

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

WILMETTE, COOK COUNTY, ILLINOIS

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Avoca Public School District No. 37
Wilmette, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund Avoca Public School District No. 37 as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility Avoca Public School District No. 37'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. 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 Avoca Public School District No. 37 as of June 30, 2009, 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.

The management's discussion and analysis, historical pension information, and budgetary comparison information on pages 2-10 and pages 36 and 37-48 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 schedules and statistical tables on pages 49-51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MILBURN CAIN & CO.
Certified Public Accountants

Gurnee, Illinois
October 1, 2009

REQUIRED SUPPLEMENTAL INFORMATION

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Management of Avoca Public School District No. 37 (the District) presents this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2009. 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 11.

Financial Highlights

- On April 25, 2007 Avoca issued \$2,198,422 in working cash fund bonds. These bonds funded construction on the following projects: Avoca West roof; Avoca West boiler/univents; Avoca West hallway floors; Avoca West South gym floor; Marie Murphy hallway floors; and Avoca Center roof and eave project. The construction was completed during the fiscal year ending June 30, 2009.
- During the year, Avoca retired \$627,000 of its previously outstanding debt.
- For the fifth straight year expenses exceeded revenues, this time by \$632,000, or \$394,000 more than 2008 when the deficit was \$238,000.
- On April 7, 2009, the Avoca community passed a tax rate referendum by a vote of 794 - yes to 553 - no.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Avoca Public School'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 Avoca Public School'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 the District 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., earned but unused vacation or sick pay).

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, and certain other activities and expenses such as non-programmed charges, interest and fees, and unallocated depreciation.

The district-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

Avoca Public School'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 Board 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.

Avoca Public School 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 13-17 of this report.

- **Fiduciary Funds** - Avoca Public School 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 the District cannot use these assets to finance operations.

The basic fiduciary fund financial statements can be found on page 18 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 19-35 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 38-48 of this report.

Financial Analysis of the District as a Whole

Net Assets - Avoca Public School's net assets were \$.7 million smaller at June 30, 2009 than they were the year before, decreasing by a little more than 5% to \$11.8 million. The following table presents a summary of the District's net assets at year-end:

Table 1
Statement of Net Assets
As of June 30, 2009 and 2008

	Amount (In Millions)	
	<u>2009</u>	<u>2008</u>
Assets		
Current and Other Assets	\$ 15.8	\$ 17.1
Capital Assets (Net)	<u>13.2</u>	<u>11.7</u>
Total Assets	\$ <u>29.0</u>	\$ <u>28.8</u>
Liabilities		
Long-term Debt Outstanding	\$ 4.7	\$ 5.2
Other Liabilities	<u>12.5</u>	<u>11.1</u>
Total Liabilities	\$ <u>17.2</u>	\$ <u>16.3</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 8.5	\$ 6.5
Restricted	.5	.5
Unrestricted	<u>2.8</u>	<u>5.5</u>
Total Net Assets	\$ <u>11.8</u>	\$ <u>12.5</u>

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

- The District reduced its debt by \$.6 million.
- Depreciation expense of \$.6 million was charged against income.

Changes in Net Assets - The District's total revenues for the fiscal year ended June 30, 2009 were \$13.2 million. The total cost of all programs and services were \$13.9 million. Expenses exceeded revenues, decreasing net assets by \$.7 million. The District's financial position can be credited to a strong real estate tax base and budgetary controls. Operating grants and charges for governmental activities totaled \$2.8 million. The following table presents a summary of changes in net assets for the fiscal year ended June 30, 2009 and 2008:

Table 2
 Changes in Net Assets
 For the Fiscal Year Ended
 June 30, 2009 and 2008

	Governmental Activities	
	(In Millions)	
	2009	2008
Revenue		
Program Revenues		
Charges for Services	\$ 1.0	\$.8
Operating Grants and Contributions	1.8	1.2
General Revenue		
Taxes	10.1	9.8
Federal and State Aid - Formula Grants	.1	.2
Investment Earnings	.2	.5
Total Revenue (In Millions)	\$ 13.2	\$ 12.5
Expenses		
Instruction	\$ 7.2	\$ 6.3
Pupil and Instructional Services	2.6	2.0
Administration and Business	2.0	2.1
Maintenance and Operations	1.3	1.2
Transportation	.3	.3
Payments to Other Districts and Governmental Units	.3	.6
Debt Service (Interest Only)	.2	.2
	\$ 13.9	\$ 12.7
 Change in Net Assets	 \$ (.7)	 \$ (.2)
 Net Assets		
July 1	12.5	12.7
 June 30	\$ 11.8	\$ 12.5

The graphs on the following page represent the percent of revenues and expenses by source and function in relation to the total revenues and total expenses for 2009 compared with 2008.

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, transportation and all other costs and excluding capital outlay and debt service - principal only - (page 12). This schedule also shows 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.

	2009		2008	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	7.2	5.3	6.3	5.1
Pupil and Instructional Services	2.6	2.5	2.0	1.9
Administration and Business	2.0	1.7	2.1	1.8
Maintenance and Operations	1.3	.9	1.2	.9
Transportation	.3	.2	.3	.2
All Other	<u>.5</u>	<u>.5</u>	<u>.8</u>	<u>.8</u>
Total Cost (In Millions)	<u>13.9</u>	<u>11.1</u>	<u>12.7</u>	<u>10.7</u>

Summary and Highlights

- The cost of all governmental activities for the year was \$13.9 million.
- \$1.0 million of the cost was paid for by users of the District's programs.
- Federal and state subsidies to specific programs, donations, and insurance reimbursements totaled \$1.8 million which includes \$1.1 million in state on-behalf payments paid directly to TRS.
- Replacement taxes, investment earnings, and federal and state aid-formula grants totaled \$.7 million.
- \$.7 million of the costs was funded through reserves.
- Most of the costs (\$9.8 million) however, were paid by the District's taxpayers.

Financial Analysis of the District's Funds

Avoca Public School's financial performance is reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds appearing on pages 15 and 16 of this report. Total revenues were \$13.2 million which is \$.7 million more than the prior year. Total expenditures were \$16.0 million compared to \$13.7 million a year ago, increasing by \$2.3 million, or 16.8%. Current year expenditures exceeded revenues by \$2.8 million. The fund balance was decreased by \$2.8 million which brought the total fund balance to \$3.3 million. Construction costs of \$1.8 million are included in the total expenditures of \$16.0 million. These construction costs were funded by working cash bonds sold in a prior year.

Educational Account (Pages 38-42) - Property taxes produced \$8.1 million in revenue for the Educational Account during fiscal 2009, or 74.3% of all of the fund's revenue. State sources accounted for 13.8% of revenue at \$1.5 million, including \$1.1 million in on-behalf pension payments. Without the on-behalf pension payments, state revenues were \$.4 million, accounting for 4.2% of total revenue. Federal sources provided \$.3 million, or 2.7% of total Educational Fund revenue. Fees, earnings on investments, and other local sources of revenue produced \$1.0 million, or 9.2% of total revenue. Thus, property taxes and other local revenues combined accounted for \$9.1 million, or more than 83.6% of Educational Account revenues.

Total Educational Account expenditures were \$11.6 million compared to \$10.6 million a year ago -- an increase of 9.4%. Of the \$11.6 million, \$6.8 million, or 58.6%, was used for direct instruction and teachers' and administrators' pensions; \$4.5 million paid for instructional support services, administration, utilities, food service, legal and financial services, and liability insurance; and \$.3 million was used to pay for tuition paid to other school districts.

After taking into account the revenues of \$10.9 million, and the expenditures of \$11.6 million, the Educational Account posted an excess of expenditures over revenues of \$.7 million, thus resulting in a fund balance decrease for the year to \$1.5 million. See pages 38-42.

Operations and Maintenance Account (Page 43) - Property taxes are a major source of revenues in the Operations and Maintenance Account. They account for \$.4 million out of total fund revenues of \$.9 million, or 44.4% of total fund revenue. Other local revenue sources account for \$.5 million, or 55.6%. The total revenue of \$.9 million is \$.2 million less than the amount posted last year due to lower earnings on investments and lower property tax income. Rental income increased by 9.0% resulting from a new room rental fee schedule implemented and annual CPI increases in existing rental contracts.

Total expenditures of \$3.0 million is \$1.2 million higher than last year due to construction costs. These construction costs made up \$1.8 million of the \$3.0 million spent, or 60% of total Operations and Maintenance Account expenditures. Construction was funded by working cash bonds sold in April 2007. The Fund received transfers of \$27,000 from other funds. Expenditures exceeded revenues and other financing sources by \$2.1 million. The fund balance decreased to \$.9 million.

Transportation Fund (Page 44) - The Transportation Fund's largest source of revenue comes from property taxes, which account for \$191,000 out of the total fund revenues of \$337,000, or 56.7% of total fund revenue. Other local sources accounted for \$95,000, or 28.2% of total revenue while state sources accounted for \$51,000, or 15.1%.

Total expenditures of \$321,000 for 2009 is \$29,000 lower than the 2008 total. Revenues for transportation exceeded expenditures by \$16,000. The District received \$2,900 from the sale of some of its buses.

The net result for the year is that the fund balance increased by \$19,000 to \$60,000 at the end of 2009.

IMRF/Social Security Fund (Page 45) - IMRF/Social Security Fund revenues for 2009 were \$232,000 compared to \$309,000 in 2008. Expenditures of \$273,000 were \$1,000 more than the 2008 cost of \$272,000. The fund spent \$41,000 more than it received, decreasing its fund balance to \$137,000 at June 30, 2009.

Debt Service - Bond and Interest Fund (Page 46) - 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 2009, the District's Bond and Interest Fund revenues totaled \$743,000. Expenditures totaled \$731,000. The Fund transferred \$14,500 of accumulated interest earnings to the Operations and Maintenance Account. The fund balance decreased \$2,600 to \$236,000.

Tort Immunity Fund (Page 47) - The Tort Immunity Fund revenues totaled \$161,000, consisting of property taxes of \$154,000 and interest and other revenues of \$7,000. Total expenditures were \$102,000. The District's liability, workmans' compensation, and unemployment insurance expenditures are paid from the Tort Immunity Fund. At year-end, the fund balance was \$62,000.

Working Cash Fund (Page 48) - The Working Cash Fund revenues totaled \$11,000. The Fund transferred \$12,600 in interest earnings to the Operations and Maintenance Account. The fund balance decreased by \$1,700 to \$405,000.

General Fund Budgetary Highlights (Page 38-43) - The District budgeted general fund expenditures and other financing sources and uses to total \$16.2 million. Net results of operations were expected to result in a general fund decrease in fund balance of \$3.1 million. Actual results for the year produced a \$2.8 million decrease in fund balance.

Total actual revenues of \$11.7 million were \$1.4 million less than total budgeted revenues.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2009, Avoca Public School's net capital assets totaled \$13,189,000 in a broad range of capital assets. These assets, which are listed in Note 4 on page 27 of the notes to financial statements according to six categories (land, buildings, improvements other than buildings, equipment, food service equipment, and transportation equipment) include the District's land and buildings, lab facilities, computer and audio-visual equipment and network infrastructure, furniture and other classroom, and administrative equipment. Total depreciation expense of \$635,000 for the year was charged and allocated on the Statement of Activities.

During the year, the District invested \$2,221,708 in additions to its capital assets. The following schedule presents capital asset balances net of depreciation at June 30, 2009:

Land	\$ 385,000
Buildings	11,472,000
Improvements Other Than Buildings	98,000
Equipment	1,164,000
Transportation Equipment	47,000
Food Service Equipment	<u>23,000</u>
 Totals	 \$ <u>13,189,000</u>

Long-term Debt - At year-end, Avoca Public School's long-term debt obligations consisted of general obligation bonds as listed below.

General Obligation Capital Appreciation Bonds -- 05-11-04	\$ 1,895,523
General Obligation Capital Appreciation Bonds -- 04-25-07	<u>2,198,422</u>
 Total	 \$ <u>4,093,945</u>

Factors Bearing on the District's Future

The audited State of Illinois enrollment figures in terms of average daily attendance (ADA) for the past several years are as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ADA	650	665	670	655	658	654	663	661	655	654

The average daily attendance increased .6% for the period 2000 to 2009. Avoca's enrollment is projected to remain steady over the next ten years. During the same period, the audited State of Illinois net operating expense per student (NOE/S) calculations increased. The net operating expense per student calculations for the past several years are as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
NOE/S	\$11,291	\$11,755	\$12,135	\$13,123	\$13,389	\$14,214	\$14,872	\$15,663	\$16,801	\$17,662

The net operating expense increased 56.4% for the period 2000 to 2009, or an average annual increase of 6.27%.

Avoca Public School has been subject to the property tax extension limitation act since 1995. The tax cap limits the increase in annual tax extensions by the lesser of 5% or CPI. The average of the CPI over the last five years is 3%.

Despite budget cuts, 13 years under the tax cap have taken a toll on District reserves.

Summary and Highlights

- Property taxes continue to be the District's largest single source of revenues at \$9.8 million. Locally generated fees and charges and interest earnings and replacement taxes generated \$1.6 million. State and federal aid provided \$1.8 million in revenue which included \$1.1 million in State on-behalf payments. Almost 86.3% of revenue comes from local sources. When excluding the \$1.1 million in State on-behalf payments that is paid directly to the pension system, local sources account for 94% of the District's revenues.
- Total expenditures for all funds increased by \$2.3 million over the previous year, or 16.8%, mainly due to construction costs. These construction costs were for replacing some of the District's roofs, boilers and flooring systems. These projects were identified and prioritized in the District's last long-term facilities plan.
- Concerted efforts by management to control costs resulted in a current year decrease in net assets of only \$.6 million.
- The District has experienced negative changes in net assets for the past five fiscal years. The Avoca Board of Education authorized a tax rate referendum that was placed on the ballot on April 7, 2009. The referendum was overwhelmingly supported by the voters and passed by a wide margin. The Avoca Board of Education recognizes its responsibility in maintaining good fiscal policy for the District. The Board will closely monitor each yearly budget and continually evaluate whether additional budget reductions can be achieved.

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 Avoca Public School'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 Business Manager at 2921 Illinois Rd., Wilmette, Illinois 60091.

BASIC FINANCIAL STATEMENTS

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 8,511,212
Receivables	
Property Taxes	6,828,591
Due From Other Governments	282,427
Accrued Interest	73,111
Rents	15,076
Prepaid Expenses	58,786
Capital Assets	
Land	384,683
Depreciable Buildings, Property and Equipment, Net	<u>12,803,982</u>
Total Assets	<u>\$ 28,957,868</u>
Liabilities	
Accounts Payable	\$ 61,582
Salaries and Wages Payable	737,570
Accrued Compensated Absences	84,359
Security Deposits	24,296
Deferred Revenue	11,556,969
Non-current Liabilities	
Due Within One Year	596,753
Due in More Than One Year	<u>4,108,759</u>
Total Liabilities	<u>\$ 17,170,288</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 8,483,153
Restricted	
IMRF/Social Security	137,184
Transportation	59,931
Bond and Interest	236,113
Liability Insurance	61,748
Unrestricted	<u>2,809,451</u>
Total Net Assets	<u>\$ 11,787,580</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<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>
Governmental Activities:					
Instruction					
Regular Programs	\$ 5,205,221	\$ 131,331	\$ 47,487	\$ ---	\$ (5,026,403)
Special Education Programs	384,232	---	367,422	---	(16,810)
Other Instructional Programs	496,022	98,667	139,249	---	(258,106)
State Retirement Contributions	1,114,978	---	1,114,978	---	---
Support Services					
Pupils	1,214,571	---	27,361	---	(1,187,210)
Instructional Staff	1,350,369	---	12,230	---	(1,338,139)
General Administration	448,435	---	---	---	(448,435)
School Administration	549,696	---	---	---	(549,696)
Business	960,355	255,700	---	---	(704,655)
Transportation	325,111	84,350	51,046	---	(189,715)
Operations and Maintenance	1,298,767	405,041	44,900	---	(848,826)
Payments to Other Districts and Governmental Units					
	332,959	---	---	---	(332,959)
Interest and Fees	<u>198,219</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(198,219)</u>
Total Governmental Activities	<u>\$ 13,878,935</u>	<u>\$ 975,089</u>	<u>\$ 1,804,673</u>	<u>\$ ---</u>	<u>\$ (11,099,173)</u>
General Revenues					
Taxes					
Real Estate Taxes, Levied for General Purposes					\$ 9,059,945
Real Estate Taxes, Levied for Debt Service					730,993
Personal Property Replacement Taxes					303,184
State and Federal Aid - Formula Grants					122,412
Interest Earned					247,657
Gain on Sale of Capital Assets					<u>3,416</u>
					<u>\$ 10,467,607</u>
Change in Net Assets					\$ (631,566)
Net Assets - July 1, 2008					<u>12,419,146</u>
Net Assets - June 30, 2009					<u>\$ 11,787,580</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2009

	General	Transportation	IMRF/Social Security	Debt Service	Working Cash	Tort Immunity	Total
Assets							
Cash and Cash Equivalents	\$ 7,074,307	\$ 186,891	\$ 204,271	\$ 538,688	\$ 401,898	\$ 105,157	\$ 8,511,212
Receivables							
Property Taxes	6,056,876	158,696	100,693	448,973	---	63,353	6,828,591
Due From Other Governments	260,163	22,264	---	---	---	---	282,427
Accrued Interest	63,138	1,252	1,853	3,454	3,004	410	73,111
Rents	15,076	---	---	---	---	---	15,076
Prepaid Expenses	<u>57,967</u>	<u>819</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>58,786</u>
 Total Assets	 \$ <u>13,527,527</u>	 \$ <u>369,922</u>	 \$ <u>306,817</u>	 \$ <u>991,115</u>	 \$ <u>404,902</u>	 \$ <u>168,920</u>	 \$ <u>15,769,203</u>
 Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 57,918	\$ 3,664	\$ ---	\$ ---	\$ ---	\$ ---	\$ 61,582
Accrued Salaries	736,235	1,335	---	---	---	---	737,570
Accrued Compensated Absences	78,416	5,943	---	---	---	---	84,359
Security Deposits	24,296	---	---	---	---	---	24,296
Deferred Revenue	<u>10,226,113</u>	<u>299,049</u>	<u>169,633</u>	<u>755,002</u>	<u>---</u>	<u>107,172</u>	<u>11,556,969</u>
Total Liabilities	\$ <u>11,122,978</u>	\$ <u>309,991</u>	\$ <u>169,633</u>	\$ <u>755,002</u>	\$ <u>---</u>	\$ <u>107,172</u>	\$ <u>12,464,776</u>
 Fund Balances							
Fund Balance							
Reserved							
For Transportation	\$ ---	\$ 59,931	\$ ---	\$ ---	\$ ---	\$ ---	\$ 59,931
For IMRF	---	---	137,184	---	---	---	137,184
For Debt Service	---	---	---	236,113	---	---	236,113
For Tort Immunity	---	---	---	---	---	61,748	61,748
Undesignated	<u>2,404,549</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>404,902</u>	<u>---</u>	<u>2,809,451</u>
Total Fund Balances	\$ <u>2,404,549</u>	\$ <u>59,931</u>	\$ <u>137,184</u>	\$ <u>236,113</u>	\$ <u>404,902</u>	\$ <u>61,748</u>	\$ <u>3,304,427</u>
 Total Liabilities and Fund Balances	 \$ <u>13,527,527</u>	 \$ <u>369,922</u>	 \$ <u>306,817</u>	 \$ <u>991,115</u>	 \$ <u>404,902</u>	 \$ <u>168,920</u>	 \$ <u>15,769,203</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

FUND FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$ 3,304,427
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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 Board as a whole.

Cost of Capital Assets	\$ 22,054,355	
Depreciation Expense to Date	<u>(8,865,690)</u>	13,188,665

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

Balances at June 30, 2009 are:

Bonds Payable	\$ (4,093,945)	
Accreted Interest Payable	<u>(611,567)</u>	<u>(4,705,512)</u>

Net Assets of Governmental Activities	\$ <u>11,787,580</u>
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See Accompanying Notes to Financial Statements.*

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Transportation</u>	<u>IMRF/Social Security</u>	<u>Debt Service</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Revenues							
Property Taxes	\$ 8,498,570	\$ 190,562	\$ 216,888	\$ 730,993	\$ ---	\$ 153,925	\$ 9,790,938
Replacement Taxes	283,468	6,367	8,215	---	---	5,134	303,184
Other Local Sources	983,126	84,350	---	---	---	---	1,067,476
State Aid	1,520,217	51,046	---	---	---	---	1,571,263
Federal Aid	263,435	---	---	---	---	---	263,435
Interest	<u>211,869</u>	<u>4,585</u>	<u>6,572</u>	<u>11,702</u>	<u>10,891</u>	<u>2,038</u>	<u>247,657</u>
Total Revenues	\$ <u>11,760,685</u>	\$ <u>336,910</u>	\$ <u>231,675</u>	\$ <u>742,695</u>	\$ <u>10,891</u>	\$ <u>161,097</u>	\$ <u>13,243,953</u>
Expenditures							
Current							
Instruction							
Regular Programs	\$ 4,876,944	\$ ---	\$ 62,437	\$ ---	\$ ---	\$ ---	\$ 4,939,381
Special Programs	357,919	---	26,313	---	---	---	384,232
Other Instructional Programs	487,889	---	8,133	---	---	---	496,022
State Retirement Contributions	1,114,978	---	---	---	---	---	1,114,978
Support Services							
Pupils	1,183,912	---	30,659	---	---	---	1,214,571
Instructional Staff	1,325,501	---	24,868	---	---	---	1,350,369
General Administration	502,014	---	12,588	---	---	101,612	616,214
School Administration	524,644	---	25,052	---	---	---	549,696
Business	877,038	---	83,317	---	---	---	960,355
Transportation	---	321,229	---	---	---	---	321,229
Operations and Maintenance	2,987,007	---	---	---	---	---	2,987,007
Payments to Other Districts and Governmental Units	332,959	---	---	---	---	---	332,959
Debt Service							
Principal	---	---	---	627,449	---	---	627,449
Interest and Other	<u>---</u>	<u>---</u>	<u>---</u>	<u>103,351</u>	<u>---</u>	<u>---</u>	<u>103,351</u>
Total Expenditures	\$ <u>14,570,805</u>	\$ <u>321,229</u>	\$ <u>273,367</u>	\$ <u>730,800</u>	\$ <u>---</u>	\$ <u>101,612</u>	\$ <u>15,997,813</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	<u>General</u>	<u>Transportation</u>	<u>IMRF/Social Security</u>	<u>Debt Service</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(2,810,120)</u>	\$ <u>15,681</u>	\$ <u>(41,692)</u>	\$ <u>11,895</u>	\$ <u>10,891</u>	\$ <u>59,485</u>	\$ <u>(2,753,860)</u>
Other Financing Sources (Uses)							
Permanent Transfers In	\$ 27,072	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,263	\$ 29,335
Permanent Transfers (Out)	(2,263)	---	---	(14,479)	(12,593)	---	(29,335)
Proceeds From Sale of Capital Assets	<u>516</u>	<u>2,900</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>3,416</u>
Total Financing Sources (Uses)	\$ <u>25,325</u>	\$ <u>2,900</u>	\$ <u>---</u>	\$ <u>(14,479)</u>	\$ <u>(12,593)</u>	\$ <u>2,263</u>	\$ <u>3,416</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ (2,784,795)	\$ 18,581	\$ (41,692)	\$ (2,584)	\$ (1,702)	\$ 61,748	\$ (2,750,444)
Fund Balances - July 1, 2008	<u>5,189,344</u>	<u>41,350</u>	<u>178,876</u>	<u>238,697</u>	<u>406,604</u>	<u>---</u>	<u>6,054,871</u>
Fund Balances - June 30, 2009	\$ <u>2,404,549</u>	\$ <u>59,931</u>	\$ <u>137,184</u>	\$ <u>236,113</u>	\$ <u>404,902</u>	\$ <u>61,748</u>	\$ <u>3,304,427</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (2,750,444)

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	\$ (635,411)	
Capital Outlays, Including Construction in Progress	<u>2,221,708</u>	1,586,297

Net accreted interest during the year on certain of the District's bond
issues which was not charged to expenses on the fund financial statements. (94,868)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Assets. 627,449

Change in Net Assets of Governmental Activities \$ (631,566)

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

FUND FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Student Activity Fund</u>
Assets	
Cash and Investments	\$ <u>15,031</u>
Liabilities	
Due to Student Groups	\$ <u>15,031</u>

See Accompanying Notes to Financial Statements.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Avoca Public School District No. 37 (District) conform to generally accepted accounting principles as applicable to local educational agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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 the District's reporting entity. Even though there are local government agencies within the geographic area served by the District, these agencies have been excluded from the report because they are legally separate and the District is not financially accountable for them.

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

B. Basis of Presentation

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

The accounts of the District 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 government-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, i.e., 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. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, 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 (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and 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 Account - This account is used for most of the instructional and administrative aspects of the District's operations. The revenue consists primarily of local property taxes, state government aid, and school fees.

Operations and Maintenance Account - This account is used for expenditures made for repair and maintenance of District property. Revenue consists primarily of local property taxes and rental income.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

IMRF/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.

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

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 Special Revenue Fund's Transportation Fund. Money loaned by the Working Cash Fund to other funds must be repaid within one year. As allowed by the School Code of Illinois, this fund may be permanently abolished and become a part of the Educational Account within the General Fund or it may be partially abated to the General Fund, Special Revenue Funds and Debt Service Funds.

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 the District's Debt Service Fund is as follows:

Bond and Interest Fund - This fund accounts for the periodic principal and interest payments on the bond issues of the District. The primary revenue source is local property taxes levied specifically for debt service.

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 includes Student Activity Funds, Convenience 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. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The modified accrual basis budgeted amounts in this report are the result of compliance with the following procedures:

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

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may not legally spend more than budgeted expenditures by fund. However, it may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

The budget for 2008-09 was adopted on September 18, 2008, and was amended on April 30, 2009.

E. Assets, Liabilities and Net Assets or Equity

Investments

Investments are stated at cost which approximates fair value. Gains or losses are recognized when the investments either mature or are sold. Except for the Student Activity Fund, the Imprest Account and Petty Cash, Avoca maintains common bank accounts benefiting all of its funds. Accordingly, investments affecting all funds are made from the common accounts.

Generally accepted accounting principles and the concept that each fund is a separate entity require the allocation of interest earnings on investments to the fund owning the investment. Because of the common bank accounts, the District has not attempted to identify the fund owning the investment; however, it does allocate all interest earnings to participating funds on a pro-rata basis. A historical moving average of beginning monthly fund balances is used as the basis for allocating the interest.

Occasionally a fund participating in the common cash accounts will experience a cash deficit. When this occurs, another fund which has a positive cash balance necessarily covers the shortage. This deficit coverage constitutes an interfund loan between the funds involved. If this situation occurs at the end of any monthly accounting period, it is the Administration's policy to request approval of the Board of Education for the unplanned loan before or in connection with the approval of the issuance of checks to vendors.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

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's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2008 levy was passed by the Board on December 18, 2008 and was amended on April 30, 2009. The 2007 levy was passed by the Board on December 20, 2007. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in March and early in September. The District receives significant distributions of tax receipts on each due date and for about ninety days thereafter.

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	
		2008 Levy	2007 Levy
Educational	2.500	1.4974	1.3228
Tort Immunity	As Needed	.0163	.0250
Operations and Maintenance	.3750	.0579	.0575
Transportation	.1200	.0408	.0310
Municipal Retirement	As Needed	.0058	.0097
Social Security	As Needed	.0200	.0254
Bond and Interest	As Needed	<u>.1148</u>	<u>.1223</u>
Totals		<u>1.7530</u>	<u>1.5937</u>

In addition to the tax rate limitations shown above, the District is subject to "Tax Cap" limitations affecting Cook County and the five collar counties surrounding it. 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property Tax Revenues (continued)

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

Tax Year	2008 (Estimated)		2007	
Assessed Valuation	\$ 667,513,712		\$ 626,873,913	
	<u>Extensions</u>	<u>Collections</u>	<u>Extensions</u>	<u>Collections</u>
Purpose				
Educational	\$ 9,995,350	\$ 4,013,955	\$ 8,292,288	\$ 8,058,408
Tort Immunity	108,804	43,819	156,718	152,288
Operations and Maintenance	386,490	155,282	360,452	350,337
Transportation	272,345	109,564	194,330	188,867
Municipal Retirement	38,715	15,425	60,806	59,052
Social Security	133,502	53,515	159,225	154,645
Bond and Interest	<u>766,500</u>	<u>306,029</u>	<u>766,500</u>	<u>722,644</u>
Totals	\$ <u>11,701,706</u>	\$ <u>4,697,589</u>	\$ <u>9,990,319</u>	\$ <u>9,686,241</u>
Percentage of Extensions Collected	40.14%		96.96%	

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to funds where taxes were automatically abated by the county clerk and to the Municipal Retirement/Social Security Fund, with the balance allocated to the remaining funds at the discretion of the District.

Special Tax Levies and Restricted Equity

Tort Immunity - Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Tort Immunity Fund. This fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future tort immunity disbursements in accordance with Chapter 745, *Illinois Compiled Statutes*, Section 10/9-101 through 10/9-107.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both 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 or estimated 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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.

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	20
Equipment	10
Vehicles	5

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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the 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.

Restricted Net Assets

For the district-wide financial statements, net assets are reported as restricted when constraints placed on net asset use are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, reservations of fund balance represent amounts that are not available for other appropriations, or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Eliminations and Reclassifications

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

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The District is allowed to invest in securities as authorized by Chapter 30, Sections 235/2 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, 2009, the District's cash deposits, excluding a petty cash fund of \$100, are summarized as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Checking Accounts		
Imprest Fund	\$ 6,900	\$ 6,500
Student Activity	15,031	15,031
Flex Spending	16,500	22,876
Checking and Savings Accounts Held by Treasurer Deposited With Local Banks	<u>278,140</u>	<u>636,950</u>
	<u>\$ 316,571</u>	<u>\$ 681,357</u>

Each of the checking accounts is fully insured under U. S. Government insurance programs. The District's depository has pledged collateral held in the District's name consisting of U. S. Government securities to secure the local bank accounts.

Investments

The District is allowed to invest in securities as authorized by the *School Code of Illinois*, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7.

The District's total investments at June 30, 2009, amounted to \$8,209,572. This amount consisted of investments through the Illinois School District Liquid Asset Fund (ISDLAF) in certificates of deposit of \$7,837,600 issued by 38 different financial institutions. Typically, the certificates of deposit are from \$100,000 to \$250,000 each and thus are covered by FDIC insurance. There are a few certificates for more than \$250,000. Such are fully insured by another organization. Avoca also holds a certificate of deposit issued by Harris Trust totaling \$300,000. The investments through ISDLAF are fully insured under U.S. Government insurance programs. The local bank has deposited collateral consisting of U.S. Government securities with the Chicago Federal Reserve System who is acting as agent for the District and is holding the collateral in the District's name.

The following table summarizes the District's cash position:

Petty Cash	\$ 100
Deposits	316,571
Investments	<u>8,209,572</u>
Total Cash	<u>\$ 8,526,243</u>

The cash position is comprised of the following:

Governmental Activities	\$ 8,511,212
Fiduciary Activities	<u>15,031</u>
	<u>\$ 8,526,243</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

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

A. Deposits and Investments (continued)

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.

NOTE 3 - OTHER RECEIVABLES

The District has state and federal aid receivable of \$282,427.

The District has accrued interest receivable on its investments of \$73,111.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital Assets Not Being Depreciated:				
Land	\$ 384,683	\$ ---	\$ ---	\$ 384,683
Construction in Progress	<u>834,573</u>	<u>---</u>	<u>834,573</u>	<u>---</u>
Total Capital Assets Not Being Depreciated	\$ <u>1,219,256</u>	\$ <u>---</u>	\$ <u>834,573</u>	\$ <u>384,683</u>
Capital Assets Being Depreciated:				
Buildings	\$ 15,366,934	\$ 2,803,743	\$ ---	\$ 18,170,677
Improvements Other Than Buildings	181,659	4,276	---	185,935
Equipment	2,757,322	248,262	94,763	2,910,821
Transportation Equipment	519,667	---	151,551	368,116
Food Service Equipment	<u>34,123</u>	<u>---</u>	<u>---</u>	<u>34,123</u>
Total Capital Assets Being Depreciated	\$ <u>18,859,705</u>	\$ <u>3,056,281</u>	\$ <u>246,314</u>	\$ <u>21,669,672</u>
Less: Accumulated Depreciation For:				
Buildings	\$ 6,364,543	\$ 333,693	\$ ---	\$ 6,698,236
Improvements Other Than Buildings	78,558	9,271	---	87,829
Equipment	1,572,835	268,708	94,763	1,746,780
Transportation Equipment	453,706	19,284	151,551	321,439
Food Service Equipment	<u>6,951</u>	<u>4,455</u>	<u>---</u>	<u>11,406</u>
Total Accumulated Depreciation	\$ <u>8,476,593</u>	\$ <u>635,411</u>	\$ <u>246,314</u>	\$ <u>8,865,690</u>
Net Capital Assets After Depreciation	\$ <u>10,383,112</u>	\$ <u>2,420,870</u>	\$ <u>---</u>	\$ <u>12,803,982</u>
Net Governmental Activities Capital Assets	\$ <u>11,602,368</u>	\$ <u>2,420,870</u>	\$ <u>834,573</u>	\$ <u>13,188,665</u>

Depreciation expense was charged to functions of the District as follows:

Regular Programs	\$ 273,163
Transportation	19,284
Operations and Maintenance	<u>342,964</u>
	\$ <u>635,411</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

Type of Debt	Balance July 1, 2008	Additions	Payments	Balance June 30, 2009
General Obligation Capital Appreciation Bonds Dated: 05-11-04	\$ 2,522,972	\$ ---	\$ 627,449	\$ 1,895,523
Accreted Interest on Capital Appreciation Bonds	412,606	98,520	102,551	408,575
General Obligation Capital Appreciation Bonds Dated: 04-25-07	2,198,422	---	---	2,198,422
Accreted Interest on Capital Appreciation Bonds	<u>104,093</u>	<u>98,899</u>	<u>---</u>	<u>202,992</u>
	<u>\$ 5,238,093</u>	<u>\$ 197,419</u>	<u>\$ 730,000</u>	<u>\$ 4,705,512</u>

On May 11, 2004, the District issued \$3,199,980 in capital appreciation bonds with interest rates ranging from 2.25% to 4.22%. The proceeds from this bond issue were used for additions and upgrades to District buildings and technology programs.

At June 30, 2009, the annual debt service requirements to service this bonded debt were:

Year Ending June 30	Principal	Interest	Total
2010	\$ 596,753	\$ 133,247	\$ 730,000
2011	565,582	164,418	730,000
2012	540,806	189,194	730,000
2013	<u>192,382</u>	<u>82,618</u>	<u>275,000</u>
	<u>\$ 1,895,523</u>	<u>\$ 569,477</u>	<u>\$ 2,465,000</u>

On April 25, 2007, the District issued \$2,198,422 in capital appreciation working cash bonds with interest rates of 4.25%. The proceeds from this bond issue were transferred by partial abatement of the Working Cash Fund to Avoca's Operations and Maintenance Fund to be used for upgrades to District buildings.

At June 30, 2009, the annual debt service requirements to service this bonded debt were:

Year Ending June 30	Principal	Interest	Total
2013	\$ 359,527	\$ 95,473	\$ 455,000
2014	553,063	176,937	730,000
2015	530,287	199,713	730,000
2016	508,452	221,548	730,000
2017	<u>247,093</u>	<u>122,907</u>	<u>370,000</u>
	<u>\$ 2,198,422</u>	<u>\$ 816,578</u>	<u>\$ 3,015,000</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 - OPERATING LEASES

The District has several operating leases for the use of copier equipment. The annual lease payments due at June 30, 2009 were:

2010	\$	20,035
2011		16,474
2012		6,459
2013		1,897
2014		<u>1,265</u>
	\$	<u>46,130</u>

NOTE 7 - TRANSFERS

The following transfers were made for the year ended June 30, 2009:

1. The Working Cash Fund transferred interest earnings of \$12,593 to the Operations and Maintenance Account.
2. The Debt Service Fund transferred interest earnings of \$14,479 to the Operations and Maintenance Account.
3. The Education Fund transferred \$2,263 to the Tort Immunity Fund, which represented the accrual basis balance in the Education Fund at June 30, 2008.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to damage to, theft of, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. To help minimize the potential losses from such risks, Avoca has purchased insurance from risk pools which are described below. Premiums paid to the pools are charged as expenditures to the applicable funds. Over the past several years, there have been no settlements which have exceeded insurance coverage.

Avoca is a member of several cooperatives formed by various local education entities to enable the members to self-insure for employees health plans, workmen's compensation insurance, and property and general liability insurance. Each cooperative has established a separate trust. Members pay into the trusts certain specific amounts (including amounts collected from employees) established by the trusts' insurance consultants. The trusts pay all claims and maintain reserves for claims incurred but not submitted. The trusts also carry excess claims insurance. Consequently, the District's administration believes there is little likelihood that additional amounts for past policy years would be required under these self-insurance arrangements. The District has no equity interest in these joint ventures.

Avoca is also a member of CLIC, which has been formed to provide casualty, property, and liability protections and to administer some or all insurance coverages and protection other than health, life, and accident coverages procured by the member districts. It is intended, by the creation of CLIC, to allow a member district to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property, and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC.

Complete financial statements for CLIC can be obtained from its administrator, Two Pierce Place, Itasca, IL 60143.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 - RISK MANAGEMENT (continued)

With respect to the Special Education District, Avoca School District No. 37 made payments to NSSSED in the early 1970's to fund construction of the building used as administrative offices. The NSSSED articles of agreement provide for the decrease in each members' equity interest in the building at 5% per year to recognize depreciation. Consequently, at June 30, 2009, the District has not recorded an equity interest in the building. Because of State of Illinois mandates regarding the providing of special education services, it is considered unlikely that NSSSED would terminate and, accordingly, no attempt has been made to identify an individual members' equity interest in fund balances of the various NSSSED programs. As of July 1, 2008, Avoca withdrew their membership from NSSSED. Avoca's equity interest was calculated as of June 30, 2008 and will be used if NSSSED ever dissolves.

Financial statements are obtained by the District from each of these entities and are available generally after November 1 following each fiscal year.

NOTE 9 - LEASES

The District leases property it owns to other organizations. Each lease is accounted for as an operating lease. Details of the leases are:

A. Avoca East Building and Parking Lot Easement

This building is leased to Kids Hope United, Inc. and Arlyn Day School, Inc. Both lessees are using the premises to provide services to children.

The lease with Kids Hope United, Inc. is for five years and terminates on August 1, 2010. It requires a base monthly rent of \$15,902. The lease with Arlyn Day School, Inc. is for 10 years and terminates on August 31, 2015. It requires a base monthly rent of \$15,076. The lessee has an option to extend the lease for an additional 20 years subject to the lessor's right under certain circumstances to terminate the lease.

Both leases provide for annual adjustments to the base monthly rent based upon the CPI for the Chicago Metropolitan Area for the preceding calendar year published by the Bureau of Labor Statistics. As of September 1, 2008, monthly rents increased 4.1%. The lessees pay all operating costs.

The District also receives \$1,140 per month in rents for a house it owns in Glenview known as the "Hunter House".

Rental income for fiscal 2009 for all leasing activity was \$405,041.

NOTE 10 - 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

TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (continued)

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

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, 2009 was 9.4% of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The rate was also 9.4% for the years ended June 30, 2008 and 2007.

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

- On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08% of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,114,978 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11% (\$767,633) and 9.78% (\$535,903), respectively.

The state contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contribution for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

The District makes three 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 ending June 30, 2009 were \$38,126. Contributions for the years ended June 30, 2008 and June 30, 2007 were \$33,961 and \$31,782, respectively.
- Federal and Special Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08% of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11% and 9.78% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$45,531 were paid from federal and special trust funds that required employer contributions of \$7,777. For the years ended June 30, 2008 and June 30, 2007, required district contributions were \$4,941 and \$3,496, respectively.

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

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

Under the Pipeline ERO, the maximum employer contribution is 100% of the member's highest salary used in the final average salary calculation.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (continued)

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

Under the Modified ERO, the maximum employer contribution is 117.5%.

Both the 100% and 117.5% maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2009, the District paid \$25,546 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2008 and June 30, 2007, the District paid nothing in employer ERO contributions.

- Salary Increases Over 6% and Excess Sick Leave - Public Act 94-0004 added two new employer contributions to TRS.

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, 2009, the District paid nothing to TRS for employer contributions due on salary increases in excess of 6%. For the year ended June 30, 2008 and June 30, 2007, 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 (18.67% of salary during the year ended June 30, 2009).

For the year ended June 30, 2009, 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, 2008 and June 30, 2007, 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, 2008. The report for the year ended June 30, 2009 is expected to be available in late 2009.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (continued)

B. THIS Fund (continued)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

The percentage of employer-required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105% 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 .84% of pay during the year ended June 30, 2009. State of Illinois contributions were \$55,217 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, 2008 were also .84% of pay. State contributions on behalf of District employees were \$49,185 for the year ended June 30, 2008.

- Employer Contributions to THIS Fund - The District also makes contributions to the THIS Fund. The District THIS contribution was .63% during the years ended June 30, 2009 and June 30, 2008. For the year ended June 30, 2009, the District paid \$41,413 to the THIS Fund. For the year ended June 30, 2008, the District paid \$36,889, 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.

C. District No. 37 Plans

Employees who are members of the Avoca School District No. 37 Teachers' Association, that filed a timely election with the District prior to the expiration of the 2002-2006 contract, received or will receive, a salary enhancement of 35% of their scheduled salary paid over their final year or final two years of employment prior to retirement. If amounts are owed to TRS by the employees under the aforementioned early retirement option, then the District pays the employee amount and deducts the amount owed from the salary enhancement. During fiscal 2008, the District incurred \$99,227 of additional salary costs under this plan due to retirements.

Under the 2006-2010 Avoca School District No. 37 Teachers' Association contract, teachers may, upon filing a timely election with the District, receive a 6% increase over their prior year's creditable earnings for their last 5 years of employment prior to their retirement date. Any amounts owed to TRS are the responsibility of the employee.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (continued)

D. Illinois Municipal Retirement Fund

Avoca Public School District No. 37's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), is an agent-multiple-employer public employee retirement system which provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523, or online at 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 contribution rate for calendar year 2008 was 5.54% of annual covered payroll. 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.

For December 31, 2008, the District's annual pension cost of \$82,346 for the regular plan was equal to the District's required and actual contributions.

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 82,346	100%	\$ ---
12/31/07	89,750	100%	---
12/31/06	100,055	100%	---

The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2005 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 10.0% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The District's regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 valuation was 24 years.

As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 103.26% funded. The actuarial accrued liability for benefits was \$3,518,045 and the actuarial value of assets was \$3,632,906, resulting in an overfunded actuarial accrued liability (UAAL) of \$114,861. The covered payroll (annual payroll of active employees covered by the plan) was \$1,486,384 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (continued)

E. 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 District paid \$200,188, the total required contribution for the current fiscal year.

NOTE 11 - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences represent vacation earned but not taken. Employees earn 10-25 vacation days annually depending on their position and length of service in the district. At June 30, 2009, the District's accrued compensated absences totaled \$84,359.

NOTE 12 - LEGAL DEBT MARGIN INFORMATION

	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 46,058,446	\$ 43,254,300
Total Net Debt Applicable to Limit	<u>4,705,512</u>	<u>4,721,394</u>
Legal Debt Margin	\$ <u>41,352,934</u>	\$ <u>38,532,906</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>10.2%</u>	<u>10.9%</u>

Legal debt margin calculation for fiscal year ended June 30, 2009:

Assessed Valuation of Taxable Properties for the Tax Year 2008	\$ 667,513,712
Rate	<u>6.9%</u>
Bonded Debt Limit	\$ 46,058,446
Net Debt Outstanding Subject to Limitation	<u>4,705,512</u>
Legal Bonded Debt Margin at June 30, 2009	\$ <u>41,352,934</u>

NOTE 13 - CONTINGENCIES

The District is involved in litigation with various taxpayers who have filed an appeal with the Property Tax Appeal Board concerning their tax assessment. Although the outcome of this litigation is not presently determinable, it is the opinion of the District that the resolution of these matters will not have a material adverse effect on the financial condition of the District in the years in which they are resolved.

**REQUIRED SUPPLEMENTARY INFORMATION -
HISTORICAL PENSION INFORMATION**

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

ILLINOIS MUNICIPAL RETIREMENT FUND

ANALYSIS OF EMPLOYER CONTRIBUTIONS
AND FUNDING PROGRESS (UNAUDITED)

JUNE 30, 2009

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial (AAL) Entry Age (B)</u>	<u>Actuarial Accrued Liability Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
12/31/08	\$ 3,632,906	\$ 3,518,045	\$ (114,861)	103.26%	\$ 1,486,384	.00%
12/31/07	4,309,101	3,443,736	(865,365)	125.13%	1,447,584	.00%
12/31/06	3,784,910	3,069,825	(715,085)	123.29%	1,471,396	.00%

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

GENERAL FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Educational</u>	Operations and <u>Maintenance</u>	<u>Total</u>
Revenues			
Local Sources	\$ 9,124,211	\$ 852,822	\$ 9,977,033
State Sources	405,239	---	405,239
Federal Sources	<u>263,435</u>	---	<u>263,435</u>
Total Direct Revenues	\$ 9,792,885	\$ 852,822	\$ 10,645,707
Revenue For On-Behalf Payments	<u>1,114,978</u>	---	<u>1,114,978</u>
Total Revenues	\$ <u>10,907,863</u>	\$ <u>852,822</u>	\$ <u>11,760,685</u>
Expenditures			
Instruction	\$ 5,722,752	\$ ---	\$ 5,722,752
Support Services	4,413,109	2,987,007	7,400,116
Payments to Other Districts and Governmental Units	<u>332,959</u>	---	<u>332,959</u>
Total Direct Expenditures	\$ 10,468,820	\$ 2,987,007	\$ 13,455,827
Expenditures For On-Behalf Payments	<u>1,114,978</u>	---	<u>1,114,978</u>
Total Expenditures	\$ <u>11,583,798</u>	\$ <u>2,987,007</u>	\$ <u>14,570,805</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(675,935)</u>	\$ <u>(2,134,185)</u>	\$ <u>(2,810,120)</u>
Other Financing Sources (Uses)			
Permanent Transfers	\$ (2,263)	\$ 27,072	\$ 24,809
Proceeds From the Sale of Capital Assets	<u>516</u>	---	<u>516</u>
Total Other Financing Sources (Uses)	\$ <u>(1,747)</u>	\$ <u>27,072</u>	\$ <u>25,325</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ (677,682)	\$ (2,107,113)	\$ (2,784,795)
Fund Balances - July 1, 2008	<u>2,205,386</u>	<u>2,983,958</u>	<u>5,189,344</u>
Fund Balances - June 30, 2009	\$ <u>1,527,704</u>	\$ <u>876,845</u>	\$ <u>2,404,549</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

EDUCATIONAL ACCOUNT

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues (Page 39)			
Local Sources	\$ 9,506,648	\$ 10,553,527	\$ 9,124,211
State Sources	417,023	417,023	405,239
Federal Sources	<u>167,791</u>	<u>167,791</u>	<u>263,435</u>
Total Direct Revenues	\$ 10,091,462	\$ 11,138,341	\$ 9,792,885
Revenue For On-Behalf Payments	<u>1,124,364</u>	<u>1,124,364</u>	<u>1,114,978</u>
Total Revenues	\$ <u>11,215,826</u>	\$ <u>12,262,705</u>	\$ <u>10,907,863</u>
Expenditures (Pages 40-42)			
Instruction	\$ 5,980,172	\$ 5,980,172	\$ 5,722,752
Support Services	4,420,081	4,420,081	4,413,109
Non-Programmed Charges	435,600	435,600	332,959
Provision for Contingencies	---	<u>1,046,879</u>	---
Total Direct Expenditures	\$ 10,835,853	\$ 11,882,732	\$ 10,468,820
Expenditures For On-Behalf Payments	<u>1,124,364</u>	<u>1,124,364</u>	<u>1,114,978</u>
Total Expenditures	\$ <u>11,960,217</u>	\$ <u>13,007,096</u>	\$ <u>11,583,798</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(744,391)</u>	\$ <u>(744,391)</u>	\$ <u>(675,935)</u>
Other Financing Sources (Uses)			
Interest Transfers From Working Cash Fund	\$ 13,663	\$ 13,663	\$ ---
Permanent Transfers	18,089	18,089	(2,263)
Proceeds From the Sale of Capital Assets	<u>5,000</u>	<u>5,000</u>	<u>516</u>
Total Other Financing Sources (Uses)	\$ <u>36,752</u>	\$ <u>36,752</u>	\$ <u>(1,747)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>(707,639)</u>	\$ <u>(707,639)</u>	\$ (677,682)
Fund Balances - July 1, 2008			<u>2,205,386</u>
Fund Balances - June 30, 2009			\$ <u>1,527,704</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

EDUCATIONAL ACCOUNT

SCHEDULE OF REVENUES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes			
General Levies	\$ 8,494,271	\$ 9,541,150	\$ 8,142,788
Corporate Personal Property Replacement Taxes	303,714	303,714	271,659
Tuition	77,268	77,268	85,906
Earnings on Investments	218,595	218,595	176,579
Food Services	260,792	260,792	255,700
District/School Activities	72,978	72,978	70,193
Textbooks	64,030	64,030	62,607
Donations	---	---	47,487
Refund of Prior Years' Expenditures	10,000	10,000	10,368
Other	5,000	5,000	924
	<u>\$ 9,506,648</u>	<u>\$ 10,553,527</u>	<u>\$ 9,124,211</u>
State Sources			
General State Aid	\$ 156,367	\$ 156,367	\$ 120,688
Other Restricted State Aid	---	---	11,620
Special Education - Private Facility Tuition	4,357	4,357	10,473
Special Education - Extraordinary	84,000	84,000	87,486
Special Education - Personnel	114,000	114,000	111,083
Bilingual - TPI	2,303	2,303	5,401
Vocational Education	641	641	---
National Board Certification	3,000	3,000	6,000
Reading Improvement Program	27,361	27,361	27,361
ADA Safety Grant	23,981	23,981	23,800
State Library	503	503	506
State Free Lunch	510	510	821
	<u>\$ 417,023</u>	<u>\$ 417,023</u>	<u>\$ 405,239</u>
Federal Sources			
Special Milk	\$ 8,911	\$ 8,911	\$ 8,451
Title I	26,557	26,557	44,199
Title IV - Drug-Free Schools	1,342	1,342	1,342
IDEA Pre-School Flow-Through	2,527	2,527	2,529
ARRA - General State Aid	---	---	35,679
IDEA Flow-Through	115,138	115,138	158,380
IDEA - Room and Board	754	754	243
Title II - Teacher Quality	12,230	12,230	12,230
Technology Grant	332	332	382
	<u>\$ 167,791</u>	<u>\$ 167,791</u>	<u>\$ 263,435</u>
Total Direct Revenues	\$ 10,091,462	\$ 11,138,341	\$ 9,792,885
Revenue For On-Behalf Payments	<u>1,124,364</u>	<u>1,124,364</u>	<u>1,114,978</u>
Total Revenues	<u>\$ 11,215,826</u>	<u>\$ 12,262,705</u>	<u>\$ 10,907,863</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures			
Instruction			
Regular Programs			
Salaries	\$ 4,094,772	\$ 4,094,772	\$ 4,104,473
Employee Benefits	570,768	570,768	464,061
Purchased Services	53,342	53,342	47,751
Supplies and Materials	385,841	385,841	253,336
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>7,323</u>
	\$ <u>5,119,723</u>	\$ <u>5,119,723</u>	\$ <u>4,876,944</u>
Pre-K Programs			
Salaries	\$ 60,886	\$ 60,886	\$ 53,094
Employee Benefits	17,658	17,658	17,723
Supplies and Materials	<u>12,628</u>	<u>12,628</u>	<u>15,203</u>
	\$ <u>91,172</u>	\$ <u>91,172</u>	\$ <u>86,020</u>
Special Education Programs			
Salaries	\$ 203,887	\$ 203,887	\$ 186,008
Employee Benefits	56,566	56,566	55,538
Supplies and Materials	<u>900</u>	<u>900</u>	<u>2,601</u>
	\$ <u>261,353</u>	\$ <u>261,353</u>	\$ <u>244,147</u>
Special Education Programs - Pre-K			
Salaries	\$ 18,187	\$ 18,187	\$ 17,954
Employee Benefits	5,274	5,274	4,789
Supplies and Materials	<u>3,772</u>	<u>3,772</u>	<u>5,009</u>
	\$ <u>27,233</u>	\$ <u>27,233</u>	\$ <u>27,752</u>
CTE Programs			
Supplies and Materials	\$ <u>641</u>	\$ <u>641</u>	\$ <u>642</u>
Gifted			
Salaries	\$ 98,872	\$ 98,872	\$ 98,871
Employee Benefits	1,858	1,858	1,800
Supplies and Materials	<u>400</u>	<u>400</u>	<u>732</u>
	\$ <u>101,130</u>	\$ <u>101,130</u>	\$ <u>101,403</u>
Bilingual Programs			
Salaries	\$ 209,023	\$ 209,023	\$ 209,023
Employee Benefits	17,719	17,719	17,022
Supplies and Materials	<u>725</u>	<u>725</u>	<u>798</u>
	\$ <u>227,467</u>	\$ <u>227,467</u>	\$ <u>226,843</u>
Interscholastic Programs			
Salaries	\$ 127,000	\$ 127,000	\$ 137,455
Employee Benefits	<u>1,230</u>	<u>1,230</u>	<u>1,293</u>
	\$ <u>128,230</u>	\$ <u>128,230</u>	\$ <u>138,748</u>
Summer School Programs			
Salaries	\$ 23,000	\$ 23,000	\$ 20,090
Employee Benefits	<u>223</u>	<u>223</u>	<u>163</u>
	\$ <u>23,223</u>	\$ <u>23,223</u>	\$ <u>20,253</u>
Total Instruction	\$ <u>5,980,172</u>	\$ <u>5,980,172</u>	\$ <u>5,722,752</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures (continued)			
Support Services			
Pupils			
Salaries	\$ 1,020,590	\$ 1,020,590	\$ 1,020,719
Employee Benefits	110,181	110,181	104,046
Purchased Services	20,317	20,317	26,861
Supplies and Materials	35,985	35,985	32,104
Other Objects	<u>320</u>	<u>320</u>	<u>182</u>
	\$ <u>1,187,393</u>	\$ <u>1,187,393</u>	\$ <u>1,183,912</u>
Instructional Staff			
Salaries	\$ 660,107	\$ 660,107	\$ 678,190
Employee Benefits	99,862	99,862	82,793
Purchased Services	310,716	310,716	318,601
Supplies and Materials	80,613	80,613	78,138
Capital Outlay	<u>116,000</u>	<u>116,000</u>	<u>167,779</u>
	\$ <u>1,267,298</u>	\$ <u>1,267,298</u>	\$ <u>1,325,501</u>
General Administration			
Salaries	\$ 323,476	\$ 323,476	\$ 323,617
Employee Benefits	30,754	30,754	30,589
Purchased Services	142,800	142,800	109,723
Supplies and Materials	26,487	26,487	25,440
Other Objects	<u>13,100</u>	<u>13,100</u>	<u>12,645</u>
	\$ <u>536,617</u>	\$ <u>536,617</u>	\$ <u>502,014</u>
School Administration			
Salaries	\$ 463,935	\$ 463,935	\$ 462,576
Employee Benefits	52,739	52,739	52,660
Purchased Services	5,000	5,000	2,787
Supplies and Materials	6,600	6,600	4,822
Capital Outlay	700	700	---
Other Objects	<u>2,000</u>	<u>2,000</u>	<u>1,799</u>
	\$ <u>530,974</u>	\$ <u>530,974</u>	\$ <u>524,644</u>
Business			
Salaries	\$ 280,995	\$ 280,995	\$ 290,164
Employee Benefits	12,569	12,569	12,071
Purchased Services	326,100	326,100	307,919
Supplies and Materials	272,135	272,135	265,939
Capital Outlay	5,000	5,000	---
Other Objects	<u>1,000</u>	<u>1,000</u>	<u>945</u>
	\$ <u>897,799</u>	\$ <u>897,799</u>	\$ <u>877,038</u>
Total Support Services	\$ <u>4,420,081</u>	\$ <u>4,420,081</u>	\$ <u>4,413,109</u>
Payments to Other Districts and Governmental Units			
Payments For Programs			
Other Objects	\$ <u>435,600</u>	\$ <u>435,600</u>	\$ <u>332,959</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 EDUCATIONAL ACCOUNT
 SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures (continued)			
Provision for Contingencies			
Other Objects	\$ _____	\$ <u>1,046,879</u>	\$ _____
Total Direct Expenditures	\$ 10,835,853	\$ 11,882,732	\$ 10,468,820
Expenditures For On-Behalf Payments	<u>1,124,364</u>	<u>1,124,364</u>	<u>1,114,978</u>
Total Expenditures	\$ <u>11,960,217</u>	\$ <u>13,007,096</u>	\$ <u>11,583,798</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
OPERATIONS AND MAINTENANCE ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes	\$ 367,838	\$ 367,838	\$ 355,782
Corporate Personal Property Replacement Tax	13,202	13,202	11,809
Earnings on Investments	49,975	49,975	35,290
Rentals	401,596	401,596	405,041
Other Revenue	---	---	44,900
Total Revenues	<u>\$ 832,611</u>	<u>\$ 832,611</u>	<u>\$ 852,822</u>
Expenditures			
Support Services			
Facilities Acquisition and Construction Services			
Purchased Services	\$ <u>27,000</u>	\$ <u>27,000</u>	\$ <u>67,359</u>
Operation and Maintenance of Plant			
Salaries	\$ 385,445	\$ 385,445	\$ 379,062
Employee Benefits	15,475	15,475	16,721
Purchased Services	573,115	573,115	434,492
Supplies and Materials	40,200	40,200	30,123
Capital Outlay	2,182,876	2,182,876	2,038,987
Other Objects	<u>770</u>	<u>770</u>	<u>624</u>
	<u>\$ 3,197,881</u>	<u>\$ 3,197,881</u>	<u>\$ 2,855,109</u>
Other Support Services			
Purchased Services	\$ <u>19,639</u>	\$ <u>19,639</u>	\$ <u>19,639</u>
Total Expenditures	<u>\$ 3,244,520</u>	<u>\$ 3,244,520</u>	<u>\$ 2,987,007</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ (2,411,909)	\$ (2,411,909)	\$ (2,134,185)
Other Financing Sources (Uses)			
Permanent Transfers	<u>---</u>	<u>---</u>	<u>27,072</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	<u>\$ (2,411,909)</u>	<u>\$ (2,411,909)</u>	<u>\$ (2,107,113)</u>
Fund Balances - July 1, 2008			<u>2,983,958</u>
Fund Balances - June 30, 2009			<u>\$ 876,845</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes	\$ 198,450	\$ 198,450	\$ 190,562
Corporate Personal Property Replacement Tax	7,118	7,118	6,367
Earnings on Investments	5,563	5,563	4,585
Transportation Fees	81,791	81,791	83,956
Refund of Prior Year Expenditures	<u>400</u>	<u>400</u>	<u>394</u>
Total Local Sources	\$ <u>293,322</u>	\$ <u>293,322</u>	\$ <u>285,864</u>
State Sources			
Regular	\$ 4,050	\$ 4,050	\$ 9,535
Special Education	<u>41,914</u>	<u>41,914</u>	<u>41,511</u>
Total State Sources	\$ <u>45,964</u>	\$ <u>45,964</u>	\$ <u>51,046</u>
Total Revenues	\$ <u>339,286</u>	\$ <u>339,286</u>	\$ <u>336,910</u>
Expenditures			
Support Services			
Pupil Transportation			
Salaries	\$ 157,942	\$ 157,942	\$ 158,692
Employee Benefits	8,151	8,151	8,783
Purchased Services	118,156	118,156	116,191
Supplies and Materials	59,500	59,500	22,161
Capital Outlay	<u>17,000</u>	<u>17,000</u>	<u>15,402</u>
Total Expenditures	\$ <u>360,749</u>	\$ <u>360,749</u>	\$ <u>321,229</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ (21,463)	\$ (21,463)	\$ 15,681
Other Financing Sources (Uses)			
Proceeds From the Sale of Capital Assets	<u>---</u>	<u>---</u>	<u>2,900</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>(21,463)</u>	\$ <u>(21,463)</u>	\$ 18,581
Fund Balances - July 1, 2008			<u>41,350</u>
Fund Balances - June 30, 2009			\$ <u><u>59,931</u></u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

IMRF/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes	\$ 62,083	\$ 62,083	\$ 60,134
Social Security/Medicare Taxes	162,628	162,628	156,754
Corporate Personal Property Replacement Taxes	8,832	8,832	8,215
Earnings on Investments	<u>8,851</u>	<u>8,851</u>	<u>6,572</u>
Total Revenues	\$ <u>242,394</u>	\$ <u>242,394</u>	\$ <u>231,675</u>
Expenditures			
Instruction			
Regular Programs	\$ 66,238	\$ 66,238	\$ 62,437
Pre-K Programs	2,989	2,989	2,719
Special Programs	25,702	25,702	22,782
Special Education Programs - Pre-K	893	893	812
Other Instructional Programs	8,502	8,502	8,133
Support Services			
Pupils	32,330	32,330	30,659
Instructional Staff	25,347	25,347	24,868
General Administration	12,522	12,522	12,588
School Administration	26,180	26,180	25,052
Business	<u>86,744</u>	<u>86,744</u>	<u>83,317</u>
Total Expenditures	\$ <u>287,447</u>	\$ <u>287,447</u>	\$ <u>273,367</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(45,053)</u>	\$ <u>(45,053)</u>	\$ (41,692)
Fund Balances - July 1, 2008			<u>178,876</u>
Fund Balances - June 30, 2009			\$ <u><u>137,184</u></u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

DEBT SERVICE FUND

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACUTAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes	\$ 804,404	\$ 804,404	\$ 730,993
Earnings on Investments	<u>18,089</u>	<u>18,089</u>	<u>11,702</u>
Total Revenues	\$ <u>822,493</u>	\$ <u>822,493</u>	\$ <u>742,695</u>
Expenditures			
Debt Service			
Interest	\$ 102,550	\$ 102,550	\$ 102,551
Principal	627,450	627,450	677,449
Other	<u>2,000</u>	<u>2,000</u>	<u>800</u>
Total Expenditures	\$ <u>732,000</u>	\$ <u>732,000</u>	\$ <u>730,800</u>
Excess or (Deficiency) of Cash Revenues Over Cash Expenditures	\$ 90,493	\$ 90,493	\$ 11,895
Other Financing Sources (Uses)			
Permanent Transfers	<u>(18,089)</u>	<u>(18,089)</u>	<u>(14,479)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>72,404</u>	\$ <u>72,404</u>	\$ (2,584)
Fund Balances - July 1, 2008			<u>238,697</u>
Fund Balances - June 30, 2009			\$ <u>236,113</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

TORT IMMUNITY FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACUTAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Property Taxes	\$ 133,380	\$ 133,380	\$ 153,925
Corporate Personal Property Replacement Tax	5,740	5,740	5,134
Earnings on Investments	<u>264</u>	<u>264</u>	<u>2,038</u>
Total Revenues	\$ <u>139,384</u>	\$ <u>139,384</u>	\$ <u>161,097</u>
Expenditures			
Support Services			
General Administration			
Purchased Services	\$ <u>118,384</u>	\$ <u>118,384</u>	\$ <u>101,612</u>
Excess or (Deficiency) of Cash			
Revenues Over Cash Expenditures	\$ 21,000	\$ 21,000	\$ 59,485
Other Financing Sources (Uses)			
Transfer From Education Fund	<u>---</u>	<u>---</u>	<u>2,263</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>21,000</u>	\$ <u>21,000</u>	\$ 61,748
Fund Balances - July 1, 2008			<u>---</u>
Fund Balances - June 30, 2009			\$ <u>61,748</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

WORKING CASH FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Local Sources			
Earnings on Investments	\$ <u>13,663</u>	\$ <u>13,663</u>	\$ <u>10,891</u>
Expenditures	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ 13,663	\$ 13,663	\$ 10,891
Other Financing Sources (Uses)			
Permanent Transfers	<u>(13,663)</u>	<u>(13,663)</u>	<u>(12,593)</u>
Excess or (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	\$ <u>---</u>	\$ <u>---</u>	\$ (1,702)
Fund Balances - July 1, 2008			<u>406,604</u>
Fund Balances - June 30, 2009			\$ <u>404,902</u>

SUPPLEMENTARY SCHEDULES

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

STUDENT ACTIVITY FUNDS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2009</u>
Student Councils:				
Marie Murphy	\$ 4,132	\$ 4,526	\$ 4,668	\$ 3,990
Avoca West	752	1,476	1,066	1,162
Parent and Teacher Council	<u>---</u>	<u>10,400</u>	<u>521</u>	<u>9,879</u>
	\$ <u>4,884</u>	\$ <u>16,402</u>	\$ <u>6,255</u>	\$ <u>15,031</u>

Represented By:

Cash in Bank	
Chase - Checking	\$ 1,162
Harris Bank - Checking	3,990
Parkway Bank Checking	<u>9,879</u>
	\$ <u>15,031</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

BONDS AND INTEREST PAYABLE

FOR THE YEAR ENDED JUNE 30, 2009

	May 11, 2004 Capital Appreciation <u>Bonds</u>	April 25, 2007 Capital Appreciation <u>Bonds</u>	<u>Total</u>
Bond Principal			
2010	\$ 596,753	\$ ---	\$ 596,753
2011	565,582	---	565,582
2012	540,806	---	540,806
2013	192,382	359,527	551,909
2014	---	553,063	553,063
2015	---	530,287	530,287
2016	---	508,452	508,452
2017	<u>---</u>	<u>247,093</u>	<u>247,093</u>
Total Bond Principal	\$ <u>1,895,523</u>	\$ <u>2,198,422</u>	\$ <u>4,093,945</u>
Interest Payments			
2010	\$ 133,247	\$ ---	\$ 133,247
2011	164,418	---	164,418
2012	189,194	---	189,194
2013	82,618	95,473	178,091
2014	---	176,937	176,937
2015	---	199,713	199,713
2016	---	221,548	221,548
2017	<u>---</u>	<u>122,907</u>	<u>122,907</u>
Total Bond Principal	\$ <u>569,477</u>	\$ <u>816,578</u>	\$ <u>1,386,055</u>
Summary of Bond Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Balances at July 1, 2008	\$ 4,721,394	\$ 1,488,606	\$ 6,210,000
Retired During the Year	<u>(627,449)</u>	<u>(102,551)</u>	<u>(730,000)</u>
Balances at June 30, 2009	\$ <u>4,093,945</u>	\$ <u>1,386,055</u>	\$ <u>5,480,000</u>

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

COMPUTATION OF PER CAPITA TUITION CHARGE

FOR THE YEAR ENDED JUNE 30, 2009

Total Expenditures

Educational Fund	\$ 10,468,820	
Operations and Maintenance Fund	2,987,007	
Bond and Interest Fund	730,800	
Transportation Fund	321,229	
Municipal Retirement Fund	273,367	
Tort Immunity Fund	<u>101,612</u>	\$ 14,882,835

Less: Expenditures Not Applicable To Operating Expense of Regular Term

Capital Outlay (Education, Building, and Transportation Funds)	\$ 2,229,491	
Bond Principal Retired	627,449	
Payments to Other Districts and Governmental Units	332,959	
Transportation Fees	2,800	
Summer School	20,446	
Pre-K Programs	<u>117,303</u>	<u>3,330,448</u>

Operating Expense of Regular Program \$ 11,552,387

Average Daily Attendance 654.10

Net Operating Expense Per Pupil \$ 17,662

Deductions For Computation of Tuition Charges

(Revenue Offsetting Expense of a Special Activity)

State Transportation Aid	\$ 51,046	
Special Education	209,042	
Transportation Fees	81,156	
District/School Activities	70,193	
Food Services	255,700	
Textbooks	62,607	
Rentals	405,041	
Bilingual Education	5,401	
Title II - Teacher Quality	12,230	
Reading Improvements	27,361	
State Free Lunch & Breakfast	821	
School Safety and Educational Improvement Grant	23,800	
Other State Grants-in-Aid	6,506	
Food Service	8,451	
Title I	44,199	
Federal Special Education	158,623	
Title IV	1,342	
Technology	<u>382</u>	<u>1,423,901</u>

Net Operating Expenses For Tuition Computation \$ 10,128,486

Add: Total Depreciation Allowance 635,411

Total Allowance For Tuition Computation \$ 10,763,897

Average Daily Attendance 654.10

Per Capita Tuition Charge \$ 16,456

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.