

MILLBURN COMMUNITY CONSOLIDATED  
SCHOOL DISTRICT NO. 24

WADSWORTH, LAKE COUNTY, ILLINOIS

AUDIT REPORT

JUNE 30, 2011

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Millburn Community Consolidated School District No. 24  
Wadsworth, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of

### MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Millburn Community Consolidated School District No. 24 as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. See pages 56 and 57. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis, historical pension information, and budgetary comparison information on pages 3-11 and pages 38-54 are not a required part of the basic 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedule on page 55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule 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.

MILBURN CAIN & CO.  
Certified Public Accountants

Gurnee, Illinois  
October 17, 2011

**REQUIRED SUPPLEMENTAL INFORMATION**

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

The management of Millburn Community Consolidated School District No. 24 (the District) presents this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2011. The information presented here should be considered in conjunction with the financial statements presented elsewhere in this report.

This discussion and analysis is designed to:

1. Assist the reader in focusing on significant financial issues,
2. Provide an overview of the District's financial activity,
3. Identify changes in the District's financial position (its ability to cope with the next and subsequent year challenges),
4. Identify any material deviations from the financial plan (the approved budgets), and
5. Identify individual fund issues or concerns.

Since Management's Discussion and Analysis (M D & A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements beginning on page 12.

**Financial Highlights**

- Millburn spent approximately \$78,000 on replacement equipment.
- District operations for the year indicate expenses exceeding revenues by \$1,142,000.
- Payments during the year reduced Millburn's debt by \$1,537,431.
- Millburn sold its fleet of buses in August 2010 for \$261,000 and leased new buses for one year for \$229,000.

**Overview of the Financial Statements**

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

1. District-wide financial statements,
2. Fund financial statements and,
3. Notes to financial statements.

In addition, this report also includes other supplementary information which is presented after the notes to financial statements.



## **District-Wide Financial Statements**

The district-wide financial statements are designed to provide readers with a broad overview of Millburn's finances presented in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected property taxes).

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Governmental activities include instruction, support services, operation and maintenance of plant, student transportation, food services, and certain other activities and expenses such as non-programmed charges, interest and fees, and depreciation.

The district-wide financial statements can be found on pages 12 and 13 of this report.

## **Fund Financial Statements**

Millburn's fund financial statements provide additional detail about the District's funds, focusing on its "major" funds -- not the District as a whole. For purposes of this report, the District considers all of its governmental funds as major funds. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, by bond covenants, or by contractual agreements. Still other funds are established to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues for their intended purposes.

Millburn has two categories of funds:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds. These funds generally focus on (1) how cash (and other financial assets that can readily be converted to cash) flows in and out of the District and (2) the balances which are left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future for District purposes. Because the information contained in the fund financial statements does not encompass the additional long-term focus of the district-wide statements, a reconciliation statement follows the governmental funds financial statements to explain the relationship (or differences) between them.

The basic fund financial statements can be found at pages 14-18 of this report.

- **Fiduciary Funds** - The Millburn School District is the trustee, or fiduciary, for assets that belong to others, such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. The assets are excluded from the district-wide financial statements because it cannot use these assets to finance operations.

The basic fiduciary fund financial statements can be found on pages 19 and 52-54 of this report.



## Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and also the fund financial statements. The notes to financial statements can be found on pages 20-37 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. A budgetary comparison statement has been provided for each fund as required supplementary information. This information can be found on pages 40-49 of this report.

### **Financial Analysis of the District as a Whole**

Net Assets - Millburn's net assets at June 30, 2011 were \$1.1 million less than they were the year before, increasing its deficit to \$5.3 million. The following table presents a summary of the District's net assets at year-end:

Table 1  
Summary of Net Assets  
(In Millions)  
At June 30

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 9.0	\$ 10.2
Capital Assets (Net)	<u>28.6</u>	<u>29.7</u>
Total Assets	\$ <u>37.6</u>	\$ <u>39.9</u>
Liabilities		
Long-term Debt Outstanding	\$ 26.8	\$ 27.3
Other Liabilities	<u>16.1</u>	<u>16.8</u>
Total Liabilities	\$ <u>42.9</u>	\$ <u>44.1</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 7.4	\$ 6.9
Restricted	1.4	1.2
Unrestricted	<u>(14.1)</u>	<u>(12.3)</u>
Total Net Assets	\$ <u><u>(5.3)</u></u>	\$ <u><u>(4.2)</u></u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The District spent \$78,000 to replace equipment.
- Financing for the capital asset purchases came primarily from the funds available in the District's operating fund.
- Long-term debt paid during the year included the retirement of \$1,370,000 in bonds and reduction of \$167,431 in lease/purchase obligations.
- Depreciation expense of \$1,094,000 was charged against income.



Changes in Net Assets - The District's total revenues for the fiscal year ended June 30, 2011 were \$17.6 million. The total cost of all programs and services was \$18.7 million, exceeding revenues by \$1,142,000 as illustrated in the following table:

Table 2  
Summary of Changes in Net Assets  
(In Thousands)  
For the Year Ended June 30

	<u>2011</u>		<u>2010</u>	
	<u>Governmental Activities</u>	<u>Percentage of Total</u>	<u>Governmental Activities</u>	<u>Percentage of Total</u>
<b>Revenue</b>				
Program Revenues				
Charges for Services	\$ 878	5.0%	\$ 922	5.1%
Operating Grants and Contributions	2,896	16.5%	3,370	18.5%
Capital Grants and Contributions	4	.0%	8	.0%
General Revenue				
Taxes	10,245	58.3%	10,122	55.4%
State and Federal Aid - Formula Grants	3,352	19.1%	3,822	20.9%
Investment Earnings	5	.0%	16	.1%
Gain on Sale of Assets	<u>202</u>	<u>1.1%</u>	<u>5</u>	<u>.0%</u>
Total Revenue (In Thousands)	\$ <u>17,582</u>	<u>100.0%</u>	\$ <u>18,265</u>	<u>100.0%</u>
<b>Expenses</b>				
Instruction	\$ 10,833	57.9%	\$ 10,735	58.3%
Pupil and Instructional Services	1,292	6.9%	1,356	7.4%
Administration and Business	1,224	6.5%	1,192	6.5%
Facilities Acquisitions and Construction	44	.2%	---	.0%
Maintenance and Operations	2,013	10.8%	2,111	11.4%
Food Services	284	1.5%	328	1.8%
Transportation	1,120	6.0%	968	5.2%
Other and Non-programmed Charges	194	1.0%	233	1.3%
Debt Service	<u>1,720</u>	<u>9.2%</u>	<u>1,490</u>	<u>8.1%</u>
Total Expenses (In Thousands)	\$ <u>18,724</u>	<u>100.0%</u>	\$ <u>18,413</u>	<u>100.0%</u>
Change in Net Assets	\$ (1,142)		\$ (148)	
Net Assets				
At July 1	<u>(4,204)</u>		<u>(4,056)</u>	
At June 30	\$ <u>(5,346)</u>		\$ <u>(4,204)</u>	

The charts which appear on the following page provide a comparative display of the composition of revenues and expenses as a percentage of the total for 2011 and 2010:

Net Cost of Governmental Activities - The following schedule presents the cost of five major and all other District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, and transportation and all other costs including depreciation and debt service, and excluding capital outlay. This schedule also shows (expressed in thousands of dollars) each activity's net cost, i.e., total cost less fees and intergovernmental aid allocable to each activity. The net is equivalent to the financial burden borne by the District's taxpayers to support each of these functions.

	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 10,833	\$ 7,987
Pupil and Instructional Services	1,292	1,261
Administration and Business	1,224	1,211
Facilities Acquisition and Construction	44	44
Maintenance and Operations	2,013	1,836
Transportation	1,120	720
All Other	<u>2,198</u>	<u>1,887</u>
 Total Cost (In Thousands)	 \$ <u>18,724</u>	 \$ <u>14,946</u>

### **Summary and Highlights**

- The cost of all governmental activities for the year was \$18.7 million.
- About \$878,000 of the cost was paid by users of the District's programs.
- Federal and state subsidies to specific programs totaled \$2.9 million which includes \$1.8 million in state on-behalf payments.
- Most of the costs (\$10.2 million) however, were paid by the District's taxpayers.
- Replacement taxes, investment earnings, gains on sale of assets, and state and federal aid-formula grants totaled \$3.3 million.

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

Millburn's financial performance is reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds appearing on pages 16 and 17 of this report. Total revenues were \$17.4 million compared to \$18.3 in the prior year -- a decrease of \$.9 million. Total expenditures were \$17.9 million compared to \$17.8 million a year ago. Current year revenues were less than expenditures and other financing sources by \$.3 million.

Educational Fund (Pages 41-44) - Property taxes produced \$6.6 million in revenue for the Educational Fund during fiscal 2011, or 50% of all of the fund's revenue. State sources accounted for 42% of revenue at \$5.5 million, including \$1.8 million in on-behalf pension payments. Without the on-behalf pension payments, state revenues were \$3.7 million, accounting for 28% of total revenue. Federal sources provided \$.3 million, or about 2.6% of total Educational Fund revenue. Fees, earnings on investments, and other local sources of revenue produced \$.7 million, or 6% of total revenue. Thus, property taxes and other local revenues combined accounted for \$7.3 million, or more than 55% of Educational Fund revenues.

Total Educational Fund expenditures were \$13.1 million in fiscal year 2011, the same as they were the year before. Of the \$13.1 million, \$10.6 million, or 81%, was used for direct instruction and teachers' pensions; \$2.3 million was paid for instructional support services, administration, business, and food service; and \$.2 million was used for tuition paid to other school districts and debt service. The Educational Fund also transferred \$.1 million to the Debt Service Fund.

After taking into account the revenues of \$13.1 million and the expenditures and transfers of \$13.2 million, the Educational Fund posted a deficit of expenditures over revenues of \$.1 million -- increasing its year-end fund balance deficit to \$5,420,000. See pages 41-44.



Working Cash Fund (Page 45) - The Working Cash Fund received \$3,091 in taxes and earned \$30 in interest on investments, and \$4,237 was transferred to the Educational Fund.

Tort Immunity Fund (Page 46) - Revenues totaled \$42,000, consisting almost entirely of property taxes. Total expenditures were \$175,000. At year-end, the fund balance was a deficit of \$70,000.

Operations and Maintenance Fund (Page 47) - As with the Educational Fund, the Operations and Maintenance Fund's largest source of revenue comes from property taxes which account for \$857,000 out of total fund revenues of \$1,035,000, or 83% of total fund revenue. Other local revenue sources account for the other 17%, or \$178,000.

Total expenditures of \$1,223,000 were \$103,000 less than last year's \$1,326,000 due primarily to a decrease in supplies and materials purchased. Thus, total expenditures exceeded revenues by \$188,000. In the prior year, expenditures exceeded revenues by \$3,000.

Transportation Fund (Page 48) - Revenues for transportation and other financing sources were more than expenditures by \$17,000, generating a fund balance at year-end of \$434,000. Revenues from property taxes increased by \$163,000 to \$432,000.

Total expenditures of \$1,076,000 for 2011 is \$147,000 more than the 2010 total. A review of the totals reveals a general increase in operating expenses connected with bus services.

Illinois Municipal Retirement Fund (Page 49) - IMRF Fund revenues for 2011 were \$574,000. Expenditures of \$498,000 were \$37,000 more than the 2010 cost of \$461,000. The increased costs reflect the District's salary cost increases during the year. Revenues exceeded expenditures by \$76,000, decreasing the fund's deficit to \$176,000.

Debt Service - Bond and Interest Fund (Page 50) - Debt service funds are intended to be self-liquidating. This means that over time, revenues received from taxes should equal required expenditures. Except for timing differences where taxes are collected prior to required disbursements, the theory says there should be no accumulation of fund balances. However, accumulations do often occur when tax collections are higher than expected or when interest earnings are retained in the fund. Because of the revenue timing differences, however, analysis of annual operating results is generally not useful for the reader.

For 2011, the District's Bond and Interest Fund revenues totaled \$1,754,000, including \$1,300 in interest earnings which it transferred to the Educational Fund. Expenditures totaled \$1,840,000. The fund received \$106,000 in transfers from other funds to pay for Debt Service expenses. The fund balance increased by \$18,000 due to the timing of revenues and bond payments.

Capital Projects Fund (Page 51) - The Capital Projects Fund carried forward \$957,000 from the previous year which represents the unexpended proceeds of bonds issued for construction purposes and contributions. During the year it received interest of \$1,259. It transferred interest earnings of \$1,259 to the Debt Service Fund. The fund is expected to exhaust itself as various building projects are undertaken.

General Fund Budgetary Highlights (Pages 41-44) - The District originally budgeted general fund expenditures to total \$11,372,716. The budget was not amended. Actual General Fund expenditures totaled \$13,293,046, including \$1,842,260 in unbudgeted pension payments. Net results of operations were originally expected to result in a general fund decrease in fund balance of \$111,524. Actual results for the year produced an increase of \$212,865.

### Capital Asset and Debt Administration

Capital Assets - At June 30, 2011, Millburn's net capital assets totaled \$28.6 million in a broad range of capital assets. These assets, which are listed in Note 2C of the notes to financial statements according to five categories (land, buildings, improvements other than buildings, equipment, and vehicles) include the District's land and buildings, athletic facilities, lab facilities, auditorium, computer and audio-visual equipment, furniture and other classroom, administrative equipment and buses. Total depreciation expense of \$1,094,140 for the year was charged to various functions on the Statement of Activities as follows:

Regular Programs	\$ 32,857
Interscholastic Programs	5,765
Instructional Staff	222,261
General Administration	43,141
Operations and Maintenance	710,117
Transportation	49,491
Food Services	<u>30,508</u>
	\$ <u>1,094,140</u>

During the year, the District invested \$77,939 in additions to its capital assets. The amounts invested in additions to capital assets were less than charges for depreciation during the year by \$1,016,201. The following schedule presents capital asset balances net of depreciation at June 30, 2011:

Land	\$ 826,414
Buildings	26,481,101
Improvements Other Than Buildings	339,066
Equipment	934,787
Vehicles	<u>5,844</u>
Totals	\$ <u>28,587,212</u>

Long-term Debt - During the 2011 fiscal year, the District:

1. Retired bonds in the amount of \$1,370,000;
2. Paid \$167,431 toward its lease/purchase obligations; and
3. Incurred interest costs and fees of \$1,645,000.

See note 2D of the Notes to Financial Statements for details.

At June 30, 2011, Millburn's long-term debt obligations were:

General Obligation Bonds	\$ 21,017,795
Lease/Purchase Contracts and Loans	<u>223,743</u>
Total Long-term Debt Obligations at June 30, 2011	\$ <u>21,241,538</u>

In addition, the District was liable for accrued and accreted interest on its long-term debt:

Accrued and Accreted Interest on Bonds	\$ 8,154,257
Accrued Interest on Lease/Purchase Agreements	<u>18,401</u>
Total Accrued and Accreted Interest at June 30, 2011	\$ <u>8,172,658</u>

**Summary and Highlights**

- Property taxes continue to be the District's largest single source of revenues at \$10.2 million with locally generated fees and charges and interest earnings generating \$1.2 million. \$6.2 million was provided by state and federal aid. Thus, nearly 65% of revenue came from local sources.
- Total expenditures for all funds were \$17.9 million, \$200,000 more than the previous year. This year, expenditures included \$2.0 million spent on debt service payments.
- Total additions to capital assets of \$78,000 were acquired during the year.
- Payments on long-term debt principal totaled \$1,537,431.

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

The Millburn School District enrollment stabilized over the past several years. However, unless the District experiences another housing boom, student enrollment has started to decrease and is estimated to decrease by approximately 75 students for the 2011-12 school year and is anticipated to decrease by an additional 25 students over the next 5 years. The District's enrollment for the 2010-11 school year was 1,616. The Millburn School District has also seen a decline in Equalized Assessed Valuation (EAV) over the past two years as shown in the table below.

	<u>Tax Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
EAV	\$ 273,522,605	\$ 287,345,846	\$ 296,596,148	\$ 295,460,340	\$ 282,910,210
EAV Change	\$ ---	\$ 13,823,241	\$ 8,250,302	\$ (135,808)	\$ (12,548,130)
% Change	---	5.05%	2.87%	-.05%	-4.25%

As a result of the declining EAV and the financial challenges of the State of Illinois, revenues are anticipated to be relatively flat for the next fiscal year while expenditures in areas such as salaries, health insurance, utilities, and supplies have increased. The District made substantial reductions in staff for the 2010-11 school year in order to bring expenditures in line with anticipated revenue. Unfortunately, with a projection of relatively flat revenue growth over the next few years, the District will need to continue to adjust its expenditures to match the growth in revenue.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of Millburn's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent at 18550 Millburn Rd., Wadsworth, Illinois 60083.



## **BASIC FINANCIAL STATEMENTS**

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 2,997,784
Receivables	
Property Taxes	5,299,638
Replacement Taxes	2,470
Claims and Grants	497,127
Employee Computer Purchases	3,244
Deferred Charges	
Unamortized Bond Issuance Expenses	212,748
Capital Assets, Net of Accumulated Depreciation	
Land	826,414
Land Improvements	339,066
Buildings	26,481,101
Equipment	934,787
Transportation Equipment	<u>5,844</u>
Total Assets	\$ <u>37,600,223</u>
<b>Liabilities</b>	
Accounts Payable	\$ 354,208
Accrued Expenses	1,112,880
Tax Anticipation Warrants Payable	1,000,000
Deferred Revenue	10,719,324
Non-current Liabilities	
Due Within One Year	2,654,403
Due in More Than One Year	26,768,349
Deferred Credits	
Unamortized Bond Premiums	<u>336,347</u>
Total Liabilities	\$ <u>42,945,511</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	\$ 7,354,674
Restricted For:	
Debt Service	300,456
Capital Projects	912,396
Unrestricted	<u>(13,912,814)</u>
Total Net Assets	\$ <u>(5,345,288)</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>					
Instruction					
Regular Programs	\$ 7,131,613	\$ 284,407	\$ ---	\$ 3,675	\$ (6,843,531)
Special Programs	1,510,617	---	617,255	---	(893,362)
Interscholastic Programs	98,030	66,948	---	---	(31,082)
Summer Programs	36,350	31,689	---	---	(4,661)
Gifted Programs	214,557	---	---	---	(214,557)
State Retirement Contributions	1,842,260	---	1,842,260	---	---
Support Services					
Pupils	962,846	15,770	---	---	(947,076)
Instructional Staff	329,098	---	15,338	---	(313,760)
General Administration	464,533	12,326	---	---	(452,207)
School Administration	547,191	---	---	---	(547,191)
Business	211,869	---	---	---	(211,869)
Facilities Acquisition and Construction					
	44,183	---	---	---	(44,183)
Operations and Maintenance	2,013,501	177,645	---	---	(1,835,856)
Transportation	1,119,755	24,842	375,047	---	(719,866)
Food Services	283,920	264,393	46,498	---	26,971
Non-Programmed Services	194,137	---	---	---	(194,137)
Interest and Fees	<u>1,719,638</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(1,719,638)</u>
Total Governmental Activities	\$ <u>18,724,098</u>	\$ <u>878,020</u>	\$ <u>2,896,398</u>	\$ <u>3,675</u>	\$ <u>(14,946,005)</u>
<b>General Revenues</b>					
Taxes					
Real Estate Taxes - General					\$ 8,471,726
Real Estate Taxes - Debt Service					1,752,733
Corporate Personal Property Replacement Tax					20,071
State and Federal Aid					
Formula Grants					3,352,297
Investment Earnings					4,766
Gain on Sale of Assets					<u>202,618</u>
Total General Revenues					\$ <u>13,804,211</u>
Change in Net Assets (Deficit)					\$ (1,141,794)
Net Assets - July 1, 2010					<u>(4,203,494)</u>
Net Assets - June 30, 2011					\$ <u>(5,345,288)</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2011

		Operations and				Capital	
	General	Maintenance	Debt Service	Transportation	IMRF	Projects	Totals
<b>Assets</b>							
Cash	\$ 65,318	\$ 154,954	\$ 1,260,039	\$ 480,903	\$ 124,174	\$ 912,396	\$ 2,997,784
Receivables							
Property Taxes	3,407,690	441,516	953,766	222,514	274,152	---	5,299,638
Replacement Taxes	2,470	---	---	---	---	---	2,470
Claims and Grants	305,602	---	---	191,525	---	---	497,127
Employees' Computer Purchases	<u>3,244</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>3,244</u>
Total Assets	<u>\$ 3,784,324</u>	<u>\$ 596,470</u>	<u>\$ 2,213,805</u>	<u>\$ 894,942</u>	<u>\$ 398,326</u>	<u>\$ 912,396</u>	<u>\$ 8,800,263</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 312,786	\$ 36,995	\$ ---	\$ 4,427	\$ ---	\$ ---	\$ 354,208
Tax Anticipation Warrants Payable	1,000,000	---	---	---	---	---	1,000,000
Accrued Expenses	1,039,904	38,126	---	10,886	23,964	---	1,112,880
Deferred Revenue	<u>6,923,669</u>	<u>886,123</u>	<u>1,913,349</u>	<u>445,883</u>	<u>550,300</u>	<u>---</u>	<u>10,719,324</u>
Total Liabilities	<u>\$ 9,276,359</u>	<u>\$ 961,244</u>	<u>\$ 1,913,349</u>	<u>\$ 461,196</u>	<u>\$ 574,264</u>	<u>\$ ---</u>	<u>\$ 13,186,412</u>
<b>Fund Balances (Deficit)</b>							
Restricted For							
Transportation	\$ ---	\$ ---	\$ ---	\$ 408,526	\$ ---	\$ ---	\$ 408,526
Capital Projects	---	---	---	---	---	911,137	911,137
Assigned For							
Transportation	---	---	---	25,220	---	---	25,220
Debt Service	---	---	300,456	---	---	---	300,456
Capital Projects	---	---	---	---	---	1,259	1,259
Unassigned	<u>(5,492,035)</u>	<u>(364,774)</u>	<u>---</u>	<u>---</u>	<u>(175,938)</u>	<u>---</u>	<u>(6,032,747)</u>
Total Fund Balances (Deficit)	<u>\$ (5,492,035)</u>	<u>\$ (364,774)</u>	<u>\$ 300,456</u>	<u>\$ 433,746</u>	<u>\$ (175,938)</u>	<u>\$ 912,396</u>	<u>\$ (4,386,149)</u>
Total Liabilities and Fund Balances	<u>\$ 3,784,324</u>	<u>\$ 596,470</u>	<u>\$ 2,213,805</u>	<u>\$ 894,942</u>	<u>\$ 398,326</u>	<u>\$ 912,396</u>	<u>\$ 8,800,263</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2011

Total Fund Balances (Deficit) - Governmental Funds		\$ (4,386,149)
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the School District as a whole.		
Cost of Capital Assets	\$ 38,592,658	
Depreciation Expense to Date	(10,005,446)	28,587,212
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -- both current and long-term -- are reported in the Statement of Net Assets.		
Balance at June 30, 2011 is:		
Bonds Payable	\$ 21,017,793	
Lease/Purchase Contracts	223,745	
Accreted and Accrued Interest Payable	<u>8,181,214</u>	(29,422,752)
Deferred charges consisting of unamortized bond issuance expenses are not reported on the fund financial statements since such items have been charged there as expenses when paid rather than amortized ratably over the period of the indebtedness.		
		212,748
Deferred credits consisting of premiums received on the sale of bonds have been recognized as other financing sources on the fund financial statements when received rather than amortized over the period of the indebtedness.		
		<u>(336,347)</u>
Net Assets of Governmental Activities		\$ <u>(5,345,288)</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
<b>Revenues</b>							
Property Taxes	\$ 6,629,373	\$ 856,983	\$ 1,752,733	\$ 431,552	\$ 553,818	\$ ---	\$ 10,224,459
Replacement Taxes	---	---	---	---	20,071	---	20,071
Interest Earned	1,142	626	1,348	378	13	1,259	4,766
Other Revenue From Local Sources	679,208	177,645	---	24,842	---	---	881,695
State Aid and On-Behalf Payments	5,536,841	---	---	375,047	---	---	5,911,888
Federal Aid	336,807	---	---	---	---	---	336,807
Total Revenues	<u>\$ 13,183,371</u>	<u>\$ 1,035,254</u>	<u>\$ 1,754,081</u>	<u>\$ 831,819</u>	<u>\$ 573,902</u>	<u>\$ 1,259</u>	<u>\$ 17,379,686</u>
<b>Expenditures</b>							
Instruction							
Regular Programs	\$ 6,930,926	\$ ---	\$ ---	\$ ---	\$ 167,830	\$ ---	\$ 7,098,756
Special Programs	1,469,231	---	---	---	41,386	---	1,510,617
Interscholastic Programs	91,133	---	---	---	1,132	---	92,265
Summer Programs	35,300	---	---	---	1,050	---	36,350
Gifted Programs	212,091	---	---	---	2,466	---	214,557
State Retirement Contributions	1,842,260	---	---	---	---	---	1,842,260
Support Services							
Pupils	939,941	---	---	---	24,395	---	964,336
Instructional Staff	175,420	---	---	---	---	---	175,420
General Administration	451,935	---	---	---	12,598	---	464,533
School Administration	463,295	---	---	---	40,755	---	511,603
Business	210,112	---	---	---	1,757	---	211,869
Facilities Acquisitions and							
Construction	---	---	---	---	---	44,183	44,183
Operations and Maintenance	---	1,223,277	---	---	87,973	---	1,311,250
Transportation	---	---	---	974,577	95,687	---	1,070,264
Food Services	253,412	---	---	---	---	---	253,412
Non-Programmed Charges	143,737	---	---	29,444	20,956	---	194,137
Debt Service							
Principal	---	---	1,468,750	65,681	---	---	1,534,431
Interest and Fees	74,253	---	371,306	6,549	---	---	452,108
Total Expenditures	<u>\$ 13,293,046</u>	<u>\$ 1,223,277</u>	<u>\$ 1,840,056</u>	<u>\$ 1,076,251</u>	<u>\$ 497,985</u>	<u>\$ 44,183</u>	<u>\$ 17,974,798</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	Operations and <u>Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>IMRF</u>	<u>Capital Projects</u>	<u>Totals</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(109,675)</u>	\$ <u>(188,023)</u>	\$ <u>(85,975)</u>	\$ <u>(244,432)</u>	\$ <u>75,917</u>	\$ <u>(42,924)</u>	\$ <u>(595,112)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 2,606	\$ ---	\$ 105,796	\$ ---	\$ ---	\$ ---	\$ 112,639
Transfers Out	(105,796)	---	(1,347)	---	---	(1,259)	(112,639)
Proceeds From Sale of Assets	<u>---</u>	<u>---</u>	<u>---</u>	<u>261,254</u>	<u>---</u>	<u>---</u>	<u>261,254</u>
Total Other Financing Sources (Uses)	\$ <u>(103,190)</u>	\$ <u>---</u>	\$ <u>104,449</u>	\$ <u>261,254</u>	\$ <u>---</u>	\$ <u>(1,259)</u>	\$ <u>261,254</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ (212,865)	\$ (188,023)	\$ 18,474	\$ 16,822	\$ 75,917	\$ (44,183)	\$ (333,858)
Fund Balances - July 1, 2010	<u>(5,279,170)</u>	<u>(176,751)</u>	<u>281,982</u>	<u>416,924</u>	<u>(251,855)</u>	<u>956,579</u>	<u>(4,052,291)</u>
Fund Balances (Deficits) - June 30, 2011	\$ <u>(5,492,035)</u>	\$ <u>(364,774)</u>	\$ <u>300,456</u>	\$ <u>433,746</u>	\$ <u>(175,938)</u>	\$ <u>912,396</u>	\$ <u>(4,386,149)</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

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

YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (333,858)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Depreciation Expense	\$ (1,094,140)	
Capital Outlays	<u>77,939</u>	(1,016,201)

Interest, accrued and accreted, during the year on certain of the District's bond issues and lease/purchase contracts which was not charged to expense on the fund financial statements (1,280,418)

In the Statement of Activities, the loss on disposition of capital assets is reported, whereas in the governmental funds, this amount is not reported. (58,636)

Net amortization of bond issuance expenses and bond premium not included in the Fund Financial Statements.

Bond Premium Amortization	\$ 29,908	
Bond Issuance Expense Amortization	<u>(17,020)</u>	12,888

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,534,431

Change in Net Assets of Governmental Activities \$ (1,141,794)

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Student Activity Fund</u>
<b>Assets</b>	
Cash and Investments	\$ <u>42,699</u>
<b>Liabilities</b>	
Due to Student Groups	\$ 34,242
Unremitted Payroll Deductions	<u>8,457</u>
	\$ <u>42,699</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the District

Millburn Community Consolidated School District No. 24 is a K-8 public school system located on the eastern edge of North Central Lake County, Illinois. The District serves portions of the Villages of Lindenhurst, Old Mill Creek, Wadsworth, and unincorporated areas in the vicinity. The District operates from two locations in Old Mill Creek. Enrollment for 2011 was more than 1,500 students.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to local governmental units of this type. The following is a summary of Millburn's more significant accounting policies:

A. Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization's governing body and

1. It is able to impose its will on that organization or
2. There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

The District also may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has:

1. A separately elected governing board,
2. A governing board appointed by a higher level of government, or
3. A jointly appointed board.

There are no component units, as defined by GASB, which are included in Millburn's reporting entity. Even though there are local government agencies within the geographic area served by the District, such as municipalities, libraries and other entities, these agencies have been excluded from the report because they are legally separate and the District is not financially accountable for them.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

**District-wide and Fund Financial Statements**

The district-wide financial statements identified as the Statement of Net Assets and the Statement of Activities report information on all of Millburn's non-fiduciary activities. The effect of any interfund activity has been eliminated from them. The governmental activities column reports activities that are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

1. Charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and
2. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported as general revenues instead.

**Fund Financial Statements**

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

Separate financial statements are provided for all governmental funds and fiduciary funds even though the fiduciary funds are excluded from the district-wide financial statements.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds are used to account for the District's general government activities. Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. They are susceptible to accrual when they are both "measurable and available." "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Management considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Also, in accordance with GASB No. 24, on-behalf payments made by the State to the Teachers' Retirement System have been recognized in the financial statements.



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

Governmental funds include the following major funds:

General Fund - The General 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. The General Fund consists of the following:

**Educational Fund** - This account is used for most of the instructional and administrative aspects of the District's operations. The revenue consists primarily of property taxes, local fees, and state and federal aid.

**Working Cash Fund** - This fund accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements to the General Fund and the Transportation Fund. Money loaned by the Working Cash Fund to other funds must be repaid within two years. As allowed by the School Code of Illinois, this fund may be permanently abolished and become a part of the Educational Account within the General Fund or it may be partially abated to the General Fund, Special Revenue Funds, or Debt Service Funds.

**Tort Immunity Fund** - This fund accounts for the District's insurance and risk management activities. Revenue is derived primarily from property taxes.

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 Funds, or Fiduciary Funds) that are legally restricted to expenditures for specified purposes.

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

**Operations and Maintenance Fund** - This account is used for expenditures made for operations of plant and maintenance and repair of District property. Revenue is derived primarily from property taxes and rents.

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. A brief description of Millburn's Debt Service Fund is as follows:



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

**Bond and Interest Fund** - This fund accounts for the periodic principal and interest payments on Millburn's bond issues. Local property taxes levied specifically for debt service is the fund's primary revenue source. The Fund also pays all other debt service obligations, except for obligations of the Transportation Fund which are paid directly by that fund. Other funds transfer amounts sufficient to cover payments not funded by a direct tax levy.

Capital Projects Fund - The Capital Projects Fund (formerly known as the Site and Construction Fund) is used to account for the financial resources to be used for the acquisition and construction and/or additions to major capital facilities. The principal source of financing is the District's issuance of bonds for this purpose. Impact fees collected from builders and developers are also deposited in this fund.

Fiduciary Fund Types (Trust and Agency Funds) - Fiduciary Funds (Trust and Agency 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.

**Agency Funds** - The Agency Funds include Student Activity Funds, Flexible Spending Accounts, and Other Agency Funds. These funds are custodial in nature and do not involve the measurement of the results of operations. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Flexible Spending Accounts account for assets that are held on behalf of District employees to cover medical expenses.

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

D. Assets, Liabilities and Net Assets or Equity

**Deposits and Investments**

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, certificates of deposit, repurchase agreements, and The Illinois Fund). Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental activities column in the statement of net assets.

**Property Tax Revenues**

The District must file its tax levy with the Lake County Clerk by the last Tuesday in December of each year. The levy filed in December becomes a lien on all taxable real property located in the District as of the preceding January 1. Thus, the owner of real property on January 1 in any year is liable for taxes of that year. Millburn's 2010 tax levy was approved during the December 14, 2010 board meeting.



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

**Property Tax Revenues** (continued)

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation:

Purpose	Limit	Actual	
		2010 Levy	2009 Levy
Educational	2.500	2.351	2.180
Tort Immunity	As Needed	.016	.014
Special Education	As Needed	.053	.048
Operations and Maintenance	.3750	.314	.290
Transportation	.1200	.158	.146
SEDOL IMRF	As Needed	.008	.008
Working Cash	.0500	.002	.001
Municipal Retirement	As Needed	.111	.102
Social Security	As Needed	.076	.070
Debt Service	As Needed	<u>.678</u>	<u>.593</u>
Totals		<u>3.767</u>	<u>3.452</u>

In addition to the tax rate limitations shown above, the District is subject to "Tax Cap" limitations affecting the five collar counties surrounding Cook County, Illinois. Under the "Tax Cap" the total of the District's tax levies not including bond levies may not increase by more than the lesser of 5% of the prior year total or the prior year percentage of increase in the Consumer Price Index. However, levies may increase beyond these limitations to the extent that any increase in assessed valuation is represented by annexations or new building.

A summary of the past two years assessed valuations, extensions and collections follows:

Tax Year	2010	2009
<b>Assessed Valuation</b>	\$ 282,912,210	\$ 295,460,340
<b>Extensions</b>		
<b>Purpose</b>		
Educational	\$ 6,651,266	\$ 6,441,035
Tort Immunity	45,266	41,364
Special Education	149,943	141,821
Operations and Maintenance	888,344	856,835
Transportation	447,001	431,372
SEDOL IMRF	22,633	23,637
Working Cash	5,658	2,955
Municipal Retirement	314,033	301,370
Social Security	215,013	206,822
Debt Service	<u>1,918,145</u>	<u>1,752,080</u>
Totals	\$ <u>10,657,302</u>	\$ <u>10,199,291</u>
<b>Collections</b>	\$ <u>5,331,021</u>	\$ <u>10,202,175</u>
<b>Percentage of Extensions Collected</b>	50.01%	100.03%



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

**Property Tax Revenues** (continued)

The District has a statutory tax rate limit in the various operating funds subject to change only upon the approval of its voters. Further, Millburn is subject to the Property Tax Extension Limitation Act which, in general, limits the increase in the amount of taxes to be extended each year to the lesser of 5% or the percentage increase in the Consumer Price Index for the preceding year. Certain bond issue levies and referendum approved increases are exempt from this limitation.

Property taxes are collected by the Lake County Treasurer who remits to Millburn its share of the collections. Taxes levied in one year are billed in May of the following year, payable in two installments. The first installment due date is usually during the first week in June and the second installment is usually due during the first week in September. Property taxes are normally received by the District within 90 days of each installment due date.

The 2010 property tax levy is recorded as a receivable net of estimated uncollectible amounts. The balance receivable at year-end is the amount of the taxes levied net of the estimated uncollectible amounts minus collections received to that date. Millburn defers recognition of revenue on the 2010 tax levy until the 2011-12 fiscal year as that is the year the 2010 levy was intended to finance operations. This deferral includes collections of 2010 taxes received prior to the end of the 2010-11 fiscal year.

**Personal Property Replacement Taxes**

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund as required by Illinois statute, with the balance allocated to the remaining funds at the discretion of the District. If the Municipal Retirement/Social Security Fund does not levy a property tax for a particular year, then no replacement taxes are allocated to it for that year.

**Prepaid Items**

Certain payments to vendors for goods and services that reflect costs applicable to future accounting periods are recorded as prepaid items in both the district-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land, land improvements, building, building improvements, vehicles, machinery, equipment, and construction in progress are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life of five years or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives as established by the Illinois State Board of Education. The District chose to use the same useful lives as the State Board of Education.



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

**Capital Assets** (continued)

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements (other than buildings)	20
Equipment	5-10
Vehicles	5

The District does not depreciate land and construction in progress.

**Compensated Absences**

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. The entire compensated absences liability is reported on the district-wide financial statements.

For the governmental funds, the current portion of the compensated absences is the amount that is normally expected to be paid using expendable available resources. These amounts are recorded in the fund from which the employees who have accumulated vacation leave are paid.

Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

**Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. However, bond premiums, discounts and bond issuance costs for bonds issued prior to July 1, 2003 when the District was using the cash basis of accounting were charged to expense at the time of issuance and are not amortized or netted against liabilities.

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

**District-Wide Fund Net Assets**

District-wide fund net assets are divided into three components:

- Invested in Capital Assets, Net of Related Debt - Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted Net Assets - Consist of net assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - All other net assets are reported in this category.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

**Governmental Fund Balances**

Governmental fund balances are divided between non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted - Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

- Unassigned - Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash and tort.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

**Property Tax Calendar and Revenues**

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2010 tax levy was passed by the Board on December 16, 2010. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Comparative Data**

Comparative totals for the prior year have not been presented in selected sections of the accompanying financial statements.

**Eliminations and Reclassifications**

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

**Excess of Expenditures Over Budget**

For the year ended June 30, 2011, expenditures exceeded budget in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Educational Fund	\$ 11,223,339	\$ 13,105,960	\$ 1,882,621*
Transportation	832,629	1,076,251	243,622
Illinois Municipal Retirement	468,030	497,985	29,955
Debt Service	1,756,080	1,840,056	83,976
Tort Immunity	149,377	174,760	25,383

\*The Educational Fund over-expenditure results from the inclusion in expenditures of \$1,842,260 in unbudgeted State on-behalf payments to TRS; this expenditure is covered by an offsetting revenue amount, and spending more than was budgeted for capital outlay.

The over-expenditure in the Transportation Fund arose from higher than expected expenditures for salaries, employee benefits, purchased services, and debt services.

The over-expenditure in the IMRF Fund results from the increase in salaries in the General Fund beyond what was budgeted. Because of the increased salaries, the District owed a larger amount of IMRF payments.

The over-expenditure in the Debt Service Fund results from the District retiring a larger portion of its principal debt than originally budgeted.

The over-expenditure in the Tort Immunity Fund occurred because of unbudgeted salary and benefit payments to District supervisory personnel.

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Millburn is allowed to invest in securities as authorized by Chapter 30, Sections 235/1 through 235/7, and Chapter 105, Section 518-7 of the *Illinois Compiled Statutes*.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

A. Deposits and Investments (continued)

**Deposits**

At June 30, 2011, the carrying amount of the District's deposits was \$2,997,784 which included \$300 in petty cash. The bank balance was \$3,079,241.

In addition to the District's deposits described above, the activity funds and flexible spending account it administers had cash balances at June 30, 2011 with a carrying value of \$42,699 and a bank balance of \$51,954. All activity fund and flexible spending account balances were covered by FDIC insurance.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments to specific types of investment instruments.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one investment instrument. All the District's deposits and investments are covered by FDIC Insurance or collateral consisting of U.S. Government securities or U.S. Government insurance programs.

B. Loans Receivable

The Board of Education has authorized the purchase and financing of personal computer equipment by District employees. At June 30, 2011, the balance receivable from employees for such purchases was \$3,244.

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
Capital Assets Not Being Depreciated:				
Land	\$ <u>826,414</u>	\$ ---	\$ ---	\$ <u>826,414</u>
Capital Assets Being Depreciated:				
Buildings	\$ 33,029,987	\$ ---	\$ ---	\$ 33,029,987
Improvements Other Than Buildings	572,604	---	---	572,604
Equipment	4,045,225	77,939	---	4,123,164
Vehicles	<u>1,100,046</u>	---	<u>1,059,557</u>	<u>40,489</u>
Total Capital Assets Being Depreciated	\$ <u>38,747,862</u>	\$ <u>77,939</u>	\$ <u>1,059,557</u>	\$ <u>37,766,244</u>
Less: Accumulated Depreciation For:				
Buildings	\$ 5,888,346	\$ 660,540	\$ ---	\$ 6,548,886
Improvements Other Than Buildings	201,723	31,815	---	233,538
Equipment	2,835,383	352,994	---	3,188,377
Vehicles	<u>986,775</u>	<u>48,791</u>	<u>1,000,921</u>	<u>34,645</u>
Total Accumulated Depreciation	\$ <u>9,912,227</u>	\$ <u>1,094,140</u>	\$ <u>1,000,921</u>	\$ <u>10,005,446</u>
Net Capital Assets Being Depreciated	\$ <u>28,835,635</u>	\$ <u>(1,016,201)</u>	\$ <u>(58,636)</u>	\$ <u>27,760,798</u>
Net Governmental Activities Capital Assets	\$ <u>29,662,049</u>	\$ <u>(1,016,201)</u>	\$ <u>(58,636)</u>	\$ <u>28,587,212</u>



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

C. Capital Assets (continued)

Depreciation is included on the Statement of Activities as a charge to income of \$1,094,140 allocable to the following functions:

Regular Programs	\$ 32,857
Interscholastic Programs	5,765
Instructional Staff	222,261
General Administration	43,141
Operations and Maintenance	710,117
Transportation	49,491
Food Services	<u>30,508</u>
	\$ <u>1,094,140</u>

D. Long-term Debt

Millburn's long-term debt consisted of bonded debt and lease/purchase contracts during the 2011 fiscal year. A description of that debt follows:

1. The District issued General Obligation School Bonds on May 1, 1999, for \$9,326,744. The issue was to finance the costs of school building additions and to pay costs of issuing the bonds. The issue provided for the serial retirement of principal on December 1 of each year beginning December 1, 2006 through December 1, 2016, with interest rates varying from 4.40% to 5.30%, payable on July 1 and December 1 beginning with July 1, 1999.

On October 15, 2009, the District advance refunded a portion (\$1,840,000) of this issue and issued \$1,825,000 of Series 2009 Bonds to save on future principal and interest payments.

2. On May 1, 2004, Millburn School issued \$15,984,547 in building bonds. Included in this issue were \$6,075,000 in current interest bonds which mature on January 1, 2007 through 2010 and 2019 and 2020. These current interest bonds bear interest ranging from 3.25% to 5% per annum, payable semi-annually on July 1 and January 1. The balance of the bonds issued are capital appreciation bonds totaling \$9,909,546.75 which begin maturing on January 1, 2017 and annually thereafter until fully paid, except there is no maturity due on January 1, 2020 when the final payment is made on the current interest bonds. The capital appreciation bonds accrete at interest rates ranging from 5.11% to 6.9%, depending on maturity.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

D. Long-term Debt (continued)

At June 30, 2011, the annual debt service requirements to service bonded debt were:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,590,000	\$ 327,605	\$ 1,917,605
2013	624,663	1,407,963	2,032,626
2014	963,763	1,248,862	2,212,625
2015	1,140,794	1,271,019	2,411,813
2016	1,075,882	1,600,118	2,676,000
2017	1,429,127	1,591,873	3,021,000
2018	1,486,454	1,774,546	3,261,000
2019	2,581,562	944,438	3,526,000
2020	3,625,000	181,250	3,806,250
2021	1,694,306	2,415,694	4,110,000
2022	1,711,576	2,728,424	4,440,000
2023	1,716,466	3,078,534	4,795,000
2024	<u>1,369,202</u>	<u>3,805,798</u>	<u>5,175,000</u>
	\$ <u>21,008,795</u>	\$ <u>22,376,124</u>	\$ <u>43,384,919</u>

On July 16, 2008, Millburn School leased a 2007 school bus from The State Bank of the Lakes. The lease calls for five annual installments of \$11,996 plus interest at 5% beginning on July 1, 2009. All remaining payments due on this lease were paid in 2010.

On August 15, 2008, Millburn School leased a 2008 27-passenger bus from The State Bank of the Lakes. The lease calls for five annual installments of \$8,098 plus interest at 5% beginning on July 1, 2009.

On October 19, 2009, the District leased a 2009 12-passenger Chevy bus from State Bank of the Lakes. The lease calls for five installments of \$9,600, plus interest at 5%, beginning on July 1, 2010.

On February 2, 2009, Millburn leased seven copiers and peripheral equipment for \$104,816 from PMA Leasing, Inc. for use at Millburn West. The lease calls for 60 monthly payments of \$1,978, including interest at 5% beginning March 3, 2009 and ending February 5, 2014.

On May 6, 2010, the District leased two copiers from Tech Star America for \$51,666. The lease calls for 45 monthly payments of \$1,285, including interest at 6%, beginning on June 6, 2010.

On April 18, 2008, the District leased approximately 117 Apple computers with payments of \$68,192.66 at an interest rate of 4.7641 beginning on October 19, 2008.

For the year ended June 30, 2011, changes in long-term debt are summarized as follows:

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

D. Long-term Debt (continued)

Type of Debt		Balance July 1, 2010	Additions	Payments and Defeasements	Balance June 30, 2011	Due in One Year
General Obligation Bonds:						
Dated:	05-01-99	\$ 5,024,248	\$ ---	\$ 1,370,000	\$ 3,654,248	\$ 1,590,000
	05-01-04	15,529,547	---	---	15,529,547	---
	10-15-09	1,825,000	---	---	1,825,000	---
Deferred Charges	10-15-09	12,000	---	3,000	9,000	3,000
Bus Lease	07-16-08	47,983	---	47,983	---	---
Bus Lease	08-15-08	32,391	---	8,098	24,293	8,098
Bus Lease	10-19-09	48,000	---	9,600	38,400	9,600
Copier Lease	02-02-09	79,370	---	20,227	59,143	21,262
Copier Lease	05-06-10	50,639	---	13,823	36,816	12,417
Apple Computer Lease	04-18-08	<u>129,791</u>	<u>---</u>	<u>64,700</u>	<u>65,091</u>	<u>65,092</u>
Totals		\$ <u>22,778,969</u>	\$ <u>---</u>	\$ <u>1,537,431</u>	\$ <u>21,241,538</u>	\$ <u>1,709,469</u>

Type of Debt		Balance July 1, 2010	Additions	Payments	Balance June 30, 2011	Due In One Year
Accreted and Accrued Interest:						
Accreted Interest						
Bonds Dated	05-01-99	\$ 2,921,821	\$ 1,303,279	\$ 816,759	\$ 3,408,341	\$ 929,553
Bonds Dated	05-01-04	3,958,734	787,182	---	4,745,916	---
Accrued Interest						
Bonds	Various	12,850	12,850*	12,850	12,850	12,850
Bus Leases	Various	3,709	3,008	3,709	3,008	3,008
Copier Leases	Various	278	1,923	278	1,923	1,923
Computer Leases	Various	1,212	620	1,212	620	620
Tax Anticipation Warrants		<u>2,192</u>	<u>8,556</u>	<u>2,192</u>	<u>8,556</u>	<u>---</u>
Totals		\$ <u>6,900,796</u>	\$ <u>2,117,418*</u>	\$ <u>837,000</u>	\$ <u>8,181,214</u>	\$ <u>947,954</u>

\*Does not include amortization of bond issuance costs and bond premiums. Inclusion of these items reduced interest costs on the bonds by \$9,888.

NOTE 3 - OTHER INFORMATION

A. Risk Management

Millburn is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is a member of a public entity risk pool, described below, that provides property and liability coverage and purchases commercial insurance for other risks. Claims settlements have not exceeded coverages for any of the three preceding years and there has been no significant reduction in coverage since last year.

**Health Care Benefits**

Millburn provides health care benefits to its employees through Cooperative 90's, a cooperative organization which includes a number of other governmental units among its members. The organization employs a third-party administrator which provides claims payment and management services. The District's liability for individual claims is limited and cumulative losses are covered by stop-loss insurance. Millburn can be liable for additional contributions to Cooperative 90's should funds be insufficient to cover the cooperative's obligations. However, none have been required in previous years.



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3 - OTHER INFORMATION (continued)

A. Risk Management (continued)

**Public Entity Risk Pool**

The District is a member of the Collective Liability Insurance Cooperative (CLIC) which insures all of Millburn's property, general liability, automobile, employee dishonesty, pollution, and workers' compensation claims up to specified limits. CLIC is a separate entity, with more than 140 Illinois school district members as of June 30, 2007, which sets rates and purchases commercial excess and stop-loss coverage. The District pays annual premiums to CLIC for coverage. Supplementary payments may also be required upon determination by CLIC's Board of Directors that the annual premiums are insufficient to fund the operations of the pool. No such supplemental payments have been required by CLIC in its 20-plus years of existence.

B. Joint Agreements

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational Education, Insurance Pool, etc. This District has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from any of the joint agreements. Complete separate financial statements for any organization in which the District participates may be obtained directly from the organization by contacting the administrative District.

NOTE 4 - RETIREMENT FUND COMMITMENTS

The District participates in two retirement systems; the Teachers Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF).

A. Teachers' Retirement System of the State of Illinois

Millburn 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 funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants 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, 2011 was 9.4% of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4% for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

A. Teachers' Retirement System of the State of Illinois (continued)

- On-Behalf Contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10% of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,774,654 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38% (\$1,771,397) and 17.08% (\$1,342,239), respectively.

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

- 2.2 Formula Contributions - Employers contribute .58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$44,558. Contributions for the years ending June 30, 2010 and June 30, 2009 were \$43,944 and \$45,579, 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, 2011, the employer pension contribution was 23.10% of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38% and 17.08% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2010 and June 30, 2009, no salaries were paid from federal and special trust funds that required employer contributions.

- Early Retirement Option (ERO) - The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution is 117.5% and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the District paid nothing to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the District paid nothing in employer ERO contributions.

- Salary Increases Over 6% and Excess Sick Leave - If an employer grants salary increases over 6% 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%.

For the year ended June 30, 2011, the District paid nothing to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2010 and June 30, 2009, the District paid nothing in employer contributions due on salary increases in excess of 6%.

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 (18.03% of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

A. Teachers' Retirement System of the State of Illinois (continued)

For the year ended June 30, 2011, the District paid nothing to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2010 and June 30, 2009, the District paid nothing in employer contributions granted for sick leave days.

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.

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

B. THIS Fund

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing , multiple-employer defined benefit post-retirement 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 it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state-administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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 Fund.

The percentage of employer-required contributions in the future will be determined by the director of HFS and will not exceed 105% 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 .88% of pay during the year ended June 30, 2011. State of Illinois contributions were \$67,606 and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were .84% of pay. State contributions on behalf of District employees were \$63,643 and \$66,012, respectively.

- Employer Contributions to THIS Fund - The District also makes contributions to the THIS Fund. The District THIS contribution was .66% during the year ended June 30, 2011, and .63% during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the District paid \$50,704 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the District paid \$47,732 and \$49,509 to the THIS Fund, respectively, which was 100% of the required contribution.

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.



NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer 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 online at [www.imrf.org](http://www.imrf.org).

As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2010 was 11.19%. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

The required contribution for calendar year 2010 was \$195,120.

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 195,120	100%	\$ ---
12/31/09	195,706	100%	---
12/31/08	189,277	100%	---

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 included: (a) 7.5% 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% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's regular 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.

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 63.75% funded. The actuarial accrued liability for benefits was \$2,696,371 and the actuarial value of assets was \$1,718,932, resulting in an underfunded actuarial accrued liability (UAAL) of \$977,439. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,743,698 and the ratio of the UAAL to the covered payroll was 56%.

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 Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The total employer contribution for the year ended June 30, 2011 was \$248,711.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 - TAX ANTICIPATION WARRANTS PAYABLE

The District issued tax anticipation warrants in 2010-11 to insure its expenses were paid in a timely manner. The District has warrants payable of \$1,000,000 as of June 30, 2011.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS

A. Retiree Paid Insurance

Plan Overview - The District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides medical, dental and vision benefits to retirees and their covered eligible dependents. All active employees who retire directly from the District and meet the eligibility criteria may participate. The District pays 100% of retirees health insurance premiums for the first four years following retirement for those who choose to be covered. The cost to the District for the 2010-11 fiscal year was \$28,518.

NOTE 7 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2010 EAV	\$ 282,912,210
Rate	<u>6.90%</u>
Debt Margin	\$ 19,520,942
Current Debt	<u>(21,241,538)</u>
Remaining Debt Margin	\$ <u>(1,720,596)</u>

The Illinois State Board of Education has granted the District a waiver on this limitation.

NOTE 8 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 17, 2011, the date on which the financial statements were available to be issued.

At the January 18, 2011 board meeting, the District committed to a four-year technology lease at a cost of \$84,326 a year. This lease will begin in fiscal year 2011-12. The District also renewed its one-year bus lease with Midwest Transit at a cost increase of approximately 3.6% over the 2010-11 cost of \$229,131. As part of the lease agreement, the District sold all but two of its old buses for new buses in fiscal year 2011-12.

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2011, the District has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

**REQUIRED SUPPLEMENTARY INFORMATION -  
HISTORICAL PENSION INFORMATION**

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

ILLINOIS MUNICIPAL RETIREMENT FUND

ANALYSIS OF EMPLOYER CONTRIBUTIONS  
AND FUNDING PROGRESS (UNAUDITED)

JUNE 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Value of Assets (A)	Actuarial Entry Age (B)	Actuarial Accrued Liability Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
12/31/10	\$ 1,718,932	\$ 2,696,371	\$ 977,439	63.75%	\$ 1,743,698	56.06%
12/31/09	1,398,916	2,517,518	1,118,602	55.57%	1,905,611	58.70%
12/31/08	1,475,134	2,333,884	858,750	63.21%	1,855,661	46.28%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$1,828,425. On a market basis, the funded ratio would be 67.81%.

**REQUIRED SUPPLEMENTARY INFORMATION -  
COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

## MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

## GENERAL FUND

## COMBINING BALANCE SHEET

JUNE 30, 2011

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 112,725	\$ ---	\$ (47,407)	\$ 65,318
Receivables				
Property Taxes	3,381,948	2,979	22,763	3,407,690
Replacement Taxes	2,470	---	---	2,470
Claims and Grants	305,602	---	---	305,602
Employees' Computer Purchases	<u>3,244</u>	<u>---</u>	<u>---</u>	<u>3,244</u>
 Total Assets	 \$ <u>3,808,989</u>	 \$ <u>2,979</u>	 \$ <u>(24,644)</u>	 \$ <u>3,784,324</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 312,786	\$ ---	\$ ---	\$ 312,786
Tax Anticipation Warrants Payable	1,000,000	---	---	1,000,000
Accrued Expenses	1,039,904	---	---	1,039,904
Deferred Revenue	<u>6,872,872</u>	<u>5,644</u>	<u>45,153</u>	<u>6,923,669</u>
Total Liabilities	\$ <u>9,225,562</u>	\$ <u>5,644</u>	\$ <u>45,153</u>	\$ <u>9,276,359</u>
 <b>Fund Balances</b>				
Unrestricted				
Undesignated (Deficit)	\$ <u>(5,419,573)</u>	\$ <u>(2,665)</u>	\$ <u>(69,797)</u>	\$ <u>(5,492,035)</u>
 Total Liabilities and Fund Balances	 \$ <u>3,808,989</u>	 \$ <u>2,979</u>	 \$ <u>(24,644)</u>	 \$ <u>3,784,324</u>

## MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

## GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
<b>Revenues</b>				
Local Sources	\$ 7,264,789	\$ 3,091	\$ 41,843	\$ 7,309,723
State Sources	3,694,581	---	---	3,694,581
Federal Sources	<u>336,807</u>	<u>---</u>	<u>---</u>	<u>336,807</u>
Total Direct Revenues	\$ 11,296,177	\$ 3,091	\$ 41,843	\$ 11,341,111
Revenue For On-Behalf Payments	<u>1,842,260</u>	<u>---</u>	<u>---</u>	<u>1,842,260</u>
Total Revenues	\$ <u>13,138,437</u>	\$ <u>3,091</u>	\$ <u>41,843</u>	\$ <u>13,183,371</u>
<b>Expenditures</b>				
Instruction	\$ 8,738,681	\$ ---	\$ ---	\$ 8,738,681
Support Services	2,319,355	---	174,760	2,494,115
Non-Programmed Charges	143,737	---	---	143,737
Debt Service	<u>74,253</u>	<u>---</u>	<u>---</u>	<u>74,253</u>
Total Direct Expenditures	\$ 11,276,026	\$ ---	\$ 174,760	\$ 11,450,786
Expenditures For On-Behalf Payments	<u>1,842,260</u>	<u>---</u>	<u>---</u>	<u>1,842,260</u>
Total Expenditures	\$ <u>13,118,286</u>	\$ <u>---</u>	\$ <u>174,760</u>	\$ <u>13,293,046</u>
Excess or (Deficiency) of Revenues Cash Expenditures	\$ <u>20,151</u>	\$ <u>3,091</u>	\$ <u>(132,917)</u>	\$ <u>(109,675)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	\$ (105,796)	\$ ---	\$ ---	\$ (105,796)
Interest Transfers	2,606	---	---	2,606
Permanent Transfers	<u>4,237</u>	<u>(4,237)</u>	<u>---</u>	<u>---</u>
Total Other Financing Sources (Uses)	\$ <u>(98,953)</u>	\$ <u>(4,237)</u>	\$ <u>---</u>	\$ <u>(103,190)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ (78,802)	\$ (1,146)	\$ (132,917)	\$ (212,865)
Fund Balance - July 1, 2010	<u>(5,340,771)</u>	<u>(1,519)</u>	<u>63,120</u>	<u>(5,279,170)</u>
Fund Balance (Deficit) - June 30, 2011	\$ <u>(5,419,573)</u>	\$ <u>(2,665)</u>	\$ <u>(69,797)</u>	\$ <u>(5,492,035)</u>

## MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

## EDUCATIONAL FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2011

	Original and <u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b> (Page 42)		
Local Sources	\$ 7,399,371	\$ 7,264,789
Flow-Through Sources	111,894	---
State Sources	3,518,592	3,694,581
Federal Sources	<u>149,000</u>	<u>336,807</u>
Total Direct Revenues	\$ 11,178,857	\$ 11,296,177
Revenue For On-Behalf Payments	<u>---</u>	<u>1,842,260</u>
Total Revenues	\$ <u>11,178,857</u>	\$ <u>13,138,437</u>
<b>Expenditures</b> (Pages 43 and 44)		
Instruction	\$ 8,785,198	\$ 8,738,681
Support Services	2,254,871	2,319,355
Non-Programmed Charges	133,270	143,737
Debt Service	<u>50,000</u>	<u>74,253</u>
Total Direct Expenditures	\$ 11,223,339	\$ 11,276,026
Expenditures For On-Behalf Payments	<u>---</u>	<u>1,842,260</u>
Total Expenditures	\$ <u>11,223,339</u>	\$ <u>13,118,286</u>
Excess or (Deficiency) of Revenues Cash Expenditures	\$ <u>(44,482)</u>	\$ <u>20,151</u>
<b>Other Financing Sources (Uses)</b>		
Transfers Out	\$ ---	\$ (105,796)
Interest Transfers	12,800	2,606
Permanent Transfers	<u>---</u>	<u>4,237</u>
Total Other Financing Sources (Uses)	\$ <u>12,800</u>	\$ <u>(98,953)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>(31,682)</u>	\$ (78,802)
Fund Balance - July 1, 2010		<u>(5,340,771)</u>
Fund Balance (Deficit) - June 30, 2011		\$ <u>(5,419,573)</u>



MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF REVENUES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes		
General Levies	\$ 6,561,035	\$ 6,442,673
Special Education Levies	141,836	141,810
Corporate Personal Property Replacement Taxes	18,000	---
Tuition	79,000	86,991
Earnings on Investments	10,300	1,098
Food Services	302,500	264,393
District/School Activities	77,000	93,303
Textbooks	150,000	180,652
Contributions	2,000	3,675
Other	<u>57,700</u>	<u>50,194</u>
	\$ <u>7,399,371</u>	\$ <u>7,264,789</u>
Flow-Through Sources		
From State Sources	\$ <u>111,894</u>	\$ <u>---</u>
State Sources		
General State Aid	\$ 3,025,000	\$ 3,082,422
Special Education	481,327	609,160
Bilingual Education	2,000	971
State Free Lunch and Breakfast	845	858
Safety and Education Improvement	7,000	1,170
Other Grants In Aid	<u>2,420</u>	<u>---</u>
	\$ <u>3,518,592</u>	\$ <u>3,694,581</u>
Federal Sources		
National School Lunch	\$ 45,000	\$ 47,928
ARRA Jobs Funding	---	117,179
IDEA Pre-School	3,000	---
IDEA Flow-Through	52,000	77,406
ARRA Preschool Special Ed	---	6,410
ARRA IDEA Flow-Through Special Ed	---	67,710
Title II - Teacher Quality	14,000	12,079
Medicaid Matching	<u>35,000</u>	<u>8,095</u>
	\$ <u>149,000</u>	\$ <u>336,807</u>
Total Direct Cash Revenue	\$ 11,178,857	\$ 11,296,177
Revenue For On-Behalf Payments	<u>---</u>	<u>1,842,260</u>
Total Revenues	\$ <u>11,178,857</u>	\$ <u>13,138,437</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
EDUCATIONAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Expenditures</b>		
Instruction		
Regular Programs		
Salaries	\$ 5,686,144	\$ 5,509,968
Employee Benefits	1,178,032	1,188,919
Purchased Services	49,300	81,528
Supplies and Materials	126,950	128,631
Capital Outlay	44,700	6,635
Other Objects	<u>10,000</u>	<u>15,245</u>
	\$ <u>7,095,126</u>	\$ <u>6,930,926</u>
Special Education Programs		
Salaries	\$ 1,094,803	\$ 1,166,749
Employee Benefits	127,184	159,106
Purchased Services	14,650	2,762
Supplies and Materials	---	980
Tuition	<u>99,798</u>	<u>139,634</u>
	\$ <u>1,336,435</u>	\$ <u>1,469,231</u>
Interscholastic Programs		
Salaries	\$ 80,100	\$ 70,700
Employee Benefits	600	394
Purchased Services	16,000	9,947
Supplies and Materials	3,000	4,476
Other Objects	<u>2,500</u>	<u>5,616</u>
	\$ <u>102,200</u>	\$ <u>91,133</u>
Summer School		
Salaries	\$ 49,500	\$ 33,002
Employee Benefits	300	140
Supplies and Materials	<u>1,000</u>	<u>2,158</u>
	\$ <u>50,800</u>	\$ <u>35,300</u>
Gifted		
Salaries	\$ 175,810	\$ 193,711
Employee Benefits	<u>24,827</u>	<u>18,380</u>
	\$ <u>200,637</u>	\$ <u>212,091</u>
Total Instruction	\$ <u>8,785,198</u>	\$ <u>8,738,681</u>
Support Services		
Pupils		
Salaries	\$ 756,836	\$ 814,031
Employee Benefits	89,216	53,481
Purchased Services	16,000	55,021
Supplies and Materials	2,500	15,918
Other Objects	<u>1,200</u>	<u>1,490</u>
	\$ <u>865,752</u>	\$ <u>939,941</u>
Instructional Staff		
Purchased Services	\$ 61,150	\$ 14,034
Supplies and Materials	12,000	31,932
Capital Outlay	---	81,220
Other Objects	<u>---</u>	<u>48,234</u>
	\$ <u>73,150</u>	\$ <u>175,420</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
EDUCATIONAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual
<b>Expenditures</b> (continued)		
Support Services (continued)		
General Administration		
Salaries	\$ 137,194	\$ 132,161
Employee Benefits	30,142	33,876
Purchased Services	128,540	93,246
Supplies and Materials	1,300	786
Other Objects	<u>4,500</u>	<u>17,106</u>
	\$ <u>301,676</u>	\$ <u>277,175</u>
School Administration		
Salaries	\$ 402,392	\$ 387,868
Employee Benefits	80,056	74,042
Purchased Services	3,200	1,252
Supplies and Materials	1,000	84
Other Objects	<u>500</u>	<u>49</u>
	\$ <u>487,148</u>	\$ <u>463,295</u>
Business		
Salaries	\$ 92,500	\$ 98,333
Employee Benefits	8,554	8,772
Purchased Services	16,000	19,359
Supplies and Materials	1,000	978
Other Objects	<u>---</u>	<u>100</u>
	\$ <u>118,054</u>	\$ <u>127,542</u>
Data Processing		
Purchased Services	\$ 38,000	\$ 61,582
Supplies and Materials	14,200	18,638
Capital Outlay	<u>65,356</u>	<u>2,350</u>
	\$ <u>117,556</u>	\$ <u>82,570</u>
Lunch Services		
Salaries	\$ 8,000	\$ 6,250
Employee Benefits	35	36
Purchased Services	280,000	217,858
Supplies and Materials	3,000	28,239
Other Objects	<u>500</u>	<u>1,029</u>
	\$ <u>291,535</u>	\$ <u>253,412</u>
Total Support Services	\$ <u>2,254,871</u>	\$ <u>2,319,355</u>
Non-Programmed Charges		
Payments For Programs		
Purchased Services	\$ 35,200	\$ 18,963
Other Objects	98,070	33,664
Tuition	<u>---</u>	<u>91,110</u>
	\$ <u>133,270</u>	\$ <u>143,737</u>
Debt Service		
Interest	\$ <u>50,000</u>	\$ <u>74,253</u>
Total Direct Expenditures	\$ 11,223,339	\$ 11,276,026
Expenditures For On-Behalf Payments	<u>---</u>	<u>1,842,260</u>
Total Expenditures \$	<u>11,223,339</u> \$	<u>13,118,286</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

WORKING CASH FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 2,954	\$ 3,061
Earnings on Investments	<u>50</u>	<u>30</u>
Total Revenues	\$ <u>3,004</u>	\$ <u>3,091</u>
<b>Expenditures</b>	\$ <u>---</u>	\$ <u>---</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ 3,004	\$ 3,091
<b>Other Financing Sources (Uses)</b>		
Permanent Transfers to Education Fund		
Abolish Working Cash Fund	<u>---</u>	<u>4,237</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>3,004</u>	\$ (1,146)
Fund Balance - July 1, 2010		<u>(1,519)</u>
Fund Balance (Deficit) - June 30, 2011		\$ <u>(2,665)</u>



MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TORT IMMUNITY FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 66,381	\$ 41,829
Earnings on Investments	<u>150</u>	<u>14</u>
Total Revenues	\$ <u>66,531</u>	\$ <u>41,843</u>
<b>Expenditures</b>		
Support Services		
General Administration		
Loss Prevention		
Salaries	\$ ---	\$ 21,316
Employee Benefits	---	3,364
Purchased Services		
Insurance Premiums	<u>149,377</u>	<u>150,080</u>
Total Expenditures	\$ <u>149,377</u>	\$ <u>174,760</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(82,846)</u>	\$ (132,917)
Fund Balance - July 1, 2010		<u>63,120</u>
Fund Balance - June 30, 2011		\$ <u>(69,797)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 936,835	\$ 856,983
Earnings on Investments	2,100	626
Rental Income	<u>40,000</u>	<u>177,645</u>
Total Revenues	\$ <u>978,935</u>	\$ <u>1,035,254</u>
<b>Expenditures</b>		
Support Services		
Operation and Maintenance of Plant		
Salaries	\$ 524,827	\$ 549,512
Employee Benefits	105,532	77,789
Purchased Services	577,000	509,471
Supplies and Materials	52,000	75,945
Capital Outlay	---	7,866
Other Objects	<u>3,000</u>	<u>2,694</u>
Total Expenditures	\$ <u>1,262,359</u>	\$ <u>1,223,277</u>
Excess or (Deficiency) of Revenue Over Expenditures	\$ <u>(283,424)</u>	\$ (188,023)
Fund Balance - July 1, 2010		<u>(176,751)</u>
Fund Balance - June 30, 2011		\$ <u>(364,774)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 331,372	\$ 431,552
Earnings on Investments	350	378
Other Revenue	<u>20,000</u>	<u>24,842</u>
Total Local Sources	\$ <u>351,722</u>	\$ <u>456,772</u>
State Sources		
Regular	\$ 623,060	\$ 332,405
Special Education	<u>35,000</u>	<u>42,642</u>
Total State Sources	\$ <u>658,060</u>	\$ <u>375,047</u>
 Total Revenues	 \$ <u>1,009,782</u>	 \$ <u>831,819</u>
<b>Expenditures</b>		
Support Services		
Pupil Transportation		
Salaries	\$ 501,825	\$ 547,064
Employee Benefits	16,173	45,469
Purchased Services	32,500	301,216
Supplies and Materials	52,000	79,061
Capital Outlay	229,131	---
Other Objects	<u>1,000</u>	<u>1,767</u>
Total Support Services	\$ <u>832,629</u>	\$ <u>974,577</u>
Non-Programmed Charges		
Payments for Special Education Programs	\$ ---	\$ <u>29,444</u>
Debt Services		
Interest	\$ ---	\$ 6,549
Principal	<u>---</u>	<u>65,681</u>
Total Debt Services	\$ <u>---</u>	\$ <u>72,230</u>
 Total Expenditures	 \$ <u>832,629</u>	 \$ <u>1,076,251</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ 438,153	\$ (244,432)
<b>Other Financing Sources (Uses)</b>		
Sale of Bus Fleet	<u>261,000</u>	<u>261,254</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>177,153</u>	\$ 16,822
Fund Balance - July 1, 2010		<u>416,924</u>
Fund Balance - June 30, 2011		\$ <u>433,746</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 526,828	\$ 553,818
Personal Property Replacement Taxes	---	20,071
Earnings on Investments	---	13
Total Revenues	\$ <u>526,828</u>	\$ <u>573,902</u>
<b>Expenditures</b>		
Instruction	\$ 468,030	\$ 213,864
Support Services	---	263,165
Non-Programmed Charges - Special Education	---	20,956
Total Expenditures	\$ <u>468,030</u>	\$ <u>497,985</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>58,798</u>	\$ 75,917
Fund Balance - July 1, 2010		<u>(251,855)</u>
Fund Balance - June 30, 2011		\$ <u>(175,938)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

DEBT SERVICE FUND

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Property Taxes	\$ 1,752,080	\$ 1,752,733
Earnings on Investments	<u>9,000</u>	<u>1,348</u>
Total Revenues	\$ <u>1,761,080</u>	\$ <u>1,754,081</u>
<b>Expenditures</b>		
Debt Service		
Interest	\$ 384,080	\$ 369,976
Principal	1,370,000	1,468,750
Debt Service Fees	<u>2,000</u>	<u>1,330</u>
Total Expenditures	\$ <u>1,756,080</u>	\$ <u>1,840,056</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>5,000</u>	\$ <u>(85,975)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In	\$ ---	\$ 105,796
Permanent Transfers	<u>(9,000)</u>	<u>(1,347)</u>
Total Other Financing Sources (Uses)	\$ <u>(9,000)</u>	\$ <u>104,449</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>(4,000)</u>	\$ 18,474
Fund Balance - July 1, 2010		<u>281,982</u>
Fund Balance - June 30, 2011		\$ <u>300,456</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Local Sources		
Earnings on Investments	\$ 3,800	\$ 1,259
Contributions and Donations	<u>5,000</u>	<u>---</u>
Total Revenues	\$ <u>8,800</u>	\$ <u>1,259</u>
<b>Expenditures</b>		
Facilities Acquisition		
Capital Outlay	\$ 100,000	\$ ---
Other Objects	<u>---</u>	<u>44,183</u>
Total Expenditures	\$ <u>100,000</u>	\$ <u>44,183</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ (91,200)	\$ (42,924)
<b>Other Financing Sources (Uses)</b>		
Permanent Transfer of Interest Other Funds	<u>(3,800)</u>	<u>(1,259)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>(95,000)</u>	\$ (44,183)
Fund Balance - July 1, 2010		<u>956,579</u>
Fund Balance - June 30, 2011		\$ <u>912,396</u>

**FIDUCIARY FUNDS  
TRUST AND AGENCY FUNDS**

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

Activity Fund - To account for monies donated by students to fund student events.

Flexible Spending Account Fund - To account for monies withheld for flexible spending benefits from employees wages and subsequent remittance to pay expenses.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FIDUCIARY FUNDS

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<u>Agency</u>		
	<u>Activity Funds</u>	<u>Flexible Spending Account Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ <u>34,242</u>	\$ <u>8,457</u>	\$ <u>42,699</u>
Total Assets	\$ <u><u>34,242</u></u>	\$ <u><u>8,457</u></u>	\$ <u><u>42,699</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due To Student Groups	\$ 34,242	\$ ---	\$ 34,242
Unremitted Payroll Deductions	<u>---</u>	<u>8,457</u>	<u>8,457</u>
Total Liabilities	\$ <u><u>34,242</u></u>	\$ <u><u>8,457</u></u>	\$ <u><u>42,699</u></u>
Total Liabilities and Fund Balances	\$ <u><u>34,242</u></u>	\$ <u><u>8,457</u></u>	\$ <u><u>42,699</u></u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

STUDENT ACTIVITY FUNDS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Balance <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2011</u>
<b>Millburn Central</b>				
Band	\$ 3,663	\$ 2,597	\$ 3,593	\$ 2,667
Athletics	(3,253)	32,891	18,950	10,688
Field Trips	804	58,472	58,880	396
Grants	---	3,075	2,728	347
Middle School	13,582	7,255	20,280	557
Principal	5,239	2,088	6,078	1,249
Student Council	3,201	580	1,290	2,491
Sunshine	153	128	215	66
Yearbook	<u>1,286</u>	<u>17,637</u>	<u>14,336</u>	<u>4,584</u>
	\$ <u>24,675</u>	\$ <u>124,720</u>	\$ <u>126,350</u>	\$ <u>23,045</u>
<b>Millburn West</b>				
Band	\$ 2,715	\$ ---	\$ 2,715	\$ ---
Athletics	(268)	---	100	(368)
Field Trips	(1,791)	32,062	29,460	811
Middle School	1,134	3,566	3,879	821
Principal	1,868	10,274	9,825	2,317
Student Council	(261)	295	---	34
Sunshine	594	881	840	635
Yearbook	<u>5,622</u>	<u>1,325</u>	<u>---</u>	<u>6,947</u>
	\$ <u>9,613</u>	\$ <u>48,403</u>	\$ <u>46,819</u>	\$ <u>11,197</u>
<b>Totals</b>	\$ <u><u>34,288</u></u>	\$ <u><u>173,123</u></u>	\$ <u><u>173,169</u></u>	\$ <u><u>34,242</u></u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FLEXIBLE SPENDING ACCOUNT FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Assets**

Cash and Cash Equivalents -	
Beginning Balance	\$ 2,795
Additions	68,860
Disbursements	<u>(63,198)</u>
Cash and Cash Equivalents - Ending Balance	\$ <u>8,457</u>

**Liabilities**

Unremitted Payroll Deductions Payable -	
Beginning Balance	\$ 2,795
Additions	68,860
Disbursements	<u>(63,198)</u>
Ending Balance	\$ <u>8,457</u>

## **SUPPLEMENTARY SCHEDULES**

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

COMPUTATION OF PER CAPITA TUITION CHARGE

FOR THE YEAR ENDED JUNE 30, 2011

<b>Total Expenditures</b>		
Educational Fund	\$ 11,263,700	
Operations and Maintenance Fund	1,223,277	
Bond and Interest Fund	1,840,056	
Transportation Fund	1,076,251	
Municipal Retirement Fund	497,985	
Tort Immunity Fund	<u>174,760</u>	\$ 16,076,029
<b>Less: Receipts or Expenditures Not Applicable To Operating Expense of Regular Term</b>		
Summer School	\$ 36,350	
Capital Outlay (Education, Building, and Transportation Funds)	99,561	
Lease/Purchase Principal Retired	65,681	
Bond Principal Retired	1,468,750	
Payments to Other Districts and Governments	<u>194,137</u>	<u>1,864,479</u>
Operating Expense of Regular Program		\$ 14,211,550
Average Daily Attendance	1,456.42	
Net Operating Expense Per Pupil	\$ <u>9,757.87</u>	
<b>Deductions For Computation of Tuition Charges (Revenue Offsetting Expense of a Special Activity)</b>		
State Transportation Aid	\$ 375,047	
Special Education	609,160	
District/School Activity	93,303	
Food Services	264,393	
Textbooks	180,652	
Rentals	177,645	
Other Grants-In-Aid	<u>339,806</u>	<u>2,040,006</u>
Net Operating Expenses For Tuition Computation		\$ 12,171,544
Add: Total Depreciation Allowance		<u>1,094,140</u>
Total Allowance For Tuition Computation		\$ <u>13,265,684</u>
Average Daily Attendance	1,456.42	
Per Capita Tuition Charge	\$ <u>9,108.42</u>	

NOTE: These computations are prepared from the District's Annual Financial Report which it files with the Illinois State Board of Education on a regulatory basis of accounting. The regulatory basis is different than the basis of accounting used in this report.

# **FEDERAL COMPLIANCE REPORT**

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  
Millburn Community Consolidated School District No. 24  
Wadsworth, Illinois

We have audited the financial statements of

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24  
WADSWORTH, ILLINOIS

as of and for the year ended June 30, 2011, and have issued our report thereon dated October 17, 2011. 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 Millburn Community Consolidated School District No. 24's (the District's) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 misstatements 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.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Millburn Community Consolidated School District No. 24's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts and grants agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, 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.

MILBURN CAIN & CO.  
Certified Public Accountants

Gurnee, Illinois  
October 17, 2011