

Independent Auditors' Report

Board of Education
School District 140
LaSalle County, Illinois

We have audited the accompanying financial statements of School District 140 as of and for the fiscal year ended June 30, 2008, as listed in the table of contents of this Annual Financial Report form. These financial statements are the responsibility of the school district'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 opinion.

As described more fully in Note 1, School District 140 has prepared these financial statements using accounting practices prescribed by the Illinois State Board of Education, which 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 these 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 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 School District 140 as of June 30, 2008, or changes in financial position for the fiscal 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 School District 140 as of June 30, 2008, 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 dated October 10, 2008, on our consideration of School District 140's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information provided on pages 2 through 4, supplementary schedules on pages 22 through 26, statistical section on pages 27 through 29, and the itemization schedule on page 32 are presented for the purposes of additional analysis and are not a required part of the financial statements of School District 140. Such information, except for the average daily attendance figure, included in the computation of operating expense per pupil on page 28 and per capita tuition charges on page 29, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The information on pages 28-30 is propagated from information in the audited financial statements, but we take no responsibility for the accuracy of those calculations. The administrative cost worksheet on page 31 contains unaudited information concerning the current year budget which was provided by the District, the actual expenditure information on this page is fairly stated in all material respects in relation to the financial statements taken as a whole. The Table of Contents references a Federal Compliance Section on Pages 34-41, however this District was not required to have a Single Audit and this section has not been completed.

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*

Board of Education
School District 140
LaSalle County, Illinois

We have audited the financial statements of School District 140 as of and for the year ended June 30, 2008, and have issued our report thereon dated October 10, 2008. Our opinion was adverse because financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 School District 140's internal control over financial reporting 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 School District 140's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 school district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control.

The reporting requirements of the Illinois State Board of Education and generally accepted accounting principles make it unlikely that District personnel could adhere to these requirements and prepare the financial statements and disclosures without our assistance.

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 school district's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above a material weakness, as defined by generally accepted auditing standards.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether School District 140's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

(a) Principles Used to Determine the Scope of the Reporting 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 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous Districts and foundations, should be included within its financial reporting entity. The criteria include, but are 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 joint agreement (L.E.A.S.E.) has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and is, therefore, excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreement. This joint agreement is required to have an annual audit. Financial statements are available upon request from L.E.A.S.E.

The foundation (Ottawa Township High School District #140 Educational Foundation, Incorporated) which was formed to support and promote the educational programs and activities served by the District, has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and is, therefore, excluded from the accompanying financial statements because the District does not control the assets, operations or management of the foundation. This foundation is required to have an annual audit. Financial statements are available upon request from the Ottawa Township High School District #140 Educational Foundation, Incorporated.

In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation - Fund Accounting

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 comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. 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 following fund types and account groups are used by the District:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The General Fund, which consists of the Educational Fund and the Operations and Maintenance Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Self-Insurance, Tort Immunity, and Special Education are included in these funds.

Special Revenue Funds, which include both the Transportation Fund and the Municipal Retirement/Social Security Fund, are used to account for cash received from specific sources (other than those accounted for in the Debt Service Fund, Capital Improvement Funds or Fiduciary Funds) that are legally restricted to cash disbursements for specified purposes.

The Debt Service Fund (Bond and Interest Fund) accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Capital Improvement Funds, which include both the Site and Construction Fund and the Fire Prevention And Safety Fund account for financial resources to be used for the acquisition or construction of capital facilities and approved fire prevention and safety expenditures.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types

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

The Expendable Trust Fund (Working Cash Fund) accounts for financial resources held by the District to be used for temporary interfund loans to any fund.

The Agency Funds (Activity Funds) include both Student Activity Funds 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 the activity fund organizations are equal to the assets.

Governmental and Expendable Trust Funds - Measurement Focus

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources" during a period.

General Fixed Assets and General Long-Term Debt Account Group

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

(c) Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

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 General Long-Term Debt Account Group.

(d) Budgets and Budgetary Accounting

The budget for all Governmental Fund Types and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Section 105 ILCS 5/17-1 of the Illinois Compiled Statutes. The original budget was passed on September 24, 2007, and was amended on June 16, 2008.

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

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

(d) Budgets and Budgetary Accounting (Continued)

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

(e) Investments

Investments are stated at fair value. Gains or losses on investments are recognized annually. The institutions in which investments are made must be approved by the Board of Education.

(f) Inventory - Vocational Project

Inventory is the cost to date of the building trades project house.

(g) General Fixed Assets

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental or Activity Funds and capitalized at cost in the general fixed assets account group, except that all general fixed assets, other than land, acquired prior to June 30, 1950, are stated at estimated original cost as determined by appraisals as of that date. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Lease purchase contracts are described in Note 7 to financial statements. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge).

(2) Cash And Investments

The District is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6); and Section 8-7 of the School Code.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(2) Cash And Investments (Continued)

(a) Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District will not maintain funds in any financial institution that is not a member of the FDIC system. In addition, District funds will not be maintained in any institution not willing or capable of posting required collateral, or purchasing private insurance for funds in excess of FDIC insurable limits. All financial institutions acting as depositories for District funds must enter into a “Depository Agreement.”

Deposits of the District’s reporting entity are insured or collateralized with securities held by the pledging financial institution’s trust department or agent.

(b) Investments

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the District’s overall portfolio. The objective is to mitigate credit risk and interest rate risk.

As of June 30, 2008, the District had the following investments:

<u>Type Of Investments</u>	<u>Fair Value/</u>		<u>Average Credit</u>	<u>Weighted Average</u>
<u>NON-POOLED INVESTMENTS</u>	<u>Carrying Amount</u>	<u>Cost</u>	<u>Quality/Ratings (1)</u>	<u>Days To Maturity (2)</u>
Money Market Funds	\$ 396,731	\$ 396,731	N/A	N/A
U.S. Treasury Notes	50,125	48,737	AAA/Aaa	77
Federal Agency Notes And Bonds	4,124,081	4,089,287	AAA/Aaa	459
Certificates Of Deposit	7,384,000	7,384,000	N/A	274
Corporate Paper	588,039	587,711	AAA/Aaa	110

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using weighted average days to maturity.

Investment Policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investing activities are managed under the custody of the District’s Business Manager. District funds may be invested in: (1) U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value; (2) certificates of deposit, other evidences of interest bearing deposit or any other

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(2) Cash And Investments (Continued)

(b) Investments (Continued)

investments constituting direct obligation, of any bank as defined by the Illinois Banking Act; (3) short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if they meet certain standards; (4) money market mutual funds regulated by the Securities Exchange Commission provided that the portfolio of any such mutual fund is limited to the obligations of the U.S. government or its agencies, or to agreements to repurchase such obligations; (5) short-term discount obligations of the Federal National Mortgage Association; (6) shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of any state or under federal law; (7) dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under Illinois or federal laws, provided the principal office of any such credit union is located in Illinois and the accounts are insured pursuant to applicable law; (8) a Public Treasurer's Investment Pool created under the State Treasurer Act; and (9) repurchase agreements which meet all of the requirements of Section 2(g) of the Public Funds Investment Act, 30 ILCS 235/2(g).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District shall diversify its investment portfolio. Investments shall be diversified to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity. Because of the inherent difficulty in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as Public Treasurers' Investment Pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

(3) Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The levy was passed by the board on December 17, 2007. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on July 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(3) Property Taxes (Continued)

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100.00 of assessed valuation:

<u>Fund</u>	<u>Maximum</u>	<u>Actual Rate</u>	
	<u>Rate</u>	<u>2007 Levy</u>	<u>2006 Levy</u>
Education	1.2700	1.2700	1.2700
Operations And Maintenance	.2500	.2500	.2500
Bond And Interest	As Needed	.4333	.4273
Transportation	.1200	.1200	.1200
Municipal Retirement	As Needed	.0362	.0414
Working Cash	.0500	.0500	.0500
Tort Immunity	As Needed	.0407	.0443
Special Education	.0200	.0200	.0200
Social Security	As Needed	.0362	.0414
Fire Prevention And Safety	.0500	.0500	.0500
Lease	.0500	<u>.0217</u>	<u>.0188</u>
Total		<u>2.3281</u>	<u>2.3332</u>

(4) Special Tax Levies and Restricted Equity

(a) Tort Immunity

Cash receipts and the related cash disbursements of this restricted tax levy and bond proceeds are accounted for in the Education, Operations And Maintenance and Transportation Funds. A portion, \$500,197, \$-0- and \$28,405 respectively, of these funds' equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future tort immunity disbursements in accordance with Section 745 ILCS 10/9-101 to 107 of the *Illinois Compiled Statutes*.

(b) Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Education Fund. A portion, \$-0-, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future special education disbursements in accordance with Section 17-2.2A of the School Code.

(c) Fire Prevention And Safety

Cash receipts and the related cash disbursements of this restricted tax levy and bond proceeds are accounted for in the Fire Prevention And Safety Fund. This fund's equity of \$5,167,168 is restricted for future fire prevention and safety project disbursements in accordance with Section 17-2.11 of the School Code.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(4) Special Tax Levies and Restricted Equity (Continued)

(d) Technology Levy

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Education Fund. A portion, \$55,520, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future technology disbursements in accordance with Section 17-2.2 of the School Code.

(e) Self-Insurance

Reserves of \$216,493, \$54,295 and \$54,102 have been established for self-insurance costs for employee health benefits in the Education, Operations And Maintenance, and Transportation Funds, respectively.

(5) Contractual Commitments

Teachers' salaries are paid under contract on an accrual basis from August 16 through August 15 of the following year. Also, some secretaries are paid similarly. At June 30, 2008, salary commitments for July and August, 2008 were \$762,107.

(6) Changes In General Fixed Assets

A summary of changes in general fixed assets follows:

<u>Cost</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Land	\$ 1,126,202	\$ ---	\$ ---	\$ 1,126,202
Buildings	27,553,847	671,056	---	28,224,903
Improvements Other Than Building	2,086,831	12,151	---	2,098,982
Equipment Other Than Transportation/Food Services	2,787,846	243,300	170,376	2,860,770
Transportation Equipment	193,689	22,453	18,240	197,902
Food Services Equipment	27,555	6,006	1,839	31,722
	<u>\$33,775,970</u>	<u>\$954,966</u>	<u>\$190,455</u>	<u>\$34,540,481</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(6) Changes In General Fixed Assets (Continued)

<u>Accumulated Depreciation</u>	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Land	\$ ---	\$ ---	\$ ---	\$ ---
Buildings	6,455,141	541,093	---	6,996,234
Improvements Other Than Building	1,326,944	56,371	---	1,383,315
Equipment Other Than Transportation/Food Services	1,338,486	286,559	170,376	1,454,669
Transportation Equipment	140,499	22,018	18,240	144,277
Food Services Equipment	17,266	5,928	1,839	21,355
	<u>\$9,278,336</u>	<u>\$911,969</u>	<u>\$190,455</u>	<u>\$9,999,850</u>

(7) Leases

During the year ended June 30, 2006, the District purchased monitors under a capital lease. During the year ended June 30, 2007, the District purchased technology equipment under a capital lease. During the year ended June 30, 2008, the District purchased computers under a capital lease.

The following is an analysis of the leased property purchased under capital lease by major classes:

<u>Class Of Property</u>	<u>Monitors</u>	<u>Technology</u> <u>Equipment</u>	
<u>Computers</u>			
Equipment	\$51,807	\$54,103	\$89,910
Less: Accumulated Depreciation	<u>15,543</u>	<u>10,820</u>	<u>8,991</u>
	<u>\$36,264</u>	<u>\$43,283</u>	<u>\$80,919</u>

Obligations under the lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2009	\$28,057	\$4,227	\$32,284
Year Ending June 30, 2010	<u>30,096</u>	<u>2,188</u>	<u>32,284</u>
	<u>\$58,153</u>	<u>\$6,415</u>	<u>\$64,568</u>

(8) Changes In Long-Term Debt

The following is a summary of long-term debt transactions of the School District for the year ended June 30, 2008:

	<u>Bonds</u>	<u>Lease</u>
Long-Term Debt Payable at July 1, 2007	\$ 2,130,000	\$ 28,222
Long-Term Debt Issued	7,800,000	89,910
Long-Term Debt Retired	<u>(2,130,000)</u>	<u>(59,979)</u>
Long-Term Debt Payable at June 30, 2008	<u>\$ 7,800,000</u>	<u>\$ 58,153</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(8) Changes In Long-Term Debt (Continued)

At June 30, 2008, the cash flow requirements of bond principal and interest were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended June 30, 2009	\$2,000,000	\$398,246	\$2,398,246
Year Ended June 30, 2010	2,267,442	188,548	2,455,990
Year Ended June 30, 2011	2,393,023	92,274	2,485,297
Year Ended June 30, 2012	<u>1,139,535</u>	<u>22,506</u>	<u>1,162,041</u>
	<u>\$7,800,000</u>	<u>\$701,574</u>	<u>\$8,501,574</u>

(9) Retirement Fund Commitments

(a) Teachers' Retirement System of the State of Illinois

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006.

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 on behalf of the District. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,012,610 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007, and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$750,148) and 7.06 percent (\$532,252), respectively.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(9) Retirement Fund Commitments (Continued)

(a) Teachers' Retirement System of the State of Illinois (Continued)

The state contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007, and June 30, 2006, were based on dollar amounts specified by the statute and were not actuarially determined.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008, were \$45,676. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$44,487 and \$43,726, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007, and June 30, 2006, the employer pension contribution was 9.78 and 7.06 percent, respectively, of salaries paid from those funds. For the year ended June 30, 2008, salaries totaling \$151,298 were paid from federal and special trust funds that required employer contributions of \$19,835. For the years ended June 30, 2007, and June 30, 2006, required District contributions were \$19,408 and \$7,022, respectively.
- **Early Retirement Option (ERO).** The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(9) Retirement Fund Commitments (Continued)

(a) Teachers' Retirement System of the State of Illinois (Continued)

- **Early Retirement Option (ERO).** (Continued) Under the ERO program that expired on June 30, 2005, and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2008, the District paid \$-0- to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2007, and June 30, 2006, the District paid \$56,706 and \$81,805, respectively, in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2008, the District made no payments to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2007, and June 30, 2006, the District made no payments in employer contributions due on salary increases in excess of 6 percent, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008).

For the year ended June 30, 2008, the District made no payments to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2007, and June 30, 2006, the District made no payments in employer contributions granted for sick leave days, respectively.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(9) Retirement Fund Commitments (Continued)

(a) Teachers' Retirement System of the State of Illinois (Continued)

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, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008.

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

(b) THIS Fund Employer Contributions

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of 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 0.84 percent of pay during the year ended June 30, 2008. State of Illinois contributions were \$66,152, and the District recognized revenue and expenditures of this amount during the year.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(9) Retirement Fund Commitments (Continued)

(b) THIS Fund Employer Contributions (Continued)

- **On behalf contributions to THIS Fund.** (Continued) State contributions intended to match active member contributions during the years ended June 30, 2007 and 2006, were 0.80 percent of pay. State contributions on behalf of District employees were \$61,362 and \$60,312, respectively.
- **Employer contributions to THIS Fund.** The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and 0.60 percent during the years ended June 30, 2007 and 2006. For the year ended June 30, 2008, the District paid \$49,614 to the THIS Fund. For the years ended June 30, 2007, and June 30, 2006, the District paid \$46,021 and \$45,234 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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.

(c) Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, your District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District contribution rate for calendar year 2007 was 10.15 percent of annual covered payroll. Your District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2007, your District's annual pension cost of \$155,503 for the Regular plan was equal to your employer's required and actual contributions.

SCHOOL DISTRICT 140, LASALLE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2008

(9) Retirement Fund Commitments (Continued)

(c) Illinois Municipal Retirement Fund (Continued)

Three-Year Trend Information for the Regular Plan

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percent of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/07	155,503	100%	\$0
12/31/06	148,383	100	0
12/31/05	139,367	100	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of your District Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Your District Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 25 years.

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 96.85 percent funded. The actuarial accrued liability for benefits was \$4,523,265 and the actuarial value of assets was \$4,380,638, resulting in an underfunded actuarial accrued liability (UAAL) of \$142,627. The covered payroll (annual payroll of active employees covered by the plan) was \$1,532,049, and the ratio of the UAAL to the covered payroll was 9 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(d) Social Security

Employees not qualifying for coverage under the Illinois Downstate Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees." These employees, those qualifying for coverage under the Illinois Municipal Retirement Fund, and "Medicare Only" employees are covered under Social Security. The District paid \$228,642, the total required contribution for the current fiscal year.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(10) Postretirement Benefits

The District shall pay 100% of the cost of the TRS health insurance for retired teachers and 100% of the cost of the TRS health insurance for the employee's spouse and dependent(s) until the age of 65 or Medicare eligible for all teachers who retire from the District.

The District shall provide health insurance to all other employees with 15 years of service to the District from age 60-65 and from age 55-65 with 30 years of full-time service to the District.

Total cost to the District for the year ended June 30, 2008, was \$513,483.

(11) Common Bank Account

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

(12) Permanent Transfers

A permanent transfer of \$620,915 was made to the Educational Fund from the Working Cash Fund in accordance with Section 20-9 of the School Code.

A permanent transfer of \$103,000 of Working Cash Fund interest was made to the Educational Fund in accordance with Section 20-5 of the School Code.

A permanent transfer of \$137,000 was made to the Operations and Maintenance Fund from the Transportation Fund in accordance with Section 17-2A of the School Code.

Permanent transfers of \$42,496 and \$7,672 of Bond and Interest Fund interest were made to the Educational Fund and Fire Prevention and Safety Fund, respectively, in accordance with Section 10-22.44 of the School Code.

(13) Disbursements In Excess Of Budget

The District operated within the legal confines of the budget during fiscal 2008 with no instances of overexpending the budgeted amounts in the individual funds.

(14) Self-Insurance Plan

(a) The District has chosen to self-insure for unemployment claims made by laid off employees. Claims of \$364 were made during the year ended June 30, 2008. No reserve has been established for this purpose.

SCHOOL DISTRICT 140, LASALLE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

(14) Self-Insurance Plan (Continued)

(b) The District has adopted a self-insurance plan for its health insurance. This plan is administered by Long Claims Service. The plan is funded through deposits in restricted funds at First National Bank, Ottawa, Illinois. These funds are used solely for premiums and claims made on the self-insurance plan.

The District has purchased a stop loss insurance policy which limits its liability to \$75,000 per covered person per year.

(15) Statement Of Legal Debt Margin

Equalized Assessed Valuation - 2007 Year	<u>\$679,599,325</u>
Statutory Debt Limitation (6.9% Of Assessed Valuation)	\$ 46,892,353
Less Bonded Indebtedness	(7,800,000)
Less Other Long-Term Debt	<u>(58,153)</u>
Legal Debt Margin	<u>\$ 39,034,200</u>

(16) Contingencies

The District has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The school board believes any adjustments that may arise from these audits will be insignificant to District operations.

(17) Commitments

The District has approved a bid of \$2,389,746 for life safety work. As of June 30, 2008, the District has paid \$280,255 for work completed to date.

The District has also approved a three year lease on 100 computers for a total of \$119,900 plus interest and a purchase of 30 computers for a total of \$69,868 including interest.

(18) Public Entity Risk Pool

The District participates in the Illinois School Insurance Cooperative to provide insurance coverage. Standard coverage is purchased by the District for normal activities. No reductions in insurance coverage from prior years exist.

The District retains the risk of loss in the form of an assessment which would be imposed on all members of this Cooperative should the Illinois School Insurance Cooperative incur significant operating losses. There has not been an assessment imposed.

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
 AGENCY FUNDS - ACTIVITY FUNDS
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 Year Ended June 30, 2008

<u>ACCOUNT NAME</u>	Balance <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	Balance <u>June 30, 2008</u>
Art Activity	\$ 1,593.31	\$ 665.00	\$ 294.00	\$ 23.06	\$ 1,987.37
Alikonis Scholarship	13,977.83	---	2,692.50	(787.40)	10,497.93
Athletics	1,743.78	5,257.84	5,366.10	(287.60)	1,347.92
Assemblies	16,735.92	---	3,562.97	---	13,172.95
Audio Visual Club	356.98	---	---	5.19	362.17
Bailey Scholarship	32.96	---	---	---	32.96
Baldwin, Aneta Fund	4,780.16	---	---	69.41	4,849.57
Band	41,904.93	91,473.55	83,610.72	(7,875.58)	41,892.18
Band Replacement Fund	(181.52)	4,386.20	4,815.17	---	(610.49)
Baseball	1,323.28	6,288.00	7,280.52	18.86	349.62
Boys Basketball	5,281.28	26,650.34	26,230.18	767.24	6,468.68
Boys Track	1,921.28	3,873.05	2,673.66	(1,105.13)	2,015.54
Beatty Trust Fund	9,291.50	---	---	134.91	9,426.41
Brunner, Florence S. Fund	5,592.03	---	300.00	81.21	5,373.24
Change Account	77.00	10,190.00	9,540.00	---	727.00
Chess Club	3,130.34	---	364.00	44.33	2,810.67
Choir	19,799.18	57,516.00	67,513.79	8,667.34	18,468.73
Christmas Tournament	1,000.00	---	---	---	1,000.00
Co-Op Club	---	---	---	---	---
Curl, Kenneth Memorial	1,945.05	---	---	28.23	1,973.28
Custodians	520.77	1,539.49	403.40	(792.09)	864.77
Clemens Scholarship Fund	3,681.80	2,668.05	1,352.00	843.39	5,841.24
Class of 2004	---	2.50	---	(2.50)	---
Class of 2005	---	2.50	---	(2.50)	---
Class of 2006	---	---	---	---	---
Class of 2007	4,906.50	5.00	---	(4,911.50)	---
Class of 2008	2,945.98	37,522.75	35,544.71	---	4,924.02
Class of 2009	1,170.00	787.50	25.00	---	1,932.50
Class of 2010	707.50	840.00	---	---	1,547.50
Class of 2011	---	705.00	---	---	705.00
Cross Country	731.18	292.00	436.16	9.12	596.14
Dingle Trust Fund	(492.66)	1,058.85	856.09	1.06	(288.84)
Eichelberger Trust Fund	950.10	---	---	13.80	963.90
Exercise Club	(804.41)	8,457.21	6,419.12	(238.86)	994.82
Evans Scholarship	3,926.41	---	---	57.01	3,983.42
Faculty Lounge	(211.19)	3,666.23	2,685.14	2.40	772.30
Joseph Fennessey	2,267.00	---	500.00	32.93	1,799.93
F.F.A.	18,839.14	15,967.94	29,572.65	518.50	5,752.93

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
 AGENCY FUNDS - ACTIVITY FUNDS
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 Year Ended June 30, 2008

<u>ACCOUNT NAME</u>	<u>Balance</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
Fine Arts Festival	\$ 10,613.49	\$ 18,326.89	\$ 13,775.00	\$ 1,212.61	\$ 16,377.99
Food Service Trip	494.93	25.00	50.00	7.02	476.95
Football	(533.03)	23,061.45	19,826.55	674.78	3,376.65
Foreign Language	3,506.93	2,257.80	2,229.21	1.69	3,537.21
French Club	114.47	2,629.44	2,039.28	49.38	754.01
General Activities	1,330.64	48.00	37.44	---	1,341.20
German Club	(625.76)	689.30	687.00	---	(623.46)
Girls Athletics	500.00	31,723.25	16,890.67	413.36	15,745.94
Girls Basketball	(2,361.08)	22,312.68	20,541.26	(180.43)	(770.09)
Girls Track	(1,683.48)	5,727.75	2,660.60	1,462.50	2,846.17
Group Insurance	.28	---	---	---	.28
Golf	1,526.37	1,584.00	2,484.09	11.86	638.14
Gayan, James P. Scholarship	3,745.18	1,190.00	5.00	51.79	4,981.97
Interest On Investments	1,203.49	3,988.31	---	(4,378.79)	813.01
Johnston Memorial Fund	3,778.15	---	---	54.85	3,833.00
Jr. Achievement	1,196.44	3,331.17	3,283.43	(179.61)	1,064.57
Dr. Kabre	45.85	---	---	---	45.85
Key Club	2,442.38	1,150.80	1,784.75	32.42	1,840.85
Library	2,033.59	1,207.59	807.05	28.71	2,462.84
Memorials, Gifts, Etc.	7,689.87	2,800.00	74.89	111.16	10,526.14
McKay Scholarship	1,202.19	---	500.00	17.46	719.65
Grants - Foundation	2,669.88	31,052.89	33,702.30	1,000.19	1,020.66
National Honor Society	7,175.49	4,109.60	3,882.55	(193.35)	7,209.19
Newspaper	(230.85)	77.32	3,220.95	1,700.00	(1,674.48)
Nursery School	3,390.06	3,175.00	1,682.89	59.65	4,941.82
Office Exchange	3,070.80	64,286.27	64,010.12	1,431.00	4,777.95
Ottawa Womens Club					
Scholarship	52,235.12	2,569.48	1,010.00	66.24	53,860.84
PSAE Incentive	---	600.92	---	---	600.92
Passageway	340.56	---	300.00	4.94	45.50
Pearl Ring Account	1,404.66	---	---	20.39	1,425.05
Pep Squad	2,633.22	16,839.41	11,044.71	15.29	8,443.21
Plays	4,260.21	15,477.11	19,047.61	62.48	752.19
Pirate Lounge	1,578.81	---	75.00	22.92	1,526.73
Pomerettes	277.00	24,487.68	21,823.45	31.80	2,973.03
PSI Alpha	205.09	---	---	2.98	208.07
Project Crisis	1,269.90	---	---	13.17	1,283.07
Perfect Attendance	2,885.41	416.14	3,221.35	37.74	117.94
Physical Education	---	3,579.83	1,691.50	(1,231.00)	657.33

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
AGENCY FUNDS - ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2008

<u>ACCOUNT NAME</u>	<u>Balance</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
Rattenborg, Ruth Memorial	\$ 2,763.89	\$ ---	\$ ---	\$ 40.13	\$ 2,804.02
Recycling	433.56	1,800.00	---	6.25	2,239.81
Regional Tournament	1,000.00	---	109.05	---	890.95
Rich, John Memorial Fund	33.30	---	---	---	33.30
Rowe, J. Scholarship	6,213.12	---	500.00	86.93	5,800.05
Reagan, Wm. Scholarship	579.31	---	250.00	8.40	337.71
Sign Language Club	529.43	---	---	7.69	537.12
S.A.D.D. Organization	470.79	42.00	---	(35.16)	477.63
Science Club	---	180.00	---	---	180.00
Schoch, Philip Memorial	9,980.38	13,076.33	10,600.00	118.75	12,575.46
Boys Tennis	292.62	6,959.50	5,635.21	3.79	1,620.70
Sewing Classes	1,903.18	3,541.29	4,621.68	75.92	898.71
Shop Assistants Club	1,500.13	322.86	524.06	21.07	1,320.00
Special Education	1,166.51	---	150.00	(246.15)	770.36
Speech	165.59	1,280.43	1,188.72	(287.63)	(30.33)
Student Council	20,004.16	6,533.57	5,150.99	(200.97)	21,185.77
Spanish Club	(1,607.73)	543.94	530.74	---	(1,594.53)
Summer Class	7,839.50	40.00	2,460.00	---	5,419.50
Girls Swimming	(34.51)	3,410.50	2,546.25	6.58	836.32
Soccer	5,050.04	2,215.33	1,435.99	76.30	5,905.68
Softball	1,035.67	8,890.50	9,597.46	(1,258.93)	(930.22)
Sporer, V. Memorial	---	---	---	---	---
Boys Swimming	---	802.35	878.15	(21.40)	(97.20)
Special Olympics	---	---	---	---	---
Thanksgiving Tournament	1,000.00	---	---	---	1,000.00
TMH Activity Account	(262.27)	---	---	262.27	---
Girls Tennis	134.97	1,291.00	2,088.31	(49.44)	(711.78)
Voc. Auto Mechanics Club	537.78	190.87	381.74	5.82	352.73
Voc. Med. Occ. (VMO)	119.83	2,360.00	2,360.00	1.74	121.57
Volleyball	7,843.09	5,113.97	5,739.09	(119.34)	7,098.63
Weibe, Mark Scholarship	154.16	---	---	2.24	156.40
Woosley, Tim Memorial	1,551.43	---	---	22.53	1,573.96
Worden, Rick Trust Fund	2,577.35	47.51	---	37.57	2,662.43
Wrestling Act. Acct.	9,129.02	9,688.07	14,822.54	117.71	4,112.26
Wrestlettes	485.11	715.00	900.00	6.24	306.35

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
 AGENCY FUNDS - ACTIVITY FUNDS
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 Year Ended June 30, 2008

<u>ACCOUNT NAME</u>	<u>Balance July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>Balance June 30, 2008</u>
Yearbook Club	\$ 20,078.29	\$ 73,514.80	\$103,474.54	\$ 6,252.13	\$(3,629.32)
Senior Pictures	147.07	2,556.00	---	(2,691.07)	12.00
Swing Choir	14.92	---	---	---	14.92
	<u>\$391,659.36</u>	<u>\$713,655.90</u>	<u>\$720,371.05</u>	<u>\$ ---</u>	<u>\$384,944.21</u>
Petty Cash	100.00	---	---	---	100.00
Ottawa Youth Center Scholarship CD	---	46,187.21	---	---	46,187.21
Florence Scherer Brunner Fund: 558 Shares Dynegy Stock (Market Value \$4,770.90) And 1091.771 Shares Adams Express Company Stock (Market Value \$12,882.90)	17,972.34	1,056.18	---	---	19,028.52
	<u>\$409,731.70</u>	<u>\$760,899.29</u>	<u>\$720,371.05</u>	<u>\$ ---</u>	<u>\$450,259.94</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
 ASSESSED VALUATIONS, TAX EXTENSIONS AND COLLECTIONS
 Year Ended June 30, 2008
 "UNAUDITED"

	<u>Extensions</u>	<u>Received Through June 30, 2007</u>	<u>Received Current Year</u>
2007 Levy - Assessed Valuation	<u>\$553,593,319</u>		
Educational	\$ 7,030,659		
Operations And Maintenance	1,383,983		
Bond And Interest	2,398,720		
Transportation	664,312		
Municipal Retirement	200,401		
Working Cash	276,796		
Tort Immunity	225,312		
Fire Prevention And Safety	276,796		
Lease	120,130		
Special Education	110,718		
Social Security	<u>200,401</u>		
	<u>\$ 12,888,228</u>		
2006 Levy - Assessed Valuation	<u>\$507,949,156</u>		
Educational	\$ 6,450,976		\$ 6,439,680
Operations And Maintenance	1,269,873		1,267,653
Bond And Interest	2,170,466		2,166,673
Transportation	609,539		608,474
Municipal Retirement	210,291		209,923
Working Cash	253,975		253,531
Tort Immunity	225,021		224,629
Fire Prevention And Safety	253,975		253,531
Lease	95,494		95,328
Special Education	101,590		101,412
Social Security	<u>210,291</u>		<u>209,923</u>
	<u>\$ 11,851,491</u>		<u>\$11,830,757</u>
2005 Levy - Assessed Valuation	<u>\$468,255,077</u>		
Educational	\$ 5,946,859	\$ 5,933,924	
Operations And Maintenance	1,170,638	1,168,095	
Bond And Interest	2,051,425	2,046,970	
Transportation	561,906	560,686	
Municipal Retirement	180,278	179,887	
Working Cash	234,128	233,619	
Tort Immunity	225,231	224,742	
Fire Prevention And Safety	234,128	233,619	
Lease	95,056	94,849	
Special Education	93,651	93,447	
Social Security	<u>180,278</u>	<u>179,887</u>	
	<u>\$ 10,973,578</u>	<u>\$10,949,725</u>	

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
Year Ended June 30, 2008

SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST

Original issue \$4,900,000 of general obligation school bonds dated February 1, 2008 providing for serial retirement of principal on December 1 of each year beginning December 1, 2009. Interest payable on December 1 and June 1 of each year beginning December 1, 2009 at a rate of 3.95%.

At June 30, 2008 the annual cash flow requirements of bond principal and interest were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.95%	\$ ---	\$258,066.66	\$ 258,066.66
2010	3.95%	1,367,442.00	166,543.02	1,533,985.02
2011	3.95%	2,393,023.00	92,273.84	2,485,296.84
2012	3.95%	1,139,535.00	22,505.82	1,162,040.82
		<u>\$4,900,000.00</u>	<u>\$539,389.34</u>	<u>\$5,439,389.34</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
Year Ended June 30, 2008

SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST

Original issue \$2,900,000 of general obligation school bonds dated February 1, 2008 providing for serial retirement of principal on December 1 of each year beginning December 1, 2008. Interest payable on December 1 and June 1 of each year beginning December 1, 2008 at a rate of 4.89%.

At June 30, 2008 the annual cash flow requirements of bond principal and interest were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.89%	\$2,000,000	\$140,180	\$2,140,180
2010	4.89%	900,000	22,005	922,005
		<u>\$2,900,000</u>	<u>\$162,185</u>	<u>\$3,062,185</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
Year Ended June 30, 2008

LISTING OF TORT IMMUNITY EXPENDITURES

Workers' Compensation Act and/or Workers' Occupational Disease Act	\$ 59,279
Unemployment Insurance Act	497
Insurance	158,793
Risk Management and Claims Service	666,246
Educational, Inspectional, Supervisory Services Related To Loss Prevention And/Or Reduction	<u>32,799</u>
Total Tort Immunity Expenditures Claimed	<u>\$ 917,614</u>

SCHOOL DISTRICT 140, LASALLE COUNTY
SUPPLEMENTARY SCHEDULE
 Year Ended June 30, 2008

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	4,380,638	4,523,265	142,627	96.85%	1,532,049	9.31%
12/31/06	4,315,990	4,518,357	202,367	95.52	1,521,873	13.30
12/31/05	4,011,078	4,484,495	473,417	89.44	1,580,125	29.96
12/31/04	3,532,909	3,828,327	295,418	92.28	1,445,416	20.44
12/31/03	3,350,029	3,390,623	40,594	98.80	1,335,944	3.04
12/31/02	3,368,041	3,260,679	(107,362)	103.29	1,311,557	0.00
12/31/01	2,961,914	2,925,601	(36,313)	101.24	1,253,767	0.00
12/31/00	2,798,389	2,874,303	75,914	97.36	1,185,098	6.41
12/31/99	2,376,452	2,522,387	145,935	94.21	1,074,064	13.59
12/31/98	1,951,005	2,334,790	383,785	83.56	973,234	39.43
12/31/97	1,775,676	2,313,456	537,780	76.75	932,218	57.69

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$4,715,367. On a market basis, the funded ratio would be 104.25%.

***Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

