

NEW ISSUES – BOOK-ENTRY ONLY

- **2012A BONDS: TAX-EXEMPT, BANK QUALIFIED**
- **2012B BONDS: TAXABLE**

RATINGS⁺: AGM Insured

Moody's: "Aa3" (On Review for Possible Downgrade)
Moody's Underlying Rating: "Baa1"

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the 2012A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the 2012B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion. The 2012A Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, amended. See "QUALIFIED TAX-EXEMPTION" OBLIGATIONS" herein.

\$3,915,000**SCHOOL DISTRICT NUMBER 147****COOK COUNTY, ILLINOIS****(WEST HARVEY-DIXMOOR)****\$1,875,000 GENERAL OBLIGATION LIMITED SCHOOL BONDS, SERIES 2012A****\$2,040,000 TAXABLE GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2012B****Dated: As of Date of Issuance****Due: December 1, As Shown on the Inside Cover Page**

The General Obligation Limited School Bonds, Series 2012A (the "2012A Bonds"), and the Taxable General Obligation Limited Refunding School Bonds, Series 2012B (the "2012B Bonds" and, together with the 2012A Bonds, the "Bonds"), of School District Number 147, Cook County, Illinois (the "District"), are issuable as fully registered Bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of Bonds. The Bonds are issued in fully registered form in denominations of \$5,000 and integral multiples thereof, and will bear interest payable on June 1 and December 1 of each year, with June 1, 2013, as the first interest payment date. Wells Fargo Bank, National Association, Chicago, Illinois, will act as bond registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the 2012A Bonds will be used to (i) increase the working cash fund of the District for capital projects, and (ii) pay certain costs associated with the issuance of the 2012A Bonds.

Proceeds of the 2012B Bonds will be used to (i) currently refund certain of the District's outstanding Limited School Bonds, Series 2002, and (ii) pay certain costs associated with the issuance of the 2012B Bonds.

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See "THE BONDS – Limited Bonds" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The 2012A Bonds are subject to redemption prior to maturity, at the times and at the redemption price described herein under "THE BONDS - Mandatory Redemption" and "THE BONDS - Optional Redemption". The 2012B Bonds are not subject to redemption prior to maturity.

The District has created a special segregated account for the purpose of paying the Bonds (the "Tax Escrow Account") to be held by Wells Fargo Bank, National Association, Chicago, Illinois. Prior to the issuance of the Bonds and as authorized by the Property Tax Code of the State of Illinois, as amended, the District will direct the County Collector of Cook County, Illinois, to deposit all of the taxes levied by the District for the payment of principal of and interest on the Bonds and to be extended by the County Clerk of Cook County, Illinois, directly into the Tax Escrow Account to be used to pay the principal of and interest on the Bonds. See "THE BONDS - Property Tax Escrow Agreement" herein.

Persons considering a purchase of the Bonds should read this Official Statement in its entirety, including but not limited to "MANAGEMENT DISCUSSION" and "RISK FACTORS" herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without any notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about November 27, 2012.

**STIFEL
NICOLAUS**
AS UNDERWRITER

AS FINANCIAL ADVISOR

The date of this Official Statement is November 8, 2012.

+See "BOND RATINGS" herein.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS**\$1,875,000 General Obligation Limited School Bonds, Series 2012A**

<u>Maturity</u> <u>December 1</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u> <u>(215057)⁽¹⁾</u>
2024	575,000	3.625	3.200	FA3
2025	395,000	4.000	3.300	FB1

\$395,000 Term Bonds, 3.000% due December 1, 2019, Yield 2.200%, CUSIP⁽¹⁾ EV8

\$220,000 Term Bonds, 3.000% due December 1, 2021, Yield 2.700%, CUSIP⁽¹⁾ EX4

\$290,000 Term Bonds, 3.500% due December 1, 2023, Yield 3.100%, CUSIP⁽¹⁾ EZ9

\$2,040,000 Taxable General Obligation Limited Refunding School Bonds, Series 2012B

<u>Maturity</u> <u>December 1</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u> <u>(215057)⁽¹⁾</u>
2013	345,000	1.300	1.300	FC9
2014	360,000	1.600	1.600	FD7
2015	380,000	1.850	1.850	FE5
2016	400,000	2.100	2.100	FF2
2017	420,000	2.350	2.350	FG0
2018	135,000	2.600	2.600	FH8

⁽¹⁾ CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, Inc., Naperville, Illinois is serving as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimate will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix C - Specimen Municipal Bond Insurance Policy".

**School District Number 147
Cook County, Illinois
(West Harvey-Dixmoor)
191 West 155th Place
Harvey, Illinois 60426
708-339-9500**

* * * * *

Board of Education

J.C. Smith, President
Michael Smith, Vice President
Mable Chapman, Secretary
Katie Jackson Booker
Pamela Cudjo-Kelly
Helen Randall
Bonnie Rateree

Superintendent

Dr. Lela Bridges

Business Manager

Tonisha D. Sibley

Treasurer

Thornton Township Treasurer

* * * * *

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\$3,915,000
School District Number 147
Cook County, Illinois
(West Harvey-Dixmoor)
\$1,875,000 General Obligation Limited School Bonds, Series 2012A
\$2,040,000 Taxable General Obligation Limited Refunding School Bonds, Series 2012B

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning School District Number 147, Cook County, Illinois (the “District”), in connection with the offering and sale of its \$1,875,000 General Obligation Limited School Bonds, Series 2012A (the “2012A Bonds”), and its \$2,040,000 Taxable General Obligation Limited Refunding School Bonds, Series 2012B (the “2012B Bonds” and, together with the 2012A Bonds, the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety, including but not limited to “MANAGEMENT DISCUSSION” and “RISK FACTORS” herein.

THE BONDS

General Description

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 each or authorized integral multiples thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable as described under the caption “BOOK-ENTRY SYSTEM” by Wells Fargo Bank, National Association, Chicago, Illinois, as paying agent and registrar (the “Bond Registrar”).

The Bonds will be dated as of their date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each June 1 and December 1, beginning June 1, 2013. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Bond Registrar in Chicago, Illinois. Interest on each Bond will be paid by check or draft of the Bond Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

The 2012A Bonds are subject to redemption prior to maturity as discussed under “Mandatory Redemption” and “Optional Redemption” herein. The 2012B Bonds are not subject to optional redemption prior to maturity.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books (the “Bond Register”) of the Bond Registrar, and such registration shall be at the expense of the District; provided, however, that the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a 2012A Bond or 2012A Bonds for the unredeemed portion of a 2012A Bond surrendered for redemption.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity and series of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity and series or other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity and series authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity and series less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any 2012A Bond after notice calling such 2012A Bond for redemption has been mailed or during a period of fifteen (15) days next preceding mailing of a notice of redemption of any 2012A Bonds.

Authority and Purpose

The Bonds are issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education (the “Board”) of the District on October 1, 2012, as supplemented by a notification of sale (together the “Bond Resolution”). Proceeds of the 2012A Bonds will be used to (i) increase the working cash fund of the District for capital projects, and (ii) pay certain costs associated with the issuance of the 2012A Bonds. Proceeds of the 2012B Bonds will be used to (i) currently refund certain of the District’s outstanding Limited School Bonds, Series 2002, dated March 1, 2002 (the “2002 Bonds”), and (ii) pay certain costs associated with the issuance of the 2012B Bonds. See “PLAN OF FINANCE” herein.

Security and Payment

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and

other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds (the "Limited Taxes") is limited as provided by law. See "Limited Bonds" herein.

The Bond Resolution will be filed with the County Clerk of the County of Cook, Illinois (the "County Clerk"), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Resolution.

Reference is made to Appendix A for the proposed forms of Legal Opinions of Bond Counsel.

Property Tax Escrow Agreement

To further secure the payment of the principal of and interest on the Bonds, the District will enter into a tax escrow agreement with Wells Fargo Bank, National Association, Chicago, Illinois (the "Tax Escrow Agent"), pursuant to which a tax escrow account (the "Tax Escrow Account") will be established to pay the principal of and interest on the Bonds. As authorized by Section 20-90 of the Property Tax Code of the State of Illinois, as amended (the "Property Tax Code"), the District, pursuant to the Bond Resolution, will direct the county collector of The County of Cook, Illinois (the "County Collector"), to pay all of the Limited Taxes to the Tax Escrow Agent for deposit into the Tax Escrow Account.

In each year for which taxes are levied to pay the principal of and interest on the Bonds, the School Treasurer who receives the taxes of the District (the "Treasurer") will deliver to the County Collector and the Tax Escrow Agent, prior to the first distribution of collections of property taxes (a "Distribution") for the year, an order (the "Segregation Order") specifying the percentage of each Distribution to be received during the year which is attributable to the Limited Taxes. The Segregation Order will direct that such percentage of each Distribution be segregated and paid to the Tax Escrow Agent. Upon receipt of the Distribution, the County Collector will segregate an amount equal to the Distribution multiplied by the percentage specified in the Segregation Order and pay the resulting amount directly to the Tax Escrow Agent for deposit into the Tax Escrow Account. If the Treasurer fails to issue the Segregation Order in any year, the County Collector will pay directly to the Tax Escrow Agent, for deposit in the Tax Escrow Account, the amount of taxes received for the District during such year on a pro rata basis based upon the percentage that the Limited Taxes bear to the total aggregate amount of property taxes extended for collection for the District until the Treasurer issues the Segregation Order or all amounts necessary to pay the principal of and interest on the Bonds from the taxes collected in such year have been paid to the Tax Escrow Agent.

If the Tax Escrow Account does not contain sufficient moneys to make any required principal or interest payment on the Bonds when due, the Treasurer must deposit other moneys of the District into the Tax Escrow Account in an amount sufficient to provide for such payment (the "Additional Deposits") not less than four business days prior to such payment date. If an Additional Deposit is made because the Treasurer has not received the Limited Taxes in time to make a principal or interest payment on the Bonds, and if the Limited Taxes are later received and deposited into the Tax Escrow Account, the Tax Escrow Agent will reimburse the Treasurer from the Limited Taxes in the amount of the Additional Deposit.

The segregations, payments and deposits described in this section will continue during each year until the moneys on deposit in the Tax Escrow Account are sufficient to make the payments of principal of and interest on the Bonds becoming due during the calendar year of such deposit.

Limited Bonds

The Bonds are limited bonds and are issued pursuant to the School Code, as supplemented by the Debt Reform Act. Although the obligation of the District to pay the Bonds is a general obligation under the School Code and all taxable property in the District is subject to the levy of taxes to pay the Bonds without limitation as to rate, the amount of said taxes that will be extended to pay the Bonds is limited by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Limitation Law").

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the "Base"), which is an amount equal to that portion of the extension for the District for the 1994 levy year constituting an extension for payment of principal and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year, commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law, the "CPI") during the 12-month calendar year preceding the levy year. The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

At closing, the Bonds will constitute two of five series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the non-refunded portions of the 2002 Bonds and the District's outstanding Limited Refunding School Bonds, Series 2004A, and the Taxable Limited School Bonds, Series 2004B. The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds. The amount of the Base for the 2012 levy year has been determined to be \$858,926.86, which is calculated as follows:

Original Debt Service Extension Base	\$799,187.00
Levy Year 2009 0.1% CPI Increase	<u>799.18</u>
Debt Service Extension Base Levy Year 2009.....	\$799,986.18
Levy Year 2010 2.7% CPI Increase	<u>21,599.62</u>
Debt Service Extension Base Levy Year 2010.....	\$821,585.80
Levy Year 2011 1.5% CPI Increase	<u>12,323.78</u>
Debt Service Extension Base Levy Year 2011.....	\$833,909.58
Levy Year 2012 3.0% CPI Increase	<u>25,017.28</u>
Debt Service Extension Base Levy Year 2012.....	<u>\$858,926.86</u>

The following chart shows the Base of the District, the debt service on the District's outstanding limited tax bonds, the debt service on the 2002 Bonds refunded by the 2012B Bonds, and the debt service on the Bonds.

Levy Year	Outstanding Limited Tax Debt Service	Less: Refunded 2002 Bonds	Debt Service on the Bonds	Total Limited Tax Debt Service	Base (1)	Available Base (2)
2011	\$ 798,330	\$ (52,923)	\$ -	\$ 745,408	\$ 833,910	\$ 88,502
2012	797,255	(390,845)	450,458	856,868	858,927	2,059
2013	797,910	(388,745)	459,814	868,979	871,811	2,832
2014	796,975	(390,745)	474,054	880,284	884,888	4,604
2015	794,495	(386,545)	487,024	894,974	898,161	3,188
2016	794,445	(385,465)	498,624	907,604	911,634	4,030
2017	797,635	(388,315)	513,754	923,074	925,308	2,234
2018	793,970	-	140,944	934,914	939,188	4,274
2019	796,365	-	153,394	949,759	953,276	3,517
2020	796,000	-	170,394	966,394	967,575	1,181
2021	796,469	-	181,794	978,263	982,088	3,826
2022	798,731	-	197,069	995,800	996,820	1,020
2023	398,716	-	611,644	1,010,359	1,011,772	1,413
2024	-	-	410,800	410,800	1,026,949	616,149
Totals	<u>\$ 9,957,296</u>	<u>\$ (2,383,583)</u>	<u>\$ 4,749,764</u>	<u>\$ 12,323,477</u>		

- (1) The Consumer Price Index increase affecting levy years 2013 and thereafter is estimated to be 1.5% per year.
- (2) The District anticipates paying any debt service in excess of the Base from funds on hand in the event that annual increases in the Base are lower than estimated. Should the assumed growth in the Base not materialize and require operating fund support, the credit rating on the District's limited tax bonds may be affected.

Mandatory Redemption

The 2012A Bonds due on December 1, 2019, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2018	\$310,000
2019 (maturity)	85,000

The 2012A Bonds due on December 1, 2021, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2020	\$100,000
2021 (maturity)	120,000

The 2012A Bonds due on December 1, 2023, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2022	\$135,000
2023 (maturity)	155,000

The principal amounts of the 2012A Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such 2012A Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the District shall, purchase the 2012A Bonds required to be retired on such mandatory redemption date. Any such 2012A Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

Optional Redemption

The 2012A Bonds due on or after December 1, 2021, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the 2012A Bonds of a single maturity to be selected by lot by the Bond Registrar), on December 1, 2020, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

The 2012B Bonds are not subject to optional redemption prior to maturity.

Redemption Procedures

Unless waived by any holder of 2012A Bonds to be redeemed, notice of the call for any redemption will be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first-class mail at least (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the 2012A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state (1) the redemption date, (2) the redemption price, (3) if less than all the outstanding 2012A Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of 2012A Bonds, the respective principal amounts) of the 2012A Bonds to be redeemed, (4) that on the redemption date interest thereon shall cease to accrue from and after said date, and (5) the place where such 2012A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar.

Unless moneys sufficient to pay the redemption price of the 2012A Bonds to be redeemed at the option of the District are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the District

will not redeem such 2012A Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such 2012A Bonds will not be redeemed. Otherwise, prior to any redemption date, the District will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the 2012A Bonds or portions of 2012A Bonds which are to be redeemed on the date. Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Resolution, and notwithstanding failure to receive such notice, the 2012A Bonds or portions of 2012A Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in payment of redemption price), such 2012A Bonds or portion of 2012A Bonds shall cease to bear or accrue interest. Upon surrender of such 2012A Bonds for redemption in accordance with said notice, such 2012A Bonds will be paid by the Bond Registrar at the redemption price.

PLAN OF FINANCE

The Project

Proceeds of the 2012A Bonds will be used to increase the working cash fund of the District. After proper abatement, a portion of the proceeds of the 2012A Bonds are expected to be transferred to the Capital Projects Fund from which the District will pay for various improvements throughout the District's school buildings. These improvements include roof replacement, mechanical, plumbing and electrical improvements, window replacements and HVAC work. The District expects to complete the projects by June 2014.

The Refunding

A portion of the proceeds of the 2012B Bonds will be used to currently refund a portion of the 2002 Bonds (the “Refunded Bonds”). The Refunded Bonds are described below.

CUSIP (215057)	Maturities (December 1)	Original Outstanding Amount	Amount Previously Refunded	Refunded Amount	Remaining Amount	Redemption Price ⁽¹⁾	Redemption Date
EL0	2012	\$ 525,000	\$ 255,000	\$ -	\$ 270,000	N/A	N/A
EM8	2013	555,000	270,000	285,000	-	100%	January 1, 2013
EN6	2014	585,000	285,000	300,000	-	100%	January 1, 2013
EP1	2015	625,000	305,000	320,000	-	100%	January 1, 2013
EQ9	2016	660,000	325,000	335,000	-	100%	January 1, 2013
ER7	2017	690,000	340,000	350,000	-	100%	January 1, 2013
ES5	2018	725,000	355,000	370,000	-	100%	January 1, 2013
Total:		<u>\$ 4,365,000</u>	<u>\$ 2,135,000</u>	<u>\$ 1,960,000</u>	<u>\$ 270,000</u>		

(1) Expressed as a percentage of par.

A portion of the proceeds of the 2012B Bonds will be used to fund an irrevocable escrow account (the “Escrow Account”) consisting of cash and direct obligations of the United States of America (the “Government Obligations”). The Escrow Account will be held by Wells Fargo Bank, National Association, Chicago, Illinois (the “Escrow Agent”), and will be used to pay principal of and interest on the Refunded Bonds. The Escrow Account will be held by the Escrow Agent pursuant to an escrow agreement between the District and the Escrow Agent, which irrevocably directs the Escrow Agent to (i) make all payments of the principal of and interest on the Refunded Bonds upon redemption prior to maturity and (ii) take all steps necessary to call the Refunded Bonds on the redemption date. The Escrow Account will be funded in such amounts so that the cash and the principal and interest payments received on the Government Obligations will be sufficient, without reinvestment, to pay the principal of and interest on the Refunded Bonds on the redemption date.

SOURCES AND USES

Estimated Sources of Funds

	<u>2012A Bonds</u>	<u>2012B Bonds</u>
Par Amount of the Bonds	\$1,875,000.00	\$2,040,000.00
Original Issue Premium	69,793.15	0.00
Funds on Hand.....	<u>0.00</u>	<u>52,922.50</u>
Total Sources	<u>\$1,944,793.15</u>	<u>\$2,092,922.50</u>

Estimated Uses of Funds

	<u>2012A Bonds</u>	<u>2012B Bonds</u>
Deposit to the Working Cash Fund	\$1,874,856.18	\$ 0.00
Deposit to the Escrow Account	0.00	2,021,610.78
Costs of Issuance ⁽¹⁾	<u>69,936.97</u>	<u>71,311.72</u>
Total Uses.....	<u>\$1,944,793.15</u>	<u>\$2,092,922.50</u>

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Financial Advisor fee, Bond Registrar fee, municipal bond insurance premium and other costs of issuance.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any

downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, and its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012.

Capitalization of AGM

At June 30, 2012, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,169,404,271 and its total net unearned premium reserve was approximately \$2,204,572,593, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, for the quarterly period ended March 31, 2012, and for the quarterly period ended June 30, 2012, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "Commission") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the Commission on February 29, 2012);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (filed by AGL with the Commission on May 10, 2012); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 (filed by AGL with the Commission on August 9, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the Commission's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity and series of the Bonds, in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "1934 Act"). DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's

participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, Fixed Income Clearing Corporation, all of which are registered clearing agencies DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks trust companies, and clearing corporation that clear through or maintain a custodial relationships with a Direct Participant, either directly or indirectly (“Indirect Participations”). S&P has assigned DTC its rating of “AA+”. The DTC Rules applicable to its participants are on file with the Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Cook County, Illinois (the "County"). There can be no assurance that the procedures described herein will not change.

Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, the County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The District is located in the South Tri and was reassessed for the 2011 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

CLASS	DESCRIPTION OF QUALIFYING PROPERTY	ASSESSMENT PERCENTAGE	REVERTS TO CLASS
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10 year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the “Mark up to Market” option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as “Landmark” or “Contributing” buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as “Landmark” or “Contributing” buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the “Board of Review”), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “PTAB”), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the “Circuit Court”) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the

Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

Equalization

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State of Illinois (the “State”). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
2002	2.4689
2003	2.4598
2004	2.5757
2005	2.7320
2006	2.7076
2007	2.8439
2008	2.9786
2009	3.3701
2010	3.3000
2011	2.9706

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the “EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department of Revenue, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “Assessment Base”).

Exemptions

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for assessment year 2009 and thereafter.

The Alternative General Homestead Exemption limits EAV increases for homeowners (who also reside on the property as their principal place of residence) to 7% a year, up to a certain maximum dollar amount each year as defined by statute. Any amount of increase that exceeds the maximum exemption as defined is added to the 7% increase and is part of that property's taxable EAV. Homes that do not increase by at least 7% a year are entitled, in the alternative, to the General Homestead Exemption as discussed above.

For properties in the City Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment year 2009, \$16,000 for assessment year 2010 and \$12,000 for assessment year 2011. For properties in the North Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment years 2009 and 2010, \$16,000 for assessment year 2011 and \$12,000 for assessment year 2012. For properties in the South Tri, the Alternative General Homestead Exemption cannot exceed \$26,000 for assessment year 2009, \$20,000 for assessment year 2010 and 2011 and \$12,000 for assessment year 2012.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less ("Qualified Homestead Property"). If the taxpayer's annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to residential properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 per year, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$4,000. Beginning in tax year 2010, County taxpayers seeking to claim this exemption must reapply for the exemption on an annual basis.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of \$55,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (i) the current EAV of the residence and (ii) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans' Exemption exempts up to \$70,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans' Standard Homestead Exemption provides an annual homestead exemption of (i) \$5,000 to those veterans with a service-connected disability of 70% (75% for exemptions granted from 2007 to 2009) and (ii) \$2,500 to those veterans with a service-connected disability of less than 70% (75% for exemptions granted from 2007 to 2009), but at least 50%.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000.

Finally, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Tax Levy

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the District. The prior year's EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

Property Tax Extension Limitation Law

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The use of prior year EAVs to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in taxing districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See "FINANCIAL INFORMATION - Tax Rates." The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have increased flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however,

will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

On February 21, 2012, the Illinois House adopted House Amendment 6 to Senate Bill 2073 ("SB 2073"). SB 2073, as so amended, subsequently passed the House and amends the Limitation Law to provide that, if the total equalized assessed value of all taxable property in a taxing district (such as the District) for the current levy year (excluding new property, recovered tax increment value, and property that is annexed to or disconnected from the taxing district in the current levy year) is less than the total equalized assessed value of all taxable property in the taxing district for the previous levy year, then the extension limitation is (a) 0% or (b) the rate of increase approved by voters of such taxing district (instead of the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year or (b) the rate of increase approved by voters). SB 2073 has an immediate effective date. The District cannot predict whether SB 2073 will pass the General Assembly and be signed by the Governor or the financial effect SB 2073 will have on the future finances of the District.

Extensions

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collections

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has been the first business day in March for each of the last ten years. However, for 2010, the first installment penalty date was established as April 1 by statute. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2002	October 1, 2003
2003	November 15, 2004
2004	November 1, 2005
2005	September 1, 2006
2006	December 3, 2007
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the “Annual Tax Sale”) of unpaid taxes shown on that year’s Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any “automated means.” Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’ taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action which would adversely affect the levy, extension, collection, and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the District.

THE DISTRICT

General Description

The administrative offices of the District are located in the City of Harvey, Illinois (the “City”), approximately 25 miles south of the Chicago Loop. The District comprises an area of approximately six square miles and serves portions of the communities of Harvey (56.40% of 2011 EAV), Dixmoor (28.78% of 2011 EAV), Blue Island (10.07% of 2011 EAV), Posen (3.78% of 2011 EAV) and Markham (0.97% of 2011 EAV). The 2010 census population of the District is 11,588.

An extensive transportation network serves the area, including Interstates 57, 94 and 294 as well as U.S. Route 6 and Illinois Routes 1, 50 and 83. Commuter transportation to the Chicago Loop is available to District residents via the Illinois Central Railroad and bus lines. Midway International Airport is located approximately 12 miles north of the District and O’Hare International Airport is approximately 30 miles north of the District.

Educational Facilities

The District currently operates four school facilities:

<u>Facility</u>	<u>Current Grade</u>	<u>Current Enrollment</u>	<u>Capacity Enrollment</u>
King Elementary School	Pre K-5	342	450
Lincoln Elementary School	Pre K-5	415	400
Rosa L. Parks Middle School	6-8	405	600
Washington Elementary School	Pre K-5	299	350

Enrollments

2008/09	1,419	2013/14 ⁽¹⁾	1,438
2009/10	1,460	2014/15 ⁽¹⁾	1,417
2010/11	1,353	2015/16 ⁽¹⁾	1,431
2011/12	1,363	2016/17 ⁽¹⁾	1,433
2012/13	1,456	2017/18 ⁽¹⁾	1,422

(1) Projected enrollment

Source: The District

The Board of Education

The District is governed by a Board whose members are elected for staggered terms of office. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and to oversee the property and facilities of the District. The Board elects a President, Vice President and Secretary from its membership. The present members are as follows:

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
President	J.C. Smith	2015
Vice President	Michael Smith	2015
Secretary	Mable Chapman	2013
Member	Katie Jackson Booker	2013
Member	Pamela Cudjo-Kelly	2013
Member	Helen Randall	2015
Member	Bonnie Rateree	2013
Treasurer	Thornton Township Treasurer	Appointed

Administration

The Superintendent is Dr. Lela Bridges who joined the District in June 2012 because of the events detailed under “Recent Developments” below. Previously, Dr. Bridges served as Superintendent of Harvey School District Number 152 for fifteen years and has been in the field of education for over 38 years. During her tenure at District 152, she implemented a strategic plan that led the District from the State’s financial watch list to a healthy financial position. The Board is currently conducting a search for a new superintendent who is expected to assume responsibilities on July 1, 2013. Ms. Tonisha D. Sibley, Business Manager, has been with the District and has served in this role since 2010.

Employees

The District currently has 175 employees, of whom 100 are certified and 75 are non-certified. Of the total number, 55 are represented by either the AFT/CIO Local 604 Teachers Union or the AFSCME Local 93 Council 31. The contracts with the unions expire in 2014. The District considers its relationship with its employees to be good.

Recent Developments

In August of 2012, former superintendent Alex Boyd Jr. (who retired in 2011) and current board member Mable Chapman were charged by the Cook County State's Attorney with multiple felony counts of theft. Mr. Boyd is accused of fraudulently cashing out approximately \$350,000 worth of sick and vacation time and accumulating \$57,000 in unauthorized credit card charges. Ms. Chapman is accused of assisting Mr. Boyd while having family members employed by the District and taking family members on taxpayer-funded trips. A trial date has yet to be scheduled. The District has instituted procedures to avert similar issues in the future.

MANAGEMENT DISCUSSION

General

The District has faced a number of challenges that have contributed to its financial situation over the last few years, which include the following:

- A decline in student enrollment by approximately 100 students in fiscal year 2011, which lowered the amount of General State Aid funding from the State by approximately \$54,015
- Proration of General State Aid to 96% in fiscal year 2012, which lowered this revenue source by \$700,000
- Further proration of General State Aid in fiscal year 2013, which the District estimates will lower this funding source by an additional \$600,000

In 2011 the State Board of Education ("ISBE") audited how the District was spending State and federal grant moneys. An agreement was subsequently entered into with ISBE that the District would repay the State \$1,300,000. The District made an initial payment of \$380,000, with the remainder being paid by the State withholding \$25,556 per month from its General State Aid. This agreement is effective until March 1, 2014.

Steps Undertaken by the District to Address Financial Performance

In fiscal year 2013, the District, in recognition of the deteriorating status of its financial operations, initiated measures to reduce expenditures. Those measures included:

- Elimination of 18 positions, including 11 teachers and seven non-certified staff (some due to attrition and others due to retirement)
- Decreased supply budgets by 50%
- Capped tuition reimbursement at \$25,000 (for the entire District)
- No increase in health insurance premiums for employees

The District is strongly enforcing policies, previously established accounting procedures and controls, and has undergone major staff reorganization in the administrative area to better comply with certain requirements of federal programs in response to the audit findings.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

Below are the population statistics for the District as well as the City of Blue Island, Village of Dixmoor, the City, Village of Posen, the County and the State.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% Change 1990-2010</u>
The District	N/A	N/A	11,588	N/A
City of Blue Island.....	21,203	23,463	23,706	11.80%
Village of Dixmoor	3,681	3,934	3,644	-1.01
The City	29,767	30,000	25,282	-15.07
Village of Posen.....	N/A	4,730	5,987	N/A
The County.....	5,105,067	5,376,741	5,194,675	1.76
The State	11,430,602	12,419,293	12,910,409	12.95

Source: U.S. Census Bureau, 1990 Census, 2000 Census and 2010 Census.

Education

The educational background of residents living in the District as compared to the County and the State is illustrated in the following table.

Educational Levels for Persons 25 years of Age and Older

<u>Education Level</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than 9th Grade.....	9.9%	8.2%	6.0%
9th to 12th grade, no diploma.....	12.8	8.6	7.8
High school graduate.....	37.7	24.9	27.9
Some college, no degree.....	22.8	19.0	20.8
Associate degree.....	7.4	6.2	7.3
Bachelor's degree.....	6.7	20.1	18.9
Graduate or professional degree.....	<u>2.7</u>	<u>13.1</u>	<u>11.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2006-2010 American Community Survey 5-year Estimates, Census Bureau
Please note that totals may not equal 100.0% due to rounding

Income

The following table sets forth the distribution of household income and median household income for the District as compared with the County and the State.

<u>Household Income</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Under \$10,000.....	16.4%	8.1%	6.9%
\$10,000 to \$14,999.....	12.1	5.0	4.8
\$15,000 to \$24,999.....	11.8	10.5	10.1
\$25,000 to \$34,999.....	11.4	9.6	9.7
\$35,000 to \$49,999.....	16.7	13.3	13.5
\$50,000 to \$74,999.....	18.1	18.0	18.8
\$75,000 to \$99,999.....	8.6	12.4	13.2
\$100,000 to \$149,999.....	4.1	12.9	13.5
\$150,000 to \$199,999.....	0.7	4.8	4.8
\$200,000 or more	<u>0.2</u>	<u>5.3</u>	<u>4.7</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income	\$32,695	\$53,942	\$55,735

Please note that totals may not equal 100.0% due to rounding

Source: American Community Survey, 2006-2010 American Community Survey 5-year Estimates, Census Bureau

Housing

The following table sets forth the distribution of home value for owner-occupied units as well as the median home value of the District as compared to the County and the State.

<u>Value of Specified Owner-Occupied Units</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than \$50,000	25.4%	2.5%	6.5%
\$50,000 to \$99,999.....	28.3	4.4	13.7
\$100,000 to \$149,999.....	31.4	9.4	13.8
\$150,000 to \$199,999.....	12.1	14.8	15.3
\$200,000 to \$299,999.....	1.9	26.8	21.9
\$300,000 to \$499,999	0.0	27.8	19.5
\$500,000 to \$999,999.....	0.9	11.6	7.6
\$1,000,000 or more	<u>0.0</u>	<u>2.6</u>	<u>1.6</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value.....	\$93,500	\$265,800	\$202,500

Please note that totals may not equal 100.0% due to rounding

Source: American Community Survey, 2006-2010 American Community Survey 5-year Estimates, Census Bureau

Residential Housing Building Permits

The following table sets forth the reported number of residential building permits issued and relative construction costs in the City of Blue Island, Village of Dixmoor, the City and Village of Posen for each of the years listed.

<u>Year</u>	<u>City of Blue Island</u>		<u>Village of Dixmoor</u>	
	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2007.....	49	\$7,630,000	15	\$2,523,000
2008.....	6	947,750	1	140,000
2009.....	11	1,503,000	1	170,000
2010.....	10	1,409,004	0	0
2011.....	0	0	1	125,000
2012 ⁽¹⁾	0	0	0	0

<u>Year</u>	<u>The City</u>		<u>Village of Posen</u>	
	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2007.....	13	\$1,658,000	6	\$705,000
2008.....	5	1,154,000	1	195,000
2009.....	0	0	0	0
2010.....	0	0	0	0
2011.....	0	0	0	0
2012 ⁽¹⁾	0	0	0	0

(1) Through the month of August 2012.

Source: U.S. Census Bureau

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the City of Blue Island, Village of Dixmoor, the City and Village of Posen for the last five calendar years.

<u>Calendar Year</u>	<u>City of Blue Island</u>	<u>Village of Dixmoor</u>	<u>The City</u>	<u>Village of Posen</u>
2007	\$145,433,742	\$17,310,456	\$191,985,550	\$26,762,323
2008	134,654,273	18,770,926	161,986,211	25,134,266
2009	116,325,370	19,418,454	115,847,743	22,003,483
2010	119,062,827	24,503,903	115,590,124	24,527,478
2011	126,987,550	21,321,274	123,981,067	28,643,239
2012 ⁽¹⁾	65,232,665	11,911,137	63,236,445	14,103,455

(1) Data from second quarter of 2012.

Source: Illinois Department of Revenue

Employment

The District has an employment base provided by a range of manufacturing, commercial and public enterprises. The following table categorizes occupations for residents 16 years of age and older living in the District as compared with the County and the State.

<u>Occupational Category</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Management, professional, and related occupations	12.8%	36.8%	35.6%
Service occupations	26.2	17.0	16.3
Sales and office occupations	25.8	25.7	25.8
Natural resources, construction, and maintenance	11.3	6.9	8.1
Production, transportation, and material moving	<u>23.9</u>	<u>13.6</u>	<u>14.1</u>
Totals.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Please note that totals may not equal 100.0% due to rounding

Source: American Community Survey, 2006-2010 American Community Survey 5-year Estimates, Census Bureau

Largest Area Employers

The following table reflects the major private employers in the area surrounding the District by the products manufactured or services performed and approximate number of employees. Many of the District's residents commute to the City of Chicago for employment.

<u>Name</u>	<u>Product or Service</u>	<u>Location</u>	<u>Approximate Number of Employees</u>
Ingalls Memorial Hospital-Care	General medical and surgical hospitals....	Harvey	2,000
Metrosouth Medical Center.....	General medical and surgical hospitals....	Blue Island	1,000
Atkore International Holdings, Inc.....	Steel pipe and tubes	Harvey	900
A&R Security Services, Inc.	Detective and armored car services	Blue Island	850
G&W Electric Co.	Electricity measuring instruments.....	Blue Island	350
Modern Drop Forge Company, LLC.....	Forgings – iron and steel.....	Blue Island	265
National Railway Equipment Co.....	Railroad equipment.....	Dixmoor	259
Cresco Lines, Inc.....	Trucking, except local	Harvey	200
LB Steel LLC, Coburn Steel Products	Blast furnaces and steel mills.....	Harvey	200
Fuchs Lubricants Co.	Lubricating oils and greases	Harvey	160

Source: 2011 Manufacturers' News, Inc. Illinois Manufacturers and Services Directories

Historical Unemployment Statistics

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates as well as the current monthly unemployment rates for July 2012, if available, for the City of Blue Island, Village of Dixmoor, the City and Village of Posen as compared to the County and the State.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>August 2012⁽¹⁾</u>
City of Blue Island.....	8.1%	10.1%	16.1%	16.4%	15.7%	N/A
Village of Dixmoor.....	16.2	19.7	29.6	30.2	29.0	N/A
The City	9.3	10.7	15.5	17.8	16.5	15.1
Village of Posen.....	8.6	10.8	17.1	17.5	16.7	N/A
The County	4.8	5.2	6.5	10.3	10.4	9.3
The State	5.1	6.4	10.0	10.5	9.8	8.9

(1) There is no monthly data available for a community with a population less than 25,000.

Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

Trend of Equalized Assessed Valuation

(Estimated 33 1/3% of Fair Market Value)

<u>Property Type</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Residential	\$58,275,778	\$61,685,256	\$66,247,313	\$64,596,833	\$66,176,325	
Commercial	23,384,403	24,309,319	5,514,316	13,046,841	13,628,115	
Industrial	18,672,220	19,406,678	47,436,552	39,124,234	33,042,352	
Railroad	709,611	825,947	922,492	1,006,400	1,022,790	
Total.....	<u>\$ 101,042,012</u>	<u>\$ 106,227,200</u>	<u>\$ 120,120,673</u>	<u>\$ 117,774,308</u>	<u>\$ 113,869,582</u>	<u>\$ 95,344,800⁽²⁾</u>
% Change.....		5.13%	13.08%	-1.95%	-3.32%	-16.27%

(1) The District was reassessed in 2011.

(2) Breakdown of 2011 EAV not available at this time.

Source: Cook County Clerk's Office

TIFs within District

A significant portion of the District's EAV is contained in nine tax increment financing ("TIF") districts, as detailed below. When a TIF is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF are not provided to the District unless and until the municipality that created the TIF decides to redirect TIF funds back to the District or until the TIF expires. The City of Harvey TIF 1 is expected to expire in 2013. The remaining TIFs are not expected to expire in the near future; and the District does not expect to receive new EAV from the expiration of TIFs in the near future. The District is not aware of any new TIFs planned in the immediate future.

<u>Location</u>	<u>Year Established</u>	<u>Base EAV</u>	<u>2011 EAV</u>
City of Blue Island - 2 (South Industrial Area).....	1998	\$ 4,958,244	\$ 8,166,856
City of Harvey - 1.....	1983	258,980	3,692,832
City of Harvey - Sibley Blvd/Dixie Hwy.....	1999	152,263	662,210
City of Harvey - RPM Business Park.....	2000	157,569	284,770
Village of Dixmoor.....	1990	975,865	3,346,359
Village of Dixmoor - 2.....	1996	4,950,413	9,723,398
Village of Dixmoor - 144th St/Wood Ave.....	2001	1,301,142	1,173,490
Village of Posen - Sibley Boulevard.....	1998	1,453,021	2,790,842
Village of Posen - 2 (South East Sibley).....	1998	15,662	333,079
Total.....		<u>\$ 14,223,159</u>	<u>\$ 30,173,836</u>

Source: Tax Increment Agency Distribution Summary for tax year 2011 and TIF District Summary of the Cook County Clerk's office

Tax Rates

(Per \$100 Equalized Assessed Valuation)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
IMRF.....	\$ 0.127	\$ 0.133	\$ 0.146	\$ 0.154	\$ 0.153
Social Security.....	0.131	0.124	0.136	0.145	0.153
Liability Insurance.....	0.000	0.043	0.047	0.118	0.071
Transportation.....	0.187	0.200	0.242	0.346	0.289
Education.....	2.197	1.904	1.832	2.434	3.045
Operations and Maintenance.....	0.450	0.482	0.550	0.000	0.221
Working Cash Funds.....	0.000	0.046	0.050	0.000	0.000
Special Education.....	0.023	0.020	0.024	0.029	0.000
Bonds & Interest.....	2.404	2.126	0.780	0.806	0.963
Total.....	<u>\$ 5.519</u>	<u>\$ 5.077</u>	<u>\$ 3.806</u>	<u>\$ 4.032</u>	<u>\$ 4.894</u>

Source: Cook County Clerk's Office

Representative Tax Rates for Property within the District

The table of representative tax rates below are for a District resident residing in the City.

<u>Taxing Body</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
The District	\$ 5.519	\$ 5.077	\$ 3.806	\$ 4.032	\$ 4.894
The County.....	0.446	0.415	0.394	0.423	0.462
Cook County Forest Preserve	0.053	0.051	0.049	0.051	0.058
Metropolitan Water Reclamation District	0.263	0.252	0.261	0.274	0.320
Consolidated Elections	0.012	0.000	0.021	0.000	0.025
South Cook Mosquito Abatement District.....	0.006	0.009	0.009	0.010	0.012
Suburban TB Sanitarium	0.000	0.000	0.000	0.000	0.000
Thornton Township.....	0.372	0.358	0.367	0.387	0.442
Thornton Road and Bridge.....	0.016	0.016	0.017	0.018	0.023
Thornton General Assistanace.....	0.092	0.089	0.091	0.096	0.129
The City.....	4.043	3.707	4.228	4.712	5.827
Harvey Park District.....	0.561	0.240	0.473	0.491	0.644
Harvey Public Library.....	0.512	0.492	0.523	0.551	0.676
Township High School District Number 205.....	3.741	3.608	3.697	3.871	4.903
Community College District No. 510.....	0.362	0.346	0.348	0.361	0.450
Total.....	<u>\$ 15.998</u>	<u>\$ 14.660</u>	<u>\$ 14.284</u>	<u>\$ 15.277</u>	<u>\$ 18.865</u>

Source: Cook County Clerk's Office

Tax Extensions and Collections

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Extensions	\$4,105,337	\$5,862,679	\$6,099,728	\$4,483,668	\$4,592,360	\$4,666,175
Collections	3,300,391	4,553,578	5,055,360	3,452,924	3,369,857	2,715,019
% Collected	80.39%	77.67%	82.88%	77.01%	73.38%	58.19%

(1) As of October 9, 2012. The District recently increased its allowance for delayed and uncollectible property taxes for its bond and interest levies from 115% to 130% to help address its collection shortfall. The Cook County Clerk may increase the percentage allowance for delayed and uncollectible property taxes. There is no limit to the percentage allowance for delayed and uncollected property taxes as it relates to the bond and interest levy. The District has never been delinquent on its debt service payments. In fiscal years 2011 and 2012, the District used General State Aid money in the amount of \$750,000 and \$300,000, respectively, to make up the difference from the shortfall in tax receipts for the payment of its outstanding bonds. See "RISK FACTORS – Low Tax Collections; Potential Delay and Limitations of Tax Sales; Remedies" herein.

Source: The District and the Cook County Clerk's Office

Largest Taxpayers

<u>Taxpayer</u>	<u>2011 EAV</u>
LKQ A Reliable Auto Parts.....	\$ 2,437,068
Harvey Town Square LLC.....	2,008,319
Ingalls Health System.....	1,851,952
ComEd.....	1,533,391
Heather Health Center LLC.....	1,526,003
Smith Mobile Homes.....	1,417,045
Individual.....	1,280,388
Individual.....	1,255,791
Parco Foods LLC.....	1,224,585
Jos. Cacciatore & Co.....	1,167,285
Total.....	<u>\$ 15,701,828</u>

The above taxpayers represent 16.47% of the District's \$95,344,800 2011 EAV (which excludes TIF increment EAV totaling \$16,078,329). Every reasonable effort has been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included. The 2011 EAV is the most current available.

Source: Cook County Clerk's Office

Summary of Outstanding Bonded Debt

(As of the closing of the Bonds)

<u>Issue Description</u>	<u>Dated</u> <u>Date</u>	<u>Original</u> <u>Amount of</u> <u>Issue</u>	<u>Current</u> <u>Amount</u> <u>Outstanding</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>
Limited School Bonds, Series 2002.....	03/01/02	\$ 7,100,000	\$ 270,000	12/01/12
Limited Refunding School Bonds, Series 2004A.....	06/15/04	3,225,000	3,225,000	06/01/24
Taxable Limited School Bonds, Series 2004B.....	06/15/04	1,340,000	1,165,000	12/01/19
2012A Bonds.....	11/27/12	1,875,000	1,875,000	12/01/25
2012B Bonds.....	11/27/12	2,040,000	2,040,000	12/01/18
Total			<u>\$ 8,575,000</u>	

Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding debt of the District as of the closing of the Bonds and the refunding of the Refunded Bonds.

Fiscal Year	Principal Outstanding	Less: Refunded Bonds	The Bonds	Total Principal	Cumulative Amount	Retirement Percent
2013	\$ 370,000	\$ -	\$ -	\$ 370,000	\$ 370,000	4.31%
2014	390,000	(285,000)	345,000	450,000	820,000	9.56
2015	415,000	(300,000)	360,000	475,000	1,295,000	15.10
2016	440,000	(320,000)	380,000	500,000	1,795,000	20.93
2017	465,000	(335,000)	400,000	530,000	2,325,000	27.11
2018	490,000	(350,000)	420,000	560,000	2,885,000	33.64
2019	520,000	(370,000)	445,000	595,000	3,480,000	40.58
2020	545,000	-	85,000	630,000	4,110,000	47.93
2021	585,000	-	100,000	685,000	4,795,000	55.92
2022	625,000	-	120,000	745,000	5,540,000	64.61
2023	670,000	-	135,000	805,000	6,345,000	73.99
2024	720,000	-	155,000	875,000	7,220,000	84.20
2025	385,000	-	575,000	960,000	8,180,000	95.39
2026	-	-	395,000	395,000	8,575,000	100.00
	<u>\$ 6,620,000</u>	<u>\$ (1,960,000)</u>	<u>\$ 3,915,000</u>	<u>\$ 8,575,000</u>		

Overlapping Bonded Debt

(As of September 11, 2012)

<u>Taxing Body⁽¹⁾</u>	<u>Outstanding Debt</u>	<u>Percent</u>	<u>Amount</u>
Cook County.....	\$3,817,190,000	0.06%	\$2,364,835
Cook County Forest Preserve District.....	139,425,000	0.06%	86,377
Metropolitan Water Reclamation District.....	2,360,535,090	0.06%	1,492,041
City of Blue Island.....	3,240,000	3.91%	126,780
Village of Dixmoor.....	405,000	100.00%	405,000
The City.....	38,492,000	22.97%	8,839,740
City of Markham.....	43,810,000	0.64%	282,740
Village of Posen.....	1,750,000	5.47%	95,767
Blue Island Park District.....	414,630	4.11%	17,047
Township High School District Number 205.....	47,072,212	6.77%	3,186,998
Community College District No. 510.....	14,957,342	2.57%	<u>383,828</u>
Total Overlapping General Obligation Bonded Debt.....			<u>\$17,280,906</u>

Source: Cook County Clerk's Office

(1) Does not include Alternate Revenue Bonds.

Debt Statement

General Obligation Direct Bonded Debt.....	\$6,620,000
The Bonds.....	\$3,915,000
Less: the Refunded Bonds.....	(\$1,960,000)
Leases.....	\$224,088
Total.....	\$8,799,088
Net Direct Debt.....	\$8,799,088
Overlapping Debt.....	\$17,280,906
Net Direct and Overlapping Debt.....	\$26,079,994
Equalized Assessed Valuation (2011)	\$111,423,129 ⁽¹⁾
Statutory Debt Limit (6.9% of Equalized Assessed Valuation).....	\$7,688,195
Statutory Debt Margin.....	-\$1,110,893 ⁽²⁾

(1) Includes TIF incremental EAV totaling \$16,078,329.

(2) Pursuant to section 20-2 of the School Code, the District is allowed to issue working cash bonds, such as the 2012A Bonds, in excess of its statutory debt margin.

Debt Ratios

Estimated Market Valuation (2011).....	\$334,269,387
Equalized Assessed Valuation (2011).....	\$111,423,129 ⁽¹⁾
2010 Census Population.....	11,588
Net Direct Debt to Equalized Assessed Valuation.....	7.90%
Net Direct Debt to Estimated Market Valuation.....	2.63%
Net Direct Debt and Overlapping Bonded Debt to Equalized Assessed Valuation.....	23.41%
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation.....	7.80%
Net Direct Debt Per Capita.....	\$759.33
Net Direct and Overlapping Debt Per Capita.....	\$2,250.60

(1) Includes TIF incremental EAV totaling \$16,078,329.

RISK FACTORS

The following discussion is not a complete list of the risks associated with the purchase of the Bonds nor does the order of presentation necessarily reflect the relative importance of the various risks. Potential purchasers of the Bonds are advised to consider the following factors, among others, and to review and consider the Official Statement in its entirety in evaluating the Bonds.

Risks Regarding Economic Recovery

In general, the area served by the District continues to be adversely affected by the effects of the nation-wide recession that began in late 2007. The area has experienced a significant increase in the number of foreclosures on existing residential properties, very high unemployment, loss of population and decline in EAV. The District has experienced a decline in enrollment and declining fund balances. Real or perceived threats to the financial stability of the District may have an adverse effect on the value that may be ascribed to the Bonds in the secondary market. The future financial condition of the District is tied to the local and State economy. The Board and administrative staff of

the District have taken several steps in response to financial issues in the area and at the District. See “MANAGEMENT DISCUSSION” above.

Risks Regarding Decrease in State Revenues

The main sources of revenue for school districts in the State are property taxes, aid provided to local school districts on an annual basis as part of the State’s appropriation process (“State Aid”) and federal aid. A majority of the District’s revenues has historically come from State Aid. The District has experienced a decline in the amount of State Aid it receives from the State as a result of the budget shortfalls experienced by the State. A continued failure by the State to make State Aid payments expected by the District, or failure to make such payments in a timely manner, could result in reduced fund balances for the District and produce future deficit spending. See “STATE AID” herein.

Risks Regarding Decrease in Federal Revenues

The District’s second largest source of revenue is aid received from the Federal Government (“Federal Aid”). The District receives the majority of Federal Aid pursuant to Title I, Part A (“Title I”) of the Elementary and Secondary Education Act, as amended. Title I provides financial assistance to local educational agencies and schools with high numbers of children from low-income families. Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state. The District must submit expenses for reimbursement resulting in delays that can negatively impact the District’s cash flows. A decrease in the amount of Federal Aid distributed to the District or a delay in payments could result in reduced fund balances for the District and produce future deficit spending. See “FEDERAL AID” herein.

Risks Regarding Equalized Assessed Valuation

The Bonds will be paid from property taxes levied by the District against the EAV of property in the District. The amount of property taxes levied by the District is determined by applying the various tax rates levied by the District to the EAV. The assessed value used to calculate the District’s tax levy does not include value attributable to TIF districts within the District. The District’s rate setting EAV could decrease for a number of reasons including, but not limited to, a decline in property values, a large taxpayer moving out of the District and the presence of TIF districts. A reduced rate setting EAV could reduce the amount of taxes the District is able to receive.

Low Tax Collections; Potential Delay and Limitations of Tax Sales; Remedies

The District has historically collected less than 100% of its taxes levied (despite the County Clerk adding since 2006 15 percent for loss to the Education, Operations and Maintenance, Transportation, Working Cash, Special Education and Bond and Interest Funds). While the District has the right to file a deficiency levy if debt service tax collections are inadequate, the ability of the District to pay principal and interest on the Bonds could be adversely affected if the Cook County Collector is unable to collect such additional taxes or the District fails to file such a levy. Further, the payment of property owners’ taxes and the ability of the District to recover delinquent unpaid Limited Taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights. See “THE BONDS—Security” above.

The District is establishing a Tax Escrow Account to intercept property taxes for the repayments of the Bonds. The Tax Escrow Account is being established to segregate levied and paid taxes sufficient to make payments on the Bonds. Notwithstanding the establishment of the Tax

Escrow Account, the District's historically poor collection rates mean that it is likely that there will be insufficient property taxes in the Tax Escrow Account to pay the Bonds in a timely fashion. Because the Bonds constitute a general obligation of the District, the District is obligated to use other lawfully available moneys to pay the Bonds if there is any shortfall in the amount of Limited Taxes collected. The District has routinely used General State Aid moneys to make up the difference from the shortfall in tax receipts for the payment of its outstanding bonds. See "THE BONDS - Property Tax Escrow Agreement" for a description of how the Treasurer is required to deposit Additional Deposits into the Tax Escrow Account if the Tax Escrow Account does not contain sufficient moneys to make any required principal or interest payment on the Bonds when due.

In addition, delays and uncertainties in recovering delinquent Limited Taxes create risks for purchasers of the Bonds. Recovery of Limited Taxes is subject to the procedures of the County, for providing notice to record holders of the property of the pending tax sale. During any period of time in which property offered for sale remains unsold, none of the delinquent Limited Taxes will be paid. There is a risk that in the event the real or perceived market value of the property falls for whatever reason so that a portion of the then owner-taxpayers or their lenders decide to abandon ownership of the property rather than pay the taxes, then the tax obligation for the Bonds could fail to produce timely corresponding tax receipts with respect to such properties.

Although the District has the right to levy deficiency taxes if tax collections are inadequate to service the Bonds, tax payment delinquencies that continue during the pendency of tax sale proceedings could adversely affect the District's ability to repay the Bonds or the timing of repayment. The Tax Escrow Agreement provides that the District must use other of its money to pay the Bonds if sufficient tax collections are not on deposit in the Tax Escrow Account four business days prior to a scheduled principal or interest payment. See "THE BONDS—Property Tax Escrow Agreement" above.

A description of the remedies of the District in the event of nonpayment of taxes is contained in the section entitled "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION". No assurance can be given that the County, on behalf of the District, will be able to collect the taxes levied or that such collections, if made, will be made in a timely fashion.

In the event a taxpayer fails to pay his tax bill, the County may foreclose on property which is the subject of the bill. However, in the event the forfeited property sells for an amount less than the tax levied on the property, the District may be unable to meet the debt service requirements on the Bonds or may be unable to meet the debt service requirements on the Bonds in a timely fashion.

In addition, potential purchasers of tax certificates for unpaid taxes may come to a conclusion that it is uneconomic to purchase the certificates representing back taxes, with the result that there may be no buyers of the tax certificates. If tax certificates are unmarketable, the land will be forfeited to the State and no tax receipts will be forthcoming. The past due, unpaid taxes on the land will bear interest and penalties. Annual taxes will continue to be levied and go unpaid; new taxes may be levied each year to cover prior debt service deficiencies and, if not timely paid, will bear interest and penalties.

No one can obtain merchantable title to the land from the State through the County without paying off the past due delinquent taxes, or at least becoming subject to the future taxes and the likely possibility of liability through a deficiency tax levy for unpaid bond debt service. This overhanging liability for taxes may have the effect of discouraging potential purchasers and causing title to the land to remain in the County for the benefit of the State and off the tax rolls.

FUTURE LEGISLATION, REGULATIONS, GOVERNMENTAL OR JUDICIAL INTERPRETATION OF REGULATIONS OR LEGISLATION OR PRACTICES AND PROCEDURES RELATED TO PROPERTY TAX ASSESSMENT, LEVY, COLLECTIONS OR DISTRIBUTION OR ON SALES TAX ASSESSMENTS, COLLECTIONS OR DISTRIBUTIONS COULD HAVE A MATERIAL EFFECT ON THE CALCULATION OR AVAILABILITY OF LIMITED TAXES COLLECTED OR DISTRIBUTED. THE ABOVE IS NOT INTENDED TO BE A COMPREHENSIVE DISCUSSION OF ALL POTENTIAL RISKS ASSOCIATED WITH SUCH MATTERS OF TAX ASSESSMENT AND COLLECTION.

Risks Regarding Concentration of Taxpayers

Based on the 2011 total EAV (which excludes TIF values), the District's ten largest taxpayers own 16.47% of the total current EAV of taxable property in the District. If one or more of these taxpayers were to leave the District, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the District could be affected. The District has the authority to levy deficiency taxes if debt service tax collections are inadequate. Notwithstanding, the value of the Bonds, the District's ability to repay the Bonds or the timing of repayment could be adversely affected.

No assurance can be given that any of the largest taxpayers within the District will continue to operate in the District. If any of the largest taxpayers were to relocate or cease operations, the District could experience a significant reduction in EAV. Any reduction in EAV could limit the amount of taxes that the District can extend for operating purposes.

Risks Regarding High Unemployment

Unemployment rates are not specifically compiled for the District, but the City, located within the District, has a current unemployment rate of 16.0%, which is higher than the County rate of 9.6% and the State rate of 9.3%. In addition, the other municipalities located in the District had very high unemployment rates in 2011 (the City of Blue Island – 15.7%, the Village of Posen – 16.7% and the Village of Dixmoor – 29.0%). High unemployment rates within the District have historically persisted. Unemployed workers who reside within the District may lack the financial resources to pay taxes owed to the District in a timely manner or at all. The high number of unemployed workers residing within the District could increase the likelihood that the District will not be able to collect the full amount of taxes levied which could adversely affect the District's ability to repay or the timing of repayment of the Bonds.

Risks Regarding Tax Increment Financing

When a TIF district is created by a municipality within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated. Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF are not provided to the taxing body unless the municipality decides to redirect TIF funds back to one or more taxing bodies. There are currently nine whole or partial City TIF districts in the District with varying expiration dates. The City of Harvey TIF 1 is expected to expire in 2013. The remaining TIFs are not expected to expire in the near future; and the District does not expect to receive new EAV from the expiration of TIFs in the near future. The District is not aware of any new TIFs planned in the immediate future.

Risks Regarding Loss or Change of Bond Rating

The Bonds have received a credit rating from Moody's. The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or any combination thereof could adversely affect the ability of investors to hold the Bonds or may affect the price at which they can be sold.

Risks Regarding a Secondary Market for the Bonds

It is not anticipated and no assurance can be given, that a secondary market for the Bonds will develop following the completion of the offering of the Bonds. Neither the District nor the Underwriter is obligated to repurchase the Bonds at the request of any holder thereof.

Risks Unidentified

It is not anticipated and no assurance can be given, that all risks direct, indirect, or otherwise are included herein. The District and the Underwriter make no assurances to that effect.

Loss of Tax Exemption

As discussed under "TAX MATTERS" herein, interest on the 2012A Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the 2012A Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the 2012A Bonds will remain outstanding until maturity or until redeemed as described above and are not subject to any special redemption solely as a result of the occurrence of events which cause the loss of the tax exemption.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default.

SHORT-TERM FINANCING RECORD

In the last five years, the District has not issued any tax anticipation warrants or tax anticipation notes that are currently outstanding and has no plans to issue tax anticipation warrants or tax anticipation notes in the foreseeable future.

FUTURE FINANCING

The District does not anticipate issuing any additional debt in the next six months.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

SUMMARY OF OPERATING RESULTS

General Fund Revenue Sources

(Years Ended June 30)

	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽¹⁾	<u>2010</u> ⁽¹⁾	<u>2011</u>	Estimated <u>2012</u>
Local Sources.....	16.51 %	15.80 %	21.12 %	19.69 %	16.90 %	19.17 %
Flow-through Receipts.....	-	0.00	0.18	-	-	-
State Sources:						
General Aid.....	56.98	58.15	35.62	41.29	48.41	53.50
Supplementary General Aid....	-	-	-	-	-	-
Mandated Categorical.....	5.37	4.46	3.92	4.30	5.60	4.73
Competitive Grant Aid.....	<u>5.50</u>	<u>5.79</u>	<u>5.34</u>	<u>6.12</u>	<u>5.86</u>	<u>6.21</u>
Total State Sources.....	67.85	68.40	44.88	51.70	59.87	64.43
Federal Sources.....	<u>15.64</u>	<u>15.80</u>	<u>33.82</u>	<u>28.61</u>	<u>23.23</u>	<u>16.40</u>
Total.....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽¹⁾	<u>2010</u> ⁽¹⁾	<u>2011</u>	Estimated <u>2012</u>
Local Sources.....	\$ 3,133,800	\$ 2,991,385	\$ 3,559,241	\$ 3,563,259	\$ 2,900,194	\$ 3,108,399
Flow-through Receipts.....	-	93	30,278	-	-	-
State Sources:						
General Aid.....	10,816,176	11,006,874	6,003,364	7,471,325	8,308,259	8,674,597
Supplementary General Aid....	-	-	-	-	-	-
Mandated Categorical.....	1,019,052	844,179	659,843	777,964	961,718	766,551
Competitive Grant Aid.....	<u>1,043,856</u>	<u>1,096,464</u>	<u>900,445</u>	<u>1,106,676</u>	<u>1,005,001</u>	<u>1,006,131</u>
Total State Sources.....	12,879,084	12,947,517	7,563,652	9,355,965	10,274,978	10,447,279
Federal Sources.....	<u>2,969,814</u>	<u>2,990,731</u>	<u>5,700,708</u>	<u>5,177,003</u>	<u>3,987,126</u>	<u>2,659,045</u>
Total.....	<u>\$ 18,982,698</u>	<u>\$ 18,929,726</u>	<u>\$ 16,853,879</u>	<u>\$ 18,096,227</u>	<u>\$ 17,162,298</u>	<u>\$ 16,214,723</u>

(1) Shift from State sources to federal sources due to the usage of federal American Recovery and Reinvestment Act funds to replace general state aid and categorical revenues.

Source: Compiled from the District's Annual Financial Reports for Fiscal Years ending June 30, 2007-2011 and estimated Fiscal Year ending June 30, 2012, unaudited numbers supplied by the District.

General Fund Summary

(Years Ended June 30)

	<u>2007</u>	<u>2008</u>	<u>2009⁽¹⁾</u>	<u>2010</u>	<u>2011⁽¹⁾</u>	Estimated <u>2012</u>
Receipts.....	\$ 19,639,416	\$ 19,587,202	\$ 17,929,841	\$ 19,678,263	\$ 18,543,660	\$ 16,214,723
Disbursements.....	<u>16,721,376</u>	<u>17,161,048</u>	<u>18,770,666</u>	<u>19,272,930</u>	<u>19,929,488</u>	<u>17,729,147</u>
Net Surplus (Deficit).....	2,918,040	2,426,154	(840,825)	405,333	(1,385,828)	(1,514,424)
Other Sources (Uses).....	-	-	-	-	238,146	-
Beginning Fund Balance..	<u>6,494,334</u>	<u>9,412,374</u>	<u>11,919,235</u>	<u>11,078,410</u>	<u>11,386,422</u>	<u>10,238,740</u>
Ending Fund Balance.....	<u>\$ 9,412,374</u>	<u>\$ 11,838,528</u>	<u>\$ 11,078,410</u>	<u>\$ 11,483,743</u>	<u>\$ 10,238,740</u>	<u>\$ 8,724,316</u>

(1) The beginning balance was adjusted from the prior fiscal year ending balance.

The table above only includes the Education Fund and the Operations and Maintenance Fund so that a multi-year comparison can be made. The District implemented GASB Statement No. 54 in Fiscal Year 2011 as described in Note 14 in the District's Annual Financial Statements for the fiscal year ending June 30, 2011 (the "2011 Audit"). In the 2011 Audit, the Tort Immunity Fund was included with the General Fund.

Source: Compiled from the District's Annual Financial Reports for Fiscal Years ending June 30, 2007-2011, and estimated Fiscal Year ending June 30, 2012, unaudited numbers supplied by the District.

Working Cash Fund

The District is authorized to issue (subject to the provisions of the Limitation Law) general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed \$0.05 per hundred dollars of equalized assessed valuation (the "Working Cash Fund Tax"). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

Any time moneys are available in the Working Cash Fund, they must be transferred to such other funds of the District and used for any and all school purposes so as to avoid, whenever possible, the issuance of tax anticipation warrants or notes. Interest earned from the investment of the Working Cash Fund may be transferred from the Working Cash Fund to other funds of the District that are most in need of the interest. Moneys in the Working Cash Fund may not be appropriated by the Board in the annual budget.

The District also has the authority to abate amounts in the Working Cash Fund to any other fund of the District if the amount on deposit in such other fund after the abatement will not constitute an excess accumulation of money in that fund and as long as the District maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then current value, as equalized or assessed by the Department of Revenue of the State of Illinois, of the taxable property in the District.

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the educational fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the educational fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the educational fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including

all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

Working Cash Fund Summary

(Years Ended June 30)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Estimated <u>2012</u>
Receipts.....	\$240,592	\$237,260	\$448,039	\$426,045	\$305,837	\$96,755
Disbursements.....	-	-	-	-	-	-
Net Surplus (Deficit).....	240,592	237,260	448,039	426,045	305,837	96,755
Other Sources (Uses).....	-	-	-	-	-	-
Beginning Fund Balance..	<u>122,082</u>	<u>362,674</u>	<u>599,933</u>	<u>1,047,972</u>	<u>1,474,017</u>	<u>1,779,854</u>
Ending Fund Balance.....	<u>\$ 362,674</u>	<u>\$ 599,934</u>	<u>\$ 1,047,972</u>	<u>\$ 1,474,017</u>	<u>\$ 1,779,854</u>	<u>\$ 1,876,609</u>

Source: Compiled from the District's Annual Financial Reports for Fiscal Years ending June 30, 2007-2011, and estimated Fiscal Year ending June 30, 2012, unaudited numbers supplied by the District.

Fiscal Year 2013 Tentative Budget Summary

<u>Fund</u>	<u>Fund Balances July 1, 2012</u>	<u>FY13 Revenue</u>	<u>FY13 Expenditures</u>	<u>FY13 Transfers</u>	<u>Fund Balances June 30, 2013</u>
Education.....	\$ 3,658,259	\$ 14,781,984	\$ 14,969,945	\$ 0	\$ 3,470,298
Operations & Maintenance.....	5,095,508	556,750	554,775	0	5,097,483
Transportation.....	865,584	796,000	792,500	0	869,084
IMRF/Social Security.....	276,171	572,500	570,525	0	278,146
Working Cash.....	<u>1,894,422</u>	<u>60,000</u>	<u>-</u>	<u>0</u>	<u>1,954,422</u>
Total Operating Funds	<u>\$ 11,789,944</u>	<u>\$ 16,767,234</u>	<u>\$ 16,887,745</u>	<u>\$ 0</u>	<u>\$ 11,669,433</u>
Debt Service.....	\$ 172,079	\$ 885,000	\$ 885,000	\$ 0	\$ 172,079
Fire Prevention & Safety.....	1,890	1,050	-	0	2,940
Capital Projects.....	-	-	-	0	0
Tort.....	<u>183,566</u>	<u>525,000</u>	<u>520,000</u>	<u>0</u>	<u>188,566</u>
Total All Funds	<u>\$ 12,147,479</u>	<u>\$ 18,178,284</u>	<u>\$ 18,292,745</u>	<u>\$ 0</u>	<u>\$ 12,033,018</u>

Source: Tentative Budget for Fiscal Year 2013 approved by the Board on September 10, 2012.

Any capital projects not approved by the Board as of the approval of this tentative budget are not included in this summary.

STATE AID

General

The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such "State Aid" as a significant part of their budgets. For the fiscal year ended June 30, 2011, 59.87% of the District's revenue came from sources at the State, including State Aid. See "SUMMARY OF OPERATING RESULTS-General Fund Revenue Sources" herein for more information concerning the breakdown of the District's revenue sources.

The State provides for four different types of State Aid, each of which is discussed in greater detail below. The four forms of State Aid are: (i) General State Aid, (ii) Supplementary State Aid, (iii) Categorical State Aid, and (iv) Competitive Grant Aid. The percentage of the District's State Aid derived from each of these categories is set forth in "SUMMARY OF OPERATING RESULTS-General Fund Revenue Sources" herein.

Various proposals for changing the Illinois system of state financial aid have been considered over the years. The nature of future modifications to the process for distributing State Aid cannot be predicted, but such modifications could have an adverse effect on the finances of the District should they be enacted.

General State Aid

General State financial aid ("General State Aid") for Illinois school districts is computed beginning with the fiscal year commencing July 1. General State Aid makes up the difference between the available local resources per pupil (the "Available Local Resources") and a foundation level (the "Foundation Level"). The Foundation Level is a figure established annually by the State's budget representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil determined in accordance with the average daily attendance, as such term is defined in the School Code. The following are the Foundation Levels for the most recent five school years:

SCHOOL YEAR	FOUNDATION LEVEL
2008/2009	\$5,959
2009/2010	6,119
2010/2011	6,119
2011/2012	6,119
2012/2013	6,119

A district's Available Local Resources are determined by multiplying equalized assessed valuation by the calculation tax rate, which is established by statute. Currently, the calculation tax rate is 3.00% for unit districts, 2.30% for elementary districts and 1.05% for high school districts. The product is added to revenue from the corporate personal property replacement tax, and the total is divided by the best three months average daily pupil attendance to arrive at the district's Available Local Resources per pupil. For districts subject to the Limitation Law, Available Local Resources may be limited by such districts' extension limitation ratio, calculated in accordance with the School Code.

General State Aid makes up the difference between the Foundation Level and the Available Local Resources multiplied by the Average Daily Attendance (as defined in Section 18-8.05(C) of the School Code) (the “ADA”). The ADA equals the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best three months of pupil attendance for each school district. The attendance data used to calculate the ADA for the purpose of determining the amount of General State Aid is the greater of the (i) requisite attendance data for the school year immediately preceding the school year for which General State Aid is being calculated or (ii) average of the requisite attendance data for the three preceding school years.

For any district with Available Local Resources of less than 93 percent of the Foundation Level, the entire deficiency in Available Local Resources as compared to the Foundation Level is awarded in General State Aid. Where Available Local Resources represent 93 to 175 percent of the foundation amount, State Aid is reduced on a sliding scale. Where a district has Available Local Resources representing 175 percent or more of the Foundation Level, the district receives a flat \$218 per ADA.

Other factors important in determining a school district’s aid include, but are not limited to, the following:

1. any applicable reductions in a district’s EAV;
2. the number of special need students in a district;
3. whether or not the district participates in a tax abatement or tax increment allocation program under the Real Property Tax Increment Allocation Redevelopment Act;
4. the amount of money the district receives as a replacement for taxes previously received from the corporate personal property tax;
5. the number of days the schools of the district are operating with students in attendance;
6. whether or not kindergarten students attend for full day or one-half day sessions;
7. whether the schools in the district are recognized by the ISBE as meeting state-required standards for recognition; and
8. changes in enrollment.

While the Foundation Level has not been adjusted in recent years, the State budget for General State Aid has been reduced. As such, the State has not been able to fully fund the General State Aid formula. In 2012, General State Aid was prorated by approximately 5%, with each district receiving 95% of its calculated entitlement. For Fiscal Year 2013, total General State Aid was reduced by \$161 million from Fiscal Year 2012, and the rate of proration increased to approximately 11%, with each district receiving 89% of its entitlement. This decreased appropriation may have the effect of reducing the amount of General State Aid received by the State School Districts, including the District.

Supplementary State Aid

In addition to General State Aid, districts with specified levels or concentrations of pupils from low-income households are eligible to receive supplemental general State aid financial grants (“Supplemental General State Aid”). Supplemental General State Aid is distributed to districts pursuant to a statutory formula based upon the number of low-income pupils in the district. The low-income pupil count is determined by the Department of Human Services based on the number of pupils eligible for at least one of a variety of low-income programs as of July 1 of the immediately preceding fiscal year. The amount of Supplemental General State Aid received by a district increases as the ratio of low-income pupils to the ADA increases.

Finally, districts may be eligible for supplementary State aid, known as “Hold Harmless Grants,” if the total aid received as General State Aid or Supplemental General State Aid in any school year is less than the General State Aid entitlement such district received for the 1997-98 school year. In fiscal year 2010, however, the appropriation for Hold Harmless Grants was insufficient to cover all entitlements, necessitating proration among the entitled districts. For fiscal years 2011 and 2012, the appropriation for Hold Harmless Grants was set at \$0.

Mandated Categorical State Aid

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as “Mandated Categorical State Aid,” are made to the school district in the fiscal year following the expenditure, provided that the school district files the paperwork necessary to inform the State of such an entitlement. At present, the School Code provides for Mandated Categorical State Aid with respect to mandatory school programs relating to: (i) special education, (ii) transportation, (iii) free and reduced breakfast and lunch, and (iv) orphanage tuition.

Though school districts are entitled to reimbursement for expenditures made under these programs, these reimbursements are subject to the State’s appropriation process. In the event that the State does not appropriate an amount sufficient to fully fund the Mandated Categorical State Aid owed to each school district, the total Mandated Categorical State Aid is proportionally reduced such that each school district receives the same percentage of its Mandated Categorical State Aid request with respect to a specific category of such aid as every other school district.

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are “mandatory” under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fully fund the Mandatory Categorical State Aid requirements. As such, the District’s revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

The District is currently owed \$300,000 in categorical aid as the close of fiscal year June 30, 2012. The District expects to receive in fiscal year 2013 two payments from the State to cover the \$300,000 it is owed and two additional payments for the amount it is owed for fiscal year 2013. The District has an agreement with ISBE in which \$25,556 per month is taken out of the

District's State aid and given directly to ISBE. This agreement is in effect until March 1, 2014. See "MANAGEMENT DISCUSSION" above.

Competitive Grant State Aid

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such "Competitive Grant State Aid" is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive Grant State Aid must compete with other school districts for the limited amount appropriated by the State for such program.

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is determined separately for each category of aid year-to-year based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

The School Code provides numerous programs that qualify a school district for Competitive Grant State Aid. For fiscal year 2013, the largest Competitive Grant State Aid programs were in Bilingual Education and Early Childhood Education. In fiscal year 2013, the State appropriated a total of \$474 million for all programs qualifying a school district for Competitive Grant State Aid.

Payment for Mandated Categorical State Aid and Competitive Grant State Aid

The State makes payments to school districts for Mandated Categorical State Aid and Competitive Grant State Aid (together, "Categorical State Aid") in accordance with a voucher system involving ISBE. ISBE vouchers payments to the State on a periodic basis. The time between vouchers varies depending on the type of Categorical State Aid in question. For example, with respect to the categories of Mandated Categorical State Aid related to special education and transportation, ISBE vouchers the State for payments on a quarterly basis. With respect to Competitive Grant State Aid, a payment schedule is established as part of the application process, and ISBE vouchers the State for payment in accordance with this payment schedule.

Once ISBE has vouchered the State for payment, the State is required to make the Categorical State Aid payments to the school districts. As a general matter, the State is required to make such payments within 90 days after the end of the State's fiscal year. For fiscal years 2010 and 2011, the deadline for such payment was extended to 180 days. The deadline for the State to make Categorical State Aid payments has not been extended for fiscal year 2012. However, no assurances can be given that an extension for such payment will not be made in the future.

Recently, the State has made certain of its Categorical State Aid payments between four and six months after their due date. This includes payments related to special education and transportation. The State's failure to make such payments may have a detrimental impact on the finances of school

districts, including the District, because the revenue anticipated during the budget process may not be available to make necessary expenditures⁽¹⁾.

FEDERAL AID

The Federal government administers aid to local school districts primarily through the United States Department of Education (the “DOE”) and specifically through the Elementary and Secondary Education Act, as amended (“ESEA”). ESEA’s goal is to improve educational equity for students from lower income families by providing federal funds to school districts serving poor students. ESEA was originally authorized through 1970, and Congress has reauthorized it eight times since its enactment. The current reauthorization of ESEA is the No Child Left Behind Act (“NCLB”), which was first signed into law by President Bush in 2002. NCLB has been up for formal reauthorization for four years and is currently before Congress for review.

Title I, Part A (“Title I”) of NCLB is the largest Federal program supporting elementary and secondary education. In the fiscal year 2011, over \$14 billion was allocated to Title I grants. Funds distributed pursuant to Title I can be used to improve curriculum, instructional activities, counseling, parental involvement and increase staff and program improvement. The DOE distributes Title I funds to State educational agencies, through four statutory formulas that are based primarily on census poverty estimates adjusted for the cost of education in each State.

- *Basic Grant Formula.* Under this formula funding to school districts is based on the number of poor children they serve. Any school district with at least ten poor children and two percent of its students in poverty receives funding through this formula. In fiscal year 2011, \$6.6 billion, or 46% of all Title I funding, will be distributed through the Basic Grant formula. The District was allocated \$667,512 in funds under the Basic Grant formula in fiscal year 2011 and \$618,705 for fiscal year 2012.
- *Concentration Grant Formula.* Funding is provided to school districts under this formula based on the number of poor children they serve. The District was allocated \$168,727 in funds pursuant to the Concentration Grant formula in fiscal year 2011 and \$156,390 in fiscal year 2012.
- *Targeted Grant Formula.* This formula provides more money per child to school district’s as a district’s poverty rate increases. The District was allocated \$260,313 in fiscal year 2011 under the Targeted Assistance Grant formula and \$273,987 in fiscal year 2012.
- *Education Finance Incentive Grant (the “EFIG”) Formula.* This formula is designed to reward states that spend more state resources on public education and distribute that funding equitably. The District was allocated \$192,907 in fiscal year 2011 under the EFIG formula and \$227,865 in fiscal year 2012.

Nearly \$100 billion of spending from the American Recovery and Reinvestment Act (“ARRA”) was directed towards new and existing federal education programs, more than doubling the DOE’s annual budget in fiscal year 2009. ARRA provided \$10 billion in new funding for programs

⁽¹⁾ As set forth in the 2011 Audit, the State has acknowledged that \$847,110 is due the District in past due grant funds. Of that amount \$389,906 has been received after year-end through August, 2011. As of July 31, 2012, the District estimates that \$321,792.62 is still included in District receivables from the State.

under Title I. ARRA funds were distributed on a one-time basis and were fully distributed by September 2010. The District was allocated \$722,439 in Title I ARRA funds for the 2010 fiscal year.

SCHOOL DISTRICT FINANCIAL PROFILE

As of the date of this Official Statement, ISBE utilizes a system for assessing a school district’s financial health referred to as the “School District Financial Profile” which replaced the Financial Watch List and Financial Assurance and Accountability System (FAAS). The current system identifies those school districts, which are moving into financial distress.

The system uses five indicators which are individually scored and weighted in order to arrive at a composite district financial profile. The indicators are as follows: fund balance to revenue ratio; expenditures to revenue ratio; days cash on hand; percent of short-term borrowing ability remaining; and percent of long-term debt margin remaining.

Each indicator is calculated and the result is placed into a category of a four, three, two or one, with four being the highest and best category possible. Each indicator is weighted as follows:

Fund balance to revenue ratio	35%
Expenditures to revenue ratio	35%
Days cash on hand	10%
Percent of short-term borrowing ability remaining	10%
Percent of long-term debt margin remaining	10%

The scores of the weighted indicators are totaled to obtain a district’s overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- Financial Recognition. A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- Financial Review. A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year’s school budget for further negative trends.
- Financial Early Warning. A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.
- Financial Watch. A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

The District's overall score for Fiscal Year 2011, as reported by ISBE in March 2012, is 3.35 thus placing the District in the Financial Review Category. The District's overall score for Fiscal Years 2010 and 2009 was 3.70.

RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The District participates in the Teacher's 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 outside the City of Chicago.

The Illinois Pension Code sets the benefit provisions of TRS, which can only be amended by the Illinois General Assembly. 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.

TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report may be viewed at TRS's website as follows: <http://trs.illinois.gov/subsections/pubs/publications.htm>.

See Note 8 to the District's Annual Financial Report for the fiscal year ended June 30, 2011, attached hereto as Appendix B, for a more complete discussion.

Employer Funding for TRS

Under the Illinois Pension Code, teachers' employers (such as the District) are required to contribute 0.58% of each teacher's salary to TRS. According to TRS, school districts in fiscal year 2011 contributed a combined \$155 million to TRS while the State contributed \$2.4 billion. TRS also estimates that if school districts would have been required to contribute normal costs for fiscal year 2011, the total contributions made by school districts would have totaled \$800 million. In general, normal costs consist of the portion of the present value of retirement benefits that are allocable to active employee members' current year of service.

In an attempt to remedy severe under-funding of the State's retirement systems, on April 20, 2012, Governor Quinn proposed changes to the manner of funding of such retirement systems, including TRS, with the goal of reaching full funding by 2042. One proposed change would require school districts, including the District, to contribute the full amount of the normal costs of their employees' TRS pensions (the "Cost Shifting Proposal"). The Cost Shifting Proposal, as offered by the Governor, would phase in such contributions over the course of several years.

Discussions and deliberations on the complex topic of pension reform remain fluid. The General Assembly did not consider any legislation containing the Cost Shifting Proposal during the Spring Session of the 2012 General Assembly nor during a special session held on August 17, 2012.

The District cannot predict whether, or in what form, the Cost Shifting Proposal may be enacted into law. It is also possible that the General Assembly may put forward its own proposals for pension reforms that are at least somewhat different in substance from that submitted by the Governor. Furthermore, it is possible that any pension reform legislation that is ultimately passed by the General Assembly and signed into law by the Governor would face court challenges.

If the Cost Shifting Proposal were to become law, it may have a material adverse effect on the finances of District. How local school districts, including the District, would pay for such shift of contributions cannot be determined at the current time. Property taxes to pay pension costs are capped by the Limitation Law. If such pension expenditures are not exempted from the Limitation Law, school districts (such as the District) would have to pay such additional contributions from current revenues or reserves.

Illinois Municipal Retirement Fund

The District also participates in another defined benefit pension plan, the Illinois Municipal Retirement Fund (“IMRF”). 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 sets the benefit provisions of IMRF, which can only be amended by the Illinois General Assembly.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be viewed at IMRF’s website as follows: http://www.imrf.org/pubs/annual_reports/annual_rpts.htm.

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 60.05 percent funded. The actuarial accrued liability for benefits was \$3,964,016 and the actuarial value of assets was \$2,380,302 resulting in an underfunded actuarial accrued liability (UAAL) of \$1,583,714. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,962,139 and the ratio of the UAAL to the covered payroll was 81percent.

See Note 8 and the related Required Supplementary Information to the District’s Annual Financial Report for the fiscal year ended June 30, 2011, attached hereto as Appendix B, for a more complete discussion.

TAX MATTERS

The 2012A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2012A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2012A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2012A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2012A Bonds.

Subject to the District’s compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2012A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2012A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the 2012A Bonds.

Ownership of the 2012A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2012A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2012A Bonds is the price at which a substantial amount of such maturity of the 2012A Bonds is first sold to the public. The Issue Price of a maturity of the 2012A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the 2012A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2012A Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2012A Bonds who dispose of 2012A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2012A Bonds in the initial public offering, but at a price

different from the Issue Price or purchase 2012A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2012A Bond is purchased at any time for a price that is less than the 2012A Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2012A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2012A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2012A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2012A Bonds.

An investor may purchase a 2012A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2012A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2012A Bond. Investors who purchase a 2012A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2012A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2012A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2012A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2012A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2012A Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2012A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2012A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2012A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2012A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2012A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The

reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the 2012A Bonds is not exempt from present State of Illinois income taxes. Ownership of the 2012A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2012A Bonds. Prospective purchasers of the 2012A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The 2012B Bonds

Interest on the 2012B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2012B Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the 2012B Bonds should consult their tax advisors with respect to the inclusion of interest on the 2012B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the 2012B Bonds is not exempt from present State of Illinois income taxes. Ownership of the 2012B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such consequences arising with respect to the 2012B Bonds. Prospective purchasers of the 2012B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the 2012A Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. See "THE DISTRICT – Recent Developments" for a description of recent criminal charges brought by the Cook County State's Attorney against the District's former Superintendent and current Board member.

BOND RATINGS

Moody's is expected to assign its municipal bond rating of "Aa3" (on review for possible downgrade) to the Bonds with the understanding that upon delivery of the Bonds, the Policy will be issued by AGM. See "BOND INSURANCE" herein. In addition, the District has received an underlying rating of "Baa1" on the Bonds.

These ratings reflect only the view of Moody's and any explanation of the significance of such ratings may only be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's by the District. There is no assurance that the ratings will be maintained for any given period of time or that they may not be changed by Moody's, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Commission under the 1934 Act. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "THE UNDERTAKING."

For fiscal years 2007, 2009, 2010 and 2011, as required by previous continuing disclosure undertakings, the District did not file its annual financial information or its audited financial statements. Additionally, the District filed its audited financial statements for the fiscal year ended June 30, 2008, on February 13, 2009. The annual financial information and audited financial statements are due by January 26th annually. The District filed the fiscal year 2007, 2009, 2010 and 2011 annual financial information and audited financial statements with EMMA on October 22, 2012. The District has established procedures to ensure timely filings in the future by engaging PMA Securities, Inc. to assist as Dissemination Agent. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING - Consequences of Failure of the District to Provide Information." The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The District is required to deliver such information within 210 days after the last day of the District's fiscal year (currently on June 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will file unaudited financial statements. The District will submit Audited Financial Statements to the MSRB's EMMA system within 30 days after availability to the District. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means information of the type contained in the following headings, subheadings and exhibits of the Final Official Statement:

THE BONDS –

Limited Bonds (Base Calculation and Chart only)

FINANCIAL INFORMATION-

Trend of Equalized Assessed Valuation

Tax Rates

Tax Extensions and Collections

Summary of Outstanding Bonded Debt

Debt Statement (with respect to the District's debt only)

Debt Ratios (with respect to the District's debt only)

Short-Term Financing Record

SUMMARY OF OPERATING RESULTS-

General Fund Revenue Sources

General Fund Summary

Working Cash Fund Summary

Budget Summary

SCHOOL DISTRICT FINANCIAL PROFILE – last paragraph only

"Audited Financial Statements" means the combined financial statements of the District prepared in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Reportable Events Disclosure

The District covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings

to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the District⁽¹⁾
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

Consequences of Failure of the District to Provide Information

The District shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

⁽¹⁾ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its

obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the District, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of interest on the 2012A Bonds, the description of the federal tax treatment of interest on the 2012B Bonds and the “bank-qualified” status of the 2012A Bonds. This review was undertaken solely at the request and for the benefit of the District and did not include any obligation to establish or confirm factual matters set forth herein. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District.

UNDERWRITING

The underwriter, Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the “Underwriter”), has agreed, subject to the terms of a purchase contract (the “Purchase Contract”) to purchase the Bonds from the District. The Purchase Contract provides, in part, that the Underwriter, subject to certain conditions, will purchase from the District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals 0.525 percent of the principal amount of the Bonds.

The Purchase Contract provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that there has not been any event, court decision, proposed law or rule that may have the effect of changing the federal income tax incidents of the Bonds. The Purchase Contract further provides that the District will provide to the Underwriter within seven business days of the date of the Purchase Contract sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of the Rule.

FINANCIAL ADVISOR

PMA Securities, Inc. of Naperville, Illinois, has been retained as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA Securities, Inc. is a registered broker dealer and municipal advisor with the Commission and the MSRB. PMA Securities, Inc. may also provide additional services to the local units of government such as the District. PMA Securities, Inc. is affiliated with PMA Financial Network, Inc. and Prudent Man Advisors, Inc. PMA Financial Network, Inc. and Prudent Man Advisors, Inc. (together "PMA") provide additional services to local units of government including the District. These services may include all or a portion of the following services: investment advice through the Prudent Man Analysis™ report that is used to ascertain the health of financial institutions, detailed cash flow analysis for operating fund expenditures and revenues, bond proceeds investment/management to monitor arbitrage compliance for municipal bonds, investment of operating funds, long-range financial planning through the Financial Planning Program™, and fund administrator for various local government investment pools.

The Financial Advisor's duties, responsibilities, and fees arise from that as Financial Advisor to the District in connection with this issuance. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved for distribution to the Underwriter of the Bonds.

The District's officials will provide to the original purchaser of the Bonds at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/ J.C. Smith

President, Board of Education
School District Number 147
Cook County, Illinois

November 8, 2012

Forms of Legal Opinions of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the Board of Education of School District Number 147, Cook County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation Limited School Bonds, Series 2012A (the "*Bonds*"), to the amount of \$1,875,000, dated November 27, 2012, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2019	\$395,000	3.000%
2021	220,000	3.000%
2023	290,000	3.500%
2024	575,000	3.625%
2025	395,000	4.000%

the Bonds due on December 1, 2019, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2018, in the principal amount of \$310,000, the Bonds due on December 1, 2021, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2020, in the principal amount of \$100,000, the Bonds due on December 1, 2023, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2022, in the principal amount of \$135,000, and the Bonds due on or after December 1, 2021, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2020, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount

of said taxes that may be extended to pay the Bonds is, however, limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Law*"). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in the Proceedings.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the Board of Education of School District Number 147, Cook County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered Taxable General Obligation Limited Refunding School Bonds, Series 2012B (the "*Bonds*"), to the amount of \$2,040,000, dated November 27, 2012, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2013	\$345,000	1.30%
2014	360,000	1.60%
2015	380,000	1.85%
2016	400,000	2.10%
2017	420,000	2.35%
2018	135,000	2.60%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is, however, limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Law*"). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in the Proceedings.

It is our opinion that under present law, interest on the Bonds is includable in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Annual Financial Report for Fiscal Year Ended June 30, 2011

The annual financial report contained in this Appendix B (the “Audit”), including the independent auditor’s report accompanying the Audit, has been prepared by The Walker Group, LLC, Calumet City, Illinois (the “Auditor”), and approved by formal action of the Board of Education of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. If you have a specific question or inquiry relating to the financial information of the District since the date of the Audit, you should contact Ms. Tonisha Sibley, Business Manager of the District.

**WEST HARVEY-DIXMOOR
PUBLIC SCHOOL DISTRICT 147
07-016-1470-02**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

THE WALKER GROUP, LLC

Certified Public Accountants and Consultants

1431 HUNTINGTON DRIVE

CALUMET CITY, IL 60409

(708) 868-2545

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WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

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Independent Auditor's Report

To the Board of Education of
West Harvey-Dixmoor Public School
District 147

We have audited the basic financial statements of West Harvey-Dixmoor Public School District 147 as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of West Harvey-Dixmoor Public School District 147's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements are prepared in compliance with regulatory provisions prescribed by the Illinois State Board of Education, whose practices differ from accounting principles generally accepted in the United States of America. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts. The effects on the financial statements of the variances between regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of West Harvey-Dixmoor Public School District 147 as of June 30, 2011 or the changes in its financial position for the year then ended.

Additionally, in our opinion the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of West Harvey-Dixmoor Public School District 147 as of June 30, 2011, and its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report October 29, 2011 on our consideration of West Harvey-Dixmoor Public School District 147's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Summary of Funding Progress relative to the Illinois Municipal Retirement Fund is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of confirming information with the Illinois Municipal Retirement Fund. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information on pages 23 through 32 is presented for purposes of additional analysis and is not a required part of the financial statements of West Harvey-Dixmoor Public School District 147. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements of West Harvey-Dixmoor Public School District 147. Such information, except for the average daily attendance figure (which we did not audit and do not express an opinion on) included in the computations of operating expense per pupil and per capita tuition charges on pages 28 and 29, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on a basis of accounting described in Note 1.

The Walker Group, LLC

Certified Public Accountants and Consultants
November 30, 2011

ANNUAL FINANCIAL REPORT

Due to ROE on October 15th
Due to ISBE on November 15th
SD/JA11

☒ School District
☐ Joint Agreement

ILLINOIS STATE BOARD OF EDUCATION
School Business Services Division
100 North First Street, Springfield, Illinois 62777-0001
217/785-8779
**Illinois School District/Joint Agreement
Annual Financial Report ***
June 30, 2011

<u>School District/Joint Agreement Information</u> <i>(See instructions on inside of this page.)</i>	<u>Accounting Basis:</u>	<u>Certified Public Accountant Information</u>
School District/Joint Agreement Number: 07-016-1470-02	<input checked="" type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL	Name of Auditing Firm: THE WALKER GROUP, LLC
County Name: COOK		Name of Audit Manager: ROBIN WALKER
Name of School District/Joint Agreement: WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147		Address: 1431 HUNTINGTON DRIVE
Address: 191 WEST 155TH PLACE	<u>Filing Status:</u> Submit electronic AFR directly to ISBE	City: CALUMET CITY State: IL Zip Code: 60409
City: HARVEY	Click on the Link to Submit: Send ISBE a File	Phone Number: (708) 868-2545 Fax Number: (708) 868-2577
Email Address:		IL License Number: 66-004104 Expiration Date: 11/30/2012
Zip Code: 60426		Email Address: twg@thewalkergroupllc.com
<u>Annual Financial Report</u> Type of Auditor's Report Issued: <input checked="" type="checkbox"/> Qualified <input type="checkbox"/> Unqualified <input checked="" type="checkbox"/> Adverse <input type="checkbox"/> Disclaimer	<u>A-133 Single Audit Status:</u> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Are Federal expenditures greater than \$500,000? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Is all A-133 Single Audit Information completed and attached? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Were any findings issued?	ISBE Use Only
<input checked="" type="checkbox"/> Reviewed by District Superintendent/Administrator	<input checked="" type="checkbox"/> Reviewed by Township Treasurer (Cook County only) Name of Township: THORNTON	<input checked="" type="checkbox"/> Reviewed by Regional Superintendent/Cook ISC
District Superintendent/Administrator Name (Type or Print): DR. DONALD A. MCKINNEY	Township Treasurer Name (type or print): EUGENE C. VARNADO	Regional Superintendent/Cook ISC Name (Type or Print): VANESSA KINDER
Email Address: drdonmckinney@whd147.org	Email Address:	Email Address:
Telephone: (708) 339-9500 Fax Number: (708) 339-9575	Telephone: (708) 225-0225 Fax Number: (708) 225-0665	Telephone: Fax Number:
Signature & Date:	Signature & Date:	Signature & Date:

* This form is based on 23 Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100).

ISBE Form SD50-35/JA50-60 (08/8/11)

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INSTRUCTIONS/REQUIREMENTS: For School Districts/Joint Agreements

All School Districts/Joint Agreements must complete this form (Note: joint agreement supplementary/statistical schedules may not be applicable)

Round all amounts to the nearest dollar. Do not enter cents. (Exception: 9 Month ADA on page 28, line 78)

This form complies with **Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing)**.

[23. Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C \(Part 100\)](#)

Any errors left unresolved by the **Audit Checklist/Balancing Schedule** must be explained in the itemization page.

Submit AFR Electronically

- * The Annual Financial Reports (AFR) must be submitted directly through the Attachment Manager to the AFR Group by the Auditor or School District designated personnel (Please see Instructions for complete submission procedures).

[Attachment Manager Link](#)

Note: CD/Disk no longer accepted.

- * AFR supporting documentation must be embedded as Microsoft Word (.doc), Word Perfect (*.wpd) or Adobe (*.pdf) and inserted within tab "Opinions & Notes". These documents include: The Audit, Management letter, Opinion letters, Compliance letters, Financial notes etc.... For embedding instructions see "Opinions & Notes" tab of this form.

Note: Adobe Acrobat (*.pdf) files cannot be embedded if you do not have the software. Simply attach files as separate docs in the Attachment Manager and they will be embedded for you.

Submit Paper Copy of AFR with Signatures

- 1) The auditor must send three **paper** copies of the AFR form (cover through page 8 at minimum) to the School District with the auditor signature.
Note: School Districts and Regional Superintendents may prefer a complete paper copy in lieu of an electronic file. Please comply with their requests as necessary.
 - 2) Upon receipt, the School District retains one copy for their records, signs, and forwards the remaining two copies to the Regional Superintendent's office no later than October 15, annually.
 - 3) Upon receipt, the Regional Superintendent's office retains one copy for their records, signs, and forwards the remaining paper copy to ISBE no later than November 15, annually.
- * Yellow Book, CPE, and Peer Review requirements must be met if the Auditor issues an opinion stating "Governmental Accounting Standards" were utilized.

[Single Audit Act A-133](#)

Qualifications of Auditing Firm

- * School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current acceptance/completion letter.
- * A school district/joint agreement who engages with and auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school districts/joint agreements expense.

AUDITOR'S QUESTIONNAIRE

INSTRUCTIONS: If your review and testing of State, Local, and Federal Programs revealed any of the following statements to be true, then check the box on the left, and attach the appropriate findings/comments.

PART A - FINDINGS

- ☐ 1. One or more school board members, administrators, certified school business officials, or other qualifying district employees failed to file economic interest statements pursuant to the *Illinois Government Ethics Act*. [5 ILCS 420/4A-101]
- ☐ 2. One or more custodians of funds failed to comply with the bonding requirements pursuant to *Sections 8-2, 10-20.19 or 19-6 of the School Code*. [105 ILCS 5/8-2; 10-20.19; 19-6]
- ☐ 3. One or more contracts were executed or purchases made contrary to the provisions of *Section 10-20.21 of the School Code*. [105 ILCS 5/10-20.21]
- ☐ 4. One or more violations of the Public Funds Deposit Act or the Public Funds Investment Act were noted. [30 ILCS 225/1 et. seq. and 30 ILCS 235/1 et. seq.]
- ☐ 5. Restricted funds were commingled in the accounting records or used for other than the purpose for which they were restricted.
- ☐ 6. One or more short-term loans or short-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory authority.
- ☐ 7. One or more long-term loans or long-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory authority.
- ☐ 8. Corporate Personal Property Replacement Tax monies were deposited and/or used without first satisfying the lien imposed pursuant to the *State Revenue Sharing Act*. [30 ILCS 115/12]
- ☐ 9. One or more interfund loans were made in non-conformity with the applicable authorizing statute or without statutory authorization.
- ☐ 10. One or more interfund loans were outstanding beyond the term provided by statute.
- ☐ 11. One or more permanent transfers were made in non-conformity with the applicable authorizing statute/regulation or without statutory/regulatory authorization.
- ☐ 12. Substantial, or systematic misclassification of budgetary items such as, but not limited to, revenues, receipts, expenditures, disbursements or expenses were observed.
- ☐ 13. The Chart of Accounts used to define and control budget and accounting records does not conform to the minimum requirements imposed by ISBE rules pursuant to *Sections 2-3.27 and 2-3.28 of the School Code*. [105 ILCS 5/2-3.27; 2-3.28]

PART B - FINANCIAL DIFFICULTIES/CERTIFICATION Criteria pursuant to Section 1A-8 of the School Code [105 ILCS 5/1A-8]

- ☐ 14. The district has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year's taxes when warrants or notes in anticipation of current year taxes are still outstanding, as authorized by *Sections 17-16 or 34-23 thru 34-27 of the School Code*. [105 ILCS 5/17-16 or 34-23 thru 34-27]
- ☐ 15. The district has issued short-term debt against two future revenue sources, such as, but not limited to, tax anticipation warrants and General State Aid certificates or tax anticipation warrants and revenue anticipation notes.
- ☐ 16. The district has issued school or teacher orders for wages as permitted in *Sections 8-16, 32-7.2 and 34-76 of the School Code* or issued funding bonds for this purpose pursuant to *Section 19-8 of the School Code*. [105 ILCS 5/8-6, 32-7.2, 34-76, and 19-8]
- ☐ 17. The district has for two consecutive years shown an excess of expenditures/other uses over revenues/other sources and beginning fund balances on its annual financial report for the aggregate totals of the Educational, Operations & Maintenance, Transportation, and Working Cash Funds.

PART C - OTHER ISSUES

- ☐ 18. Student Activity Funds, Imprest Funds, or other funds maintained by the district were excluded from the audit.
- ☒ 19. Findings, other than those listed in Part A (above), were reported (e.g. student activity fund findings).
- ☐ 20. Federal Stimulus Funds were not maintained and expended in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009. If checked, an explanation must be provided.
- ☒ 21. Check this box If the district is subject to the Property Tax Extension Limitation Law. Effective Date: TAX YEAR 1994
- ☐ 22. If the type of Auditor Report designated on the cover page is other than an unqualified opinion and is due to reason(s) other than solely Cash Basis Accounting, please check and explain the reason(s) in the box below.

19. FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS WERE REPORTED.

PART D - EXPLANATION OF ACCOUNTING PRACTICES FOR LATE MANDATED CATEGORICAL PAYMENTS

(For School Districts who report on an Accrual/Modified Accrual Accounting Basis only)

School districts that report on the accrual/modified accrual basis of accounting must identify where late mandated categorical payments (Revenue Codes 3100, 3105, 3110, 3500, and 3510) are recorded. Depending on the accounting procedure these amounts will be used to adjust the Direct Receipts/Revenues in calculation 1 and 2 of the Financial Profile Score.

23. Enter the date that the district used to accrue mandated categorical payments

Date:

24. For the listed mandated categorical (Revenue Code (3110, 3500, 3510, 3100, 3105) that were vouchered prior to June 30th, but not released until after year end as reported in ISBE FRIS system, enter the amounts that were accrued in the chart below.

Account Name	3110	3500	3510	3100	3105	Total
Intergovernmental Accounts Receivable (150)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Other Receivables (160)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Deferred Revenues & Other Current Liabilities (490)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Direct Receipts/Revenue						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Total						0

* Revenue Code (3110-Sp Ed Personnel, 3510-Sp Ed Transportation, 3500-Regular/Vocational Transportation, 3105-Sp Ed Funding for Children Requiring Services, 3100-Sp Ed Private Facilities)

PART E - QUALIFICATIONS OF AUDITING FIRM

* School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current review and acceptance/completion letter.

* A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school districts/joint agreements expense.

Comments Applicable to the Auditor's Questionnaire:

THE WALKER GROUP, LLC

Name of Audit Firm (print)

The undersigned affirms that this audit was conducted by a qualified auditing firm and in accordance with the applicable standards [23 Illinois Administrative Code Part 100] and the scope of the audit conformed to the requirements of subsection (a) or (b) of 23 Illinois Administrative Code Part 100 Section 110, as applicable.

Signature

11/30/2011
mm/dd/yyyy

FINANCIAL PROFILE INFORMATION*Required to be completed for School Districts only.***A. Tax Rates** (Enter the tax rate - ex: .0150 for \$1.50)

Tax Year <u>2010</u>		Equalized Assessed Valuation (EAV):		113,869,582	
	Educational	Operations & Maintenance	Transportation	Combined Total	Working Cash
Rate(s):	0.024635	0.000000	0.003456	0.028090	0.000000

B. Results of Operations *

Receipts/Revenues	Disbursements/Expenditures	Excess/ (Deficiency)	Fund Balance
18,635,789	19,434,393	(798,604)	12,867,073

* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 65 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.

C. Short-Term Debt **

CPPRT Notes	TAWs	TANs	TO/EMP. Orders	GSA Certificates
0	0	0	0	0
Other	Total			
0	0			

** The numbers shown are the sum of entries on page 25.

D. Long-Term Debt

Check the applicable box for long-term debt allowance by type of district.

<input checked="" type="checkbox"/>	a. 6.9% for elementary and high school districts,	7,857,001
<input type="checkbox"/>	b. 13.8% for unit districts.	

Long-Term Debt Outstanding:

c. Long-Term Debt (Principal only)	Acct	
Outstanding:.....	511	7,194,088

E. Material Impact on Financial Position

If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods. Attach sheets as needed explaining each item checked.

<input type="checkbox"/>	Pending Litigation
<input type="checkbox"/>	Material Decrease in EAV
<input type="checkbox"/>	Material Increase/Decrease in Enrollment
<input type="checkbox"/>	Adverse Arbitration Ruling
<input type="checkbox"/>	Passage of Referendum
<input type="checkbox"/>	Taxes Filed Under Protest
<input type="checkbox"/>	Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)
<input checked="" type="checkbox"/>	Other Ongoing Concerns (Describe & Itemize)

Comments:

The Illinois State Board of Education (ISBE) asserted a claim against the District in the amount of \$2,243,539 indicating the District had overstated its total expenditures for state and federal programs for fiscal years 2003, 2004 and 2005. The District disagreed with these findings and defended their position, with ISBE, that all funds were appropriately spent. In fiscal year 2011, the District made an agreement to settle the claim in the amount of \$920,000 in addition to \$380,000 paid in previous years.

ESTIMATED FINANCIAL PROFILE SUMMARY
(Go to the following web site for reference to the Financial Profile)
www.isbe.net/sfms/p/profile.htm

District Name: WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
District Code: 07-016-1470-02
County Name: COOK

1. Fund Balance to Revenue Ratio:		Total	Ratio	Score	4
Total Sum of Fund Balance (P8, Cells C80, D80, F80 & I80)	Funds 10, 20, 40, 70 + (50 & 80 if negative)	12,867,073.00	0.690	Weight	0.35
Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)	Funds 10, 20, 40, & 70,	18,635,789.00		Value	1.40
Less: Operating Debt Pledged to Other Funds (P8, Cell C53 thru D73) (Excluding C56, D56, C60, D60 C64 and D64)	Minus Funds 10 & 20	0.00			
2. Expenditures to Revenue Ratio:		Total	Ratio	Score	3
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)	Funds 10, 20 & 40	19,434,393.00	1.043	Adjustment	0
Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)	Funds 10, 20, 40 & 70,	18,635,789.00		Weight	0.35
Less: Operating Debt Pledged to Other Funds (P8, Cell C53 thru D73) (Excluding C56, D56, C60, D60 C64 and D64)	Minus Funds 10 & 20	0.00		Value	1.05
Possible Adjustment:					
3. Days Cash on Hand:		Total	Days	Score	4
Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)	Funds 10, 20 40 & 70	12,921,171.00	239.34	Weight	0.10
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)	Funds 10, 20, 40 divided by 360	53,984.43		Value	0.40
4. Percent of Short-Term Borrowing Maximum Remaining:		Total	Percent	Score	4
Tax Anticipation Warrants Borrowed (P25, Cell F6-7 & F11)	Funds 10, 20 & 40	0.00	100.00	Weight	0.10
EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)	(.85 x EAV) x Sum of Combined Tax Rates	2,718,807.07		Value	0.40
5. Percent of Long-Term Debt Margin Remaining:		Total	Percent	Score	1
Long-Term Debt Outstanding (P3, Cell H37)		7,194,088.00	8.43	Weight	0.10
Total Long-Term Debt Allowed (P3, Cell H31)		7,857,001.16		Value	0.10
Total Profile Score:					3.35 *

Estimated 2012 Financial Profile Designation: **REVIEW**

* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION JUNE 30, 2011

ASSETS	Acct. #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort	(90) Fire Prevention & Safety
CURRENT ASSETS (100)										
Cash (Accounts 111 through 115) ¹		5,384,778	5,005,381	157,283	751,158	392,211		1,779,854	63,264	936
Investments	120									
Taxes Receivable	130									
Interfund Receivables	140									
Intergovernmental Accounts Receivable	150									
Other Receivables	160									
Inventory	170									
Prepaid Items	180									
Other Current Assets (Describe & Itemize)	190									
Total Current Assets		5,384,778	5,005,381	157,283	751,158	392,211	0	1,779,854	63,264	936
CAPITAL ASSETS (200)										
Works of Art & Historical Treasures	210									
Land	220									
Building & Building Improvements	230									
Site Improvements & Infrastructure	240									
Capitalized Equipment	250									
Construction in Progress	260									
Amount Available in Debt Service Funds	340									
Amount to be Provided for Payment on Long-Term Debt	350									
Total Capital Assets										
CURRENT LIABILITIES (400)										
Interfund Payables	410									
Intergovernmental Accounts Payable	420									
Other Payables	430									
Contracts Payable	440									
Loans Payable	460									
Salaries & Benefits Payable	470									
Payroll Deductions & Withholdings	480	54,098				(6,795)				
Deferred Revenues & Other Current Liabilities	490									
Due to Activity Fund Organizations	493									
Total Current Liabilities		54,098	0	0	0	(6,795)	0	0	0	0
LONG-TERM LIABILITIES (500)										
Long-Term Debt Payable (General Obligation, Revenue, Other)	511									
Total Long-Term Liabilities										
Reserved Fund Balance	714									
Unreserved Fund Balance	730	5,330,680	5,005,381	157,283	751,158	399,006	0	1,779,854	63,264	936
Investment in General Fixed Assets										
Total Liabilities and Fund Balance		5,384,778	5,005,381	157,283	751,158	392,211	0	1,779,854	63,264	936

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION JUNE 30, 2011

ASSETS	Acct. #	Agency Fund	Account Groups		
			General Fixed Assets	General Long-Term Debt	
CURRENT ASSETS (100)					
Cash (Accounts 111 through 115) ¹		17,762			
Investments	120				
Taxes Receivable	130				
Interfund Receivables	140				
Intergovernmental Accounts Receivable	150				
Other Receivables	160				
Inventory	170				
Prepaid Items	180				
Other Current Assets (Describe & Itemize)	190				
Total Current Assets		17,762			
CAPITAL ASSETS (200)					
Works of Art & Historical Treasures	210				
Land	220		344,383		
Building & Building Improvements	230		16,786,763		
Site Improvements & Infrastructure	240		406,652		
Capitalized Equipment	250		2,333,877		
Construction in Progress	260				
Amount Available in Debt Service Funds	340				157,283
Amount to be Provided for Payment on Long-Term Debt	350				7,036,805
Total Capital Assets			19,871,675		7,194,088
CURRENT LIABILITIES (400)					
Interfund Payables	410				
Intergovernmental Accounts Payable	420				
Other Payables	430				
Contracts Payable	440				
Loans Payable	460				
Salaries & Benefits Payable	470				
Payroll Deductions & Withholdings	480				
Deferred Revenues & Other Current Liabilities	490				
Due to Activity Fund Organizations	493				17,762
Total Current Liabilities					17,762
LONG-TERM LIABILITIES (500)					
Long-Term Debt Payable (General Obligation, Revenue, Other)	511			7,194,088	
Total Long-Term Liabilities				7,194,088	
Reserved Fund Balance	714				
Unreserved Fund Balance	730				
Investment in General Fixed Assets					19,871,675
Total Liabilities and Fund Balance		17,762	19,871,675	7,194,088	

BASIC FINANCIAL STATEMENTS
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2011

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
3	RECEIPTS/REVENUES									
4	Local Sources	1000	2,578,847	321,347	630,609	283,997	490,353	0	305,837	114,470
5	Flow-Through Receipts/Revenues from One District to Another District	2000	0	0		0	0			
6	State Sources	3000	10,049,478	225,500	750,000	883,657	250,000	0	0	75,000
7	Federal Sources	4000	3,987,126	0	0	0	0	0	0	0
8	Total Direct Receipts/Revenues		16,615,451	546,847	1,380,609	1,167,654	740,353	0	305,837	189,470
9	Receipts/Revenues for "On Behalf" Payments ²	3998	1,381,363							
10	Total Receipts/Revenues		17,996,814	546,847	1,380,609	1,167,654	740,353	0	305,837	189,470
11	DISBURSEMENTS/EXPENDITURES									
12	Instruction	1000	7,793,292				169,492			
13	Support Services	2000	7,566,985	533,267		882,187	296,119	0		228,527
14	Community Services	3000	374,298	0		0	48,615			
15	Payments to Other Districts & Governmental Units	4000	2,280,284	0	0	4,080	0	0		
16	Debt Service	5000	0	0	826,928	0	0			0
17	Total Direct Disbursements/Expenditures		18,014,859	533,267	826,928	886,267	514,226	0		228,527
18	Disbursements/Expenditures for "On Behalf" Payments ²	4180	1,381,363	0	0	0	0	0		0
19	Total Disbursements/Expenditures		19,396,222	533,267	826,928	886,267	514,226	0		228,527
20	Excess of Direct Receipts/Revenues Over (Under) Direct Disbursements/Expenditures ³		(1,399,408)	13,580	553,681	281,387	226,127	0	305,837	(39,057)
21	OTHER SOURCES/USES OF FUNDS									
22	OTHER SOURCES OF FUNDS (7000)									
23	PERMANENT TRANSFER FROM VARIOUS FUNDS									
24	Abolishment of the Working Cash Fund	7110								
25	Abatement of the Working Cash Fund	7110								
26	Transfer of Working Cash Fund Interest	7120								
27	Transfer Among Funds	7130								
28	Transfer of Interest ⁶	7140								
29	Transfer from Capital Project Fund to O&M Fund	7150								
30	Transfer of Excess Fire Prevention & Safety Tax and Interest Proceeds to Debt Service Fund ⁴	7160								
31	Transfer to Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund ⁴	7170								
32	SALE OF BONDS (7200)									
33	Principal on Bonds Sold	7210								
34	Premium on Bonds Sold	7220								
35	Accrued Interest on Bonds Sold	7230								
36	Sale or Compensation for Fixed Assets ⁵	7300								
37	Transfer to Debt Service to Pay Principal on Capital Leases	7400			0					
38	Transfer to Debt Service to Pay Interest on Capital Leases	7500			0					
39	Transfer to Debt Service to Pay Principal on Revenue Bonds	7600			0					
40	Transfer to Debt Service Fund to Pay Interest on Revenue Bonds	7700			0					
41	Transfer to Capital Projects Fund	7800						0		
42	ISBE Loan Proceeds	7900								
43	Other Sources Not Classified Elsewhere	7990	238,146							
44	Total Other Sources of Funds		238,146	0	0	0	0	0	0	0
45	OTHER USES OF FUNDS (8000)									
46	PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (8100)									
47	Abolishment or Abatement of the Working Cash Fund	8110							0	

BASIC FINANCIAL STATEMENTS
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPEPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2011

1	A	B	C	D	E	F	G	H	I	J
2	Description	Acct #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/ Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort
48	Transfer of Working Cash Fund Interest	8120							0	
49	Transfer Among Funds	8130								
50	Transfer of Interest ⁶	8140								
51	Transfer from Capital Project Fund to O&M Fund	8150						0		
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund	8160								
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund	8170								
54	Taxes Pledged to Pay Principal on Capital Leases	8410								
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420								
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430								
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440								
58	Taxes Pledged to Pay Interest on Capital Leases	8510								
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520								
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530								
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540								
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610								
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620								
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630								
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640								
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710								
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720								
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730								
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740								
70	Taxes Transferred to Pay for Capital Projects	8810								
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820								
72	Other Revenues Pledged to Pay for Capital Projects	8830								
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840								
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910								
75	Other Uses Not Classified Elsewhere	8990								
76	Total Other Uses of Funds		0	0	0	0	0	0	0	0
77	Total Other Sources/Uses of Funds		238,146	0	0	0	0	0	0	0
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		(1,161,262)	13,580	553,681	281,387	226,127	0	305,837	(39,057)
79	Fund Balances - July 1, 2010		6,491,942	4,991,801	(396,398)	469,771	172,879		1,474,017	102,321
80	Other Changes in Fund Balances - Increases (Decreases) (Describe & Itemize)									
81	Fund Balances - June 30, 2011		5,330,680	5,005,381	157,283	751,158	399,006	0	1,779,854	63,264

BASIC FINANCIAL STATEMENTS
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2011

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
3	RECEIPTS/REVENUES		
4	Local Sources	1000	1,104
5	Flow-Through Receipts/Revenues from One District to Another District	2000	
6	State Sources	3000	0
7	Federal Sources	4000	0
8	Total Direct Receipts/Revenues		1,104
9	Receipts/Revenues for "On Behalf" Payments ²	3998	
10	Total Receipts/Revenues		1,104
11	DISBURSEMENTS/EXPENDITURES		
12	Instruction	1000	
13	Support Services	2000	0
14	Community Services	3000	
15	Payments to Other Districts & Governmental Units	4000	0
16	Debt Service	5000	0
17	Total Direct Disbursements/Expenditures		0
18	Disbursements/Expenditures for "On Behalf" Payments ²	4180	0
19	Total Disbursements/Expenditures		0
20	Excess of Direct Receipts/Revenues Over (Under) Direct Disbursements/Expenditures ³		1,104
21	OTHER SOURCES/USES OF FUNDS		
22	OTHER SOURCES OF FUNDS (7000)		
23	PERMANENT TRANSFER FROM VARIOUS FUNDS		
24	Abolishment of the Working Cash Fund	7110	
25	Abatement of the Working Cash Fund	7110	
26	Transfer of Working Cash Fund Interest	7120	
27	Transfer Among Funds	7130	
28	Transfer of Interest ⁶	7140	
29	Transfer from Capital Project Fund to O&M Fund	7150	
30	Transfer of Excess Fire Prevention & Safety Tax and Interest Proceeds to Debt Service Fund ⁴	7160	
31	Transfer to Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund ⁴	7170	
32	SALE OF BONDS (7200)		
33	Principal on Bonds Sold	7210	
34	Premium on Bonds Sold	7220	
35	Accrued Interest on Bonds Sold	7230	
36	Sale or Compensation for Fixed Assets ⁵	7300	
37	Transfer to Debt Service to Pay Principal on Capital Leases	7400	
38	Transfer to Debt Service to Pay Interest on Capital Leases	7500	
39	Transfer to Debt Service to Pay Principal on Revenue Bonds	7600	
40	Transfer to Debt Service Fund to Pay Interest on Revenue Bonds	7700	
41	Transfer to Capital Projects Fund	7800	
42	ISBE Loan Proceeds	7900	
43	Other Sources Not Classified Elsewhere	7990	
44	Total Other Sources of Funds		0
45	OTHER USES OF FUNDS (8000)		
46	PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (8100)		
47	Abolishment or Abatement of the Working Cash Fund	8110	

BASIC FINANCIAL STATEMENTS
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPEXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2011

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
48	Transfer of Working Cash Fund Interest	8120	
49	Transfer Among Funds	8130	
50	Transfer of Interest ⁶	8140	
51	Transfer from Capital Project Fund to O&M Fund	8150	
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund	8160	0
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund	8170	0
54	Taxes Pledged to Pay Principal on Capital Leases	8410	
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420	
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430	
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440	
58	Taxes Pledged to Pay Interest on Capital Leases	8510	
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520	
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530	
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540	
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610	
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620	
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630	
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640	
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710	
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720	
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730	
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740	
70	Taxes Transferred to Pay for Capital Projects	8810	
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820	
72	Other Revenues Pledged to Pay for Capital Projects	8830	
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840	
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910	
75	Other Uses Not Classified Elsewhere	8990	
76	Total Other Uses of Funds		0
77	Total Other Sources/Uses of Funds		0
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		1,104
79	Fund Balances - July 1, 2010		(168)
80	Other Changes in Fund Balances - Increases (Decreases) (Describe & Itemize)		
81	Fund Balances - June 30, 2011		936

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
3	RECEIPTS/REVENUES FROM LOCAL SOURCES (1000)									
4	AD VALOREM TAXES LEVIED BY LOCAL EDUCATION AGENCY									
5	Designated Purposes Levies (1110-1120) ⁷		1,675,287	221,847	632,874	230,183	118,055		20,177	63,962
6	Leasing Purposes Levy ⁸	1130								
7	Special Education Purposes Levy	1140	20,727							
8	FICA/Medicare Only Purposes Levies	1150					110,577			
9	Area Vocational Construction Purposes Levy	1160								
10	Summer School Purposes Levy	1170								
11	Other Tax Levies (Describe & Itemize)	1190								
12	Total Ad Valorem Taxes Levied By District		1,696,014	221,847	632,874	230,183	228,632	0	20,177	63,962
13	PAYMENTS IN LIEU OF TAXES									
14	Mobile Home Privilege Tax	1210								
15	Payments from Local Housing Authorities	1220								
16	Corporate Personal Property Replacement Taxes ⁹	1230		60,000		50,000	260,319		271,983	50,000
17	Other Payments in Lieu of Taxes (Describe & Itemize)	1290								
18	Total Payments in Lieu of Taxes		0	60,000	0	50,000	260,319	0	271,983	50,000
19	TUITION									
20	Regular - Tuition from Pupils or Parents (In State)	1311								
21	Regular - Tuition from Other Districts (In State)	1312								
22	Regular - Tuition from Other Sources (In State)	1313								
23	Regular - Tuition from Other Sources (Out of State)	1314								
24	Summer Sch - Tuition from Pupils or Parents (In State)	1321								
25	Summer Sch - Tuition from Other Districts (In State)	1322								
26	Summer Sch - Tuition from Other Sources (In State)	1323								
27	Summer Sch - Tuition from Other Sources (Out of State)	1324								
28	CTE - Tuition from Pupils or Parents (In State)	1331								
29	CTE - Tuition from Other Districts (In State)	1332								
30	CTE - Tuition from Other Sources (In State)	1333								
31	CTE - Tuition from Other Sources (Out of State)	1334								
32	Special Ed - Tuition from Pupils or Parents (In State)	1341								
33	Special Ed - Tuition from Other Districts (In State)	1342								
34	Special Ed - Tuition from Other Sources (In State)	1343								
35	Special Ed - Tuition from Other Sources (Out of State)	1344								
36	Adult - Tuition from Pupils or Parents (In State)	1351								
37	Adult - Tuition from Other Districts (In State)	1352								
38	Adult - Tuition from Other Sources (In State)	1353								
39	Adult - Tuition from Other Sources (Out of State)	1354								
40	Total Tuition		0							
41	TRANSPORTATION FEES									
42	Regular - Transp Fees from Pupils or Parents (In State)	1411								
43	Regular - Transp Fees from Other Districts (In State)	1412								
44	Regular - Transp Fees from Other Sources (In State)	1413								
45	Regular - Transp Fees from Co-curricular Activities (In State)	1415								
46	Regular Transp Fees from Other Sources (Out of State)	1416								
47	Summer Sch - Transp. Fees from Pupils or Parents (In State)	1421								
48	Summer Sch - Transp. Fees from Other Districts (In State)	1422								
49	Summer Sch - Transp. Fees from Other Sources (In State)	1423								
50	Summer Sch - Transp. Fees from Other Sources (Out of State)	1424								
51	CTE - Transp Fees from Pupils or Parents (In State)	1431								
52	CTE - Transp Fees from Other Districts (In State)	1432								
53	CTE - Transp Fees from Other Sources (In State)	1433								

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
54	CTE - Transp Fees from Other Sources (Out of State)	1434								
55	Special Ed - Transp Fees from Pupils or Parents (In State)	1441								
56	Special Ed - Transp Fees from Other Districts (In State)	1442								
57	Special Ed - Transp Fees from Other Sources (In State)	1443								
58	Special Ed - Transp Fees from Other Sources (Out of State)	1444								
59	Adult - Transp Fees from Pupils or Parents (In State)	1451								
60	Adult - Transp Fees from Other Districts (In State)	1452								
61	Adult - Transp Fees from Other Sources (In State)	1453								
62	Adult - Transp Fees from Other Sources (Out of State)	1454								
63	Total Transportation Fees					0				
64	EARNINGS ON INVESTMENTS									
65	Interest on Investments	1510	53,694	39,000	(2,265)	3,814	1,402		13,677	508
66	Gain or Loss on Sale of Investments	1520								
67	Total Earnings on Investments		53,694	39,000	(2,265)	3,814	1,402	0	13,677	508
68	FOOD SERVICE									
69	Sales to Pupils - Lunch	1611	4,443							
70	Sales to Pupils - Breakfast	1612								
71	Sales to Pupils - A la Carte	1613	1,598							
72	Sales to Pupils - Other (Describe & Itemize)	1614								
73	Sales to Adults	1620	666							
74	Other Food Service (Describe & Itemize)	1690								
75	Total Food Service		6,707							
76	DISTRICT/SCHOOL ACTIVITY INCOME									
77	Admissions - Athletic	1711	1,635							
78	Admissions - Other (Describe & Itemize)	1719								
79	Fees	1720	8,898							
80	Book Store Sales	1730								
81	Other District/School Activity Revenue (Describe & Itemize)	1790								
82	Total District/School Activity Income		10,533	0						
83	TEXTBOOK INCOME									
84	Rentals - Regular Textbooks	1811								
85	Rentals - Summer School Textbooks	1812								
86	Rentals - Adult/Continuing Education Textbooks	1813								
87	Rentals - Other (Describe & Itemize)	1819								
88	Sales - Regular Textbooks	1821								
89	Sales - Summer School Textbooks	1822								
90	Sales - Adult/Continuing Education Textbooks	1823								
91	Sales - Other (Describe & Itemize)	1829								
92	Other (Describe & Itemize)	1890								
93	Total Textbook Income		0							
94	OTHER REVENUE FROM LOCAL SOURCES									
95	Rentals	1910	138,982	500						
96	Contributions and Donations from Private Sources	1920								
97	Impact Fees from Municipal or County Governments	1930	300							
98	Services Provided Other Districts	1940								
99	Refund of Prior Years' Expenditures	1950	533,647							
100	Payments of Surplus Moneys from TIF Districts	1960								
101	Drivers' Education Fees	1970								
102	Proceeds from Vendors' Contracts	1980								
103	School Facility Occupation Tax Proceeds	1983								

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
104	Payment from Other Districts	1991	5,891							
105	Sale of Vocational Projects	1992								
106	Other Local Fees	1993								
107	Other Local Revenues (Describe & Itemize)	1999	133,079							
108	Total Other Revenue from Local Sources		811,899	500	0	0	0	0	0	0
109	Total Receipts/Revenues from Local Sources	1000	2,578,847	321,347	630,609	283,997	490,353	0	305,837	114,470
110	FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT (2000)									
111	Flow-through Revenue from State Sources	2100								
112	Flow-through Revenue from Federal Sources	2200								
113	Other Flow-Through (Describe & Itemize)	2300								
114	Total Flow-Through Receipts/Revenues from One District to Another District	2000	0	0		0	0			
115	RECEIPTS/REVENUES FROM STATE SOURCES (3000)									
116	UNRESTRICTED GRANTS-IN-AID									
117	General State Aid- Sec. 18-8.05	3001	8,082,759	225,500	750,000	200,000	250,000			75,000
118	General State Aid - Hold Harmless/Supplemental	3002								
119	Reorganization Incentives (Accounts 3005-3021)	3005								
120	Other Unrestricted Grants-In-Aid from State Sources (Describe & Itemize)	3099								
121	Total Unrestricted Grants-In-Aid		8,082,759	225,500	750,000	200,000	250,000	0		75,000
122	RESTRICTED GRANTS-IN-AID									
123	SPECIAL EDUCATION									
124	Special Education - Private Facility Tuition	3100	55,298							
125	Special Education - Extraordinary	3105	322,606							
126	Special Education - Personnel	3110	217,874							
127	Special Education - Orphanage - Individual	3120	300,053							
128	Special Education - Orphanage - Summer	3130	23,183							
129	Special Education - Summer School	3145	42,704							
130	Special Education - Other (Describe & Itemize)	3199								
131	Total Special Education		961,718	0		0				
132	CAREER AND TECHNICAL EDUCATION (CTE)									
133	CTE - Technical Education - Tech Prep	3200								
134	CTE - Secondary Program Improvement (CTEI)	3220	2,550							
135	CTE - WECEP	3225								
136	CTE - Agriculture Education	3235								
137	CTE - Instructor Practicum	3240								
138	CTE - Student Organizations	3270								
139	CTE - Other (Describe & Itemize)	3299								
140	Total Career and Technical Education		2,550	0			0			
141	BILINGUAL EDUCATION									
142	Bilingual Ed - Downstate - TPI and TBE	3305	55,841							
143	Bilingual Education Downstate - Transitional Bilingual Education	3310								
144	Total Bilingual Ed		55,841				0			
145	State Free Lunch & Breakfast	3360	41,038							
146	School Breakfast Initiative	3365	145							
147	Driver Education	3370								
148	Adult Ed (from ICCB)	3410								
149	Adult Ed - Other (Describe & Itemize)	3499								

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
150	TRANSPORTATION									
151	Transportation - Regular/Vocational	3500				152,350				
152	Transportation - Special Education	3510				531,307				
153	Transportation - Other (Describe & Itemize)	3599								
154	Total Transportation		0	0		683,657	0			
155	Learning Improvement - Change Grants	3610								
156	Scientific Literacy	3660								
157	Truant Alternative/Optional Education	3695								
158	Early Childhood - Block Grant	3705	621,580							
159	Reading Improvement Block Grant	3715	55,321							
160	Reading Improvement Block Grant - Reading Recovery	3720								
161	Continued Reading Improvement Block Grant	3725								
162	Continued Reading Improvement Block Grant (2% Set Aside)	3726								
163	Chicago General Education Block Grant	3766								
164	Chicago Educational Services Block Grant	3767								
165	School Safety & Educational Improvement Block Grant	3775	5,832							
166	Technology - Learning Technology Centers	3780								
167	State Charter Schools	3815								
168	Extended Learning Opportunities - Summer Bridges	3825	205,637							
169	Infrastructure Improvements - Planning/Construction	3920								
170	School Infrastructure - Maintenance Projects	3925								
171	Other Restricted Revenue from State Sources (Describe & Itemize)	3999	17,057							
172	Total Restricted Grants-In-Aid		1,966,719	0	0	683,657	0	0	0	0
173	Total Receipts from State Sources	3000	10,049,478	225,500	750,000	883,657	250,000	0	0	75,000
174	RECEIPTS/REVENUES FROM FEDERAL SOURCES (4000)									
175	UNRESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT									
176	Federal Impact Aid	4001								
177	Other Unrestricted Grants-In-Aid Received Directly from the Fed Govt (Describe & Itemize)	4009								
178	Total Unrestricted Grants-In-Aid Received Directly from the Federal Govt		0	0	0	0	0	0	0	0
179	RESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT									
180	Head Start	4045								
181	Construction (Impact Aid)	4050								
182	MAGNET	4060								
183	Other Restricted Grants-In-Aid Received Directly from the Federal Govt (Describe & Itemize)	4090								
184	Total Restricted Grants-In-Aid Received Directly from Federal Govt		0	0		0	0	0		
185	RESTRICTED GRANTS-IN-AID RECEIVED FROM FEDERAL GOVT THRU THE STATE									
186	TITLE V									
187	Title V - Innovation and Flexibility Formula	4100								
188	Title V - District Projects	4105								
189	Title V - Rural & Low Income Schools	4107								
190	Title V - Other (Describe & Itemize)	4199								
191	Total Title V		0	0		0	0			
192	FOOD SERVICE									
193	Breakfast Start-Up	4200								
194	National School Lunch Program	4210	551,736							
195	Special Milk Program	4215								
196	School Breakfast Program	4220	174,839							

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)
2	Description	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort
197	Summer Food Service Admin/Program	4225								
198	Child & Adult Care Food Program	4226								
199	Fresh Fruits & Vegetables	4240	83,713							
200	Food Service - Other (Describe & Itemize)	4299								
201	Total Food Service		810,288				0			
202	TITLE I									
203	Title I - Low Income	4300	1,585,176							
204	Title I - Low Income - Neglected, Private	4305								
205	Title I - Comprehensive School Reform	4332								
206	Title I - Reading First	4334								
207	Title I - Even Start	4335								
208	Title I - Reading First SEA Funds	4337								
209	Title I - Migrant Education	4340								
210	Title I - Other (Describe & Itemize)	4399								
211	Total Title I		1,585,176	0		0	0			
212	TITLE IV									
213	Title IV - Safe & Drug Free Schools - Formula	4400	1,077							
214	Title IV - 21st Century	4421	227,696							
215	Title IV - Other (Describe & Itemize)	4499								
216	Total Title IV		228,773	0		0	0			
217	FEDERAL - SPECIAL EDUCATION									
218	Fed - Spec Education - Preschool Flow-Through	4600	5,671							
219	Fed - Spec Education - Preschool Discretionary	4605								
220	Fed - Spec Education - IDEA - Flow Through/Low Incidence	4620	167,002							
221	Fed - Spec Education - IDEA - Room & Board	4625	1,747							
222	Fed - Spec Education - IDEA - Discretionary	4630								
223	Fed - Spec Education - IDEA - Other (Describe & Itemize)	4699								
224	Total Federal - Special Education		174,420	0		0	0			
225	CTE - PERKINS									
226	CTE - Perkins - Title IIIIE - Tech Prep	4770								
227	CTE - Other (Describe & Itemize)	4799								
228	Total CTE - Perkins		0	0			0			
229	Federal - Adult Education	4810								
230	ARRA - General State Aid - Education Stabilization	4850								
231	ARRA - Title I - Low Income	4851	14,999							
232	ARRA - Title I - Neglected, Private	4852								
233	ARRA - Title I - Delinquent, Private	4853								
234	ARRA - Title I - School Improvement (Part A)	4854								
235	ARRA - Title I - School Improvement (Section 1003g)	4855								
236	ARRA - IDEA - Part B - Preschool	4856	8,562							
237	ARRA - IDEA - Part B - Flow-Through	4857	197,654							
238	ARRA - Title IID - Technology-Formula	4860								
239	ARRA - Title IID - Technology-Competitive	4861								
240	ARRA - McKinney - Vento Homeless Education	4862								
241	ARRA - Child Nutrition Equipment Assistance	4863								
242	Impact Aid Formula Grants	4864								
243	Impact Aid Competitive Grants	4865								
244	Qualified Zone Academy Bond Tax Credits	4866								
245	Qualified School Construction Bond Credits	4867								
246	Build America Bond Tax Credits	4868								
247	Build America Bond Interest Reimbursement	4869								
248	ARRA - General State Aid - Other Govt Services Stabilization	4870								

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

1	A	B	C	D	E	F	G	H	I	J
2	Description	Acct #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/ Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort
249	Other ARRA Funds - II	4871								
250	Other ARRA Funds - III	4872								
251	Other ARRA Funds - IV	4873								
252	Other ARRA Funds - V	4874								
253	ARRA - Early Childhood	4875								
254	Other ARRA Funds VII	4876								
255	Other ARRA Funds VIII	4877								
256	Other ARRA Funds IX	4878								
257	Other ARRA Funds X	4879								
258	Other ARRA Funds XI	4880	532,604							
259	Total Stimulus Programs		753,819	0	0	0	0	0		0
260	Advanced Placement Fee/International Baccalaureate	4904								
261	Emergency Immigrant Assistance	4905								
262	Title III - English Language Acquisition	4909	23,803							
263	Learn & Serve America	4910								
264	McKinney Education for Homeless Children	4920								
265	Title II - Eisenhower Professional Development Formula	4930								
266	Title II - Teacher Quality	4932	217,041							
267	Federal Charter Schools	4960								
268	Medicaid Matching Funds - Administrative Outreach	4991	84,437							
269	Medicaid Matching Funds - Fee-for-Service Program	4992	108,431							
270	Other Restricted Revenue from Federal Sources (Describe & Itemize)	4998	938							
271	Total Restricted Grants-In-Aid Received from the Fedederal Govt Thru the State		3,987,126	0	0	0	0	0		0
272	Total Receipts/Revenues from Federal Sources	4000	3,987,126	0	0	0	0	0	0	0
273	Total Direct Receipts/Revenues		16,615,451	546,847	1,380,609	1,167,654	740,353	0	305,837	189,470

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
3	RECEIPTS/REVENUES FROM LOCAL SOURCES (1000)		
4	AD VALOREM TAXES LEVIED BY LOCAL EDUCATION AGENCY		
5	Designated Purposes Levies (1110-1120) ⁷		
6	Leasing Purposes Levy ⁸	1130	
7	Special Education Purposes Levy	1140	
8	FICA/Medicare Only Purposes Levies	1150	
9	Area Vocational Construction Purposes Levy	1160	
10	Summer School Purposes Levy	1170	
11	Other Tax Levies (Describe & Itemize)	1190	
12	Total Ad Valorem Taxes Levied By District		0
13	PAYMENTS IN LIEU OF TAXES		
14	Mobile Home Privilege Tax	1210	
15	Payments from Local Housing Authorities	1220	
16	Corporate Personal Property Replacement Taxes ⁹	1230	1,101
17	Other Payments in Lieu of Taxes (Describe & Itemize)	1290	
18	Total Payments in Lieu of Taxes		1,101
19	TUITION		
20	Regular - Tuition from Pupils or Parents (In State)	1311	
21	Regular - Tuition from Other Districts (In State)	1312	
22	Regular - Tuition from Other Sources (In State)	1313	
23	Regular - Tuition from Other Sources (Out of State)	1314	
24	Summer Sch - Tuition from Pupils or Parents (In State)	1321	
25	Summer Sch - Tuition from Other Districts (In State)	1322	
26	Summer Sch - Tuition from Other Sources (In State)	1323	
27	Summer Sch - Tuition from Other Sources (Out of State)	1324	
28	CTE - Tuition from Pupils or Parents (In State)	1331	
29	CTE - Tuition from Other Districts (In State)	1332	
30	CTE - Tuition from Other Sources (In State)	1333	
31	CTE - Tuition from Other Sources (Out of State)	1334	
32	Special Ed - Tuition from Pupils or Parents (In State)	1341	
33	Special Ed - Tuition from Other Districts (In State)	1342	
34	Special Ed - Tuition from Other Sources (In State)	1343	
35	Special Ed - Tuition from Other Sources (Out of State)	1344	
36	Adult - Tuition from Pupils or Parents (In State)	1351	
37	Adult - Tuition from Other Districts (In State)	1352	
38	Adult - Tuition from Other Sources (In State)	1353	
39	Adult - Tuition from Other Sources (Out of State)	1354	
40	Total Tuition		
41	TRANSPORTATION FEES		
42	Regular - Transp Fees from Pupils or Parents (In State)	1411	
43	Regular - Transp Fees from Other Districts (In State)	1412	
44	Regular - Transp Fees from Other Sources (In State)	1413	
45	Regular - Transp Fees from Co-curricular Activities (In State)	1415	
46	Regular Transp Fees from Other Sources (Out of State)	1416	
47	Summer Sch - Transp. Fees from Pupils or Parents (In State)	1421	
48	Summer Sch - Transp. Fees from Other Districts (In State)	1422	
49	Summer Sch - Transp. Fees from Other Sources (In State)	1423	
50	Summer Sch - Transp. Fees from Other Sources (Out of State)	1424	
51	CTE - Transp Fees from Pupils or Parents (In State)	1431	
52	CTE - Transp Fees from Other Districts (In State)	1432	
53	CTE - Transp Fees from Other Sources (In State)	1433	

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
54	CTE - Transp Fees from Other Sources (Out of State)	1434	
55	Special Ed - Transp Fees from Pupils or Parents (In State)	1441	
56	Special Ed - Transp Fees from Other Districts (In State)	1442	
57	Special Ed - Transp Fees from Other Sources (In State)	1443	
58	Special Ed - Transp Fees from Other Sources (Out of State)	1444	
59	Adult - Transp Fees from Pupils or Parents (In State)	1451	
60	Adult - Transp Fees from Other Districts (In State)	1452	
61	Adult - Transp Fees from Other Sources (In State)	1453	
62	Adult - Transp Fees from Other Sources (Out of State)	1454	
63	Total Transportation Fees		
64	EARNINGS ON INVESTMENTS		
65	Interest on Investments	1510	3
66	Gain or Loss on Sale of Investments	1520	
67	Total Earnings on Investments		3
68	FOOD SERVICE		
69	Sales to Pupils - Lunch	1611	
70	Sales to Pupils - Breakfast	1612	
71	Sales to Pupils - A la Carte	1613	
72	Sales to Pupils - Other (Describe & Itemize)	1614	
73	Sales to Adults	1620	
74	Other Food Service (Describe & Itemize)	1690	
75	Total Food Service		
76	DISTRICT/SCHOOL ACTIVITY INCOME		
77	Admissions - Athletic	1711	
78	Admissions - Other (Describe & Itemize)	1719	
79	Fees	1720	
80	Book Store Sales	1730	
81	Other District/School Activity Revenue (Describe & Itemize)	1790	
82	Total District/School Activity Income		
83	TEXTBOOK INCOME		
84	Rentals - Regular Textbooks	1811	
85	Rentals - Summer School Textbooks	1812	
86	Rentals - Adult/Continuing Education Textbooks	1813	
87	Rentals - Other (Describe & Itemize)	1819	
88	Sales - Regular Textbooks	1821	
89	Sales - Summer School Textbooks	1822	
90	Sales - Adult/Continuing Education Textbooks	1823	
91	Sales - Other (Describe & Itemize)	1829	
92	Other (Describe & Itemize)	1890	
93	Total Textbook Income		
94	OTHER REVENUE FROM LOCAL SOURCES		
95	Rentals	1910	
96	Contributions and Donations from Private Sources	1920	
97	Impact Fees from Municipal or County Governments	1930	
98	Services Provided Other Districts	1940	
99	Refund of Prior Years' Expenditures	1950	
100	Payments of Surplus Moneys from TIF Districts	1960	
101	Drivers' Education Fees	1970	
102	Proceeds from Vendors' Contracts	1980	
103	School Facility Occupation Tax Proceeds	1983	

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
104	Payment from Other Districts	1991	
105	Sale of Vocational Projects	1992	
106	Other Local Fees	1993	
107	Other Local Revenues (Describe & Itemize)	1999	
108	Total Other Revenue from Local Sources		0
109	Total Receipts/Revenues from Local Sources	1000	1,104
110	FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT (2000)		
111	Flow-through Revenue from State Sources	2100	
112	Flow-through Revenue from Federal Sources	2200	
113	Other Flow-Through (Describe & Itemize)	2300	
114	Total Flow-Through Receipts/Revenues from One District to Another District	2000	
115	RECEIPTS/REVENUES FROM STATE SOURCES (3000)		
116	UNRESTRICTED GRANTS-IN-AID		
117	General State Aid- Sec. 18-8.05	3001	
118	General State Aid - Hold Harmless/Supplemental	3002	
119	Reorganization Incentives (Accounts 3005-3021)	3005	
120	Other Unrestricted Grants-In-Aid from State Sources (Describe & Itemize)	3099	
121	Total Unrestricted Grants-In-Aid		0
122	RESTRICTED GRANTS-IN-AID		
123	SPECIAL EDUCATION		
124	Special Education - Private Facility Tuition	3100	
125	Special Education - Extraordinary	3105	
126	Special Education - Personnel	3110	
127	Special Education - Orphanage - Individual	3120	
128	Special Education - Orphanage - Summer	3130	
129	Special Education - Summer School	3145	
130	Special Education - Other (Describe & Itemize)	3199	
131	Total Special Education		
132	CAREER AND TECHNICAL EDUCATION (CTE)		
133	CTE - Technical Education - Tech Prep	3200	
134	CTE - Secondary Program Improvement (CTEI)	3220	
135	CTE - WECEP	3225	
136	CTE - Agriculture Education	3235	
137	CTE - Instructor Practicum	3240	
138	CTE - Student Organizations	3270	
139	CTE - Other (Describe & Itemize)	3299	
140	Total Career and Technical Education		
141	BILINGUAL EDUCATION		
142	Bilingual Ed - Downstate - TPI and TBE	3305	
143	Bilingual Education Downstate - Transitional Bilingual Education	3310	
144	Total Bilingual Ed		
145	State Free Lunch & Breakfast	3360	
146	School Breakfast Initiative	3365	
147	Driver Education	3370	
148	Adult Ed (from ICCB)	3410	
149	Adult Ed - Other (Describe & Itemize)	3499	

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
150	TRANSPORTATION		
151	Transportation - Regular/Vocational	3500	
152	Transportation - Special Education	3510	
153	Transportation - Other (Describe & Itemize)	3599	
154	Total Transportation		
155	Learning Improvement - Change Grants	3610	
156	Scientific Literacy	3660	
157	Truant Alternative/Optional Education	3695	
158	Early Childhood - Block Grant	3705	
159	Reading Improvement Block Grant	3715	
160	Reading Improvement Block Grant - Reading Recovery	3720	
161	Continued Reading Improvement Block Grant	3725	
162	Continued Reading Improvement Block Grant (2% Set Aside)	3726	
163	Chicago General Education Block Grant	3766	
164	Chicago Educational Services Block Grant	3767	
165	School Safety & Educational Improvement Block Grant	3775	
166	Technology - Learning Technology Centers	3780	
167	State Charter Schools	3815	
168	Extended Learning Opportunities - Summer Bridges	3825	
169	Infrastructure Improvements - Planning/Construction	3920	
170	School Infrastructure - Maintenance Projects	3925	
171	Other Restricted Revenue from State Sources (Describe & Itemize)	3999	
172	Total Restricted Grants-In-Aid		0
173	Total Receipts from State Sources	3000	0
174	RECEIPTS/REVENUES FROM FEDERAL SOURCES (4000)		
175	UNRESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT		
176	Federal Impact Aid	4001	
177	Other Unrestricted Grants-In-Aid Received Directly from the Fed Govt (Describe & Itemize)	4009	
178	Total Unrestricted Grants-In-Aid Received Directly from the Federal Govt		0
179	RESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT		
180	Head Start	4045	
181	Construction (Impact Aid)	4050	
182	MAGNET	4060	
183	Other Restricted Grants-In-Aid Received Directly from the Federal Govt (Describe & Itemize)	4090	
184	Total Restricted Grants-In-Aid Received Directly from Federal Govt		0
185	RESTRICTED GRANTS-IN-AID RECEIVED FROM FEDERAL GOVT THRU THE STATE		
186	TITLE V		
187	Title V - Innovation and Flexibility Formula	4100	
188	Title V - District Projects	4105	
189	Title V - Rural & Low Income Schools	4107	
190	Title V - Other (Describe & Itemize)	4199	
191	Total Title V		
192	FOOD SERVICE		
193	Breakfast Start-Up	4200	
194	National School Lunch Program	4210	
195	Special Milk Program	4215	
196	School Breakfast Program	4220	

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
197	Summer Food Service Admin/Program	4225	
198	Child & Adult Care Food Program	4226	
199	Fresh Fruits & Vegetables	4240	
200	Food Service - Other (Describe & Itemize)	4299	
201	Total Food Service		
202	TITLE I		
203	Title I - Low Income	4300	
204	Title I - Low Income - Neglected, Private	4305	
205	Title I - Comprehensive School Reform	4332	
206	Title I - Reading First	4334	
207	Title I - Even Start	4335	
208	Title I - Reading First SEA Funds	4337	
209	Title I - Migrant Education	4340	
210	Title I - Other (Describe & Itemize)	4399	
211	Total Title I		
212	TITLE IV		
213	Title IV - Safe & Drug Free Schools - Formula	4400	
214	Title IV - 21st Century	4421	
215	Title IV - Other (Describe & Itemize)	4499	
216	Total Title IV		
217	FEDERAL - SPECIAL EDUCATION		
218	Fed - Spec Education - Preschool Flow-Through	4600	
219	Fed - Spec Education - Preschool Discretionary	4605	
220	Fed - Spec Education - IDEA - Flow Through/Low Incidence	4620	
221	Fed - Spec Education - IDEA - Room & Board	4625	
222	Fed - Spec Education - IDEA - Discretionary	4630	
223	Fed - Spec Education - IDEA - Other (Describe & Itemize)	4699	
224	Total Federal - Special Education		
225	CTE - PERKINS		
226	CTE - Perkins - Title III E - Tech Prep	4770	
227	CTE - Other (Describe & Itemize)	4799	
228	Total CTE - Perkins		
229	Federal - Adult Education	4810	
230	ARRA - General State Aid - Education Stabilization	4850	
231	ARRA - Title I - Low Income	4851	
232	ARRA - Title I - Neglected, Private	4852	
233	ARRA - Title I - Delinquent, Private	4853	
234	ARRA - Title I - School Improvement (Part A)	4854	
235	ARRA - Title I - School Improvement (Section 1003g)	4855	
236	ARRA - IDEA - Part B - Preschool	4856	
237	ARRA - IDEA - Part B - Flow-Through	4857	
238	ARRA - Title IID - Technology-Formula	4860	
239	ARRA - Title IID - Technology-Competitive	4861	
240	ARRA - McKinney - Vento Homeless Education	4862	
241	ARRA - Child Nutrition Equipment Assistance	4863	
242	Impact Aid Formula Grants	4864	
243	Impact Aid Competitive Grants	4865	
244	Qualified Zone Academy Bond Tax Credits	4866	
245	Qualified School Construction Bond Credits	4867	
246	Build America Bond Tax Credits	4868	
247	Build America Bond Interest Reimbursement	4869	
248	ARRA - General State Aid - Other Govt Services Stabilization	4870	

**STATEMENT OF REVENUES RECEIVED/REVENUES
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	K
1			(90)
2	Description	Acct #	Fire Prevention & Safety
249	Other ARRA Funds - II	4871	
250	Other ARRA Funds - III	4872	
251	Other ARRA Funds - IV	4873	
252	Other ARRA Funds - V	4874	
253	ARRA - Early Childhood	4875	
254	Other ARRA Funds VII	4876	
255	Other ARRA Funds VIII	4877	
256	Other ARRA Funds IX	4878	
257	Other ARRA Funds X	4879	
258	Other ARRA Funds XI	4880	
259	Total Stimulus Programs		0
260	Advanced Placement Fee/International Baccalaureate	4904	
261	Emergency Immigrant Assistance	4905	
262	Title III - English Language Acquisition	4909	
263	Learn & Serve America	4910	
264	McKinney Education for Homeless Children	4920	
265	Title II - Eisenhower Professional Development Formula	4930	
266	Title II - Teacher Quality	4932	
267	Federal Charter Schools	4960	
268	Medicaid Matching Funds - Administrative Outreach	4991	
269	Medicaid Matching Funds - Fee-for-Service Program	4992	
	Other Restricted Revenue from Federal Sources (Describe & Itemize)	4998	
270			
271	Total Restricted Grants-In-Aid Received from the Fedederal Govt Thru the State		0
272	Total Receipts/Revenues from Federal Sources	4000	0
273	Total Direct Receipts/Revenues		1,104

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
3	10 - EDUCATIONAL FUND (ED)											
4	INSTRUCTION (ED)											
5	Regular Programs	1100	4,345,955	846,165	169,127	138,944	11,601	12,946	48,427		5,573,165	5,959,779
6	Pre-K Programs	1125	256,844	35,886	3,493	2,284					298,507	301,305
7	Special Education Programs (Functions 1200-1220)	1200	893,541	178,575	84,880	15,985	21,962		43,645		1,238,588	1,347,410
8	Special Education Programs Pre-K	1225	81,742	10,082							91,824	97,559
9	Remedial and Supplemental Programs K-12	1250	499	21	1,850	1,149			2,994		6,513	0
10	Remedial and Supplemental Programs Pre-K	1275									0	
11	Adult/Continuing Education Programs	1300									0	
12	CTE Programs	1400									0	
13	Interscholastic Programs	1500	24,800	533	14,401	14,029		2,923			56,686	63,505
14	Summer School Programs	1600	148,895	880		29,970					179,745	229,160
15	Gifted Programs	1650									0	
16	Driver's Education Programs	1700									0	
17	Bilingual Programs	1800	96,430	48,889		6,465					151,784	152,751
18	Truant Alternative & Optional Programs	1900									0	
19	Pre-K Programs - Private Tuition	1910									0	
20	Regular K-12 Programs - Private Tuition	1911									0	
21	Special Education Programs K-12 - Private Tuition	1912						196,480			196,480	0
22	Special Education Programs Pre-K - Tuition	1913									0	
23	Remedial/Supplemental Programs K-12 - Private Tuition	1914									0	
24	Remedial/Supplemental Programs Pre-K - Private Tuition	1915									0	
25	Adult/Continuing Education Programs - Private Tuition	1916									0	
26	CTE Programs - Private Tuition	1917									0	
27	Interscholastic Programs - Private Tuition	1918									0	
28	Summer School Programs - Private Tuition	1919									0	
29	Gifted Programs - Private Tuition	1920									0	
30	Bilingual Programs - Private Tuition	1921									0	
31	Truants Alternative/Optional Ed Progrms - Private Tuition	1922									0	
32	Total Instruction ¹⁰	1000	5,848,706	1,121,031	273,751	208,826	33,563	212,349	95,066	0	7,793,292	8,151,469
33	SUPPORT SERVICES (ED)											
34	SUPPORT SERVICES - PUPILS											
35	Attendance & Social Work Services	2110		5,890							5,890	6,700
36	Guidance Services	2120	147,098	25,742							172,840	184,599
37	Health Services	2130	118,586	12,657	53,396	3,315					187,954	207,680
38	Psychological Services	2140	60,160	441	1,705	1,291					63,597	64,876
39	Speech Pathology & Audiology Services	2150	148,285	4,977	97,010						250,272	301,445
40	Other Support Services - Pupils (Describe & Itemize)	2190	141,130		546	412					142,088	153,025
41	Total Support Services - Pupils	2100	615,259	49,707	152,657	5,018	0	0	0	0	822,641	918,325
42	SUPPORT SERVICES - INSTRUCTIONAL STAFF											
43	Improvement of Instruction Services	2210	59,076	310	120,671	20,302			25,496		225,855	315,600
44	Educational Media Services	2220	290,190	45,435		856					336,481	333,280
45	Assessment & Testing	2230			13,231	5,813					19,044	20,474
46	Total Support Services - Instructional Staff	2200	349,266	45,745	133,902	26,971	0	0	25,496	0	581,380	669,354
47	SUPPORT SERVICES - GENERAL ADMINISTRATION											
48	Board of Education Services	2310		184,730	887,271	6,095		17,108		30,622	1,125,826	1,310,900
49	Executive Administration Services	2320	435,303	119,799	14,971	10,870		2,798	607		584,348	610,953
50	Special Area Administration Services	2330	267,320	21,293	1,677	3,881			3,152		297,323	296,835
51	Tort Immunity Services	2360 - 2370			5,017						5,017	0
52	Total Support Services - General Administration	2300	702,623	325,822	908,936	20,846	0	19,906	3,759	30,622	2,012,514	2,218,688

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
53	SUPPORT SERVICES - SCHOOL ADMINISTRATION											
54	Office of the Principal Services	2410	684,210	152,199	8,860	11,788		524	975		858,556	855,341
55	Other Support Services - School Admin (Describe &	2490									0	
56	Total Support Services - School Administration	2400	684,210	152,199	8,860	11,788	0	524	975	0	858,556	855,341
57	SUPPORT SERVICES - BUSINESS											
58	Direction of Business Support Services	2510	76,923	11,018	3,212	375		440			91,968	96,687
59	Fiscal Services	2520	176,868	30,107	25,313	7,220		583	815		240,906	255,216
60	Operation & Maintenance of Plant Services	2540	658,031	149,274	351,911	358,784			1,251		1,519,251	1,542,736
61	Pupil Transportation Services	2550			23,614			286			23,900	30,415
62	Food Services	2560			694,882	65,121	10,871		1,208		772,082	881,076
63	Internal Services	2570			30,137	22,294					52,431	94,000
64	Total Support Services - Business	2500	911,822	190,399	1,129,069	453,794	10,871	1,309	3,274	0	2,700,538	2,900,130
65	SUPPORT SERVICES - CENTRAL											
66	Direction of Central Support Services	2610			2,400						2,400	6,550
67	Planning, Research, Development, & Evaluation Services	2620			8,414						8,414	8,500
68	Information Services	2630	51,467	9,703	307,656	5,879		165	14,139		389,009	397,440
69	Staff Services	2640									0	
70	Data Processing Services	2660			4,453						4,453	4,500
71	Total Support Services - Central	2600	51,467	9,703	322,923	5,879	0	165	14,139	0	404,276	416,990
72	Other Support Services (Describe & Itemize)	2900	32,988	841	152,823	428					187,080	198,400
73	Total Support Services	2000	3,347,635	774,416	2,809,170	524,724	10,871	21,904	47,643	30,622	7,566,985	8,177,228
74	COMMUNITY SERVICES (ED)	3000	302,548	50,483	14,748	6,519					374,298	383,225
75	PAYMENTS TO OTHER DISTRICTS & GOVT UNITS (ED)											
76	PAYMENTS TO OTHER GOVT UNITS (IN-STATE)											
77	Payments for Regular Programs	4110									0	
78	Payments for Special Education Programs	4120			2,701						2,701	1,866,296
79	Payments for Adult/Continuing Education Programs	4130									0	
80	Payments for CTE Programs	4140									0	
81	Payments for Community College Programs	4170									0	
82	Other Payments to In-State Govt. Units (Describe & Itemize)	4190			13,560			227,578			241,138	164,485
83	Total Payments to Dist & Other Govt Units (In-State)	4100			16,261			227,578			243,839	2,030,781
84	Payments for Regular Programs - Tuition	4210									0	
85	Payments for Special Education Programs - Tuition	4220						1,771,994			1,771,994	200,000
86	Payments for Adult/Continuing Education Programs - Tuition	4230									0	
87	Payments for CTE Programs - Tuition	4240									0	
88	Payments for Community College Programs - Tuition	4270									0	
89	Payments for Other Programs - Tuition	4280									0	
90	Other Payments to In-State Govt Units	4290									0	
91	Total Payments to Other District & Govt Units -Tuition (In State)	4200						1,771,994			1,771,994	200,000
92	Payments for Regular Programs - Transfers	4310									0	
93	Payments for Special Education Programs - Transfers	4320									0	
94	Payments for Adult/Continuing Ed Programs - Transfers	4330									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
95	Payments for CTE Programs - Transfers	4340									0	
96	Payments for Community College Program - Transfers	4370									0	
97	Payments for Other Programs - Transfers	4380									0	
98	Other Payments to In-State Govt Units - Transfers	4390			264,451						264,451	
99	Total Payments to Other District & Govt Units - Transfers (In-State)	4300			264,451			0			264,451	0
100	Payments to Other Dist & Govt Units (Out-of-State)	4400									0	
101	Total Payments to Other District & Govt Units	4000			280,712			1,999,572			2,280,284	2,230,781
102	DEBT SERVICES (ED)											
103	DEBT SERVICES - INTEREST ON SHORT-TERM DEBT											
104	Tax Anticipation Warrants	5110									0	
105	Tax Anticipation Notes	5120									0	
106	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
107	State Aid Anticipation Certificates	5140									0	
108	Other Interest on Short-Term Debt	5150									0	
109	Total Interest on Short-Term Debt	5100						0			0	0
110	Debt Services - Interest on Long-Term Debt	5200									0	
111	Total Debt Services	5000						0			0	0
112	PROVISIONS FOR CONTINGENCIES (ED)	6000										
113	Total Direct Disbursements/Expenditures		9,498,889	1,945,930	3,378,381	740,069	44,434	2,233,825	142,709	30,622	18,014,859	18,942,703
114	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										(1,399,408)	
115												
116	20 - OPERATIONS & MAINTENANCE FUND (O&M)											
117	SUPPORT SERVICES (O&M)											
118	SUPPORT SERVICES - PUPILS											
119	Other Support Services - Pupils (Describe & Itemize)	2190									0	
120	SUPPORT SERVICES - BUSINESS											
121	Direction of Business Support Services	2510									0	
122	Facilities Acquisition & Construction Services	2530									0	
123	Operation & Maintenance of Plant Services	2540			98,263	70,182	340,433	19,980	4,409		533,267	1,537,200
124	Pupil Transportation Services	2550									0	
125	Food Services	2560									0	
126	Total Support Services - Business	2500	0	0	98,263	70,182	340,433	19,980	4,409	0	533,267	1,537,200
127	Other Support Services (Describe & Itemize)	2900									0	
128	Total Support Services	2000	0	0	98,263	70,182	340,433	19,980	4,409	0	533,267	1,537,200
129	COMMUNITY SERVICES (O&M)	3000									0	
130	PAYMENTS TO OTHER DIST & GOVT UNITS (O&M)											
131	PAYMENTS TO OTHER GOVT UNITS (IN-STATE)											
132	Payments for Special Education Programs	4120									0	
133	Payments for CTE Programs	4140									0	
134	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
135	Total Payments to Other Govt. Units (In-State)	4100			0			0			0	0
136	Payments to Other Govt. Units (Out of State)	4400									0	
137	Total Payments to Other Dist & Govt Units	4000			0			0			0	0
138	DEBT SERVICES (O&M)	5000										
139	DEBT SERVICES - INTEREST ON SHORT-TERM DEBT											
140	Tax Anticipation Warrants	5110									0	
141	Tax Anticipation Notes	5120									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
142	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
143	State Aid Anticipation Certificates	5140									0	
144	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
145	Total Debt Service - Interest on Short-Term Debt	5100						0			0	0
146	DEBT SERVICE - INTEREST ON LONG-TERM DEBT	5200									0	
147	Total Debt Services	5000						0			0	0
148	PROVISIONS FOR CONTINGENCIES (O&M)	6000										
149	Total Direct Disbursements/Expenditures		0	0	98,263	70,182	340,433	19,980	4,409	0	533,267	1,537,200
150	Excess (Deficiency) of Receipts/Revenues/Over										13,580	
151												
152	30 - DEBT SERVICES (DS)											
153	PAYMENTS TO OTHER DIST & GOVT UNITS (DS)	4000									0	
154	DEBT SERVICES (DS)	5000										
155	DEBT SERVICES - INTEREST ON SHORT-TERM DEBT											
156	Tax Anticipation Warrants	5110									0	
157	Tax Anticipation Notes	5120									0	
158	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
159	State Aid Anticipation Certificates	5140									0	
160	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
161	Total Debt Services - Interest On Short-Term Debt	5100						0			0	0
162	DEBT SERVICES - INTEREST ON LONG-TERM DEBT	5200						456,928			456,928	525,000
163	DEBT SERVICES - PAYMENTS OF PRINCIPAL ON LONG-TERM DEBT (Lease/Purchase Principal Retired) ¹¹	5300						370,000			370,000	1,750,000
164	DEBT SERVICES - OTHER (Describe & Itemize)	5400									0	4,000
165	Total Debt Services	5000			0			826,928			826,928	2,279,000
166	PROVISION FOR CONTINGENCIES (DS)	6000										
167	Total Disbursements/ Expenditures				0			826,928			826,928	2,279,000
168	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										553,681	
169												
170	40 - TRANSPORTATION FUND (TR)											
171	SUPPORT SERVICES (TR)											
172	SUPPORT SERVICES - PUPILS											
173	Other Support Services - Pupils (Describe & Itemize)	2190									0	
174	SUPPORT SERVICES - BUSINESS											
175	Pupil Transportation Services	2550			882,187						882,187	1,012,000
176	Other Support Services (Describe & Itemize)	2900									0	
177	Total Support Services	2000	0	0	882,187	0	0	0	0	0	882,187	1,012,000
178	COMMUNITY SERVICES (TR)	3000									0	
179	PAYMENTS TO OTHER DIST & GOVT UNITS (TR)											
180	PAYMENTS TO OTHER GOVT UNITS (IN-STATE)											
181	Payments for Regular Programs	4110			4,080						4,080	5,000
182	Payments for Special Education Programs	4120									0	
183	Payments for Adult/Continuing Education Programs	4130									0	
184	Payments for CTE Programs	4140									0	
185	Payments for Community College Programs	4170									0	
186	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
187	Total Payments to Other Govt. Units (In-State)	4100			4,080			0			4,080	5,000

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
188	PAYMENTS TO OTHER GOVT UNITS (OUT-OF-STATE)	4400									0	
189	Total Payments to Other Dist & Govt Units	4000			4,080			0			4,080	5,000
190	DEBT SERVICES (TR)											
191	DEBT SERVICE - INTEREST ON SHORT-TERM DEBT											
192	Tax Anticipation Warrants	5110									0	
193	Tax Anticipation Notes	5120									0	
194	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
195	State Aid Anticipation Certificates	5140									0	
196	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
197	Total Debt Services - Interest On Short-Term Debt	5100						0			0	0
198	DEBT SERVICES - INTEREST ON LONG-TERM DEBT	5200									0	
199	DEBT SERVICE - PAYMENTS OF PRINCIPAL ON LONG-TERM DEBT (Lease/Purchase Principal Retired) ¹¹	5300									0	
200	DEBT SERVICES - OTHER (Describe & Itemize)	5400									0	
201	Total Debt Services							0			0	0
202	PROVISION FOR CONTINGENCIES (TR)	6000										
203	Total Disbursements/ Expenditures		0	0	886,267	0	0	0	0	0	886,267	1,017,000
204	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										281,387	
205												
206	50 - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND (MR/SS)											
207	INSTRUCTION (MR/SS)											
208	Regular Programs	1100		91,403							91,403	128,503
209	Pre-K Programs	1125		12,679							12,679	16,885
210	Special Education Programs (Functions 1200-1220)	1200		41,614							41,614	44,560
211	Special Education Programs - Pre-K	1225		6,494							6,494	12,030
212	Remedial and Supplemental Programs - K-12	1250		157							157	0
213	Remedial and Supplemental Programs - Pre-K	1275									0	
214	Adult/Continuing Education Programs	1300									0	
215	CTE Programs	1400									0	
216	Interscholastic Programs	1500		1,018							1,018	0
217	Summer School Programs	1600		4,635							4,635	2,750
218	Gifted Programs	1650									0	
219	Driver's Education Programs	1700									0	
220	Bilingual Programs	1800		11,492							11,492	13,513
221	Truants' Alternative & Optional Programs	1900									0	
222	Total Instruction	1000		169,492							169,492	218,241
223	SUPPORT SERVICES (MR/SS)	2000										
224	SUPPORT SERVICES - PUPILS											
225	Attendance & Social Work Services	2110									0	
226	Guidance Services	2120		2,213							2,213	2,835
227	Health Services	2130		1,720							1,720	1,725
228	Psychological Services	2140		872							872	875
229	Speech Pathology & Audiology Services	2150		965							965	1,600
230	Other Support Services - Pupils (Describe & Itemize)	2190		12,875							12,875	14,865
231	Total Support Services - Pupils	2100		18,645							18,645	21,900
232	SUPPORT SERVICES - INSTRUCTIONAL STAFF											
233	Improvement of Instruction Services	2210		1,637							1,637	36,854
234	Educational Media Services	2220		11,589							11,589	11,095
235	Assessment & Testing	2230									0	
236	Total Support Services - Instructional Staff	2200		13,226							13,226	47,949

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
237	SUPPORT SERVICES - GENERAL ADMINISTRATION											
238	Board of Education Services	2310		305							305	1,275
239	Executive Administration Services	2320		19,735							19,735	16,870
240	Service Area Administrative Services	2330		24,485							24,485	38,434
241	Claims Paid from Self Insurance Fund	2361									0	
242	Workers' Compensation or Workers' Occupation Disease Acts Payments	2362									0	
243	Unemployment Insurance Payments	2363									0	
244	Insurance Payments (Regular or Self-Insurance)	2364									0	
245	Risk Management and Claims Services Payments	2365									0	
246	Judgment and Settlements	2366									0	
247	Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction	2367									0	
248	Reciprocal Insurance Payments	2368									0	
249	Legal Services	2369									0	
250	Total Support Services - General Administration	2300		44,525							44,525	56,579
251	SUPPORT SERVICES - SCHOOL ADMINISTRATION											
252	Office of the Principal Services	2410		45,224							45,224	48,325
253	Other Support Services - School Administration (Describe & Itemize)	2490									0	
254	Total Support Services - School Administration	2400		45,224							45,224	48,325
255	SUPPORT SERVICES - BUSINESS											
256	Direction of Business Support Services	2510		1,115							1,115	1,300
257	Fiscal Services	2520		36,153							36,153	34,129
258	Facilities Acquisition & Construction Services	2530									0	
259	Operation & Maintenance of Plant Services	2540		126,271							126,271	110,689
260	Pupil Transportation Services	2550									0	
261	Food Services	2560									0	
262	Internal Services	2570									0	
263	Total Support Services - Business	2500		163,539							163,539	146,118
264	SUPPORT SERVICES - CENTRAL											
265	Direction of Central Support Services	2610									0	
266	Planning, Research, Development, & Evaluation Services	2620									0	
267	Information Services	2630		10,639							10,639	11,488
268	Staff Services	2640									0	
269	Data Processing Services	2660									0	
270	Total Support Services - Central	2600		10,639							10,639	11,488
271	Other Support Services (Describe & Itemize)	2900		321							321	296
272	Total Support Services	2000		296,119							296,119	332,655
273	COMMUNITY SERVICES (MR/SS)	3000		48,615							48,615	42,871
274	PAYMENTS TO OTHER DIST & GOVT UNITS (MR/SS)											
275	Payments for Special Education Programs	4120									0	
276	Payments for CTE Programs	4140									0	
277	Total Payments to Other Dist & Govt Units	4000		0							0	0
278	DEBT SERVICES (MR/SS)											
279	DEBT SERVICE - INTEREST ON SHORT-TERM DEBT											
280	Tax Anticipation Warrants	5110									0	
281	Tax Anticipation Notes	5120									0	
282	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

1	A	B	C	D	E	F	G	H	I	J	K	L
2	Description	Funct #	(100) Salaries	(200) Employee Benefits	(300) Purchased Services	(400) Supplies & Materials	(500) Capital Outlay	(600) Other Objects	(700) Non-Capitalized Equipment	(800) Termination Benefits	(900) Total	Budget
283	State Aid Anticipation Certificates	5140									0	
284	Other (Describe & Itemize)	5150									0	
285	Total Debt Services - Interest	5000						0			0	0
286	PROVISION FOR CONTINGENCIES (MR/SS)	6000										
287	Total Disbursements/Expenditures			514,226				0			514,226	593,767
288	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										226,127	
289												
290	60 - CAPITAL PROJECTS (CP)											
291	SUPPORT SERVICES (CP)											
292	SUPPORT SERVICES - BUSINESS											
293	Facilities Acquisition and Construction Services	2530									0	
294	Other Support Services (Describe & Itemize)	2900									0	
295	Total Support Services	2000	0	0	0	0	0	0	0	0	0	0
296	PAYMENTS TO OTHER DIST & GOVT UNITS (CP)											
297	PAYMENTS TO OTHER GOVT UNITS (In-State)											
298	Payments to Other Govt Units (In-State)	4100									0	
299	Payments for Special Education Programs	4120									0	
300	Payments for CTE Programs	4140									0	
301	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
302	Total Payments to Other Dist & Govt Units	4000			0			0			0	0
303	PROVISION FOR CONTINGENCIES (S&C/CI)	6000										
304	Total Disbursements/ Expenditures		0	0	0	0	0	0	0	0	0	0
305	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										0	
306												
307	70 - WORKING CASH (WC)											
308												
309	80 - TORT FUND (TF)											
310	SUPPORT SERVICES - GENERAL ADMINISTRATION											
311	Claims Paid from Self Insurance Fund	2361									0	
312	Workers' Compensation or Workers' Occupation Disease Acts Payments	2362									0	10,000
313	Unemployment Insurance Payments	2363			763						763	105,000
314	Insurance Payments (Regular or Self-Insurance)	2364									0	
315	Risk Management and Claims Services Payments	2365									0	
316	Judgment and Settlements	2366									0	
317	Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction	2367									0	
318	Reciprocal Insurance Payments	2368									0	
319	Legal Services	2369			227,764						227,764	85,000
320	Property Insurance (Buildings & Grounds)	2371									0	95,000
321	Vehicle Insurance (Transportation)	2372									0	
322	Total Support Services - General Administration	2000	0	0	228,527	0	0	0	0	0	228,527	295,000
323	DEBT SERVICES (TF)	5000										
324	DEBT SERVICES - INTEREST ON SHORT-TERM DEBT											
325	Tax Anticipation Warrants	5110									0	
326	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2011**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
327	Other Interest or Short-Term Debt	5150									0	
328	Total Debt Services - Interest on Short-Term Debt	5000						0			0	0
329	PROVISIONS FOR CONTINGENCIES (TF)	6000										
330	Total Disbursements/Expenditures		0	0	228,527	0	0	0	0	0	228,527	295,000
331	Excess (Deficiency) of Receipts/Revenues Over										(39,057)	
332												
333	90 - FIRE PREVENTION & SAFETY FUND (FP&S)											
334	SUPPORT SERVICES (FP&S)											
335	SUPPORT SERVICES - BUSINESS											
336	Facilities Acquisition & Construction Services	2530									0	
337	Operation & Maintenance of Plant Services	2540									0	
338	Total Support Services - Business	2500	0	0	0	0	0	0	0	0	0	0
339	Other Support Services (Describe & Itemize)	2900									0	
340	Total Support Services	2000	0	0	0	0	0	0	0	0	0	0
341	PAYMENTS TO OTHER DIST & GOVT UNITS (FP&S)											
342	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
343	Total Payments to Other Dist & Govt Units	4000						0			0	0
344	DEBT SERVICES (FP&S)											
345	DEBT SERVICES- INTEREST ON SHORT-TERM DEBT											
346	Tax Anticipation Warrants	5110									0	
347	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
348	Total Debt Service - Interest on Short-Term Debt	5100						0			0	0
349	DEBT SERVICES - INTEREST ON LONG-TERM DEBT	5200									0	
350	Debt Service - Payments of Principal on Long-Term Debt 15 (Lease/Purchase Principal Retired)	5300									0	
351	Total Debt Service	5000						0			0	0
352	PROVISION FOR CONTINGENCIES (FP&S)	6000										
353	Total Disbursements/Expenditures		0	0	0	0	0	0	0	0	0	0
354	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										1,104	

FEDERAL STIMULUS - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009
(Detailed Schedule of Receipts and Disbursements)

	A	B	C	D	E	F	G	H	I	J	K	L
1	#REF!		---RECEIPTS---	---DISBURSEMENTS---								
2				(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)
3	ARRA Revenue Source Code	Acct #	ARRA Receipts	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other	Non-Capitalized Equipment	Termination Benefits	Total Expenditures
4	Beginning Balance July 1, 2010											
5	ARRA - General State Aid	4850	0									0
6	ARRA - Title I Low Income	4851	14,999	1,663								1,663
7	ARRA - Title I Neglected - Private	4852	0									0
8	ARRA - Title I Delinquent - Private	4853	0									0
9	ARRA - Title I School Improvement (Part A)	4854	0									0
10	ARRA - Title I School Improvement (Section 1003g)	4855	0									0
11	ARRA - IDEA Part B Preschool	4856	8,562						10,530			10,530
12	ARRA - IDEA Part B Flow Through	4857	197,654				1,580	21,962	54,547	42,828		120,917
13	ARRA - Title II D Technology Formula	4860	0									0
14	ARRA - Title II D Technology Competitive	4861	0									0
15	ARRA - McKenney - Vento Homeless Education	4862	0									0
16	ARRA - Child Nutrition Equipment Assistance	4863	0									0
17	Impact Aid Construction Formula	4864	0									0
18	Impact Aid Construction Competitive	4865	0									0
19	QZAB Tax Credits	4866	0									0
20	QSCB Tax Credits	4867	0									0
21	Build America Bonds Tax Credits	4868	0									0
22	Build America Bonds Interest Reimbursement	4869	0									0
23	ARRA - General State Aid - Other Govt Services Stabilization	4870	0									0
24	ARRA - Other II	4871	0									0
25	ARRA - Other III	4872	0									0
26	ARRA - Other IV	4873	0									0
27	ARRA - Other V	4874	0									0
28	ARRA - Early Childhood	4875	0									0
29	ARRA - Other VII	4876	0									0
30	ARRA - Other VIII	4877	0									0
31	ARRA - Other IX	4878	0									0
32	ARRA - Other X	4879	0									0
33	ARRA - Other XI	4880	532,604	842,020								842,020
34	Total ARRA Programs		753,819	843,683	0	0	1,580	21,962	65,077	42,828		975,130
35	Ending Balance June 30, 2011		(221,311)									
36												
37	1. Were any funds from the State Fiscal Stabilization Fund Program (SFSF) General State-Aid Accounts 4850, line 5 & 4870, line 23).											
38	used for the following non-allowable purposes:											
39	<input type="checkbox"/> Payments of maintenance costs;											
40	<input type="checkbox"/> Stadiums or other facilities used for athletic contests, exhibitions or other events for which admission is charged to the general public;											
41	<input type="checkbox"/> Purchase or upgrade of vehicles;											
42	<input type="checkbox"/> Improvements of stand-alone facilities whose purpose is not the education of children such as central office administrative buildings;											
43	<input type="checkbox"/> Financial assistance to students to attend private elementary or secondary schools unless the funds are used to provide special											
44	education and related services to children with disabilities as authorized by the IDEA Act;											
45	<input type="checkbox"/> School modernization, renovation, or repair that is inconsistent with State Law.											
46												
47	2. If any above boxes are checked provide the total amount											
48	of questioned costs and provide an explanation below: _____											
49												
50												
51												
52												
53												
54												
55												
56												

	A	B	C	D	E	F
1	SCHEDULE OF AD VALOREM TAX RECEIPTS					
2	Description	Taxes Received 7-1-10 Thru 6-30-11 (from 2010 Levy & Prior Levies) *	Taxes Received (from the 2010 Levy)	Taxes Received (from 2009 & Prior Levies) (Column B - C)	Total Estimated Taxes (from the 2010 Levy)	Estimated Taxes Due (from the 2010 Levy) (Column E - C)
3						
4	Educational	1,675,287	954,763	720,524	2,805,176	1,850,413
5	Operations & Maintenance	221,847	0	221,847	0	0
6	Debt Services **	632,874	309,476	323,398	917,919	608,443
7	Transportation	230,183	132,679	97,504	393,533	260,854
8	Municipal Retirement	118,055	114,866	3,189	340,697	225,831
9	Capital Improvements	0		0		0
10	Working Cash	20,177	0	20,177	0	0
11	Tort Immunity	63,962	45,186	18,776	134,024	88,838
12	Fire Prevention & Safety	0		0		0
13	Leasing Levy	0		0		0
14	Special Education	20,727		20,727		0
15	Area Vocational Construction	0		0		0
16	Social Security/Medicare Only	110,577		110,577		0
17	Summer School	0		0		0
18	Other (Describe & Itemize)	0		0		0
19	Totals	3,093,689	1,556,970	1,536,719	4,591,349	3,034,379
20						
21	* The formulas in column B are unprotected to be overridden when reporting on a ACCRUAL basis.					
22	** All tax receipts for debt service payments on bonds must be recorded on line 6 (Debt Services).					

	A	B	C	D	E	F	G	H	I	J
1	SCHEDULE OF SHORT-TERM DEBT									
2	Description	Outstanding Beginning 07/01/10	Issued 07/01/10 Through 06/30/11	Retired 07/01/10 Through 06/30/11	Outstanding Ending 06/30/11					
3	CORPORATE PERSONAL PROPERTY REPLACEMENT TAX ANTICIPATION NOTES (CPPRT)									
4	Total CPPRT Notes				0					
5	TAX ANTICIPATION WARRANTS (TAW)									
6	Educational Fund				0					
7	Operations & Maintenance Fund				0					
8	Debt Services - Construction				0					
9	Debt Services - Working Cash				0					
10	Debt Services - Refunding Bonds				0					
11	Transportation Fund				0					
12	Municipal Retirement/Social Security Fund				0					
13	Fire Prevention & Safety Fund				0					
14	Other - (Describe & Itemize)				0					
15	Total TAWs	0	0	0	0					
16	TAX ANTICIPATION NOTES (TAN)									
17	Educational Fund				0					
18	Operations & Maintenance Fund				0					
19	Fire Prevention & Safety Fund				0					
20	Other - (Describe & Itemize)				0					
21	Total TANs	0	0	0	0					
22	TEACHERS'/EMPLOYEES' ORDERS (T/EO)									
23	Total T/EOs (Educational, Operations & Maintenance, & Transportation Funds)				0					
24	GENERAL STATE-AID ANTICIPATION CERTIFICATES (GSAAC)									
25	Total GSAACs (All Funds)				0					
26	OTHER SHORT-TERM BORROWING									
27	Total Other Short-Term Borrowing (Describe & Itemize)				0					
28										
29	SCHEDULE OF LONG-TERM DEBT									
30	Identification or Name of Issue	Date of Issue (mm/dd/yy)	Amount of Original Issue	Type of Issue *	Outstanding 07/1/10	Issued 7/1/10 thru 6/30/11	Difference With page 7, line 32	Retired 7/1/10 thru 6/30/11	Outstanding 6/30/11	Amount to be Provided for Payment on Long- Term Debt
31									0	
32	General Obligation	04/01/01	5,000,000	1-\$1.9; 2-\$3.1	260,000			260,000	0	
33	Limited School Bonds	03/01/02	7,100,000	2-\$3.48; 3-\$3.62	2,600,000			110,000	2,490,000	2,332,717
34	Refunding Bonds	06/21/04	3,225,000	3	3,225,000				3,225,000	3,225,000
35	Limited School Bonds	06/21/04	1,340,000	1-\$1.27; 2-\$-.07	1,255,000				1,255,000	1,255,000
36	Capital Lease Obligation	02/01/11	224,088	7-\$-.2		238,146		14,058	224,088	224,088
37									0	
38									0	
39									0	
40									0	
41									0	
42									0	
43									0	
44									0	
45									0	
46									0	
47									0	
48									0	
49			16,889,088		7,340,000	238,146	0	384,058	7,194,088	7,036,805
50										
51	* Each type of debt issued must be identified separately with the amount:									
52	1. Working Cash Fund Bonds	4. Fire Prevent, Safety, Environmental and Energy Bonds	7. Other Capital Lease							
53	2. Funding Bonds	5. Tort Judgment Bonds	8. Other							
54	3. Refunding Bonds	6. Building Bonds	9. Other							

Schedule of Restricted Local Tax Levies and Selected Revenues Sources

Schedule of Tort Immunity Expenditures

2010-11

	A	B	C	D	E	F	G	H	I	J	K
1	SCHEDULE OF RESTRICTED LOCAL TAX LEVIES AND SELECTED REVENUE SOURCES										
2	Description					Account No	Tort Immunity ^a	Special Education	Area Vocational Construction	School Facility Occupation Taxes ^b	Driver Education
3	Cash Basis Fund Balance as of July 1, 2010						0	90,486			
4	RECEIPTS:										
5	Ad Valorem Taxes Received by District					10, 20, 40 or 50-1100		33,249			
6	Earnings on Investments					10, 20, 40, 50 or 60-1500		1,109			
7	Drivers' Education Fees					10-1970					0
8	School Facility Occupation Tax Proceeds					30 or 60-1983				0	
9	Driver Education					10 or 20-3370					0
10	Other Receipts (Describe & Itemize on tab "Itemization 32")					--					
11	Sale of Bonds					10, 20, 40 or 60-7200					
12	Total Receipts						0	34,358	0	0	0
13	DISBURSEMENTS:										
14	Instruction					10 or 50-1000		12,240			
15	Facilities Acquisition & Construction Services					20 or 60-2530					
16	Tort Immunity Services					10, 20, 40-2360-2370					
17	DEBT SERVICE										
18	Debt Services - Interest on Long-Term Debt					30-5200					
19	Debt Services - Payments of Principal on Long-Term Debt (Lease/Purchase Principal Retired)					30-5300					
20	Debt Services Other (Describe & Itemize on tab "Itemization 32")					30-5400					
21	Total Debt Services									0	
22	Other Disbursements (Describe & Itemize on tab "Itemization 32")					--					
23	Total Disbursements						0	12,240	0	0	0
24	Ending Cash Basis Fund Balance as of June 30, 2011						0	112,604	0	0	0
25	Reserved Fund Balance					714					
26	Unreserved Fund Balance					730	0	112,604	0	0	0
27											
28	SCHEDULE OF TORT IMMUNITY EXPENDITURES ^a										
30	Yes <input type="checkbox"/> No <input type="checkbox"/> Has the entity established an insurance reserve pursuant to 745 ILCS 10/9-103?										
31	If yes, list in the aggregate the following:										
32	Total Claims Payments:										
33	Total Reserve Remaining:										
34	Using the following categories, list all other Tort Immunity expenditures <u>not</u> included in line 30 above. Include the total dollar amount for each category.										
35	Expenditures:										
36	Workers' Compensation Act and/or Workers' Occupational Disease Act										
37	Unemployment Insurance Act										
38	Insurance (Regular or Self-Insurance)										
39	Risk Management and Claims Service										
40	Judgments/Settlements										
41	Educational, Inspectional, Supervisory Services Related to Loss Prevention and/or Reduction										
42	Reciprocal Insurance Payments (Insurance Code 72, 76, and 81)										
43	Legal Services										
44	Principal and Interest on Tort Bonds										
46	^a Schedules for Tort Immunity are to be completed only if expenditures have been reported in any fund other than the Tort Immunity Fund (80) during FY11 as a result of existing (restricted) fund balances in those other funds that are being spent down. Cell G6 above should include interest earnings only from these restricted tort immunity monies and only if reported in a fund other than Tort Immunity Fund (80).										
47											
48	^b 55 ILCS 5/5-1006.7										

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3	Schedule of Capital Outlay and Depreciation										
4	Description of Assets	Acct #	Cost 7-1-10	Add: Additions 2010-11	Less: Deletions 2010-11	Cost 6-30-11	Life In Years	Accumulated Depreciation 7-1-10	Add: Depreciation Allowable 2010-11	Less: Depreciation Deletions 2010-11	Accumulated Depreciation 6-30-11
5	Works of Art & Historical Treasures	210	0			0	50				0
6	Land	220									
7	Non-Depreciable Land	221	344,383			344,383					
8	Depreciable Land	222	406,652			406,652		406,652			406,652
9	Buildings	230									
10	Permanent Buildings	231	16,200,000			16,200,000	50	10,577,140	324,000		10,901,140
11	Temporary Buildings	232	0			0	25				0
12	Improvements Other than Buildings (Infrastructure)	240	217,868	368,895		586,763	20	6,954	14,910		21,864
13	Capitalized Equipment	250					10				
14	10 Yr Schedule	251	1,991,558			1,991,558		1,598,667	116,938		1,715,605
15	5 Yr Schedule	252	290,385	51,934		342,319	5	62,604	62,607		125,211
16	3 Yr Schedule	253				0	3				0
17	Construction in Progress	260	58,435		58,435	0	--				
18	Total Capital Assets	200	19,509,281	420,829	58,435	19,871,675	10	12,652,017	518,455	0	13,170,472
19	Non-Capitalized Equipment	700				147,118			14,712		
20	Allowable Depreciation							533,167			

	L
1	
2	
3	
4	Balance Undepreciated 6-30-11
5	0
6	
7	344,383
8	0
9	
10	5,298,860
11	0
12	564,899
13	
14	275,953
15	217,108
16	0
17	0
18	6,701,203
19	
20	

	A	B	C	D	E	F
1	ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2010-11)					
2	<i>This schedule is completed for school districts only.</i>					
3						
4	Fund	Sheet, Row	ACCOUNT NO - TITLE		Amount	
5						
6	OPERATING EXPENSE PER PUPIL					
7	EXPENDITURES:					
8	ED	Expenditures 15-22, L113	Total Expenditures	\$	18,014,859	
9	O&M	Expenditures 15-22, L149	Total Expenditures		533,267	
10	DS	Expenditures 15-22, L167	Total Expenditures		826,928	
11	TR	Expenditures 15-22, L203	Total Expenditures		886,267	
12	MR/SS	Expenditures 15-22, L287	Total Expenditures		514,226	
13	TORT	Expenditures 15-22, L330	Total Expenditures		228,527	
14			Total Expenditures	\$	21,004,074	
15						
16	LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:					
17						
18	TR	Revenues 9-14, L43, Col F	1412 Regular - Transp Fees from Other Districts (In State)	\$	0	
19	TR	Revenues 9-14, L47, Col F	1421 Summer Sch - Transp. Fees from Pupils or Parents (In State)		0	
20	TR	Revenues 9-14, L48, Col F	1422 Summer Sch - Transp. Fees from Other Districts (In State)		0	
21	TR	Revenues 9-14, L49, Col F	1423 Summer Sch - Transp. Fees from Other Sources (In State)		0	
22	TR	Revenues 9-14, L50 Col F	1424 Summer Sch - Transp. Fees from Other Sources (Out of State)		0	
23	TR	Revenues 9-14, L52, Col F	1432 CTE - Transp Fees from Other Districts (In State)		0	
24	TR	Revenues 9-14, L56, Col F	1442 Special Ed - Transp Fees from Other Districts (In State)		0	
25	TR	Revenues 9-14, L59, Col F	1451 Adult - Transp Fees from Pupils or Parents (In State)		0	
26	TR	Revenues 9-14, L60, Col F	1452 Adult - Transp Fees from Other Districts (In State)		0	
27	TR	Revenues 9-14, L61, Col F	1453 Adult - Transp Fees from Other Sources (In State)		0	
28	TR	Revenues 9-14, L62, Col F	1454 Adult - Transp Fees from Other Sources (Out of State)		0	
29	O&M	Revenues 9-14, L148, Col D	3410 Adult Ed (from ICCB)		0	
30	O&M-TR	Revenues 9-14, L149, Col D & F	3499 Adult Ed - Other (Describe & Itemize)		0	
31	O&M-TR	Revenues 9-14, L218, Col D,F	4600 Fed - Spec Education - Preschool Flow-Through		0	
32	O&M-TR	Revenues 9-14, L219, Col D,F	4605 Fed - Spec Education - Preschool Discretionary		0	
33	O&M	Revenues 9-14, L229, Col D	4810 Federal - Adult Education		0	
34	ED	Expenditures 15-22, L6, Col K - (G+I)	1125 Pre-K Programs		298,507	
35	ED	Expenditures 15-22, L8, Col K - (G+I)	1225 Special Education Programs Pre-K		91,824	
36	ED	Expenditures 15-22, L10, Col K - (G+I)	1275 Remedial and Supplemental Programs Pre-K		0	
37	ED	Expenditures 15-22, L11, Col K - (G+I)	1300 Adult/Continuing Education Programs		0	
38	ED	Expenditures 15-22, L14, Col K - (G+I)	1600 Summer School Programs		179,745	
39	ED	Expenditures 15-22, L19, Col K	1910 Pre-K Programs - Private Tuition		0	
40	ED	Expenditures 15-22, L20, Col K	1911 Regular K-12 Programs - Private Tuition		0	
41	ED	Expenditures 15-22, L21, Col K	1912 Special Education Programs K-12 - Private Tuition		196,480	
42	ED	Expenditures 15-22, L22, Col K	1913 Special Education Programs Pre-K - Tuition		0	
43	ED	Expenditures 15-22, L23, Col K	1914 Remedial/Supplemental Programs K-12 - Private Tuition		0	
44	ED	Expenditures 15-22, L24, Col K	1915 Remedial/Supplemental Programs Pre-K - Private Tuition		0	
45	ED	Expenditures 15-22, L25, Col K	1916 Adult/Continuing Education Programs - Private Tuition		0	
46	ED	Expenditures 15-22, L26, Col K	1917 CTE Programs - Private Tuition		0	
47	ED	Expenditures 15-22, L27, Col K	1918 Interscholastic Programs - Private Tuition		0	
48	ED	Expenditures 15-22, L28, Col K	1919 Summer School Programs - Private Tuition		0	
49	ED	Expenditures 15-22, L29, Col K	1920 Gifted Programs - Private Tuition		0	
50	ED	Expenditures 15-22, L30, Col K	1921 Bilingual Programs - Private Tuition		0	
51	ED	Expenditures 15-22, L31, Col K	1922 Truants Alternative/Optional Ed Progs - Private Tuition		0	
52	ED	Expenditures 15-22, L74, Col K - (G+I)	3000 Community Services		374,298	
53	ED	Expenditures 15-22, L101, Col K	4000 Total Payments to Other District & Govt Units		2,280,284	
54	ED	Expenditures 15-22, L113, Col G	- Capital Outlay		44,434	
55	ED	Expenditures 15-22, L113, Col I	- Non-Capitalized Equipment		142,709	
56	O&M	Expenditures 15-22, L129, Col K - (G+I)	3000 Community Services		0	
57	O&M	Expenditures 15-22, L137, Col K	4000 Total Payments to Other Dist & Govt Units		0	
58	O&M	Expenditures 15-22, L149, Col G	- Capital Outlay		340,433	
59	O&M	Expenditures 15-22, L149, Col I	- Non-Capitalized Equipment		4,409	
60	DS	Expenditures 15-22, L153, Col K	4000 Payments to Other Dist & Govt Units		0	
61	DS	Expenditures 15-22, L163, Col K	5300 Debt Service - Payments of Principal on Long-Term Debt		370,000	
62	TR	Expenditures 15-22, L178, Col K - (G+I)	3000 Community Services		0	
63	TR	Expenditures 15-22, L189, Col K	4000 Total Payments to Other Dist & Govt Units		4,080	
64	TR	Expenditures 15-22, L199, Col K	5300 Debt Service - Payments of Principal on Long-Term Debt		0	
65	TR	Expenditures 15-22, L203, Col G	- Capital Outlay		0	
66	TR	Expenditures 15-22, L203, Col I	- Non-Capitalized Equipment		0	
67	MR/SS	Expenditures 15-22, L209, Col K	1125 Pre-K Programs		12,679	
68	MR/SS	Expenditures 15-22, L211, Col K	1225 Special Education Programs - Pre-K		6,494	
69	MR/SS	Expenditures 15-22, L213, Col K	1275 Remedial and Supplemental Programs - Pre-K		0	
70	MR/SS	Expenditures 15-22, L214, Col K	1300 Adult/Continuing Education Programs		0	
71	MR/SS	Expenditures 15-22, L217, Col K	1600 Summer School Programs		4,635	
72	MR/SS	Expenditures 15-22, L273, Col K	3000 Community Services		48,615	
73	MR/SS	Expenditures 15-22, L277, Col K	4000 Total Payments to Other Dist & Govt Units		0	
74						
75			Total Deductions	\$	4,399,626	
76			Total Operating Expenses (Regular K-12)		16,604,448	
77			9 Mo ADA (See the General State Aid Claim for 2010-2011 (ISBE 54-33, L12)		1,160.65	
78			Estimated OEPP	\$	14,306.16	
79						

	A	B	C	D	E	F
1	ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2010-11)					
2	<i>This schedule is completed for school districts only.</i>					
3						
4	Fund	Sheet, Row	ACCOUNT NO - TITLE		Amount	
5						
80	PER CAPITA TUITION CHARGE					
81						
82	LESS OFFSETTING RECEIPTS/REVENUES:					
83	TR	Revenues 9-14, L42, Col F	1411 Regular -Transp Fees from Pupils or Parents (In State)		\$	0
84	TR	Revenues 9-14, L44, Col F	1413 Regular - Transp Fees from Other Sources (In State)			0
85	TR	Revenues 9-14, L45, Col F	1415 Regular - Transp Fees from Co-curricular Activities (In State)			0
86	TR	Revenues 9-14, L46, Col F	1416 Regular Transp Fees from Other Sources (Out of State)			0
87	TR	Revenues 9-14, L51, Col F	1431 CTE - Transp Fees from Pupils or Parents (In State)			0
88	TR	Revenues 9-14, L53, Col F	1433 CTE - Transp Fees from Other Sources (In State)			0
89	TR	Revenues 9-14, L54, Col F	1434 CTE - Transp Fees from Other Sources (Out of State)			0
90	TR	Revenues 9-14, L55, Col F	1441 Special Ed - Transp Fees from Pupils or Parents (In State)			0
91	TR	Revenues 9-14, L57, Col F	1443 Special Ed - Transp Fees from Other Sources (In State)			0
92	TR	Revenues 9-14, L58, Col F	1444 Special Ed - Transp Fees from Other Sources (Out of State)			0
93	ED	Revenues 9-14, L75, Col C	1600 Total Food Service			6,707
94	ED-O&M	Revenues 9-14, L82, Col C,D	1700 Total District/School Activity Income			10,533
95	ED	Revenues 9-14, L84, Col C	1811 Rentals - Regular Textbooks			0
96	ED	Revenues 9-14, L87, Col C	1819 Rentals - Other (Describe & Itemize)			0
97	ED	Revenues 9-14, L88, Col C	1821 Sales - Regular Textbooks			0
98	ED	Revenues 9-14, L91, Col C	1829 Sales - Other (Describe & Itemize)			0
99	ED	Revenues 9-14, L92, Col C	1890 Other (Describe & Itemize)			0
100	ED-O&M	Revenues 9-14, L95, Col C,D	1910 Rentals			139,482
101	ED-O&M-TR	Revenues 9-14, L98, Col C,D,F	1940 Services Provided Other Districts			0
102	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L104, Col C,D,E,F,G	1991 Payment from Other Districts			5,891
103	ED	Revenues 9-14, L106, Col C	1993 Other Local Fees			0
104	ED-O&M-TR	Revenues 9-14, L131, Col C,D,F	3100 Total Special Education			961,718
105	ED-O&M-MR/SS	Revenues 9-14, L133, Col C,D,G	3200 Total Career and Technical Education			2,550
106	ED-MR/SS	Revenues 9-14, L144, Col C,G	3300 Total Bilingual Ed			55,841
107	ED	Revenues 9-14, L145, Col C	3360 State Free Lunch & Breakfast			41,038
108	ED-O&M-MR/SS	Revenues 9-14, L146, Col C,D,G	3365 School Breakfast Initiative			145
109	ED-O&M	Revenues 9-14, L147, Col C,D	3370 Driver Education			0
110	ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500 Total Transportation			683,657
111	ED	Revenues 9-14, L155, Col C	3610 Learning Improvement - Change Grants			0
112	ED-O&M-TR-MR/SS	Revenues 9-14, L156, Col C,D,F,G	3660 Scientific Literacy			0
113	ED-TR-MR/SS	Revenues 9-14, L157, Col C,F,G	3695 Truant Alternative/Optional Education			0
114	ED-TR-MR/SS	Revenues 9-14, L159, Col C,F,G	3715 Reading Improvement Block Grant			55,321
115	ED-TR-MR/SS	Revenues 9-14, L160, Col C,F,G	3720 Reading Improvement Block Grant - Reading Recovery			0
116	ED-TR-MR/SS	Revenues 9-14, L161, Col C,F,G	3725 Continued Reading Improvement Block Grant			0
117	ED-TR-MR/SS	Revenues 9-14, L162, Col C,F,G	3726 Continued Reading Improvement Block Grant (2% Set Aside)			0
118	ED-O&M-TR-MR/SS	Revenues 9-14, L163, Col C,D,F,G	3766 Chicago General Education Block Grant			0
119	ED-O&M-TR-MR/SS	Revenues 9-14, L164, Col C,D,F,G	3767 Chicago Educational Services Block Grant			0
120	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L165, Col C,D,E,F,G	3775 School Safety & Educational Improvement Block Grant			5,832
121	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L166, Col C,D,E,F,G	3780 Technology - Learning Technology Centers			0
122	ED-TR	Revenues 9-14, L167, Col C,F	3815 State Charter Schools			0
123	O&M	Revenues 9-14, L170, Col D	3925 School Infrastructure - Maintenance Projects			0
124	ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L171, Col C-G,J	3999 Other Restricted Revenue from State Sources			17,057
125	ED	Revenues 9-14, L180, Col C	4045 Head Start (Subtract)			0
126	ED-O&M-TR-MR/SS	Revenues 9-14, L184, Col C,D,F,G	- Total Restricted Grants-In-Aid Received Directly from Federal Govt			0
127	ED-O&M-TR-MR/SS	Revenues 9-14, L191, Col C,D,F,G	- Total Title V			0
128	ED-MR/SS	Revenues 9-14, L201, Col C,G	- Total Food Service			810,288
129	ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	- Total Title I			1,585,176
130	ED-O&M-TR-MR/SS	Revenues 9-14, L216, Col C,D,F,G	- Total Title IV			228,773
131	ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620 Fed - Spec Education - IDEA - Flow Through/Low Incidence			167,002
132	ED-O&M-TR-MR/SS	Revenues 9-14, L221, Col C,D,F,G	4625 Fed - Spec Education - IDEA - Room & Board			1,747
133	ED-O&M-TR-MR/SS	Revenues 9-14, L222, Col C,D,F,G	4630 Fed - Spec Education - IDEA - Discretionary			0
134	ED-O&M-TR-MR/SS	Revenues 9-14, L223, Col C,D,F,G	4699 Fed - Spec Education - IDEA - Other (Describe & Itemize)			0
135	ED-O&M-MR/SS	Revenues 9-14, L228, Col C,D,G	4700 Total CTE - Perkins			0
160	ED-O&M-DS-TR-MR/SS-Tort	Revenue Adjustments within range of C232 thru J259	4800 Total ARRA Program Adjustments			753,819
161	ED,O&M,MR/SS	Revenues 9-14, L260, Col C,D,G	4904 Advanced Placement Fee/International Baccalaureate			0
162	ED-TR-MR/SS	Revenues 9-14, L261, Col C,F,G	4905 Emergency Immigrant Assistance			0
163	ED-TR-MR/SS	Revenues 9-14, L262, Col C,F,G	4909 Title III - English Language Acquisition			23,803
164	ED-TR-MR/SS	Revenues 9-14, L263, Col C,F,G	4910 Learn & Serve America			0
165	ED-O&M-TR-MR/SS	Revenues 9-14, L264, Col C,D,F,G	4920 McKinney Education for Homeless Children			0
166	ED-O&M-TR-MR/SS	Revenues 9-14, L265, Col C,D,F,G	4930 Title II - Eisenhower Professional Development Formula			0
167	ED-O&M-TR-MR/SS	Revenues 9-14, L266, Col C,D,F,G	4932 Title II - Teacher Quality			217,041
168	ED-O&M-TR-MR/SS	Revenues 9-14, L267, Col C,D,F,G	4960 Federal Charter Schools			0
169	ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4991 Medicaid Matching Funds - Administrative Outreach			84,437
170	ED-O&M-TR-MR/SS	Revenues 9-14, L269, Col C,D,F,G	4992 Medicaid Matching Funds - Fee-for-Service Program			108,431
171	ED-O&M-TR-MR/SS	Revenues 9-14, L270, Col C,D,F,G	4998 Other Restricted Revenue from Federal Sources (Describe & Itemize)			938
172						
173	Total Allowance for PCTC Computation				\$	5,967,227
174	Net Operating Expense for PCTC Computation					10,637,221
175	Total Depreciation Allowance (from page 27, Col I)					533,167
176	Total Allowance for PCTC Computation					11,170,388
177	9 Mo ADA					1,160.65
178	Total Estimated PCTC				\$	9,624.25
179						

ESTIMATED INDIRECT COST DATA

	A	B	C	D	E	F	G	H
1	ESTIMATED INDIRECT COST RATE DATA							
2	SECTION I							
3	Financial Data To Assist Indirect Cost Rate Determination							
4	<i>(Source document for the computation of the Indirect Cost Rate is found in the "Expenditures 15-22" tab.)</i>							
5	ALL OBJECTS EXCLUDE CAPITAL OUTLAY. With the exception of line 12, enter the disbursements/expenditures included within the following functions charged directly to and reimbursed from federal grant programs. Also, include all amounts paid to or for other employees within each function that work with specific federal grant programs in the same capacity as those charged to and reimbursed from the same federal grant programs. For example, if a district received funding for a Title I clerk, all other salaries for Title I clerks performing like duties in that function must be included. Include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function listed.							
6	Support Services - Direct Costs (1-2000) and (5-2000)							
7	Direction of Business Support Services (1-2510) and (5-2510)							
8	Fiscal Services (1-2520) and (5-2520)							
9	Operation and Maintenance of Plant Services (1, 2, and 5-2540)							
10	Food Services (1-2560) <i>Must be less than (P16, Col E-F, L62)</i>							
11	Value of Commodities Received for Fiscal Year 2011 <i>(Include the value of commodities when determining if an A-133 is required).</i>				23,487			
12	Internal Services (1-2570) and (5-2570)							
13	Staff Services (1-2640) and (5-2640)							
14	Data Processing Services (1-2660) and (5-2660)							
15	SECTION II							
16	Estimated Indirect Cost Rate for Federal Programs <i>(Data subject to adjustment for "carry-forward" or "termination benefit" totals)</i>							
17				Restricted Program		Unrestricted Program		
18		Function	Indirect Costs	Direct Costs	Indirect Costs	Direct Costs		
19	Instruction	1000		7,834,155		7,834,155		
20	Support Services:							
21	Pupil	2100		841,286		841,286		
22	Instructional Staff	2200		569,110		569,110		
23	General Admin.	2300		2,281,807		2,281,807		
24	School Admin	2400		902,805		902,805		
25	Business:							
26	Direction of Business Spt. Srv.	2510	93,083	0	93,083	0		
27	Fiscal Services	2520	276,244	0	276,244	0		
28	Oper. & Maint. Plant Services	2540		1,832,696	1,832,696	0		
29	Pupil Transportation	2550		906,087		906,087		
30	Food Services	2560		760,003		760,003		
31	Internal Services	2570	52,431	0	52,431	0		
32	Central:							
33	Direction of Central Spt. Srv.	2610		2,400		2,400		
34	Plan, Rsrch, Dvlp, Eval. Srv.	2620		8,414		8,414		
35	Information Services	2630		385,509		385,509		
36	Staff Services	2640	0	0	0	0		
37	Data Processing Services	2660	4,453	0	4,453	0		
38	Other:	2900		187,401		187,401		
39	Community Services	3000		422,913		422,913		
40	Total		426,211	16,934,586	2,258,907	15,101,890		
41			Restricted Rate		Unrestricted Rate			
42			Total Indirect Costs:	426,211	Total Indirect costs:	2,258,907		
43			Total Direct Costs:	16,934,586	Total Direct Costs:	15,101,890		
44			=	2.52%	=	14.96%		
45								

ILLINOIS STATE BOARD OF EDUCATION
School Business Services Division (N-330)
100 North First Street
Springfield, IL 62777-0001

LIMITATION OF ADMINISTRATIVE COSTS WORKSHEET

(Section 17-1.5 of the School Code)

School District Name: WEST HARVEY-DIXMOOR SCHOOL D

RCDT Number: 07-016-1470-02

Description	Funct. No.	Actual Expenditures, Fiscal Year 2011			Budgeted Expenditures, Fiscal Year 2012		
		(10) Educational Fund	(20) Operations & Maintenance Fund	Total	(10) Educational Fund	(20) Operations & Maintenance Fund	Total
1. Executive Administration Services	2320	584,348		584,348	620,000		620,000
2. Special Area Administration Services	2330	297,323		297,323	293,450		293,450
3. Other Support Services - School Administration	2490	0		0	0		0
4. Direction of Business Support Services	2510	91,968	0	91,968	112,500		112,500
5. Internal Services	2570	52,431		52,431	58,800		58,800
6. Direction of Central Support Services	2610	2,400		2,400	4,200		4,200
7. Deduct - Early Retirement or other pension obligations required by state law and included above.				0			0
8. Totals		1,028,470	0	1,028,470	1,088,950	0	1,088,950
9. Percent Increase (Decrease) for FY2012 (Budgeted) over FY2011 (Actual)							6%

CERTIFICATION

I certify that the amounts shown above as "Actual Expenditures, Fiscal Year 2011" agree with the amounts on the district's Annual Financial Report for Fiscal Year 2011.

I also certify that the amounts shown above as "Budgeted Expenditures, Fiscal Year 2012" agree with the amounts on the budget adopted by the Board of Education.

(Date)

Signature of Superintendent

If line 9 is greater than 5% please check one box below.☐

The District is ranked by ISBE in the lowest 25th percentile of like districts in administrative expenditures per student (4th quartile) and will waive the limitation by board action, subsequent to a public hearing. Waiver resolution must be adopted no later than June 30.

☐

The district is unable to waive the limitation by board action and will be requesting a waiver from the General Assembly pursuant to the procedures in Chapter 105 ILCS 5/2-3.25g. Waiver applications must be postmarked by August 12, 2011 to ensure inclusion in the Fall 2011 report, postmarked by January 13, 2012 to ensure inclusion in the Spring 2012 report, or postmarked by August 17, 2012 to ensure inclusion in the Fall 2012 report. Information on the waiver process can be found at www.isbe.net/isbewaivers/default.htm.

☒

The district will amend their budget to become in compliance with the limitation. Budget amendments must be adopted no later than June 30.

This page is provided for detailed itemizations as requested within the body of the report.
Type Below.

1. PG 9-14, FD 10, LN 107, PROG 1999	
OTHER LOCAL REVENUES - VENDING MACHINE	\$ (673)
OTHER LOCAL REVENUES - INSERVICE	\$ (48,122)
OTHER LOCAL REVENUES - OVERPAID CONTRIBUTIONS	\$ (21,134)
OTHER LOCAL REVENUES - OVERPAYMENT HOUSING DEPOSIT	\$ (213)
OTHER LOCAL REVENUES - GOVERNORS STATE UNIVERSITY	\$ (40,000)
OTHER LOCAL REVENUES - HINZ CLAIMS MGT	\$ (1,462)
OTHER LOCAL REVENUES - GUARDIAN REFUND	\$ (1,359)
OTHER LOCAL REVENUES - GFS MARKETPLACE	\$ (97)
OTHER LOCAL REVENUES - ROSA PARKS TEACHERS	\$ (20,000)
OTHER LOCAL REVENUES - MISC	\$ (19)
TOTAL	<u>\$ (133,079)</u>
2. PG 9-14, FD 10, LN 171, PROG 3999	
OTHER RESTRICTED REVENUE FROM STATE SOURCES - LIBRARY PER CAPITAL GRANT	\$ (997)
OTHER RESTRICTED REVENUE FROM STATE SOURCES - NATIONAL BOARD CERTIFICATION	\$ (1,760)
TEACHER MENTORING PILOT PROJECT	\$ (14,300)
TOTAL	<u>\$ (17,058)</u>
3. PG 9-14, FD 10, LN 270, PROG 4998	
OTHER RESTRICTED GRANTS RECEIVED FROM FEDERAL GOVERNMENT THROUGH STATE - TECH LITERACY CHALLENGE	\$ (938)
TOTAL	<u>\$ (938)</u>
4. PG 15-22, FD 10, LN 40, FUNCT 2190	
ACCT 100 - SALARIES - PAYROLL EXPENSE	\$ 141,502
ACCT 100 - SALARIES - P/R VOID CK#399118-ALLEN	\$ (27)
ACCT 100 - SALARIES - P/R VOID CK#404951-BROUGHTON	\$ (135)
ACCT 100 - SALARIES - P/R VOID CK#404951-BROUGHTON	\$ (70)
ACCT 100 - SALARIES - P/R VOID CK#404951-MILES	\$ (140)
ACCT 300 - PURCHASED SERVICES - JE 22 PER TONISHA	\$ 546
ACCT 400 - SUPPLIES & MATERIALS - DISTRICT SUPPLIES	\$ 36
ACCT 400 - SUPPLIES & MATERIALS - DISTRICT CROSSING GUARD	\$ 376
TOTAL	<u>\$ 142,088</u>
5. PG 15-22, FD 10, LN 72, FUNCT 2900	
ACCT 100 - SALARIES - PAYROLL EXPENSE	\$ 32,988
ACCT 200 - EMPLOYEE BENEFITS - JE 30	841
ACCT 300 - PURCHASED SERVICES - GEMS MENTORING SOLUTIONS	3,000
ACCT 300 - PURCHASED SERVICES - GEMS PROGRAM FOR KING/LINCOLN	3,000
ACCT 300 - PURCHASED SERVICES - DISTRICT MINORITY	1,107
ACCT 300 - PURCHASED SERVICES - BOX LUNCHES (42) CHILDREN	273
ACCT 300 - PURCHASED SERVICES - BOX LUNCHES (6) ADULTS	53
ACCT 300 - PURCHASED SERVICES - JE 14 PER TONISHA	1,485
ACCT 300 - PURCHASED SERVICES - MINORITY TEA	(230)
ACCT 300 - PURCHASED SERVICES - BUFFET LUNCHEON 42 CHILD/7 ADULT	299
ACCT 300 - PURCHASED SERVICES - MINORITY TEACHER SPRING BANQUET 5/	2,489
ACCT 300 - PURCHASED SERVICES - JE 31	533
ACCT 300 - PURCHASED SERVICES - ROSA PARKS SES 10/1 - 10/31	14,100
ACCT 300 - PURCHASED SERVICES - LINCOLN SES 10/1 - 10/31	15,400
ACCT 300 - PURCHASED SERVICES - ROSA PARKS SES 11/1 - 11/30	20,325
ACCT 300 - PURCHASED SERVICES - LINCOLN SES 11/1 - 11/30	20,100
ACCT 300 - PURCHASED SERVICES - ROSA PARKS SES - JAN 1 - 31	17,000
ACCT 300 - PURCHASED SERVICES - LINCOLN SES - JAN 1 - 31	16,000
ACCT 300 - PURCHASED SERVICES - ROSA PARKS SES DEC 1 - 31	15,075
ACCT 300 - PURCHASED SERVICES - LINCOLN SES DEC 1 - 31	15,000
ACCT 300 - PURCHASED SERVICES - DISTRICT TITLE I	966
ACCT 300 - PURCHASED SERVICES - MEDBSF	56
ACCT 300 - PURCHASED SERVICES - DISTRICT MEDICAID	5,657
ACCT 300 - PURCHASED SERVICES - SERVICE YEAR 2010	1,137
ACCT 400 - SUPPLIES & MATERIALS - JE 14 PER TONISHA	277
ACCT 400 - SUPPLIES & MATERIALS - MINORITY TEACHER DISTRICT SUPPLIES	151
TOTAL	<u>\$ 187,078</u>
6. PG 15-22, FD 10, LN 82, FUNCT 4190	
ACCT 300 - PURCHASED SERVICES - JE 30	\$ 3,500
ACCT 300 - PURCHASED SERVICES - SUMMER ENRICHMENT PROGRAM JUNE	3,000
ACCT 300 - PURCHASED SERVICES - HARVEY PARK/REC&UIC MATH DISTR	7,560
ACCT 300 - PURCHASED SERVICES - TUTORIAL ENGLISH AS A SECOND LANGUAGE	3,000
ACCT 300 - PURCHASED SERVICES - JE 30	(3,500)
ACCT 600 - OTHER OBJECTS - NATIONAL LUNCH PROGRAM OVERPAYMENT	1,495
ACCT 600 - OTHER OBJECTS - GRANT REIMBURSEMENT DISTRICT TITLE I	64,494
ACCT 600 - OTHER OBJECTS - GRANT REIMBURSEMENT DISTRICT TITLE IV	17,085
ACCT 600 - OTHER OBJECTS - ISBE REIMBURSEMENT FOR TITLE IV	1,364
ACCT 600 - OTHER OBJECTS - GRANT REIMBURSEMENT DISTRICT TITLE	32,574
ACCT 600 - OTHER OBJECTS - FINAL AUDITED EXPENDITURE REPORT	1,997
ACCT 600 - OTHER OBJECTS - ISBE REIMBURSEMENT E2T2 GRANT 2007	17,698
ACCT 600 - OTHER OBJECTS - DISTRICT ECE 3 - 5	6,185
ACCT 600 - OTHER OBJECTS - DISTRICT ECBG 0 -	5,905
ACCT 600 - OTHER OBJECTS - DISTRICT SUMMER	2,114
TOTAL	<u>\$ 164,471</u>
PG 15-22, FD 50, LN 230, FUNCT 2190	
ACCT 200 - EMPLOYEE BENEFITS - BOARD SHARE	\$ 12,904
ACCT 200 - EMPLOYEE BENEFITS - P/R VOID CK#399118-ALLEN	(2)
ACCT 200 - EMPLOYEE BENEFITS - P/R VOID CK#399118-BROUGHTON	(16)
ACCT 200 - EMPLOYEE BENEFITS - P/R VOID CK#399118-MILES	(11)
TOTAL	<u>\$ 12,876</u>
PG 15-22, FD 50, LN 271, FUNCT 2900	
ACCT 200 - EMPLOYEE BENEFITS - JE 27	\$ 53
ACCT 200 - EMPLOYEE BENEFITS - BOARD SHARE	268
	<u>\$ 321</u>

AUDITCHECK

LN 8

The District leased copiers as a regular function of its operations. The debt service payments are to be made from general funds. The function that applies to the initial recording of the capital lease is Internal Services (2570) which is an administrative cost center; the object code charged is Rentals (325). We believe that the calculation related to Limitation of Administrative Cost Worksheet would have been greatly distorted if this transaction was recorded; therefore, a deliberate entry was made to the AFR to record the obligation for the capital lease in function 4390 (an isolated account code). In addition, there is no provision to record the debt service payments to be made from general funds. ISBE will be consulted for resolution.

\$ 264,531

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2011

DISTRICT/JOINT AGREEMENT NAME WEST HARVEY-DIXMOOR SCHOOL D	RCDT NUMBER 07-016-1470-02	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 66-004104	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) DR. DONALD A. MCKINNEY		NAME AND ADDRESS OF AUDIT FIRM THE WALKER GROUP, LLC 1431 HUNTINGTON DRIVE CALUMET CITY	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 191 WEST 155TH PLACE HARVEY 60426		E-MAIL ADDRESS twg@thewalkergroup.com NAME OF AUDIT SUPERVISOR ROBIN WALKER	
		CPA FIRM TELEPHONE NUMBER (708) 868-2545	FAX NUMBER (708) 868-2577

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

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

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

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

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147

07-016-1470-02

A-133 SINGLE AUDIT INFORMATION CHECKLIST

The following checklist is **OPTIONAL**; it is not a required form for completion of A-133 Single Audit information. The purpose of the checklist is to assist in determining if appropriate information has been correctly completed within the Annual Financial Report (AFR). This is not a complete listing of all A-133 requirements, but highlights some of the more common errors found during ISBE reviews.

GENERAL INFORMATION

- ☒ 1. **Signed** copies of audit opinion letters have been included with audit package submitted to ISBE.
- ☒ 2. All opinion letters use the **most current audit language** as mandated in SAS 115/SAS 117 and other pronouncements.
- ☒ 3. **ALL** Single Audit forms within the AFR Excel workbook have been completed, where appropriate.
- For those forms that are not applicable, "N/A" or similar language has been indicated.
- ☒ 4. **ALL** Federal revenues reported in FRIS Report 0053 (Summary of Payments) are accounted for in the Schedule of Expenditures of Federal Awards (SEFA).
Programs funded through ARRA are identified separately in SEFA
- ☒ 5. Federal revenues reported on the AFR reconcile to Federal revenues reported on the SEFA.
- Verify or reconcile on reconciliation worksheet.
- ☒ 6. The total value of non-cash **COMMODITIES** has been included within the AFR on the **INDIRECT COSTS** page (IND COST INFO 30) on Line 12. It **should not** be included in the Statement of Revenues Received (REVENUES 9-14) within the AFR Accounts 4210 - 4299.
Those accounts are specific cash programs, not non-cash assistance such as **COMMODITIES**.
- ☐ 7. Complete audit package (Data Collection Form, audit reports, etc.) has been submitted electronically to the Federal Audit Clearinghouse in Jeffersonville, Indiana.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- ☒ 8. Programs funded through ARRA (Federal Stimulus funds) are identified separately from "regular" Federal programs
- Program name includes "ARRA - " prefix
- Correct ARRA CFDA and ISBE program numbers are listed
- ☒ 9. All prior year's projects are included and reconciled to final FRIS report amounts.
- Including receipt/revenue and expenditure/disbursement amounts.
- ☒ 10. All current year's projects are included and reconciled to most recent FRIS report filed.
- Including revenue and expenditure/disbursement amounts.
- ☒ 11. Differences in reported spending amounts on the SEFA and the final FRIS reports should be detailed and/or documented in a finding, with discrepancies reported as Questioned Costs.
- ☒ 12. Prior-year and Current-year Child Nutrition Programs (CNP) are included on the SEFA (with prior-year program showing total cash received):
Project year runs from October 1 to September 30, so projects will cross fiscal year;
This means that audited year revenues will include funds from both the prior year and current year projects.
- ☒ 13. Each CNP project should be reported on separate line (one line per project year per program).
- ☒ 14. Total CNP Revenue amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☒ 15. Total CNP Expenditure amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☒ 16. Exceptions should result in a finding with Questioned Costs.
- ☒ 17. The total value of **COMMODITIES** has been reported on the SEFA (CFDA 10.555).
- The value is determined from the following, with each item on a separate line:
 - ☒ * **Non-Cash Commodities**: Monthly Commodities Bulletin for April (From the Illinois Commodities System accessed through ISBE web site)
Total commodities = A PAL Allocated + B PAL Allocated + Processing Deductions + Total Bonus Allocated
Verify Non-Cash Commodities amount on ISBE web site: <http://www.isbe.net/business.htm>.
 - ☒ * **Non-Cash Commodities**: Commodities information for non-cash items received through **Other Food Services**
Districts should track separately through year; no specific report available from ISBE
Verify Non-Cash Commodities amount through Other Food Services on ISBE web site: <http://www.isbe.net/business.htm>.
 - ☒ * **Department of Defense Fresh Fruits and Vegetables** (District should track through year)
- The two commodity programs should be reported on separate lines on the SEFA.
Verify Non-Cash Commodities amount through DoD Fresh Fruits and Vegetables on ISBE web site: <http://www.isbe.net/business.htm>.
 - ☒ * Amounts verified for **Fresh Fruits and Vegetables** cash grant program (ISBE code 4240)
CFDA number: 10.582
- ☒ 18. **TOTALS** have been calculated for Federal revenue and expenditure amounts (Column totals).
- ☒ 19. Obligations and Encumbrances are included where appropriate.
- ☒ 20. **FINAL STATUS** amounts are calculated, where appropriate.
- ☒ 21. Medicaid Fee-for-Service funds, E-Rate reimbursements and Build America Bond interest subsidies have **not** been included on the SEFA.
- ☒ 22. **All** programs tested (not just Type A programs) are indicated by either an * or (M) on the SEFA.
- ☒ 23. **NOTES TO THE SEFA** within the AFR Excel workbook (SEFA-2) have been completed.
Including, but not limited to:
 - ☒ 24. Basis of Accounting
 - ☒ 25. Name of Entity
 - ☒ 26. Type of Financial Statements
 - ☒ 27. Subrecipient information (Mark "N/A" if not applicable)
 - ☒ * ARRA funds are listed separately from "regular" Federal awards

SUMMARY OF AUDITOR RESULTS/FINDINGS/CORRECTIVE ACTION PLAN

- ☒ 28. Audit opinions expressed in opinion letters match opinions reported in Summary.
- ☒ 29. **All** Summary of Auditor Results questions have been answered.
- ☒ 30. All tested programs are listed.
- ☒ 31. Correct testing threshold has been entered. (OMB A-133, §.520)

Findings have been filled out completely and correctly (if none, mark "N/A").

- ☒ 32. Financial Statement and/or Federal Awards Findings information has been completely filled out for each finding.
- ☒ 32. Finding completed for each **Significant Deficiency** and for each **Material Weakness** noted in opinion letters.
- ☒ 33. Separate finding for each Federal program (i.e., don't report same finding for multiple programs on one sheet).
- ☒ 34. Separate finding sheet for each finding on programs (e.g., excess interest earned and unallowable expenditures are two findings and should be reported separately, even if both are on same program).
- ☒ 35. Questioned Costs have been calculated where there are questioned costs.
- ☒ 36. Questioned Costs are separated by project year **and** by program.
- ☒ 37. Questioned Costs have been calculated for Interest Earned on **Excess Cash on Hand**.
- Should be based on actual amount of interest earned
- Questioned Cost amounts are broken out between programs if multiple programs are listed on the finding
- ☒ 38. **A CORRECTIVE ACTION PLAN** has been completed for each finding.
- Including Finding number, action plan details, projected date of completion, name and title of contact person

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02

RECONCILIATION OF FEDERAL REVENUES

Annual Financial Report to Schedule of Expenditures of Federal Awards

TOTAL FEDERAL REVENUE IN AFR

Account Summary 7-8, Line 7	Account 4000	\$ 3,987,126
Flow-through Federal Revenues		
Revenues 9-14, Line 112	Account 2200	-
Value of Commodities		
Indirect Cost Info 30, Line 11		23,487
Less: Medicaid Fee-for-Service		
Revenues 9-14, Line 269	Account 4992	(108,431)
AFR TOTAL FEDERAL REVENUES:		\$ 3,902,182

ADJUSTMENTS TO AFR FEDERAL REVENUE AMOUNTS:

Reason for Adjustment:

Title III - English Lang Aquisition - Reimbursement to ISBE	\$ 886
-----	-----
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ADJUSTED AFR FEDERAL REVENUES	\$ 3,903,068
--------------------------------------	---------------------

Total Current Year Federal Revenues Reported on SEFA:	
Federal Revenues	Column D \$ 3,903,068

Adjustments to SEFA Federal Revenues:

Reason for Adjustment:

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ADJUSTED SEFA FEDERAL REVENUE:	\$ 3,903,068
---------------------------------------	---------------------

DIFFERENCE:	\$ -
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WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)
			Year 7/1/09-6/30/10 (C)	Year 7/1/10-6/30/11 (D)	Year 7/1/09-6/30/10 (E)	Year 7/1/10-6/30/11 (F)		
US Department of Education/ Illinois State Board of Education								
Title I - Low Income (M)	84.010A	2011-4300		1,169,918		1,263,455		
Title I - Low Income (M)	84.010A	2010-4300	934,344	415,258	1,194,994	102,688		1,297,682
Title IV - Safe & Drug Free Schools	84.186A	2010-4400	14,495	1,077	15,572			15,572
Title III - English Language Acquisition	84.365A	2011-4909		24,689		31,864		
Title III - English Language Acquisition	84.365A	2010-4909	10,000		9,096			9,096
Title II - Teacher Quality	84.367A	2011-4932		217,041		222,060		
Title II - Teacher Quality	84.367A	2010-4932	227,376		227,376			227,376
Technology Enhancing Education - Formula	84.318X	2010-4971	10,536	938	15,045			15,045
Title IV - 21st Century Community	84.287C	2011-4421		227,696		241,498		
Title IV - 21st Century Community	84.287C	2010-4421	245,327		228,679	8,729		237,408

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

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Budget
(l)
1,332,727
1,349,602
15,572
33,129
10,000
222,060
227,376
15,045
250,000
250,000

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)
			Year 7/1/09-6/30/10 (C)	Year 7/1/10-6/30/11 (D)	Year 7/1/09-6/30/10 (E)	Year 7/1/10-6/30/11 (F)		
US Department of Education/ Illinois State Board of Education								
ARRA General State Aid - Sec	84.394A	2010-4850	1,334,162		1,334,162			1,334,162
ARRA - Title I - Low Income (M)	84.389A	2011-4851		14,999		3,659		
ARRA - Title I - Low Income (M)		2010-4851	707,440		715,862	1,663		717,525
ARRA - NSLP Nutrition Equipment Assistance Program	10.579	2010-4863	105,605		105,605			105,605
ARRA General State Aid - Government SFSF	84.397A	2010-4870	444,098		444,098			444,098
ARRA-Education Jobs Fund Program (M)	84.410A	2011-4880		532,604		842,020		
US Department of Education/Exceptional Children Have Opportunities								
ARRA - PART B - PRESCHOOL (M)	84.392A	2011-4856				10,530		10,530
ARRA - PART B - PRESCHOOL		2010-4856		8,562	8,562			8,562
ARRA - PART B - FLOW-THROUGH (M)	84.391A	2011-4857		45,015		120,918		120,918
ARRA - PART B - FLOW-THROUGH		2010-4857		152,639	152,639			152,639

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

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Budget
(l)
722,439
11,749
157,783

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)
			Year 7/1/09-6/30/10 (C)	Year 7/1/10-6/30/11 (D)	Year 7/1/09-6/30/10 (E)	Year 7/1/10-6/30/11 (F)		
US Department of Education/ Illinois State Board of Education								
IDEA Flow Through / Low Incident (M)	84.027A	2011-4620		167,002		234,455		
IDEA Preschool Flow Through	84.173A	2010-4600		5,671				
IDEA Flow Through - RTI (M)	84.027A	2011-4621				5,784		
IDEA Flow Through / Low Incident	84.027A	2010-4620	78,754		78,754			78,754
IDEA Flow Through - PBIS (M)	84.027A	2011-4622				12,671		
IDEA Flow Through - RTI	84.027A	2010-4621			7,285			
IDEA Flow Through - PBIS	84.027A	2010-4622			9,236			
IDEA - Room & Board	84.027A	2010-4625		1,747				

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

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

[illegible]

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)
			Year 7/1/09-6/30/10 (C)	Year 7/1/10-6/30/11 (D)	Year 7/1/09-6/30/10 (E)	Year 7/1/10-6/30/11 (F)		
US Department of Health & Human Services/ State of Illinois Healthcare and Family Services								
Medicaid Matching Funds - Administrative Outreach	93.778	2011-4991		67,531		84,436		
Medicaid Matching Funds - Administrative Outreach	93.778	2010-4991	24,901	16,906	41,807			41,807
US Department of Agriculture/Illinois State Board of Education								
National School Lunch Program (M)	10.555	2011-4210		438,787		646,596		
National School Lunch Program (M)	10.555	2010-4210	426,985	112,949	502,065			
School Breakfast Program (M)	10.553	2011-4220		130,640				
School Breakfast Program (M)	10.553	2010-4220	125,304	44,199	149,968			
Fresh Fruit and Vegatable Program (M)	10.582	2011-4240		83,713				
National School Lunch Program - Commodities	10.555	01606900A2011		23,487		21,070		
National School Lunch Program - Commodities	10.550	01606900A2010	37,419		25,047			25,047
Total Federal Funding			4,726,746	3,903,068	5,265,852	3,854,096	0	4,841,826

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

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending June 30, 2011

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of West Harvey-Dixmoor School District 147 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Subrecipients⁶

Of the federal expenditures presented in the schedule, West Harvey-Dixmoor School District 147 provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipients
There were no federal awards provided to subrecipients during the year.		

⁵ This note is included to meet the Circular A-133 requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule.

⁶ Circular A-133 requires the schedule of expenditures of federal awards to include, to the extent practical, an identification of the total amount provided to subrecipients, from each federal program. Although this example includes the required subrecipie

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Adverse - Regulatory Basis
(Unqualified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? X YES NO
- Significant Deficiency(s) identified that are not considered to be material weakness(es) X YES None Reported
- Noncompliance material to financial statements noted? YES X NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? X YES NO
- Significant Deficiency(s) identified that are not considered to be material weakness(es) X YES None Reported

Type of auditor's report issued on compliance for major programs: Qualified
(Unqualified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § .510(a)? X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰
84.389A	ARRA - Title I - Low Income
84.391A	ARRA - Part B - Flow-Through
84.392A	ARRA - Part B - Preschool
84.410A	ARRA - Education Jobs Fund Program
84.173A	IDEA - Preschool Flow Through
84.027A	IDEA - FlowThrough RTI
84.027A	IDEA - FlowThrough PBIS
84.010A	Title I - Low Income
10.555	National School Lunch Program
10.553	School Breakfast Program
10.582	Fresh Fruits and Vegetables Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? YES X NO

⁷ If the audit report for one or more major programs is other than unqualified, indicate the type of report issued for each program. Example: "Unqualified for all major programs except for [name of program], which was qualified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the CFDA number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Harvey-Dixmoor Public School District 147 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – SUBRECIPIENTS

There were no subrecipients for the year ended June 30, 2011.

NOTE 3 – LOANS OUTSTANDING

There were no federal loans outstanding for the year ended June 30, 2011.

NOTE 4 – NON-CASH ASSISTANCE

West Harvey-Dixmoor Public School District 147 expended non-cash assistance in the amount of \$23,487 for the year ended June 30, 2011.

NOTE 5 – INSURANCE

West Harvey-Dixmoor Public School District 147 had no federal insurance for the year ended June 30, 2011.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. **FINDING NUMBER:**¹¹ 09-01 2. **THIS FINDING IS:** ☐ New ☒ Repeat from Prior Year?
 Year originally reported? 2009

3. Criteria or specific requirement

Financial statements and corresponding footnotes are the responsibility of management and should be prepared by staff of the District, including all journal entries necessary to provide accurate and current financial information.

4. Condition

Certain employees of the District and the Treasurer's office record and perform analysis of the day-to-day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. Journal entries to record, adjust or correct certain transactions were not made. In addition, the District has not adopted the Government Auditing Standards Board Statement Number 34 (GASB 34).

5. Context¹²

None

6. Effect

As a result, it was necessary for the audit firm to propose a number of adjusting journal entries and to prepare the District's financial statements reported on a regulatory basis.

7. Cause

Certain accounts, allocations and transactions recorded by the District and Township Treasurer's office were not reviewed to ensure accuracy. In addition, there has been no action towards implementing GASB 34.

8. Recommendation

We recommend that the District's management assign a designated employee the responsibility to analyze and reconcile general ledger accounts, on a consistent basis, to ensure the accuracy of its financial statements. In addition, GASB 34 should be implemented so that the District complies with accounting principles generally accepted in the United States of America.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-02 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE I - Low Income - 2008

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for two function and object codes exceeded the amount recorded in the District's financial statements by \$64,494.

10. Questioned Costs¹⁶

Recovered

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

In some instances, it appears that the grant reporting utility system output is manually altered to increase or decrease an account to be reported as expended. The adjustments were not supported by documentation of expenditures incurred in the program year. Communication of certain adjustments did not occur between users of the system. The adjustments caused inaccurate reporting of expenditures.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reporting its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-03 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE IV - SAFE & DRUG FREE SCHOOLS - FORMULA

4. Project No.: 4400 5. CFDA No.: 84.186A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

A program expenditure was reported in a function code that was different than the function recorded in the financial statements.

10. Questioned Costs¹⁶

Recovered

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Position reported in the general ledger was different from the position reported to ISBE.

13. Cause

A program position was budgeted and recorded in the payroll system to a function code in accordance with the job description; the same position was budgeted and reported to ISBE in a different function code.

14. Recommendation

We recommend that the heads of departments of the assistant superintendent's office and the business office, in addition to the superintendent, approve grant program budgets and any subsequent amendments prior to submission to the funding source to ensure that both fiscal systems are in agreement when transactions occur.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-04 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE IV - 21st CENTURY COMMUNITY LEARNING CENTERS

4. Project No.: 4421 5. CFDA No.: 84.287C

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to for one function and object code exceeded the amount recorded in the District's financial statements by \$1,555.

10. Questioned Costs¹⁶

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

In some instances, it appears that the grant reporting utility system output is manually altered to increase or decrease an account to be reported as expended. The adjustments were not supported by documentation of expenditures incurred in the program year. Communication of certain adjustments did not occur between users of the system. The adjustments caused inaccurate reporting of expenditures.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reporting its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-05 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE IV - 21st CENTURY COMMUNITY LEARNING CENTERS

4. Project No.: 4421 5. CFDA No.: 84.287C

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totalling \$2,952.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs were not budgeted to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-06 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE III - LANG INSTRUCTION PROGRAM - LIMITED ENGLISH - 2008

4. Project No.: 4909 5. CFDA No.: 84.365A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$886.

10. Questioned Costs¹⁶

Unknown

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

In some instances, it appears that the grant reporting utility system output is manually altered to increase or decrease an account to be reported as expended. The adjustments were not supported by documentation of expenditures incurred in the program year. Communication of certain adjustments did not occur between users of the system. The adjustments caused inaccurate reporting of expenditures.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reporting its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-07 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE II - TEACHER QUALITY

4. Project No.: 4932 5. CFDA No.: 84.367A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$32,574.

10. Questioned Costs¹⁶

Recovered

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

In some instances, it appears that the grant reporting utility system output is manually altered to increase or decrease an account to be reported as expended. The adjustments were not supported by documentation of expenditures incurred in the program year. Communication of certain adjustments did not occur between users of the system. The adjustments caused inaccurate reporting of expenditures.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reporting its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-08 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TITLE II - TEACHER QUALITY

4. Project No.: 4932 5. CFDA No.: 84.367A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for two function and object codes were not reported as expenditures to ISBE totalling \$38,639.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs were not budgeted to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-09 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TECHNOLOGY - ENHANCING EDUCATION - COMPETITIVE - 2008

4. Project No.: 4972 5. CFDA No.: 84.318X

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$17,698.

10. Questioned Costs¹⁶

Recovered

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

In some instances, it appears that the grant reporting utility system output is manually altered to increase or decrease an account to be reported as expended. The adjustments were not supported by documentation of expenditures incurred in the program year. Communication of certain adjustments did not occur between users of the system. The adjustments caused inaccurate reporting of expenditures.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reporting its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 09-10 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? 2009

3. Federal Program Name and Year: TECHNOLOGY - ENHANCING EDUCATION - COMPETITIVE - 2008

4. Project No.: 4972 5. CFDA No.: 84.318X

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for five function and object codes were not reported as expenditures to ISBE totalling \$12,417.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District has developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs were not budgeted and/or billed to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 10-01 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
 Year originally reported? _____

3. Criteria or specific requirement

Financial statements and corresponding footnotes are the responsibility of management and should be prepared by staff of the District, including all journal entries necessary to provide accurate and current financial information.

4. Condition

Certain employees of the District and the Treasurer's office record and perform analysis of the day-to-day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. Journal entries to record, adjust or correct certain transactions were not made. Interfund loans made to two funds were not recorded. In addition, the District has not adopted the Government Auditing Standards Board Statement Number 34 (GASB 34).

5. Context¹²

None

6. Effect

As a result, it was necessary for the audit firm to propose a number of adjusting journal entries and to prepare the District's financial statements reported on a regulatory basis.

7. Cause

Certain accounts, allocations and transactions recorded by the District and Township Treasurer's office were not reviewed to ensure accuracy. In addition, there has been no action towards implementing GASB 34.

8. Recommendation

We recommend that the District's management assign a designated employee the responsibility to analyze and reconcile general ledger accounts, on a consistent basis, to ensure the accuracy of its financial statements. In addition, GASB 34 should be implemented so that the District complies with accounting principles generally accepted in the United States of America.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 10-02 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2009

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:
Expenditures charged to ISBE for six function and object codes exceeded the amount recorded by the District.

10. Questioned Costs¹⁶

Recovered

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Certain federal programs extend over two fiscal years. The grant reporting utility module is run to reflect the period of availability. Due to parameters determined for a given period, it appears that in some cases expenditures are claimed prior to the reporting period. Periodic reconciliations are prepared for various federal awards, but may not be available during the reporting process. In certain instances expenditures were inaccurate.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual and grant administration process to ensure a standardized and accurate reporting process. Quarterly expenditure reports should be in agreement with the District's financial statements for each reporting period. The Assistant Superintendent and Business Manager should review and approve all quarterly expenditure reports prior to submission. The Superintendent, in addition to the above administrators should review and approve the final annual expenditure report prior to submission.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 10-03 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2009

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totalling \$75,291.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs were either not budgeted or not billed to ISBE. Certain federal programs extend over two fiscal years. The grant reporting utility module is run to reflect the period of availability. Due to parameters determined for a given period, it appears that in some cases expenditures are claimed prior to the reporting period. Periodic reconciliations are prepared for various federal awards, but may not be available during the reporting process. In certain instances expenditures were inaccurate or not claimed.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual and grant administration process to ensure a standardized and accurate reporting process. Quarterly expenditure reports should be in agreement with the District's financial statements for each reporting period. The Assistant Superintendent and Business Manager should review and approve all quarterly expenditure reports prior to submission. The Superintendent, in addition to the above administrators should review and approve the final annual expenditure report prior to submission.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 10-04 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TECHNOLOGY - ENHANCING EDUCATION - 2009

4. Project No.: 4971 5. CFDA No.: 84.318X

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object codes exceeded the amount recorded by the District.

10. Questioned Costs¹⁶

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Certain federal programs extend over two fiscal years. The grant reporting utility module is run to reflect the period of availability. Due to parameters determined for a given period, it appears that in some cases expenditures are claimed prior to the reporting period. Periodic reconciliations are prepared for various federal awards, but may not be available during the reporting process. In certain instances expenditures were inaccurate.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual and grant administration process to ensure a standardized and accurate reporting process. Quarterly expenditure reports should be in agreement with the District's financial statements for each reporting period. The Assistant Superintendent and Business Manager should review and approve all quarterly expenditure reports prior to submission. The Superintendent, in addition to the above administrators should review and approve the final annual expenditure report prior to submission.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 10-05 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE IV - 21st CENTURY COMMUNITY LEARNING CENTERS - 2010

4. Project No.: 4421 5. CFDA No.: 84.287C

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for two function and object codes exceeded the amount recorded by the District.

10. Questioned Costs¹⁶

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Certain federal programs extend over two fiscal years. The grant reporting utility module is run to reflect the period of availability. Due to parameters determined for a given period, it appears that in some cases expenditures are claimed prior to the reporting period. Periodic reconciliations are prepared for various federal awards, but may not be available during the reporting process. In certain instances expenditures were inaccurate.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual and grant administration process to ensure a standardized and accurate reporting process. Quarterly expenditure reports should be in agreement with the District's financial statements for each reporting period. The Assistant Superintendent and Business Manager should review and approve all quarterly expenditure reports prior to submission. The Superintendent, in addition to the above administrators should review and approve the final annual expenditure report prior to submission.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 10-06 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE II - TEACHER QUALITY - 2010

4. Project No.: 4932 5. CFDA No.: 84.367A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for two function and object codes were not reported as expenditures to ISBE totalling \$10,880.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilizes a grant reporting utility to generate program expenditures charged to grants. The District developed a procedures manual for contract administration that addresses recording, monitoring and reporting of its federal grants.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs were either not budgeted or not billed to ISBE. Certain federal programs extend over two fiscal years. The grant reporting utility module is run to reflect the period of availability. Due to parameters determined for a given period, it appears that in some cases expenditures are claimed prior to the reporting period. Periodic reconciliations are prepared for various federal awards, but may not be available during the reporting process. In certain instances expenditures were inaccurate or not claimed.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual and grant administration process to ensure a standardized and accurate reporting process. Quarterly expenditure reports should be in agreement with the District's financial statements for each reporting period. The Assistant Superintendent and Business Manager should review and approve all quarterly expenditure reports prior to submission. The Superintendent, in addition to the above administrators should review and approve the final annual expenditure report prior to submission.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 11-01 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior Year?
 Year originally reported? _____

3. Criteria or specific requirement

Financial statements and corresponding footnotes are the responsibility of management and should be prepared by staff of the District, including all journal entries necessary to provide accurate and current financial information.

4. Condition

Certain employees of the District and the Treasurer's office record and perform analysis of the day-to-day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. In addition, the District uses the Illinois Program Accounting Manual (IPAM) as a reference for its chart of accounts. Several transactions were recorded incorrectly, charging accounts that are not in accordance with revised IPAM program, function and object codes. In addition, journal entries to record, adjust or correct certain transactions were not made.

5. Context

District personnel responsible for assigning account coding, authorizing, processing and recording transactions must have utilize the IPAM to ensure that transactions are accurately reflected in the financial statements and other regulatory reporting.

6. Effect

As a result, it was necessary for the audit firm to propose a number of adjusting journal entries to correct the District's financial statements.

7. Cause

Certain accounts, allocations and transactions recorded by the District and Township Treasurer's office were not analyzed to ensure completion, accuracy and compliance with IPAM.

8. Recommendation

We recommend that the District's administration assign a designated employee the responsibility to analyze and reconcile general ledger accounts, on a consistent basis, to ensure the accuracy of its financial statements.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 11-02 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior Year?
 Year originally reported? _____

3. Criteria or specific requirement

Financial statements of the District reflect purchases made in accordance with guidelines and requirements for operating school programs and administrative functions. These purchases include equipment utilized for instruction and administration of programs. It is the responsibility of the District to safeguard these assets.

4. Condition

Designated personnel in the District Office make purchases and receive equipment to be distributed to its schools and administrative offices. The equipment is decalced and listed in a log that identifies its serial or other identifying number and location. The District does not consistently decal the equipment and does not consistently list the item, identifying number and location in the log. Items should be logged in upon receipt, prior to distribution and operation. During the audit, a request was made to observe certain equipment purchased by the District. Twenty-seven items of equipment were not located for observation.

5. Context

The District did not log items upon receipt; purchase order designated general distribution.

6. Effect

The financial statements are misstated as they reflect purchases that are not accounted for in the property inventory of the District. The equipment is not available for the use that it was intended.

7. Cause

Some items were not identified when received; subsequently they were not logged and have not been located.

8. Recommendation

We recommend that the District implement a comprehensive property management system that includes a record of all applicable property, its purchase history, location and source of funds used for the purchase. A method of tracking property charged to grants should be inclusive in the process to include an encumbrance, obligation, expenditure and report of funds for grant purposes. Departments responsible for recording, monitoring and reporting grant expenditures should receive reports consistent with the process.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. **FINDING NUMBER:**¹¹ 11-03 2. **THIS FINDING IS:** ☒ New ☐ Repeat from Prior Year?
 Year originally reported? _____

3. Criteria or specific requirement

The District has the fiduciary responsibility to administer the finances of its operations. Personnel are guided by defined procedures necessary to process transactions for payment. The procedures require consistent enforcement in an effort to maintain internal control over the District's fiscal activities.

4. Condition

Personnel are guided by standard procedures used to process financial transactions of the District. The responsibility of the administration is to ensure that the procedures and processes are strictly complied with in an effort to ensure accuracy and validity. The District processes transactions based on preapproved purchases (purchase order (PO)), routine payments and other recurring expenses. PO's required for certain purchases are generated to reflect the actual cost of the item(s), an account number to record and preauthorize the disbursement of funds upon receipt of an invoice. Other expenditures are authorized by appropriate personnel upon receipt of the invoice or are preapproved for payment due to their nature (ex. Utilities, etc.) The transaction should be supported by documentation, an account number affixed so that the transaction is permanently traceable to the financial statements. All transactions, payable by check, should be processed in accordance with the procedures that have been established for processing vendor payments, including payroll benefit payments. Similar procedures should be used to process electronic funds transfers. The District processes several transactions during a period and does not consistently adhere to the procedures. Many transactions that were examined were not authorized, were not supported by documentation, did not indicate an accounts number, did not have a purchase order and/or were not canceled upon payment.

5. Context

Vendor transactions are processed by the accounts payable position; payroll benefits are processed by the payroll position. Transactions are processed using various procedures based on the type of payment. Each type of payment requires specific controls to ensure validity, accuracy and appropriate reporting in the financial statements.

6. Effect

Transactions may not be valid or authorized if not supported by required documentation; distribution of expenses to certain accounts may not be accurate causing the financial statements to be misstated; expenditures may be incorrectly charged to programs.

7. Cause

Required procedures are not consistently applied and enforced. Invoices or other applicable supporting documentation are required to process a transaction but may be removed and not returned to the appropriate filing location. Authorization of transactions, and affixed account number, mostly related to recurring expenditures, are not consistently applied and may bypass this procedure. It is not a procedure for the District to cancel invoices upon payment using a "Paid" notation, instead the invoice is marked "A/P" when processed for payment.

8. Recommendation

We recommend that the District reevaluate its processing of purchase and benefit payment transactions to ensure that the procedure is applied consistently and that transactions are canceled and filed appropriately. If access is required a written log documenting the release of a file or document may be helpful.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 11-04 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior Year?
 Year originally reported? _____

3. Criteria or specific requirement

Compensated absences are made available to employees of the District as a benefit. Employees are entitled to usage upon receipt of available time in accordance with certain employment agreements. The District who administers the leave and the employee are responsible for the accuracy of reporting its usage.

4. Condition

The District provides benefits to its employees based on either contract agreement or guidelines established within. Time allowed and taken is tracked in a computerized attendance verification system. The system is designed to record each type of absence obligated by the District. The District records leave taken when requests are made and approved by authorized personnel. In addition, certain staff sign in and out indicating a work day; a blank signature line represents an absence. Also, certain employees are required to call in an absence that, if necessary, generates temporary personnel to be notified for coverage in a classroom. The District's systems of generating information regarding leave time do not consistently correspond to each other. In some cases the attendance verification system calculated inaccurate balances. The District's process for reporting, monitoring and tracking leave time should correspondence so that subsystems serve as a reliable support for the attendance verification system.

5. Context

The District must place reliance on its attendance tracking systems to ensure proper administration of its paid leave policies and procedures.

6. Effect

The District cannot rely on its systems of tracking leave time off to ensure proper administration of its policies and procedure

7. Cause

Required documents are not consistently completed; reported absentee calls are not made in all cases, time sheets do not consistently contain information regarding the absence. Although required, these procedures are not consistently applied or enforced.

8. Recommendation

We recommend that the District evaluate all attendance tracking systems, correct any errors, system malfunctions, and corresponding communications of available leave time to employees.

We recommend that the District consistently apply all procedures implemented to request leave time. The policies of the District should be enforced by those authorized to grant and approve leave time.

9. Management's response¹³

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-05 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2010

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with the approved the budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for five function and object codes exceeded the amount recorded in the District's financial statements by \$2,734.

10. Questioned Costs¹⁶

1000-200	\$ 248
1000-400	1,292
2330-333	14
2330-410	499
3000-390	<u>941</u>
TOTAL	\$ 2,734

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed did not agree with transactions recorded in the financial statements and were not supported by documentation.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process of reporting transactions to ISBE that are charged to the appropriate program and account. Quarterly expenditure reports should be reviewed and approved by the assistant grant administration and the business office; final expenditure reports should be reviewed and approved by department heads of the grant administration and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-06 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2010

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for one function and object codes were not reported as expenditures to ISBE totaling \$13,029.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs either exceeded or were not budgeted to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-07 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2010

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

During the audit, a request was made to observe certain equipment charged to grants. Equipment for expenditures charged to ISBE for two function and object codes was not located for observation. (See Fdg. No. 11-02)

10. Questioned Costs¹⁶

1000-700 \$ 5,401

2210-700 1,838

TOTAL \$ 7,239

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting. Equipment is assigned to either schools or administrators of the District and should be decaled in accordance with its source of funds.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed was supported by documentation and agreed with transactions recorded in the financial statements, however, the equipment was not located for observation. Items were not traceable to a location.

14. Recommendation

We recommend that the District implement a comprehensive property management system that includes a record of all applicable property, its purchase history, location and source of funds used for the purchase. A method of tracking property charged to grants should be inclusive in the process to include an encumbrance, obligation, expenditure and report of funds for grant purposes. Departments responsible for recording, monitoring and reporting grant expenditures should receive reporting consistent with the process.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-08 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE IV - SAFE & DRUG FREE SCHOOLS - FORMULA - 2010

4. Project No.: 4421 5. CFDA No.: 84.186A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with the approved the budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:
 Expenditures charged to ISBE for three function and object codes exceeded the amount recorded in the District's financial statements by \$5,046.

10. Questioned Costs¹⁶

1110-390	\$ 2,500
3000-410	446
4190-390	<u>2,100</u>
TOTAL	\$ 5,046

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed did not agree with transactions recorded in the financial statements and were not supported by documentation.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process of reporting transactions to ISBE that are charged to the appropriate program and account. Quarterly expenditure reports should be reviewed and approved by the assistant grant administration and the business office; final expenditure reports should be reviewed and approved by department heads of the grant administration and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-09 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE IV - SAFE & DRUG FREE SCHOOLS - FORMULA - 2010

4. Project No.: 4421 5. CFDA No.: 84.186A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totaling \$10,159.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs either exceeded or were not budgeted to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-10 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: ARRA - TITLE I - Low Income - 2010

4. Project No.: 4851 5. CFDA No.: 84.389A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with the approved the budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for two function and object codes exceeded the amount recorded in the District's financial statements by \$3,206. *\$1,996 was charged to ISBE for a code that no longer represents equipment; the amount was reclassified to Acct. 700. In addition, equipment for the same expenditure charged to ISBE was not located for observation. (See 11-03)

10. Questioned Costs¹⁶

1000-100 \$ 815

2210-541 2,391*

TOTAL \$ 3,206

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed did not agree with transactions recorded in the financial statements and were not supported by documentation.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process of reporting transactions to ISBE that are charged to the appropriate program and account. Quarterly expenditure reports should be reviewed and approved by the assistant grant administration and the business office; final expenditure reports should be reviewed and approved by department heads of the grant administration and the business office in addition to the superintendent. We also recommend that the IPAM be referenced each year to ensure that financial statement entries are charged to the appropriate account.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-11 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: ARRA - TITLE I - Low Income - 2010

4. Project No.: 4851 5. CFDA No.: 84.389A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with approved budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totaling \$3,038.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures were incurred in the program that will not be reimbursed by program revenues.

13. Cause

Expenditures that were incurred as program costs either exceeded or were not budgeted to ISBE.

14. Recommendation

We recommend that the departments responsible for recording, monitoring and reporting grant expenditures consistently utilize its procedures manual to ensure a standardized process for reimbursing its expenditures. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by department heads of the assistant superintendent's office and the business office in addition to the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-12 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: ARRA - PART B PRESCHOOL - 2011

4. Project No.: 4856 5. CFDA No.: 84.392A

6. Passed Through: EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES (ECHO)

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ECHO in accordance with approved budget. Financial records must agree with actual expenditures reported to ECHO.

9. Condition¹⁵

Program expenditures were not accurately reported to ECHO as follows:

During the audit, a request was made to observe certain equipment charged to grants. Expenditure charged to ECHO for one function and object code was not located for observation. (See Fdg. No. 11-02)

10. Questioned Costs¹⁶

2331-700 \$1,219

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting. Equipment is assigned to either schools or administrators of the District and should be decaled in accordance with its source of funds.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed was supported by documentation and agreed with transactions recorded in the financial statements, however, the equipment was not located for observation. Items were not traceable to a location.

14. Recommendation

We recommend that the District implement a comprehensive property management system that includes a record of all applicable property, its purchase history, location and source of funds used for the purchase. A method of tracking property charged to grants should be inclusive in the process to include an encumbrance, obligation, expenditure and report of funds for grant purposes. Departments responsible for recording, monitoring and reporting grant expenditures should receive reporting consistent with the process.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-13 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: ARRA - PART B - FLOW-THROUGH - 2011

4. Project No.: 4857 5. CFDA No.: 84.391A

6. Passed Through: EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES (ECHO)

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ECHO in accordance with approved budget. Financial records must agree with actual expenditures reported to ECHO.

9. Condition¹⁵

Program expenditures were not accurately reported to ECHO as follows:

During the audit, a request was made to observe certain equipment charged to grants. Expenditure charged to ECHO for one function and object code was not located for observation. (See Fdg. No. 11-02)

10. Questioned Costs¹⁶

1220-700 \$817

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting. Equipment is assigned to either schools or administrators of the District and should be decaled in accordance with its source of funds.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Amount claimed was supported by documentation and agreed with transactions recorded in the financial statements, however, the equipment was not located for observation. Items were not traceable to a location.

14. Recommendation

We recommend that the District implement a comprehensive property management system that includes a record of all applicable property, its purchase history, location and source of funds used for the purchase. A method of tracking property charged to grants should be inclusive in the process to include an encumbrance, obligation, expenditure and report of funds for grant purposes. Departments responsible for recording, monitoring and reporting grant expenditures should receive reporting consistent with the process.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-14 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: NATIONAL LUNCH PROGRAM - 2011

4. Project No.: 4210 5. CFDA No.: 10.555

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal programs must charge expenditures to ISBE in accordance with the approved the budget. Financial records must agree with actual expenditures reported to ISBE.

9. Condition¹⁵

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$79,602. Documentation supporting the expenditure could not be located.

10. Questioned Costs¹⁶

2562-390 \$79,602

11. Context¹⁷

Quarterly expenditure reports are submitted to ISBE containing itemized expenditures charged to specific federal programs. The District utilized a grant reporting utility within the accounting software package used for financial reporting.

12. Effect

Expenditures reported to ISBE were overstated.

13. Cause

Required procedures are not consistently applied and enforced. Invoices or other appropriate supporting documentation are required to process a transaction but may be removed and not returned to the vendor file.

14. Recommendation

We recommend that the District reevaluate its processing of purchase transactions to ensure that the procedure is applied consistently and that the documentation is filed appropriately. If access is required a written log documenting the release of a file or document may be helpful.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-15 **2. THIS FINDING IS:** ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: NATIONAL LUNCH PROGRAM - 2011

4. Project No.: 4210 **5. CFDA No.:** 10.555

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

The National School Lunch Program provides for meals for students and is designed to reduce meal costs to certain participants. Applicants must meet national eligibility requirements to participate in the free and reduced program. The District must certify the participants based on certain criteria as outlined by program guidelines. Applications are taken at the beginning of each school year to verify eligibility.

9. Condition¹⁵

During examination of certain applications, there were various exceptions found in the completion process. The examination consisted of a review of the application to ensure compliance with program guidelines as it relates to eligibility. There were 430 applications selected systematically selected from all schools. The following exceptions were noted:

- 24 – Application not provided
- 35 – Direct certification not provided
- 40 – Application incomplete
 - 3 – Household size inconsistent on application
 - 6 – Applicant's signature not on application
 - 2 – No determining official signature
- 31 – Approval letter incomplete
 - 1 – Original application not provided (copy provided)
 - 3 – Applicant listed as free should be reduced
 - 4 – Application status incorrect based on income verification
 - 1 – Applications listed as reduced should be paid
 - 2 – Applications containing temporary status

10. Questioned Costs¹⁶

Undetermined

11. Context¹⁷

Claim forms are prepared based on computerized data scanning system that generates meals served to students in categories. The data was entered based on applications and certifications of student eligibility to receive free and reduced lunch. The amount of free and reduced meals served are aggregated by type and claimed each month for reimbursement.

12. Effect

Claims for reimbursement of meals served to students may be overstated.

13. Cause

During the certification process, various errors and omissions were made on official documentation. Forms may have been misplaced or discarded.

14. Recommendation

We recommend that the District reevaluate its system of processing applications and other certifications for the free and reduced lunch fee program to ensure that applications and other certification types are completed, filed and accurately reflected in the computerized scanning system. It may be helpful to provide additional oversight during the process. (i.e. administrative oversight, second review, etc.)

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-16 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2010

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

ISBE requires expenditure reports to be submitted on a quarterly basis to account for allowable expenses charged to programs. The reports should be reviewed by appropriate levels of management prior to submission. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, the business manager, and the superintendent.

9. Condition¹⁵

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditures are monitored, reconciled and prepared to be reported to ISBE by designated staff of the District. ISBE requires expenditure reports to be submitted on a quarterly basis. The reports should be reviewed by appropriate levels of management prior to submission to ensure that all expenses are accurately accounted for in the District's financial statements, supported by appropriate documentation, and expended and reported in accordance with regulations prescribed by ISBE.

12. Effect

Expenditures reported to ISBE may be overstated or understated. Expenses of the District may not be appropriately charged to the program.

13. Cause

Management has not fully implemented previous recommendation to review and approve expenditures submitted to ISBE.

14. Recommendation

We recommend that transactions be consistently monitored and reviewed prior to reporting. Quarterly expenditure reports, submitted to ISBE, should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, business manager, and the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-17 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: TITLE I - Low Income - 2010

4. Project No.: 4300 5. CFDA No.: 84.010A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

ISBE requires expenditure reports to be submitted on a quarterly basis to account for allowable expenses charged to programs. The reports should be reviewed by appropriate levels of management prior to submission. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, the business manager, and the superintendent.

9. Condition¹⁵

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditures are monitored, reconciled and prepared to be reported to ISBE by designated staff of the District. ISBE requires expenditure reports to be submitted on a quarterly basis. The reports should be reviewed by appropriate levels of management prior to submission to ensure that all expenses are accurately accounted for in the District's financial statements, supported by appropriate documentation, and expended and reported in accordance with regulations prescribed by ISBE.

12. Effect

Expenditures reported to ISBE may be overstated or understated. Expenses of the District may not be appropriately charged to the program.

13. Cause

Management has not fully implemented previous recommendation to review and approve expenditures submitted to ISBE.

14. Recommendation

We recommend that transactions be consistently monitored and reviewed prior to reporting. Quarterly expenditure reports, submitted to ISBE, should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, business manager, and the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-18 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TECHNOLOGY - ENHANCING EDUCATION - 2010

4. Project No.: 4971 5. CFDA No.: 84.318X

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

ISBE requires expenditure reports to be submitted on a quarterly basis to account for allowable expenses charged to programs. The reports should be reviewed by appropriate levels of management prior to submission. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, the business manager, and the superintendent.

9. Condition¹⁵

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditures are monitored, reconciled and prepared to be reported to ISBE by designated staff of the District. ISBE requires expenditure reports to be submitted on a quarterly basis. The reports should be reviewed by appropriate levels of management prior to submission to ensure that all expenses are accurately accounted for in the District's financial statements, supported by appropriate documentation, and expended and reported in accordance with regulations prescribed by ISBE.

12. Effect

Expenditures reported to ISBE may be overstated or understated. Expenses of the District may not be appropriately charged to the program.

13. Cause

Management has not fully implemented previous recommendation to review and approve expenditures submitted to ISBE.

14. Recommendation

We recommend that transactions be consistently monitored and reviewed prior to reporting. Quarterly expenditure reports, submitted to ISBE, should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, business manager, and the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-19 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TITLE IV - 21st CENTURY COMMUNITY LEARNING CENTERS - 2011

4. Project No.: 4421 5. CFDA No.: 84.287C

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

ISBE requires expenditure reports to be submitted on a quarterly basis to account for allowable expenses charged to programs. The reports should be reviewed by appropriate levels of management prior to submission. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, the business manager, and the superintendent.

9. Condition¹⁵

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditures are monitored, reconciled and prepared to be reported to ISBE by designated staff of the District. ISBE requires expenditure reports to be submitted on a quarterly basis. The reports should be reviewed by appropriate levels of management prior to submission to ensure that all expenses are accurately accounted for in the District's financial statements, supported by appropriate documentation, and expended and reported in accordance with regulations prescribed by ISBE.

12. Effect

Expenditures reported to ISBE may be overstated or understated. Expenses of the District may not be appropriately charged to the program.

13. Cause

Management has not fully implemented previous recommendation to review and approve expenditures submitted to ISBE.

14. Recommendation

We recommend that transactions be consistently monitored and reviewed prior to reporting. Quarterly expenditure reports, submitted to ISBE, should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, business manager, and the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 11-20 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: TITLE II - TEACHER QUALITY - 2011

4. Project No.: 4932 5. CFDA No.: 84.367A

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: US DEPARTMENT OF EDUCATION

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

ISBE requires expenditure reports to be submitted on a quarterly basis to account for allowable expenses charged to programs. The reports should be reviewed by appropriate levels of management prior to submission. Quarterly expenditure reports should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, the business manager, and the superintendent.

9. Condition¹⁵

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditures are monitored, reconciled and prepared to be reported to ISBE by designated staff of the District. ISBE requires expenditure reports to be submitted on a quarterly basis. The reports should be reviewed by appropriate levels of management prior to submission to ensure that all expenses are accurately accounted for in the District's financial statements, supported by appropriate documentation, and expended and reported in accordance with regulations prescribed by ISBE.

12. Effect

Expenditures reported to ISBE may be overstated or understated. Expenses of the District may not be appropriately charged to the program.

13. Cause

Management has not fully implemented previous recommendation to review and approve expenditures submitted to ISBE.

14. Recommendation

We recommend that transactions be consistently monitored and reviewed prior to reporting. Quarterly expenditure reports, submitted to ISBE, should be reviewed and approved by the assistant superintendent's office and the business office; final expenditure reports should be reviewed and approved by the assistant superintendent, business manager, and the superintendent.

15. Management's response¹⁸

See corrective action plan

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2011

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
09-01	Certain employees of the District and the Treasurer's office record and perform analysis of the day - to - day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. Journal entries to record, adjust or correct certain transactions were not made. In addition, the District has not adopted the Government Auditing the District has not adopted the Government Auditing Standards Board Statement Number 34 (GASB 34).	Recommendation has not been fully implemented.
09-02	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for two function and object codes exceeded the amount recorded in the District's financial statements by \$64,494.	Recommendation has not been fully implemented.
09-03	A program expenditure was reported in a function code that was different than the function recorded in the financial statements.	Recommendation has not been fully implemented.
09-04	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$1,555.	

When possible, all prior findings should be on the same page

¹⁹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2011

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
09-05	Program expenditures were not accurately reported to ISBE as follows: Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totaling \$2,952.	Recommendation has not been fully implemented.
09-06	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$886.	Recommendation has not been fully implemented.
09-07	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$32,574.	Recommendation has not been fully implemented.
09-08	Program expenditures were not accurately reported to ISBE as follows: Expenditures recorded in the financial statements for two function and object codes were not reported as expenditures to ISBE totaling \$38,639.	Recommendation has not been fully implemented.
09-09	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$17,698.	Recommendation has not been fully implemented.

When possible, all prior findings should be on the same page

¹⁹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2011

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
09-10	Program expenditures were not accurately reported to ISBE as follows: Expenditures recorded in the financial statements for five function and object codes were not reported as expenditures to ISBE totaling \$12,417.	Recommendation has not been fully implemented.
10-01	Certain employees of the District and the Treasurer's office record and perform analysis of the day-to-day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. Journal entries to record, adjust or correct certain transactions were not made. Interfund loans made to two funds were not recorded. In addition, the District has not adopted the Government Auditing Standards Board Statement Number 34 (GASB 34).	Recommendation has not been fully implemented.
10-02	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for six function and object codes exceeded the amount recorded by the District.	Recommendation has not been fully implemented.
10-03	Program expenditures were not reported to ISBE as follows: Expenditures recorded in the financial statements for four function and object codes were not reported as expenditures to ISBE totalling \$75,291.	Recommendation has not been fully implemented.

When possible, all prior findings should be on the same page

¹⁹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2011

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
10-04	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for one function and object codes exceeded the amount recorded by the District.	Recommendation has not been fully implemented.
10-05	Program expenditures were not accurately reported to ISBE as follows: Expenditures charged to ISBE for two function and object codes exceeded the amount recorded by the District.	Recommendation has not been fully implemented.
10-06	Program expenditures were not reported to ISBE as follows: Expenditures recorded in the financial statements for two function and object codes were not reported as expenditures to ISBE totalling \$10,880.	Recommendation has not been fully implemented.

When possible, all prior findings should be on the same page

¹⁹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-01

Condition:

Certain employees of the District and the Treasurer's office record and perform analysis of the day-to-day financial transactions. These employees are expected to reconcile and analyze transactions and make corresponding adjustments as required. In addition, the District uses the Illinois Program Accounting Manual (IPAM) as a reference for its chart of accounts. Several transactions were recorded incorrectly, charging accounts that are not in accordance with revised IPAM program, function and object codes. In addition, journal entries to record, adjust or correct certain transactions were not made.

Plan:

The business manager will review any changes in the IPAM on an annual basis, set up general ledger accounts accordingly at the beginning of the fiscal year and make any corresponding adjustments throughout the year to align with the IPAM

Anticipated Date of Completion 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The business office does adhere to the IPAM when creating accounts according to the budget and has made numerous adjusting journal entries to align with the IPAM. There were a few instances where ledger accounts did not match the new changes in the IPAM, however this will be resolved for the next fiscal year.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-02

Condition:

Designated personnel in the District Office make purchases and receive equipment to be distributed to its schools and administrative offices. The equipment is decalced and listed in a log that identifies its serial or other identifying number and location. The District does not consistently decal the equipment and does not consistently list the item, identifying number and location in the log. Items should be logged in upon receipt, prior to distribution and operation. During the audit, a request was made to observe certain equipment purchased by the District. Twenty-seven items of equipment were not located for observation. Nine of these items were received complementary from the vendor.

Plan:

The business office has assigned an employee as a full-time inventory clerk that will implement procedures and manage the district's property inventory control system. The business office will employ an electronic inventory tracking system as part of the process.

Anticipated Date of Completion 12/15/2011

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The district previously implemented a property inventory logging system with responsibility shared between the business office and the buildings and grounds department. Previous administrators failed to follow or adhere to the inventory process and procedures. With new administration in place, the assignment of an inventory clerk and employment of an inventory management software system, the inventory process will be better controlled.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-03

Condition:

The District processes transactions based on preapproved purchases (purchase order (PO)), routine payments and other recurring expenses. PO's required for certain purchases are generated to reflect the actual cost of the item(s), an account number to record and preauthorize the disbursement of funds upon receipt of an invoice. Other expenditures are authorized by appropriate personnel upon receipt of the invoice or are preapproved for payment due to their nature (ex. Utilities, etc.) The transaction should be supported by documentation, an account number affixed so that the transaction is permanently tracable to the financial statements. All transactions, payable by check, should be processed in accordance with the procedures that have been established for processing vendor payments, including payroll benefit payments. Similar procedures should be used to process electronic funds transfers. The District processes several transactions during a period and does not consistently adhere to the procedures. Many transactions that were examined were not authorized, were not supported by documentation, did not indicate an accounts number, did not have a purchase order and/or were not canceled upon payment.

Plan:

The Business Office will take extra precaution to ensure that the procedures, in effect, are strictly enforced by all personnel involved in the payment processing cycle. We will ensure that purchases have appropriate documentation, that account numbers are affixed and that all transactions are authorized, by appropriate personnel, prior to payment.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The business office has been consistent with processing expenditures according to set procedures.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-04

Condition:

The District provides benefits to its employees based on either contract agreement or guidelines established within. Time allowed and taken is tracked in a computerized attendance verification system. The system is designed to record each type of absence obligated by the District. The District records leave taken when requests are made and approved by authorized personnel. In addition, certain staff sign in and out indicating a work day; a blank signature line represents an absence. Also, certain employees are required to call in an absence that, if necessary, generates temporary personnel to be notified for coverage in a classroom. The District's systems of generating information regarding leave time do not consistently correspond to each other. In some cases the attendance verification system calculated inaccurate balances. The District's process for reporting, monitoring and tracking leave time should correspondence so that subsystems serve as a reliable support for the attendance verification system.

Plan:

The superintendent's secretary will reconcile the attendance verification system data with the request for leave records and the daily attendance call-in logs, maintained by receptionist, on a monthly basis.

Anticipated Date of Completion: 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

There were instances of the computerized attendance verification system not reflecting the district leave records documentation. We are strongly enforcing procedures that have been established for tracking time, which relies heavily on the assistance of building principals to ensure that staff are properly completing request for leave documentation and filing it with the district office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-05

Condition:

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for five function and object codes exceeded the amount recorded in the District's financial statements by \$2,734.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-06

Condition:

Program expenditures were not reported to ISBE as follows: Expenditures recorded in the financial statements for one function and object codes were not reported as grant expenditures to ISBE totaling \$13,029.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-07

Condition:

Program expenditures were not accurately reported to ISBE as follows:

During the audit, a request was made to observe certain equipment charged to grants. Equipment for expenditures charged to ISBE for two function and object codes was not located for observation.

Plan:

Employment of a property inventory management system will address this issue. (See Fdg. No. 11-02: Plan)

Anticipated Date of Completion: 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

N/A

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-08

Condition:

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for three function and object codes exceeded the amount recorded in the District's financial statements by \$5,046.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion In place.

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-09

Condition:

Program expenditures were not reported to ISBE as follows: Expenditures recorded in the financial statements for four function and object codes were not reported as grant expenditures to ISBE totaling \$10,159.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-10

Condition:

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for two function and object codes exceeded the amount recorded in the District's financial statements by \$3,206. *\$1,996 was charged to ISBE for a code that no longer represents equipment; the amount was reclassified to Acct. 700. In addition, equipment for the same expenditure charged to ISBE was not located for observation.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission. Employment of a property inventory management system will address this issue. (See Fdg. No. 11-02: Plan)

Anticipated Date of Completion 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-11

Condition:

Program expenditures were not reported to ISBE as follows:

Expenditures recorded in the financial statements for four function and object codes were not reported as grant expenditures to ISBE totaling \$3,038.

Plan:

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-12

Condition:

Program expenditures were not accurately reported to ECHO as follows:

During the audit, a request was made to observe certain equipment charged to grants. Expenditure charged to ECHO for one function and object code was not located for observation. (See Fdg. No. 11-02)

Plan:

Employment of a property inventory management system will address this issue. (See Fdg. No. 11-02: Plan)

Anticipated Date of Completion 12/15/2011

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

N/A

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-13

Condition:

Program expenditures were not accurately reported to ECHO as follows:

During the audit, a request was made to observe certain equipment charged to grants. Expenditure charged to ECHO for one function and object code was not located for observation. (See Fdg. No. 11-02)

Plan:

Employment of a property inventory management system will address this issue. (See Fdg. No. 11-02: Plan)

Anticipated Date of Completion: 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:
N/A

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-14

Condition:

Program expenditures were not accurately reported to ISBE as follows:

Expenditures charged to ISBE for one function and object code exceeded the amount recorded in the District's financial statements by \$79,602. Documentation supporting the expenditure was not be located.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission. The District will ensure that documentation supporting all expenditures is appropriately filed upon payment.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-15

Condition:

During examination of certain applications, there were various exceptions found in the completion process. The examination consisted of a review of the application to ensure compliance with program guidelines as it relates to eligibility. There were 430 applications selected systematically selected from all schools. The following exceptions were noted:

- 24 – Application not provided
- 35 – Direct certification not provided
- 40 – Application incomplete
 - 3 – Household size inconsistent on application
 - 6 – Applicant's signature not on application
 - 2 – No determining official signature
- 31 – Approval letter incomplete
 - 1 – Original application not provided (copy provided)
 - 3 – Applicant listed as free should be reduced
 - 4 – Application status incorrect based on income verification
 - 1 – Applications listed as reduced should be paid
 - 2 – Applications containing temporary status

Plan:

The District Office will manage and review the lunch application process to ensure accuracy and completeness, in the future, if such applications are necessary. Currently, the District is participating in the Community Eligibility Option, a new program instituted by USDA where all students eat free based on the school district's eligibility.

Anticipated Date of Completion 12/15/2011

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response: N/A

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-16

Condition:

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-17

Condition:

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-18

Condition:

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion Current

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-19

Condition:

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
 Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

WEST HARVEY-DIXMOOR SCHOOL DISTRICT #147
07-016-1470-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2011

Corrective Action Plan

Finding No.: 11-20

Condition:

Quarterly expenditure reports are not reviewed and approved by the business office; final expenditure reports are not reviewed and approved by the business manager and the superintendent.

The business office maintains copies of internal system generated expenditure reports, by grant, based on transactions recorded in the general ledger. The reports include budgeted functions and objects that have been approved by ISBE. Actual transactions recorded as allowable grant activity, recorded in the general ledger, are transmitted quarterly to ISBE. The new administration will closely monitor budget vs. actual grant activity to ensure that expenditures are properly recorded. The process will include appropriate review and authorization prior to submission.

Anticipated Date of Completion: In place.

Name of Contact Person: Tonisha Sibley
Business Manager

Management Response:

The Business Mgr. and the Asst. Superintendent of Curriculum/Grants met on a regular basis in fiscal year 2010-11 to reconcile grant expenditures with the general ledger. However, the Asst. Superintendent completed expenditure reports and reported expenditures based on their department documentation without consideration of transactions recorded in the general ledger, a process not recommended by the business office.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

NOTES TO FINANCIAL STATEMENTS

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Harvey-Dixmoor Public School District 147 (the District") conform to the cash basis of accounting, as applicable to local governmental units of this type prescribed by the Illinois Program Accounting Manual for Local Education Agencies. The following is a summary of the more significant accounting policies of the District:

A. Criteria Used To Determine Scope of Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District's has developed criteria to determine whether any outside agencies should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

The District is a member of the Exceptional Children Have Opportunities (ECHO), along with other area school districts. The District's pupils benefit from programs administered under this joint agreement, and the District benefits from jointly administered grants and programming. The District does not have an equity interest in this joint agreement. The joint agreement is separately audited and is not included in these financial statements. Financial information may be obtained directly from ECHO at 350 W. 154th Street, South Holland, Illinois 60473.

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

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

B. Basis of Presentation - Fund Accounting

Fund Financial Statements: The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of its assets, liabilities, fund balance, revenues, and expenditures. The District maintains individual funds as required by the State of Illinois. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District utilizes the following funds and account groups:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the District and accounted for in the general fund include education and operations and maintenance. The General Fund consists of the following programs:

Educational – This program covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund included direct costs of instructional, health and attendance services, lunch programs, all costs of administration (even those for buildings and grounds), and related insurance costs. Certain revenues that must be credited to this fund included educational tax levies, tuition and textbook rentals.

Operations and Maintenance – This program includes all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings.

Tort Fund – This fund accounts for tax levied to provide revenue for tort immunity or tort judgment purposes.

Bonds and Interest – This Fund accounts for taxes levied to provide cash to retire and pay interest on bonds generally issued to finance the construction of buildings. To protect the bondholders, these tax collections must be accounted for in the Bond and Interest Fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Projects fund or Fiduciary Funds) that are legally restricted to expenditures for specified purposes or designated to finance particular function or activities.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

B. Basis of Presentation - Fund Accounting *(Continued)*

Special Revenue Funds *(Continued)*

The District's Special Revenue Funds have been established as separate funds in accordance with the fund structure required by the State of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. The Special Revenue Funds consist of the following:

Transportation – This fund accounts for payments for transporting pupils for any purpose, including the purchase of vehicles and insurance on buses. Monies received for transportation purpose from any source must be deposited into this fund except for the portion of state reimbursement applicable to other funds.

Municipal Retirement/Social Security – This fund accounts for separate tax levied for the purpose of providing resources for the District's share of retirement benefits for covered employees or separate tax levied for the purpose of providing resources for the District's share of Social Security and Medicare only payments for covered employees.

Working Cash – This fund accounts is levied for working cash purposes or if bonds are sold for this purpose. Interfund loans from the District's Working Cash Fund may be made to any fund for which taxes are levied.

Capital Projects Funds – Capital Project Funds account for the financial resources to be used for the acquisition and construction of, and major improvements to facilities. The Capital Projects Funds consist of the following:

Site and Construction/Capital Improvement Fund – This fund accounts for separate taxes levied for the purpose of capital improvements which may include construction costs, the purchase of land, other items directly related to the construction project, and administrative costs directly related to the construction project.

Fire Prevention and Safety Fund – This fund accounts for tax levied or bonds issued for fire prevention, safety, energy conservation or school security purpose.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

B. Basis of Presentation - Fund Accounting *(Continued)*

Fiduciary Fund – Fiduciary Funds account for but does not administer funds for assets held by the funds in a fiduciary capacity for the purpose of student activities.

Agency Fund (Activity Funds) – This fund includes both Student Activity and convenience Accounts. They account for assets held by the district as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to Activity Fund organizations are equal to the assets.

General Fixed Assets Account Group – This fund maintains records of physical assets which have long-term (i.e., more than one year) period of usefulness to the District in a group of accounts separate from the fund which provided the cash for the purchase of those assets.

General Long-Term Debt Account Group – This fund maintains records of the District's total bonded debt in a group of accounts separate from the Bond and Interest Fund. Other types of general long-term debt are also included in this fund.

C. Basis of Accounting

Basis of Accounting

The District's financial records are maintained on a cash basis method of accounting as described in the *Illinois Program Accounting Manual for Local Education Agencies* and, accordingly, revenues are recorded when cash is received rather than when earned and expenditures are recorded when cash is disbursed rather than when incurred. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund.

In the same manner, only liabilities resulting from a cash transaction are recorded as liabilities of a particular fund. Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the Long-Term Debt Account Group.

The District records on-behalf payments made by the State to the Teachers' Retirement System (TRS) as revenues and expenditures.

Budgetary Data

The budget is prepared on the cash basis method of accounting which is the same basis used in financial reporting. This allows for compatibility between budget and actual amounts. This is an acceptable method in accordance with the Illinois Revised Statutes. The budget was passed on September 23, 2010.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

B. Basis of Accounting *(Continued)*

Budgetary Data *(Continued)*

A proposed budget is prepared annually and made available for public inspection at least thirty days prior to a public hearing and formal adoption. The Board of Education may make transfers among the various items in any fund not exceeding, in the aggregate, ten percent of the total budget for a particular fund. The budget information presented in the financial statements includes any adjustments made during the year. The budget may be amended in other ways by the same procedures required for its original adoption.

The fund level is the control level at which expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each fiscal year.

Cash and Investments

The Thornton Township School Treasurer maintains a cash and investment pool that is available for use by all entities under its jurisdiction. The following entities are under the jurisdiction of the Thornton Township School Treasurer.

West Harvey-Dixmoor School District 147	Harvey, Illinois
Dolton-Riverdale School District 148	Riverdale, Illinois
Dolton School District 149	Calumet City, Illinois
South Holland School District 150	South Holland, Illinois
South Holland School District 151	South Holland, Illinois
Harvey Public School District 152	Harvey, Illinois
Hazel Crest School District 152.5	Hazel Crest, Illinois
Homewood School District 153	Homewood, Illinois
Thornton School District 154	Thornton, Illinois
Thornton Township High School District 205	Harvey, Illinois
ECHO Joint Agreement	South Holland, Illinois

Each entity's portion of this pool is included in the Statement of Assets, and Liabilities Arising from Cash Transactions as cash and investments. Each entity separately maintains its own Imprest and Activity checking accounts.

The Thornton Township School Treasurer is separately audited and is not included in these financial statements. Accordingly, due to the pooling of funds, Cash and Investments are audited separately. Financial information may be obtained directly from the Thornton Township School Treasurer at 16106 South Park Avenue, South Holland, Illinois 60473.

No entity is permitted to borrow from another entity through deficit spending within the Thornton Township School Treasurer's cash and investment pool. Within each entity itself, interfund loans and repayments are made from time to time among the various funds. State law permits these temporary interfund loans caused by deficit spending on special tax levies. No interest income or expense is recognized on interfund loans.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

C. Basis of Accounting *(Continued)*

Cash and Investments *(Continued)*

Earnings on investments, which include gains and losses on sales of investments, are allocated to each entity under the Treasurer's jurisdiction in the following manner:

First, the Thornton Township School Treasurer determines the total earnings of the pool for the quarter.

Second, the Thornton Township School Treasurer summarizes the interest received by the month in which the interest was earned.

Third, each month the Thornton Township School Treasurer determines the percentage of ownership each entity has in the total cash and investment pool based on end-of-month balances.

Fourth, based on the monthly percentages of ownership in the cash and investment pool, earnings are extended to each entity.

State Statute governs the Township School Treasurer's deposit and investment policies. The Township School Treasurer may invest any public funds in:

Securities guaranteed both as to principal and interest by the full faith and credit of the United States;

Bonds, notes, debentures, or other similar obligations of the United States or its agencies;

Interest bearing savings accounts, certificates of deposit or time deposits in a federal insured bank (or savings and loan association under certain restrictions);

In limited circumstances, in short-term corporate obligations of corporations having assets exceeding 500 million dollars;

Money market mutual funds that are both registered under the Investment Company Act of 1940 and the holdings of which are limited to securities guaranteed both as to principal and interest by the full faith and credit of the United States;

Public Treasurers' Investment Pools created under Section 17 of the Illinois State Treasurer Act.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

C. Basis of Accounting *(Continued)*

General Fixed Assets

General fixed assets are those acquired for general governmental purposes. Assets purchased are recorded as current expenditures at the date of acquisition in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. Donated general fixed assets are recorded, if material, at estimated fair market value at date of acquisition. Depreciation is applicable only for computing per capita tuition charges on the Illinois State Board of Education's Annual financial Report.

For the purposes of this report, the District has set a capitalization threshold of \$2,000 for all fixed asset types.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis of over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than building	20 years
Equipment	10 years
Food services equipment	10 years
Transportation equipment	5 years

Inventories

Inventories are not normally recorded using the modified cash basis of accounting. Additionally, the District does not maintain inventories in amounts material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting as described in the Illinois Program Accounting Manual for Local Education Agencies requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Governmental Accounting Standards Adopted

During fiscal year 2011, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

New Governmental Accounting Standards Adopted *(Continued)*

GASB Statement No. 59, *Financial Instruments Omnibus*; will be effective for the District beginning with its year ending June 30, 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

2. **CASH AND INVESTMENTS**

The components of cash and investments held by the District at June 30, 2011 are as follows:

Cash

Carrying amount of account in District's name	<u>\$4,842</u>
Balance of account held in District's name	<u>\$5,003</u>
Carrying amount of accounts held by the District on behalf of Student Activity Funds	<u>\$17,762</u>

Investments

Certificate of Deposit	<u>\$85,487</u>
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Investments Held by the Treasurer

The District's investing activities are managed under the custody of the Thornton Township School Treasurer which is a non-rated, external investment pool. Investing is performed in accordance with investment policies adopted by the Thornton Township Trustees of Schools complying with the Illinois Compiled Statutes. The District's portion of this pool is included in the Statement of Assets and Liabilities Arising from Cash Transactions as cash and investments.

Overall credit ratings are not applicable for the cash and investment pool as a whole. Financial information and investment risk disclosures regarding the cash and investment pool's underlying investments may be obtained directly from the Treasurer at 16106 South Park Avenue South Holland, IL 60473. At June 30, 2011, the fair value of all cash and investments held by the Treasurer was \$182,167,785 and the amount of cash and investments allocated to the District on a cost basis was \$13,217,955.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

3. PROPERTY TAXES - GENERAL

The District's property tax is levied each calendar year on all taxable real property located in the District's jurisdiction.

The School Board must adopt the tax levy and file a certified copy of the levy with the County Clerk's Office on or before the last Tuesday in December. The District adopted its 2010 levy on December 3, 2010. Property taxes attach retroactively as an enforceable lien as of January 1 of the levy year and are payable in two installments on March 1 and September 1 of the current calendar year. The District receives significant distributions approximately one month after the collection dates. Taxes recorded in these financial statements are from the 2010 and prior tax levies.

Illinois State Statute prescribes the maximum tax rate which the District may levy. However, local referendum can raise this maximum tax rate to a higher maximum. Tax rates are expressed as \$100 of Equalized Assessed Valuation. The Following schedule states the District's maximum property tax rate both without and with referendum as well as its actual final tax levy.

	<u>Maximum Tax Rate</u>		<u>2010 Rate</u>
	<u>Without Referendum</u>	<u>With Referendum</u>	<u>Cook County</u>
Educational Fund:			
Standard	.92%	3.50%	2.4343%
Special Education	.02	.40	<u>0.0292</u>
Subtotal			2.4635
Transportation Fund	.12	As needed	0.3456
Bond and Interest Fund	N/A	As needed	0.8061
IMRF/Social Security			0.2992
Tort Immunity			<u>0.1177</u>
Total tax rate			<u>4.0321%</u>

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

4. CHANGES IN GENERAL FIXED ASSET ACCOUNT GROUP

A summary of changes in general fixed assets for the fiscal year ended June 30, 2011 as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/11</u>
Capital assets that are not depreciated:				
Land	\$ 344,383	\$ -0-	\$ -0-	\$ 344,383
Construction-in-progress	<u>58,435</u>	<u>-0-</u>	<u>(58,435)</u>	<u>-0-</u>
Total non-depreciable historical cost	402,818	-0-	(58,435)	344,383
Capital assets that are depreciated:				
Land Improvements	406,652	-0-	-0-	406,652
Buildings and Improvements	16,417,868	368,895	-0-	16,786,763
Machinery and Equipment	1,919,594	51,934	-0-	1,971,528
Food service equipment	<u>362,349</u>	<u>-0-</u>	<u>-0-</u>	<u>362,349</u>
Total depreciable historical cost	<u>19,106,463</u>	<u>420,829</u>	<u>-0-</u>	<u>19,527,292</u>
Governmental activities capital assets	<u>\$19,509,281</u>	<u>\$420,829</u>	<u>\$ (58,435)</u>	<u>\$19,871,675</u>

5. CHANGES IN GENERAL LONG-TERM DEBT ACCOUNT GROUP

The following is a summary of the District's long-term obligations for the fiscal year ended June 30, 2011:

	<u>General Obligation Bonds</u>	<u>Capital Lease</u>	<u>Total</u>
Liability at July 2010	\$7,340,000	\$ 32,680	\$7,372,680
Issuance of new debt	-0-	238,146	238,146
Retirement of existing debt	<u>(370,000)</u>	<u>(46,738)</u>	<u>(416,738)</u>
Liability at June 30, 2011	<u>\$6,970,000</u>	<u>\$ 224,088</u>	<u>\$7,194,088</u>

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

5. CHANGES IN LONG-TERM OBLIGATIONS *(Continued)*

Long-term obligations payable at June 30, 2011 consist of the following:

\$7,100,000 Issue dated March 1, 2002 for Funding - \$3,500,000 and Refunding - \$3,600,000. Principal retires in yearly installments of \$260,000 in 2012; \$270,000 in 2013; \$285,000 in 2014; \$300,000 in 2015; \$320,000 in 2016; \$335,000 in 2017; \$350,000 in 2018 and \$370,000 in 2019. Interest on bonds is paid on June 1 and December 1 at various rates between 4.80 and 6.00 percent. 2,490,000

\$3,225,000 Issued date June 21, 2004 Series A for Refunding. Principal retires in yearly installments of \$240,000 in 2020; \$585,000 in 2021; \$625,000 in 2022; \$670,000 in 2023 and \$1,105,000 in 2024. Interest on bonds is paid on June 1 and December 1 at various rates between 6.90 and 7.125 percent. 3,225,000

\$1,340,000 Issued date June 21, 2004 Series B for Working Cash - \$1,270,000 and Funding - \$70,000. Principal retires in yearly installments of \$90,000 in 2012; \$100,000 in 2013; \$105,000 in 2014; \$115,000 in 2015 and \$120,000 in 2016; \$130,000 in 2017; \$140,000 in 2018; \$150,000 in 2019 and \$305,000 in 2020. Interest on bonds is paid on June 1 and December 1 at various rates of 6.90 percent. 1,255,000

Total General Obligation Bonds \$6,970,000

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

6. **CHANGES IN LONG-TERM OBLIGATIONS** *(Continued)*

Capital Lease:

Capital lease agreement for financing the acquisition of copier equipment.

Principal payments are made monthly, totaling \$2,812. Interest is paid monthly at an implied rate of 5.109 percent.

\$ 224,088

Total long-term obligations \$7,194,088

Principal and interest payments by year to liquidate all long-term obligations are as follows:

Year ending			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	393,636	448,696	842,332
2013	415,918	425,947	841,865
2014	438,320	400,835	839,155
2015	465,847	373,168	839,015
2016	475,367	343,916	819,283
2017	465,000	316,970	781,970
2018	490,000	291,040	781,040
2019	520,000	263,301	783,301
2020	545,000	230,168	775,168
2021	585,000	191,183	776,183
2022	625,000	148,734	773,734
2023	670,000	102,600	772,600
2024	<u>1,105,000</u>	<u>53,081</u>	<u>1,158,081</u>
TOTAL	<u>\$7,194,088</u>	<u>\$3,589,639</u>	<u>\$10,783,727</u>

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

6. **CHANGES IN LONG-TERM OBLIGATIONS** *(Continued)*

Illinois State Statute limits the amount of a District's total debt to 6.9 percent of Equalized Assessed Valuation. The District's legal debt margin is computed as follows:

Equalized Assessed Valuation	\$113,869,582
Maximum legal debt rate	x <u>6.9%</u>
Maximum debt	\$ <u>7,857,001</u>

Outstanding debt subject to limitation at June 30, 2011	\$ <u>6,970,000</u>
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Outstanding debt at June 30, 2011 includes certain bonds not subject to this debt limitation. Bond counsel has verified that the District is within the legal debt margin.

The District has refunded general obligation bonds in prior years. For financial statement purposes, when a bond issue is refunded, the outstanding bonds of such issue are considered retired in the year of refunding. In refunding, the District defeases general obligation bonds by placing the proceeds of newly issued bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. If, for any reason, the trust account assets are insufficient to satisfy all future debt service requirements of the refunded bond issue, the District will be liable for the deficit between debt service requirements and trust account assets.

7. **RESERVED FUND BALANCE – SPECIAL TAX LEVIES**

Expenditures from Special Tax Levies are restricted to the purpose of the specified tax levy. The changes in the reserved fund balances of the Educational fund for the fiscal year ended June 30, 2011 are as follows:

<u>Fund</u>	<u>Reserved July 1, 2010</u>	<u>Changes in Fund Balance</u>		<u>Reserved June 30, 2011</u>
		<u>Revenue</u>	<u>Expenditures</u>	
Educational Fund:				
Special Education	\$ <u>113,499</u>	\$ <u>20,726</u>	\$ <u>12,240</u>	\$ <u>121,985</u>

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Health Insurance Security

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

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

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

On Behalf Contributions to THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$64,252, and the District recognized revenues and expenditures of this amount during the year. State contributions intended to match active member contributions during the year ended June 30, 2010 was 0.84 percent of pay. State contributions on behalf of District employees were \$61,626.

Employer Contributions to THIS Fund

The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 and 0.66 percent during the years ended June 30, 2011 and June 30, 2010, respectively. For the year ended June 30, 2011, the District paid \$48,189 to the THIS Fund. For the year ended June 30, 2010, the District paid \$46,220 to the THIS Fund.

Further information on THIS Fund

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

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

9. RETIREMENT FUND COMMITMENTS *(Continued)*

B. Teachers' Retirement System of the State of Illinois

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the District 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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute nine and four percentage points (9.4%) of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the District. The District's payroll for the year ended June 30, 2011, included \$7,301,400 reported as creditable earnings to TRS.

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

On-Behalf Contributions

The State of Illinois makes employer pension contributions to TRS on behalf of district employees who are TRS members. For the year ended June 30, 2011, contributions made by the State were at the rate of 23.10 percent of creditable earnings and the District recognized revenue and expenditures of \$1,599,663 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and 2009, the State of Illinois contribution rates as percentages of creditable earnings were 23.38 percent (\$1,520,410) and 17.08 percent (\$1,017,298), respectively.

2.2 Formula Contributions

TRS-covered employers were required to contribute 0.58 percent of creditable earnings as the employer share for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$42,348. Contributions for the years ending June 30, 2010 and 2009 were \$42,551 and \$40,506, respectively.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

9. RETIREMENT FUND COMMITMENTS *(Continued)*

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

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 employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and trust funds. For the year ended June 30, 2010, the employer contribution was 23.38 percent of salaries paid from federal and trust funds. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from those funds. For the year ended June 30, 2011, salaries totaling \$1,599,663 were paid from federal and trust funds that required employer contributions of \$186,625. For the years ended June 30, 2010 and 2009, required District contributions were \$194,848 and \$175,536 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.

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

For the years ended June 30, 2011, 2010 and 2009, the District was not required to submit a payment to TRS for District contributions under the ERO programs.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

9. **RETIREMENT FUND COMMITMENTS** *(Continued)*

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

Salary Increases Over 6 Percent and Excess Sick Leave

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2011, 2010 and 2009, the District was not required to submit a payment to TRS for salary increases over 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2011).

For the year ended June 30, 2011, 2010 and 2009, the District was not required to submit a payment to TRS for excess sick leave.

Further Information

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2010. The report for the year ended June 30, 2011 is expected to be available in late 2011. These 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.illinois.gov.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

9. RETIREMENT FUND COMMITMENTS *(Continued)*

C. Illinois Municipal Retirement Fund

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public employee retirement system 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. That 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.

As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the employer was 12.37 percent of covered payroll. The employer annual required contribution rate for calendar year 2010 was 14.89 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contributions rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For December 31, 2010, the District's actual contributions for pension cost for the Regular plan were \$242,717. Its required contribution for calendar year 2010 was \$ 292,163. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4 percent per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10 percent per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The District IMRF plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

9. **RETIREMENT FUND COMMITMENTS** *(Continued)*

C. Illinois Municipal Retirement Fund *(Continued)*

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 60.05 percent funded. The actuarial accrued liability for benefits was \$3,964,016 and the actuarial value of assets was \$2,380,302, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,583,714. The covered payroll for the calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,962,139 and the ratio of the UAAL to the covered payroll was 81 percent.

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

10. **OTHER INFORMATION**

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Claims settlements have not exceeded these coverages for any of the preceding three years and there has been no significant reduction in coverage since last year.

Workers' Compensation Self-Insurance Trust (WCSIT), a public entity risk pool. The WCSIT is currently operating as a common risk management and insurance program for member school districts to provide workers' compensation coverage. The formation agreement of WCSIT provides that it will be self-sustaining through member premiums.

The District carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

B. Tort Immunity Expenditures

During the year ended June 30, 2011, the District expended tort immunity funds as follows:

Unemployment Insurance	\$105,000
Property Insurance	95,000
Legal Fees	80,773
Workers Compensation	<u>10,000</u>
	<u>\$290,773</u>

C. Lease

The District is leasing a section of the Kich building to the Illinois Youth Advocate Program for the period of October 1, 2006 through September 30, 2011. The lease provides for lease payments of \$43,000 per year with an automatic increase of 3.0 percent per year. The lease provides for a six month window of notice by either party for termination of the lease.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

10. OTHER INFORMATION *(Continued)*

C. Lease *(Continued)*

The District is leasing a section of the Garfield School building to the ECHO Cooperative for a period of ten years ending June 30, 2014. ECHO has asked to cancel its lease. The agreement contains a cancellation clause that requires the tenant to pay a fee in the amount of \$25,000 if the lease is terminated early.

D. Contingencies

The District has received funds from state and federal grants in the current and prior years which are subject to audit by the granting agencies.

In December 2006 the Cook County State's Attorney's Office subpoenaed District records. The outcome of the investigation is unknown at this time.

E. Joint Agreements

The District is a member of Exceptional Children Have Opportunities (ECHO) which provides 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 lack of control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, they are not included as component units of the District.

F. Federal Funding

The District receives Federal Funding and is subject to the Single Audit Act. A report has been issued under the Single Audit Act requirements dated November 30, 2011. The nature of the Federal Funds the District receives, which are accounted for in the General Fund per State Statutes, is to supplement educational programs and fund the technological needs of the District. Because expenditures exceed revenues, there are no restricted fund balances for these programs.

The Illinois State Board of Education (ISBE) asserted a claim against the District in the amount of \$2,243,539 indicating the District had overstated its total expenditures for state and federal programs for the 2003, 2004, and 2005 fiscal years. The District maintains that all state and federal program monies were spent properly and disagrees with the Illinois State Board of Education's finding. In fiscal year 2011, the District reached a settlement with ISBE for the amount of \$1,300,000 of which \$380,000 was paid in previous years. As of the settlement date, the matter is considered closed by the ISBE.

G. Litigation

There was no pending litigation involving the District as of June 30, 2011.

WEST HARVEY-DIXMOOR PUBLIC SCHOOL DISTRICT 147

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

10. **OTHER INFORMATION** *(Continued)*

H. New Governmental Accounting Standards, Not Yet Adopted

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*; will be effective for the District beginning with its year ending June 30, 2012. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurement by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*; will be effective for the District beginning with its year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; will be effective for the District beginning with its year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; will be effective for the District beginning with its year ending June 30, 2013. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*; will be effective for the District beginning with its year ending June 30, 2012. The objective of this Statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty; or a swap counterparty's credit support provider, is replaced. Management has not yet determined the impact this Statement will have on the financial position and results of operations of the District.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
WEST HARVEY – DIXMOOR SCHOOL DISTRICT 147
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2011

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$292,163	83%	\$-0-
12/31/2009	228,929	100%	-0-
12/31/2008	232,562	100%	-0-
12/31/2007	232,600	100%	-0-
12/31/2006	225,959	100%	-0-

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)
12/31/2010	\$2,380,302	\$3,964,016	\$1,583,714	60.05%	\$1,962,139	80.71%
12/31/2009	2,140,131	3,733,725	1,593,594	57.32%	2,006,390	79.43%
12/31/2008	2,245,463	3,761,899	1,516,436	59.69%	1,989,411	76.23%
12/31/2007	3,083,224	3,448,671	365,447	89.40%	1,925,496	18.98%
12/31/2006	3,062,937	3,511,901	448,964	87.22%	1,772,225	25.33%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,713,498.

On a market basis, the funded ratio would be 68.45%.

GOVERNMENTAL REPORTING
Including OMB A – 133 Compliance



Certified Public Accountants and Consultants

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

To: The Board of Education of
West Harvey-Dixmoor Public School District 147

We have audited the financial statements of West Harvey-Dixmoor Public School District 147 as of June 30, 2011, and have issued our report thereon dated October 29, 2011. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to present fairly the assets and liabilities arising from cash transactions as of June 30, 2011, and its revenue received and expenditures disbursed during the fiscal year then ended. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered West Harvey-Dixmoor Public School District 147's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of providing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on West Harvey-Dixmoor Public School District 147's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies reported as items 11-03 and 11-06.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 09-01 through 09-10, 10-01 through 10-06, and 11-01, 11-02, 11-07, 11-10, 11-12, 11-13, 11-14 in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Harvey-Dixmoor Public School District 147's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which we consider to be a significant deficiency reported items as 11-15 through 11-20 on the schedule of findings and responses.

We noted certain other matters that we reported to management of West Harvey-Dixmoor Public School District 147, in a separate letter dated November 30, 2011.

West Harvey-Dixmoor Public School District 147's response to the findings in our audit are described in the accompanying schedule of schedule of findings and responses and the related corrective action plan for current year audit findings. We did not audit West Harvey-Dixmoor Public School District 147's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, board of Education, management, others within the organization, and Illinois State Board of Education, Department of Education, Department of Agriculture, South Cook Intermediate Service Center 4, Exceptional Children Have Opportunities, and is not intended to be and should not be used by anyone other than these specified parties.

The Walker Group, LLC

Certified Public Accountants and Consultants
November 30, 2011



Certified Public Accountants and Consultants

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

To: The Board of Education of
West Harvey-Dixmoor Public
School District 147

Compliance

We have audited the compliance of West Harvey-Dixmoor Public School District 147 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Harvey-Dixmoor Public School District 147's major federal programs for the year ended June 30, 2011. West Harvey-Dixmoor Public School District 147's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, contracts and grants applicable to its major federal program is the responsibility of West Harvey-Dixmoor Public School District 147's management. Our responsibility is to express an opinion on West Harvey-Dixmoor Public School District 147's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Harvey-Dixmoor Public School District 147's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Harvey-Dixmoor Public School District 147's compliance with those requirements.

As described in items 09-02 through 09-10, 10-02 through 10-06, and 11-05 through 11-20 in the accompanying schedule of findings and questioned costs, West Harvey-Dixmoor Public School District 147 did not comply with requirements related to allowable cost principles, procurement, equipment management, eligibility and reporting, which are applicable to its federal programs as described. Compliance with such requirements is necessary, in our opinion, for West Harvey-Dixmoor Public School District 147 to comply with the requirements applicable to the programs.

In our opinion, except for the noncompliance described in the preceding paragraph, West Harvey-Dixmoor Public School District 147 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of West Harvey-Dixmoor Public School District 147's is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Harvey-Dixmoor Public School District 147's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Harvey-Dixmoor Public School District 147's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-02 through 09-10, and 10-02 through 10-06 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-15 through 11-20 to be significant deficiencies.

West Harvey-Dixmoor Public School District 147's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs and the related corrective action plan for current year audit findings. We did not audit West Harvey-Dixmoor Public School District 147's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, board of Education, management, others within the organization, and Illinois State Board of Education, Department of Education, Department of Agriculture, South Cook Intermediate Service Center 4, Exceptional Children Have Opportunities, and is not intended to be and should not be used by anyone other than these specified parties.

The Walker Group, LLC

Certified Public Accountants and Consultants
November 30, 2011



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Thornton Township Trustees of Schools
and Members of the Board of Education of
West Harvey-Dixmoor Public School District 147

We appreciate the opportunity to conduct your audit this year. We are writing to communicate any control deficiencies we identified during the audit that were determined to be significant deficiencies or material weaknesses, as well as other matters that may be opportunities for strengthening procedures. In planning and performing our audit of the financial statements of West Harvey-Dixmoor Public School District 147 (the District) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered West Harvey-Dixmoor Public School District 147's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiencies in internal control that we consider to be material weaknesses.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

We also became aware of certain matters that are not significant deficiencies but are opportunities for strengthening procedures and/or operating efficiencies. These are also identified in a memorandum dated November 30, 2011.

This communication is intended solely for the information and use of the audit committee, board of Education, management, others within the organization, and Illinois State Board of Education, Department of Education, Department of Agriculture, Exceptional Children Have Opportunities, and is not intended to be and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study, or to assist you in implementing any recommendations.

This letter does not affect our report dated November 30, 2011 on the financial statements of West Harvey-Dixmoor Public School District 147.

Management's written response to the material weaknesses identified herein has not been subjected to our audit procedures, and, accordingly, we express no opinion on it.

The Walker Group, LLC

Certified Public Accountants and Consultants
November 30, 2011

MEMORANDUM

Material Weakness

Reporting Expenditures to Funding Sources

The Illinois Board of Education (ISBE) requires expenditure reporting on a quarterly basis for federal programs administered by it. The District prepares its reports for most of the programs using an internal grant expenditure system that allows for parameters to be set to track disbursements charged to specific grants according to its contract year. It maintains grant expenditures by a budgetary process and the parameters set. During the audit we noted several grant expenditure line items were either billed in excess of the general ledger amount or expenditures charged to certain program source and object codes were not reported as expended to ISBE. As a result, there were amounts that may be required to be refunded to the ISBE and expended amounts that will not be reimbursed to the District by the programs charged. There are instances of these deficiencies, in prior years, which have not been corrected and are disclosed. If this practice persists, the District will continue to be required to repay funds or will not be reimbursed for amounts expended on certain program costs. In addition, unbudgeted and/or unreported program expenditures will force the District to absorb excess costs using unplanned sources of revenue. Related circumstances regarding the use of grant funds to purchase equipment to be used by educational staff and administrators was not located for observation. The District has a fiduciary responsibility to safeguard its assets and to ensure that assets purchased by grant funds are utilized as reported.

Recommendation

We recommend that the District review its internal reporting system to best utilize its features to capture amounts expended and disallow budget overruns for its grants. The District should enhance its internal communication, review, and approval process for grant administration so that there is a comprehensive methodology, procedure, and practice used to report expenditures chargeable to programmatic funding. Contract administration should include validating, monitoring and reporting functions as well as a pre and post award process to insure that the attributes/functions/objects to be tracked are initially set-up and periodically to insure compliance. The District should implement a comprehensive property management system that includes a record of all applicable property, its purchase history, location and source of funds used for the purchase. A method of tracking property charged to grants should be inclusive in the process. Departments responsible for recording, monitoring and reporting grant expenditures should receive reports consistent with the process.

Management Response

The District's administration implemented a plan to reassign the preparation of grant expenditure reporting and general ledger reconciliation from the assistant superintendent's office to the business manager's office beginning January 2011.

The District produced and disseminated a "West Harvey-Dixmoor School District 147 Risk Management and Procedure Manual" during the last fiscal year that covers analyzing, journalizing and reconciling both federal and state program grants through joint efforts of both assistant superintendent and business manager. The business manager's office will produce quarterly expenditure reports that will be reviewed by the Business Manager and the Assistant Superintendent for the purpose of submission to the ISBE. The District has hired a contract administrator as suggested by its independent accountant.

The District will consistently apply the recommendations of the independent auditor as provided.

Material Weakness

Analysis and Reconciliation General Ledger Accounts/Preparation of Financial Statements

During our audit we noted that the District and the Township Treasurer's office has staff dedicated to certain routine functions related to recording financial data into the financial statements. These employees have sufficient knowledge necessary to complete certain functions; however, their functions do not include preparation of the District's financial statements and corresponding footnotes in compliance with accounting principles generally accepted in the United States of America. No actions have been taken to implement Governmental Auditing Standards Board Statement Number 34 (GASB 34). In addition, staff is not expected to be proficient in applying and implementing related accounting principles. We also noted that several accounts were not reviewed, analyzed or reconciled, on a consistent basis, to ensure accuracy in the financial statements. As a result, it was necessary for the independent auditor to propose several adjusting journal entries to the financial statements.

Recommendation

We recommend that the administration evaluate current job responsibilities of its employees to determine how to incorporate the appropriate analysis, reconciliation, compilation and presentation of its financial statements. The board and administration should consider the current capabilities of its employees and the amount of additional expense the District would incur as a result of training its employees to produce financial statements including footnote disclosures in accordance with Governmental Auditing Standards Board Statement Number 34 (GASB 34).

Management Response

The District will designate staff the responsibility to analyze and reconcile general ledger accounts, on a consistent basis, to ensure the accuracy of its financial statements. In addition, GASB 34 will be implemented by the District so that it becomes compliant with accounting principles generally accepted in the United States of America.

The District will comply with the recommendation of its independent auditor.

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer