

**COMMUNITY CONSOLIDATED
SCHOOL DISTRICT 64**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2007
AND
INDEPENDENT AUDITOR'S REPORT**

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

TABLE OF CONTENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | |
|--|-------------------------|
| Independent Auditor's Report | <u>Page(s)</u> 1 - 2 |
| Required Supplementary Information | |
| Management's Discussion and Analysis (MD&A) | 3 - 9 |
| Basic Financial Statements | |
| <u>Government-Wide Financial Statements</u> | |
| Statement of Net Assets | 10 |
| Statement of Activities | 11 |
| <u>Fund Financial Statements</u> | |
| Balance Sheet - Governmental Funds | 12 - 13 |
| Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Assets | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 15 - 16 |
| Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 17 |
| Statement of Fiduciary Assets and Liabilities - Agency Fund | 18 |
| Notes to Basic Financial Statements | 19 - 34 |
| Required Supplementary Information | |
| <u>Historical Pension Information</u> | |
| Illinois Municipal Retirement Fund - Schedule of Employer's Contributions and Analysis of Funding Progress | 35 |

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

TABLE OF CONTENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Page(s)

Required Supplementary Information - (Continued)

General and Major Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

| | |
|---|---------|
| General (Educational) Fund | 36 - 43 |
| Operations and Maintenance Fund | 44 - 45 |
| Transportation Fund | 46 |
| Municipal Retirement/Social Security Fund | 47 - 48 |
| Working Cash Fund | 49 |
| Notes to Required Supplementary Information | 50 |

Supplementary Information

Major Debt Service and Major Capital Projects Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

| | |
|--|---------|
| Bond and Interest Fund | 51 |
| Site and Construction Fund | 52 |
| Schedule of Changes in Assets and Liabilities - Agency Fund | 53 |
| Five Year Summary of Assessed Valuations, Tax Rates, Extensions and Collections | 54 |
| Operating Cost and Tuition Charge | 55 |
| Bonds Payable Schedule - Issue Dated May 1, 1997 | 56 |
| Bonds Payable Schedule - Issue Dated November 1, 2001 | 57 |
| Bonds Payable Schedule - Issue Dated September 1, 2005 | 58 |
| Reconciliation of Cash Basis Governmental Fund Activity to Modified Accrual Basis | 59 - 60 |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Community Consolidated School District 64
164 South Prospect Avenue
Park Ridge, Illinois 60068

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Community Consolidated School District 64, as of and for the year ended June 30, 2007, which collectively comprise Community Consolidated School District 64's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Community Consolidated School District 64's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information included in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances has been derived from Community Consolidated School District 64's 2006 financial statements and, in our report dated October 4, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Community Consolidated School District 64 as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 4, 2008 on our consideration of Community Consolidated School District 64's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Board of Education
Community Consolidated School District 64

The management's discussion and analysis, the historical pension information and the general and major special revenue funds budgetary comparison schedules, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Community Consolidated School District 64's basic financial statements. The financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 2007 supplementary information has been subjected to the auditing procedures applied to the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, Community Consolidated School District 64's basic financial statements for the year ended June 30, 2006, which are not presented with the accompanying financial statements. In our report dated October 4, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2006 supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole.

Oak Brook, Illinois
January 4, 2008

Verchau, Krause & Company, LLP

Community Consolidated School District 64

Management's Discussion and Analysis

For the Year Ended June 30, 2007

The discussion and analysis of Community Consolidated School District 64's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2007. 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. All amounts, unless otherwise indicated, are expressed in millions of dollars. 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

- In total, net assets increased by \$1.5. This represents a 7% increase from 2006. The increase can be attributed to an increase in property taxes, higher interest earnings and fewer tax refunds.
- General revenues accounted for \$45.2 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$9.1 or 17% of total revenues of \$54.3.
- The District had \$52.8 in expenses related to government activities. However, only \$9.1 of these expenses were offset by program specific charges and grants.
- The District continued to pay down its long-term debt retiring \$2.7 in fiscal 2007. The 2007 levy will be the final levy for the working cash fund bond issue that occurred in the fall of 2005, thus reducing the overall debt service levy in 2008.
- Interest income increased due to the extraordinarily early receipt of taxes thus extending investment duration. Additionally, money market rates were up by 0.75% over the previous year. This unusual combination resulted in higher than anticipated interest income.
- The District extended the bus transportation contract for one additional year at a 0% increase.

Overview of the Financial Statements

This discussion and analysis are 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, and
- Notes to basic financial statements.

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

Government-wide financial statements

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

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

Community Consolidated School District 64

Management's Discussion and Analysis

For the Year Ended June 30, 2007

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General (Educational) Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Working Cash Fund, Bond and Interest Fund, and Site and Construction Fund, all of which are considered to be major funds.

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

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

Community Consolidated School District 64

Management's Discussion and Analysis

For the Year Ended June 30, 2007

Notes to basic financial statements

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

Other information

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

District-Wide Financial Analysis

The District's combined net assets were higher on June 30, 2007, than they were the year before, increasing 7% to \$22.7.

| Table 1 | | |
|---|--------------------|--------------------|
| Condensed Statements of Net Assets | | |
| (in millions of dollars) | | |
| | <u>2006</u> | <u>2007</u> |
| Assets: | | |
| Current and other assets | \$ 37.9 | \$ 45.7 |
| Deferred charges | 0.3 | 0.2 |
| Capital Assets | <u>36.6</u> | <u>35.3</u> |
| Total assets | <u>74.8</u> | <u>81.2</u> |
| Liabilities: | | |
| Current liabilities | 24.9 | 32.9 |
| Long-term debt outstanding | <u>28.7</u> | <u>25.6</u> |
| Total liabilities | <u>53.6</u> | <u>58.5</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 14.6 | 14.4 |
| Restricted | 5.2 | 4.7 |
| Unrestricted | <u>1.4</u> | <u>3.6</u> |
| Total net assets | <u>\$ 21.2</u> | <u>\$ 22.7</u> |

Revenues in the governmental activities of the District of \$54.3 exceeded expenditures by \$1.5. This was attributable to an increase in the amount of property taxes over the prior year, higher interest earnings and fewer tax refunds. The District continued maintaining expense reduction initiatives some of which included deferring capital projects and technology purchases.

Community Consolidated School District 64
Management's Discussion and Analysis
For the Year Ended June 30, 2007

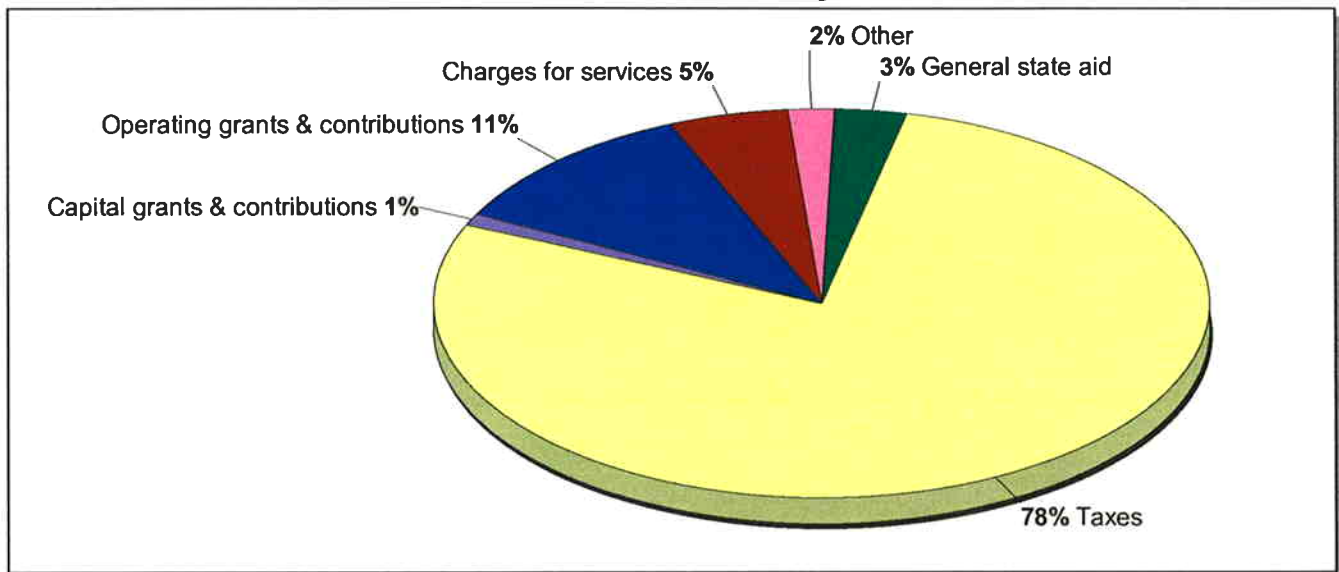
Table 2
Changes in Net Assets
(in millions of dollars)

| | <u>2006</u> | <u>2007</u> |
|--|---------------|---------------|
| Revenues: | | |
| <i>Program revenues:</i> | | |
| Charges for services | \$ 2.4 | \$ 2.5 |
| Operating grants & contributions | 5.5 | 6.1 |
| Capital grants & contributions | - | 0.5 |
| <i>General revenues:</i> | | |
| Taxes | 39.5 | 42.6 |
| General state aid | 1.3 | 1.6 |
| Other | 0.6 | 1.0 |
| Total revenues | <u>49.3</u> | <u>54.3</u> |
| Expenses: | | |
| Instruction | 31.3 | 34.5 |
| Pupil & instructional staff services | 3.2 | 3.4 |
| Administration & business | 4.7 | 5.1 |
| Transportation | 1.8 | 1.8 |
| Operations & maintenance | 3.7 | 4.8 |
| Other | 2.8 | 3.2 |
| Total expenses | <u>47.5</u> | <u>52.8</u> |
| Increase (decrease) in net assets | <u>\$ 1.8</u> | <u>\$ 1.5</u> |

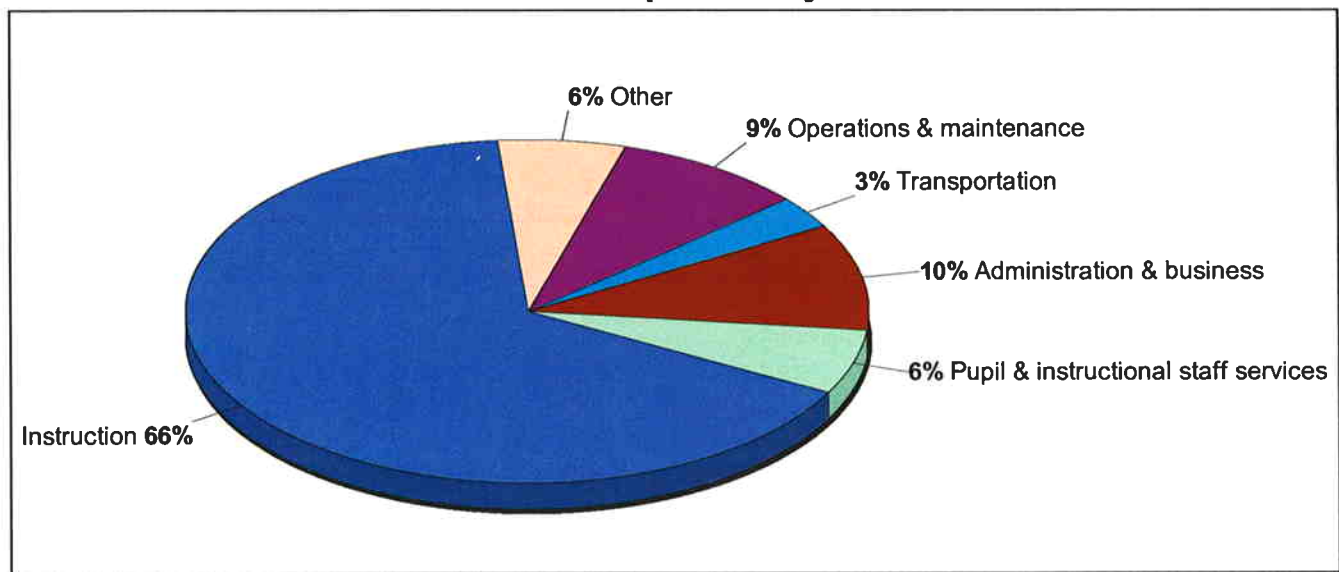
Property taxes accounted for the largest portion of the District's revenues, contributing 78%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$52.8, mainly related to instructing and caring for the students and student transportation 75%.

Community Consolidated School District 64
Management's Discussion and Analysis
For the Year Ended June 30, 2007

District-Wide Revenues by Source



District-Wide Expenses by Function



Financial Analysis of the District's Funds

The District's Governmental Funds balance decreased from \$13.1 to \$12.9.

Community Consolidated School District 64

Management's Discussion and Analysis

For the Year Ended June 30, 2007

General Fund Budgetary Highlights

Revenues increase from fiscal year 2006 to 2007 by \$2.6, an increase of 6.7%. Several factors contributed to this increase - greater property taxes, increased interest income and fewer tax refunds. Expenditures within the General (Educational) Fund increased by \$3.6, an increase of 9.3%. Greater operational costs including salary and benefit increases can be attributed to the increase.

Capital Assets and Debt Administration

Capital assets

By the end of 2007, the District had compiled a total investment of \$57.6 (\$35.4 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$2.0. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

| | <u>2006</u> | <u>2007</u> |
|--------------------------|----------------|----------------|
| Land | \$ 0.4 | \$ 0.4 |
| Construction in progress | 1.4 | - |
| Land improvements | 0.2 | 0.1 |
| Buildings | 33.4 | 34.9 |
| Equipment | 1.2 | - |
| Total | <u>\$ 36.6</u> | <u>\$ 35.4</u> |

Long-term debt

The District retired \$2.7 in bonds in 2007. Capital leases and other were reduced by \$0.2. At the end of fiscal 2007, the District had a debt margin of \$87.6. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

Table 4
Outstanding Long-Term Debt
(in millions of dollars)

| | <u>2006</u> | <u>2007</u> |
|--------------------------|----------------|----------------|
| General obligation bonds | \$ 28.2 | \$ 25.3 |
| Capital leases and other | 0.5 | 0.3 |
| Total | <u>\$ 28.7</u> | <u>\$ 25.6</u> |

Community Consolidated School District 64

Management's Discussion and Analysis

For the Year Ended June 30, 2007

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

The District passed a successful tax rate increase in April 2007. The rate increase will allow the District to increase its property taxes beyond the otherwise restricted parameters for two levy years (2006 and 2007). The additional funds will be used to lower class sizes, fund technology initiatives, and increase the operating fund balance. The District will continue to work with the Community Finance Committee (CFC) on various projects that will include: continuum of communication initiatives with the community that explains school financial matters in a fact-based manner and to review spending patterns with the intent of gaining a more comprehensive understanding of District spending practices. The Community Finance Committee is a standing Board committee that acts in an advisory capacity.

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:

Community Consolidated School District 64
164 South Prospect Avenue
Park Ridge, Illinois 60068

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64**STATEMENT OF NET ASSETS****JUNE 30, 2007**

| | GOVERNMENTAL ACTIVITIES |
|--|----------------------------|
| Assets | |
| Cash | \$ 10,000 |
| Investments | 16,005,410 |
| Receivables (net of allowance for uncollectibles): | |
| Interest | 121,021 |
| Property taxes | 28,795,811 |
| Replacement taxes | 216,108 |
| Intergovernmental | 171,855 |
| Prepaid items | 374,128 |
| Deferred charges | 199,050 |
| Capital assets: | |
| Land | 353,013 |
| Depreciable buildings, property and equipment, net | <u>34,958,558</u> |
| Total assets | <u>81,204,954</u> |
| Liabilities | |
| Accounts payable | 1,341,886 |
| Salaries and wages payable | 2,264,975 |
| Payroll deductions payable | 387,881 |
| Interest payable | 197,708 |
| Deferred revenue | 28,664,954 |
| Long-term liabilities: | |
| Other long-term liabilities - due within one year | 3,164,631 |
| Other long-term liabilities - due after one year | <u>22,457,577</u> |
| Total liabilities | <u>58,479,612</u> |
| Net assets | |
| Invested in capital assets, net of related debt | 14,425,844 |
| Restricted for: | |
| Debt service | 2,734,507 |
| Capital projects | 1,964,044 |
| Unrestricted | <u>3,600,947</u> |
| Total net assets | <u>\$ 22,725,342</u> |

See Notes to Basic Financial Statements

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUE | | | NET (EXPENSES) |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | REVENUE AND CHANGES IN NET ASSETS |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Governmental activities | | | | | |
| Instruction: | | | | | |
| Regular programs | \$ 21,576,657 | \$ 919,015 | \$ 9,115 | \$ - | \$ (20,648,527) |
| Special programs | 8,884,713 | 319,004 | 2,446,246 | - | (6,119,463) |
| Other instructional programs | 1,551,968 | 168,420 | 170,105 | - | (1,213,443) |
| State retirement contributions | 2,538,100 | - | 2,538,100 | - | - |
| Support Services: | | | | | |
| Pupils | 1,593,822 | - | 10,190 | - | (1,583,632) |
| Instructional staff | 1,835,460 | - | 90,853 | - | (1,744,607) |
| General administration | 722,130 | - | - | - | (722,130) |
| School administration | 1,960,365 | - | - | - | (1,960,365) |
| Business | 2,381,958 | 380,666 | 202,996 | - | (1,798,296) |
| Transportation | 1,800,198 | 85,084 | 596,477 | - | (1,118,637) |
| Operations and maintenance | 4,767,690 | 34,576 | - | 540,686 | (4,192,428) |
| Central | 1,066,470 | - | - | - | (1,066,470) |
| Other supporting services | 1,557 | - | - | - | (1,557) |
| Community services | 549,784 | 547,384 | - | - | (2,400) |
| Nonprogrammed charges - excluding special education | 311,237 | - | - | - | (311,237) |
| Interest and fees | 1,293,425 | - | - | - | (1,293,425) |
| Total governmental activities | <u>\$ 52,835,534</u> | <u>\$ 2,454,149</u> | <u>\$ 6,064,082</u> | <u>\$ 540,686</u> | <u>(43,776,617)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Real estate taxes, levied for general purposes | | | | | 30,593,847 |
| Real estate taxes, levied for specific purposes | | | | | 6,997,910 |
| Real estate taxes, levied for debt service | | | | | 3,814,502 |
| Personal property replacement taxes | | | | | 1,224,078 |
| State aid-formula grants | | | | | 1,557,377 |
| Investment earnings | | | | | 1,025,690 |
| Miscellaneous | | | | | <u>44,866</u> |
| Total general revenues | | | | | <u>45,258,270</u> |
| Change in net assets | | | | | 1,481,653 |
| Net assets, beginning of year | | | | | <u>21,243,689</u> |
| Net assets, end of year | | | | | <u>\$ 22,725,342</u> |

See Notes to Basic Financial Statements

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

| | GENERAL (EDUCATIONAL) FUND | OPERATIONS AND MAINTENANCE FUND | TRANSPORTATION FUND | MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND |
|---|----------------------------------|---------------------------------------|------------------------|---|
| Assets | | | | |
| Cash | \$ 10,000 | \$ - | \$ - | \$ - |
| Investments | 4,354,883 | - | - | - |
| Receivables (net allowance for uncollectibles): | | | | |
| Interest | 7,153 | - | - | - |
| Property taxes | 21,502,824 | 2,878,608 | 880,911 | 999,064 |
| Replacement taxes | 202,407 | - | - | 13,701 |
| Intergovernmental | 171,855 | - | - | - |
| Loan to operations and maintenance fund | - | - | - | - |
| Prepaid items | 374,128 | - | - | - |
| Total assets | <u>\$ 26,623,250</u> | <u>\$ 2,878,608</u> | <u>\$ 880,911</u> | <u>\$ 1,012,765</u> |
| Liabilities and fund balance | | | | |
| Cash deficit | \$ - | \$ 365,183 | \$ 579,614 | \$ 435,538 |
| Accounts payable | 1,072,356 | 229,286 | 40,244 | - |
| Salaries and wages payable | 2,264,975 | - | - | - |
| Payroll deductions payable | 376,208 | 6,604 | 2,096 | 2,973 |
| Other current liabilities | - | - | - | - |
| Loan from working cash fund | - | - | - | - |
| Deferred revenue | 21,432,044 | 2,857,714 | 874,515 | 991,822 |
| Total liabilities | <u>25,145,583</u> | <u>3,458,787</u> | <u>1,496,469</u> | <u>1,430,333</u> |
| Fund balance | | | | |
| Reserved fund balance: | | | | |
| Reserved for prepaid expenditures | 374,128 | - | - | - |
| Reserved for capital projects | - | 1,964,044 | - | - |
| Unreserved fund balance: | | | | |
| Undesignated | 1,103,539 | (2,544,223) | (615,558) | (417,568) |
| Total fund balance (deficit) | <u>1,477,667</u> | <u>(580,179)</u> | <u>(615,558)</u> | <u>(417,568)</u> |
| Total liabilities and fund balance | <u>\$ 26,623,250</u> | <u>\$ 2,878,608</u> | <u>\$ 880,911</u> | <u>\$ 1,012,765</u> |

See Notes to Basic Financial Statements

| WORKING CASH FUND | BOND AND INTEREST FUND | SITE AND CONSTRUCTION FUND | TOTAL | |
|----------------------|---------------------------|----------------------------------|----------------------|----------------------|
| | | | 2007 | 2006 |
| \$ - | \$ - | \$ - | \$ 10,000 | \$ 470,078 |
| 10,117,039 | 2,913,823 | - | 17,385,745 | 17,369,657 |
| 98,904 | 14,964 | - | 121,021 | 181,477 |
| - | 2,534,404 | - | 28,795,811 | 22,394,554 |
| - | - | - | 216,108 | 196,454 |
| - | - | - | 171,855 | 588,130 |
| - | - | - | - | 1,698,820 |
| - | - | - | 374,128 | 43,807 |
| <u>\$ 10,215,943</u> | <u>\$ 5,463,191</u> | <u>\$ -</u> | <u>\$ 47,074,668</u> | <u>\$ 42,942,977</u> |
| | | | | |
| \$ - | \$ - | \$ - | \$ 1,380,335 | \$ 3,270,662 |
| - | - | - | 1,341,886 | 676,851 |
| - | - | - | 2,264,975 | 2,116,255 |
| - | - | - | 387,881 | 357,568 |
| - | - | - | - | 2,791 |
| - | - | - | - | 1,698,820 |
| 98,904 | 2,530,976 | - | 28,785,975 | 21,766,517 |
| <u>98,904</u> | <u>2,530,976</u> | <u>-</u> | <u>34,161,052</u> | <u>29,889,464</u> |
| | | | | |
| - | - | - | 374,128 | 43,807 |
| - | - | - | 1,964,044 | - |
| <u>10,117,039</u> | <u>2,932,215</u> | <u>-</u> | <u>10,575,444</u> | <u>13,009,706</u> |
| <u>10,117,039</u> | <u>2,932,215</u> | <u>-</u> | <u>12,913,616</u> | <u>13,053,513</u> |
| <u>\$ 10,215,943</u> | <u>\$ 5,463,191</u> | <u>\$ -</u> | <u>\$ 47,074,668</u> | <u>\$ 42,942,977</u> |

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2007

Total fund balances - governmental funds

\$ 12,913,616

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

Net capital assets used in governmental activities and included in the Statement of Net Assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.

35,311,571

Interest revenue receivable by the District and recognized in the Statement of Net Assets do not provide current financial resources and are deferred in the governmental fund balance sheet.

\$ 121,021

121,021

Deferred charges included in the Statement of Net Assets are not available to pay for current period expenditures and, therefore, are not included in the governmental fund balance sheet.

199,050

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Balances at June 30, 2007 are:

| | |
|--------------------------|-----------------|
| Bonds payable | \$ (24,370,000) |
| Unamortized bond premium | (947,577) |
| Interest payable | (197,708) |
| Capital leases | (150,681) |
| Compensated absences | (153,950) |

(25,819,916)

Net assets of governmental activities

\$ 22,725,342

See Notes to Basic Financial Statements

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006

| | GENERAL (EDUCATIONAL) FUND | OPERATIONS AND MAINTENANCE FUND | TRANSPORTATION FUND | MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND |
|--|----------------------------------|---------------------------------------|------------------------|---|
| Revenues | | | | |
| Property taxes | \$ 31,130,273 | \$ 4,123,683 | \$ 1,063,314 | \$ 1,274,487 |
| Corporate personal property replacement taxes | 1,123,042 | - | - | 101,036 |
| State aid | 5,985,787 | - | 596,477 | - |
| Federal aid | 1,039,195 | 540,686 | - | - |
| Interest income | 307,779 | 12,354 | 2,200 | 2,973 |
| Other | 2,375,559 | 38,372 | 85,084 | - |
| Total revenues | <u>41,961,635</u> | <u>4,715,095</u> | <u>1,747,075</u> | <u>1,378,496</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | 19,676,604 | - | - | 254,719 |
| Special programs | 8,484,863 | - | - | 318,418 |
| Other instructional programs | 1,526,221 | - | - | 25,747 |
| State retirement contributions | 2,538,100 | - | - | - |
| Support Services: | | | | |
| Pupils | 1,526,396 | - | - | 52,264 |
| Instructional staff | 1,736,964 | - | - | 89,967 |
| General administration | 593,170 | - | - | 28,436 |
| School administration | 1,840,780 | - | - | 96,980 |
| Business | 2,188,166 | - | - | 94,103 |
| Transportation | - | - | 1,790,549 | 9,649 |
| Operations and maintenance | - | 3,734,517 | - | 326,003 |
| Central | 957,739 | - | - | 61,372 |
| Community services | 492,828 | - | - | 50,799 |
| Nonprogrammed charges | - | - | - | - |
| Debt Service: | | | | |
| Principal | 158,689 | - | - | - |
| Interest and other | 11,823 | - | - | - |
| Capital outlay | 147,351 | 1,321,408 | - | - |
| Total expenditures | <u>41,879,694</u> | <u>5,055,925</u> | <u>1,790,549</u> | <u>1,408,457</u> |
| Excess (deficiency) of revenues over expenditures | <u>81,941</u> | <u>(340,830)</u> | <u>(43,474)</u> | <u>(29,961)</u> |
| Other financing uses | | | | |
| Transfers in | 617,148 | 3,662,864 | - | - |
| Transfers (out) | - | - | - | - |
| Bond issuance | - | - | - | - |
| Total other financing uses | <u>617,148</u> | <u>3,662,864</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 699,089 | 3,322,034 | (43,474) | (29,961) |
| Fund balance (deficit), beginning of year | <u>778,578</u> | <u>(3,902,213)</u> | <u>(572,084)</u> | <u>(387,607)</u> |
| Fund balance (deficit), end of year | <u>\$ 1,477,667</u> | <u>\$ (580,179)</u> | <u>\$ (615,558)</u> | <u>\$ (417,568)</u> |

See Notes to Basic Financial Statements

| WORKING CASH FUND | BOND AND INTEREST FUND | SITE AND CONSTRUCTION FUND | TOTAL | |
|----------------------|---------------------------|----------------------------------|----------------------|----------------------|
| | | | 2007 | 2006 |
| \$ - | \$ 3,814,502 | \$ - | \$ 41,406,259 | \$ 38,357,759 |
| - | - | - | 1,224,078 | 1,121,964 |
| - | - | - | 6,582,264 | 5,361,877 |
| - | - | - | 1,579,881 | 1,493,498 |
| 547,438 | 177,266 | 23,094 | 1,073,104 | 301,385 |
| - | - | - | 2,499,015 | 2,527,665 |
| <u>547,438</u> | <u>3,991,768</u> | <u>23,094</u> | <u>54,364,601</u> | <u>49,164,148</u> |
| - | - | - | 19,931,323 | 18,395,679 |
| - | - | - | 8,803,281 | 8,015,424 |
| - | - | - | 1,551,968 | 1,499,394 |
| - | - | - | 2,538,100 | 1,759,821 |
| - | - | - | 1,578,660 | 1,528,665 |
| - | - | - | 1,826,931 | 1,609,354 |
| - | - | - | 621,606 | 499,511 |
| - | - | - | 1,937,760 | 1,770,956 |
| - | - | - | 2,282,269 | 2,194,788 |
| - | - | - | 1,800,198 | 1,801,055 |
| - | - | - | 4,060,520 | 3,823,737 |
| - | - | - | 1,019,111 | 931,124 |
| - | - | - | 543,627 | 535,633 |
| - | - | 311,237 | 311,237 | - |
| - | 2,745,000 | - | 2,903,689 | 1,359,583 |
| - | 1,313,636 | - | 1,325,459 | 1,441,816 |
| - | - | - | 1,468,759 | 562,771 |
| <u>-</u> | <u>4,058,636</u> | <u>311,237</u> | <u>54,504,498</u> | <u>47,729,311</u> |
| <u>547,438</u> | <u>(66,868)</u> | <u>(288,143)</u> | <u>(139,897)</u> | <u>1,434,837</u> |
| - | - | - | 4,280,012 | 389,295 |
| (2,167,817) | (148,151) | (1,964,044) | (4,280,012) | (389,295) |
| - | - | - | - | 4,985,865 |
| <u>(2,167,817)</u> | <u>(148,151)</u> | <u>(1,964,044)</u> | <u>-</u> | <u>4,985,865</u> |
| (1,620,379) | (215,019) | (2,252,187) | (139,897) | 6,420,702 |
| <u>11,737,418</u> | <u>3,147,234</u> | <u>2,252,187</u> | <u>13,053,513</u> | <u>6,632,811</u> |
| <u>\$ 10,117,039</u> | <u>\$ 2,932,215</u> | <u>\$ -</u> | <u>\$ 12,913,616</u> | <u>\$ 13,053,513</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

| | | |
|---|----|------------------|
| Net change in fund balances - total governmental funds | \$ | (139,897) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these 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. | | (1,263,062) |
| The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net assets. | | (376) |
| Interest revenue included in the Statement of Activities do not provide current financial resources and, therefore, are deferred in the fund statements. | \$ | (47,414) |
| | | (47,414) |
| The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of current year principal repayments. | | 2,903,689 |
| Governmental funds report the effects of issuance costs, premiums, discounts and similar items 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. | | 115,805 |
| In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources: | | |
| Interest payable | \$ | (83,771) |
| Compensated absences | | (3,321) |
| | | (87,092) |
| Change in net assets of governmental activities | \$ | <u>1,481,653</u> |

See Notes to Basic Financial Statements

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2007

| | <u>AGENCY STUDENT ACTIVITY FUND</u> |
|-----------------------|---|
| <hr/> | |
| Assets | |
| Cash and investments | \$ <u>229,424</u> |
| Total assets | \$ <u><u>229,424</u></u> |
| | |
| Liabilities | |
| Due to student groups | \$ <u>229,424</u> |
| Total liabilities | \$ <u><u>229,424</u></u> |

See Notes to Basic Financial Statements

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Community Consolidated School District 64 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities which should be presented with the District. Using the same criteria, the District is not included as a component unit of any other governmental entity.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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) amounts paid by the recipient of goods or services offered by the program 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 instead as general revenues.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

General Fund - (Educational Fund) the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Working Cash Fund - accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements to the General (Educational) and the Special Revenue Fund's Operation and Maintenance and Transportation Funds. Money loaned by the Working Cash Fund 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 a part of the General (Educational) Fund or it may be partially abated to the General (Educational) Fund, Special Revenue Funds, Debt Service Funds or the Fire Prevention and Life Safety Fund.

Debt Service Fund - (*Bond and Interest Fund*) accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Project Fund - accounts for the financial resources to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Site and Construction Fund - accounts for construction projects and renovations financed through serial bond issues.

Other Fund Types

Fiduciary Funds - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity 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. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

In accordance with GASB No. 24, on-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Assets, Liabilities and Net Assets or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net assets. Receivables are expected to be collected within one year.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | <i>Unavailable</i> | <i>Unearned</i> | <i>Totals</i> |
|---|--------------------|----------------------|----------------------|
| Property taxes receivable for subsequent year | \$ - | \$ 28,586,835 | \$ 28,586,835 |
| Interest income receivable | 121,021 | - | 121,021 |
| Local receipts receivable | - | 78,120 | 78,120 |
| Total | <u>\$ 121,021</u> | <u>\$ 28,664,955</u> | <u>\$ 28,785,976</u> |

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2006 levy resolution was approved during the December 23, 2006 board meeting. 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 year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lessor of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2006 and 2005 tax levies were 3.4% and 3.3%, respectively.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed (typically, this is due in late August or early September). The first installment is an estimated bill, and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

The 2006 property tax levy is recognized as a receivable in fiscal 2007, net of estimated uncollectible amounts approximating 1%. The District considers that the first installment of the 2006 levy is to be used to finance operations in fiscal 2007. The District has determined that the second installment of the 2006 levy is to be used to finance operations in fiscal 2008 and has deferred the corresponding receivable.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid assets.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles, 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 \$1,500 and an estimated useful life of 5 years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. In 2003, the District engaged an appraisal company to estimate historical cost of its capital assets acquired prior to that date.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-------------------|---------|
| Buildings | 60 - 80 |
| Land improvements | 15 - 20 |
| Vehicles | 8 - 18 |
| Equipment | 5 - 20 |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2007 are determined on the basis of current salary rates and include salary related payments.

The District's compensated absences consist of vacation time and sick days. Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacation time earned in the previous year is credited to each employee on July 1 of the new year.

All certified employees receive a specified number of sick days per year depending on their years of service, in accordance with the agreement between the Board of Education and the Park Ridge Education Association. Unused sick leave days accumulate to a maximum of 340 days. The District does not reimburse employees for unused sick days upon termination of employment. Upon retirement, a certified employee may apply up to 340 days of unused sick leave toward service credit for TRS. He/she is reimbursed at the rate of \$55 per day for any remaining unused sick days to a maximum amount of 80 days.

Classified personnel receive a specified number of sick days per year depending on their years of service. Teacher assistants can accumulate unused sick days to a maximum of 275 days. Other classified personnel can accumulate unused sick days without limit. A classified employee may apply unused sick leave toward service credit for IMRF. However, in practice, the District pays this time out at retirement at the rate of \$55 per day. The District does not reimburse classified employees covered under this agreement for unused sick days remaining upon termination of employment.

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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Equity Classifications

Equity is classified as net assets and displayed in three components:

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less than any unspent debt proceeds.

Restricted net assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

Reserved Fund Balances

In the governmental funds financial statements, the District reserves those portions of fund balances which are legally segregated for a specific purpose or do not represent amounts available for other appropriations.

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2006, from which such summarized information was derived.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

For the year ended June 30, 2007, expenditures exceeded budget in the Municipal Retirement/Social Security Fund and Site and Construction Fund by \$47,469 and \$311,237, respectively. These excesses were funded by available fund balance or future tax levies.

Deficit Fund Equity

The Operations and Maintenance Fund, Transportation Fund, and Municipal Retirement/Social Security Fund had deficit fund balances of \$580,179, \$615,558, and \$417,568, respectively as of June 30, 2007. District management expects to fund this deficit through future tax levies.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash & Investments under the custody of the Township Treasurer

Under the Illinois Compiled Statutes, the Maine Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments, other than the student activity and convenience accounts, petty cash, and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Bond and Interest Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Maine Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates as a non-rated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted average maturity of all marketable pooled investments held by the Treasurer was 1.70 years at June 30, 2007. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2007, the fair value of all investments held by the Treasurer's office was \$245,756,053 and the fair value of the District's proportionate share of the pool was \$16,005,411.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Cash & Investments in the custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

| | <u>Carrying Value</u> | <u>Bank Balance</u> |
|--------------------------------------|-----------------------|---------------------|
| Deposits with financial institutions | \$ 111,330 | \$ 126,223 |
| Total | <u>\$ 111,330</u> | <u>\$ 126,223</u> |

At year end, the District had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity</u> | <u>% of Portfolio</u> | <u>Interest Rate</u> |
|--|-------------------|-----------------|-----------------------|----------------------|
| Illinois School District Liquid Asset Fund | \$ 128,094 | On demand | 100.00 % | Variable |
| Total | <u>\$ 128,094</u> | | <u>100.00 %</u> | |

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the District's policy states investments shall provide sufficient liquidity to enable the District to meet all operating requirements that may be reasonably anticipated.

Credit Risk. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized rating organizations (NRSRO's). The District has no investment policy that would further limit its investment choices. As of June 30, 2007, all the District's investments exposed to credit risk held at the Treasurer's office had either "AAA" or "A-1+" ratings by Standard & Poor's.

The District's policy states that the Treasurer shall diversify its investments to the best of its ability based upon the type of funds invested, available institutions to invest in, and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity. Maturities of investments of the various funds of the District shall be determined to enable the District to have available sufficient cash for all operation purposes.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is registered with the SEC as an investment company. Investments are rated AAA and are valued at share price, which is the price for which the investment could be sold.

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District'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. As of June 30, 2007, the bank balance of the District's deposit with financial institutions totaled \$126,223; of this amount, \$17,404 was uncollateralized and uninsured.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 4 - INTERFUND TRANSFERS

Also during the year, the Board transferred \$148,151 in interest earned in the Bond and Interest Fund and \$468,997 in interest earned in the Working Cash Fund to the following fund:

| <i>Fund</i> | <i>Amount</i> |
|--------------------|----------------------|
| General | \$ 617,148 |
| Total | <u>\$ 617,148</u> |

Also during the year, the Board of Education authorized the abatement of a portion of the Working Cash Fund, thereby transferring fund balance of \$1,698,820 to the Operations and Maintenance Fund.

Also during the year, the Board of Education transferred \$1,964,044 from the Site and Construction Fund to the Operations and Maintenance Fund. This amount is restricted in the Operations and Maintenance fund for capital projects.

State law allows for the above transfers.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2007, was as follows:

| | <i>Beginning Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending Balance</i> |
|---|------------------------------|-------------------|---------------------|---------------------------|
| <u>Capital assets not being depreciated:</u> | | | | |
| Land | \$ 353,013 | \$ - | \$ - | \$ 353,013 |
| Construction in progress | 1,461,132 | - | 1,461,132 | - |
| Total capital assets not being depreciated | 1,814,145 | - | 1,461,132 | 353,013 |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements | 637,262 | - | - | 637,262 |
| Buildings | 41,794,067 | 2,165,952 | - | 43,960,019 |
| Equipment | 12,381,792 | 32,314 | 33,338 | 12,380,768 |
| Vehicles | 220,321 | - | - | 220,321 |
| Total capital assets being depreciated | 55,033,442 | 2,198,266 | 33,338 | 57,198,370 |
| <u>Less Accumulated Depreciation for:</u> | | | | |
| Land improvements | 487,363 | 43,585 | - | 530,948 |
| Buildings | 8,400,232 | 707,543 | - | 9,107,775 |
| Equipment | 11,185,896 | 1,227,834 | 32,962 | 12,380,768 |
| Vehicles | 199,087 | 21,234 | - | 220,321 |
| Total accumulated depreciation | 20,272,578 | 2,000,196 | 32,962 | 22,239,812 |
| Net capital assets being depreciated | 34,760,864 | 198,070 | 376 | 34,958,558 |
| Net governmental activities capital assets | <u>\$ 36,575,009</u> | <u>\$ 198,070</u> | <u>\$ 1,461,508</u> | <u>\$ 35,311,571</u> |

Depreciation expense was recognized in the operating activities of the District as follows:

| <i>Governmental Activities</i> | <i>Depreciation</i> |
|--|---------------------|
| Regular programs | \$ 1,559,624 |
| Special programs | 71,089 |
| Pupils | 13,665 |
| Instructional staff | 8,547 |
| General administration | 100,507 |
| School administration | 25,651 |
| Business | 96,175 |
| Operations and maintenance | 76,420 |
| Central | 35,152 |
| Other supporting services | 1,557 |
| Community services | 6,246 |
| Unallocated | 5,563 |
| Total depreciation expense - governmental activities | <u>\$ 2,000,196</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 6 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2007:

| | <i>Beginning Balance</i> | <i>Additions</i> | <i>Deletions</i> | <i>Ending Balance</i> | <i>Due Within One Year</i> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| General obligation bonds | \$ 27,115,000 | \$ - | \$ 2,745,000 | \$ 24,370,000 | \$ 2,860,000 |
| Unamortized premium | 1,121,960 | - | 174,383 | 947,577 | - |
| Total bonds payable | <u>28,236,960</u> | <u>-</u> | <u>2,919,383</u> | <u>25,317,577</u> | <u>2,860,000</u> |
| Capital leases | 309,370 | - | 158,689 | 150,681 | 150,681 |
| Compensated absences | 150,629 | 335,461 | 332,140 | 153,950 | 153,950 |
| Total long-term liabilities - governmental activities | <u>\$ 28,696,959</u> | <u>\$ 335,461</u> | <u>\$ 3,410,212</u> | <u>\$ 25,622,208</u> | <u>\$ 3,164,631</u> |

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

| <i>Purpose</i> | <i>Interest Rates</i> | <i>Carrying Amount</i> |
|--|---------------------------|----------------------------|
| May 1, 1997 Building and Refunding Bonds | 4.60% - 5.70% | \$ 3,980,000 |
| November 1, 2001 Refunding Bonds | 3.75% - 5.50% | 17,065,000 |
| September 1, 2005 Limited Tax Bonds | 3.75% | <u>3,325,000</u> |
| Total | | <u>\$ 24,370,000</u> |

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2007, \$17,160,000 of bonds outstanding are considered defeased.

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

| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|-------------|----------------------|---------------------|----------------------|
| 2008 | \$ 2,860,000 | \$ 1,186,245 | \$ 4,046,245 |
| 2009 | 3,225,000 | 1,053,259 | 4,278,259 |
| 2010 | 1,605,000 | 951,434 | 2,556,434 |
| 2011 | 1,670,000 | 873,877 | 2,543,877 |
| 2012 | 2,045,000 | 771,772 | 2,816,772 |
| 2013 - 2017 | <u>12,965,000</u> | <u>1,914,519</u> | <u>14,879,519</u> |
| Total | <u>\$ 24,370,000</u> | <u>\$ 6,751,106</u> | <u>\$ 31,121,106</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 6 - LONG TERM LIABILITIES - (CONTINUED)

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, 2007, the statutory debt limit for the District was \$112,169,239, providing a debt margin of \$87,648,559. There are numerous covenants with which the District must comply in regard to these bond issues. During the fiscal year, the District paid \$311,237 in arbitrage rebates to maintain compliance with debt covenants. In future years, the District will continue to monitor compliance with debt covenants. As of June 30, 2007, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of copier equipment and computer technology. These lease agreements qualify as capital leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2007, \$1,313,564 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the General (Educational) Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

| | <i>Amount</i> |
|---|-------------------|
| 2008 | \$ 154,473 |
| Total minimum lease payments | 154,473 |
| Less: amount representing interest | <u>(3,792)</u> |
| Present value of minimum lease payments | <u>\$ 150,681</u> |

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pools: Suburban School Cooperative Insurance Pool (SSCIP) and the School Employee Loss Fund (SELF). The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

NOTE 8 - JOINT AGREEMENTS

The District is a member of various joint agreements that provide certain special education services to residents of many school districts. 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 included as component units of the District.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

The District provides post-retirement health care benefits for certain retirees. The District pays 100 percent of the premiums of individual health care coverage for employees who retire and who are eligible for health benefits from the Teachers Retirement System (TRS). Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were approximately 44 employees who had retired and were receiving a premium-coverage benefit. The District finances the plan on a pay-as-you-go basis. For the year ended June 30, 2007, the District recognized \$172,744 of expenditures for these premiums.

NOTE 10 - RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each District retirement system is discussed below.

Teachers' Retirement System

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

Members of TRS include all active nonannuitants that are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the District. The District's payroll for the year ended June 30, 2007, included \$31,941,447 reported as creditable earnings to TRS.

THIS Fund contributions. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan, covering retiree health insurance. The District's employer THIS Fund contribution was 0.6 percent of creditable earnings for the year ended June 30, 2007; the member THIS Fund contribution was 0.80 percent.

On Behalf Contributions. The State of Illinois also makes contributions directly to TRS on behalf of the District's TRS-covered employees. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the District recognized revenue and expenditures of \$2,538,100 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006, and June 30, 2005, the State of Illinois contributions rates as percentages of creditable earnings were 7.06 percent (\$1,759,821) and 11.76 percent (\$2,886,921), respectively.

The District also makes three additional types of employer contributions directly to TRS.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

2.2 Formula Contributions. For the years ended June 30, 2007, 2006 and 2005, the District contributed 0.58 percent of creditable earnings for a 2.2 formula change. Contributions for those years were \$150,521, \$144,575 and \$142,382, respectively.

Federal and Trust Fund Contributions. When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional TRS contribution. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$150,296 were paid from federal and trust funds that required employer contributions of \$14,699. For the years ended June 30, 2006, and June 30, 2005, required District contributions were \$9,999 and \$61,240, respectively.

Early Retirement Option. The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member retirees. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO.) Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum District payment of 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum District contribution is 117.5 percent. Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement. For the year ending June 30, 2007, the District paid \$- for District contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006, and June 30, 2005, the District paid \$24,819 and \$96,919, respectively, in ERO contributions.

TRS financial information, an explanation of TRS's benefits; and descriptions of member, employer and state funding requirements, can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007 is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

Illinois Municipal Retirement Fund

The District's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 10.35 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 26 years.

For December 31, 2006, December 31, 2005 and December 31, 2004 the District's annual pension cost of \$572,603, \$553,003 and \$476,789, respectively, was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

NOTE 11 - CONSTRUCTION COMMITMENTS

As of June 30, 2007, the District is committed to approximately \$535,639 in expenditures in the upcoming years for Life Safety improvements. These expenditures will be paid through the available fund balances and building bonds already issued.

NOTE 12 - STATE AND FEDERAL AID CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND ANALYSIS OF FUNDING PROGRESS
JUNE 30, 2007

| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------------|------------------------------|----------------------------------|---------------------------|
| 12/31/06 | \$ 572,603 | 100% | \$ - |
| 12/31/05 | 553,003 | 100% | - |
| 12/31/04 | 476,668 | 100% | - |
| 12/31/03 | 431,727 | 100% | - |
| 12/31/02 | 441,830 | 100% | - |
| 12/31/01 | 443,796 | 100% | - |

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|-------------------------------------|--|---------------------------------|-----------------------|------------------------|--|
| 12/31/06 | \$ 12,469,812 | \$ 13,731,144 | \$ 1,261,332 | 90.81% | \$ 5,532,395 | 22.80% |
| 12/31/05 | 11,244,289 | 12,712,894 | 1,468,605 | 88.45% | 5,563,409 | 26.40% |
| 12/31/04 | 10,306,951 | 11,498,661 | 1,191,710 | 89.64% | 5,302,207 | 22.48% |
| 12/31/03 | 9,690,679 | 10,541,615 | 850,936 | 91.93% | 5,055,352 | 16.83% |
| 12/31/02 | 9,589,619 | 9,789,294 | 199,675 | 97.96% | 4,949,288 | 4.03% |
| 12/31/01 | 9,045,734 | 9,133,133 | 87,399 | 99.04% | 4,782,284 | 1.83% |

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.
- SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|-------------------|-------------------|-------------------------------|-------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| General levy | \$ 30,834,174 | \$ 32,738,601 | \$ 30,398,904 | \$ (2,339,697) | \$ 28,848,309 |
| Tort immunity levy | 393,541 | 886,041 | 536,426 | (349,615) | 516,965 |
| Special education levy | 235,877 | 245,481 | 194,943 | (50,538) | 105,816 |
| Corporate personal property replacement taxes | 979,069 | 979,069 | 1,123,042 | 143,973 | 1,045,459 |
| Regular tuition from pupils or parents | - | - | 2,712 | 2,712 | - |
| Summer school tuition from pupils or parents | 120,000 | 120,000 | 166,005 | 46,005 | 178,437 |
| Summer school tuition from other LEA's | 2,070 | 2,070 | 2,415 | 345 | 1,950 |
| Interest income | 55,000 | 55,000 | 307,779 | 252,779 | 146,398 |
| Sales to pupils - lunch | 356,000 | 356,000 | 380,666 | 24,666 | 375,806 |
| Fees | 237,425 | 237,425 | 169,027 | (68,398) | 142,090 |
| Book store sales | 20,200 | 20,200 | 11,797 | (8,403) | 10,201 |
| Other pupil activity revenue | 257,690 | 257,690 | 275,803 | 18,113 | 279,717 |
| Rentals - regular textbook | 460,000 | 460,000 | 459,605 | (395) | 476,050 |
| Sales - other | 300 | 300 | 71 | (229) | 1,020 |
| Payment from other LEA's | 315,000 | 315,000 | 319,004 | 4,004 | 295,410 |
| Local fees | 577,500 | 577,500 | 547,384 | (30,116) | 555,327 |
| Other | - | - | 41,070 | 41,070 | 59,484 |
| Total local sources | <u>34,843,846</u> | <u>37,250,377</u> | <u>34,936,653</u> | <u>(2,313,724)</u> | <u>33,038,439</u> |
| State sources | | | | | |
| General State Aid | 1,554,537 | 1,554,537 | 1,557,377 | 2,840 | 1,340,957 |
| Special Education - Private Facility Tuition | 150,000 | 150,000 | 279,086 | 129,086 | 153,538 |
| Special Education - Extraordinary | 311,200 | 311,200 | 329,105 | 17,905 | 311,220 |
| Special Education - Personnel | 825,000 | 825,000 | 857,960 | 32,960 | 826,962 |
| Special Education - Orphanage - Individual | 14,000 | 14,000 | 65,640 | 51,640 | 98,770 |
| Special Education - Orphanage - Summer | - | - | 2,822 | 2,822 | - |
| Special Education - Summer School | 3,600 | 3,600 | 3,332 | (268) | 3,661 |
| Vocational Education - WECEP | 4,100 | 4,100 | 4,539 | 439 | 4,148 |
| Vocational Education - Other | 350 | 350 | - | (350) | - |
| Bilingual Education - Downstate - TPI | - | - | 5,827 | 5,827 | 3,428 |
| State Free Lunch & Breakfast | 750 | 750 | 723 | (27) | 830 |
| Driver Education | 3,000 | 3,000 | - | (3,000) | - |
| Learning Improvement - Change Grants | 3,000 | 3,000 | - | (3,000) | - |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 ACTUAL |
|--|--------------------|-------------------|-------------------|-------------------------------|-------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | |
| Reading Improvement Block Grant | \$ 160,000 | \$ 160,000 | \$ 164,278 | \$ 4,278 | \$ 159,172 |
| School Safety & Educational Improvement Block Grant | 161,189 | 161,189 | 165,465 | 4,276 | 140,286 |
| State Library Grant | - | - | 3,047 | 3,047 | 3,081 |
| Other Restricted Revenue from State Sources | - | - | 8,486 | 8,486 | 7,038 |
| Total state sources | <u>3,190,726</u> | <u>3,190,726</u> | <u>3,447,687</u> | <u>256,961</u> | <u>3,053,091</u> |
| Federal sources | | | | | |
| Title V - Innovation and Flexibility Formula | 11,500 | 11,500 | 6,068 | (5,432) | 11,491 |
| Special Milk Program | 37,200 | 37,200 | 36,808 | (392) | 41,718 |
| Title IV - Safe & Drug Free Schools - Formula | 10,190 | 10,190 | 10,190 | - | 13,624 |
| Title IV - 21st Century | 41,068 | 41,068 | - | (41,068) | - |
| Federal - Special Education - IDEA - Flow-Through/Low Incident | 833,000 | 833,000 | 821,767 | (11,233) | 1,541,106 |
| Federal - Special Education - IDEA - Room & Board | - | - | - | - | (769,633) |
| Title II - Teacher Quality | 79,847 | 79,847 | 82,367 | 2,520 | 78,096 |
| Medicaid Matching Funds - Administrative Outreach | - | - | 81,995 | 81,995 | 124,379 |
| Other Restricted Revenue from Federal Sources | - | - | - | - | 452,717 |
| Total federal sources | <u>1,012,805</u> | <u>1,012,805</u> | <u>1,039,195</u> | <u>26,390</u> | <u>1,493,498</u> |
| Total revenues | <u>39,047,377</u> | <u>41,453,908</u> | <u>39,423,535</u> | <u>(2,030,373)</u> | <u>37,585,028</u> |
| Expenditures | | | | | |
| Instruction | | | | | |
| Regular Programs | | | | | |
| Salaries | 16,657,213 | 16,657,213 | 16,597,721 | 59,492 | 15,739,916 |
| Employee benefits | 2,105,653 | 2,105,653 | 2,165,953 | (60,300) | 1,722,866 |
| Purchased services | 275,905 | 275,905 | 167,467 | 108,438 | 59,750 |
| Supplies and materials | 721,487 | 721,487 | 742,357 | (20,870) | 635,603 |
| Capital outlay | 214,937 | 214,937 | 108,598 | 106,339 | 234,167 |
| Other objects | 2,600 | 2,600 | 3,106 | (506) | 1,621 |
| Total | <u>19,977,795</u> | <u>19,977,795</u> | <u>19,785,202</u> | <u>192,593</u> | <u>18,393,923</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|---|--------------------|-------------------|-------------------|-------------------------------|-------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Special Education Programs | | | | | |
| Salaries | \$ 5,600,183 | \$ 5,600,183 | \$ 5,628,109 | \$ (27,926) | \$ 5,404,406 |
| Employee benefits | 714,004 | 714,004 | 855,406 | (141,402) | 540,976 |
| Purchased services | 188,550 | 188,550 | 216,079 | (27,529) | 110,881 |
| Supplies and materials | 41,720 | 41,720 | 41,141 | 579 | 31,659 |
| Capital outlay | 10,000 | 10,000 | 8,788 | 1,212 | - |
| Tuition | <u>1,907,000</u> | <u>1,907,000</u> | <u>1,743,378</u> | <u>163,622</u> | <u>1,630,661</u> |
| Total | <u>8,461,457</u> | <u>8,461,457</u> | <u>8,492,901</u> | <u>(31,444)</u> | <u>7,718,583</u> |
| Educationally deprived/remedial programs | | | | | |
| Purchased services | 738 | 738 | - | 738 | - |
| Supplies and materials | <u>750</u> | <u>750</u> | <u>750</u> | <u>-</u> | <u>728</u> |
| Total | <u>1,488</u> | <u>1,488</u> | <u>750</u> | <u>738</u> | <u>728</u> |
| Interscholastic programs | | | | | |
| Salaries | - | - | 1,100 | (1,100) | 600 |
| Employee benefits | 140 | 140 | 109 | 31 | 5 |
| Supplies and materials | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,740</u> |
| Total | <u>140</u> | <u>140</u> | <u>1,209</u> | <u>(1,069)</u> | <u>4,345</u> |
| Summer school programs | | | | | |
| Salaries | 239,359 | 239,359 | 245,113 | (5,754) | 222,022 |
| Employee benefits | 31,096 | 31,096 | 1,906 | 29,190 | 1,147 |
| Purchased services | 2,100 | 2,100 | 263 | 1,837 | 1,760 |
| Supplies and materials | 5,800 | 5,800 | 11,267 | (5,467) | 9,799 |
| Other objects | <u>-</u> | <u>-</u> | <u>1,310</u> | <u>(1,310)</u> | <u>1,190</u> |
| Total | <u>278,355</u> | <u>278,355</u> | <u>259,859</u> | <u>18,496</u> | <u>235,918</u> |
| Gifted programs | | | | | |
| Salaries | 990,791 | 990,791 | 931,776 | 59,015 | 946,641 |
| Employee benefits | 118,209 | 118,209 | 89,812 | 28,397 | 63,887 |
| Supplies and materials | <u>8,989</u> | <u>8,989</u> | <u>4,505</u> | <u>4,484</u> | <u>5,687</u> |
| Total | <u>1,117,989</u> | <u>1,117,989</u> | <u>1,026,093</u> | <u>91,896</u> | <u>1,016,215</u> |
| Bilingual programs | | | | | |
| Salaries | 213,428 | 213,428 | 212,782 | 646 | 197,786 |
| Employee benefits | 26,994 | 26,994 | 23,882 | 3,112 | 15,532 |
| Purchased services | 480 | 480 | 420 | 60 | 90 |
| Supplies and materials | <u>2,000</u> | <u>2,000</u> | <u>1,976</u> | <u>24</u> | <u>4,630</u> |
| Total | <u>242,902</u> | <u>242,902</u> | <u>239,060</u> | <u>3,842</u> | <u>218,038</u> |
| Total instruction | <u>30,080,126</u> | <u>30,080,126</u> | <u>29,805,074</u> | <u>275,052</u> | <u>27,587,750</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|------------------|------------------|-------------------------------|------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Support Services | | | | | |
| Pupils | | | | | |
| Attendance and social work services | | | | | |
| Salaries | \$ 727,805 | \$ 727,805 | \$ 696,418 | \$ 31,387 | \$ 662,938 |
| Employee benefits | 88,350 | 88,350 | 45,178 | 43,172 | 33,966 |
| Supplies and materials | <u>1,045</u> | <u>1,045</u> | <u>796</u> | <u>249</u> | <u>630</u> |
| Total | <u>817,200</u> | <u>817,200</u> | <u>742,392</u> | <u>74,808</u> | <u>697,534</u> |
| Guidance services | | | | | |
| Salaries | 97,659 | 97,659 | 165,355 | (67,696) | 205,434 |
| Employee benefits | 20,978 | 20,978 | 20,534 | 444 | 14,923 |
| Supplies and materials | <u>591</u> | <u>591</u> | <u>349</u> | <u>242</u> | <u>3,642</u> |
| Total | <u>119,228</u> | <u>119,228</u> | <u>186,238</u> | <u>(67,010)</u> | <u>223,999</u> |
| Health services | | | | | |
| Salaries | 202,942 | 202,942 | 239,053 | (36,111) | 232,113 |
| Employee benefits | 30,327 | 30,327 | 22,319 | 8,008 | 15,467 |
| Purchased services | 7,854 | 7,854 | 4,755 | 3,099 | 3,267 |
| Supplies and materials | 2,855 | 2,855 | 2,425 | 430 | 3,384 |
| Capital outlay | <u>2,415</u> | <u>2,415</u> | <u>1,625</u> | <u>790</u> | <u>-</u> |
| Total | <u>246,393</u> | <u>246,393</u> | <u>270,177</u> | <u>(23,784)</u> | <u>254,231</u> |
| Psychological services | | | | | |
| Salaries | 277,976 | 277,976 | 256,687 | 21,289 | 265,359 |
| Employee benefits | 32,564 | 32,564 | 53,218 | (20,654) | 30,872 |
| Purchased services | 6,000 | 6,000 | 8,563 | (2,563) | 1,630 |
| Supplies and materials | <u>8,000</u> | <u>8,000</u> | <u>6,061</u> | <u>1,939</u> | <u>4,856</u> |
| Total | <u>324,540</u> | <u>324,540</u> | <u>324,529</u> | <u>11</u> | <u>302,717</u> |
| Other support services - pupils | | | | | |
| Salaries | 500 | 500 | 556 | (56) | - |
| Employee benefits | 71 | 71 | 49 | 22 | - |
| Purchased services | 500 | 500 | 723 | (223) | - |
| Supplies and materials | <u>3,100</u> | <u>3,100</u> | <u>3,357</u> | <u>(257)</u> | <u>-</u> |
| Total | <u>4,171</u> | <u>4,171</u> | <u>4,685</u> | <u>(514)</u> | <u>-</u> |
| Total pupils | <u>1,511,532</u> | <u>1,511,532</u> | <u>1,528,021</u> | <u>(16,489)</u> | <u>1,478,481</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|------------------|------------------|-------------------------------|------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Instructional staff | | | | | |
| Improvement of instructional services | | | | | |
| Salaries | \$ 43,560 | \$ 43,560 | \$ 14,759 | \$ 28,801 | \$ 21,371 |
| Employee benefits | 1,872 | 1,872 | 1,047 | 825 | 1,201 |
| Purchased services | 117,503 | 117,503 | 81,223 | 36,280 | 42,566 |
| Supplies and materials | <u>3,900</u> | <u>3,900</u> | <u>1,545</u> | <u>2,355</u> | <u>2,477</u> |
| Total | <u>166,835</u> | <u>166,835</u> | <u>98,574</u> | <u>68,261</u> | <u>67,615</u> |
| Educational media services | | | | | |
| Salaries | 872,993 | 872,993 | 882,808 | (9,815) | 831,976 |
| Employee benefits | 111,997 | 111,997 | 123,343 | (11,346) | 59,303 |
| Purchased services | 1,538 | 1,538 | 1,466 | 72 | 963 |
| Supplies and materials | 161,734 | 161,734 | 135,232 | 26,502 | 167,280 |
| Capital outlay | <u>7,000</u> | <u>7,000</u> | <u>6,017</u> | <u>983</u> | <u>-</u> |
| Total | <u>1,155,262</u> | <u>1,155,262</u> | <u>1,148,866</u> | <u>6,396</u> | <u>1,059,522</u> |
| Assessment and testing | | | | | |
| Salaries | 386,345 | 386,345 | 409,125 | (22,780) | 351,041 |
| Employee benefits | 51,903 | 51,903 | 81,892 | (29,989) | 48,609 |
| Purchased services | <u>4,578</u> | <u>4,578</u> | <u>4,524</u> | <u>54</u> | <u>4,000</u> |
| Total | <u>442,826</u> | <u>442,826</u> | <u>495,541</u> | <u>(52,715)</u> | <u>403,650</u> |
| Total instructional staff | <u>1,764,923</u> | <u>1,764,923</u> | <u>1,742,981</u> | <u>21,942</u> | <u>1,530,787</u> |
| General administration | | | | | |
| Board of education services | | | | | |
| Purchased services | 564,020 | 564,020 | 165,668 | 398,352 | 111,258 |
| Other objects | <u>13,000</u> | <u>13,000</u> | <u>-</u> | <u>13,000</u> | <u>-</u> |
| Total | <u>577,020</u> | <u>577,020</u> | <u>165,668</u> | <u>411,352</u> | <u>111,258</u> |
| Executive administration services | | | | | |
| Salaries | 235,355 | 235,355 | 237,434 | (2,079) | 231,478 |
| Employee benefits | 30,122 | 30,122 | 63,603 | (33,481) | 41,225 |
| Purchased services | <u>54,000</u> | <u>54,000</u> | <u>25,252</u> | <u>28,748</u> | <u>47,178</u> |
| Total | <u>319,477</u> | <u>319,477</u> | <u>326,289</u> | <u>(6,812)</u> | <u>319,881</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|---|--------------------|------------------|------------------|-------------------------------|------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Special area administration services | | | | | |
| Salaries | \$ 73,232 | \$ 73,232 | \$ 85,402 | \$ (12,170) | \$ 40,839 |
| Employee benefits | 10,934 | 10,834 | 306 | 10,528 | 139 |
| Purchased services | <u>15,766</u> | <u>15,766</u> | <u>15,505</u> | <u>261</u> | <u>7,102</u> |
| Total | <u>99,932</u> | <u>99,832</u> | <u>101,213</u> | <u>(1,381)</u> | <u>48,080</u> |
| Total general administration | <u>996,429</u> | <u>996,329</u> | <u>593,170</u> | <u>403,159</u> | <u>479,219</u> |
| School administration | | | | | |
| Office of the principal services | | | | | |
| Salaries | 1,370,347 | 1,370,347 | 1,368,158 | 2,189 | 1,263,978 |
| Employee benefits | 173,570 | 173,570 | 277,985 | (104,415) | 189,441 |
| Purchased services | 17,025 | 17,025 | 11,806 | 5,219 | 9,720 |
| Supplies and materials | 29,196 | 29,196 | 26,778 | 2,418 | 25,500 |
| Capital outlay | 1,975 | 1,975 | - | 1,975 | 1,743 |
| Other objects | <u>-</u> | <u>-</u> | <u>13,134</u> | <u>(13,134)</u> | <u>12,759</u> |
| Total | <u>1,592,113</u> | <u>1,592,113</u> | <u>1,697,861</u> | <u>(105,748)</u> | <u>1,503,141</u> |
| Other support services - school administration | | | | | |
| Salaries | 134,800 | 134,800 | 135,863 | (1,063) | 175,481 |
| Employee benefits | 17,236 | 17,236 | 4,247 | 12,989 | 6,071 |
| Purchased services | <u>2,500</u> | <u>2,500</u> | <u>2,809</u> | <u>(309)</u> | <u>1,851</u> |
| Total | <u>154,536</u> | <u>154,536</u> | <u>142,919</u> | <u>11,617</u> | <u>183,403</u> |
| Total school administration | <u>1,746,649</u> | <u>1,746,649</u> | <u>1,840,780</u> | <u>(94,131)</u> | <u>1,686,544</u> |
| Business | | | | | |
| Direction of business support services | | | | | |
| Salaries | 95,617 | 95,617 | 88,289 | 7,328 | 61,019 |
| Employee benefits | 11,201 | 11,201 | 24,754 | (13,553) | 14,803 |
| Purchased services | <u>975</u> | <u>975</u> | <u>1,188</u> | <u>(213)</u> | <u>860</u> |
| Total | <u>107,793</u> | <u>107,793</u> | <u>114,231</u> | <u>(6,438)</u> | <u>76,682</u> |
| Fiscal services | | | | | |
| Salaries | 404,173 | 404,173 | 686,277 | (282,104) | 719,142 |
| Employee benefits | 87,064 | 87,064 | 93,987 | (6,923) | 62,289 |
| Purchased services | 578,356 | 578,356 | 458,866 | 119,490 | 477,784 |
| Supplies and materials | 9,598 | 9,598 | 6,820 | 2,778 | 9,053 |
| Capital outlay | <u>2,000</u> | <u>2,000</u> | <u>-</u> | <u>2,000</u> | <u>-</u> |
| Total | <u>1,081,191</u> | <u>1,081,191</u> | <u>1,245,950</u> | <u>(164,759)</u> | <u>1,268,268</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 ACTUAL |
|--|--------------------|--------------|-----------|-------------------------------|----------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | |
| Operation and maintenance of plant services | | | | | |
| Salaries | \$ 155,465 | \$ 155,465 | \$ - | \$ 155,465 | \$ - |
| Capital outlay | - | - | - | - | 23,772 |
| Total | 155,465 | 155,465 | - | 155,465 | 23,772 |
| Food services | | | | | |
| Purchased services | 475,225 | 475,225 | 466,548 | 8,677 | 487,931 |
| Total | 475,225 | 475,225 | 466,548 | 8,677 | 487,931 |
| Internal services | | | | | |
| Salaries | 118,411 | 118,411 | 141,226 | (22,815) | 124,466 |
| Employee benefits | 17,916 | 17,916 | 10,629 | 7,287 | 2,495 |
| Purchased services | 159,697 | 159,697 | 135,608 | 24,089 | 68,332 |
| Supplies and materials | 72,039 | 72,039 | 73,974 | (1,935) | 68,073 |
| Capital outlay | 1,000 | 1,000 | 1,860 | (860) | 3,024 |
| Total | 369,063 | 369,063 | 363,297 | 5,766 | 266,390 |
| Total business | 2,188,737 | 2,188,737 | 2,190,026 | (1,289) | 2,123,043 |
| Central | | | | | |
| Direction of central support services | | | | | |
| Salaries | 150,696 | 150,696 | 155,849 | (5,153) | 179,756 |
| Employee benefits | 19,772 | 19,772 | 100,028 | (80,256) | 55,053 |
| Purchased services | 3,300 | 3,300 | 1,309 | 1,991 | 958 |
| Supplies and materials | 1,500 | 1,500 | - | 1,500 | - |
| Total | 175,268 | 175,268 | 257,186 | (81,918) | 235,767 |
| Staff services | | | | | |
| Salaries | 81,862 | 81,862 | 97,969 | (16,107) | 106,668 |
| Employee benefits | 12,429 | 12,429 | 66,765 | (54,336) | 89,887 |
| Purchased services | 106,500 | 106,500 | 52,815 | 53,685 | 44,914 |
| Supplies and materials | 6,248 | 6,248 | 4,249 | 1,999 | 3,089 |
| Capital outlay | 2,000 | 2,000 | 1,920 | 80 | - |
| Total | 209,039 | 209,039 | 223,718 | (14,679) | 244,558 |
| Data processing services | | | | | |
| Salaries | 210,200 | 210,200 | 207,580 | 2,620 | 203,132 |
| Employee benefits | 26,334 | 26,334 | 86,803 | (60,469) | 48,280 |
| Purchased services | 95,896 | 95,896 | 107,425 | (11,529) | 71,393 |
| Supplies and materials | 95,400 | 95,400 | 76,947 | 18,453 | 61,560 |
| Capital outlay | 15,950 | 15,950 | 17,333 | (1,383) | 55,274 |
| Total | 443,780 | 443,780 | 496,088 | (52,308) | 439,639 |
| Total central | 828,087 | 828,087 | 976,992 | (148,905) | 919,964 |
| Total support services | 9,036,357 | 9,036,257 | 8,871,970 | 164,287 | 8,218,038 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|---------------------|---------------------|---------------------|-------------------------------|-------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Community services | | | | | |
| Salaries | \$ 440,195 | \$ 440,195 | \$ 418,188 | \$ 22,007 | \$ 424,302 |
| Employee benefits | 53,053 | 53,053 | 43,714 | 9,339 | 26,374 |
| Purchased services | 24,913 | 24,913 | 6,358 | 18,555 | 7,474 |
| Supplies and materials | 23,825 | 23,825 | 24,491 | (666) | 26,579 |
| Capital outlay | 1,500 | 1,500 | 1,210 | 290 | - |
| Other objects | - | - | 77 | (77) | 3,712 |
| Total community services | <u>543,486</u> | <u>543,486</u> | <u>494,038</u> | <u>49,448</u> | <u>488,441</u> |
| Debt services | | | | | |
| Other interest | - | - | 11,823 | (11,823) | 23,244 |
| Capital lease | | | | | |
| Capital lease principal retired | - | - | 158,689 | (158,689) | 244,583 |
| Total | - | - | 158,689 | (158,689) | 244,583 |
| Total debt services | - | - | 170,512 | (170,512) | 267,827 |
| Total expenditures | <u>39,659,969</u> | <u>39,659,869</u> | <u>39,341,594</u> | <u>318,275</u> | <u>36,562,056</u> |
| Excess (deficiency) of revenues over expenditures | <u>(612,592)</u> | <u>1,794,039</u> | <u>81,941</u> | <u>(1,712,098)</u> | <u>1,022,972</u> |
| Other financing sources (uses) | | | | | |
| Permanent transfer from working cash fund - interest | 300,000 | 300,000 | 468,997 | 168,997 | 293,795 |
| Permanent transfer of interest | <u>95,000</u> | <u>95,000</u> | <u>148,151</u> | <u>53,151</u> | <u>95,500</u> |
| Total other financing sources (uses) | <u>395,000</u> | <u>395,000</u> | <u>617,148</u> | <u>222,148</u> | <u>389,295</u> |
| Net change in fund balance | <u>\$ (217,592)</u> | <u>\$ 2,189,039</u> | <u>699,089</u> | <u>\$ (1,489,950)</u> | <u>1,412,267</u> |
| Fund balance (deficit), beginning of year | | | <u>778,578</u> | | <u>(633,689)</u> |
| Fund balance, end of year | | | <u>\$ 1,477,667</u> | | <u>\$ 778,578</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|------------------|------------------|-------------------------------|------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| General levy | \$ 4,092,392 | \$ 4,406,279 | \$ 4,123,683 | \$ (282,596) | \$ 3,897,261 |
| Interest income | 27,000 | 27,000 | 12,354 | (14,646) | 48,333 |
| Rentals | 31,650 | 31,650 | 34,576 | 2,926 | 33,008 |
| Contributions and donations from private sources | - | - | - | - | 23,500 |
| Other | - | - | 3,796 | 3,796 | 52 |
| Total local sources | <u>4,151,042</u> | <u>4,464,929</u> | <u>4,174,409</u> | <u>(290,520)</u> | <u>4,002,154</u> |
| Federal sources | | | | | |
| Title IV - Other | 1,125,000 | 1,125,000 | - | (1,125,000) | - |
| Other Restricted Revenue from Federal Sources | - | - | 540,686 | 540,686 | - |
| Total federal sources | <u>1,125,000</u> | <u>1,125,000</u> | <u>540,686</u> | <u>(584,314)</u> | <u>-</u> |
| Total revenues | <u>5,276,042</u> | <u>5,589,929</u> | <u>4,715,095</u> | <u>(874,834)</u> | <u>4,002,154</u> |
| Expenditures | | | | | |
| Support Services | | | | | |
| Business | | | | | |
| Direction of business support services | | | | | |
| Purchased services | <u>1,750</u> | <u>1,750</u> | <u>-</u> | <u>1,750</u> | <u>-</u> |
| Total | <u>1,750</u> | <u>1,750</u> | <u>-</u> | <u>1,750</u> | <u>-</u> |
| Facilities acquisition and construction service | | | | | |
| Purchased services | - | - | 785 | (785) | 1,670 |
| Capital outlay | <u>703,795</u> | <u>703,795</u> | <u>797,534</u> | <u>(93,739)</u> | <u>244,791</u> |
| Total | <u>703,795</u> | <u>703,795</u> | <u>798,319</u> | <u>(94,524)</u> | <u>246,461</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|---|---------------------|-------------------|---------------------|-------------------------------|-----------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Operation and maintenance of plant services | | | | | |
| Salaries | \$ 1,890,660 | \$ 1,890,660 | \$ 1,845,362 | \$ 45,298 | \$ 1,766,538 |
| Employee benefits | 259,547 | 259,547 | 277,631 | (18,084) | 254,208 |
| Purchased services | 445,180 | 445,180 | 467,235 | (22,055) | 377,684 |
| Supplies and materials | 1,026,210 | 1,026,210 | 1,143,504 | (117,294) | 1,117,747 |
| Capital outlay | <u>1,125,000</u> | <u>1,125,000</u> | <u>523,874</u> | <u>601,126</u> | <u>-</u> |
| Total | <u>4,746,597</u> | <u>4,746,597</u> | <u>4,257,606</u> | <u>488,991</u> | <u>3,516,177</u> |
| Total business | <u>5,452,142</u> | <u>5,452,142</u> | <u>5,055,925</u> | <u>396,217</u> | <u>3,762,638</u> |
| Total support services | <u>5,452,142</u> | <u>5,452,142</u> | <u>5,055,925</u> | <u>396,217</u> | <u>3,762,638</u> |
| Total expenditures | <u>5,452,142</u> | <u>5,452,142</u> | <u>5,055,925</u> | <u>396,217</u> | <u>3,762,638</u> |
| Excess (deficiency) of revenues over expenditures | <u>(176,100)</u> | <u>137,787</u> | <u>(340,830)</u> | <u>(478,617)</u> | <u>239,516</u> |
| Other financing sources (uses) | | | | | |
| Permanent transfer from site & construction fund | - | - | 1,964,044 | 1,964,044 | - |
| Permanent transfer from working cash fund - abatement | <u>-</u> | <u>-</u> | <u>1,698,820</u> | <u>1,698,820</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>3,662,864</u> | <u>3,662,864</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (176,100)</u> | <u>\$ 137,787</u> | <u>3,322,034</u> | <u>\$ 3,184,247</u> | <u>239,516</u> |
| Fund balance (deficit), beginning of year | | | <u>(3,902,213)</u> | | <u>(4,141,729)</u> |
| Fund balance (deficit), end of year | | | <u>\$ (580,179)</u> | | <u>\$ (3,902,213)</u> |

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|---|--------------------|--------------|--------------|-------------------------------|--------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| General levy | \$ 920,339 | \$ 1,215,839 | \$ 1,063,314 | \$ (152,525) | \$ 775,046 |
| Regular transportation fees from pupils or parents | 39,000 | 39,000 | 51,402 | 12,402 | 50,901 |
| Regular transportation fees from co-curricular act | 33,000 | 33,000 | 33,682 | 682 | 41,254 |
| Special ed. transportation fees from other LEAs | - | - | - | - | 1,105 |
| Interest income | 5,000 | 5,000 | 2,200 | (2,800) | 6,184 |
| Total local sources | 997,339 | 1,292,839 | 1,150,598 | (142,241) | 874,490 |
| State sources | | | | | |
| Transportation - Regular/Vocational | 383,956 | 383,956 | 252,720 | (131,236) | 237,161 |
| Transportation - Special Education | 316,232 | 316,232 | 343,757 | 27,525 | 311,804 |
| Total state sources | 700,188 | 700,188 | 596,477 | (103,711) | 548,965 |
| Total revenues | 1,697,527 | 1,993,027 | 1,747,075 | (245,952) | 1,423,455 |
| Expenditures | | | | | |
| Support Services | | | | | |
| Business | | | | | |
| Pupil transportation services | | | | | |
| Salaries | 226,431 | 226,431 | 196,938 | 29,493 | 216,257 |
| Employee benefits | 31,286 | 31,286 | 45,995 | (14,709) | 41,279 |
| Purchased services | 1,562,531 | 1,562,531 | 1,532,286 | 30,245 | 1,523,467 |
| Supplies and materials | 14,000 | 14,000 | 15,330 | (1,330) | 9,470 |
| Capital outlay | 30,000 | 30,000 | - | 30,000 | - |
| Total | 1,864,248 | 1,864,248 | 1,790,549 | 73,699 | 1,790,473 |
| Total business | 1,864,248 | 1,864,248 | 1,790,549 | 73,699 | 1,790,473 |
| Total support services | 1,864,248 | 1,864,248 | 1,790,549 | 73,699 | 1,790,473 |
| Total expenditures | 1,864,248 | 1,864,248 | 1,790,549 | 73,699 | 1,790,473 |
| Net change in fund balance | \$ (166,721) | \$ 128,779 | (43,474) | \$ (172,253) | (367,018) |
| Fund balance (deficit), beginning of year | | | (572,084) | | (205,066) |
| Fund balance (deficit), end of year | | | \$ (615,558) | | \$ (572,084) |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|------------------|------------------|-------------------------------|------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| General levy | \$ 511,681 | \$ 634,806 | \$ 545,387 | \$ (89,419) | \$ 382,559 |
| Social security/medicare only levy | 722,488 | 842,658 | 729,100 | (113,558) | 558,632 |
| Corporate personal property replacement taxes | 75,000 | 75,000 | 101,036 | 26,036 | 76,505 |
| Interest income | - | - | 2,973 | 2,973 | 1,299 |
| Total local sources | <u>1,309,169</u> | <u>1,552,464</u> | <u>1,378,496</u> | <u>(173,968)</u> | <u>1,018,995</u> |
| Total revenues | <u>1,309,169</u> | <u>1,552,464</u> | <u>1,378,496</u> | <u>(173,968)</u> | <u>1,018,995</u> |
| Expenditures | | | | | |
| Instruction | | | | | |
| Regular programs | 246,134 | 246,134 | 254,719 | (8,585) | 235,923 |
| Special education programs | 307,686 | 307,686 | 318,418 | (10,732) | 296,113 |
| Interscholastic programs | 14 | 14 | 14 | - | 7 |
| Summer school programs | 9,176 | 9,176 | 9,496 | (320) | 9,891 |
| Gifted programs | 15,690 | 15,690 | 16,237 | (547) | 12,149 |
| Bilingual programs | - | - | - | - | 2,831 |
| Total instruction | <u>578,700</u> | <u>578,700</u> | <u>598,884</u> | <u>(20,184)</u> | <u>556,914</u> |
| Support Services | | | | | |
| Pupils | | | | | |
| Attendance and social work services | 12,626 | 12,626 | 13,066 | (440) | 9,288 |
| Guidance services | - | - | - | - | 2,966 |
| Health services | 25,332 | 25,332 | 26,216 | (884) | 23,253 |
| Psychological services | <u>12,544</u> | <u>12,544</u> | <u>12,982</u> | <u>(438)</u> | <u>14,677</u> |
| Total pupils | <u>50,502</u> | <u>50,502</u> | <u>52,264</u> | <u>(1,762)</u> | <u>50,184</u> |
| Instructional staff | | | | | |
| Improvement of instructional staff | 985 | 985 | 1,019 | (34) | 1,228 |
| Educational media services | 58,044 | 58,044 | 60,068 | (2,024) | 56,892 |
| Assessment and testing | <u>27,907</u> | <u>27,907</u> | <u>28,880</u> | <u>(973)</u> | <u>20,447</u> |
| Total instructional staff | <u>86,936</u> | <u>86,936</u> | <u>89,967</u> | <u>(3,031)</u> | <u>78,567</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|-------------------|---------------------|-------------------------------|---------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| General administration | | | | | |
| Executive administration services | \$ 12,626 | \$ 12,626 | \$ 13,066 | \$ (440) | \$ 12,983 |
| Special area administration services | <u>14,852</u> | <u>14,852</u> | <u>15,370</u> | <u>(518)</u> | <u>7,309</u> |
| Total general administration | <u>27,478</u> | <u>27,478</u> | <u>28,436</u> | <u>(958)</u> | <u>20,292</u> |
| School administration | | | | | |
| Office of the principal services | 88,801 | 88,801 | 91,898 | (3,097) | 80,687 |
| Other support services - school administration | <u>4,911</u> | <u>4,911</u> | <u>5,082</u> | <u>(171)</u> | <u>5,468</u> |
| Total school administration | <u>93,712</u> | <u>93,712</u> | <u>96,980</u> | <u>(3,268)</u> | <u>86,155</u> |
| Business | | | | | |
| Direction of business support services | 4,682 | 4,682 | 4,845 | (163) | 6,039 |
| Fiscal services | 67,646 | 67,646 | 70,005 | (2,359) | 68,232 |
| Operations and maintenance of plant services | 315,013 | 315,013 | 326,003 | (10,990) | 305,890 |
| Pupil transportation services | 9,324 | 9,324 | 9,649 | (325) | 10,582 |
| Internal services | <u>18,604</u> | <u>18,604</u> | <u>19,253</u> | <u>(649)</u> | <u>24,270</u> |
| Total business | <u>415,269</u> | <u>415,269</u> | <u>429,755</u> | <u>(14,486)</u> | <u>415,013</u> |
| Central | | | | | |
| Direction of central support services | 8,711 | 8,711 | 9,015 | (304) | 13,662 |
| Staff services | 14,692 | 14,692 | 15,204 | (512) | 16,781 |
| Data processing services | <u>35,901</u> | <u>35,901</u> | <u>37,153</u> | <u>(1,252)</u> | <u>35,991</u> |
| Total central | <u>59,304</u> | <u>59,304</u> | <u>61,372</u> | <u>(2,068)</u> | <u>66,434</u> |
| Total support services | <u>733,201</u> | <u>733,201</u> | <u>758,774</u> | <u>(25,573)</u> | <u>716,645</u> |
| Community services | | | | | |
| | <u>49,087</u> | <u>49,087</u> | <u>50,799</u> | <u>(1,712)</u> | <u>47,192</u> |
| Total expenditures | <u>1,360,988</u> | <u>1,360,988</u> | <u>1,408,457</u> | <u>(47,469)</u> | <u>1,320,751</u> |
| Net change in fund balance | <u>\$ (51,819)</u> | <u>\$ 191,476</u> | <u>(29,961)</u> | <u>\$ (221,437)</u> | <u>(301,756)</u> |
| Fund balance (deficit), beginning of year | | | <u>(387,607)</u> | | <u>(85,851)</u> |
| Fund balance (deficit), end of year | | | <u>\$ (417,568)</u> | | <u>\$ (387,607)</u> |

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

WORKING CASH FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|--------------|---------------|-------------------------------|---------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| Interest income | \$ 300,000 | \$ 300,000 | \$ 547,438 | \$ 247,438 | \$ 38,755 |
| Total local sources | 300,000 | 300,000 | 547,438 | 247,438 | 38,755 |
| Total revenues | 300,000 | 300,000 | 547,438 | 247,438 | 38,755 |
| Expenditures | | | | | |
| Total expenditures | - | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | 300,000 | 300,000 | 547,438 | 247,438 | 38,755 |
| Other financing sources (uses) | | | | | |
| Principal on bonds sold | - | - | - | - | 4,900,000 |
| Premium on bonds sold | - | - | - | - | 5,000 |
| Accrued interest on bonds sold | - | - | - | - | 17,865 |
| Permanent transfer from working cash fund - interest | (300,000) | (300,000) | (468,997) | (168,997) | (587,590) |
| Permanent transfer of interest | - | - | - | - | 293,795 |
| Permanent transfer of working cash fund- abatement | - | - | (1,698,820) | (1,698,820) | - |
| Total other financing sources (uses) | (300,000) | (300,000) | (2,167,817) | (1,867,817) | 4,629,070 |
| Net change in fund balance | \$ - | \$ - | (1,620,379) | \$ (1,620,379) | 4,667,825 |
| Fund balance, beginning of year | | | 11,737,418 | | 7,069,593 |
| Fund balance, end of year | | | \$ 10,117,039 | | \$ 11,737,418 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2007

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of an resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. 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 any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The Board of Education amended the budget on May 29, 2007.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teachers Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

| | <i>Revenues</i> | <i>Expenditures</i> |
|---|----------------------|----------------------|
| General Fund Budgetary Basis | \$ 39,423,535 | \$ 39,341,594 |
| To adjust for on-behalf payments received | 2,538,100 | - |
| To adjust for on-behalf payments made | - | 2,538,100 |
| General Fund GAAP Basis | <u>\$ 41,961,635</u> | <u>\$ 41,879,694</u> |

Excess of Expenditures over Budget

For the year ended June 30, 2007, expenditures exceeded budget in the Municipal Retirement/Social Security Fund by \$47,469. The excess will be funded by future tax levies.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|--|--------------------|-------------------|---------------------|-------------------------------|---------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| General levy | \$ 4,418,419 | \$ 4,418,419 | \$ 3,814,502 | \$ (603,917) | \$ 3,273,171 |
| Interest income | 95,000 | 95,000 | 177,266 | 82,266 | 50,380 |
| Other | - | - | - | - | 2,353 |
| Total local sources | <u>4,513,419</u> | <u>4,513,419</u> | <u>3,991,768</u> | <u>(521,651)</u> | <u>3,325,904</u> |
| Total revenues | <u>4,513,419</u> | <u>4,513,419</u> | <u>3,991,768</u> | <u>(521,651)</u> | <u>3,325,904</u> |
| Expenditures | | | | | |
| Debt services | | | | | |
| Bonds | | | | | |
| Bonds - interest | <u>1,308,170</u> | <u>1,308,170</u> | <u>1,308,169</u> | <u>1</u> | <u>1,349,180</u> |
| Total | <u>1,308,170</u> | <u>1,308,170</u> | <u>1,308,169</u> | <u>1</u> | <u>1,349,180</u> |
| Bond principal retired | <u>2,745,000</u> | <u>2,745,000</u> | <u>2,745,000</u> | <u>-</u> | <u>1,115,000</u> |
| Other debt service | | | | | |
| Purchased services | - | - | - | - | 63,000 |
| Other | 5,100 | 5,100 | 5,467 | (367) | 6,392 |
| Transfers | <u>95,000</u> | <u>95,000</u> | <u>-</u> | <u>95,000</u> | <u>-</u> |
| Total | <u>100,100</u> | <u>100,100</u> | <u>5,467</u> | <u>94,633</u> | <u>69,392</u> |
| Total debt services | <u>4,153,270</u> | <u>4,153,270</u> | <u>4,058,636</u> | <u>94,634</u> | <u>2,533,572</u> |
| Total expenditures | <u>4,153,270</u> | <u>4,153,270</u> | <u>4,058,636</u> | <u>94,634</u> | <u>2,533,572</u> |
| Excess (deficiency) of revenues over expenditures | <u>360,149</u> | <u>360,149</u> | <u>(66,868)</u> | <u>(427,017)</u> | <u>792,332</u> |
| Other financing sources (uses) | | | | | |
| Premium on bonds sold | - | - | - | - | 63,000 |
| Permanent transfer of interest | <u>-</u> | <u>-</u> | <u>(148,151)</u> | <u>(148,151)</u> | <u>(95,500)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(148,151)</u> | <u>(148,151)</u> | <u>(32,500)</u> |
| Net change in fund balance | <u>\$ 360,149</u> | <u>\$ 360,149</u> | <u>(215,019)</u> | <u>\$ (575,168)</u> | <u>759,832</u> |
| Fund balance, beginning of year | | | <u>3,147,234</u> | | <u>2,387,402</u> |
| Fund balance, end of year | | | <u>\$ 2,932,215</u> | | <u>\$ 3,147,234</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

SITE AND CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

| | 2007 | | | | 2006 |
|---|--------------------|--------------|-------------|-------------------------------|--------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| Revenues | | | | | |
| Local sources | | | | | |
| Interest income | \$ 48,000 | \$ 48,000 | \$ 23,094 | \$ (24,906) | \$ 10,036 |
| Total local sources | 48,000 | 48,000 | 23,094 | (24,906) | 10,036 |
| Total revenues | 48,000 | 48,000 | 23,094 | (24,906) | 10,036 |
| Expenditures | | | | | |
| Nonprogrammed charges | | | | | |
| Payments to other governmental units (out-of-state) | | | | | |
| Transfers | - | - | 311,237 | (311,237) | - |
| Total | - | - | 311,237 | (311,237) | - |
| Total nonprogrammed charges | - | - | 311,237 | (311,237) | - |
| Total expenditures | - | - | 311,237 | (311,237) | - |
| Excess (deficiency) of revenues over expenditures | 48,000 | 48,000 | (288,143) | (336,143) | 10,036 |
| Other financing sources (uses) | | | | | |
| Permanent transfer from site & construction fund | - | - | (1,964,044) | (1,964,044) | - |
| Total other financing sources (uses) | - | - | (1,964,044) | (1,964,044) | - |
| Net change in fund balance | \$ 48,000 | \$ 48,000 | (2,252,187) | \$ (2,300,187) | 10,036 |
| Fund balance, beginning of year | | | 2,252,187 | | 2,242,151 |
| Fund balance, end of year | | | \$ - | | \$ 2,252,187 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2007

| | BALANCE JUNE 30, 2006 | RECEIPTS | DISBURSEMENTS | BALANCE JUNE 30, 2007 |
|--------------------------|--------------------------|-------------------|-------------------|--------------------------|
| Accommodation | \$ 859 | \$ 9,748 | \$ 9,489 | \$ 1,118 |
| Carpenter | 13,069 | 10,191 | 7,275 | 15,985 |
| Day Care | (1,033) | 8,504 | 5,867 | 1,604 |
| 2007 ELF Grants | - | - | 2,777 | (2,777) |
| 2006 ELF Grants | (9,564) | 42,362 | 40,639 | (7,841) |
| 2005 ELF Grants | (177) | 504 | 327 | - |
| Emerson Afterschool | 57,422 | 51,473 | 27,339 | 81,556 |
| Emerson Middle School | 15,566 | 75,816 | 89,875 | 1,507 |
| Emerson SGA | 2,238 | 3,313 | 3,646 | 1,905 |
| ESC Beverage | (227) | 2,586 | 2,290 | 69 |
| Field School | 4,124 | 44,939 | 42,272 | 6,791 |
| Franklin School | 1,321 | 12,159 | 12,406 | 1,074 |
| IMRF Insurance | 1,132 | 5,102 | 5,322 | 912 |
| Interest | 2,669 | 3,245 | 2,220 | 3,694 |
| Jefferson | 616 | 1,536 | 1,198 | 954 |
| Lincoln Afterschool | 36,135 | 44,785 | 26,780 | 54,140 |
| Lincoln Environmental | 77 | 60 | - | 137 |
| Lincoln Middle School | 22,521 | 60,765 | 57,508 | 25,778 |
| Lincoln SGA | 7,337 | 4,286 | 4,848 | 6,775 |
| Outdoor Education | 8,947 | 82,555 | 78,167 | 13,335 |
| Power | 62 | 9,830 | 9,058 | 834 |
| Roosevelt | 6,609 | 16,884 | 16,314 | 7,179 |
| S Arbetter Memorial Fund | 1,655 | 730 | 359 | 2,026 |
| Sales Tax | 561 | 1,520 | 1,287 | 794 |
| SEC Flower Fund | 474 | (12) | 196 | 266 |
| Teachers' Institute | 216 | - | - | 216 |
| Washington | 6,280 | 18,578 | 13,465 | 11,393 |
| Total | <u>\$ 178,889</u> | <u>\$ 511,459</u> | <u>\$ 460,924</u> | <u>\$ 229,424</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

FIVE YEAR SUMMARY OF ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS JUNE 30, 2007

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed valuation | <u>\$ 1,297,844,521</u> | <u>\$ 1,283,624,674</u> | <u>\$ 1,492,251,710</u> | <u>\$ 1,594,439,099</u> | <u>\$ 1,625,641,143</u> |
| Tax rates | | | | | |
| Educational | 2.3964 | 2.1924 | 1.9270 | 1.9135 | 2.1750 |
| Tort immunity | - | - | 0.0670 | - | 0.0615 |
| Special education | 0.0188 | 0.0170 | - | 0.0145 | 0.0154 |
| Operations and maintenance | - | 0.3195 | 0.2681 | 0.2509 | 0.3015 |
| Bond and interest | 0.1742 | 0.1761 | 0.1657 | 0.2708 | 0.2654 |
| Transportation | - | 0.0547 | 0.0469 | 0.0564 | 0.0923 |
| Municipal retirement | 0.0507 | 0.0513 | 0.0201 | 0.0314 | 0.0461 |
| Social security | <u>0.0754</u> | <u>0.0376</u> | <u>0.0302</u> | <u>0.0443</u> | <u>0.0584</u> |
| Total | <u>2.7155</u> | <u>2.8486</u> | <u>2.5250</u> | <u>2.5818</u> | <u>3.0156</u> |
| Tax extensions | | | | | |
| Educational | \$ 31,102,063 | \$ 27,885,805 | \$ 28,755,417 | \$ 30,509,259 | \$ 35,357,218 |
| Tort immunity | - | - | 1,000,000 | - | 1,000,000 |
| Special education | 243,938 | 218,713 | 1 | 230,500 | 250,000 |
| Operations and maintenance | - | 4,100,854 | 4,000,000 | 4,000,000 | 4,900,884 |
| Bond and interest | 2,260,627 | 2,259,923 | 2,471,955 | 4,317,856 | 4,314,550 |
| Transportation | - | 701,992 | 700,000 | 900,000 | 1,500,000 |
| Municipal retirement | 657,822 | 658,118 | 300,000 | 500,000 | 750,000 |
| Social security | 978,500 | 482,620 | 450,000 | 706,000 | 950,000 |
| Working cash | <u>-</u> | <u>137</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 35,242,950</u> | <u>\$ 36,308,162</u> | <u>\$ 37,677,374</u> | <u>\$ 41,163,615</u> | <u>\$ 49,022,652</u> |
| Total collections | <u>\$ 34,984,083</u> | <u>\$ 36,143,178</u> | <u>\$ 37,487,661</u> | <u>\$ 36,360,264</u> | <u>\$ 19,736,614</u> |
| Percentage collected | 99.27 % | 99.55 % | 99.50 % | 88.33 % | 40.26 % |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64**OPERATING COST AND TUITION CHARGE**

JUNE 30, 2007

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Operating cost per pupil | | |
| Average Daily Attendance (ADA): | <u>4,159</u> | <u>4,172</u> |
| Operating Costs: | | |
| Educational | \$ 39,341,594 | \$ 36,562,056 |
| Operations and Maintenance | 5,055,925 | 3,762,638 |
| Bond and Interest | 4,058,636 | 2,533,572 |
| Transportation | 1,790,549 | 1,790,473 |
| Municipal Retirement/Social Security | <u>1,408,457</u> | <u>1,320,751</u> |
| Subtotal | <u>51,655,161</u> | <u>45,969,490</u> |
| Less Revenues/Expenditures of Nonregular Programs: | | |
| Tuition | 1,743,378 | 1,630,661 |
| Summer school | 269,355 | 245,809 |
| Capital outlay | 1,468,759 | 562,771 |
| Debt principal retired | 2,903,689 | 1,359,583 |
| Community services | 543,627 | 535,633 |
| Related revenues | <u>-</u> | <u>1,105</u> |
| Subtotal | <u>6,928,808</u> | <u>4,335,562</u> |
| Operating costs | <u>\$ 44,726,353</u> | <u>\$ 41,633,928</u> |
| Operating Cost Per Pupil - Based on ADA | <u>\$ 10,754</u> | <u>\$ 9,979</u> |
| Tuition charge | | |
| Operating Costs | \$ 44,726,353 | \$ 41,633,928 |
| Less - revenues from specific programs, such as special education or lunch programs | <u>6,349,685</u> | <u>6,015,381</u> |
| Net operating costs | 38,376,668 | 35,618,547 |
| Depreciation allowance | <u>2,147,060</u> | <u>2,105,923</u> |
| Allowable Tuition Costs | <u>\$ 40,523,728</u> | <u>\$ 37,724,470</u> |
| Tuition Charge Per Pupil - based on ADA | <u>\$ 9,744</u> | <u>\$ 9,043</u> |

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COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

BONDS PAYABLE SCHEDULE - ISSUE DATED MAY 1, 1997

JUNE 30, 2007

| YEAR ENDED JUNE 30, | PRINCIPAL | INTEREST | TOTAL |
|---------------------|---------------------|-------------------|---------------------|
| 2008 | \$ 1,230,000 | \$ 184,382 | \$ 1,414,382 |
| 2009 | 210,000 | 146,740 | 356,740 |
| 2010 | 220,000 | 135,665 | 355,665 |
| 2011 | 230,000 | 123,678 | 353,678 |
| 2012 | 285,000 | 109,573 | 394,573 |
| 2013 | 300,000 | 93,410 | 393,410 |
| 2014 | 315,000 | 76,265 | 391,265 |
| 2015 | 375,000 | 56,851 | 431,851 |
| 2016 | 395,000 | 35,099 | 430,099 |
| 2017 | <u>420,000</u> | <u>11,970</u> | <u>431,970</u> |
| Total | <u>\$ 3,980,000</u> | <u>\$ 973,633</u> | <u>\$ 4,953,633</u> |

Paying Agent:

BNY Midwest Trust

Principal payment date:

December 1

Interest payment dates:

December 1 and June 1

Interest rates:

4.60% - 5.70%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

BONDS PAYABLE SCHEDULE - ISSUE DATED NOVEMBER 1, 2001

JUNE 30, 2007

| YEAR ENDED JUNE 30, | PRINCIPAL | INTEREST | TOTAL |
|---------------------|----------------------|---------------------|----------------------|
| 2008 | \$ - | \$ 907,738 | \$ 907,738 |
| 2009 | 1,320,000 | 874,738 | 2,194,738 |
| 2010 | 1,385,000 | 815,769 | 2,200,769 |
| 2011 | 1,440,000 | 750,200 | 2,190,200 |
| 2012 | 1,760,000 | 662,200 | 2,422,200 |
| 2013 | 1,855,000 | 562,788 | 2,417,788 |
| 2014 | 1,960,000 | 457,875 | 2,417,875 |
| 2015 | 2,320,000 | 340,175 | 2,660,175 |
| 2016 | 2,445,000 | 209,137 | 2,654,137 |
| 2017 | <u>2,580,000</u> | <u>70,950</u> | <u>2,650,950</u> |
| Total | <u>\$ 17,065,000</u> | <u>\$ 5,651,570</u> | <u>\$ 22,716,570</u> |

Paying Agent:

Cole Taylor Bank

Principal payment date:

December 1

Interest payment dates:

December 1 and June 1

Interest rates:

3.75% - 5.50%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

BONDS PAYABLE SCHEDULE - ISSUE DATED SEPTEMBER 1, 2005

JUNE 30, 2007

| YEAR ENDED JUNE 30, | PRINCIPAL | INTEREST | TOTAL |
|---------------------|---------------------|-------------------|---------------------|
| 2008 | \$ 1,630,000 | \$ 94,125 | \$ 1,724,125 |
| 2009 | <u>1,695,000</u> | <u>31,781</u> | <u>1,726,781</u> |
| Total | <u>\$ 3,325,000</u> | <u>\$ 125,906</u> | <u>\$ 3,450,906</u> |

Paying Agent:

Cole Taylor Bank

Principal payment date:

December 1

Interest payment dates:

December 1 and June 1

Interest rates:

3.75%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

RECONCILIATION OF CASH BASIS GOVERNMENTAL FUND

ACTIVITY TO MODIFIED ACCRUAL BASIS

JUNE 30, 2007

| | GENERAL (EDUCATIONAL) | OPERATIONS AND MAINTENANCE | TRANSPORTATION |
|---------------------------------|--------------------------|-------------------------------|---------------------|
| Cash basis fund balances | \$ 955,086 | \$ (312,391) | \$ (532,883) |
| Plus/less cash basis changes: | | | |
| Unbooked prior year adjustments | (414) | - | - |
| Summer pays | 2,917,436 | - | - |
| Real estate tax resplit | 428,826 | (59,396) | (48,827) |
| Replacement Tax Allocation | - | - | - |
| Adjusted cash basis balances | <u>4,300,934</u> | <u>(371,787)</u> | <u>(581,710)</u> |
| Plus modified accrual changes: | | | |
| Market value adjustment | (3,758) | - | - |
| Receivables: | | | |
| Property taxes | 21,502,824 | 2,878,608 | 880,911 |
| Replacement taxes | 202,407 | - | - |
| Intergovernmental | 171,855 | - | - |
| Prepaid items | 374,128 | - | - |
| Computer buy | 4,482 | - | - |
| Less modified accrual changes: | | | |
| Accounts payable | (1,072,356) | (229,286) | (40,244) |
| Salaries and wages payable | (2,264,975) | - | - |
| Payroll deductions payable | (305,830) | - | - |
| Deferred revenue | <u>(21,432,044)</u> | <u>(2,857,714)</u> | <u>(874,515)</u> |
| Modified accrual basis | | | |
| Fund balances | <u>\$ 1,477,667</u> | <u>\$ (580,179)</u> | <u>\$ (615,558)</u> |

| IMRF/ SOC. SEC. | WORKING CASH | BOND AND INTEREST | TOTAL |
|---------------------|----------------------|----------------------|----------------------|
| \$ (354,811) | \$ 10,245,516 | \$ 3,191,003 | \$ 13,191,520 |
| - | - | - | (414) |
| - | - | - | 2,917,436 |
| (83,699) | - | (236,904) | - |
| 1,246 | - | - | 1,246 |
| <u>(437,264)</u> | <u>10,245,516</u> | <u>2,954,099</u> | <u>16,109,788</u> |
| - | (29,573) | (25,312) | (58,643) |
| 999,064 | - | 2,534,404 | 28,795,811 |
| 12,455 | - | - | 214,862 |
| - | - | - | 171,855 |
| - | - | - | 374,128 |
| - | - | - | 4,482 |
| - | - | - | (1,341,886) |
| - | - | - | (2,264,975) |
| - | - | - | (305,830) |
| <u>(991,823)</u> | <u>(98,904)</u> | <u>(2,530,976)</u> | <u>(28,785,976)</u> |
| <u>\$ (417,568)</u> | <u>\$ 10,117,039</u> | <u>\$ 2,932,215</u> | <u>\$ 12,913,616</u> |

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