

**Warren Township High School
District 121**

Gurnee, Illinois

Annual Financial Report

Year Ended June 30, 2015

Warren Township High School District 121
 ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

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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, 2015, 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

The District'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.

(Continued)

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, 2015, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note O to the audited financial statements, net position, net pension liability, and deferred outflows as of July 1, 2014 have been restated as a result of an adjustment due to the implementation of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* (GASB 71). Our opinion is not modified with respect to this matter.

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 5 through 12, the Illinois Municipal Retirement Fund and Teachers' Retirement System pension data on pages 62 - 65, the other postemployment benefits data on page 66, and budgetary comparison schedules and notes to the required supplementary information on pages 67 through 88 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, for the year ended June 30, 2015, 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 for the year ended June 30, 2015 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 for the year ended June 30, 2015 is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Warren Township High School District 121's basic financial statements, as of and for the year ended June 30, 2014, (which are not presented with the accompanying financial statements) and have issued our report thereon dated October 8, 2014, which contains unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That 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 as a whole. 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 Life Safety Fund for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. 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 Life Safety Fund have been subjected to the auditing procedures applied in the audit of those 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Debt Service Fund, and Fire Prevention and Life Safety Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

The Other Supplemental Information has 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 October 14, 2015 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.

Certified Public Accountants

Deerfield, Illinois
October 14, 2015

Warren Township High School District 121

Management's Discussion and Analysis

For the Year Ended June 30, 2015

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, 2015. 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 and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$45,111,866 (net position).
- At June 30, 2015, the District reported combined ending fund balances of \$26,993,764, an increase of \$1,374,212 in comparison with the prior year.
- At June 30, 2015, the unassigned fund balance for the General Fund was \$15,642,096, or 28% of the total General Fund expenditures.
- General revenues accounted for \$50,775,382, or 70% of total revenue. Program specific revenues in the form of charges for services, grants and contributions accounted for \$22,132,457, or 30% of total revenue.
- The District had \$71,562,427 in expenses related to governmental activities, of which \$22,132,457 were offset by program specific charges for services or grants and contributions. General revenues of \$50,775,382 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, 2015

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 position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 self-balancing 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, 2015

Fund financial statements (Continued)

The District maintains seven governmental funds. These funds are: The General Fund (includes Educational, Tort Immunity and Judgment and Working Cash Accounts), Operations and Maintenance Fund, Transportation Fund, Municipal Retirement/Social Security Fund, Debt Service Fund, Capital Projects Fund, and Fire Prevention and Safety Fund, all of which are considered to be major 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 each fund.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Financial Reporting for Pensions* (GASB 68), and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* (GASB 71), which were adopted by the District as of the fiscal year ended June 30, 2015. GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pension liabilities. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service. GASB 71 established standards for measuring amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB 68 and GASB 71 required a net pension liability for IMRF and TRS to be recorded. As a result of this implementation, net position as of July 1, 2014 decreased by \$5,617,039, net pension liability increased by \$6,207,820 and deferred outflows increased by \$590,781. Please refer to the Notes to the Financial Statements, Note A, Item 2 and Note F, and Note O for further information.

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. These funds, including Student Activity and Private Purpose Trust 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.

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 other postemployment benefits and pension data related to the Illinois Municipal Retirement Fund and the Teachers Retirement System.

Warren Township High School District 121
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Government-Wide Financial Analysis

Net position: The District's net position decreased to \$45,111,866 at June 30, 2015 as a result of fiscal year 2015 operations and implementation of GASB Statements No. 68 and 71 (Table 1).

Table 1
Condensed Statement of Net Position

	<i>Governmental Activities <u>2015</u></i>	<i>Governmental Activities <u>2014*</u></i>
Current and other assets	\$ 51,436,669	\$ 51,086,853
Capital assets	<u>108,224,235</u>	<u>111,045,021</u>
Total assets	159,660,904	162,131,874
Deferred outflow of resources	2,505,438	1,025,312
Long-term liabilities	91,839,776	87,981,535
Other liabilities	<u>1,182,366</u>	<u>2,902,758</u>
Total liabilities	93,022,142	90,884,293
Deferred inflow of resources	24,032,334	22,890,400
Net position:		
Net investment in capital assets	27,932,864	27,333,607
Restricted	10,985,682	9,537,538
Unrestricted	<u>6,193,320</u>	<u>12,511,348</u>
Total net position	<u>\$ 45,111,866</u>	<u>\$ 49,382,493</u>

*Amounts presented are as originally reported and not restated due to the implementation of GASB Statement No. 61 and GASB Statement No. 71.

Warren Township High School District 121
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Changes in Net Position: Fiscal year 2015 revenue from governmental activities was \$72,908,839, with related expenses of \$71,562,427, resulting in a change in net position of \$1,346,412. (Table 2).

Table 2
Changes in Net Position

	<i>Governmental Activities <u>2015</u></i>	<i>Governmental Activities <u>2014*</u></i>
Revenues:		
Program revenues:		
Charges for services	\$ 3,984,656	\$ 4,240,464
Operating grants and contributions	18,148,801	15,847,883
General revenues:		
Taxes	47,190,721	45,966,758
General state aid	3,340,796	2,048,272
Other	<u>243,865</u>	<u>353,980</u>
Total revenues	<u>72,908,839</u>	<u>68,457,357</u>
Expenses:		
Instruction	42,938,833	39,210,919
Pupil and instructional services	6,013,046	5,787,592
Administration and business	5,491,943	5,232,113
Transportation	4,194,774	4,083,555
Operations and maintenance	4,038,173	3,986,169
Other	<u>8,885,658</u>	<u>8,584,701</u>
Total expenses	<u>71,562,427</u>	<u>66,885,049</u>
Increase in net position	<u>\$ 1,346,412</u>	<u>\$ 1,572,308</u>

*Amounts presented are as originally reported and not due to implementation of GASB Statement No. 68 and GASB Statement No. 71.

Warren Township High School District 121

Management's Discussion and Analysis

For the Year Ended June 30, 2015

Financial Analysis of the District's Funds

As the District closed the year, the District's governmental funds reported a combined fund balance of \$26,993,764, higher than last year's ending fund balance of \$25,619,552, or approximately 6%.

The General Fund is the largest of the governmental funds. The fund balance at the beginning of the year was \$21,663,327. Actual total revenues were \$56,970,296; actual total expenditures were \$55,112,121, and other financing uses were (\$1,763,355). The net change in fund balance was \$94,820; the fund balance at the end of the year was \$21,758,147.

The Operation and Maintenance Fund had a fund balance at the beginning of the year of \$358,473. Actual total revenues were \$3,954,980; actual total expenditures were \$4,440,390, other financing sources were \$1,590,915 and other financing uses of \$397,183. The net change in fund balance was \$708,322; the fund balance at the end of the year was \$1,066,795.

The Transportation Fund had a fund balance at the beginning of the year of \$302,768. Actual total revenues were \$3,694,933; actual total expenditures were \$3,670,528. The net change in fund balance was \$24,405; the fund balance at the end of the year was \$327,173.

The Municipal Retirement/Social Security Fund had a fund balance at the beginning of the year of \$85,694. Actual total revenues were \$1,978,673; actual total expenditures were \$1,672,970. The net change in fund balance was \$305,703; the fund balance at the end of the year was \$391,397.

The Debt Service Fund had a fund balance at the beginning of the year of \$3,175,853. Actual total revenues were \$6,290,198; actual total expenditures were \$6,725,298. There was a transfer into the fund in the amount of \$172,440 from the General (Educational Account) and \$397,183 from Operations and Maintenance Funds for payments on capital leases and debt certificates. The net change in fund balance was \$221,203; the fund balance at the end of the year was \$3,397,056.

The Capital Projects Fund had a fund balance at the beginning of the year of \$7,869. Actual total revenues were \$19,759; actual total expenditures were \$0. The net change in fund balance was \$19,759; the fund balance at the end of the year was \$27,628.

The Fire Prevention and Safety Fund experienced no activity during the current fiscal year and had an ending fund balance of \$25,568.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$4,850,673 and actual expenditures exceeded budgeted expenditures by \$3,222,254. See pages 67-77 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, 2015

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2015, the District had invested \$108,224,235 (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.

Table 3		
Capital Assets (net of depreciation)		
	<i>Governmental Activities <u>2015</u></i>	<i>Governmental Activities <u>2014</u></i>
Land	\$ 11,772,443	\$11,772,443
Buildings, and building improvements	91,840,509	94,248,224
Site improvements	3,892,478	4,137,224
Equipment	<u>718,805</u>	<u>887,130</u>
Total	<u>\$108,224,235</u>	<u>\$111,045,021</u>

Long-term debt

At year-end, the District had \$91,839,776 in outstanding general obligation bonds and other long-term liabilities (Table 4).

Table 4		
Outstanding Long-Term Liabilities		
	<u>2015</u>	<u>2014*</u>
General obligation bonds	\$74,740,000	\$77,720,000
Debt certificates	5,546,500	5,819,000
Other	<u>11,553,276</u>	<u>10,650,355</u>
Total	<u>\$91,839,776</u>	<u>\$94,189,355</u>

*The amounts have been restated due to the implementation of GASB Statement No. 68 and GASB Statement No. 71.

Warren Township High School District 121
Management's Discussion and Analysis
For the Year Ended June 30, 2015

The District continued to pay down its existing debt. 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 its concern about the level at which the State of Illinois will provide financial resources to the school district. A possible shift in pension costs to the districts and changes to how schools are funded, if enacted could have a significant negative effect 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, 2015

ASSETS	
Cash and investments	\$ 20,842,416
Restricted cash	5,546,500
Receivables:	
Property taxes	23,040,187
Replacement taxes	137,559
Intergovernmental	1,022,254
Prepaid items	566,812
Other current assets	280,941
Capital assets:	
Land	11,772,443
Depreciable buildings, property, and equipment, net	<u>96,451,792</u>
Total assets	<u>159,660,904</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	1,666,547
Deferred loss on refunding of bonds	<u>838,891</u>
Total deferred outflows	<u>2,505,438</u>
LIABILITIES	
Accounts payable	537,730
Salaries and wages payable	67,577
Payroll deductions payable	47,893
Other current liabilities	246,350
Interest payable	282,816
Long-term liabilities:	
Due within one year	3,729,871
Due after one year	<u>88,109,905</u>
Total liabilities	<u>93,022,142</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pensions	488,979
Property taxes levied for a future period	<u>23,543,355</u>
Total deferred inflows	<u>24,032,334</u>
NET POSITION	
Net investment in capital assets	27,932,864
Restricted For:	
Operations and maintenance	1,066,794
Debt service	8,660,740
Student transportation	327,173
Retirement benefits	391,397
Capital projects	53,196
Tort immunity	486,382
Unrestricted	<u>6,193,320</u>
Total net position	<u>\$ 45,111,866</u>

The accompanying notes are an integral part of this statement.

Warren Township High School District 121

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 18,645,173	\$ 2,215,225	\$ 397,691	\$ (16,032,257)
Special programs	7,889,066	15,842	2,774,527	(5,098,697)
Other instructional programs	3,916,800	117,747	561,118	(3,237,935)
State retirement contributions	12,487,794	-	12,487,794	-
Support services:				
Pupils	3,064,822	-	-	(3,064,822)
Instructional staff	2,948,224	-	300,689	(2,647,535)
General administration	1,414,724	-	-	(1,414,724)
School administration	2,054,086	-	-	(2,054,086)
Business	2,023,133	1,399,242	20,643	(603,248)
Transportation	4,194,774	176,226	1,606,339	(2,412,209)
Operations and maintenance	4,038,173	60,374	-	(3,977,799)
Central and other supporting services	121,079	-	-	(121,079)
Community services	4,481	-	-	(4,481)
Nonprogrammed charges -				
excluding special education	2,084,330	-	-	(2,084,330)
Interest and fees	3,297,979	-	-	(3,297,979)
Unallocated depreciation	3,377,789	-	-	(3,377,789)
Total governmental activities	<u>\$ 71,562,427</u>	<u>\$ 3,984,656</u>	<u>\$ 18,148,801</u>	<u>\$ (49,428,970)</u>
General revenues:				
Taxes:				
				32,898,128
				7,164,441
				6,290,174
				837,978
				3,340,796
				1,116
				242,749
				<u>50,775,382</u>
				1,346,412
				<u>43,765,454</u>
				<u>\$ 45,111,866</u>

The accompanying notes are an integral part of this statement.

Warren Township High School District 121

Governmental Funds

BALANCE SHEET

June 30, 2015

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 15,931,622	\$ 1,315,753	\$ 6,279	\$ 69,237
Restricted cash	5,546,500	-	-	-
Receivables				
Property taxes	15,813,719	2,177,362	994,176	882,896
Replacement taxes	5,300	-	-	132,259
Intergovernmental	585,094	-	437,160	-
Prepaid Items	558,319	-	8,493	-
Other current assets	<u>47,286</u>	<u>-</u>	<u>-</u>	<u>233,655</u>
Total assets	<u>\$ 38,487,840</u>	<u>\$ 3,493,115</u>	<u>\$ 1,446,108</u>	<u>\$ 1,318,047</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 323,224	\$ 185,228	\$ 29,278	\$ -
Salaries and wages payable	32,500	2,719	25,877	6,481
Payroll deductions payable	-	-	47,893	-
Other current liabilities	<u>214,898</u>	<u>13,460</u>	<u>-</u>	<u>17,992</u>
Total liabilities	<u>570,622</u>	<u>201,407</u>	<u>103,048</u>	<u>24,473</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>16,159,071</u>	<u>2,224,913</u>	<u>1,015,887</u>	<u>902,177</u>
Total deferred inflows	<u>16,159,071</u>	<u>2,224,913</u>	<u>1,015,887</u>	<u>902,177</u>
FUND BALANCES				
Nonspendable	558,319	-	8,493	-
Restricted	5,557,732	1,066,795	318,680	391,397
Unassigned	<u>15,642,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>21,758,147</u>	<u>1,066,795</u>	<u>327,173</u>	<u>391,397</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 38,487,840</u>	<u>\$ 3,493,115</u>	<u>\$ 1,446,108</u>	<u>\$ 1,318,047</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 3,466,329	\$ 27,628	\$ 25,568	\$ 20,842,416
-	-	-	5,546,500
3,172,034	-	-	23,040,187
-	-	-	137,559
-	-	-	1,022,254
-	-	-	566,812
-	-	-	280,941
<u>\$ 6,638,363</u>	<u>\$ 27,628</u>	<u>\$ 25,568</u>	<u>\$ 51,436,669</u>
\$ -	\$ -	\$ -	\$ 537,730
-	-	-	67,577
-	-	-	47,893
-	-	-	246,350
-	-	-	899,550
<u>3,241,307</u>	<u>-</u>	<u>-</u>	<u>23,543,355</u>
<u>3,241,307</u>	<u>-</u>	<u>-</u>	<u>23,543,355</u>
-	-	-	566,812
3,397,056	27,628	25,568	10,784,856
-	-	-	15,642,096
<u>3,397,056</u>	<u>27,628</u>	<u>25,568</u>	<u>26,993,764</u>
<u>\$ 6,638,363</u>	<u>\$ 27,628</u>	<u>\$ 25,568</u>	<u>\$ 51,436,669</u>

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, 2015

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

Total fund balances-governmental funds	\$	26,993,764
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.		108,224,235
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.		838,891
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.		(282,816)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources related to pensions		1,053,010
Deferred outflows of 2015 employer contributions related to pensions		<u>613,538</u>
		1,666,548
Deferred inflows of resources related to pensions		(488,980)
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>(91,839,776)</u>
Net position - governmental activities	\$	<u><u>45,111,866</u></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, 2015

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 33,394,385	\$ 3,568,646	\$ 1,492,368	\$ 1,607,170
Replacement taxes	490,635	-	-	347,343
State aid	17,729,223	91,303	2,026,339	-
Federal aid	1,642,732	-	-	-
Interest	969	-	-	-
Other	<u>3,712,352</u>	<u>295,031</u>	<u>176,226</u>	<u>24,160</u>
Total revenues	<u>56,970,296</u>	<u>3,954,980</u>	<u>3,694,933</u>	<u>1,978,673</u>
Expenditures				
Current:				
Instruction:				
Regular programs	18,301,460	-	-	244,739
Special programs	7,142,634	-	-	258,015
Other instructional programs	3,842,045	-	-	77,953
State retirement contributions	12,487,794	-	-	-
Support services:				
Pupils	2,889,552	-	-	145,928
Instructional staff	2,699,315	-	-	147,907
General administration	1,410,346	-	-	3,801
School administration	1,952,497	-	-	43,809
Business	1,921,039	-	-	83,369
Transportation	11,019	-	3,643,246	351,774
Operations and maintenance	-	3,815,809	-	151,334
Central	116,599	-	-	12,895
Other supporting services	2,675	-	-	29
Community services	4,053	-	-	58
Nonprogrammed charges	2,199,029	199,642	27,282	151,359
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>132,064</u>	<u>424,939</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>55,112,121</u>	<u>4,440,390</u>	<u>3,670,528</u>	<u>1,672,970</u>
Excess (deficiency) of revenues over expenditures	1,858,175	(485,410)	24,405	305,703
Other financing sources (uses)				
Transfers in	-	1,590,915	-	-
Transfers (out)	(1,763,355)	(397,183)	-	-
Debt issuance	-	-	-	-
Premium on bonds sold	-	-	-	-
Payment on refunded debt	-	-	-	-
Deposit with escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,763,355)</u>	<u>1,193,732</u>	<u>-</u>	<u>-</u>
Net change in fund balance	94,820	708,322	24,405	305,703
Fund balance, beginning of year	<u>21,663,327</u>	<u>358,473</u>	<u>302,768</u>	<u>85,694</u>
Fund balance, end of year	<u>\$ 21,758,147</u>	<u>\$ 1,066,795</u>	<u>\$ 327,173</u>	<u>\$ 391,397</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 6,290,174	\$ -	\$ -	\$ 46,352,743
-	-	-	837,978
-	-	-	19,846,865
-	-	-	1,642,732
24	123	-	1,116
-	19,636	-	4,227,405
<u>6,290,198</u>	<u>19,759</u>	<u>-</u>	<u>72,908,839</u>
-	-	-	18,546,199
-	-	-	7,400,649
-	-	-	3,919,998
-	-	-	12,487,794
-	-	-	3,035,480
-	-	-	2,847,222
-	-	-	1,414,147
-	-	-	1,996,306
-	-	-	2,004,408
-	-	-	4,006,039
-	-	-	3,967,143
-	-	-	129,494
-	-	-	2,704
-	-	-	4,111
-	-	-	2,577,312
3,417,543	-	-	3,417,543
3,307,755	-	-	3,307,755
-	-	-	557,003
<u>6,725,298</u>	<u>-</u>	<u>-</u>	<u>71,621,307</u>
(435,100)	19,759	-	1,287,532
569,623	-	-	2,160,538
-	-	-	(2,160,538)
8,696,500	-	-	8,696,500
147,203	-	-	147,203
(5,819,000)	-	-	(5,819,000)
(2,938,023)	-	-	(2,938,023)
<u>656,303</u>	<u>-</u>	<u>-</u>	<u>86,680</u>
221,203	19,759	-	1,374,212
<u>3,175,853</u>	<u>7,869</u>	<u>25,568</u>	<u>25,619,552</u>
<u>\$ 3,397,056</u>	<u>\$ 27,628</u>	<u>\$ 25,568</u>	<u>\$ 26,993,764</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, 2015

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

Net change in fund balances - total governmental funds	\$ 1,374,212
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 depreciation expense exceeds capital outlay in the current period.	(2,820,786)
Governmental funds report the effects of deferred charges when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year net effect of these differences.	(186,421)
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.	43,041
Changes in deferred outflows and inflows or resources related to pensions are reported only in the statement of activities:	
Deferred outflow and inflows of resources related to IMRF pension	1,052,814
Deferred outflow and inflows of resources related to TRS pension	(466,027)
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>2,349,579</u>
Change in net position - governmental activities	<u>\$ 1,346,412</u>

The accompanying notes are an integral part of this statement.

Warren Township High School District 121

Fiduciary Funds

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Agency Fund	Private Purpose Trust Fund
<hr/>		
ASSETS		
Cash and investments	\$ 464,004	\$ 26,743
LIABILITIES		
Due to student groups	464,004	-
NET POSITION HELD IN TRUST FOR EXTERNAL PARTIES	\$ -	\$ 26,743

The accompanying notes are an integral part of this statement.

Warren Township High School District 121
Fiduciary Funds - Private Purpose Trust Fund
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2015

	Private Purpose Trust Fund
<hr/>	
ADDITIONS	
Contributions by external parties	\$ 14,790
Total additions	14,790
DEDUCTIONS	
Scholarships paid	<u>14,194</u>
Change in net position	596
Net position, beginning of year	<u>26,147</u>
Net position, end of year	<u>\$ 26,743</u>

The accompanying notes are an integral part of this statement.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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.

The District is not included as a component unit in any other governmental reporting entity, as defined by the GASB pronouncements.

2. New Accounting Pronouncement

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was implemented by the District during the fiscal year ended June 30, 2015. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses on the government-wide financial statements. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and was implemented by the District during the fiscal year ended June 30, 2015. This Statement established standards for measuring amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. New Accounting Pronouncement (Continued)

Specific changes to the District's financial statements relate to the recognition of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. See Note F and Note O for the effect of this restatement.

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.

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.

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.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds (Continued)

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.

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 Funds

The Fiduciary (Agency) Funds account 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.

The *Private Purpose Trust Fund* - is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Private Purpose Trust Fund accounts for scholarship and memorial trust funds, the principal of which may not be spent.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance

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.
- 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, 2015 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, 2015 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.

Warren Township High School District 121
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance (Continued)

Governmental fund balances reported on the fund financial statements at June 30, 2015 are as follows:

The nonspendable fund balance in the General Fund and Transportation Fund consists of \$558,319 and \$8,493, respectively, for prepaid items. The restricted fund balance in the General Fund is comprised of \$11,232 that represents the remaining unspent portion of the restricted tort immunity levy and \$5,546,500 of restricted cash. The remaining restricted fund balances are for the purpose of the restricted funds as described in Note A-4.

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, as are the fiduciary agency fund statements. 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. 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 property tax revenues and most other 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 and unavailable revenue on its financial statements. Unearned and unavailable 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 or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period(s). At June 30, 2015, the District has deferred outflows of resources associated with a loss on refunding of bonds in prior years and related to pensions. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period(s). At June 30, 2015, the District's property taxes levied for a future period and amounts related to pensions are reported as deferred inflows of resources.

8. 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.

9. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value approximates 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.

10. 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.

11. Prepaid Items

Prepaid items are recorded at cost and amortized over the term of the underlying agreements. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources" even though they are a component of current net position.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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

13. 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 240 days can be turned over to the Illinois Municipal Retirement Fund (IMRF) or 340 days 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 \$50 per day for IMRF or TRS, respectively. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

14. 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 and losses on refunding of bonds are deferred and amortized over the life of the applicable bonds. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. Bond issuance costs are expensed in the period incurred.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Long-Term Obligations (Continued)

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.

15. 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.

16. 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.

17. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 fund balance - total 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	\$ (74,740,000)
Debt certificates	(5,546,500)
Capital lease	(4,871)
IMRF net pension liability	(3,786,647)
TRS net pension liability	(3,440,610)
Other postemployment benefits	(1,629,863)
Bond premiums, net of amortization	(2,758,734)
Bond discounts, net of amortization	<u>67,449</u>
Net adjustment to reduce total fund balances - governmental funds to arrive at net position - governmental activities	<u>\$ (91,839,776)</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 balance includes a reconciliation between net changes in fund balance - total governmental funds and changes 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	\$ 557,003
Depreciation expense	<u>(3,377,789)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (2,820,786)</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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	\$ 2,950,000
Debt certificates	300,000
Capital lease	167,543
Payment on refunded debt	8,699,000
Bond premium amortization	68,079
Bond discount amortization	(4,103)
IMRF pension expense, net	(1,513,459)
TRS pension expense, net	494,022
Issuance of long-term liabilities	
General obligation bonds	(2,850,000)
Debt certificates	(5,846,500)
Other postemployment benefits	<u>(115,003)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities.	\$ <u><u>2,349,579</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, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2015, the District's cash and investments consisted of the following:

	<u>Government- wide</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 26,388,916	\$ 490,747	\$ 26,879,663

Of the total cash and investments, \$5,546,500 is restricted by the provisions of the debt certificate agreement. For disclosure purposes, total cash and investments is segregated as follows:

	<u>Total</u>
Cash on hand	\$ 6,488
Deposits with financial institutions	17,312,757
Illinois School District Liquid Asset Fund Plus	<u>9,560,418</u>
	<u>\$ 26,879,663</u>

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.

3. Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District to meet the District's ongoing need for safety, liquidity, and rate of return.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. 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, 2015, the bank balances of the District's deposits with financial institutions total \$17,784,128, 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, 2015 a total of \$12,392 is due to the District.

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 16, 2014. 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).

The County Clerk adds the Equalized Assessed Valuation of all real property in the District to the valuation of property assessed directly by the state (to which the Equalization Factor is not applied) to arrive at the base amount (the Assessment Base) used to calculate the annual tax rates, as described above. The Equalized Assessed Valuation for the extension for the 2014 tax levy was \$1,877,951,891.

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 portion of the 2014 property tax levy not received by June 30 is recorded as a receivable. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, up to 50 percent of the 2014 property tax levy, are recognized as revenue. Net taxes receivable plus any excess collections over 50 percent of the 2014 property tax levy is reflected as deferred inflow of resources.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2015, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$12,232,241 in pension contributions from the state of Illinois.

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$145,314, and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$234,952 were paid from federal and special trust funds that required employer contributions of \$77,534. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Contributions (Continued)

Early Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the District paid \$0 to TRS for employer ERO contributions.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 3,440,610
State's proportionate share of the net pension liability associated with the District	<u>151,933,269</u>
Total	<u>\$ 155,373,879</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the District's proportion was .0056534789 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013 actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the District's proportion was .0062804248 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$12,503,827 and revenue of \$12,232,241 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,817	-
Net difference between projected and actual earnings on pension plan investments	-	172,917
Changes in proportion and differences between District contributions and proportionate share of contributions	-	<u>316,062</u>
Total deferred amounts to be recognized in pension expense in future periods	1,817	488,979
District contributions subsequent to the measurement date	<u>222,848</u>	-
	<u>\$ 224,665</u>	<u>\$ 488,979</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The District reported \$222,848 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 119,502
2017	119,502
2018	119,502
2019	119,502
2020	9,154
Thereafter	<u>-</u>
Total	<u>\$ 487,162</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Actuarial Assumptions (Continued)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18 %	8.23 %
Global equity (excluding U.S.)	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.63
Private equity	14	13.03
Total	100 %	

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
District's proportionate share of the net pension liability	\$ 4,248,984	\$ 3,440,610	\$ 2,771,183

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administer of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	102
Inactive plan members entitled to but not yet receiving benefits	118
Active plan members	<u>161</u>
Total	<u><u>381</u></u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2014 was 12.37%. For the fiscal year ended June 30, 2015 the District contributed \$562,870 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	3.50%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.47%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (continued)

Mortality

For non-disabled retirees, the IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projections scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.47%.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2014:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 18,972,517	\$ 16,699,329	\$ 2,273,188
Changes for the year:			
Service cost	694,132	-	694,132
Interest on the total pension liability	1,419,751	-	1,419,751
Difference between expected and actual experience of the total pension liability	215,866	-	215,866
Changes of assumptions	959,401	-	959,401
Contributions - Employer	-	562,870	(562,870)
Contributions - Employees	-	214,739	(214,739)
Net Investment Income	-	1,020,154	(1,020,154)
Benefit payments, including refunds of employee contributions	(728,603)	(728,603)	-
Other (net transfer)	-	(22,072)	22,072
Net changes	<u>2,560,547</u>	<u>1,047,088</u>	<u>1,513,459</u>
Balances at December 31, 2014	<u>\$ 21,533,064</u>	<u>\$ 17,746,417</u>	<u>\$ 3,786,647</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.47%)	Current Discount Rate (7.47%)	1% Higher (8.47%)
Net pension liability	<u>\$ 6,633,692</u>	<u>\$ 3,786,647</u>	<u>\$ 1,425,577</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$1,025,137. At June 30, 2015, the District reported deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	
Differences between expected and actual experience	\$ 158,795
Change of assumptions	705,752
Net difference between projected and actual earnings on pension plan investments	<u>186,645</u>
 Total deferred amounts to be recognized in pension expense in the future periods	 <u>1,051,192</u>
 <i>Pension contributions made subsequent to the measurement date</i>	 <u>390,690</u>
 Total deferred amounts related to pensions	 <u>\$ 1,441,882</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 357,381
2017	357,381
2018	289,768
2019	<u>46,662</u>
 Total	 <u>\$ 1,051,192</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - PENSION LIABILITIES (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

1. Teachers' Health Insurance Security (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment 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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$255,553, and the District recognized revenue and expenditures of this amount during the year.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$190,412 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 current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

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 current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

2. Retiree Health Plan

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.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

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:

	<u>June 30, 2015</u>
Annual required contribution	\$ 159,911
Interest on net OPEB obligation	60,594
Amortization of net OPEB obligation	<u>(87,605)</u>
Annual OPEB cost	132,900
Contributions made	<u>(17,897)</u>
Increase in net OPEB obligation	115,003
Net OPEB obligation beginning of year	<u>1,514,860</u>
Net OPEB obligation end of year	<u><u>\$ 1,629,863</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 2015 and the two preceding fiscal years were as follows:

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Trend Information			
Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$ 132,900	13.5%	\$ 1,629,863
06/30/2014*	211,619	21.0%	1,514,860
06/30/2013*	211,619	21.0%	1,348,702

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

Funding Status and Funding Progress

As of July 1, 2014, the actuarial accrued liability for benefits was \$1,078,097, 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 (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 liability 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, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (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, 2014
Actuarial cost method	Unit credit, normal cost
Amortization period	Open, level dollar
Remaining amortization period	30 years
Mortality, Turnover, Disability, Retirement ages	RP-2000 Combined Healthy Mortality table projected generationally with scale AA
Discount rate	4.00% per year (based on 2.50% long-term inflation; 0.75% real GDP growth and 0.75% medical)
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, 2015

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases/</u> <u>Transfers</u>	<u>Decreases/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not being depreciated				
Land	\$ 11,772,443	\$ -	\$ -	\$ 11,772,443
Total capital assets, not being depreciated	<u>11,772,443</u>	<u>-</u>	<u>-</u>	<u>11,772,443</u>
Capital assets, being depreciated				
Buildings and building improvements	127,189,075	358,772	-	127,547,847
Site improvements	6,666,362	80,750	-	6,747,112
Equipment	<u>5,935,744</u>	<u>117,481</u>	<u>-</u>	<u>6,053,225</u>
Total capital assets, being depreciated	<u>139,791,181</u>	<u>557,003</u>	<u>-</u>	<u>140,348,184</u>
Less accumulated depreciation for:				
Buildings and building improvements	32,940,851	2,766,487	-	35,707,338
Site improvements	2,529,138	325,496	-	2,854,634
Equipment	<u>5,048,614</u>	<u>285,806</u>	<u>-</u>	<u>5,334,420</u>
Total accumulated depreciation	<u>40,518,603</u>	<u>3,377,789</u>	<u>-</u>	<u>43,896,392</u>
Total capital assets being depreciated, net	<u>99,272,578</u>	<u>(2,820,786)</u>	<u>-</u>	<u>96,451,792</u>
Governmental activities capital assets, net	<u>\$ 111,045,021</u>	<u>\$ (2,820,786)</u>	<u>\$ -</u>	<u>\$ 108,224,235</u>

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

Governmental activities	
General Government	
Transportation	\$ 13,591
Food Service	3,606
Unallocated	<u>3,360,592</u>
	<u>\$ 3,377,789</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2015, the following is the long-term liability activity for the District:

	Balance July 1, 2014 <u>(as restated)</u>	<u>Additions</u>	<u>Reductions/ Refunded</u>	<u>Balance June 30, 2015</u>
General obligation bonds	\$ 77,720,000	\$ 2,850,000	\$ 5,830,000	\$ 74,740,000
Debt certificates	5,819,000	5,846,500	6,119,000	5,546,500
Capital lease	172,414	-	167,543	4,871
IMRF net pension liability*	2,273,188	3,311,222	1,797,763	3,786,647
TRS net pension liability*	3,934,632	1,818	495,840	3,440,610
Bond premiums, net of amortization	2,826,813	147,203	215,282	2,758,734
Bond discounts, net of amortization	(71,552)	-	(4,103)	(67,449)
Other postemployment benefits	<u>1,514,860</u>	<u>132,900</u>	<u>17,897</u>	<u>1,629,863</u>
 Total long-term liabilities	 <u>\$ 94,189,355</u>	 <u>\$ 12,289,643</u>	 <u>\$ 14,639,222</u>	 <u>\$ 91,839,776</u>

* Restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension Plans - An amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 6*, which is only applicable to financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP).

At June 30, 2015, amounts due within one year on the outstanding long-term liabilities were as follows:

General obligation bonds	\$ 3,425,000
Debt certificates	300,000
Capital lease	<u>4,871</u>
 Total amount due within one year	 <u><u>\$ 3,729,871</u></u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - LONG-TERM LIABILITIES (Continued)

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>
GO Limited School Bonds 2007	3.85% - 4.20%	\$ 7,000,000
GO Limited School Bonds 2008A	5.00% - 5.125%	3,035,000
GO Limited School Bonds 2008 C	3.00% - 5.00%	5,370,000
GO School Building Bonds 2009	5.40% - 6.30%	23,725,000
Refunding School Bonds 2011	2.00%	225,000
Refunding School Bonds 2012A	2.25% - 3.00%	9,440,000
Refunding School Bonds 2012B	0.83% - 2.74%	2,030,000
Refunding School Bonds 2012C	1.625%	1,840,000
Refunding School Bonds 2012D	0.65% - 3.09%	12,270,000
Refunding School Bonds 2013A	4.00%	5,860,000
Refunding School Bonds 2013B	0.67% - 1.80%	1,135,000
Refunding School Bonds 2014	2.25% - 2.875%	<u>2,810,000</u>
		<u>\$ 74,740,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,425,000	\$ 2,991,168	\$ 6,416,168
2017	3,560,000	2,944,377	6,504,377
2018	4,340,000	2,809,841	7,149,841
2019	5,105,000	2,783,944	7,888,944
2020	5,370,000	2,592,258	7,962,258
2021-2025	29,035,000	10,223,132	39,258,132
2026-2028	<u>23,905,000</u>	<u>2,145,349</u>	<u>26,050,349</u>
	<u>\$ 74,740,000</u>	<u>\$ 26,490,069</u>	<u>\$ 101,230,069</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds Payable (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$3,397,056 in the Debt Service Fund to service the outstanding bond payable.

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, 2015, the statutory debt limit for the District was \$129,578,680, providing a debt margin of \$49,287,309.

During the fiscal year ended June 30, 2015, the District issued \$2,850,000 of General Obligation Refunding School Bonds, Series 2014 and \$5,846,500 of Debt Certificates. These issuances were used to refund principal and interest maturities on the District's Series 2005 bond and Series 2009 and 2010 debt certificates, and to restructure the District's debt. This transaction resulted in a theoretical economic gain (difference between the present value of the debt service payments on the old and new debt) of \$316,632 related to the refunding bond and the amount related to the debt certificate was not available at the issuance of this report.

The District defeased the debt 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 debt are not included in the District's financial statements. At June 30, 2015, \$2,810,000 of bonds principal outstanding are considered defeased.

3. Debt Certificates

Annual debt service requirements to maturity for debt certificates are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 300,000	\$ 117,104	\$ 417,104
2017	300,000	110,594	410,594
2018	300,000	104,084	404,084
2019	300,000	97,574	397,574
2020	4,346,500	47,160	4,393,660
	<u>\$ 5,546,500</u>	<u>\$ 476,516</u>	<u>\$ 6,023,016</u>

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - LONG-TERM LIABILITIES (Continued)

4. Capital Lease

The District has an agreement to lease computers. The lease terms require annual payments through July 2015. Current year expenses under this lease are \$167,543. In addition, subsequent to year end the District entered into an agreement to lease computers. The lease terms require payments through July 2017. There are no current year expenses related to this new lease. The obligations for these leases will be repaid from the Debt Service Fund with funding provided by the General (Educational Account) Fund. Annual debt service requirements to maturity for capital leases, including lease agreements executed after June 30, 2015 (see Note P), are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 406,623	\$ 138	\$ 406,761
2017	390,302	11,450	401,752
2018	395,945	5,807	401,752
	\$ 1,192,870	\$ 17,395	\$ 1,210,265

NOTE J - OPERATING LEASES

The District leases equipment, vehicles and land under noncancelable operating leases. Total costs for such leases were \$796,784 for the year ended June 30, 2015. At June 30, 2015, future minimum lease payments for these leases are as follows:

Year Ending June 30	Total
2016	\$ 821,451
2017	641,254
2018	163,531
2019	67,560
2020	67,560
2021 - 2025	48,775
2026 - 2030	22,500
2031 - 2033	13,500
Total	\$ 1,846,131

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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.

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. 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.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE L - JOINT AGREEMENTS (Continued)

3. Transportation Center

The District and Gurnee School District #56 (Gurnee #56) entered into a joint agreement to build a new transportation center to house both Districts' transportation staff and equipment. The joint transportation facility shares resources and complements the current shared transportation agreement with Gurnee #56 for transportation of students. The District also entered into a long-term lease with the Village of Gurnee for additional land use (Note J). 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.

NOTE M - INTERFUND TRANSFERS

The District transferred \$1,590,915 to the Operations and Maintenance Fund from the Working Cash Fund. The amount transferred represent a Working Cash Fund abatement.

The District transferred \$397,183 and \$172,440, respectively, from the Operations and Maintenance Fund and the General Fund, respectively, to the Debt Service Fund. These amounts transferred represent amounts transferred to pay principal and interest on the District's debt certificates and capital leases, respectively.

NOTE N - CONTINGENCIES

1. Litigation

The District is a defendant in various lawsuits and other pending matters. Although the eventual outcome and related liability, if any, is not determinable at this time, in the opinion of the District's management, the resolution of these matters will not have a material adverse effect on the financial condition of the District. No provision has been made in the accompanying financial statements for settlement costs.

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.

Warren Township High School District 121

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE O - RESTATEMENT

The implementation of GASB 68 and GASB 71 (Note A-2) required a net pension liability for IMRF and TRS to be recorded. As a result of this implementation, net position as of July 1, 2014 decreased by \$5,617,039, net pension liability (included in long-term liabilities) increased by \$6,207,820 and deferred outflows increased by \$590,781.

NOTE P - SUBSEQUENT EVENT

Management has evaluated subsequent events through October 14, 2015, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than those described below, have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

In July 2015, the District entered into a three year capital lease agreement for computer equipment. The terms of the new agreement call for annual payments of \$401,752 from July 2015 through July 2017. The District also entered into vehicle lease agreements in July 2015. The terms of the new lease agreements call for annual payments of \$88,574 from July 2015 through July 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Warren Township High School District 121
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Illinois Municipal Retirement Fund
June 30, 2015

Calendar year ended December 31, 2014:

Total pension liability	
Service cost	\$ 694,132
Interest on the total pension liability	1,419,751
Difference between expected and actual experience of the total pension liability	215,866
Assumption changes	959,401
Benefit payments and refunds	<u>(728,603)</u>
Net change in total pension liability	2,560,547
Total pension liability, beginning	<u>18,972,517</u>
Total pension liability, ending	<u><u>\$ 21,533,064</u></u>
Plan fiduciary net position	
Contributions, employer	\$ 562,870
Contributions, employee	214,739
Net investment income	1,020,154
Benefit payments, including refunds of employee contributions	(728,603)
Other (net transfer)	<u>(22,072)</u>
Net change in plan fiduciary net position	1,047,088
Plan fiduciary net position, beginning	<u>16,699,329</u>
Plan fiduciary net position, ending	<u><u>\$ 17,746,417</u></u>
Net pension liability	<u><u>\$ 3,786,647</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.41 %
Covered Valuation Payroll	\$ 5,927,845
Net pension liability as a percentage of covered valuation payroll	63.88 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

Warren Township High School District 121
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
June 30, 2015

<u>Calendar Year</u> Ending <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a % of</u> <u>Covered Valuation Payroll</u>
2014	\$ 696,521	* \$ 562,870	\$ 133,651	\$ 5,927,845	9.50 %

* Estimated based on contribution rate of 9.50% and covered valuation payroll of \$5,927,845.

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

Warren Township High School District 121
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
June 30, 2015

District's proportion of the net pension liability	0.0056534789 %
District's proportionate share of the net pension liability	\$ 3,440,610
State's proportionate share of the net pension liability (asset) associated with the District	<u>151,933,269</u>
Total	<u>\$ 155,373,879</u>
District's covered-employee payroll	\$ 24,598,129
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.139872833 %
Plan fiduciary net position as a percentage of the total pension liability	43.0 %

Note 1: The amounts presented were determined as of the prior fiscal-year end.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

Warren Township High School District 121
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
June 30, 2015

Contractually required contribution	\$ 198,764
Contributions in relation to the contractually required contribution	<u>201,713</u>
Contribution excess	<u><u>\$ (2,949)</u></u>
District's covered-employee payroll	\$ 24,598,129
Contributions as a percentage of covered-employee payroll	-0.00820034 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

Warren Township High School District 121

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2015

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)
6/30/15	\$ -	\$ 1,078,097	0.00 %	\$ 1,078,097	\$ 30,774,125	3.50 %
6/30/2014*	-	1,470,104	0.00	1,470,104	29,773,413	4.94
6/30/2013*	-	1,470,104	0.00	1,470,104	28,063,122	5.24

NA - not available

* June 30, 2012 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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 31,731,370	\$ 33,083,922	\$ 1,352,552	\$ 32,452,414
Leasing levy	269,866	290,785	20,919	318,610
Special education levy	19,276	19,678	402	19,827
Corporate personal property replacement taxes	536,437	490,635	(45,802)	387,803
Regular tuition from pupils or parents	1,045,329	-	(1,045,329)	1,123,737
Summer school tuition from pupils or parents	275,035	117,747	(157,288)	270,942
Special education tuition from other districts	-	15,842	15,842	-
Interest on investments	10,880	969	(9,911)	12,123
Sales to pupils - lunch	1,518,000	1,349,172	(168,828)	1,372,212
Other food service	225	-	(225)	-
Admissions - athletic	75,000	94,671	19,671	75,369
Admissions - other	1,053	22,832	21,779	11,121
Fees	684,991	1,892,315	1,207,324	793,509
Book store sales	11,411	11,875	464	11,411
Other - textbooks	12,253	10,249	(2,004)	7,623
Contributions and donations from private sources	6,546	54,746	48,200	28,681
Services provided other districts	-	45,668	45,668	42,043
Refund of prior years' expenditures	-	19,529	19,529	70,094
Drivers' education fees	8,466	8,895	429	8,870
Proceeds from vendors' contracts	11,269	59,951	48,682	39,545
Payment from other districts	2,050	-	(2,050)	2,094
Other	8,093	8,860	767	13,588
Total local sources	<u>36,227,550</u>	<u>37,598,341</u>	<u>1,370,791</u>	<u>37,061,616</u>

(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, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			
	Original and	Variance		2014
	Final	Actual	From	
	Budget	Actual	Final Budget	Actual
State sources				
General State Aid	\$ 3,411,337	\$ 2,920,796	\$ (490,541)	\$ 2,048,272
Special Education - Private Facility Tuition	837,000	1,001,522	164,522	1,073,342
Special Education - Extraordinary	542,941	530,726	(12,215)	543,088
Special Education - Personnel	501,500	555,698	54,198	549,691
Special Education - Summer School	9,324	10,676	1,352	7,950
CTE - Secondary Program Improvement (CTEI)	45,001	44,883	(118)	40,910
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	28,272	21,356	(6,916)	19,628
State Free Lunch and Breakfast	3,169	2,673	(496)	3,073
Driver Education	26,529	21,846	(4,683)	30,544
Other state sources	174,238	131,253	(42,985)	31,254
On Behalf Payments to TRS from the State	<u>8,900,000</u>	<u>12,487,794</u>	<u>3,587,794</u>	<u>8,892,704</u>
Total state sources	<u>14,479,311</u>	<u>17,729,223</u>	<u>3,249,912</u>	<u>13,240,456</u>
Federal sources				
Special Milk Program	10,600	17,970	7,370	12,608
Title I - Low Income	318,558	375,845	57,287	257,391
Federal - Special Education - I.D.E.A. - Flow Through	276,386	272,589	(3,797)	262,448
Federal - Special Education - I.D.E.A. - Room and Board	81,155	69,566	(11,589)	81,155
CTE - Other	25,353	25,347	(6)	27,053
Build America Bonds Interest Reimbursement	458,316	465,344	7,028	465,846
Title III - English Language Acquisition	-	4,188	4,188	5,341
Title II - Teacher Quality	37,394	37,648	254	39,573
Division of Rehab Services - STEP	-	40,485	40,485	-
Medicaid Matching Funds - Administrative Outreach	20,000	32,239	12,239	20,058
Medicaid Matching Funds - Fee-For-Service-Program	<u>185,000</u>	<u>301,511</u>	<u>116,511</u>	<u>220,033</u>
Total federal sources	<u>1,412,762</u>	<u>1,642,732</u>	<u>229,970</u>	<u>1,391,506</u>
Total revenues	<u>52,119,623</u>	<u>56,970,296</u>	<u>4,850,673</u>	<u>51,693,578</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 15,289,104	\$ 15,087,699	\$ 201,405	\$ 14,980,316
Employee benefits	1,948,945	1,916,795	32,150	1,978,980
On-behalf payments to TRS from the state	8,900,000	12,487,794	(3,587,794)	8,892,704
Purchased services	519,368	526,956	(7,588)	538,150
Supplies and materials	603,395	605,520	(2,125)	586,866
Capital outlay	-	43,005	(43,005)	335,330
Other objects	6,515	7,175	(660)	6,400
Non-capitalized equipment	<u>107,452</u>	<u>74,831</u>	<u>32,621</u>	<u>-</u>
Total	<u>27,374,779</u>	<u>30,749,775</u>	<u>(3,374,996)</u>	<u>27,318,746</u>
Special education programs				
Salaries	4,210,814	4,101,743	109,071	3,911,607
Employee benefits	737,921	685,334	52,587	668,841
Purchased services	195,594	198,384	(2,790)	152,678
Supplies and materials	182,232	199,724	(17,492)	93,527
Capital outlay	8,900	3,900	5,000	23,139
Other objects	-	230	(230)	70,000
Non-capitalized equipment	<u>-</u>	<u>1,713</u>	<u>(1,713)</u>	<u>500</u>
Total	<u>5,335,461</u>	<u>5,191,028</u>	<u>144,433</u>	<u>4,920,292</u>
Remedial and Supplemental programs K-12				
Salaries	143,000	133,644	9,356	130,287
Employee benefits	<u>3,153</u>	<u>2,317</u>	<u>836</u>	<u>2,179</u>
Total	<u>146,153</u>	<u>135,961</u>	<u>10,192</u>	<u>132,466</u>

(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, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			
	Original and Final Budget	Actual	Variance From Final Budget	2014 Actual
CTE programs				
Salaries	\$ 1,315,357	\$ 1,316,887	\$ (1,530)	\$ 1,225,393
Employee benefits	139,439	138,130	1,309	136,803
Purchased services	2,750	2,504	246	9,205
Supplies and materials	102,577	68,999	33,578	67,657
Capital outlay	<u>61,716</u>	<u>70,230</u>	<u>(8,514)</u>	<u>64,071</u>
Total	<u>1,621,839</u>	<u>1,596,750</u>	<u>25,089</u>	<u>1,503,129</u>
Interscholastic programs				
Salaries	1,251,408	1,320,066	(68,658)	1,253,066
Employee benefits	87,018	84,878	2,140	79,468
Purchased services	212,359	242,755	(30,396)	233,980
Supplies and materials	58,860	63,677	(4,817)	61,686
Capital outlay	-	-	-	10,420
Non-capitalized equipment	<u>-</u>	<u>1,473</u>	<u>(1,473)</u>	<u>6,831</u>
Total	<u>1,609,645</u>	<u>1,712,849</u>	<u>(103,204)</u>	<u>1,645,451</u>
Summer school programs				
Salaries	252,000	214,670	37,330	267,346
Employee benefits	3,271	2,432	839	2,859
Purchased services	17,000	13,965	3,035	7,959
Supplies and materials	<u>5,500</u>	<u>1,537</u>	<u>3,963</u>	<u>3,067</u>
Total	<u>277,771</u>	<u>232,604</u>	<u>45,167</u>	<u>281,231</u>
Drivers education programs				
Salaries	67,934	74,727	(6,793)	71,595
Employee benefits	6,150	7,757	(1,607)	6,755
Purchased services	3,000	2,853	147	1,127
Supplies and materials	<u>1,500</u>	<u>367</u>	<u>1,133</u>	<u>1,341</u>
Total	<u>78,584</u>	<u>85,704</u>	<u>(7,120)</u>	<u>80,818</u>

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Bilingual programs				
Salaries	\$ 163,154	\$ 167,550	\$ (4,396)	\$ 157,202
Employee benefits	21,608	22,024	(416)	20,451
Purchased services	2,500	-	2,500	1,567
Supplies and materials	<u>4,792</u>	<u>4,371</u>	<u>421</u>	<u>2,826</u>
Total	<u>192,054</u>	<u>193,945</u>	<u>(1,891)</u>	<u>182,046</u>
Special education programs K-12 - private tuition	<u>2,190,000</u>	<u>1,955,506</u>	<u>234,494</u>	<u>2,363,655</u>
Remedial/supplemental programs K-12 - private tuition	<u>-</u>	<u>36,946</u>	<u>(36,946)</u>	<u>-</u>
Total instruction	<u>38,826,286</u>	<u>41,891,068</u>	<u>(3,064,782)</u>	<u>38,427,834</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	855,902	829,440	26,462	716,220
Employee benefits	118,391	90,706	27,685	95,376
Purchased services	5,363	-	5,363	200
Supplies and materials	<u>325</u>	<u>325</u>	<u>-</u>	<u>-</u>
Total	<u>979,981</u>	<u>920,471</u>	<u>59,510</u>	<u>811,796</u>
Guidance services				
Salaries	1,314,491	1,311,717	2,774	1,382,973
Employee benefits	<u>162,812</u>	<u>164,509</u>	<u>(1,697)</u>	<u>183,638</u>
Total	<u>1,477,303</u>	<u>1,476,226</u>	<u>1,077</u>	<u>1,566,611</u>

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Health services				
Salaries	\$ 343,278	\$ 321,122	\$ 22,156	\$ 307,731
Employee benefits	39,852	38,461	1,391	37,070
Supplies and materials	7,500	5,081	2,419	5,301
Non-capitalized equipment	13,500	9,960	3,540	-
Total	404,130	374,624	29,506	350,102
Psychological services				
Salaries	101,247	101,247	-	94,206
Employee benefits	16,138	16,984	(846)	14,385
Total	117,385	118,231	(846)	108,591
Total pupils	2,978,799	2,889,552	89,247	2,837,100
Instructional staff				
Improvement of instruction services				
Salaries	236,134	240,816	(4,682)	282,856
Employee benefits	69,171	70,527	(1,356)	72,626
Purchased services	18,319	29,043	(10,724)	81,518
Supplies and materials	94,792	105,139	(10,347)	94,786
Other objects	500	902	(402)	500
Total	418,916	446,427	(27,511)	532,286

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Educational media services				
Salaries	\$ 1,095,979	\$ 1,083,661	\$ 12,318	\$ 1,161,438
Employee benefits	192,101	183,489	8,612	193,480
Purchased services	70,576	61,415	9,161	74,642
Supplies and materials	353,839	405,859	(52,020)	504,896
Capital outlay	64,402	14,929	49,473	141,993
Non-capitalized equipment	<u>316,000</u>	<u>481,219</u>	<u>(165,219)</u>	<u>143,771</u>
Total	<u>2,092,897</u>	<u>2,230,572</u>	<u>(137,675)</u>	<u>2,220,220</u>
Assessment and testing				
Salaries	33,705	22,692	11,013	5,234
Employee benefits	-	247	(247)	48
Purchased services	<u>14,256</u>	<u>14,306</u>	<u>(50)</u>	<u>14,256</u>
Total	<u>47,961</u>	<u>37,245</u>	<u>10,716</u>	<u>19,538</u>
Total instructional staff	<u>2,559,774</u>	<u>2,714,244</u>	<u>(154,470)</u>	<u>2,772,044</u>
General administration				
Board of education services				
Salaries	9,243	9,243	-	8,974
Employee benefits	-	2,997	(2,997)	-
Purchased services	336,942	419,095	(82,153)	340,295
Supplies and materials	33,300	38,417	(5,117)	38,132
Other objects	<u>9,334</u>	<u>65,762</u>	<u>(56,428)</u>	<u>10,584</u>
Total	<u>388,819</u>	<u>535,514</u>	<u>(146,695)</u>	<u>397,985</u>
Executive administration services				
Salaries	263,960	263,960	-	250,848
Employee benefits	<u>64,247</u>	<u>62,090</u>	<u>2,157</u>	<u>53,169</u>
Total	<u>328,207</u>	<u>326,050</u>	<u>2,157</u>	<u>304,017</u>
Tort immunity services				
Purchased services	<u>629,346</u>	<u>548,782</u>	<u>80,564</u>	<u>603,635</u>
Total	<u>629,346</u>	<u>548,782</u>	<u>80,564</u>	<u>603,635</u>
Total general administration	<u>1,346,372</u>	<u>1,410,346</u>	<u>(63,974)</u>	<u>1,305,637</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
School administration				
Office of the principal services				
Salaries	\$ 880,422	\$ 882,656	\$ (2,234)	\$ 866,934
Employee benefits	285,306	237,236	48,070	225,981
Purchased services	10,000	6,922	3,078	-
Supplies and materials	30,000	20,907	9,093	15,522
Other objects	<u>11,041</u>	<u>2,748</u>	<u>8,293</u>	<u>8,013</u>
Total	<u>1,216,769</u>	<u>1,150,469</u>	<u>66,300</u>	<u>1,116,450</u>
Other support services - school administration				
Salaries	635,216	635,215	1	608,062
Employee benefits	<u>166,048</u>	<u>166,813</u>	<u>(765)</u>	<u>157,689</u>
Total	<u>801,264</u>	<u>802,028</u>	<u>(764)</u>	<u>765,751</u>
Total school administration	<u>2,018,033</u>	<u>1,952,497</u>	<u>65,536</u>	<u>1,882,201</u>
Business				
Direction of business support services				
Salaries	167,283	167,283	-	157,814
Employee benefits	<u>34,659</u>	<u>29,980</u>	<u>4,679</u>	<u>31,454</u>
Total	<u>201,942</u>	<u>197,263</u>	<u>4,679</u>	<u>189,268</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Fiscal services				
Salaries	\$ 324,379	\$ 324,369	\$ 10	\$ 310,503
Employee benefits	49,750	64,713	(14,963)	41,301
Purchased services	102,850	107,830	(4,980)	102,146
Supplies and materials	4,217	4,308	(91)	4,326
Other objects	<u>1,983</u>	<u>1,818</u>	<u>165</u>	<u>4,278</u>
Total	<u>483,179</u>	<u>503,038</u>	<u>(19,859)</u>	<u>462,554</u>
Pupil transportation services				
Purchased services	<u>2,650</u>	<u>11,019</u>	<u>(8,369)</u>	<u>-</u>
Total	<u>2,650</u>	<u>11,019</u>	<u>(8,369)</u>	<u>-</u>
Food services				
Purchased services	1,323,069	1,207,356	115,713	1,180,220
Supplies and materials	5,255	13,382	(8,127)	16,394
Capital outlay	<u>5,317</u>	<u>-</u>	<u>5,317</u>	<u>12,200</u>
Total	<u>1,333,641</u>	<u>1,220,738</u>	<u>112,903</u>	<u>1,208,814</u>
Internal services				
Purchased services	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674</u>
Total business	<u>2,021,412</u>	<u>1,932,058</u>	<u>89,354</u>	<u>1,862,310</u>
Central				
Information services				
Purchased services	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Staff services				
Salaries	\$ 65,765	\$ 65,765	\$ -	\$ 63,850
Employee benefits	29,351	46,794	(17,443)	21,166
Purchased services	4,000	4,040	(40)	3,863
Supplies and materials	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Total	<u>99,366</u>	<u>116,599</u>	<u>(17,233)</u>	<u>88,879</u>
Total central	<u>99,466</u>	<u>116,599</u>	<u>(17,133)</u>	<u>88,879</u>
Other supporting services				
Salaries	2,000	2,000	-	2,000
Employee benefits	675	675	-	612
Purchased services	-	-	-	24,569
Supplies and materials	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total	<u>3,675</u>	<u>2,675</u>	<u>1,000</u>	<u>28,181</u>
Total support services	<u>11,027,531</u>	<u>11,017,971</u>	<u>9,560</u>	<u>10,776,352</u>
Community services				
Salaries	4,000	4,000	-	4,000
Employee benefits	1,445	53	1,392	51
Supplies and materials	<u>122</u>	<u>-</u>	<u>122</u>	<u>215</u>
Total	<u>5,567</u>	<u>4,053</u>	<u>1,514</u>	<u>4,266</u>
Payments to other districts and government units				
Payments for regular programs				
Other objects	<u>-</u>	<u>35,325</u>	<u>(35,325)</u>	<u>-</u>
Total	<u>-</u>	<u>35,325</u>	<u>(35,325)</u>	<u>-</u>
Payments for special education programs				
Purchased services	<u>140,361</u>	<u>172,773</u>	<u>(32,412)</u>	<u>169,955</u>
Total	<u>140,361</u>	<u>172,773</u>	<u>(32,412)</u>	<u>169,955</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Payments for special education programs - tuition				
Other objects	\$ 930,122	\$ 1,110,515	\$ (180,393)	\$ 912,005
Payments for CTE programs - tuition				
Other objects	930,000	867,330	62,670	1,050,486
Payments for other programs - tuition				
Other objects	30,000	13,086	16,914	6,132
Total payments to other districts and other government units	<u>2,030,483</u>	<u>2,199,029</u>	<u>(168,546)</u>	<u>2,138,578</u>
Total expenditures	<u>51,889,867</u>	<u>55,112,121</u>	<u>(3,222,254)</u>	<u>51,347,030</u>
Excess of revenues over expenditures	<u>229,756</u>	<u>1,858,175</u>	<u>1,628,419</u>	<u>346,548</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	-	-	133,000
Permanent transfer from Working Cash Fund - abatement	-	(1,590,915)	(1,590,915)	(1,086,124)
Proceeds from capital leases	-	-	-	335,330
Transfer to Debt Service Fund for principal on capital leases	(172,889)	(167,543)	5,346	(162,916)
Transfer to Debt Service Fund for interest on capital leases	<u>(2,809)</u>	<u>(4,897)</u>	<u>(2,088)</u>	<u>(9,523)</u>
Total other financing sources (uses)	<u>(175,698)</u>	<u>(1,763,355)</u>	<u>(1,587,657)</u>	<u>(790,233)</u>
Net change to fund balance	<u>\$ 54,058</u>	94,820	<u>\$ 40,762</u>	(443,685)
Fund balance, beginning of year		<u>21,663,327</u>		<u>22,107,012</u>
Fund balance, end of year		<u>\$ 21,758,147</u>		<u>\$ 21,663,327</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$4,394,934	\$ 3,568,646	\$ (826,288)	\$4,159,698
Fees	144,452	183,283	38,831	172,580
Rentals	56,668	60,374	3,706	68,811
Contributions and donations from private sources	-	5,246	5,246	-
Services provided other Districts	-	4,402	4,402	-
Refund of prior years' expenditures	1,334	17,864	16,530	11,541
Other	<u>58,280</u>	<u>23,862</u>	<u>(34,418)</u>	<u>15,360</u>
Total local sources	<u>4,655,668</u>	<u>3,863,677</u>	<u>(791,991)</u>	<u>4,427,990</u>
State sources				
School safety grant	<u>-</u>	<u>91,303</u>	<u>91,303</u>	<u>-</u>
Total state sources	<u>-</u>	<u>91,303</u>	<u>91,303</u>	<u>-</u>
Total revenues	<u>4,655,668</u>	<u>3,954,980</u>	<u>(700,688)</u>	<u>4,427,990</u>

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	\$ 768,605	\$ 786,014	\$ (17,409)	\$ 724,047
Employee benefits	108,351	116,771	(8,420)	99,350
Purchased services	1,786,860	1,667,184	119,676	1,769,542
Supplies and materials	1,207,700	1,195,437	12,263	1,231,781
Capital outlay	330,000	424,939	(94,939)	1,722,708
Other objects	205	140	65	203
Non-capitalized equipment	<u>40,500</u>	<u>50,263</u>	<u>(9,763)</u>	<u>14,884</u>
Total business	<u>4,242,221</u>	<u>4,240,748</u>	<u>1,473</u>	<u>5,562,515</u>
Total support services	<u>4,242,221</u>	<u>4,240,748</u>	<u>1,473</u>	<u>5,562,515</u>
Payments to other districts and government units				
Payments to other governmental units (in-state)				
Payments for special education programs				
Purchased services	175,846	168,850	6,996	143,736
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,671</u>
Total	<u>175,846</u>	<u>168,850</u>	<u>6,996</u>	<u>150,407</u>
Payments for CTE education programs				
Other objects	<u>29,834</u>	<u>29,834</u>	<u>-</u>	<u>30,044</u>
Total	<u>29,834</u>	<u>29,834</u>	<u>-</u>	<u>30,044</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Other payments to in-state governmental units				
Other objects	\$ 400	\$ 958	\$ (558)	\$ 386
Total	<u>400</u>	<u>958</u>	<u>(558)</u>	<u>386</u>
Total other payments	<u>206,080</u>	<u>199,642</u>	<u>6,438</u>	<u>180,837</u>
Total expenditures	<u>4,448,301</u>	<u>4,440,390</u>	<u>7,911</u>	<u>5,743,352</u>
Excess (deficiency) of revenues over expenditures	<u>207,367</u>	<u>(485,410)</u>	<u>(692,777)</u>	<u>(1,315,362)</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	1,590,915	1,590,915	536,000
Transfer to Debt Service Fund for principal on debt certificates	(300,000)	(300,000)	-	(876,889)
Transfer to Debt Service Fund for interest on debt certificates	<u>(140,921)</u>	<u>(97,183)</u>	<u>43,738</u>	<u>(260,571)</u>
Total other financing sources (uses)	<u>(440,921)</u>	<u>1,193,732</u>	<u>1,634,653</u>	<u>(601,460)</u>
Net change in fund balance	<u>\$ (233,554)</u>	708,322	<u>\$ 941,876</u>	(1,916,822)
Fund balance, beginning of year		<u>358,473</u>		<u>2,275,295</u>
Fund balance, end of year		<u>\$ 1,066,795</u>		<u>\$ 358,473</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 2,036,806	\$ 1,492,368	\$ (544,438)	\$ 991,203
Regular transportation fees from other districts	75,000	75,973	973	75,508
Regular transportation fees curricular activities	6,452	6,331	(121)	10,473
Summer school transportation fees from pupils or parents	21,156	11,798	(9,358)	20,992
Special education transportation fees from other districts	141,000	82,124	(58,876)	140,530
Other	-	-	-	29
Total local sources	<u>2,280,414</u>	<u>1,668,594</u>	<u>(611,820)</u>	<u>1,238,735</u>
State sources				
General State Aid	-	420,000	420,000	-
Transportation - Regular/Vocational	122,000	141,272	19,272	121,310
Transportation - Special Education	1,450,000	1,465,067	15,067	1,350,002
Other State Sources	-	-	-	93,632
Total state sources	<u>1,572,000</u>	<u>2,026,339</u>	<u>454,339</u>	<u>1,564,944</u>
Total revenues	<u>3,852,414</u>	<u>3,694,933</u>	<u>(157,481)</u>	<u>2,803,679</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Business				
Pupil transportation services				
Salaries	\$ 1,895,179	\$ 1,913,803	\$ (18,624)	\$ 1,829,629
Employee benefits	330,000	317,279	12,721	343,388
Purchased services	985,075	987,916	(2,841)	967,149
Supplies and materials	507,758	380,590	127,168	490,363
Capital outlay	-	-	-	39,942
Other objects	500	280	220	330
Non-capitalized equipment	<u>10,000</u>	<u>43,378</u>	<u>(33,378)</u>	<u>93,632</u>
Total support services	<u>3,728,512</u>	<u>3,643,246</u>	<u>85,266</u>	<u>3,764,433</u>
Payments to other districts and government units				
Payments for regular programs				
Purchased services	<u>-</u>	<u>27,282</u>	<u>(27,282)</u>	<u>-</u>
Total nonprogrammed charges	<u>-</u>	<u>27,282</u>	<u>(27,282)</u>	<u>-</u>
Total expenditures	<u>3,728,512</u>	<u>3,670,528</u>	<u>57,984</u>	<u>3,764,433</u>
Net change in fund balance	<u>\$ 123,902</u>	24,405	<u>\$ (99,497)</u>	(960,754)
Fund balance, beginning of year		<u>302,768</u>		<u>1,263,522</u>
Fund balance, end of year		<u>\$ 327,173</u>		<u>\$ 302,768</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 871,045	\$ 882,201	\$ 11,156	\$ 608,247
Social security/Medicare only levy	481,903	571,341	89,438	464,823
Other tax levies	173,829	153,628	(20,201)	137,359
Corporate personal property replacement taxes	259,110	347,343	88,233	391,377
Refund of prior years' expenditures	-	24,160	24,160	132,842
Total local sources	<u>1,785,887</u>	<u>1,978,673</u>	<u>192,786</u>	<u>1,734,648</u>
Total revenues	<u>1,785,887</u>	<u>1,978,673</u>	<u>192,786</u>	<u>1,734,648</u>
Expenditures				
Instruction				
Regular programs	265,491	243,656	21,835	270,538
Special education programs	242,085	258,015	(15,930)	253,381
Remedial and supplemental programs K-12	3,517	1,847	1,670	1,744
Vocational educational programs	19,165	18,893	272	17,587
Interscholastic programs	29,786	47,085	(17,299)	42,713
Summer school programs	6,660	7,861	(1,201)	9,159
Drivers education programs	986	1,083	(97)	1,024
Bilingual programs	2,366	2,267	99	2,170
Total instruction	<u>570,056</u>	<u>580,707</u>	<u>(10,651)</u>	<u>598,316</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 14,976	\$ 66,412	\$ (51,436)	\$ 48,360
Guidance services	86,592	31,048	55,544	55,714
Health services	52,000	47,066	4,934	45,506
Psychological services	<u>1,468</u>	<u>1,402</u>	<u>66</u>	<u>1,256</u>
Total pupils	<u>155,036</u>	<u>145,928</u>	<u>9,108</u>	<u>150,836</u>
Instructional staff				
Improvement of instruction services	13,212	10,029	3,183	18,593
Educational media services	165,086	137,581	27,505	161,187
Assessment and testing	<u>-</u>	<u>297</u>	<u>(297)</u>	<u>341</u>
Total instructional staff	<u>178,298</u>	<u>147,907</u>	<u>30,391</u>	<u>180,121</u>
General administration				
Board of education services	1,836	-	1,836	2,185
Executive administration services	<u>19,054</u>	<u>3,801</u>	<u>15,253</u>	<u>18,420</u>
Total general administration	<u>20,890</u>	<u>3,801</u>	<u>17,089</u>	<u>20,605</u>
School administration				
Office of the principal services	38,637	34,705	3,932	34,143
Other support services - school administration	<u>9,211</u>	<u>9,104</u>	<u>107</u>	<u>8,682</u>
Total school administration	<u>47,848</u>	<u>43,809</u>	<u>4,039</u>	<u>42,825</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			
	Original and Final Budget	Actual	Variance From Final Budget	2014 Actual
Business				
Direction of business support services	\$ 2,426	\$ 2,403	\$ 23	\$ 2,241
Fiscal services	78,939	80,966	(2,027)	76,442
Operation and maintenance of plant services	157,000	151,334	5,666	146,362
Pupil transportation services	<u>381,498</u>	<u>351,774</u>	<u>29,724</u>	<u>344,233</u>
Total business	<u>619,863</u>	<u>586,477</u>	<u>33,386</u>	<u>569,278</u>
Central				
Staff services	<u>16,004</u>	<u>12,895</u>	<u>3,109</u>	<u>15,326</u>
Total central	<u>16,004</u>	<u>12,895</u>	<u>3,109</u>	<u>15,326</u>
Other support services	<u>29</u>	<u>29</u>	<u>-</u>	<u>-</u>
Total support services	<u>1,037,968</u>	<u>940,846</u>	<u>97,122</u>	<u>978,991</u>
Community services	<u>58</u>	<u>58</u>	<u>-</u>	<u>58</u>
Payments to other districts and governments				
Payments for special education programs	<u>166,976</u>	<u>151,359</u>	<u>15,617</u>	<u>131,209</u>
Total payments to other districts and governments	<u>166,976</u>	<u>151,359</u>	<u>15,617</u>	<u>131,209</u>
Total expenditures	<u>1,775,058</u>	<u>1,672,970</u>	<u>102,088</u>	<u>1,708,574</u>
Net change in fund balance	<u>\$ 10,829</u>	305,703	<u>\$ 294,874</u>	26,074
Fund balance, beginning of year		<u>85,694</u>		<u>59,620</u>
Fund balance, end of year		<u>\$ 391,397</u>		<u>\$ 85,694</u>

(Concluded)

Warren Township High School District 121

Notes to the Required Supplementary Information

June 30, 2015

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) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) Prior to October 1, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) The Board of Education may amend the budget by the same procedures required of its original adoption.
- f) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- g) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 23, 2014.
- h) All budget appropriations lapse at the end of each fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The District had expenditures in excess of the budget in the General Fund of \$3,222,254 as a result of higher than anticipated on-behalf of TRS from the State of Illinois.

Warren Township High School District 121

Notes to the Required Supplementary Information

June 30, 2015

3. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

4. SUMMARY OF ACUTARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2014 IMRF CONTRIBUTION RATE*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine the 2014 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular members): 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 calculation pursuant to an experience study of the period 2008-2010.

Warren Township High School District 121

Notes to the Required Supplementary Information

June 30, 2015

4. SUMMARY OF ACUTARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2014 IMRF CONTRIBUTION RATE* (Continued)

Methods and Assumptions Used to Determine the 2014 Contribution Rate (Continued):

Mortality RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation.

SUPPLEMENTARY FINANCIAL INFORMATION

Warren Township High School District 121

General Fund

COMBINING BALANCE SHEET

June 30, 2015

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
ASSETS				
Cash and investments	\$ 12,366,272	\$ 18,579	\$ 3,546,771	\$ 15,931,622
Restricted cash	-	-	5,546,500	5,546,500
Receivables				
Property taxes	15,477,298	336,421	-	15,813,719
Replacement taxes	5,300	-	-	5,300
Intergovernmental	585,094	-	-	585,094
Prepaid Items	83,169	475,150	-	558,319
Other current assets	47,286	-	-	47,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 28,564,419</u>	<u>\$ 830,150</u>	<u>\$ 9,093,271</u>	<u>\$ 38,487,840</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 323,224	\$ -	\$ -	\$ 323,224
Salaries and wages payable	32,500	-	-	32,500
Other current liabilities	214,898	-	-	214,898
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>570,622</u>	<u>-</u>	<u>-</u>	<u>570,622</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	15,815,303	343,768	-	16,159,071
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows	<u>15,815,303</u>	<u>343,768</u>	<u>-</u>	<u>16,159,071</u>
FUND BALANCES				
Nonspendable	83,169	475,150	-	558,319
Restricted	-	11,232	5,546,500	5,557,732
Unassigned	12,095,325	-	3,546,771	15,642,096
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>12,178,494</u>	<u>486,382</u>	<u>9,093,271</u>	<u>21,758,147</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 28,564,419</u>	<u>\$ 830,150</u>	<u>\$ 9,093,271</u>	<u>\$ 38,487,840</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, 2015

	Educational	Tort Immunity and Judgment	Working Cash	Total
Revenues				
Property taxes	\$32,898,128	\$ 496,257	\$ -	\$ 33,394,385
Replacement taxes	490,635	-	-	490,635
State aid	17,279,223	450,000	-	17,729,223
Federal aid	1,642,732	-	-	1,642,732
Interest	356	-	613	969
Other	<u>3,711,615</u>	<u>737</u>	<u>-</u>	<u>3,712,352</u>
 Total revenues	 <u>56,022,689</u>	 <u>946,994</u>	 <u>613</u>	 <u>56,970,296</u>
Expenditures				
Current:				
Instruction:				
Regular programs	18,301,460	-	-	18,301,460
Special programs	7,142,634	-	-	7,142,634
Other instructional programs	3,842,045	-	-	3,842,045
State retirement contributions	12,487,794	-	-	12,487,794
Support services:				
Pupils	2,889,552	-	-	2,889,552
Instructional staff	2,699,315	-	-	2,699,315
General administration	861,564	548,782	-	1,410,346
School administration	1,952,497	-	-	1,952,497
Business	1,921,039	-	-	1,921,039
Transportation	11,019	-	-	11,019
Central	116,599	-	-	116,599
Other supporting services	2,675	-	-	2,675
Community services	4,053	-	-	4,053
Nonprogrammed charges	2,199,029	-	-	2,199,029
Capital outlay	<u>132,064</u>	<u>-</u>	<u>-</u>	<u>132,064</u>
 Total expenditures	 <u>54,563,339</u>	 <u>548,782</u>	 <u>-</u>	 <u>55,112,121</u>
 Excess of revenues over expenditures	 <u>1,459,350</u>	 <u>398,212</u>	 <u>613</u>	 <u>1,858,175</u>
 Other financing uses				
Transfers out	<u>(172,440)</u>	<u>-</u>	<u>(1,590,915)</u>	<u>(1,763,355)</u>
 Total other financing uses	 <u>(172,440)</u>	 <u>-</u>	 <u>(1,590,915)</u>	 <u>(1,763,355)</u>
 Net change in fund balance	 1,286,910	 398,212	 (1,590,302)	 94,820
 Fund balance, beginning of year	 <u>10,891,584</u>	 <u>88,170</u>	 <u>10,683,573</u>	 <u>21,663,327</u>
 Fund balance, end of year	 <u>\$12,178,494</u>	 <u>\$ 486,382</u>	 <u>\$ 9,093,271</u>	 <u>\$ 21,758,147</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 6,341,794	\$ 6,290,174	\$ (51,620)	\$ 6,035,397
Interest on investments	<u>12</u>	<u>24</u>	<u>12</u>	<u>5</u>
Total local sources	<u>6,341,806</u>	<u>6,290,198</u>	<u>(51,608)</u>	<u>6,035,402</u>
Total revenues	<u>6,341,806</u>	<u>6,290,198</u>	<u>(51,608)</u>	<u>6,035,402</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	<u>3,172,178</u>	<u>3,221,698</u>	<u>(49,520)</u>	<u>3,544,044</u>
Total debt service - interest	<u>3,172,178</u>	<u>3,221,698</u>	<u>(49,520)</u>	<u>3,544,044</u>
Principal payments on long-term debt	<u>3,815,000</u>	<u>3,417,543</u>	<u>397,457</u>	<u>3,652,183</u>
Other debt service				
Purchased services	<u>-</u>	<u>86,057</u>	<u>(86,057)</u>	<u>-</u>
Total	<u>-</u>	<u>86,057</u>	<u>(86,057)</u>	<u>-</u>
Total debt service	<u>6,987,178</u>	<u>6,725,298</u>	<u>261,880</u>	<u>7,196,227</u>
Total expenditures	<u>6,987,178</u>	<u>6,725,298</u>	<u>261,880</u>	<u>7,196,227</u>
Deficiency of revenues over expenditures	<u>(645,372)</u>	<u>(435,100)</u>	<u>210,272</u>	<u>(1,160,825)</u>

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Principal on bonds sold	\$ -	\$ 8,696,500	\$ 8,696,500	\$ -
Premium on bonds sold	-	147,203	147,203	-
Transfer to pay for principal on capital leases	172,889	167,543	(5,346)	162,916
Transfer to pay for interest on capital leases	2,809	4,897	2,088	9,523
Transfer to pay for principal on debt certificates	300,000	300,000	-	876,889
Transfer to pay for interest on debt certificates	140,921	97,183	(43,738)	260,571
Payment on refunded debt	-	(5,819,000)	(5,819,000)	-
Deposit with escrow agent	-	(2,938,023)	(2,938,023)	-
Total other financing sources (uses)	<u>616,619</u>	<u>656,303</u>	<u>39,684</u>	<u>1,309,899</u>
Net change in fund balance	<u>\$ (28,753)</u>	221,203	<u>\$ 249,956</u>	149,074
Fund balance, beginning of year		<u>3,175,853</u>		<u>3,026,779</u>
Fund balance, end of year		<u>\$ 3,397,056</u>		<u>\$ 3,175,853</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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 2,391	\$ 123	\$ (2,268)	\$ 329
Contributions and donations from private sources	57,000	-	(57,000)	-
Impact fees from municipal or county governments	18,000	19,636	1,636	18,879
Other	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>43,603</u>
Total local sources	<u>152,391</u>	<u>19,759</u>	<u>(132,632)</u>	<u>62,811</u>
State sources				
Other state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,249</u>
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,249</u>
Total revenues	<u>152,391</u>	<u>19,759</u>	<u>(132,632)</u>	<u>1,762,060</u>
Expenditures				
Support services				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,827,332</u>
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,827,332</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,827,332</u>
Excess (deficiency) of revenues over expenditures	<u>152,391</u>	<u>19,759</u>	<u>(132,632)</u>	<u>(2,065,272)</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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Other financing sources				
Permanent transfer from Working Cash Fund - abatement	\$ -	\$ -	\$ -	\$ 417,124
Total other financing sources	-	-	-	417,124
Net change in fund balance	<u>\$ 152,391</u>	19,759	<u>\$ (132,632)</u>	(1,648,148)
Fund balance, beginning of year		<u>7,869</u>		<u>1,656,017</u>
Fund balance, end of year		<u>\$ 27,628</u>		<u>\$ 7,869</u>

(Concluded)

Warren Township High School District 121
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2015

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Assets				
Cash and cash equivalents	\$ 503,334	\$ 1,693,991	1,733,321	\$ 464,004
Total assets	<u>\$ 503,334</u>	<u>\$ 1,693,991</u>	<u>\$ 1,733,321</u>	<u>\$ 464,004</u>
Liabilities				
Curricular Activity Accounts				
Art Club - O'Plaine	\$ 169	\$ 254	\$ 172	\$ 251
Astronomy Club	284	-	-	284
Avanza	3,610	75	301	3,384
Band Clinic	24	-	24	-
Blue Devil Nation	1	2,690	2,690	1
Bookstore	22,033	29,130	29,954	21,209
Bully Prevention	188	-	-	188
Children's Show	165	431	305	291
Chorus	17,867	25,729	27,724	15,872
Class of 2012	3,608	-	3,608	-
Class of 2013	370	-	370	-
Class of 2014	5,799	570	6,170	199
Class of 2015	5,855	1,724	5,949	1,630
Council for Exceptional Children	351	95	120	326
Creations	1,350	478	1,220	608
Dance Club	93	-	-	93
Environmental Science Activity	2,186	75	75	2,186
FBLA	4,712	72,381	72,560	4,533
First Robotics Club	4,506	33,234	17,477	20,263
French Club	1,472	2,782	1,609	2,645
Frisbee Golf	231	59	59	231
FY15-16 Junior Class	1,093	489	489	1,093
FY15-16 Senior Class	1,189	100,137	95,276	6,050
FY15-16 Sophomore Class	-	2,309	1,954	355
German Club	265	14	-	279
Industrial Tech Club	8,913	5,115	4,915	9,113
Jazz Club	1	-	-	1
Live Arts	352	152	413	91

(Continued)

Warren Township High School District 121
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Liabilities (Continued)				
Curricular Activity Accounts (Continued)				
Marching Arts	\$ 243	\$ 468	\$ 348	\$ 363
Math Team	-	507	507	-
MECS Mother Earth	1,896	902	1,240	1,558
Mud Club	-	220	-	220
Multi-Cultural Club	3,566	2,359	2,673	3,252
National Honor Society	11,323	545	2,433	9,435
NEIASBO Account	20,586	560	21,146	-
NHS - Spanish	2,254	2,328	3,142	1,440
Northern Area FBLA	6,825	1,443	4,684	3,584
Powerschool User Group	500	-	-	500
Project Discovery	100	-	-	100
Scratch Paper	2,354	3,501	3,383	2,472
Ski Club	2,441	14,968	15,271	2,138
Spanish Club	1,023	-	-	1,023
Speech Tournament	3,644	5,694	9,219	119
Sports Marketing	2,324	5,357	5,567	2,114
Spring Musical	1,958	6,901	5,128	3,731
Stadium Club-Donations	-	27,001	27,001	-
Staff Purchases	1	-	1	-
Student Council	33,627	40,643	44,481	29,789
Students of Service	1,283	1,545	1,363	1,465
Tech Crew	869	83	221	731
Thespian Troupe	10,154	9,518	9,700	9,972
Warren Fiber & Craft	139	40	20	159
Yearbook-Blue Devil	29,348	26,816	4,241	51,923
Athletic Activity Accounts				
Athletic Trainer Student Activ	4,249	833	2,252	2,830
Baseball Camp	57	15,279	7,836	7,500
Basketball Camp-Boys	8,468	29,745	22,556	15,657
Basketball Camp-Girls	4,357	10,425	7,143	7,639
Boys Baseball Student Activ	-	11,153	10,899	254
Boys Basketball Student Activ	1,289	3,527	4,815	1
Boys Cross Country Stdtd Activ	129	2,117	812	1,434
Boys Cross Country Camp	-	266	-	266
Boys Golf Student Activ	9,917	1,321	4,678	6,560
Boys Soccer Student Activ	1,122	12,523	10,658	2,987

(Continued)

Warren Township High School District 121
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2015

	Balance				Balance
	July 1, 2014	Additions	Deletions		June 30, 2015
Liabilities (Continued)					
Athletic Activity Accounts (Continued)					
Boys Swimming Student Activ	\$ 6,832	\$ 3,514	\$ 10,243	\$	103
Boys Tennis Student Activ	4,093	10,823	13,680		1,236
Boys Track Student Activ	108	641	102		647
Boys Volleyball Stdt Activ	3,724	20,447	19,866		4,305
Cheerleading Student Activ	21,516	59,243	58,758		22,001
Cross Country Camp-Girls	2,283	8,004	3,889		6,398
Devilettes Student Activ	22,197	26,836	28,290		20,743
Football Camp	20,557	45,976	38,530		28,003
Football student Activ	18,441	38,690	53,212		3,919
Girls Basketball Stdt Activ	4,320	3,426	3,048		4,698
Girls Bowling Student Activ	1,370	4,654	4,271		1,753
Girls Cross Country St Activ	321	17,310	14,738		2,893
Girls Golf Student Activ	2,554	-	912		1,642
Girls Soccer Student Activ	7,633	22,098	24,892		4,839
Girls Softball Student Activ	8,461	16,804	19,590		5,675
Girls Swimming Stdt Activ	753	5,893	6,425		221
Girls Swim & Dive Camp	-	720	-		720
Girls Tennis Student Activ	61	-	-		61
Girls Track & Field St Activ	1,095	13,437	12,596		1,936
Girls Volleyball Student Activ	1,176	5,845	3,281		3,740
Gymnastics Stdt Activ	438	-	153		285
Soccer Camp-Girls	3,868	10,941	8,320		6,489
Softball Camp	116	5,639	3,630		2,125
Tennis Camp-Boys	1,957	18,559	9,467		11,049
Tennis Camp-Girls	3,577	15,456	12,741		6,292
Volleyball Camp-Boys	3,598	11,340	11,270		3,668
Volleyball Camp-Girls	5,352	18,491	12,441		11,402
Wrestling Camp	1,261	6,295	6,107		1,449
Wrestling Clinic	204	2,492	1,625		1,071
Triathlon Club Activity	486	1,122	720		888

(Continued)

Warren Township High School District 121
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2015

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Convenience Accounts				
Athletic Invitationals	\$ 13,890	\$ 55,437	\$ 64,327	\$ 5,000
Band Boosters	5,382	159,312	156,875	7,819
Blue Devil Tech Institute	537	2,320	2,302	555
Global Fest	1,134	218	-	1,352
IHSA Athletic Tournaments	3,180	12,482	15,662	-
IHSA Speech	845	1,450	2,295	-
Library Fund	108	-	-	108
Mexico Trip	724	-	-	724
Spec Ed Life Skills	4	-	-	4
Summer Band Camp	22,308	35,774	32,404	25,678
Band Festival Trip 13/14	950	2,518	3,347	121
French Trip	-	620	620	-
Miscellaneous	53,187	512,653	565,840	-
	<u>503,334</u>	<u>1,693,991</u>	<u>1,733,321</u>	<u>464,004</u>
Total liabilities	\$ <u>503,334</u>	\$ <u>1,693,991</u>	\$ <u>1,733,321</u>	\$ <u>464,004</u>

(Concluded)

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Warren Township High School District 121
OPERATING COSTS AND TUITION CHARGE
June 30, 2015 and 2014

Operating costs per pupil	2015	2014
Average Daily Attendance (ADA):	3,989.33	4,063.13
Operating costs:		
Educational	\$ 42,075,545	\$ 41,850,691
Operations and Maintenance	4,440,390	5,743,352
Debt Service	6,725,298	7,196,227
Transportation	3,670,528	3,764,433
Municipal Retirement/Social Security	1,672,970	1,708,574
Tort	548,782	603,635
Subtotal	59,133,513	60,866,912
Less Revenues/Expenditures of Non regular Programs:		
Payments to Other District and Gov't Units	2,577,312	2,450,624
Summer school	240,465	290,390
Community services	4,111	4,324
Remedial/supplemental programs	36,946	134,210
Capital outlay	557,003	2,349,803
Debt principal retired	3,417,543	3,652,183
Non-capitalized equipment	662,837	259,618
Special education	1,955,506	2,363,655
Transportation fees	169,895	237,030
Subtotal	9,621,618	11,741,837
Operating costs	\$ 49,511,895	\$ 49,125,075
Operating costs per pupil - based on ADA	\$ 12,411	\$ 12,090
Tuition Charge		
Operating costs	\$ 49,511,895	\$ 49,125,075
Less - revenues from specific programs, such as special education or lunch programs	9,342,179	7,823,176
Net operating costs	40,169,716	41,301,899
Depreciation allowance	3,444,073	3,711,884
Allowance tuition costs	\$ 43,613,789	\$ 45,013,783
Tuition charge per pupil - based on ADA	\$ 10,933	\$ 11,079