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$80,553,565	\$77,568,368
Other	<u>10,840,628</u>	<u>15,673,849</u>
Total	<u>\$91,394,193</u>	<u>\$93,242,217</u>

**Warren Township High School District 121**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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- The District continued to pay down its existing debt as well as issue new debt to terminate the swaption agreement. Additional detailed information on long-term debt, pension obligations, and other postemployment retirement benefits are in Note I, Note F and Note G to the financial statements.

**Factors Bearing on the District's Future**

The District will continue to monitor revenues and expenditures in fiscal year 2014 to comply with strategic goals set by the Board of Education. Foreclosures and decreases in equalized assessed values are moderating which provides a more optimistic outlook for next year. The District continues to be concerned about the effects of any future legislation in the Teachers Retirement System which may have a negative financial impact to the District.

**Requests for Information**

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office: Warren Township High School District 121, 34090 N. Almond Road, Gurnee, Illinois 60031.

## **BASIC FINANCIAL STATEMENTS**



**Warren Township High School District 121**  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
June 30, 2013

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ASSETS

Cash and investments	\$ 32,999,198
Receivables (net of allowance for uncollectibles):	
Property taxes	22,018,137
Replacement taxes	148,635
Intergovernmental	1,219,198
Prepaid items	32,099
Other current assets	254,952
Deferred charges	4,890,783
Capital assets:	
Land	11,664,443
Construction in progress	8,573,453
Depreciable buildings, property, and equipment, net	<u>88,364,029</u>
Total assets	<u>170,164,927</u>

LIABILITIES

Accounts payable	3,069,339
Salaries and wages payable	54,912
Payroll deductions payable	587,508
Other current liabilities	199,035
Interest payable	1,029,943
Unearned revenue	22,347,612
Long-term liabilities:	
Due within one year	3,700,481
Due after one year	<u>87,693,712</u>
Total liabilities	<u>118,682,542</u>

NET POSITION

Invested in capital assets, net of related debt	21,525,360
Restricted For:	
Operations and maintenance	2,285,295
Debt service	2,476,249
Student transportation	1,263,522
Retirement benefits	59,620
Tort immunity	170,490
Capital projects	1,681,585
Unrestricted	<u>22,020,264</u>
Total net position	<u>\$ 51,482,385</u>

The accompanying notes are an integral part of this statement.

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# Warren Township High School District 121

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 18,334,600	\$ 2,052,467	\$ 738,946	\$ (15,543,187)
Special programs	8,667,292	-	2,736,423	(5,930,869)
Other instructional programs	3,714,746	283,905	116,584	(3,314,257)
State retirement contributions	6,874,646	-	6,874,646	-
Support services:				
Pupils	2,930,925	-	-	(2,930,925)
Instructional staff	2,886,683	-	10,022,443	7,135,760
General administration	1,217,669	-	-	(1,217,669)
School administration	1,818,139	-	-	(1,818,139)
Business	1,634,038	1,517,158	13,989	(102,891)
Transportation	4,053,101	70,807	1,317,152	(2,665,142)
Operations and maintenance	3,920,002	67,625	-	(3,852,377)
Central	104,516	-	-	(104,516)
Other supporting services	20,965	-	-	(20,965)
Community services	9,253	-	-	(9,253)
Nonprogrammed charges -				
excluding special education	1,123,620	-	-	(1,123,620)
Interest and fees	7,653,485	-	-	(7,653,485)
Unallocated depreciation	3,427,330	-	-	(3,427,330)
Total governmental activities	\$ 68,391,010	\$ 3,991,962	\$ 21,820,183	(42,578,865)
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				30,163,125
Real estate taxes, levied for specific purposes				7,841,972
Real estate taxes, levied for debt service				5,932,671
Personal property replacement taxes				770,229
State aid-formula grants				2,392,974
Investment earnings				(7,957)
Miscellaneous				236,834
Total general revenues				47,329,848
Change in net position				4,750,983
Net position, beginning of year				46,731,402
Net position, end of year				\$ 51,482,385

The accompanying notes are an integral part of this statement.

# Warren Township High School District 121

Governmental Funds

## BALANCE SHEET

June 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>ASSETS</b>				
Cash and investments	\$ 22,404,889	\$ 2,418,920	\$ 982,077	\$ -
Receivables (net of allowance for uncollectibles):				
Property taxes	15,300,224	2,776,332	506,630	496,497
Replacement taxes	-	-	-	148,635
Intergovernmental	806,567	-	412,631	-
Prepaid items	31,917	182	-	-
Other current assets	<u>153,992</u>	<u>26,588</u>	<u>3,844</u>	<u>10,206</u>
Total assets	<u>\$ 38,697,589</u>	<u>\$ 5,222,022</u>	<u>\$ 1,905,182</u>	<u>\$ 655,338</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Cash deficit	\$ -	\$ -	\$ -	\$ 85,395
Accounts payable	320,413	124,415	37,816	-
Salaries and wages payable	25,744	4,435	24,733	-
Payroll deductions payable	516,212	-	64,900	6,396
Other current liabilities	199,035	-	-	-
Deferred revenue	<u>15,529,173</u>	<u>2,817,877</u>	<u>514,211</u>	<u>503,927</u>
Total liabilities	<u>16,590,577</u>	<u>2,946,727</u>	<u>641,660</u>	<u>595,718</u>
<b>Fund balances:</b>				
Nonspendable	31,917	182	-	-
Restricted	170,490	2,275,113	1,263,522	59,620
Unassigned	<u>21,904,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>22,107,012</u>	<u>2,275,295</u>	<u>1,263,522</u>	<u>59,620</u>
Total liabilities and fund balance	<u>\$ 38,697,589</u>	<u>\$ 5,222,022</u>	<u>\$ 1,905,182</u>	<u>\$ 655,338</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 3,068,144	\$ 4,184,995	\$ 25,568	\$ 33,084,593
2,938,454	-	-	22,018,137
-	-	-	148,635
-	-	-	1,219,198
-	-	-	32,099
<u>2,605</u>	<u>57,717</u>	<u>-</u>	<u>254,952</u>
<u>\$ 6,009,203</u>	<u>\$ 4,242,712</u>	<u>\$ 25,568</u>	<u>\$ 56,757,614</u>
\$ -	\$ -	\$ -	\$ 85,395
-	2,586,695	-	3,069,339
-	-	-	54,912
-	-	-	587,508
-	-	-	199,035
<u>2,982,424</u>	<u>-</u>	<u>-</u>	<u>22,347,612</u>
<u>2,982,424</u>	<u>2,586,695</u>	<u>-</u>	<u>26,343,801</u>
-	-	-	32,099
3,026,779	1,656,017	25,568	8,477,109
<u>-</u>	<u>-</u>	<u>-</u>	<u>21,904,605</u>
<u>3,026,779</u>	<u>1,656,017</u>	<u>25,568</u>	<u>30,413,813</u>
<u>\$ 6,009,203</u>	<u>\$ 4,242,712</u>	<u>\$ 25,568</u>	<u>\$ 56,757,614</u>

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**Warren Township High School District 121**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
For the Year Ended June 30, 2013

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances-governmental funds	\$ 30,413,813
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	108,601,925
Deferred charges included in the statement of net position are not available to pay for current period expenditures and, accordingly, are not included in the governmental funds balance sheet.	4,890,783
Interest payable included in the statement of net position is not related to a current period expenditure and, therefore, is not included in the governmental funds balance sheet.	(1,029,943)
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.	<u>(91,394,193)</u>
Net position - governmental activities	<u>\$ 51,482,385</u>

The accompanying notes are an integral part of this statement.

**Warren Township High School District 121**  
Governmental Funds  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.	Debt Service
<b>Revenues</b>					
Property taxes	\$ 30,743,961	\$ 4,343,973	\$ 1,814,143	\$ 1,103,020	\$ 5,932,671
Replacement taxes	378,000	-	-	392,229	-
State aid	11,814,676	-	1,672,311	-	-
Federal aid	1,601,790	-	-	-	-
Interest	54,157	-	-	-	11
Other	3,657,067	283,104	147,910	-	-
<b>Total revenues</b>	<b>48,249,651</b>	<b>4,627,077</b>	<b>3,634,364</b>	<b>1,495,249</b>	<b>5,932,682</b>
<b>Expenditures</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular programs	18,039,474	-	-	295,126	-
Special programs	7,010,405	-	-	214,229	-
Other instructional programs	3,643,661	-	-	71,085	-
State retirement contributions	6,874,646	-	-	-	-
<b>Support services:</b>					
Pupils	2,772,390	-	-	158,535	-
Instructional staff	2,719,128	-	-	167,555	-
General administration	1,199,613	-	-	18,056	-
School administration	1,776,665	-	-	41,474	-
Business	1,849,857	-	-	66,555	-
Transportation	-	-	3,565,864	293,667	-
Operations and maintenance	-	3,652,727	-	160,932	-
Central	91,060	-	-	13,456	-
Other supporting services	20,937	-	-	28	-
Community services	9,195	-	-	58	-
Nonprogrammed charges	2,100,011	185,013	-	95,330	185,924
<b>Debt service:</b>					
Principal	-	-	-	-	2,730,000
Interest and other	-	-	-	-	4,183,855
Capital outlay	150,052	106,343	193,570	-	-
<b>Total expenditures</b>	<b>48,257,094</b>	<b>3,944,083</b>	<b>3,759,434</b>	<b>1,596,086</b>	<b>7,099,779</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,443)</b>	<b>682,994</b>	<b>(125,070)</b>	<b>(100,837)</b>	<b>(1,167,097)</b>
<b>Other financing sources (uses)</b>					
Transfers in	146,000	130,000	-	-	434,803
Transfers (out)	(276,000)	(434,803)	-	-	-
Bond proceeds	-	-	-	-	35,704,945
Deposit with escrow agent	-	-	-	-	(35,440,434)
Sale of capital assets	-	32,824	-	-	-
<b>Total other financing sources (uses)</b>	<b>(130,000)</b>	<b>(271,979)</b>	<b>-</b>	<b>-</b>	<b>699,314</b>
<b>Net change in fund balance</b>	<b>(137,443)</b>	<b>411,015</b>	<b>(125,070)</b>	<b>(100,837)</b>	<b>(467,783)</b>
<b>Fund balance, beginning of year</b>	<b>22,244,455</b>	<b>1,864,280</b>	<b>1,388,592</b>	<b>160,457</b>	<b>3,494,562</b>
<b>Fund balance, end of year</b>	<b>\$ 22,107,012</b>	<b>\$ 2,275,295</b>	<b>\$ 1,263,522</b>	<b>\$ 59,620</b>	<b>\$ 3,026,779</b>

The accompanying notes are an integral part of this statement.

Capital Projects	Fire Prevention and Safety	Total
\$ -	\$ -	\$ 43,937,768
-	-	770,229
9,961,090	-	23,448,077
-	-	1,601,790
2,469	-	56,637
<u>76,121</u>	<u>-</u>	<u>4,164,202</u>
<u>10,039,680</u>	<u>-</u>	<u>73,978,703</u>
-	-	18,334,600
-	-	7,224,634
-	-	3,714,746
-	-	6,874,646
-	-	2,930,925
-	-	2,886,683
-	-	1,217,669
-	-	1,818,139
-	-	1,916,412
-	-	3,859,531
-	-	3,813,659
-	-	104,516
-	-	20,965
-	-	9,253
-	-	2,566,278
-	-	2,730,000
-	-	4,183,855
<u>8,573,451</u>	<u>-</u>	<u>9,023,416</u>
<u>8,573,451</u>	<u>-</u>	<u>73,229,927</u>
<u>1,466,229</u>	<u>-</u>	<u>748,776</u>
-	-	715,803
-	-	(715,803)
-	-	35,704,945
-	-	(35,440,434)
<u>-</u>	<u>-</u>	<u>32,824</u>
<u>-</u>	<u>-</u>	<u>297,335</u>
1,466,229	-	1,046,111
<u>189,788</u>	<u>25,568</u>	<u>29,367,702</u>
<u>\$ 1,656,017</u>	<u>\$ 25,568</u>	<u>\$ 30,413,813</u>

## Warren Township High School District 121

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ 1,046,111
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 and loss on disposal in the current period.	5,460,783
Other assets are not available to pay for current period expenditures and are not receivable in the governmental funds.	(836,710)
Accrued interest reported in the statement of activities does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds.	(431,144)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.	<u>(488,057)</u>
Change in net position - governmental activities	<u>\$ 4,750,983</u>

The accompanying notes are an integral part of this statement.

**Warren Township High School District 121**  
Agency Fund  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
June 30, 2013

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	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$        459,349</u>
LIABILITIES	
Due to student groups	<u>\$        459,349</u>

The accompanying notes are an integral part of this statement.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Warren Township High School District 121 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units, hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

#### 1. Reporting Entity

The District is located in Lake County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by the Governmental Accounting Standards Board (GASB) pronouncements.

#### 2. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), which was adopted by the District, as of the fiscal year ended June 30, 2013. In the government-wide financial statements, the District is now required to report five elements on the statement of net position (formerly known as the statement of net assets), assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net position (formerly known as net assets). The types of deferred outflows and inflows of resources to be reported currently consist of service concession arrangements and derivative instruments. As of June 30, 2013, the District has no deferred outflows or deferred inflows of resources.

#### 3. Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 3. Fund Accounting (Continued)

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service funds), and the acquisition or construction of major capital facilities (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The District considers all governmental funds to be major.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

#### 4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 4. Government-Wide and Fund Financial Statements (Continued)

##### a. General Fund

The *General Fund* includes the Educational Account, the Working Cash Account, and the Tort Immunity and Judgment Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources, held by the District, to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the Educational Account or it may be partially abated to any fund in need, as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current Equalized Assessed Valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property tax levy and state reimbursement grants and expenditures of these monies is for risk management activities.

##### b. Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in the Debt Service, Capital Projects, or Fiduciary Funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

*Operations and Maintenance Fund* - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

*Transportation Fund* - accounts for all revenue and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

*Municipal Retirement/Social Security Fund* - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenues to finance contributions are derived primarily from local property taxes and personal property replacement taxes.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 4. Government-Wide and Fund Financial Statements (Continued)

##### c. Debt Service Fund

*Debt Service Fund* - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and transfers from other funds.

##### d. Capital Projects Funds

*Capital Projects Fund* - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bond proceeds or transfers from other funds.

*Fire Prevention and Safety Fund* - accounts for state-approved life safety projects financed through bond issues or local property taxes levied specifically for such purposes.

##### e. Fiduciary Fund

The Fiduciary (Agency) Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments.

*The Agency Funds* - includes the Student Activity Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. These Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships.

#### 5. Fund Balance

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), in the fund financial statements, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash, such as prepaid items or inventories.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. **Fund Balance** (Continued)

- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2013 the District had no committed fund balances.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Assistant Superintendent of Business Services and Operations. At June 30, 2013 the District had no assigned fund balances.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Governmental fund balances reported on the fund financial statements at June 30, 2013 are as follows:

The nonspendable fund balance in the General and Operations and Maintenance Fund consists of \$31,917 and \$182, respectively for prepaid items. The restricted fund balance in the General Fund is comprised of \$170,490, representing the remaining unspent portion of the restricted tort immunity levy. The remaining restricted and assigned fund balances are for the purpose of the restricted funds as described in Note A-4.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are the fiduciary agency fund statements. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers most revenues susceptible to accrual if they are collected within 60 days of the end of the current fiscal period. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences, claims, and judgments, which recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest, and intergovernmental revenue associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports unearned revenue on its financial statements. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**7. Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value equals cost. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity.

9. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

10. Capital Assets

Capital assets, which include land, buildings and building improvements, site improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$6,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20 - 50
Site improvements	20
Equipment	5 - 20

11. Accumulated Unpaid Vacation and Sick Pay

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 the Illinois Municipal Retirement Fund (IMRF) or the Teachers' Retirement System (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 the sick leave amount is not significant.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. 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 position. Bond premiums and discounts, losses on refunding of bonds and issuance costs, are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. 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, losses on refunding, and 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 cost and losses on refunding are reported as debt service expenditures.

**13. Use of Estimates**

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**14. Restricted Net Position**

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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### NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between total fund balances - governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet." The details of this difference are as follows:

General obligation bonds	\$ (80,553,565)
Debt certificates	(6,523,000)
Other postemployment benefits	(1,348,702)
Bond premiums, net of amortization	(3,034,065)
Bond discounts, net of amortization	75,655
Termination benefits	<u>(10,516)</u>
Net adjustment to reduce total fund balances - governmental funds to arrive at net position - governmental activities	\$ <u><u>(91,394,193)</u></u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this difference are as follows:

Capital outlay	\$ 9,023,416
Depreciation expense, net of disposals	<u>(3,562,633)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>5,460,783</u></u>

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

#### 2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds." The details of this difference are as follows:

Principal repayments	
General obligation bonds	\$ 31,319,803
Debt certificates	675,000
Termination benefits	273,156
Debt issuance costs, net of amortization	1,480,766
Interest swap premium, net of amortization	133,334
Unamortized premium	35,935
Unamortized discount	65,108
Issuance of long-term liabilities	
General obligation bonds	(34,305,000)
Other postemployment benefits	<u>(166,159)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities.	\$ <u><u>(488,057)</u></u>

### NOTE C - DEPOSITS AND INVESTMENTS

The District's investment policy is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE C - DEPOSITS AND INVESTMENTS (Continued)**

At June 30, 2013, the District's cash and investments consisted of the following:

	<u>Government- wide</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>32,999,198</u>	\$ <u>459,349</u>	\$ <u>33,458,547</u>

For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit; and 3) investments in Illinois School District Liquid Asset Money Market Fund, as follows:

	<u>Total</u>
Cash on hand	\$ 8,990
Deposits with financial institutions	22,489,964
Illinois School District Liquid Asset Fund Plus	<u>10,959,593</u>
	<u>\$ 33,458,547</u>

The Municipal Retirement/Social Security Fund had a deficit cash balance of \$85,395 at June 30, 2013.

1. Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District's investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

2. Credit Risk

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an unrated, not-for-profit investment trust formed pursuant to the Illinois School Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

# **Warren Township High School District 121**

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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### **NOTE C - DEPOSITS AND INVESTMENTS (Continued)**

#### **3. Custodial Credit Risk**

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2013, the bank balances of the District's deposits with financial institutions total \$23,380,242, and the District had no uninsured cash balances.

### **NOTE D - DUE FROM EMPLOYEES**

In an effort to encourage its teachers to improve their computer knowledge, the District sponsors a program in which employees can purchase computers for their personal/home use. The District purchases a computer for each employee who signs up for the program, and the employee is required to repay the District, interest free, through payroll withholdings over a two year period. At June 30, 2013 a total of \$17,705 is due to the District and included in other current assets on the governmental balance sheet and statement of net position.

### **NOTE E - PROPERTY TAXES RECEIVABLE**

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 18, 2012. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that tax year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

Property taxes are collected by the Lake County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 60 days of the respective installment dates.

The 2012 property tax levy is recognized as a receivable in fiscal 2013. The District considers that the 2012 levy is to be used to finance operations in fiscal 2014. Therefore, the entire 2012 levy, including amounts collected in fiscal 2014, has been recognized as unearned revenue in the accompanying financial statements.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE F - RETIREMENT FUND COMMITMENTS**

**1. 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 the 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, 2013 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. 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 percent for the years ended June 30, 2012 and 2011.

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, 2013, state of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$6,655,351 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent, 23.10 percent, and 23.10 percent, \$5,702,753, and \$5,016,563, respectively.

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

**2.2 Formula Contributions**

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$138,235. Contributions for the years ending June 30, 2012 and June 30, 2011 were \$133,239 and \$126,498, respectively.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 1. 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 for 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, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2013, salaries totaling \$106,815 were paid from federal and special trust funds that required employer contributions of \$29,962. For the years ended June 30, 2012 and June 30, 2011, required District contributions were \$19,624 and \$21,562, 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.

The maximum employer ERO contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the District paid \$90,394 and \$111,123, respectively, in employer ERO contributions.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

##### Salary Increases Over 6 Percent and Excess Sick Leave

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

For the year ended June 30, 2013, the District paid \$4,987 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and June 30, 2011, the District paid \$76 and \$3,611, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

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 rate reported by the granting employer during a four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the District paid \$52,420 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2012 and June 30, 2011, the District paid \$0 and \$0, respectively, in employer contributions granted for sick leave days.

##### Further Information on TRS

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, 2012. The report for the year ended June 30, 2013 is expected to be available in late 2013.

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

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

##### THIS Fund Employer Contributions

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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it 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 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action, with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer-required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

##### On-behalf Contributions to the 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 the THIS Fund from active members, which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$219,295, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of District employees were \$202,155 and \$191,929, respectively.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

##### Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the District paid \$164,471 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$151,617 and \$143,946, respectively, to the THIS Fund, which was 100 percent of the required contribution.

##### Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

#### 2. 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 state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2012 was 12.59 percent. 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 state statute.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE F - RETIREMENT FUND COMMITMENTS** (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

*Annual Pension Cost*

Information related to the employer's contributions are on a fiscal year basis. The actuarial and trend information are on a calendar year basis as that is the year end used by IMRF.

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$ 738,877	100%	\$ -
06/30/12	664,073	100%	-
06/30/11	633,979	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent 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 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress*

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 61.48 percent funded. The actuarial accrued liability for benefits was \$10,838,083 and the actuarial value of assets was \$6,662,981, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,175,102. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$5,379,303 and the ratio of the UAAL to the covered payroll was 78 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 3. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

### NOTE G - OTHER POSTEMPLOYMENT BENEFITS

#### *Plan Description*

The District provides post-employment benefits other than pensions 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, he or she become eligible to retire and receive medical coverage as of 55 years of age and eight years of service.

#### *Funding Policy*

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

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

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's estimated net OPEB obligation to the Retiree Health Plan:

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

	<u>June 30, 2013</u>
Annual required contribution	\$ 229,742
Interest on net OPEB obligation	40,655
Amortization of net OPEB obligation	<u>(58,778)</u>
Annual OPEB cost	\$ 211,619
Contributions made	<u>(45,461)</u>
Increase in net OPEB obligation	166,158
Net OPEB obligation beginning of year	<u>1,182,544</u>
Net OPEB obligation end of year	<u><u>\$ 1,348,702</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding fiscal years were as follows:

<u>Trend Information</u>			
<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13*	\$ 211,619	21.0%	\$ 1,348,702
6/30/12	211,619	21.0%	1,182,544
6/30/11	401,386	9.0%	1,016,386

\* Annual OPEB cost estimated using ARC from most recent valuation.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE G - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Funding Status and Funding Progress*

As of June 30, 2011 (most recent date available), the actuarial accrued liability for benefits was \$1,470,104, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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### NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following simplifying assumptions were made:

Contribution rates:	
District	Not Applicable
Plan members	0.00%
Actuarial valuation date	July 1, 2011
Actuarial cost method	Unit credit, normal cost, actuarial accrued liability
Amortization period	Closed, level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Healthcare inflation rate	7.96% initial 5.00% ultimate
Mortality, Turnover, Disability, Retirement ages	RP-2000 Healthy Mortality table projected generationally with scale AA
Percentage of active employees assumed to elect benefit	It is assumed that the 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.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 11,761,126	\$ -	\$ 96,683	\$ 11,664,443
Construction in progress	<u>-</u>	<u>8,573,453</u>	<u>-</u>	<u>8,573,453</u>
Total capital assets, not being depreciated	<u>11,761,126</u>	<u>8,573,453</u>	<u>96,683</u>	<u>20,237,896</u>
Capital assets, being depreciated				
Buildings and building improvements	113,314,971	-	-	113,314,971
Site improvements	6,376,240	83,479	-	6,459,719
Equipment	<u>5,108,240</u>	<u>366,484</u>	<u>52,704</u>	<u>5,422,020</u>
Total capital assets, being depreciated	<u>124,799,451</u>	<u>449,963</u>	<u>52,704</u>	<u>125,196,710</u>
Less accumulated depreciation for:				
Buildings and building improvements	27,879,794	2,404,881	-	30,284,675
Site improvements	1,896,552	311,127	-	2,207,679
Equipment	<u>3,643,089</u>	<u>728,861</u>	<u>31,623</u>	<u>4,340,327</u>
Total accumulated depreciation	<u>33,419,435</u>	<u>3,444,869</u>	<u>31,623</u>	<u>36,832,681</u>
Total capital assets being depreciated, net	<u>91,380,016</u>	<u>(2,994,906)</u>	<u>21,081</u>	<u>88,364,029</u>
Governmental activities capital assets, net	<u>\$ 103,141,142</u>	<u>\$ 5,578,547</u>	<u>\$ 117,764</u>	<u>\$ 108,601,925</u>

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE H - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General Government	
Transportation	\$ 13,861
Food Services	3,678
Unallocated	<u>3,427,330</u>
	<u>\$ 3,444,869</u>

### NOTE I - LONG-TERM LIABILITIES

#### 1. Changes in General Long-term Liabilities

During the year ended June 30, 2013, the following is the long-term liability activity for the District:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
General obligation bonds	\$ 77,568,368	\$ 34,305,000	\$ 31,319,803	\$ 80,553,565
Debt certificates	7,198,000	-	675,000	6,523,000
Bond premiums, net of amortization	3,070,000	1,400,945	1,436,880	3,034,065
Interest swap premium, net of amortization	133,334	-	133,334	-
Bond discounts, net of amortization	(10,547)	(67,523)	(2,415)	(75,655)
Fair market value of interest swap option	3,816,846	-	3,816,846	-
Termination benefits	283,672	-	273,156	10,516
Other postemployment benefits	<u>1,182,544</u>	<u>166,158</u>	<u>-</u>	<u>1,348,702</u>
Total long-term liabilities	<u>\$ 93,242,217</u>	<u>\$ 35,804,580</u>	<u>\$ 37,652,604</u>	<u>\$ 91,394,193</u>

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE I - LONG-TERM LIABILITIES (Continued)

#### 1. Changes in General Long-term Liabilities (Continued)

At June 30, 2013, amounts due within one year on the outstanding long-term liabilities were as follows:

General obligation bonds	\$ 2,833,565
Debt certificates	704,000
Capital lease	<u>162,916</u>
Total amount due within one year	<u><u>\$ 3,700,481</u></u>

#### 2. General Obligation Bonds Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Carrying Amount</u>	<u>Face Amount</u>
Working Cash Bonds 2004A	4.00% - 5.00%	\$ 885,000	\$ 885,000
Refunding School Bonds 2004D	3.00% - 5.25%	2,480,000	2,480,000
Refunding School Bonds 2005	4.00% - 4.125%	2,880,000	2,880,000
GO Limited School Bonds 2007	3.85% - 4.20%	7,000,000	7,000,000
GO Limited School Bonds 2008A	5.00% - 5.125%	3,035,000	3,035,000
GO Limited School Bonds 2008 C	3.00% - 5.00%	5,370,000	5,370,000
SEDOL Building Bonds 2008	3.00% - 5.00%	168,565	168,565
GO School Building Bonds 2009	5.40% - 6.30%	23,725,000	23,725,000
Refunding School Bonds 2011	2.00%	980,000	980,000
Refunding School Bonds 2012A	2.25% - 3.00%	9,440,000	9,440,000
Refunding School Bonds 2012B	0.83% - 2.74%	2,645,000	2,645,000
Refunding School Bonds 2012C	1.625%	2,030,000	2,030,000
Refunding School Bonds 2012D	0.65% - 3.09%	12,700,000	12,700,000
Refunding School Bonds 2013A	4.00%	5,860,000	5,860,000
Refunding School Bonds 2013B	0.67% - 1.80%	<u>1,355,000</u>	<u>1,355,000</u>
		<u><u>\$ 80,553,565</u></u>	<u><u>\$ 80,553,565</u></u>

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE I - LONG-TERM LIABILITIES (Continued)

#### 2. General Obligation Bonds Payable (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental-type activities:

Year ending June 30,	Principal	Interest	Total
2014	\$ 2,833,565	\$ 4,813,278	\$ 7,646,843
2015	3,515,000	4,555,613	8,070,613
2016	3,600,000	4,603,543	8,203,543
2017	3,235,000	4,430,133	7,665,133
2018	3,885,000	4,216,710	8,101,710
2019-2028	63,485,000	21,697,084	85,182,084
	<u>\$ 80,553,565</u>	<u>\$ 44,316,361</u>	<u>\$ 124,869,926</u>

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$3,026,779 in the Debt Service Fund to service the outstanding bond payable.

During the year, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2013, \$29,090,000 of bonds outstanding are considered defeased.

During the fiscal year ended June 30, 2013, the District issued \$34,305,000 of Refunding School Bonds. The 2013 School Bonds partially refunded the 2004 Series A, Series C, and Series D Bonds. This District refunded the debt to terminate the District's swaption agreement. This transaction resulted in a theoretical economic loss (difference between the present value of the debt service payments on the old and new debt) of \$1,218,583.

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2013, the statutory debt limit for the District was \$141,922,251, providing a debt margin of \$50,502,561.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE I - LONG-TERM LIABILITIES (Continued)**

**3. Debt Certificates**

Annual debt service requirements to maturity for debt certificates are as follows for governmental-type activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 704,000	\$ 257,786	\$ 961,786
2015	2,743,000	140,921	2,883,921
2016	3,076,000	-	3,076,000
	<u>\$ 6,523,000</u>	<u>\$ 398,707</u>	<u>\$ 6,921,707</u>

**4. Capital Lease**

Subsequent to year end, the District entered into an agreement to lease computers. The lease terms require annual payments through July 2015. The obligations for these leases will be repaid from the Debt Service Fund with funding provided by the General Fund. There are no current year expenses related to this lease.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 162,916	\$ 9,523	\$ 172,439
2015	167,543	4,897	172,440
2016	4,871	138	5,009
	<u>\$ 335,330</u>	<u>\$ 14,558</u>	<u>\$ 349,888</u>

**5. Termination Benefits**

On July 1, 2012, the District signed a resignation agreement for a former employee. The District agreed to a lump sum severance package for \$104,092, monthly payments of \$12,301 for a period of 12 months, and 18 months of cobra premium payments. The remaining balance at June 30, 2013 consists of six months of cobra payments.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### NOTE I - LONG-TERM LIABILITIES (Continued)

#### 6. Interest Rate Swap

In 2005, the District entered into an ISDA Master Agreement, together with a Confirmation and Schedule, with JPMorgan Chase Bank, NA (The "Counterparty") providing for an exchange of payments between the District and the Counterparty commencing on March 1, 2014 (the "Swap Agreement"). If the Counterparty so elects on December 3, 2013, the District will issue its General Obligation Variable Rate Demand Refunding Bonds, Series 2014, in the approximate principal amount of \$15,500,000 (the "Series 2014 Refunding Bonds"), for the purpose of refunding the District's outstanding General Obligation School Building Bonds, Series 2004C. On February 20, 2013, the District terminated the swaption agreement with funds provided from the issuance of the Taxable General Obligation Refunding School Bonds Series 2013A and Series 2013B. As such, the balance of the swaption at June 30, 2013 is \$0.

### NOTE J - OPERATING LEASES

The District leases equipment and vehicles under noncancelable operating leases. Total costs for such leases were \$863,899 for the year ended June 30, 2013. At June 30, 2013, future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2014	\$ 821,213
2015	351,984
2016	220,138
Total	<u>\$ 1,393,335</u>

### NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases coverage against such risks. To protect the District from such risks, the District participates in the Collective Liability Insurance Cooperative (CLIC) public entity risk pool for property damage and injury claims. The arrangements with the pool provide that the pool will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pool.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

# Warren Township High School District 121

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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### NOTE L - JOINT AGREEMENTS

1. Special Education District of Lake County (SEDOL)

The District is a member of the Special Education District of Lake County (SEDOL) joint agreement that provides certain special education services to residents of many school districts. It is also a member of the risk management pool listed above (Note K). The District believes that, because it does not control the selection of the governing authority and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these are not required to be included as component units of the District.

2. 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.

### NOTE M - INTERFUND TRANSFERS

The District transferred \$146,000 to the General Fund and \$130,000 to the Operations and Maintenance Fund from the Working Cash Fund. The amounts transferred represent a Working Cash Fund abatement.

The District transferred \$434,803 from the Operations and Maintenance Fund to the Debt Service Fund. The amount transferred represents funds transferred to pay principal and interest on the District's debt certificates.

### NOTE N - CONTINGENCIES

1. Litigation

The District is not involved in any significant litigation at June 30, 2013. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs.

**Warren Township High School District 121**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE N - CONTINGENCIES (Continued)**

**2. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE O - LETTER OF CREDIT**

At June 30, 2013, the District has \$1,344,000 of an outstanding letter of credit.

**NOTE P - CONSTRUCTION COMMITMENTS**

The District has entered into certain contracts for construction in the next fiscal year. Commitments under these contracts approximate \$1,531,000.

**NOTE Q - SUBSEQUENT EVENT**

Management has evaluated subsequent events through November 19, 2013, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than the capital lease identified in Note I, have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**



# Warren Township High School District 121

## SCHEDULE OF FUNDING PROGRESS ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
12/31/12	\$ 6,662,981	10,838,083	61.48 %	\$ 4,175,102	\$ 5,379,303	77.61 %
12/31/11	6,134,666	10,307,312	59.52	4,172,646	5,202,968	80.20
12/31/10	5,729,240	9,905,156	57.84	4,175,916	5,351,838	78.03

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$6,935,787. On a market basis, the funded ratio would be 63.99%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Warren Township School District 121. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

# Warren Township High School District 121

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS

June 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
6/30/2013*	\$ -	\$ 1,470,104	0.00 %	\$ 1,470,104	\$ NA	NA %
6/30/2012*	-	1,470,104	0.00	1,470,104	NA	NA
6/30/2011	NA	NA	NA	NA	NA	NA

NA - not available

\* 6/30/12 information is the most recent available.

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance From Final Budget	2012 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local sources					
General levy	\$ 30,265,286	\$ 30,265,286	\$ 30,367,698	\$ 102,412	\$ 29,954,913
Leasing levy	343,734	343,734	354,675	10,941	339,245
Special education levy	22,916	22,916	21,588	(1,328)	23,421
Corporate personal property replacement taxes	-	-	378,000	378,000	403,053
Regular tuition from pupils or parents	1,627,912	1,304,793	1,057,516	(247,277)	965,613
Summer school tuition from pupils or parents	264,000	264,000	283,905	19,905	293,649
Interest on investments	20,000	20,000	54,157	34,157	52,201
Gain or loss on sale of investments	-	-	(64,594)	(64,594)	-
Sales to pupils - lunch	1,400,000	1,400,000	1,397,080	(2,920)	1,377,827
Other food service	20,000	20,000	-	(20,000)	22,246
Admissions - athletic	100,750	100,750	85,489	(15,261)	100,767
Admissions - other	1,750	1,750	-	(1,750)	1,750
Fees	475,675	665,675	751,075	85,400	887,826
Book store sales	-	-	13,554	13,554	20,606
Other District/school activity revenue	-	-	381	381	-
Other - textbooks	6,100	6,100	11,790	5,690	8,875
Contributions and donations from private sources	7,795	7,795	4,088	(3,707)	7,794
Services provided other Districts	40,000	40,000	40,555	555	38,398
Refund of prior years' expenditures	4,691	4,691	-	(4,691)	5,787
Drivers' education fees	12,472	12,472	8,816	(3,656)	13,421
Proceeds from vendors' contracts	54,000	54,000	40,928	(13,072)	56,543
Payment from other Districts	7,364	7,364	-	(7,364)	9,817
Other	5,349	5,349	26,484	21,135	4,847
Total local sources	34,679,794	34,546,675	34,833,185	286,510	34,588,599

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual
State sources					
General State Aid	\$ 2,390,926	\$ 2,390,926	\$ 2,392,974	\$ 2,048	\$ 2,798,973
Special Education - Private Facility Tuition	780,000	780,000	1,033,396	253,396	781,567
Special Education - Extraordinary	616,970	616,970	727,603	110,633	607,862
Special Education - Personnel	512,650	512,650	642,522	129,872	474,583
Special Education - Orphanage - Individual	-	-	-	-	1,929
Special Education - Summer School	10,000	10,000	9,324	(676)	9,864
CTE -					
Secondary Program Improvement (CTEI)	37,191	37,191	37,191	-	60,910
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	45,595	45,595	39,790	(5,805)	51,264
State Free Lunch and Breakfast	6,000	6,000	3,401	(2,599)	7,345
Driver Education	23,000	23,000	34,153	11,153	22,561
Other state sources	3,100	3,100	19,676	16,576	21,777
On Behalf Payments to TRS from the State	<u>6,130,000</u>	<u>6,130,000</u>	<u>6,874,646</u>	<u>744,646</u>	<u>5,904,908</u>
Total state sources	<u>10,555,432</u>	<u>10,555,432</u>	<u>11,814,676</u>	<u>1,259,244</u>	<u>10,743,543</u>
Federal sources					
Special Milk Program	12,638	12,638	10,588	(2,050)	13,843
Title I - Low Income	271,161	271,161	236,022	(35,139)	192,341
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	285,214	285,214	306,830	21,616	271,078
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	50,000	50,000	211,892	161,892	53,196
CTE - Other	25,299	25,299	25,227	(72)	27,000
McKinney Education for Homeless Children	-	-	-	-	100
Build America Bonds Interest Reimbursement	-	501,989	480,053	(21,936)	-
Other ARRA Funds - XI	-	-	-	-	139,718
Emergency Immigrant Assistance	-	-	-	-	20,760
Title III - English Language Acquisition	10,350	10,350	14,376	4,026	26,937
Title II - Teacher Quality	38,788	38,788	41,677	2,889	38,788
Medicaid Matching Funds -					
Administrative Outreach	320,000	142,896	41,027	(101,869)	50,229
Medicaid Matching Funds -					
Fee-For-Service-Program	<u>63,465</u>	<u>63,465</u>	<u>234,098</u>	<u>170,633</u>	<u>120,730</u>
Total federal sources	<u>1,076,915</u>	<u>1,401,800</u>	<u>1,601,790</u>	<u>199,990</u>	<u>954,720</u>
Total revenues	46,312,141	46,503,907	48,249,651	1,745,744	46,286,862

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance From Final Budget	2012 Actual
	Original Budget	Final Budget	Actual		
Expenditures					
Instruction					
Regular programs					
Salaries	\$ 14,793,499	\$ 14,772,800	\$ 14,774,238	\$ (1,438)	\$ 13,843,355
Employee benefits	1,946,419	1,995,826	2,107,697	(111,871)	1,824,317
On-behalf payments to TRS from the state	6,130,000	6,130,000	6,874,646	(744,646)	5,904,908
Purchased services	477,923	524,630	524,802	(172)	613,346
Supplies and materials	443,325	622,227	613,402	8,825	638,612
Capital outlay	-	31,061	31,060	1	71,991
Other objects	6,720	9,302	6,514	2,788	6,445
Non-capitalized equipment	37,027	26,361	12,821	13,540	25,025
Total	23,834,913	24,112,207	24,945,180	(832,973)	22,927,999
Special education programs					
Salaries	3,619,012	3,576,843	3,672,059	(95,216)	3,291,443
Employee benefits	736,560	681,976	625,780	56,196	489,451
Purchased services	84,000	116,555	122,140	(5,585)	101,923
Supplies and materials	40,000	73,224	72,389	835	95,353
Capital outlay	26,411	-	-	-	34,078
Non-capitalized equipment	10,000	48,375	48,375	-	8,656
Total	4,515,983	4,496,973	4,540,743	(43,770)	4,020,904
Adult/continuing education programs					
Salaries	134,000	128,000	124,608	3,392	125,863
Employee benefits	2,224	2,224	2,111	113	1,559
Supplies and materials	500	-	-	-	132
Total	136,724	130,224	126,719	3,505	127,554
CTE programs					
Salaries	1,177,225	1,177,225	1,177,435	(210)	1,188,816
Employee benefits	142,499	142,499	131,595	10,904	122,574
Purchased services	2,453	1,628	1,658	(30)	16,811
Supplies and materials	78,169	71,735	72,296	(561)	84,931
Capital outlay	56,521	56,521	55,860	661	15,459
Total	1,456,867	1,449,608	1,438,844	10,764	1,428,591

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance From Final Budget	2012 Actual
	Original Budget	Final Budget	Actual		
Interscholastic programs					
Salaries	\$ 1,147,441	\$ 1,142,270	\$ 1,176,349	\$ (34,079)	\$ 1,197,937
Employee benefits	86,034	85,970	78,784	7,186	78,373
Purchased services	209,512	216,163	227,674	(11,511)	256,034
Supplies and materials	74,255	59,081	60,261	(1,180)	73,921
Capital outlay	16,000	16,000	-	16,000	7,506
Other objects	440	-	-	-	-
Non-capitalized equipment	-	-	58,145	(58,145)	12,132
Total	1,533,682	1,519,484	1,601,213	(81,729)	1,625,903
Summer school programs					
Salaries	220,000	220,000	259,375	(39,375)	207,166
Employee benefits	2,794	2,794	2,335	459	2,049
Purchased services	12,000	12,000	16,633	(4,633)	11,779
Supplies and materials	4,500	4,500	5,449	(949)	6,664
Total	239,294	239,294	283,792	(44,498)	227,658
Salaries	68,634	68,634	68,634	-	66,641
Employee benefits	872	8,872	7,025	1,847	7,196
Purchased services	3,000	1,500	1,253	247	2,748
Supplies and materials	1,000	2,500	1,822	678	446
Total	73,506	81,506	78,734	2,772	77,031
Bilingual programs					
Salaries	149,928	155,091	149,928	5,163	282,752
Employee benefits	20,079	21,539	17,189	4,350	25,703
Purchased services	3,500	1,500	1,500	-	-
Supplies and materials	5,000	5,505	1,602	3,903	24,490
Capital outlay	16,100	19,619	21,417	(1,798)	29,157
Total	194,607	203,254	191,636	11,618	362,102
Spec. Ed. Programs K-12 - private tuition	2,087,055	2,087,055	2,469,662	(382,607)	2,051,632
Total instruction	34,072,631	34,319,605	35,676,523	(1,356,918)	32,849,374

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance From Final Budget	
Support services					
Pupils					
Attendance and social work services					
Salaries	\$ 747,704	\$ 857,996	\$ 812,814	\$ 45,182	\$ 849,071
Employee benefits	124,914	140,463	112,952	27,511	117,518
Purchased services	15,000	5,363	5,362	1	8,224
Supplies and materials	800	359	359	-	440
Other objects	15	-	-	-	15
Total	888,433	1,004,181	931,487	72,694	975,268
Guidance services					
Salaries	1,313,081	1,314,249	1,216,229	98,020	1,143,267
Employee benefits	170,759	155,210	161,606	(6,396)	144,651
Purchased services	-	-	-	-	595
Supplies and materials	2,096	596	-	596	3,888
Other objects	1,060	160	160	-	460
Total	1,486,996	1,470,215	1,377,995	92,220	1,292,861
Health services					
Salaries	287,592	287,592	286,943	649	246,890
Employee benefits	43,948	43,948	37,241	6,707	33,753
Purchased services	-	-	-	-	2,683
Supplies and materials	4,600	3,407	5,467	(2,060)	4,060
Other objects	-	5,000	-	5,000	-
Total	336,140	339,947	329,651	10,296	287,386
Psychological services					
Salaries	115,540	115,540	115,540	-	111,785
Employee benefits	17,129	17,129	17,717	(588)	16,176
Total	132,669	132,669	133,257	(588)	127,961
Total pupils	2,844,238	2,947,012	2,772,390	174,622	2,683,476

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance From Final Budget	
Instructional staff					
Improvement of instruction services					
Salaries	\$ 215,045	\$ 202,601	\$ 222,931	\$ (20,330)	\$ 204,995
Employee benefits	75,498	74,897	74,976	(79)	67,629
Purchased services	70,555	55,988	50,088	5,900	58,986
Supplies and materials	164,523	78,094	83,319	(5,225)	80,108
Other objects	1,100	593	593	-	268
Total	526,721	412,173	431,907	(19,734)	411,986
Educational media services					
Salaries	1,101,396	1,102,226	1,114,456	(12,230)	1,090,365
Employee benefits	183,434	183,434	180,539	2,895	174,699
Purchased services	95,038	147,306	96,397	50,909	79,918
Supplies and materials	365,823	287,546	298,077	(10,531)	133,831
Capital outlay	240,000	41,715	41,715	-	60,957
Non-capitalized equipment	225,955	570,181	570,180	1	293,656
Total	2,211,646	2,332,408	2,301,364	31,044	1,833,426
Assessment and testing					
Salaries	10,000	5,200	13,114	(7,914)	8,127
Employee benefits	127	150	202	(52)	80
Purchased services	14,256	14,256	14,256	-	-
Supplies and materials	-	-	-	-	14,000
Total	24,383	19,606	27,572	(7,966)	22,207
Total instructional staff	2,762,750	2,764,187	2,760,843	3,344	2,267,619
General administration					
Board of education services					
Salaries	12,712	8,712	8,712	-	12,247
Employee benefits	52	-	-	-	36
Purchased services	333,492	277,781	266,413	11,368	314,736
Supplies and materials	7,000	3,216	31,841	(28,625)	14,096
Other objects	32,260	24,712	9,711	15,001	50,063
Total	385,516	314,421	316,677	(2,256)	391,178

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance From Final Budget	
Executive administration services					
Salaries	\$ 238,426	\$ 238,426	\$ 237,948	\$ 478	\$ 319,740
Employee benefits	57,877	58,737	58,649	88	52,341
Purchased services	420	-	-	-	392
Total	296,723	297,163	296,597	566	372,473
Tort immunity services					
Purchased services	618,695	597,640	586,339	11,301	554,146
Total	618,695	597,640	586,339	11,301	554,146
Total general administration	1,300,934	1,209,224	1,199,613	9,611	1,317,797
School administration					
Office of the principal services					
Salaries	894,400	894,400	885,480	8,920	645,581
Employee benefits	168,933	168,933	149,366	19,567	159,189
Supplies and materials	26,600	14,951	26,349	(11,398)	19,670
Other objects	14,075	10,700	284	10,416	10,873
Total	1,104,008	1,088,984	1,061,479	27,505	835,313
Other support services - school administration					
Salaries	580,644	580,644	580,291	353	547,554
Employee benefits	129,880	139,879	134,895	4,984	153,726
Total	710,524	720,523	715,186	5,337	701,280
Total school administration	1,814,532	1,809,507	1,776,665	32,842	1,536,593

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance From Final Budget	2012 Actual
	Original Budget	Final Budget	Actual		
Business					
Direction of business support services					
Salaries	\$ 153,218	\$ 153,218	\$ 153,218	\$ -	\$ 146,620
Employee benefits	34,729	34,729	33,556	1,173	39,239
Total	187,947	187,947	186,774	1,173	185,859
Fiscal services					
Salaries	295,654	295,654	297,201	(1,547)	285,636
Employee benefits	36,151	36,151	36,151	-	39,986
Purchased services	118,500	11,472	104,611	(93,139)	123,691
Supplies and materials	6,200	4,171	4,635	(464)	6,540
Other objects	2,261	1,985	1,893	92	8,026
Total	458,766	349,433	444,491	(95,058)	463,879
Operation and maintenance of plant services					
Purchased services	10,000	10,000	-	10,000	9,799
Total	10,000	10,000	-	10,000	9,799
Pupil transportation services					
Purchased services	200	300	-	300	-
Total	200	300	-	300	-
Food services					
Purchased services	1,368,000	1,372,293	1,210,710	161,583	1,199,495
Supplies and materials	14,000	6,623	6,653	(30)	14,013
Total	1,382,000	1,378,916	1,217,363	161,553	1,213,508
Internal services					
Purchased services	1,000	1,000	1,229	(229)	885
Total	1,000	1,000	1,229	(229)	885
Total business	2,039,913	1,927,596	1,849,857	77,739	1,873,930

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance From Final Budget	
Central					
Staff services					
Salaries	\$ 61,991	\$ 61,991	\$ 61,990	\$ 1	\$ 220,645
Employee benefits	26,525	21,525	21,749	(224)	55,761
Purchased services	6,830	2,700	7,072	(4,372)	4,488
Supplies and materials	1,000	500	249	251	991
Other objects	250	-	-	-	-
Total	96,596	86,716	91,060	(4,344)	281,885
Data processing services					
Supplies and materials	-	-	-	-	126,285
Total	-	-	-	-	126,285
Total central	96,596	86,716	91,060	(4,344)	408,170
Other supporting services					
Salaries	2,000	2,000	2,000	-	1,000
Employee benefits	565	565	575	(10)	256
Purchased services	65,649	65,649	17,420	48,229	23,420
Supplies and materials	1,000	1,000	942	58	1,000
Total	69,214	69,214	20,937	48,277	25,676
Total support services	10,928,177	10,813,456	10,471,365	342,091	10,113,261
Community services					
Salaries	8,000	4,000	8,000	(4,000)	-
Employee benefits	1,150	1,000	1,159	(159)	-
Purchased services	2,500	-	-	-	-
Supplies and materials	-	-	36	(36)	87
Total	11,650	5,000	9,195	(4,195)	87

(Continued)

# Warren Township High School District 121

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance	2012
	Original Budget	Final Budget	Actual	From Final Budget	Actual
Payments to Other Districts and Gov't Units					
Payments for special education programs					
Purchased services	\$ 117,545	\$ 82,545	\$ 105,661	\$ (23,116)	\$ 138,540
Total	117,545	82,545	105,661	(23,116)	138,540
Payments for Spec. Ed. programs - tuition					
Other objects	1,062,300	1,062,300	1,088,437	(26,137)	916,570
Payments for CTE programs - tuition					
Other objects	886,000	975,685	870,270	105,415	883,817
Payments for other programs - tuition					
Other objects	-	-	35,643	(35,643)	-
Total payments to Other Districts and other Gov'ts	2,065,845	2,120,530	2,100,011	20,519	1,938,927
Total expenditures	47,078,303	47,258,591	48,257,094	(998,503)	44,901,649
Excess (deficiency) of revenues over expenditures	(766,162)	(754,684)	(7,443)	747,241	1,385,213
Other financing sources (uses)					
Permanent transfer from working cash fund - abatement	850,032	850,032	(276,000)	(1,126,032)	(1,935,861)
Permanent transfer from working cash fund - abatement	355,032	355,032	146,000	(209,032)	798,635
Trans to Debt Svc Fund for Prin on Cap Leases	-	-	-	-	(25,094)
Trans to Debt Svc Fund for Int on Cap Leases	-	-	-	-	(1,274)
Trans to Debt Svc Fund for Prin on Debt Certificates	(174,812)	-	-	-	(172,195)
Trans to Debt Svc Fund for Int on Debt Certificates	(11,119)	-	-	-	(15,061)
Total other financing sources (uses)	1,019,133	1,205,064	(130,000)	(1,335,064)	(1,350,850)
Net change to fund balance	\$ 252,971	\$ 450,380	(137,443)	\$ (587,823)	34,363
Fund balance, beginning of year			22,244,455		22,210,092
Fund balance, end of year			\$ 22,107,012		\$ 22,244,455

(Concluded)

**Warren Township High School District 121**  
Operations and Maintenance Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013					
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual	
Revenues						
Local sources						
General levy	\$ 4,360,803	\$ 4,360,803	\$ 4,343,973	\$ (16,830)	\$ 4,115,989	
Fees	130,000	130,000	144,452	14,452	150,477	
Rentals	35,000	35,000	67,625	32,625	42,316	
Services provided other Districts	-	-	2,420	2,420	-	
Other	-	58,280	68,607	10,327	-	
Total local sources	4,525,803	4,584,083	4,627,077	42,994	4,308,782	
Federal sources						
Other Federal Sources	-	-	-	-	10,078	
Total federal sources	-	-	-	-	10,078	
Total revenues	4,525,803	4,584,083	4,627,077	42,994	4,318,860	
Expenditures						
Support services						
Business						
Operation and maintenance of plant services						
Salaries	817,311	817,311	814,693	2,618	842,370	
Employee benefits	126,174	126,174	115,072	11,102	140,250	
Purchased services	1,621,022	1,575,965	1,629,167	(53,202)	1,602,914	
Supplies and materials	1,191,695	1,054,436	1,048,793	5,643	1,147,738	
Capital outlay	495,000	157,385	106,343	51,042	234,628	
Other objects	100	100	20	80	65	
Non-capitalized equipment	80,000	44,983	44,982	1	58,234	
Total business	4,331,302	3,776,354	3,759,070	17,284	4,026,199	
Total support services	4,331,302	3,776,354	3,759,070	17,284	4,026,199	

(Continued)

**Warren Township High School District 121**  
Operations and Maintenance Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual
Payments to Other Districts and Gov'ts units					
Payments to Other Districts and Gov'ts units units (in-state)					
Payments for special education programs					
Purchased services	\$ 145,619	\$ 144,364	\$ 144,364	\$ -	\$ 145,619
Other objects	17,207	17,207	8,866	8,341	19,279
Total	162,826	161,571	153,230	8,341	164,898
Payments for CTE education programs					
Other objects	31,675	31,108	31,108	-	30,919
Total	31,675	31,108	31,108	-	30,919
Other payments to in-state Governmental units					
Other objects	-	-	675	(675)	517
Total	-	-	675	(675)	517
Total payments to Other Districts and Gov't units	194,501	192,679	185,013	7,666	196,334
Total expenditures	4,525,803	3,969,033	3,944,083	24,950	4,222,533
Excess of revenues over expenditures	-	615,050	682,994	67,944	96,327
Other financing sources (uses)					
Permanent transfer from working					
Cash fund - abatement	495,000	495,000	130,000	(365,000)	-
Sale or compensation for capital assets	34,000	34,000	32,824	(1,176)	-
Trans to debt svc fund for principle on debt certificates	(675,000)	-	(400,767)	(400,767)	(654,000)
Trans to debt svc fund for int on debt certificates	(237,888)	-	(34,036)	(34,036)	(255,621)
Total other financing sources (uses)	(383,888)	529,000	(271,979)	(800,979)	(909,621)
Net change in fund balance	\$ (383,888)	\$ 1,144,050	411,015	\$ (733,035)	(813,294)
Fund balance, beginning of year			1,864,280		2,677,574
Fund balance, end of year			\$ 2,275,295		\$ 1,864,280

(Concluded)

**Warren Township High School District 121**  
Transportation Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013					2012
	Original Budget	Final Budget	Actual	Variance From Final Budget		Actual
<b>Revenues</b>						
<b>Local sources</b>						
General levy	\$ 1,680,577	\$ 1,680,577	\$ 1,814,143	\$ 133,566	\$ 1,908,457	
Regular transportation fees from other Districts	80,000	80,000	45,248	(34,752)	79,978	
Regular transportation fees cocurricular activities	30,000	30,000	25,559	(4,441)	20,131	
Summer school transportation fees from pupils or parents	13,000	13,000	-	(13,000)	20,145	
Summer school transportation fees from other Districts	252,000	252,000	-	(252,000)	-	
Services provided other Districts	-	-	77,103	77,103	-	
Total local sources	<u>2,055,577</u>	<u>2,055,577</u>	<u>1,962,053</u>	<u>(93,524)</u>	<u>2,028,711</u>	
<b>State sources</b>						
Transportation - Regular/Vocational	259,459	259,459	213,842	(45,617)	124,982	
Transportation - Special Education	<u>1,016,288</u>	<u>1,016,288</u>	<u>1,458,469</u>	<u>442,181</u>	<u>1,236,895</u>	
Total state sources	<u>1,275,747</u>	<u>1,275,747</u>	<u>1,672,311</u>	<u>396,564</u>	<u>1,361,877</u>	
Total revenues	<u>3,331,324</u>	<u>3,331,324</u>	<u>3,634,364</u>	<u>303,040</u>	<u>3,390,588</u>	
<b>Expenditures</b>						
<b>Support services</b>						
<b>Business</b>						
Pupil transportation services						
Salaries	1,539,778	1,430,477	1,564,195	(133,718)	1,393,944	
Employee benefits	321,602	331,602	274,793	56,809	274,620	
Purchased services	824,764	1,163,019	1,284,691	(121,672)	1,258,746	
Supplies and materials	427,100	377,502	406,347	(28,845)	351,656	
Capital outlay	193,570	193,570	193,570	-	-	
Other objects	510	1,520	850	670	291	
Non-capitalized equipment	<u>24,000</u>	<u>34,988</u>	<u>34,988</u>	<u>-</u>	<u>-</u>	
Total support services	<u>3,331,324</u>	<u>3,532,678</u>	<u>3,759,434</u>	<u>(226,756)</u>	<u>3,279,257</u>	
Total expenditures	<u>3,331,324</u>	<u>3,532,678</u>	<u>3,759,434</u>	<u>(226,756)</u>	<u>3,279,257</u>	

(Continued)

**Warren Township High School District 121**  
Transportation Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013					
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual	
Excess (deficiency) of revenues over expenditures	\$ -	\$ (201,354)	\$ (125,070)	\$ 76,284	\$ 111,331	
Other financing sources						
Permanent transfer from working cash fund - abatement	-	-	-	-	257,732	
Total other financing sources	-	-	-	-	257,732	
Net change in fund balance	<u>\$ -</u>	<u>\$ (201,354)</u>	(125,070)	<u>\$ 76,284</u>	369,063	
Fund balance, beginning of year			<u>1,388,592</u>		<u>1,019,529</u>	
Fund balance, end of year			<u>\$ 1,263,522</u>		<u>\$ 1,388,592</u>	

(Concluded)

**Warren Township High School District 121**  
Municipal Retirement / Social Security Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual
<b>Revenues</b>					
<b>Local sources</b>					
General levy	\$ 499,975	\$ 499,975	\$ 497,537	\$ (2,438)	\$ 296,591
Social security/medicare only levy	499,975	499,975	497,537	(2,438)	296,247
Other tax levies	114,578	114,578	107,946	(6,632)	153,339
Corporate personal property replacement taxes	<u>616,602</u>	<u>616,602</u>	<u>392,229</u>	<u>(224,373)</u>	<u>350,785</u>
Total local sources	<u>1,731,130</u>	<u>1,731,130</u>	<u>1,495,249</u>	<u>(235,881)</u>	<u>1,096,962</u>
Total revenues	<u>1,731,130</u>	<u>1,731,130</u>	<u>1,495,249</u>	<u>(235,881)</u>	<u>1,096,962</u>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular programs	277,609	286,799	295,126	(8,327)	256,552
Special education programs	242,742	209,694	214,229	(4,535)	173,755
Remedial and supplemental programs K-12	-	1,943	-	1,943	-
Adult/continuing education programs	1,943	-	1,676	(1,676)	1,691
Vocational educational programs	17,165	17,165	16,977	188	17,116
Interscholastic programs	30,122	40,690	41,090	(400)	35,137
Summer school programs	7,761	7,761	8,311	(550)	7,324
Drivers education programs	995	995	971	24	937
Bilingual programs	<u>2,175</u>	<u>2,250</u>	<u>2,060</u>	<u>190</u>	<u>4,011</u>
Total instruction	<u>580,512</u>	<u>567,297</u>	<u>580,440</u>	<u>(13,143)</u>	<u>496,523</u>
<b>Support services</b>					
<b>Pupils</b>					
Attendance and social work services	66,730	79,942	76,200	3,742	79,081
Guidance services	54,677	31,919	37,607	(5,688)	27,156
Health services	46,354	46,354	43,159	3,195	37,425
Psychological services	<u>1,676</u>	<u>1,676</u>	<u>1,569</u>	<u>107</u>	<u>1,540</u>
Total pupils	<u>169,437</u>	<u>159,891</u>	<u>158,535</u>	<u>1,356</u>	<u>145,202</u>

(Continued)

**Warren Township High School District 121**  
Municipal Retirement / Social Security Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Variance From Final Budget	Actual
<b>Instructional staff</b>					
Improvement of instruction services	\$ 11,800	\$ 11,643	\$ 12,855	\$ (1,212)	\$ 12,920
Educational media services	154,338	154,338	154,492	(154)	153,356
Assessment and testing	145	165	208	(43)	114
Total instructional staff	166,283	166,146	167,555	(1,409)	166,390
<b>General administration</b>					
Board of education services	2,213	2,213	2,135	78	2,287
Executive administration services	15,331	18,350	15,921	2,429	18,677
Total general administration	17,544	20,563	18,056	2,507	20,964
<b>School administration</b>					
Office of the principal services	35,007	35,007	33,176	1,831	31,093
Other support services - school administration	6,420	6,420	8,298	(1,878)	7,552
Total school administration	41,427	41,427	41,474	(47)	38,645
<b>Business</b>					
Direction of business support services	2,222	2,222	2,183	39	2,073
Fiscal services	60,211	65,618	64,372	1,246	67,173
Operation and maintenance of plant services	159,329	159,329	160,932	(1,603)	166,742
Pupil transportation services	385,035	320,853	293,667	27,186	276,821
Total business	606,797	548,022	521,154	26,868	512,809

(Continued)

**Warren Township High School District 121**  
Municipal Retirement / Social Security Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance	2012
	Original Budget	Final Budget	Actual	From Final Budget	Actual
Central					
Staff services	\$ 12,626	\$ 14,143	\$ 13,456	\$ 687	\$ 15,739
Total central	12,626	14,143	13,456	687	15,739
Other support services	29	29	28	1	6
Total support services	1,014,143	950,221	920,258	29,963	899,755
Community services	28	350	58	292	-
Payments to Other Districts and Gov'ts					
Payments for special education programs	95,221	95,221	95,330	(109)	139,698
Total payments to Other Districts and Gov'ts	95,221	95,221	95,330	(109)	139,698
Total expenditures	1,689,904	1,613,089	1,596,086	17,003	1,535,976
Excess (deficiency) of revenues over expenditures	\$ 41,226	\$ 118,041	(100,837)	\$ (218,878)	(439,014)
Fund balance, beginning of year			160,457		599,471
Fund balance, end of year			\$ 59,620		\$ 160,457

(Concluded)

# Warren Township High School District 121

## Notes to the Required Supplementary Information

June 30, 2013

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### 1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) 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.
- b) A public hearing is conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted through passage of a resolution.
- d) Formal budgetary integration is employed as a management control device during the year.
- e) 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.
- f) The Board of Education may amend the budget by the same procedures required of its original adoption.
- g) The budget amounts shown in the financial statements were as originally adopted by the Board of Education on September 25, 2012, and subsequently amended by the Board of Education on June 25, 2013.

### 2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds had an excess of expenditures over budget as follows:

<u>Fund</u>	<u>Variance</u>
General	\$ 998,503
Transportation	226,756

**SUPPLEMENTARY FINANCIAL INFORMATION**



# Warren Township High School District 121

General Fund

## COMBINING BALANCE SHEET

June 30, 2013

	<u>Educational</u>	<u>Tort Immunity and Judgment</u>	<u>Working Cash</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 10,471,742	\$ 175,144	\$ 11,758,003	\$ 22,404,889
Receivables (net of allowance for uncollectibles):				
Property taxes	15,006,379	293,845	-	15,300,224
Intergovernmental	806,567	-	-	806,567
Prepaid Items	31,272	645	-	31,917
Employee receivables	16,124	-	-	16,124
Other current assets	<u>137,868</u>	<u>-</u>	<u>-</u>	<u>137,868</u>
Total assets	<u>\$ 26,469,952</u>	<u>\$ 469,634</u>	<u>\$ 11,758,003</u>	<u>\$ 38,697,589</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 320,156	\$ 257	\$ -	\$ 320,413
Salaries and wages payable	25,744	-	-	25,744
Payroll deductions payable	516,212	-	-	516,212
Other current liabilities	199,035	-	-	199,035
Deferred revenue	<u>15,230,931</u>	<u>298,242</u>	<u>-</u>	<u>15,529,173</u>
Total liabilities	<u>16,292,078</u>	<u>298,499</u>	<u>-</u>	<u>16,590,577</u>
<b>Fund balances:</b>				
Nonspendable	31,272	645	-	31,917
Restricted	-	170,490	-	170,490
Unassigned	<u>10,146,602</u>	<u>-</u>	<u>11,758,003</u>	<u>21,904,605</u>
Total fund balance	<u>10,177,874</u>	<u>171,135</u>	<u>11,758,003</u>	<u>22,107,012</u>
Total liabilities and fund balance	<u>\$ 26,469,952</u>	<u>\$ 469,634</u>	<u>\$ 11,758,003</u>	<u>\$ 38,697,589</u>

# Warren Township High School District 121

## General Fund

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2013

	Educational	Tort Immunity and Judgment	Working Cash	Total
Revenues				
Property taxes	\$ 30,163,125	\$ 580,836	\$ -	\$ 30,743,961
Replacement taxes	378,000	-	-	378,000
State aid	11,814,676	-	-	11,814,676
Federal aid	1,601,790	-	-	1,601,790
Interest	708	-	53,449	54,157
Other	3,721,661	-	(64,594)	3,657,067
	<u>47,679,960</u>	<u>580,836</u>	<u>(11,145)</u>	<u>48,249,651</u>
Total revenues				
Expenditures				
Current:				
Instruction:				
Regular programs	18,039,474	-	-	18,039,474
Special programs	7,010,405	-	-	7,010,405
Other instructional programs	3,643,661	-	-	3,643,661
State retirement contributions	6,874,646	-	-	6,874,646
Support services:				
Pupils	2,772,390	-	-	2,772,390
Instructional staff	2,719,128	-	-	2,719,128
General administration	613,274	586,339	-	1,199,613
School administration	1,776,665	-	-	1,776,665
Business	1,849,857	-	-	1,849,857
Central	91,060	-	-	91,060
Other supporting services	20,937	-	-	20,937
Community services	9,195	-	-	9,195
Nonprogrammed charges	2,100,011	-	-	2,100,011
Capital outlay	150,052	-	-	150,052
	<u>47,670,755</u>	<u>586,339</u>	<u>-</u>	<u>48,257,094</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>9,205</u>	<u>(5,503)</u>	<u>(11,145)</u>	<u>(7,443)</u>
Other financing sources (uses)				
Transfers in	146,000	-	-	146,000
Transfers (out)	<u>-</u>	<u>-</u>	<u>(276,000)</u>	<u>(276,000)</u>
Total other financing sources (uses)	<u>146,000</u>	<u>-</u>	<u>(276,000)</u>	<u>(130,000)</u>
Net change in fund balance	155,205	(5,503)	(287,145)	(137,443)
Fund balance, beginning of year	<u>10,022,669</u>	<u>176,638</u>	<u>12,045,148</u>	<u>22,244,455</u>
Fund balance, end of year	<u>\$ 10,177,874</u>	<u>\$ 171,135</u>	<u>\$ 11,758,003</u>	<u>\$ 22,107,012</u>

**Warren Township High School District 121**  
Debt Service Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual
<b>Revenues</b>					
<b>Local sources</b>					
General levy	\$ 5,980,975	\$ 5,980,975	\$ 5,932,671	\$ (48,304)	\$ 5,557,456
Interest on investments	-	-	11	11	12
Total local sources	5,980,975	5,980,975	5,932,682	(48,293)	5,557,468
<b>Federal sources</b>					
Build America Bonds Interest Reimbursement	501,989	-	-	-	501,989
Total federal sources	501,989	-	-	-	501,989
Total revenues	6,482,964	5,980,975	5,932,682	(48,293)	6,059,457
<b>Expenditures</b>					
<b>Payments to other districts and Gov't units</b>					
Payments to other governmental units (out-of-state)					
Other objects	185,925	185,925	185,924	1	187,255
<b>Debt service</b>					
<b>Debt services - interest</b>					
Bonds - interest	4,243,213	4,243,213	3,594,785	648,428	4,360,949
Total debt service - interest	4,243,213	4,243,213	3,594,785	648,428	4,360,949
Principal payments on long-term debt	2,800,000	2,800,000	2,730,000	70,000	2,429,094
<b>Other debt service</b>					
Purchased services	-	-	589,070	(589,070)	54,875
Total	-	-	589,070	(589,070)	54,875
Total debt service	7,043,213	7,043,213	6,913,855	129,358	6,844,918
Total expenditures	7,229,138	7,229,138	7,099,779	129,359	7,032,173

(Continued)

**Warren Township High School District 121**  
Debt Service Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Variance From Final Budget	Actual
Excess (deficiency) of revenues over expenditures	\$ (746,174)	\$ (1,248,163)	\$ (1,167,097)	\$ 81,066	\$ (972,716)
Other financing sources (uses)					
Principal on bonds sold	-	-	34,305,000	34,305,000	1,700,000
Premium on bonds sold	-	-	1,399,945	1,399,945	32,257
Transfer to pay for principal on capital leases	-	-	-	-	25,094
Transfer to pay for interest on capital leases	-	-	-	-	1,274
Other sources not classified elsewhere	1,098,819	-	439,016	439,016	1,096,877
Deposit with escrow agent	-	-	(35,444,647)	(35,444,647)	(1,671,072)
Total other financing sources	1,098,819	-	699,314	699,314	1,184,430
Net change in fund balance	<u>\$ 352,645</u>	<u>\$ (1,248,163)</u>	(467,783)	<u>\$ 780,380</u>	211,714
Fund balance, beginning of year			3,494,562		3,282,848
Fund balance, end of year			<u>\$ 3,026,779</u>		<u>\$ 3,494,562</u>

(Concluded)

# Warren Township High School District 121

## Capital Projects Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance From Final Budget	2012 Actual
Revenues					
Local sources					
Interest on investments	\$ -	\$ -	\$ 2,469	\$ 2,469	\$ 2,490
Contributions and donations from private sources	45,000	45,000	57,717	12,717	-
Impact Fees from Municipal or County Gov'ts	16,000	16,000	17,684	1,684	16,609
Refund of prior years' expenditures	-	-	720	720	-
Total local sources	<u>61,000</u>	<u>61,000</u>	<u>78,590</u>	<u>17,590</u>	<u>19,099</u>
State sources					
Other state sources	<u>10,000,000</u>	<u>10,000,000</u>	<u>9,961,090</u>	<u>(38,910)</u>	<u>-</u>
Total state sources	<u>10,000,000</u>	<u>10,000,000</u>	<u>9,961,090</u>	<u>(38,910)</u>	<u>-</u>
Total revenues	<u>10,061,000</u>	<u>10,061,000</u>	<u>10,039,680</u>	<u>(21,320)</u>	<u>19,099</u>
Expenditures					
Support services					
Facilities acquisition and construction services					
Capital outlay	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,573,451</u>	<u>1,426,549</u>	<u>2,859,301</u>
Total support services	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,573,451</u>	<u>1,426,549</u>	<u>2,859,301</u>
Total expenditures	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,573,451</u>	<u>1,426,549</u>	<u>2,859,301</u>

(Continued)

**Warren Township High School District 121**  
Capital Projects Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013					2012
	Original Budget	Final Budget	Actual	Variance From Final Budget		Actual
Excess (deficiency) of revenues over expenditures	\$ 61,000	\$ 61,000	\$ 1,466,229	\$ 1,405,229		\$ (2,840,202)
Other financing sources						
Permanent transfer from working cash fund - abatement	-	-	-	-		879,494
Total other financing sources	-	-	-	-		879,494
Net change in fund balance	<u>\$ 61,000</u>	<u>\$ 61,000</u>	1,466,229	<u>\$ 1,405,229</u>		(1,960,708)
Fund balance, beginning of year			189,788			2,150,496
Fund balance, end of year			<u>\$ 1,656,017</u>			<u>\$ 189,788</u>

(Concluded)

**Warren Township High School District 121**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Assets</b>				
Cash and cash equivalents	\$ 474,905	\$ 1,038,388	1,053,944	\$ 459,349
Total assets	\$ 474,905	\$ 1,038,388	\$ 1,053,944	\$ 459,349
<b>Liabilities</b>				
Curricular Activity Accounts				
Art Club -NAHS	\$ 110	\$ -	\$ -	\$ 110
Art Club-O'Plaine	59	-	-	59
Astronomy Club	318	622	790	150
Avanza	1,230	-	-	1,230
Band Clinic	24	-	-	24
Battle of the Bands	-	2,067	2,067	-
Bookstore	-	38,725	24,960	13,765
Bully Prevention	-	1,124	936	188
Children's Show	-	474	177	297
Chorus	14,685	21,831	17,499	19,017
Class of 2012	-	13,593	9,985	3,608
Class of 2013	12,655	3,470	15,755	370
Convenience Account	-	24,365	4,852	19,513
Council for Exceptional Children	582	115	120	577
Creations	2,227	2,252	2,704	1,775
Dance Club	93	-	-	93
Environmental Science Activity	2,186	75	75	2,186
FBLA	4,255	101,258	105,139	374
First Robotics Club	-	12,567	208	12,359
French Club	1,769	883	654	1,998
Frisbee Golf	13	270	-	283
FY13-14 Junior Class	2,185	7,424	7,701	1,908
FY13-14 Senior Class	1,974	183,360	172,929	12,405
FY13-14 Soph Class	-	4,989	3,800	1,189
Gages Lake Mentoring Foundation	320	-	320	-
German Club	601	5,399	5,161	839
Industrial Tech Club	6,291	7,611	6,069	7,833
Iris	104	-	104	-
Jazz Club	1	-	-	1
Live Arts	-	2,012	1,658	354
Marching Arts	409	300	285	424
MECS Mother Earth	2,362	293	627	2,028
Multi-Cultural Club	1,880	2,511	236	4,155
National Honor Society	7,084	3,721	2,595	8,210
NHS - Spanish	-	3,558	2,060	1,498

(Continued)

**Warren Township High School District 121**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Liabilities (Continued)</b>				
<b>Curricular Activity Accounts (Continued)</b>				
Northern Area FBLA	\$ 7,382	\$ 9,227	\$ 10,150	\$ 6,459
Project Discovery	-	100	-	100
Scratch Paper	2,511	-	-	2,511
Ski Club	2,968	15,687	16,326	2,329
Spanish Club	1,170	-	49	1,121
Speech Tournament	745	5,248	3,489	2,504
Sports Marketing	-	2,694	2,417	277
Spring Musical	1,268	9,813	9,052	2,029
Stadium Club-Donations	48,242	16,591	58,446	6,387
Stadium Club-Mulch	8,365	27,174	22,489	13,050
Staff Purchases	1	-	-	1
Student Council	15,326	42,753	30,720	27,359
Students of Service	865	1,931	1,223	1,573
Students of Service-Almond	241	-	241	-
Tech Crew	1,084	660	876	868
Thespian Troupe	9,153	10,287	11,214	8,226
Warren Fiber & Craft	72	54	-	126
Yearbook-Blue Devil	16,756	27,839	27,125	17,470
<b>Athletic Activity Accounts</b>				
Athletic Trainer Student Activ	2,719	5,264	4,808	3,175
Baseball Camp	2,043	8,190	10,056	177
Basketball Camp-Boys	10,030	14,472	11,627	12,875
Basketball Camp-Girls	5,726	5,230	4,820	6,136
Boys Baseball Student Activ	8,046	4,742	7,980	4,808
Boys Basketball Student Activ	1,677	4,109	4,181	1,605
Boys Cross Country Std't Activ	129	-	-	129
Boys Golf Student Activ	15,402	14,098	18,468	11,032
Boys Soccer Student Activ	5,266	17,955	19,016	4,205
Boys Swimming Student Activ	24	3,274	2,900	398
Boys Tennis Student Activ	664	12,387	11,137	1,914
Boys Track Student Activ	4,005	48	4,053	-
Boys Volleyball Std't Activ	1,407	11,093	9,563	2,937
Cheerleading Student Activ	9,935	33,372	29,279	14,028
Cross Country Camp-Girls	-	1,280	-	1,280
Devilettes Student Activ	25,525	32,288	35,417	22,396
Football Camp	29,494	18,411	26,869	21,036
Football student Activ	9,992	44,900	28,316	26,576
Girls Basketball Std't Activ	1,753	10,221	8,668	3,306
Girls Bowling Student Activ	644	1,761	1,035	1,370
Girls Cross Country St Activ	1,001	12,248	11,335	1,914
Girls Golf Student Activ	1,403	4,350	2,655	3,098

(Continued)

**Warren Township High School District 121**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Liabilities (Continued)</b>				
<b>Athletic Activity Accounts (Continued)</b>				
Girls Soccer Student Activ	\$ 5,752	\$ 30,038	\$ 31,645	\$ 4,145
Girls Softball Student Activ	2,936	25,028	16,709	11,255
Girls Swimming Std't Activ	1,244	5,491	4,433	2,302
Girls Tennis Student Activ	252	1,495	1,743	4
Girls Track & Field St Activ	1,730	12,978	8,339	6,369
Girls Volleyball Student Activ	-	3,094	2,192	902
Gymnastics Std't Activ	-	121	121	-
Soccer Camp-Girls	5,376	9,200	8,418	6,158
Softball Camp	4,533	819	618	4,734
Tennis Camp-Boys	5,440	2,259	6,753	946
Tennis Camp-Girls	4,859	9,634	6,981	7,512
Volleyball Camp-Boys	3,462	3,490	4,220	2,732
Volleyball Camp-Girls	11,349	3,684	10,646	4,387
Wrestling Camp	4,141	2,311	4,511	1,941
Wrestling Clinic	335	100	76	359
<b>Convenience Accounts</b>				
Athletic Invitationals	-	31,546	28,967	2,579
Band Boosters	16,717	249,190	264,917	990
Blue Devil Tech Institute	846	2,120	2,369	597
Global Fest	1,294	20	115	1,199
IHSA Athletic Tournaments	-	10,032	8,577	1,455
IHSA Speech	689	-	-	689
Library Fund	108	-	-	108
Mexico Trip	941	-	16	925
Parent Connection/WPA	4,610	-	4,610	-
Spec Ed Life Skills	4	-	-	4
Summer Band Camp	30,524	28,408	33,932	25,000
WTHS Foundation	645	105	750	-
<b>Scholarship Fund Accounts</b>				
Abbott Laboratories Account	457	-	-	457
Alfred E Hanssen	4,981	-	2,000	2,981
Barbara Allen Memorial	5	-	-	5
Daniela Medina Scholarship	-	650	250	400
Gilbert Clem	-	300	300	-
Honey Orthodontics Scholarship	-	1,000	1,000	-
Jackie's Magic	1,146	5,910	6,564	492
Kate Pedersen Scholarship	-	2,250	2,250	-
Kristen Pilcher Memorial	100	-	-	100
Lucille McCullough Scholarship	10,593	1,000	4,000	7,593
Marilyn L Quist	4,070	-	1,000	3,070

(Continued)

**Warren Township High School District 121**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Liabilities (Continued)				
Scholarship Fund Accounts (Continued)				
Matthews	\$ -	\$ 4,000	\$ 4,000	\$ -
Moss Scholarship	-	1,500	1,500	-
Ron Krapf Scholarship	1,269	-	-	1,269
Student Activity(BOE Scholrsp)	841	5,835	5,500	1,176
Thomas Wessel	112	-	-	112
Thomas Wright	12,856	1,000	2,000	11,856
Miscellaneous	14,237	1,312,659	1,339,954	(13,058)
	<u>474,905</u>	<u>2,641,886</u>	<u>2,657,442</u>	<u>459,349</u>
Total liabilities	\$ 474,905	\$ 2,641,886	\$ 2,657,442	\$ 459,349

(Concluded)

**OTHER SUPPLEMENTAL INFORMATION**  
**(Unaudited)**



**Warren Township High School District 121**  
**OPERATING COSTS AND TUITION CHARGE**  
June 30, 2013 and 2012

<b>Operating costs per pupil</b>	<u>2013</u>	<u>2012</u>
Average Daily Attendance (ADA):	<u>4,116.11</u>	<u>4,224.49</u>
Operating costs:		
Educational	\$ 40,796,109	\$ 38,442,595
Operations and Maintenance	3,944,083	4,222,533
Debt Service	7,099,779	7,032,173
Transportation	3,759,434	3,279,257
Municipal Retirement/Social Security	1,596,086	1,535,976
Tort	<u>586,339</u>	<u>554,146</u>
Subtotal	<u>57,781,830</u>	<u>55,066,680</u>
Less Revenues/Expenditures of Non regular Programs:		
Payments to Other District and Gov't Units	2,566,278	2,462,214
Adult education	128,395	129,245
Summer school	292,103	234,982
Community services	9,253	87
Capital outlay	450,907	453,776
Debt principal retired	2,730,000	2,429,094
Non-capitalized equipment	769,491	397,703
Special education	2,469,662	2,051,632
Transportation fees	<u>45,248</u>	<u>100,123</u>
Subtotal	<u>9,461,337</u>	<u>8,258,856</u>
Operating costs	<u>\$ 48,320,493</u>	<u>\$ 46,807,824</u>
Operating costs per pupil - based on ADA	<u>\$ 11,739</u>	<u>\$ 11,080</u>
<b>Tuition Charge</b>		
Operating costs	\$ 48,320,493	\$ 46,807,824
Less - revenues from specific programs, such as special education or lunch programs	<u>8,438,240</u>	<u>7,549,362</u>
Net operating costs	39,882,253	39,258,462
Depreciation allowance	<u>3,521,818</u>	<u>3,535,298</u>
Allowance tuition costs	<u>\$ 43,404,071</u>	<u>\$ 42,793,760</u>
Tuition charge per pupil - based on ADA	<u>\$ 10,545</u>	<u>\$ 10,130</u>

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