



**Highland Park, Illinois**

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## **Comprehensive Annual Financial Report**

For the fiscal year ended  
June 30, 2012

*“The mission of North Shore School District 112, a community partnership committed to a world-class education, is to nurture every child to become an inspired learner, a well-rounded individual and contributing member of a global community by striving for excellence within an environment that fosters innovation, respect, engagement and intellectual inquiry.”*

**North Shore School District 112**  
**Highland Park, Illinois**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

Prepared by:

Mohsin Dada  
Chief Financial Officer

**North Shore School District 112**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2012

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## **INTRODUCTORY SECTION**



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December 13, 2012

President and Members of the Board of Education  
North Shore School District 112  
Highland Park, IL 60035

The Comprehensive Annual Financial Report (CAFR) of North Shore School District 112 (District 112), Highland Park, Illinois, for the fiscal year ended June 30, 2012, is attached. The report was prepared by the Chief Financial Officer. The report date on the underlying financial statements is December 13, 2012, and an unqualified auditors' opinion, on the financial statements, has been issued.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, the Certificate of Excellence and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes Management's Discussion and Analysis (MD&A) of the District's financial performance for the year, the basic financial statements, and the fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules and the notes to the financial statements. The statistical section includes selected unaudited financial and demographic information, generally presented on a multiyear basis.

The District includes all funds that are controlled by or dependent on the Board of Education of the District, as determined on a basis of financial accountability. The District does not have such financial accountability over any other entity, and, thus, does not include any other entity as a component unit in this report. Additionally, the District is an independent entity, not includable as a component unit of any other reporting entity.

The Board of Education of North Shore School District 112, Lake County, Illinois, provides educational instruction to children residing in the City of Highland Park, the City of Highwood, and Fort Sheridan. The District's operations are funded primarily through local property taxes. The District operates under guidelines and restrictions set forth in the Illinois School Code and various federal statutes.

The District was organized on July 1, 1993, and is governed by an elected seven-member Board of Education. The District maintains grades kindergarten through eighth in eight elementary school buildings and three middle school buildings. Pre-kindergarten and certain special education programs are also provided in the District's administrative building. Students leaving the District at the end of eighth grade attend Township High School District 113 (District 113). Currently, 93.6% of District 113 students graduate, most of which attend post-secondary schools. District 113 levies its own local property tax and files its tax levy with the Lake County Clerk.

The District has complete responsibility for the preparation and modification of its annual budget and is solely accountable for its fiscal matters, including surpluses and deficits, assignments of management, and issuance of debt.

Enrollment for the fiscal year ended June 30, 2012, as submitted to the Illinois State Board of Education in the End of Year Report (*ISBE 87-04*), was 4,470, down from 4,486 in the previous year. This decrease of 16 students from the previous year is primarily due to an anticipated general declining trend in student enrollment for the year. This effect takes into account birth trends, household demographics and the fluctuating enrollment generated from military housing in the Fort Sheridan Army base. Absent a growth spurt related to the completion of the new military housing in fiscal 2009, typically the District has experienced minor annual or aggregate volatility in enrollment over the previous ten years. The enrollment in fiscal 2001 was 4,435, compared to 4,470 in fiscal 2012. Generally the movements in recent years, other than the approximate 200 student growth related to the military housing development, are due to housing turnover and rebuilt facilities that accommodate fewer children. Other than the Fort Sheridan development and rebuilt homes on existing property sites, there is minimal new development in the District.

Over the next year, the District does not expect enrollment fluctuation from its Fort Sheridan location or any other District location to be significant. Given the mobility rate of the Fort Sheridan segment of the community, however, the District does expect to experience more annual fluctuation in its student enrollment. This could be an increase or decrease each year. However, over time, it is anticipated that the average level of effect will be similar to that experienced in fiscal 2009 when the development was completed. Thus far, the student growth has been absorbed in existing facilities without the need for a request for additional local taxpayer funding. However, student growth along with expanded student needs across the District did require the expansion of four classrooms in August 2009 through the use of two mobile units at a middle school. Use of these units has continued and the length of time these units will be needed is being routinely evaluated.

The District continues its work with local political representatives to promote legislative language that will enable restoration of additional debt capacity lost through consolidation of predecessor districts into the District. This debt capacity could fund potential permanent expansion at the middle school. Additional state and federal funding sources have already been negotiated with the help of local and federal legislators to support the impact of anticipated growth in the number of military students within the District. To date, the District has been able to obtain additional annual state and federal funding sources estimated to be as much as \$500,000 toward the funding of the impact of new military housing. The timing of the receipt of the increased level of federal funds related to the negotiated entitlement of heavily impacted aid, however, lags the need by up to three years and is subject to annual appropriation. A first cash installment of approximately \$660,000 was received in 2009. This payment is being recognized in operations over a four-year lag period beginning in fiscal 2010. The total anticipated current heavy impact aid revenue recognized in fiscal 2011 and 2010 was approximately \$495,000 and \$570,000, respectively. The final amount of approximately \$249,000 will be recognized in fiscal 2013.



Continued federal funding of the majority of the payments, is also subject to renewed legislative authorization approvals for the District to continue to receive heavily impacted aid. Due to current national economic conditions and related federal budget constraints continued receipt of the higher payments is considered at risk. Current Federal Impact Aid payments to the District at an approximate \$4,200 per student level versus a potential \$800 per student level for the longer term is dependent on the success of continuation of enabling legislation and of the build out of all planned naval housing in all area district communities affected by the local naval base. Achieving the regulatory student enrollment impact requirements to receive the higher payments is also anticipated to be a challenge given the effect of the economy on new construction and on the naval housing project in other participating districts. The District believes it will be able to implement operational changes, to significantly mitigate the financial effect of any revenue decline that might result from unfavorable changes in federal legislation or budget appropriation.

## **ECONOMIC CONDITION AND OUTLOOK**

The District is located in the northeastern part of the state in a mature “built out” community. The District’s tax base is primarily made up of residential communities, with some retail businesses and little industry. The economic condition of the Highland Park and Highwood areas is relatively stable. Assessed property values in the District’s community, as with virtually all nationally, have declined. The District’s property value decline for existing unimproved properties has been approximately 7% aggregately per year, over the past two years. While being an unfavorable trend, the decline has been far less than other Chicago area communities, some of which have been impacted by double digit annual declines in assessed values. The prospect of continuing the current level and receiving some additional property tax revenue is good. The two towns that District 112 serves each have distinct personalities and characteristics. According to the 2010 census, the median household income was \$67,114 in Highwood and \$113,404 in Highland Park. Highwood’s median house value was \$349,600. Highland Park’s median house value on the 2010 census was \$542,000, which was 102% higher than the median value of the \$268,100 for Lake County and 203% higher than the \$178,800 for the state. While the actual values may have changed with the economic recession, it is believed that the relative values have improved.

In 1990, the state of Illinois’ legislature imposed a cap on property taxes which limits the tax levy to 105% or the Consumer Price Index (CPI) increase (whichever is the lesser) of the previous tax extension, excluding growth due to new construction, which provides for additional tax revenues over the capped amounts. The legislation allows voters to override the tax cap by referendum. Highland Park and Highwood have traditionally been very supportive of maintaining excellent school systems. As long as local taxpayers are allowed to support their schools, no financing problems for the District are foreseen. In addition, the effect of the tax caps methodology in general insulates the District from a major decline in property tax revenues. The annual increase in property tax revenues is subject to the CPI factor applied to the previous year’s property tax revenues received by the District. The amount of property tax revenue is essentially maintained or increased by the tax cap formula, since the component tax rate factor increases as the component property value factor declines, resulting in a stable inflation-adjusted amount of extended property tax revenues for the District. In addressing the desire to improve the economic condition of the state, however, there have been proposed legislative changes to eliminate or mitigate the amount of inflationary increases to property tax revenues when assessed values decline. If this were to occur, the District is prepared to appropriately adjust operating expenses.

The current downturn in the financial and real estate markets has also had a generally negative impact on housing values. However, under current or any proposed modified “tax cap” legislation, this factor does not currently have a significant effect on the property tax revenues allocated to the District. Changes in relative housing values primarily reallocate taxes due to the District among community taxpayers. The District’s community also continues to demonstrate its ability to pay taxes owed. This financial profile is expected to continue. However, if the aggregate property values declined so significantly that tax rates exceeded authorized maximums, revenues could decline; an event not considered probable. In addition, compared to other community locations, any related negative financial impacts in relative terms are anticipated to continue to be less.

In fiscal 2012, the District was challenged by the receipt of property tax revenue based on a 2.7% CPI percentage growth; The District unlike several other districts has benefited by gaining additional higher than expected property tax revenue generated by the addition of new constructed property within the District. The CPI percentage calculation in general is based on year-old economic indicators and performance. In addition, the related tax revenues are paid two fiscal years later. As a result, for example, the additional revenues received in fiscal 2011 were used, in part, to cover costs of economic impacts, such as fuel dependant utility costs, expended in fiscal 2009. In addition, a portion of the increased funds was used to pay for the cost of newly negotiated labor contracts and facility improvement needs. In consideration of the volatility of the CPI percentage factor from 2011 to 2012 and in comparing the CPI factor for fiscal 2012 of 2.7% to the ten-year average annual CPI percentage increase of approximately 2.5%, for fiscal 2012 the District budgeted spending of a portion of operating fund balances to maintain an expected and fiscally responsible level of student services during the year, and to pay for contractual commitments. The actual amount of fund balance spending was monitored and managed through continued budget deficit reduction (BDR) efforts, during the year, resulting in a lower than budgeted amount being expended. The combined benefits of expenditure control and receipt of certain unexpected revenues resulted in no spending, of any operating fund balances in fiscal 2012.

In fiscal 2010, unexpected federal stimulus funds were consciously used to primarily fund nonrecurring costs, including the District’s share of new facility costs for its special education cooperative, North Suburban Special Education District (NSSED). Federal stimulus money received in fiscal 2011 and 2012 was nominal.

The CPI percentage increase affecting fiscal 2013 operations is 1.5%; which is 1% less than ten year average of approximately 2.50% and the average CPI factor for the three years operating period ending June 30, 2013 is less than the 2.5% average. In addition, the District’s costs of labor and benefit commitments and facility improvement needs continue to impact its financial operations. To address the resulting financial challenge anticipated for fiscal 2013 of continuing to operationally balance limited revenues and increased expenses and still provide the quality educational services to students that community expects, the District’s Board of Education again approved a Budget Adjustment approach that called for matching the amount of reduction in operating costs for the year with a use of an equal amount of accumulated operating fund balances. The theory was to promote fiscal prudence in determining operating needs for the year with recognition that operating fund balances had been accumulated in prior years for use, in part, to cover unexpected negative economic conditions. This shared Budget Adjustment approach enabled the District to fund its strategic plan strategies, meet its commitments, including increases in salaries for members of the certified and classified bargaining units, and maintain a quality education plan. This plan which included continued expansion of technology and assessment of student achievement capability, while reducing operating cost by approximately \$1.5 million and maintaining operating fund balances in excess of \$24 million.

Fiscal 2014 operations will be affected by a 3.0% CPI percentage increase, which is higher than the ten year average of 2.5%. The new construction in the District will provide additional 0.2% increase in property tax or a total increase of 3.2% in property tax revenues from prior year. A significant component of expenditure commitments expired June 30, 2012, with the expiration of the certified employees' union contract. The District anticipates a significant reduction in the current contractual, average annual base salary of 4% increase, in salaries plus other benefits. The cost and level of other wage, salary and benefit components to the extent contractually possible and of continuing technology and facility needs will also be evaluated. It is contemplated that a similar Budget Adjustment approach will be used to achieve a fiscally prudent operating approach that maintains quality education with minimal use of operating fund balances.

Like all districts in the state, as discussed above, District 112 has fiscal challenges provided by current global economic conditions that will negatively impact future operations and the ability to maintain balanced budgets. Unlike most other districts, however, District 112 has substantial fund balance reserves to help sustain reasonably reduced operations and overall negative economic impacts. In addition, beginning with the 2013 fiscal year, the District will have had the opportunity to address a significant component of its costs through the obtaining of new labor cost commitments related to most of its employees.

## **COMMUNITY ATTRIBUTES**

District 112 has multiple assets, one of the most potent being the level of parental and community support. The overall school community demonstrates its value for education, its strong social consciousness, and its interest in insuring access and equity by offering its resources of time, materials, and money. The District's PTA/O's and 112 Foundation sponsor fundraisers that benefit all students in the community, including those whose families are the most fiscally challenged. The 112 Foundation also focuses on encouraging and facilitating the development of new ideas and opportunities for students. In addition, the District has excellent student role models who influence the climate of all twelve schools. Even though the District has undergone demographic changes, over time, the District has maintained a stable, financially responsible budget and financial reserves. On balance, North Shore School District 112 has many more positive attributes than challenges, which allows for an emphasis on implementing strategies for continuous improvement and on strengthening an already strong educational program and environment.

## **STRATEGIC PLAN, MISSION, AND GOALS**

During the 2009-2010 school year, North Shore School District 112 worked with the community and staff to develop a revised five-year strategic plan. The plan included updating the District's mission statement, belief statements, operating parameters, strategies and action steps. The plan is intended to guide the work of the District over the long term, with specific action steps to achieve the various strategies adopted for implementation. Results of these action steps will be evaluated along with the relevance of the plan on an annual basis, with appropriate changes being made as they are identified.

Following is a summation of North Shore District 112's Strategic Plan including its Mission, Belief Statements, Parameters, Objectives and Strategies, including those related to the 2011-2012 and 2012-2013 school years:

### ***Mission Statement***

*The mission statement is a clear and concise expression of the District's identity, purpose and means. It is the keystone of the Strategic Plan.*

The mission of North Shore School District 112, a community partnership committed to a world-class education, is to nurture every child to become an inspired learner, well-rounded individual and contributing member of a global community by striving for excellence within an environment that fosters innovation, respect, engagement and intellectual inquiry.

### ***Belief Statements***

*The beliefs are the driving force of the entire Strategic Plan. They can be described as the non-negotiable principles that underlie the entire plan and reflect our most deep and abiding convictions.*

#### ***We Believe That...***

- All individuals have inherent value.
- Hard work, self-confidence and determination increase the probability of achieving full potential.
- Individuals are responsible for their own decisions and actions.
- Any community benefits when people willingly contribute to the well-being of others.
- Everyone can be a successful learner.
- Effective education enhances the quality of life.
- Understanding diversity is essential for people to thrive in an interdependent world.
- Honesty and integrity build trusting relationships.
- Effective education is a partnership among school, family and the broader community.
- Change involves risk and is necessary for continuous improvement in a dynamic world.

### ***Parameters***

*The parameters of the Strategic Plan are absolute pronouncements that establish the boundaries to prevent the over zealous pursuit of the Mission. The parameters are self-imposed limitations that are applied throughout the strategic planning process and the development of the Strategic Plan.*

1. We will always provide safe, supportive and nurturing learning and working environments.
2. We will not tolerate behavior that is disrespectful or demeaning to any individual or group.
3. No new program or service will be accepted unless:
  - It is consistent with the strategic plan
  - Its benefits justify costs, and
  - Provisions are made for professional development and program evaluation.
4. No program or service will be retained unless it makes an optimal contribution to the mission and benefits continue to justify the cost.
5. We practice fiscal responsibility while maintaining an operating fund balance of at least 25%.
6. The scope of our programming will always attend to the social, emotional and physical well-being of our students.
7. The School Improvement Plans will always be consistent with the District's Strategic Plan.

### ***Objectives***

*The objectives of the Strategic Plan are the School District's commitment to achieve specific and measurable end results. The objectives are tied very closely to the mission statement and are derived from and define the mission.*

- Every student will achieve personal academic excellence by demonstrating growth as measured by North Shore School District 112 standards and assessments.
- Every Child will understand and consistently demonstrate the character attributes of respect, responsibility, trustworthiness, caring, fairness and citizenship at school and in the community.

### **Strategies**

*The strategies of the Strategic Plan describe the broad statements of how the School District's resources will be deployed to achieve our mission and objectives. The strategies are directly related to the mission and objectives and are designed to close the gap between what is and what could be. These seven strategies will provide focus and total system concentration of our effort and resources.*

1. We will continue to align our curriculum and develop Power Standards and student assessments in all curricular areas.
2. We will ensure our educators have the support necessary to utilize effective instructional strategies and interventions to inspire each student to grow to academic excellence.
3. We will develop and implement plans to ensure the sustainability of the District's financial and human resources and their equitable distribution.
4. We will develop and implement plans to ensure we have the facilities and technology infrastructure needed to achieve our mission and objectives.
5. We will develop a plan to unify our community by improving understanding of the benefits of its rich diversity and engaging it as a critical partner in the education of our children.
6. We will create a learning environment that actively nurtures and engages students' creativity, critical thought and intellectual curiosity.
7. We will model, integrate, recognize, reinforce and develop means to assess the character traits of responsibility, respect, fairness, caring, citizenship and trustworthiness throughout the District.

### **Recommended Specific Results 2010-2015, including those to address fully, continually or initially in fiscal 2012 and in fiscal 2013:**

#### **Strategy #1 (Plan/Results; 1, 2,3,4,5 & 6 to be addressed in fiscal 2012 and 2013)**

*We will continue to align our curriculum and develop Power Standards and student assessments in all curricular areas.*

- Plan 1 Result: Implement a web-based program that collects, stores, and analyzes student information and performance data from multiple sources.
- Plan 2 Result: Communicate the District's adopted curriculum and its development process to all stakeholders.
- Plan 3 Result: Continue to execute the established curricular and programmatic review cycle annually. Implement common core state standards.
- Plan 4 Result: Improve vertical and horizontal content collaboration focused on student learning.
- Plan 5 Result: Develop district trimester/quarter benchmark assessments for each curricular area in its third year of the curricular and programmatic review cycle.
- Plan 6 Result: Ensure differentiated staff professional development to address various stages of curriculum development and assessments.
- Plan 7 Result: Develop a pre-k/elementary report card based on power standards.
- Plan 8 Result: Develop a middle school report card based on power standards

**Strategy #2 (Plan/Results; 1, 2,3,4,5 to be addressed in fiscal 2012 and 2013)**

*We will ensure our educators have the support necessary to utilize effective instructional strategies and interventions to inspire each student to grow to academic excellence.*

Plan 1 Result: Educate staff on the purpose, basic components, and essential procedures of Response to Intervention.

Plan 2 Result: Establish a system to effectively and consistently implement Response to Intervention across all schools.

Plan 3 Result: Ensure that all certified staff will participate in district-sponsored professional development opportunities each year, based on identified strands of need.

Plan 4 Result: Ensure that all classified instructional staff will participate in district-sponsored professional development opportunity each year based on identified strands of need as they relate to district-wide curriculum initiatives.

Plan 5 Result: Create and maintain list of reviewed, approved instructional programs, organized by content area or learner type, with sub areas of problem-type/student need, materials that match the need, and the site and person responsible for materials.

**Strategy #3 (Plan/Results; 1, 2, & 3 to be addressed in fiscal 2012 and 2013)**

*We will develop and implement plans to ensure the sustainability of the District's financial and human resources and their equitable distribution.*

Plan 1 Result: The District will maximize the efficient, effective and equitable delivery of personnel, programs and services.

Plan 2 Result: The District will improve the efficient and equitable use of the facilities and property (physical) assets.

Plan 3 Result: The District will improve upon the statistical reporting so the District can measure equitable distribution of financial and human resources.

**Strategy #4: (Plan/Results; 1, 2, 3,4a, 6, 8, & 9 to be addressed in fiscal 2012 and 2013)**

*We will develop and implement plans to ensure we have the facilities and technology infrastructure needed to achieve our mission and objectives.*

Plan 1 Result: Secure our buildings to make them a safer learning environment.

Plan 2 Result: Decrease power usage and material waste by 20%.

Plan 3 Result: Develop a common model for disposal (removal) of outdated and/or unneeded district equipment.

Plan 4a Result: Develop a district model for facility pre K-8.

Plan 4b Result: Develop and implement a plan for facilities Pre K-8 model.

Plan 5 Result: Create technology standards for teachers.

Plan 6 Result: Standardize software applications.

Plan 7 Result: Implement a plan to increase internet bandwidth to industry best.

Plan 8 Result: Complete Promethean Board deployment.

Plan 9 Result: Improve computer-to-student ratio.

**Strategy #5 (Plan/Results; 2, 3, & 5 to be addressed in fiscal 2012 and 2013)**

*We will develop a plan to unify our community by improving understanding of the benefits of its rich diversity and engaging it as a critical partner in the education of our children.*

Plan 1 Result: District 112 employees will examine their attitudes and perceptions and broaden their understanding of diversity so that the staff contributes to community unification.

Plan 2 Result: Embed diversity themes and activities into existing consistent curriculum.

Plan 3 Result: The District will capitalize on existing community events and increase participation in them.

Plan 4 Result: A system will be put into place to ensure that parents will have opportunities to increase their awareness and understanding of diversity through participation in the 112 community.

Plan 5 Result: North Shore School District 112 will launch a public relations campaign to increase the community understanding of the diversity within Highland Park, Highwood and Fort Sheridan and the advantages of this diversity.

Plan 6 Result: Develop innovative outreach efforts to engage partners in the life of the school and education of the children.

Plan 7 Result: District 112 will increase unification efforts among students to increase cross-district interaction.

**Strategy #6 (Plan/Results; 1 & 2 to be addressed in fiscal 2012 and 2013)**

*We will create a learning environment that actively engages and nurtures students' creativity, critical thought, and intellectual curiosity.*

Plan 1 Result: All instructional staff will build capacity to utilize differentiated instructional strategies with a common framework.

Plan 2 Result: Establish student technology Power Standards at each grade level.

Plan 3 Result: Promote and enhance partnerships between families, schools, and community, which will stimulate creativity and intellectual curiosity.

**Strategy #7 (Plan/Results; 1, 2 & 6 to be addressed in fiscal 2012 and 2013)**

*Model, integrate, recognize, reinforce, and develop means to assess the character traits of trustworthiness, respect, responsibility, fairness, caring and citizenship throughout the District.*

Plan 1 Result: Develop a consistent framework for expectations of good character for students, parents, staff and community members.

- Plan 2 Result: Create an organizational culture within each school that supports the District's character framework and nurtures the social emotional growth of each student.
- Plan 3 Result: Monitor, on an ongoing basis, the effectiveness of the programs in the District's schools within the character framework.
- Plan 4 Result: The District will create and implement a communication plan regarding its character programs and activities ("character plan").
- Plan 5 Result: The district will develop partnerships with various organizations to strengthen character strengths of students, parents, staff and community members.
- Plan 6 Result: Develop ways to celebrate good character.

## **STUDENT ACHIEVEMENTS**

For eleventh year, The Illinois State Board of Education conducted the Illinois Standards Achievement Test (ISAT) for students in grades three, four, five, six, seven, and eight. The District goal is for all students to meet or exceed the Illinois' learning standards. The District's 2011-12 ISAT outcomes are presented in the following table. Although the District and its schools use the ISAT to help determine individual student learning goals, the State uses ISAT results to determine if the District and its schools are making adequate yearly progress as defined by the No Child Left Behind Act. The results of the 2011-12 ISAT are:

### **2011 Illinois Standards Achievement Test - (ISAT)**

#### **All Students**

##### **Overall ISAT Results - All Students**

90% of the District's third through eighth grade students met or exceeded state goals in Reading.  
 93% of the District's third through eighth grade students met or exceeded state goals in Math.  
 89% of the District's fourth and seventh grade students met or exceeded state goals in Science.

<b>Reading:</b>	87% of the District's third graders meet or exceed state goals. 86% of the District's fourth graders meet or exceed state goals. 91% of the District's fifth graders meet or exceed state goals. 89% of the District's sixth graders meet or exceed state goals. 90% of the District's seventh graders meet or exceed state goals. 94% of the District's eighth graders meet or exceed state goals.
<b>Mathematics:</b>	94% of the District's third graders meet or exceed state goals. 94% of the District's fourth graders meet or exceed state goals. 95% of the District's fifth graders meet or exceed state goals. 89% of the District's sixth graders meet or exceed state goals. 92% of the District's seventh graders meet or exceed state goals. 91% of the District's eighth graders meet or exceed state goals.
<b>Science:</b>	89% of the District's fourth graders meet or exceed state goals. 89% of the District's seventh graders meet or exceed state goals.
<b>Writing:</b>	Writing is no longer assessed by the State.



In 2012, the North Shore School District 112's overall performance in Reading, Math and Science exceeded the NCLB performance targets. However, the District did not make Annual Yearly Progress (AYP) as some of its student subgroups (students with IEPs, students with limited English proficiency, students of Hispanic background, and students of color) scored below the NCLB performance targets. There is no sanction for not making AYP this year. Seven District schools taking the ISAT made AYP this year. The one school not making AYP, Oak Terrace, continues to show one of the highest growth rates in the District for Math and Reading per the District's MAP Achievement Test.

For Oak Terrace and other schools, the District continues to respond to their needs. A full versus half-time Assistant Principal was assigned to Oak Terrace School in fiscal 2012, to ensure the principal is able to spend more time in classrooms supporting good instruction. The District also purchased additional research-based writing and extended day reading and math materials for Oak Terrace.

## **FINANCIAL ACHIEVEMENTS**

### ***Adoption and Implementation of a Fiscally Responsible Balanced Budget***

The District's annual financial objective is to adopt and implement, over time, a fiscally responsible balanced budget. The Government-wide financial statements for fiscal year 2012 reflect an overall increase in net assets for the year of \$4,844,465. This increase represents a current year financial benefit to the accrual based Government-wide financial statements not equivalent to the change in fund balances reflected in the 2012 modified accrual based fund financial statements. The aggregate fund balances increased approximately \$1,729,657 between years.

In the current year as well as prior years, through responsible financial management, the District has been able to achieve or exceed a balanced budget objective in its fund financial statements after considering the intended longer-term interplay of other financing sources (uses). As a result, the District currently has in excess of \$24 million in operating fund balance reserves; combined balances in the Educational, Operations and Maintenance, Transportation, and Working Cash funds. This represents a financial advantage to the community in addressing the challenges posed by the current economy.

### ***North Shore School District 112 PTOs/PTAs' Support***

Each of the schools in the District has very involved Parent Teacher Organizations (PTOs) or Parent Teacher Associations (PTAs). These organizations are active fundraisers for the schools and contribute considerable amounts of money and volunteer efforts to enhance the operations of these schools.

### ***North Shore School District 112 Education Foundation Support***

The 112 Education Foundation was founded in the 1995-96 school year by the Board of Education, parents, and community members to allow for creative, alternative sources of revenue that could be used to help enrich and enhance educational opportunities for all school children.

During the 2010-2012 school year, the Foundation conducted many fund-raising efforts. In excess of \$50,000 of funds donated to the District were allocated to support such educational enhancements as opportunity grants for teachers, mentoring opportunities, student scholarships, enhanced fine arts programming, and academic enrichment opportunities.

### ***Achievement of Excellence in Financial Reporting***

In connection with the reporting of the District's financial results for the fiscal year ended June 30, 2011 in its Comprehensive Annual Financial Report (CAFR), the District maintained its tradition of receiving a Certificate of Achievement for Excellence in Financial Reporting Award from the Association of School Business Officials International (ASBO International). The preparation of a CAFR is not an industry requirement. It is voluntarily prepared by the District in fulfilling its interest in achieving best practices in financial reporting and transparency to the community. This award reflects the District's commitment to the highest standards of school system financial reporting. The District has obtained this award for each of its years of financial reporting. It is the District's intent to continue the practice of providing expanded financial reporting.

The District was also recognized by the Government Finance Officers Association (GFOA), with a Certificate of Excellence in Financial Reporting for the year ended June 30, 2011. This also represents continuous years of recognition for voluntary achievement in financial reporting.

The state of Illinois has an established system to rank school districts by the strength of their financial performance and related financial profile. For the 2012 fiscal year, the District was again ranked in the highest "Recognition" category related to its financial profile.

### **FINANCIAL INFORMATION**

The District's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and that (2) the valuation of costs and benefits requires estimates and judgments by management.

Tests are made by the District's independent auditors to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the tests for the fiscal year ended June 30, 2012, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### ***Budget Control***

The District maintains sound budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Education.

Monthly, the business office provides the Board with a variance report based on changes to the approved budget. The Board is also provided with other monthly financial information including revenue and expenditure detail, check registers and cash, receivable and investment summaries. Other financial information is routinely provided as needed.

Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds are included in the annual budget. The level of budgetary control is established at the individual fund level. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

### ***Cash Management***

In keeping with existing Board of Education policy, all investments are made in a prudent, conservative, and secure manner and in accordance with the guidelines detailed in the Board's investment policy. Cash temporarily idle during the year is typically invested in demand deposits, certificates of deposit, and/or to a lesser extent in an account with the Illinois School District Liquid Asset Fund Plus (ISDLAF+). Portions of the District's investments in ISDLAF+ are in the very highest grade of commercial paper, and, even though these are not insured, they are considered safe by all state of Illinois legislated requirements and prudent investment standards. All remaining cash were insured during the year by federal depository insurance or supported by appropriate collateral.

In monitoring and in anticipation of the recent economic downturn and volatility of the financial markets, during fiscal 2009, the District moved towards a concentration of investments collateralized primarily by full faith federal agencies, treasuries, and FDIC insurance. In fiscal 2011, the Board's investment policy was further revised to improve clarity of support for this investment approach, which continued to represent the District's portfolio during the year. During these challenging economic times, the District has been able to preserve the principal portion of its investments while achieving investment earnings. The District's investment position remains conservative and focused on preservation of capital with achievement of reasonable earnings.

### ***Risk Management***

During 2012, the District was a member of the Collective Liability Insurance Cooperative (CLIC) for property, casualty, and liability insurance through the pooling of 170 school districts. It was also a member, with 132 other school districts, of the Collective Liability Insurance Cooperative (CLIC) for workers' compensation self-insurance. CLIC is a school insurance cooperative formed for the purpose of obtaining a more comprehensive insurance contract combined with service and competitive pricing. Arthur J. Gallagher, Gallagher Bassett Services, and Cambridge Integrated Services Group provide an individualized, tailored service to the pools. Coverage is reviewed annually in order to minimize the risk of a major loss at reasonable premium costs. It is the intent of the District to continue participation in these types of insurance pools in future years.

The District is self-insured for unemployment claims and medical and dental claims. Unemployment claims are not significant. Self-insured medical and dental plans are structured with appropriate levels of stop-loss insurance coverage and are administered with the professional assistance of brokers at The Horton Group and carriers; Blue Cross/Blue Shield of Illinois (medical) and Humana, Inc. (dental). Historically, the District has had generally favorable or nominal additional claims experience to those anticipated for the year.

## **OTHER INFORMATION**

### ***Independent Audit***

State statutes require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The financial statements audit as of June 30, 2012, and the year then ended was performed by, the independent certified public accounting firm of, Miller, Cooper & Co., Ltd. The unqualified auditors' report is included in the financial section of this report.

### *Acknowledgments*

We wish to thank the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner. We also wish to thank the efficient and dedicated business office staff for their assistance in the timely preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Behlow', with a stylized, flowing script.

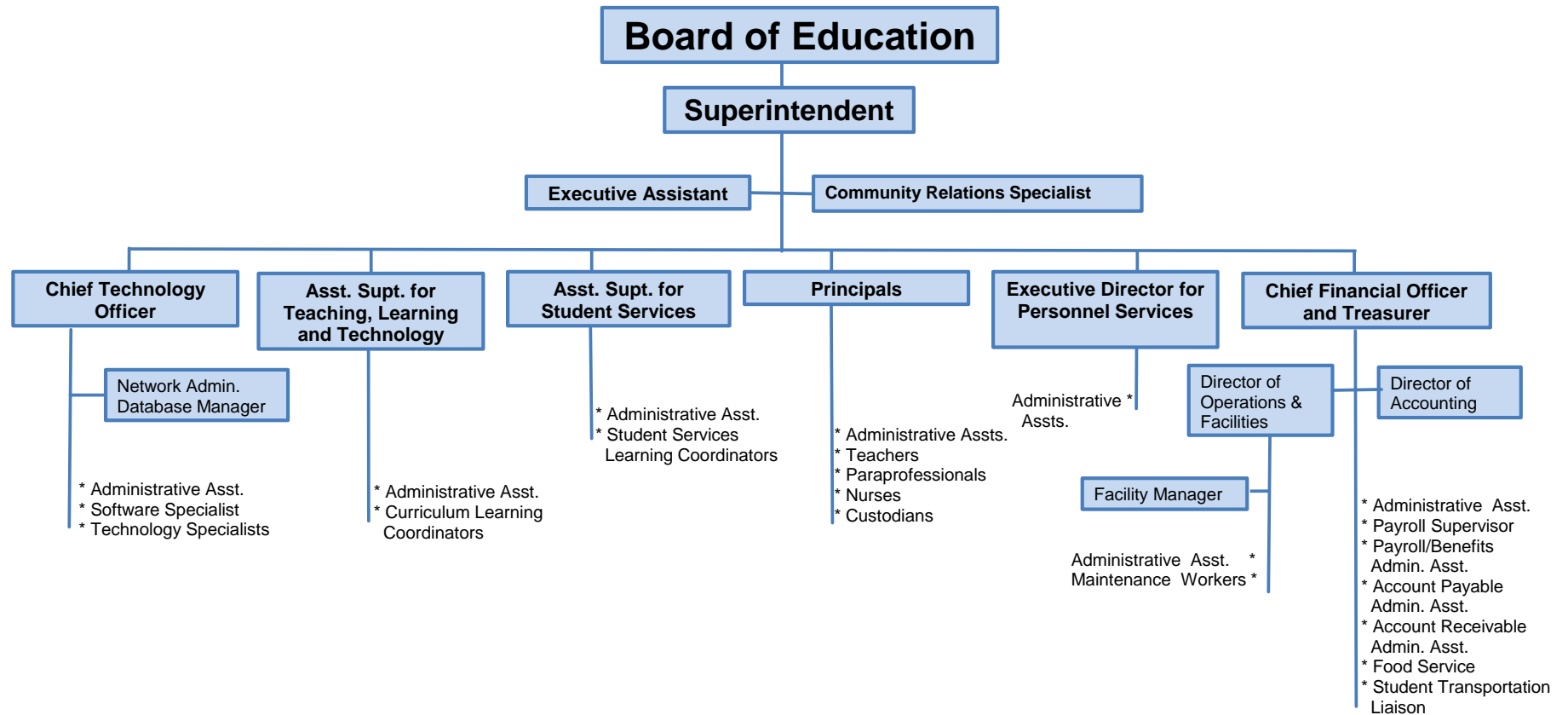
David L. Behlow, Ph.D.  
Superintendent of Schools

A handwritten signature in black ink, appearing to read 'Mohsin Dada', with a stylized, flowing script.

Mohsin Dada  
Chief Financial Officer and Treasurer

# ORGANIZATIONAL CHART

NORTH SHORE SCHOOL DISTRICT 112



## **North Shore School District 112**

1936 Green Bay Road  
Highland Park, IL 60035

Comprehensive Annual Financial Report  
Officers and Officials  
Fiscal Year Ended June 30, 2012

### **Board of Education**

		<u>Term Expires</u>
Bruce Hyman	President	2015
Cynthia R. Plouche	Vice President	2013
Marcia Bogolub	Member	2013
Howard Metz	Member	2013
Jane Solmor-Mordini	Member	2013
Michael Cohn	Member	2015
Yumi S. Ross	Member	2015

### **District Administration**

David L. Behlow, Ph.D.  
Superintendent of Schools

### **Official Issuing Report**

Mohsin Dada, CFP  
Chief Financial Officer and Treasurer

### **Department Issuing Report**

Business Office

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**North Shore School District 112**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



Brian L. Mee, SFO, RSBA  
President

John D. Musso, CAE, RSBA  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Shore  
School District No. 112  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director



## **FINANCIAL SECTION**

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education  
North Shore School District 112  
Highland Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Shore School District 112, as of and for the year ended June 30, 2012, which collectively comprise North Shore School District 112's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of North Shore School District 112's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2012 financial statements and, in our report dated January 20, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Shore School District 112, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 13, 2012 on our consideration of North Shore School District 112's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(Continued)

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16, the Illinois Municipal Retirement Fund historical data on page 58, the other postemployment benefits data on page 59, and the budgetary comparison schedules and notes to required supplementary information on pages 60 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Shore School District 112's basic financial statements. The other schedules, listed in the table of contents as supplementary financial information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Shore School District 112's basic financial statements. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on it.

MILLER, COOPER & CO., LTD.



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Certified Public Accountants

Deerfield, Illinois  
December 13, 2012

# **North Shore School District 112**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2012**

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This section of North Shore School District 112's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter found in the introductory section and with the District's financial statements, including detailed information provided in the notes to the financial statements. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (MD&A).

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB).

#### **Financial Highlights**

- As reflected in the accrual basis government-wide financial statements, as of June 30, 2012, the District has approximately \$66.0 million in cash and investments, \$88.9 million in net assets and \$173.7 million of total assets. In fiscal 2012, the District again achieved an increase in its net assets. The increase was equal to approximately \$4.8 million from operations for the year ended June 30, 2012. The District's financial status continues to be strong.
- The District's modified accrual basis fund financial statements also reflect a continued strong financial position as of June 30, 2012, with total governmental fund assets of \$101.7 million and total governmental fund balances of \$28.3 million; \$24.9 million of which is related to operating funds. After setting aside accumulated operating fund balances, by assignment, to meet the Board's required amount equal to 25% of operating expenses and for other required accounting industry allocations, unassigned operating fund balances, at June 30, 2012, are approximately \$2.8 million. Approximately \$12.3 million of the total fund balance is in the District's General (Working Cash) Fund as of June 30, 2012; a fund typically viewed as a long-term savings fund.
- During fiscal 2012, overall governmental fund revenues were \$83.4 million. Expenditures were \$81.7 million. This resulted in an excess of revenues over expenditures, for the year of \$1.7 million.
- In the District's primary operating funds (General (includes the Educational, Tort Immunity and Judgment and Working Cash), Operations and Maintenance, and Transportation), there was an increase in fund balances for the year of \$1,545,270. The aggregate operating fund increase was due to continued implementation of fiscally responsible management, planning, and cost controls, in the currently challenging economic environment, along with the deferment of some capital projects.
- Through property tax cap legislation, the state of Illinois limits the annual property tax revenue growth to the lesser of the defined Consumer Price Index 2.7% for fiscal 2012 or 5%. There is an additional revenue factor for new construction. The State also permits subsequent year property tax revenue reductions for the impact of prior year property tax appeals. In fiscal 2012 the District received property tax revenue based on the CPI rate of 2.7%. This rate is higher than the 21 year average of 2.5%. The average growth in the CPI rate for the past 3 years is 1.4% which is significantly below the 21 year average. In addition to the slow-down in revenue growth in property taxes the District is not able to enhance investment income due to a very low interest rate environment of fixed securities and CDs.

**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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- Revenues from federal sources decreased \$229,327 and state revenue sources, net of annual state pension contributions also decreased \$36,213 during fiscal 2012. As an affluent flat grant District our dependency, on state funding, is very limited.
- Enrollment for the fiscal year ended June 30, 2012, based on the state of Illinois End of Year Report, was 4,470, down from 4,486 in the previous year. This decrease of 16 students from the previous year is primarily due to an anticipated general declining trend in student enrollment for the year. This effect takes into account birth trends, household demographics and the fluctuating enrollment generated from military housing in the Fort Sheridan Navy Base. Absent an approximate 200 student growth spurt related to the completion of the new military housing in fiscal 2009, typically the District has experienced minor annual or aggregate volatility in enrollment over the previous ten years, generally due to housing turnover and rebuilt facilities that accommodate fewer children.

Given the mobility rate of the Fort Sheridan housing development segment of the community, however, the District does expect to experience more annual fluctuation in its student enrollment. This could be an increase or decrease each year. However, over time, it is anticipated that the average level will be similar to that experienced in fiscal 2012. Other than the Fort Sheridan development and rebuilt homes on existing property sites, there was minimal new development in the District. Given the state of the state, national and global economics, new property development is expected to decline in future years. The District anticipates having the ability to continue to manage future enrollment fluctuations within existing facilities.

- The District in fiscal 2012 spent approximately \$1.0 million on capital projects for facility improvements and equipment expenditures. Significant capital projects included the Science, Technology, Engineering and Math (STEM) and Communication, Media and Art (CMA) labs at the middle schools, the windows at Edgewood and boiler burners at Indian Trail. The majority of the capital project expenditures were for infrastructure items.
- The District's total debt service expenditure for fiscal 2012 was \$4,935,749, as funded primarily by specific levies.
- During the year, the District was also able to address some of its remaining life safety capital project needs, as identified in the last statutorily required ten year architectural review of such needs in 2005. Expenditures of \$97,891 were made from previously accumulated life safety fund balance, for the enhancements to building security that began in FY11.
- In consideration of all of these financial impacts, the District was able to achieve a surplus of revenue over expenditures for operating purposes in fiscal 2012 of approximately \$1.5 million; the plan for the year was for a deficit of approximately \$1.4 million for a savings of \$2.9 million. This surplus spending primarily represented contemplated fiscally prudent use of operating fund balances to maintain and address appropriate educational, technology and capital project needs in a year which presented significant financial challenges in the form of unusual revenue restraints and expenditures commitments.

# **North Shore School District 112**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2012**

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- As of June 30, 2012 remaining operating fund balances were 33% of operating fund expenditures; a level within the District's policy guidelines of maintaining operating fund balance reserves equal to at least 25% of operating fund expenditures; a resulting assigned operating fund balance reserve of \$18,641,973 at June 30, 2012. The unassigned operating fund balance is \$2,754,039 at June 30, 2012.

#### **Overview of the Financial Statements**

This annual report consists of three parts: the introductory section, the financial section with the basic financial statements and management's discussion and analysis (this part), and the statistical section. The basic financial statements include two types of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

#### ***Government-wide Financial Statements***

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets are the difference between the District's assets and liabilities – this is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether the financial position is improving or deteriorating.
- To assess the District's overall health, one must consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are categorized as governmental activities. All of the District's basic services are included here, such as regular and special education, facility maintenance and operation, transportation, and administration. Property taxes, federal aid, and state formula aid finance most of these activities.

# **North Shore School District 112**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2012**

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#### ***Fund Financial Statements***

The District's fund financial statements provide more detailed information about the District's funds, focusing on each fund and, in particular, on its most significant or "major" funds – not the District as a whole.

Fund accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs include:

- *Educational Fund* (included as part of the General Fund) – is used primarily for the delivery of educational programs to the students. Property taxes are the primary source of revenues which are also supplemented by federal and state grant and local fee revenues.
- *Operations and Maintenance Fund* – is used for expenditures made for operations, repair, and maintenance of the District's building and land. Revenue consists primarily of local property taxes.
- *Debt Service Fund* – is used for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt services.
- *Transportation Fund* – is used to account for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants. Although, state funding has declined in recent years.
- *Municipal Retirement/Social Security Fund* – is used to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System primary for noncertified employees. Revenue to finance contributions is derived primarily from local property taxes and personal property replacement taxes.
- *Capital Projects Fund* – is used to account for allocated fund balance or debt proceed financial resources to be used for the acquisition, construction, or capital improvement of facilities.
- *Working Cash Fund* (included as part of the General Fund) – is used to account for financial resources held by the District which are available for interfund loans or transfers to other funds.
- *Tort Immunity and Judgment Fund* (included as part of the General Fund) – is used to account for revenues and expenditures related primarily to liability insurances. Revenue consists primarily of local property taxes.
- *Fire Prevention and Safety Fund* – is used to account for state-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

The District has two categories of funds:

- *Governmental Funds:* All of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets can readily be converted to cash flows – both in and out - and (2) the balances left at year-end that are available for spending.

# North Shore School District 112

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

Consequently, the governmental funds statements provide a detailed short-term view that allows one to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules of information are provided to reconcile the governmental funds statements and the government-wide statements, explaining the relationship and differences between them.

- *Fiduciary Funds:* The District is the agent, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

#### Financial Analysis of the District as a Whole per Government-wide Financial Statements

North Shore Schools District 112's Net Assets				
	FY 2012	FY 2011	Increase (Decrease)	% Change
Current and other assets	\$101,807,075	\$98,463,525	\$3,343,550	3%
Capital assets	71,874,972	72,824,433	(949,461)	-1
<b>Total assets</b>	<b>173,682,047</b>	<b>171,287,958</b>	<b>2,394,089</b>	<b>1</b>
Long-term liabilities	14,472,572	18,543,837	(4,071,265)	-22
Other liabilities	70,303,140	68,682,251	1,620,889	2
<b>Total liabilities</b>	<b>84,775,712</b>	<b>87,226,088</b>	<b>(2,450,376)</b>	<b>-3</b>
Invested in capital assets, net of related debt	57,079,378	54,337,116	2,742,262	3
Restricted	4,712,247	4,756,707	(44,460)	-1
Unrestricted	27,114,710	24,968,047	2,146,663	9
<b>Total net assets</b>	<b>88,906,335</b>	<b>84,061,870</b>	<b>4,844,465</b>	<b>6</b>
<b>Total liabilities and net assets</b>	<b>\$173,682,047</b>	<b>\$171,287,958</b>	<b>\$2,394,089</b>	

The District's operations for fiscal 2012 contributed an additional \$4,844,465 to the net assets of the District. This was due to an increase of assets in the amount of \$2,394,089. This change was primarily due to the increased purchase of instructional technology equipment for students and facility improvements. In addition, the long term debt obligations were substantially reduced in fiscal 2012 in accordance with the scheduled debt payment.



**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

<b>Changes in North Shore School District 112's Net Assets</b>						
<b>Increases (Decreases) from Governmental Activities</b>						
	<b>FY 2012</b>	<b>% Total</b>	<b>FY 2011</b>	<b>% Total</b>	<b>Increase (Decrease)</b>	<b>% Chg.</b>
Revenues:						
Program revenues:						
Charges for services	\$1,051,165	1%	\$1,004,734	1%	\$46,431	5%
Operating grants and contributions	5,687,751	7	5,804,610	7	(116,859)	-2
State retirement TRS contributions	9,076,276	11	8,210,912	10	865,364	11
General revenues:						
Property taxes	63,775,733	77	63,984,815	78	(209,082)	0
Replacement taxes	654,610	1	711,587	1	(56,977)	-8
State and Federal aid not restricted to specific purposes	1,181,508	1	1,170,390	2	11,118	1
Investment earnings	254,898	0	301,277	0	(46,379)	-15
Miscellaneous	<u>1,770,145</u>	<u>2</u>	<u>1,137,129</u>	<u>1</u>	<u>633,016</u>	56
<b>Total revenues</b>	<b>83,452,086</b>	<b>100%</b>	<b>82,325,454</b>	<b>100%</b>	<b>1,126,632</b>	<b>1%</b>
Expenses: (1)						
Instructional services:						
Regular programs	24,826,055	31%	23,853,551	31%	\$972,504	4
Special programs	9,290,067	12	9,544,680	12	(254,613)	-3
Other programs	5,693,955	7	4,178,324	5	1,515,631	36
State retirement TRS contributions	9,076,276	12	8,210,912	11	865,364	11
Supporting services:						
Pupils	4,078,422	5	4,527,464	6%	(449,042)	-10
Instructional staff	4,008,660	5	4,642,304	6	(633,644)	-14
District administration	1,269,129	2	1,240,978	2	28,151	2
School administration	3,474,934	4	3,214,570	4	260,364	8
Business operations	2,162,251	3	1,876,793	2	285,458	15
Transportation	2,621,684	3	2,608,868	3	12,816	0
Operations and maintenance	6,163,719	8	6,731,486	9	(567,767)	-8
Food internal services	520,867	1	506,030	1	14,837	3
Central and staff services	855,004	1	745,392	1	109,612	15
Non-programmed tuition charges	3,656,586	5	4,387,828	6	(731,242)	-17
Interest and fees on debt	910,012	1	1,314,640	2	(404,628)	-31
(Continued)						

**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

<b>Total expenses</b>	<b>\$78,607,621</b>	<b>100%</b>	<b>\$77,583,820</b>	<b>100%</b>	<b>\$1,023,801</b>	<b>1%</b>
<b>Change in Net Assets</b>	<b>4,844,465</b>		<b>4,741,634</b>			
<b>Net Assets, beginning</b>	<b>84,061,870</b>		<b>79,320,236</b>			
<b>Net Assets, ending</b>	<b>\$88,906,335</b>		<b>\$84,061,870</b>			

(1) To facilitate the financial analysis, categories for each year are shown in more detail than used in the Statement of Activities in the government-wide financial statements. In addition, in fiscal 2011 allocation of special and other program expenses was refined resulting in reclassification of certain expenses from the general instruction category used in the prior year and was continued in fiscal 2012.

The District's financial position remains strong due to a high EAV per pupil tax base. Although, the tax base is declining due to a significant slow-down in the national economy, the District is still able to access additional property tax revenue by raising the tax rate. The state of Illinois limits the increase in property tax revenue to no more than the prior year's Consumer Price Index (CPI), with the exception of an additional tax base established for a year by the value of any new construction. The result of this new construction results in additional equalized assessed valuation in property value which gives the District access to more dollars than the Consumer Price Index based inflationary increase in property taxes assessed on existing unimproved properties. For the 2012 fiscal year, the CPI of 2.7% was significantly higher than the fiscal 2011 CPI of 0.1%. This by itself provided a boost to our local property tax revenue on a comparative basis, however 2.7% is not that dramatically different than the 21 year average of 2.5%. The only reason the total property tax collection is showing a reduction of \$209,082 is due to a lower debt service schedule payment. The property tax revenue exclusive of the debt service levy would have shown an increase of \$2,222,781.

The District's total revenue in fiscal 2012 increased slightly more than 1% from \$82,325,454 to \$83,452,086, an increase of \$1,126,632 from the prior year. However, this variance should be measured and evaluated without consideration of 1) On-behalf pension plan contributions from the state and 2) Taxes received for the District's debt service. The on-behalf pension plan contribution has no economic effect on the District's financial statements as revenues and expenses are increased by equal amounts of a theoretical state contribution. On-behalf contributions that the state of Illinois appropriated for payment to the state's teachers' pension fund for employees increased 11% or \$865,364 from an allocation of \$8,210,912 in fiscal 2011 to \$9,076,276 in fiscal 2012. This increase is due primarily to a continued effort by the state in the last couple of years to lessen the amount of its historic deferred funding of current obligations and to cover recent plan investment losses. The taxes received for the District's debt service were reduced by \$2,431,863 due to the schedule of debt payments required by the district. The amount received in fiscal 2011 was \$5,781,594 and the amount received in 2012 was \$3,349,731. Without consideration of on-behalf pension plan contributions from the state and the property tax revenue received exclusively for debt service, revenues in fiscal 2012 increased \$2,693,131 from \$68,332,948 in fiscal 2011 to \$71,026,079 in fiscal 2012.

Primary factors causing the increase in fiscal 2012 revenues under miscellaneous were the amount of insurance contributions from employees by over \$200,000 as well as increase in state categorical payments. The District also experienced declines in several other revenue sources that include interest income, the Corporate Personal Property tax (CPPRT) and federal grants.

**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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Collection of the state's portion of grant funding during the year has improved significantly over the last two years. At this December 2012 writing the state has paid all of their obligations for fiscal 2012.

The total expenses for fiscal 2012 was \$78,607,621. This represented slightly more than 1% or \$1,023,801 increase from prior year expenses. However, as was done with the analysis of revenue growth between years, a more representative basis is established by eliminating the effect of on-behalf state pension plan contributions allocated to the District. After eliminating the effect of on-behalf payments, the expense increase in fiscal 2012 was 0.2% or \$158,347, resulting in expenses of \$69,531,345 in fiscal 2012 versus \$69,372,908 in fiscal 2011.

Instructional services including regular, special, and other educational programs accounted for 51% of all expenses, or \$39,810,077. The increase in these instructional program categories from the prior year, in the total amount of \$2,233,522 or 5.6%, was due primarily to growth in the Special Ed program, growth in the Bilingual program, teacher and support staff salary and benefit contract obligations, offset in part by the realization of the financial benefits of teachers' retirement incentive plans, reduction in students and certain reclassifications of costs to more detailed functional efforts.

Supporting services for students, instructional staff, district administration, school administration, and business operations accounted for 19% of all fiscal 2012 expenses, or \$14,993,396. The cost of these support services was 20% of total expenses in the prior year. This decrease was the result of efforts to control costs. Historically the district has recorded costs from other programs in business operations. The cause for an increase in the business operations expenditures from last year is primarily due to an increase in the incurred but not reported (IBNR) claims from our self-insurance program. The entire amount was recorded in the business operations. Corrective action is required to properly allocate self-funded insurance costs in the proper function. The current methodology does not reflect expenditures being recorded in the appropriate function.

Operations and maintenance of facilities, including depreciation expenses, net of capitalized capital project costs decreased by \$567,767 to \$6,163,719 in fiscal 2012. This decrease is primarily due to the reduction in capital outlay and effective monitoring of expenditures in overtime costs and utilities. The District believes its investment in capital assets is appropriate to maintain quality education services for its students in a safe and appropriately maintained environment.

Transporting students to school and providing busing for field trips and summer school accounted for 3% of all expenses. Costs increased slightly \$12,816, or less than 1%, which is significantly below the rate of inflation. This minimal increase is due primarily to the cost containment strategies implemented by the district. Overall, the District experiences a cost and efficiency benefit from outsourcing transportation services. It is anticipated that these base year cost savings will continue to be experienced in future years based on the projected bid results of the five year contract that began with the 2010-2011 school year.

Nonprogrammed charges decreased by \$731,242 in fiscal 2012. The majority of these services are provided by the Northern Suburban Special Education District (NSSSED) and other private enterprises that offer services to special education students on a tuition basis. In an effort to reduce these costs in the future, the District is working on plans to provide more of these services internally. In addition, these expenditures are very dependent on the special education enrollment and may fluctuate based on the special needs of each student.

# North Shore School District 112

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

Interest and fee expenses related to long-term obligations decreased by \$404,628 on the accrual basis in fiscal 2012 primarily due to scheduled payments of a reduced debt profile.

Overall, in fiscal 2012 on an accrual basis of accounting used in the government-wide financial statements, revenues of \$83,452,086 exceeded expenses of \$78,607,621, thereby increasing net assets by \$4,844,465. This compared to the fiscal 2011 net assets that increased by \$4,741,634.

While the government-wide financial statements address the accrual based asset and liability resource allocation public reporting needs, the governmental fund financial statements is the tool primarily used by the District in comparing and managing its financial affairs, budgets and operations.

#### *Primary Operating Funds Budgetary Highlights*

	2011-12 Budget	2011-12 Actual	Difference
<b>Revenue</b>			
Education Fund	\$66,689,111	\$68,069,140	\$1,380,029
Operations and Maintenance Fund	6,311,828	6,297,860	(13,968)
Transportation Fund	2,651,110	2,432,559	(218,551)
	75,652,049	76,799,559	1,147,512
Less: On-behalf Pension Payment	(8,915,700)	(9,076,276)	(160,576)
	66,736,349	67,723,283	986,934
<b>Expenditures</b>			
General Fund	66,291,323	66,407,419	(116,096)
Operations and Maintenance Fund	6,924,793	5,948,871	975,922
Transportation Fund	2,774,533	2,598,230	176,303
	75,990,649	74,954,520	1,036,129
Less: On-behalf Pension Payment	(8,915,700)	(9,076,276)	160,576
	67,074,949	65,878,244	1,196,705
<b>BUDGET vs ACTUAL RESULTS</b>	<b>\$(338,600)</b>	<b>\$1,845,039</b>	<b>\$2,183,639</b>

The District treats the General (includes the Educational, Tort Immunity and Judgment and Working Cash), Operations and Maintenance, and Transportation Funds as its primary operating funds (operating funds). The operating funds provide the resources for the District's educational program, student transportation and operations and maintenance of all facilities. Excluding the neutral effect of an equal amount of revenues and expenditures related to the state on-behalf payments for TRS pension funding, operating fund revenues exceeded budget by \$986,934, and expenditures were under budget by \$896,935 before consideration of fund balance transfers for capital lease payments and capital projects.

**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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The ability to essentially maintain the budgeted level of expenditures related to use of expenditure controls during the year primarily in the areas of personnel and curriculum including redesigned adoptions and implementation of a more student focused use of technology. The decrease in expenditures is primarily due to the reduction of staffing positions, aggressive cost management and the postponement of capital projects.

The combined operating fund balance of the General, Operations and Maintenance, and Transportation Funds as of June 30, 2012 was \$24,889,152. This was an increase of \$1,545,270 from the previous year's balance of \$23,343,882.

Appropriate budgetary control over all governmental expenditures is maintained with the use of a formal encumbrance system. Encumbered amounts lapse at year-end, as of June 30 of each year. All appropriations lapse at year-end and may be reestablished in the following fiscal year.

The Board of Education and the Administration will continue to develop strategies to ensure that the financial condition of the District remains sound.

***Debt Administration***

The District's statutory debt limit is 6.9% of the equalized assessed valuation of all taxable property located within the boundaries of the District.

2011 Equalized Assessed Value:	\$2,390,360,103
Debt Limit @ 6.9%	164,934,847
General Obligation Debt	14,795,594
Legal Debt Margin	<u>\$150,139,253</u>

On June 27, 2002, Standard and Poor's reviewed the financial operations of the School District and assigned a rating of "AAA". Moody's Investor Service assigned an "Aa3" rating to the refinancing of the general obligation bonds in July 2002. In March 2004, the District again refinanced \$8,896,114 of its bonds for a net present value savings of \$300,052. During fiscal 2005, the District issued \$300,000 of General Obligation Energy Performance Bonds and \$9,865,000 of Alternative Revenue Bonds (ARB). In connection with the ARB issuance, the District was again assigned a Standard and Poor's rating of "AAA". The District did not request an updated Moody's rating. During fiscal 2008 and/or 2009, both bond rating agencies, Standard and Poor's and Moody's, reviewed the financial operations of the District and updated their ratings. Standard and Poor's also reviewed and updated its rating in 2010 and 2011. As a result of these reviews and the financial results achieved, each of the ratings was made at the highest levels of "AAA" by Standard & Poor's and "Aaa" by Moody's. The District has no immediate plans to issue any significant long-term debt in the near future. Additional detailed information on long-term debt can be found in Note I of the notes to the financial statements.

# **North Shore School District 112**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2012**

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#### **Capital Assets**

The District's investment in capital assets at year-end totaled \$71,874,972, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings and building improvements, and equipment. There were \$8,173 of capital asset retirements net of \$183,351 of accumulated depreciation and \$1,810,875 of capital asset additions recorded during the year. Additions include approximately \$1 million for new computers and approximately \$700,000 for building infrastructure. Depreciation charges of \$2,752,163 were expensed in the government-wide financial statements. The District believes its investment in capital assets is appropriate to maintain quality education services to its students in a safe and appropriately maintained environment. Additional detailed information on capital assets can be found in Note H of the notes to the financial statements.

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

The District's governmental funds have a combined fund balance as of June 30, 2012 of \$28,340,351. This is an increase of \$1,729,657 from the June 30, 2011 fund balance of \$26,610,694. In fiscal 2010 there was a decrease in all District funds of \$41,394 and in fiscal 2011 there was also decrease of \$1,247,999. The District's objective for several years was to have a balanced budget and favorable operating results each year. Success in achieving this annual objective through the implementation of prudent financial management enabled the District to build substantial fund balance reserve to address unexpected or unusual future financial needs. The worldwide economic decline beginning in large measure in the fall of 2008 leading to the current and continued economic recession, certainly qualifies as one of these unexpected or unusual events. In fiscal 2012 there was an increase in fund balance of \$1,729,657; \$1,545,270 of which is related to the operating funds. This increase was because of budget reductions and prudent cost management.

In connection with the fiscal 2013 budget the District continues to make budget adjustments to assure financial sustainability and to make sure expenditures do not exceed available revenues. Just like in fiscal 2012 the district expects fiscal 2013 to achieve a surplus with revenues over expenditures to add to the fiscal 2013 year end fund balance.

The following is a summary of the changes and major impacts on the various District funds during the 2012 fiscal year.

The *Educational Fund* (included as part of the General Fund) fund balance at June 30, 2012 was \$7,181,234. This fund showed an increase of \$1,142,494 from the prior year. With increased property tax revenues and through a variety of operating adjustments and expenditure reductions, including monitoring level administrative merit based salary and certain personnel adjustments, the District was able to enhance the fund balance as well enhance the quality of student learning.

The *Operations and Maintenance Fund* fund balance increased \$314,764. In the budget a provision was made for window replacement at Edgewood and Indian Trail. The plan was to use a portion of the fund balance to finance these projects. However, during the year a decision was made to not use fund balance and shift a portion of this project to fiscal 2013. In addition to the savings on the window replacement project, more savings were realized due to controlling overtime costs and savings in utility expenditures.

## **North Shore School District 112 Management's Discussion and Analysis For the Year Ended June 30, 2012**

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The *Working Cash Fund* (included as part of the General Fund) fund balance at June 30, 2012 was \$12,295,662. The increase for the year was \$203,688 due to investment and property tax revenue. As a result, the District was able to maintain a substantial financial reserve to continue to address future financial needs and economic challenges.

The *Fire Prevention and Safety Fund* decreased by \$38,239 during fiscal 2012 due primarily to the completion of the project to enhance security in all District buildings.

The *Transportation Fund* reported a decrease in fund balance during fiscal 2012. This reduction of \$165,671 in fund balance was planned to allocate additional resources to other funds. As of June 30, 2012 there remains an accumulated fund balance of \$578,132. The effects of the state's change in determining reimbursements and overall reduction in the same have been incorporated in future projected financial results.

The *Municipal Retirement/Social Security Fund* increased during the year with a fund balance of \$1,126,468 at June 30, 2012 compared to \$952,599 at June 30, 2011, this was due to the containment of compensation growth and the reduction of staff.

The *Debt Service Fund* had a surplus for the year of \$48,757. The fund increased from \$2,135,078 to \$2,183,835. The surplus for this fund comes primarily from interest earnings and from revenue from an additional 1% assessment factor by the Lake County Clerk to help insure that sufficient taxes are collected to meet the principal and interest obligations of District bondholders.

### **Initiatives**

Since consolidation of the School District in 1993, the District has operated under a framework of an overall mission statement suggested by strategic goals and objectives. Throughout this period, the District has measured its success in achieving its goals and objectives with positive results. Periodically, the Board of Education, along with input from District Administration and community members, has updated the strategic goals and objectives.

During the 2009-2010 school year North Shore School District 112 worked with the community and staff to develop a revised five year strategic plan. The plan included updating the District's mission statement, belief statements, operating parameters, strategies and action steps. The plan is intended to guide the work of the District over the long term, with specific action steps to achieve the various strategies adopted for implementation. Results of these action steps will be evaluated along with the relevance of the plan on an annual basis, with appropriate changes being made as they are identified.

# **North Shore School District 112**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2012**

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

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that would adversely affect its financial health in the future. Like all school districts in the state as well as other governmental bodies and companies throughout the world, the District anticipates facing financial challenges during the aftermath of the economic downturn beginning in the fall of 2008. In addition there are other more specific potentials for additional financial challenges to the District including potential loss of the higher level of federal impact aid and any unanticipated costs of negotiated labor contracts. However, unlike many other entities and other school districts, District 112 has financial reserves available to help address this situation. These reserves have been accumulated as a result of sound financial management. This management approach will be continued in navigating through the financial challenges provided by the current economy.

District management and its Board of Education are actively in the process of continually adjusting operations to meet the universal funding as well as district specific challenges.

Since the passage of the 1997 building improvements referendum, the twelve school facilities have been upgraded with new heating, ventilation, electrical, roofing and technology infrastructure, handicapped accessibility, and exterior site improvements. Recent projects, including those performed primarily for fire prevention and life safety work funded by the \$9.9 million May 2005 bond issue, have continued this upgrading process. They have included roofs, plumbing and sewer systems, windows, boilers, tile, enhanced security systems, and related asbestos abatements. An additional \$10 million of replacement debt capacity is estimated to become available in 2015 to facilitate addressing facility improvement needs. The District will continue maintaining its aged facilities in a responsible manner until there is a longer-term opportunity to rebuild them. The rebuilding process is a primary theme in the long-term strategic plan with a logic target date to consider pursuit of bond funding by potential referendum in 2014 when existing general obligation building bond obligations expire and related levy amounts could be continued and used to fund new bonds.

The District expects recent enrollment growth from its Highwood and Fort Sheridan locations to have reached a stabilized level. Although there will be annual enrollment fluctuations related to the mobility of this student population, the District believes it is manageable. In fact, recent enrollment projections suggest that near term aggregate enrollment will decrease. Administration and the Board are continually working on analyzing the growth and the impact on District facilities. Recent growth has been absorbed in existing facilities without the need for a request for additional local taxpayer funding.

The District's employment groups are under contract as follows: The current teaching staff contract expires June 30, 2012. The District's contract with educational support personnel extends through June 30, 2013. The District believes the contracts are competitive with those of surrounding districts and through the negotiation of new contracts the district will strive to maintain a competitive approach with heightened sensitivity to current economic conditions.

District management and its Board believe that they, along with the support of our capable community invested in the benefits of education, will be able to address these financial challenges in a fiscally prudent manner, maintaining the financial soundness of the District.



**North Shore School District 112**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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**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 the District's finances. Should you have questions about this report or need additional financial information, contact the Chief Financial Officer, 1936 Green Bay Road, Highland Park, Illinois 60035-3112.

## **BASIC FINANCIAL STATEMENTS**

**North Shore School District 112**  
**STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**  
June 30, 2012

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**ASSETS**

Cash and investments	\$ 65,994,327
Receivables (net of allowance for uncollectibles):	
Interest	117,678
Property taxes	33,016,515
Replacement taxes	119,395
Accounts	124,414
Intergovernmental	1,862,703
Prepaid items	154,790
Other current assets	282,945
Net pension asset	35,547
Deferred charges	98,761
Capital assets:	
Land	3,844,995
Depreciable buildings, property, and equipment, net	<u>68,029,977</u>
Total assets	<u>173,682,047</u>

**LIABILITIES**

Accounts payable	1,454,115
Salaries and wages payable	4,018,773
Compensated absences	59,690
Payroll deductions payable	79,151
Claims payable	509,605
Interest payable	164,777
Unearned revenue	64,017,029
Long-term liabilities:	
Due within one year	6,724,654
Due after one year	<u>7,747,918</u>
Total liabilities	<u>84,775,712</u>

**NET ASSETS**

Invested in capital assets, net of related debt	57,079,378
Restricted For:	
Debt service	2,026,575
Student transportation	587,395
Retirement benefits	1,129,517
Tort immunity	826,292
Capital projects	142,468
Unrestricted	<u>27,114,710</u>
Total net assets	<u>\$ 88,906,335</u>

The accompanying notes are an integral part of this statement.

# North Shore School District 112

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 24,826,055	\$ 691,713	\$ 904,366	\$ (23,229,976)
Special programs	13,420,182	-	3,396,087	(10,024,095)
Other instructional programs	5,693,955	45,348	311,794	(5,336,813)
State retirement contributions	9,076,276	-	9,076,276	-
Support services:				
Pupils	4,078,422	-	-	(4,078,773)
Instructional staff	4,008,660	-	124,494	(3,883,815)
General administration	1,269,129	-	-	(1,269,129)
School administration	3,474,934	-	-	(3,474,934)
Business	2,162,251	118,296	390,063	(1,653,892)
Transportation	2,621,684	36,732	560,947	(2,024,005)
Operations and maintenance	6,163,719	159,076	-	(6,004,643)
Central	855,004	-	-	(855,004)
Other supporting services	28,781	-	-	(28,781)
Community services	18,557	-	-	(18,557)
Interest and fees	910,012	-	-	(910,012)
Total governmental activities	<u>\$ 78,607,621</u>	<u>\$ 1,051,165</u>	<u>\$ 14,764,027</u>	<u>(62,792,429)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				50,978,714
Real estate taxes, levied for specific purposes				9,447,288
Real estate taxes, levied for debt service				3,349,731
Personal property replacement taxes				654,610
State aid-formula grants				1,181,508
Investment earnings				254,898
Miscellaneous				1,770,145
Total general revenues				<u>67,636,894</u>
Change in net assets				4,844,465
Net assets, beginning of year				<u>84,061,870</u>
Net assets, end of year				\$ 88,906,335

The accompanying notes are an integral part of this statement.

**North Shore School District 112**

Governmental Funds

**BALANCE SHEET**

June 30, 2012

With Comparative Totals for June 30, 2011

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>ASSETS</b>				
Cash and investments	\$ 49,706,090	\$ 7,499,383	\$ 1,332,078	\$ 1,904,598
Receivables (net of allowance for uncollectibles):				
Interest	90,689	12,332	2,190	3,132
Property taxes	24,516,840	3,321,668	938,218	774,159
Replacement taxes	-	11,940	19,103	88,352
Accounts	94,683	29,177	-	554
Intergovernmental	1,611,246	-	251,457	-
Prepaid Items	154,790	-	-	-
Other current assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 76,174,338</u>	 <u>\$ 10,874,500</u>	 <u>\$ 2,543,046</u>	 <u>\$ 2,770,795</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 1,244,995	\$ 146,199	\$ 62,321	\$ -
Salaries and wages payable	4,018,773	-	-	-
Compensated absences	51,605	8,085	-	-
Payroll deductions payable	-	-	-	79,151
Claims payable	509,605	-	-	-
Deferred revenue	50,046,172	6,712,384	1,902,593	1,565,176
	<u>55,871,150</u>	<u>6,866,668</u>	<u>1,964,914</u>	<u>1,644,327</u>
 Total liabilities	 <u>55,871,150</u>	 <u>6,866,668</u>	 <u>1,964,914</u>	 <u>1,644,327</u>
<b>Fund balances:</b>				
 Nonspendable	 154,790	 -	 -	 -
Restricted	826,292	2,512,058	-	1,126,468
Assigned	16,568,067	1,495,774	578,132	-
Unassigned	2,754,039	-	-	-
	<u>20,303,188</u>	<u>4,007,832</u>	<u>578,132</u>	<u>1,126,468</u>
 Total fund balance	 <u>20,303,188</u>	 <u>4,007,832</u>	 <u>578,132</u>	 <u>1,126,468</u>
 Total liabilities and fund balance	 <u>\$ 76,174,338</u>	 <u>\$ 10,874,500</u>	 <u>\$ 2,543,046</u>	 <u>\$ 2,770,795</u>

The accompanying notes are an integral part of this statement.

Debt Service	Fire Prevention and Safety	Total 2012	2011
\$ 4,694,991	\$ 857,187	\$ 65,994,327	\$ 63,755,115
7,720	1,615	117,678	44,322
2,762,972	702,658	33,016,515	31,571,525
-	-	119,395	87,586
-	-	124,414	151,417
-	-	1,862,703	2,146,822
-	-	154,790	217,023
282,945	-	282,945	303,432
<u>\$ 7,748,628</u>	<u>\$ 1,561,460</u>	<u>\$ 101,672,767</u>	<u>\$ 98,277,242</u>
\$ 600	\$ -	\$ 1,454,115	\$ 3,530,680
-	-	4,018,773	3,966,181
-	-	59,690	70,537
-	-	79,151	75,787
-	-	509,605	342,000
5,564,193	1,420,564	67,211,082	63,681,363
<u>5,564,793</u>	<u>1,420,564</u>	<u>73,332,416</u>	<u>71,666,548</u>
282,945	-	437,735	520,455
1,900,890	140,896	6,506,604	5,866,972
-	-	18,641,973	18,643,993
-	-	2,754,039	1,579,274
<u>2,183,835</u>	<u>140,896</u>	<u>28,340,351</u>	<u>26,610,694</u>
<u>\$ 7,748,628</u>	<u>\$ 1,561,460</u>	<u>\$ 101,672,767</u>	<u>\$ 98,277,242</u>

**North Shore School District 112**  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
For the Year Ended June 30, 2012

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Total fund balances - governmental funds. \$ 28,340,351

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

Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet. 71,874,972

Certain revenue receivables of the District are recognized in the statement of net assets do not provide current financial resources and are deferred in the governmental funds balance sheet. 3,292,814

Interest on long-term liabilities (interest payable) accrued in the statement of net assets will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet. (164,777)

Long-term assets included in the statement of net assets are not collectible within the current period or soon enough thereafter to pay liabilities of the current period. Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet. (14,437,025)

Net assets of governmental activities \$ 88,906,335

The accompanying notes are an integral part of this statement.

# North Shore School District 112

Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Year Ended June 30, 2011

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 50,036,602	\$ 5,862,029	\$ 1,727,205	\$ 1,413,168
Replacement taxes	-	65,461	104,738	484,411
State aid	13,140,988	-	560,947	-
Federal aid	2,588,358	-	-	-
Interest	226,641	12,844	2,937	3,131
Other	<u>2,076,551</u>	<u>357,526</u>	<u>36,732</u>	<u>-</u>
Total revenues	<u>68,069,140</u>	<u>6,297,860</u>	<u>2,432,559</u>	<u>1,900,710</u>
Expenditures				
Current:				
Instruction:				
Regular programs	23,799,825	-	-	305,296
Special programs	9,673,206	-	-	422,916
Other instructional programs	6,038,033	-	-	137,676
State retirement contributions	9,076,276	-	-	-
Support services:				
Pupils	3,591,210	-	-	119,463
Instructional staff	3,646,437	-	-	150,075
General administration	1,242,393	-	-	24,804
School administration	3,329,705	-	-	143,704
Business	1,275,016	-	-	110,514
Transportation	500	-	2,598,230	22,954
Operations and maintenance	-	5,019,901	-	214,848
Central	773,052	-	-	74,591
Other supporting services	28,781	-	-	-
Community services	18,557	-	-	-
Nonprogrammed charges	2,820,375	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>1,094,053</u>	<u>928,970</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>66,407,419</u>	<u>5,948,871</u>	<u>2,598,230</u>	<u>1,726,841</u>
Excess (deficiency) of revenues over expenditures	<u>1,661,721</u>	<u>348,989</u>	<u>(165,671)</u>	<u>173,869</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	<u>(265,544)</u>	<u>(34,225)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(265,544)</u>	<u>(34,225)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,396,177	314,764	(165,671)	173,869
Fund balance, beginning of year	<u>18,907,011</u>	<u>3,693,068</u>	<u>743,803</u>	<u>952,599</u>
Fund balance, end of year	<u>\$ 20,303,188</u>	<u>\$ 4,007,832</u>	<u>\$ 578,132</u>	<u>\$ 1,126,468</u>

The accompanying notes are an integral part of this statement.



Debt Service	Fire Prevention and Safety	Total	
		2012	2011
\$ 3,349,731	\$ 1,386,998	\$ 63,775,733	\$ 63,984,815
-	-	654,610	711,587
-	-	13,701,935	12,872,784
-	-	2,588,358	2,817,685
6,406	1,254	253,213	266,070
-	-	2,470,809	2,270,450
<u>3,356,137</u>	<u>1,388,252</u>	<u>83,444,658</u>	<u>82,923,391</u>
-	-	24,105,121	23,360,017
-	-	10,096,122	9,031,098
-	-	6,175,709	5,810,400
-	-	9,076,276	8,210,912
-	-	3,710,673	4,168,887
-	-	3,796,512	4,031,665
-	-	1,267,197	1,238,822
-	-	3,473,409	3,213,007
-	97,891	1,483,421	1,826,858
-	-	2,621,684	2,608,868
-	-	5,234,749	5,706,943
-	-	847,643	727,408
-	-	28,781	-
-	-	18,557	6,747
-	-	2,820,375	3,249,145
3,905,000	-	3,905,000	6,480,399
1,030,749	-	1,030,749	977,873
-	-	2,023,023	3,522,341
<u>4,935,749</u>	<u>97,891</u>	<u>81,715,001</u>	<u>84,171,390</u>
<u>(1,579,612)</u>	<u>1,290,361</u>	<u>1,729,657</u>	<u>(1,247,999)</u>
1,628,369	-	1,628,369	2,195,670
-	(1,328,600)	(1,628,369)	(2,195,670)
<u>1,628,369</u>	<u>(1,328,600)</u>	<u>-</u>	<u>-</u>
48,757	(38,239)	1,729,657	(1,247,999)
<u>2,135,078</u>	<u>179,135</u>	<u>26,610,694</u>	<u>27,858,693</u>
<u>\$ 2,183,835</u>	<u>\$ 140,896</u>	<u>\$ 28,340,351</u>	<u>\$ 26,610,694</u>

**North Shore School District 112**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$ 1,729,657
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	(949,461)
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Certain revenues included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund statements.	31,832
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	<u>4,032,437</u>
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Change in net assets of governmental activities	<u><u>\$ 4,844,465</u></u>
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The accompanying notes are an integral part of this statement.

**North Shore School District 112**  
Agency Fund  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
June 30, 2012

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	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	\$ <u>242,757</u>
LIABILITIES	
Due to student groups	\$ <u>242,757</u>

The accompanying notes are an integral part of this statement.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of North Shore School District 112 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

**1. Reporting Entity**

The District is located in Lake County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgeting, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District, as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

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

**2. Fund Accounting**

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (Debt Service Fund), and the acquisition or construction of major capital facilities (Capital Projects Fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The General Fund includes the Educational Account, the Working Cash Account, and the Tort Immunity and Judgment Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be permanently abolished to the General (Educational) Fund or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property levy and state reimbursement grants and expenditures of these monies is for risk management activities.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in the Debt Service, capital projects, 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 is as follows:

*Operations and Maintenance Fund* - is used for expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

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

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

c. Debt Service Fund

The *Debt Service Fund* - is used for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Fund

The *Fire Prevention and Safety Fund* - accounts for state-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

e. Fiduciary Fund

The Fiduciary Fund accounts for assets held by the District as an agent for individuals, private organizations, other governments, or other funds.

The *Agency Funds* - includes Student Activity Funds and Convenience Accounts. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Although the Board of Education has the ultimate responsibility for Agency 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. They account for activities such as student yearbook, student clubs and council, and scholarships. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are the agency fund statements. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, interest, and intergovernmental grant revenues associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The District reports unearned revenue on its financial statements. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

5. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

6. Deposits and Investments

State statutes authorize the District's Treasurer to invest in obligations of the U.S. Treasury, The Illinois Funds, Illinois School District Liquid Assets Fund Plus, certain highly rated commercial paper, corporate bonds, repurchase agreements, and other investments and money market funds allowed by state statute, with certain restrictions. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

7. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and building improvements, and furniture, equipment and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 for furniture and equipment and \$100,000 for buildings and improvements, with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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



**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	40
Land improvements	20
Furniture, equipment, and vehicles	5 - 10

9. Prepaid Items

Prepaid items are recorded at cost and amortized over the term of the underlying agreements. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources" even though they are a component of current net assets.

10. Compensated Absences

The District reports compensated absences in accordance with the provisions of the Governmental Accounting Standards Board, *Codification of Governmental Accounting and Financial Reporting Standards*. Expenditures for compensated absences are recognized in the governmental funds as salary and benefits to the extent they are paid during the year or within sixty days after the end of the fiscal year. The liability for the remainder of the vested compensated absences is recorded in the statement of net assets.

11. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**12. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line 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.

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.

**13. Restricted Net Assets**

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. All of the District's restricted net assets were restricted as a result of enabling legislation.

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

**14. Use of Estimates**

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**15. Fund Balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which was adopted by the District as of the fiscal year ended June 30, 2011. In the fund financial statements, governmental funds now report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**15. Fund Balance** (Continued)

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Superintendent or designee.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

The District also has a contingency reserve policy. The policy states that unrestricted reserves in the operating funds shall be maintained at a level equal to approximately 25% of the current year expenditures and transfers exclusive of on-behalf payments. The operating budget is composed of the Educational, Operations and Maintenance, Transportation, and Working Cash Funds.

See Note J for additional detail on the components of the General Fund's fund balance at June 30, 2012.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, included in the statement of net assets, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this difference are as follows:

General obligation bonds	\$ (14,270,000)
Debt certificates	(100,000)
Capital leases	(425,594)
Compensated absences	(37,618)
Other postemployment asset	35,547
Deferred charges and unamortized charges	<u>360,640</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets of governmental activities	\$ <u><u>(14,437,025)</u></u>

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this difference are as follows:

Capital outlay	\$ 1,810,875
Gain on disposal of assets	(8,173)
Depreciation expense	<u>(2,752,163)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	\$ <u><u>(949,461)</u></u>

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
(Continued)

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments	
General obligation bonds	\$ 3,875,000
Debt certificates	30,000
Capital leases	241,273
Deferred charges and unamortized premium	(158,087)
Interest payable	37,551
Compensated absences (net)	18,902
Other postemployment benefits (net)	<u>(12,202)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets - governmental activities	<u>\$ 4,032,437</u>

**NOTE C - DEPOSITS AND INVESTMENTS**

At June 30, 2012, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>65,994,327</u>	\$ <u>242,757</u>	\$ <u>66,237,084</u>

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE C - DEPOSITS AND INVESTMENTS** (Continued)

For disclosure purposes, this amount is segregated into the following components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit; 3) The Illinois Funds; 4) Illinois School District Liquid Asset Fund Plus; and 5) other investments, as follows:

	<u>Total</u>
Cash on hand	\$ 1,400
Deposits with financial institutions	63,237,766
The Illinois Funds	116,741
Illinois School District Liquid Asset	201,808
Other investments	<u>2,679,369</u>
	<u>\$ 66,237,084</u>

At June 30, 2012, the District had the following other investments which consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Percentage of Total</u>
U.S. Government - FICO Strips	\$ 2,101,544	Various	78.4%
Israel St US Gov't GTD NTS	83,934	8/15/2012	3.1%
U.S. Treasury Notes	<u>493,891</u>	12/27/2013	<u>18.5%</u>
	<u>\$ 2,679,369</u>		<u>100.0%</u>

1. **Interest Rate Risk**

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District's investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an unrated, not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

The Illinois Funds, a state investment pool, was rated AAAM by Standard & Poor's. The State Treasurer office is the regulatory oversight agency for the pool and the State Treasurer is audited by the Illinois Auditor General to insure that this agency is following all state statutes. Each member owns a prorated share of each investment or deposit, which is held in the name of the fund. The fair value of the position in the external investment pool is the same as the value of the pool shares.

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations. The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. As of June 30, 2012, each of the District's other investments had "AA+" ratings with their applicable rating agency.

3. Cash and Investments in the Custody of the District

At June 30, 2012, the carrying value of the District's student activity funds was \$242,757, all of which was deposited with financial institutions.

4. Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Treasurer to meet the District's ongoing need for safety, liquidity, and rate of return.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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**NOTE C - DEPOSITS AND INVESTMENTS** (Continued)

**5. Custodial Credit Risk**

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring that all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2012, the bank balance of the District's deposits with financial institutions totaled \$68,258,201, all of which was collateralized or insured as of June 30, 2012.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be secured by FDIC or collateral.

**NOTE D - PROPERTY TAXES RECEIVABLE**

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 13, 2011. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations, individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

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

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2011 tax levy was \$2,390,360,103.

Property taxes are collected by the Lake County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments on June 1 and approximately September 1 during the following year. Property taxes are normally collected, by the District, within 60 days of the respective installment dates.



**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The portion of the 2011 property tax levy not received by June 30 is recorded as receivable, net of estimated uncollectible amounts of approximately 1%. The District considers that the 2011 levy is to be used to finance operations in fiscal 2013. Therefore, the entire 2011 levy, including amounts collected in fiscal 2012, has been recognized as unearned revenue, in the accompanying financial statements.

NOTE E - RESERVED FUND BALANCES AND SPECIAL TAX LEVIES

Special Education Tax

Revenues from the special education tax levy and the related expenditures have been included in the operations of the Educational Fund. Because cumulative expenditures exceeded cumulative revenues, there is no balance restriction.

NOTE F - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the 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 the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

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

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE F - RETIREMENT FUND COMMITMENTS** (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

On-behalf Contributions

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2012, state of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$8,765,067 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent, \$7,909,594 and 23.38 percent, \$7,822,559, respectively.

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

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$205,115. Contributions for the years ended June 30, 2011 and June 30, 2010, were \$198,596 and \$194,058, respectively.

Federal and Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for 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, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2012, salaries totaling \$177,669 were paid from federal and special trust funds that required employer contributions of \$44,257. For the years ended June 30, 2011 and June 30, 2010, required District contributions were \$28,098 and \$49,675, 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.

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

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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**NOTE F - RETIREMENT FUND COMMITMENTS** (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Early Retirement Option (ERO) (Continued)

For the year ended June 30, 2012, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the District paid \$118,437 and \$118,437, respectively, in employer ERO contributions.

Salary Increased Over 6 percent and Excess Sick Leave

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2012, the District paid \$15,031 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and June 30, 2010, the District paid \$1,069 and \$0, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during a four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2011 and June 30, 2010, the District paid \$0 and \$0, respectively, in employer contributions granted for sick leave days.

Further Information on TRS

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, 2011. The report for the year ended June 30, 2012 is expected to be available in late 2012.

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

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

THIS Fund Employer Contributions

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state-administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer-required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf Contributions to the 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 the THIS Fund from active members, which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$311,209, 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, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of District employees were \$301,318 and \$281,050, respectively.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE F - RETIREMENT FUND COMMITMENTS** (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the District paid \$233,406 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the District paid \$225,988 and \$210,788, respectively, to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, Illinois 62763-3838.

2. Illinois Municipal Retirement Fund

*Plan Description*

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

*Funding Policy*

As set by state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2011 was 11.53 percent. 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 state statute.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE F - RETIREMENT FUND COMMITMENTS** (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

*Annual Pension Cost*

The required contribution for fiscal year 2012 was \$799,307.

Trend Information				
Actuarial Valuation Date		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/12	\$	799,307	100%	\$ -
06/30/11		738,018	100%	-
06/30/10		645,555	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress*

As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 65.54 percent funded. The actuarial accrued liability for benefits was \$13,618,480 and the actuarial value of assets was \$8,925,116, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,693,364. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$6,232,678 and the ratio of the UAAL to the covered payroll was 75 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

3. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

NOTE G - OTHER POSTEMPLOYMENT BENEFITS

*Plan Description*

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The policy of the District is to provide the minimum required state-mandated benefit for retiring staff. Certified retirees may receive a negotiated benefit at retirement, but generally receive no benefit at all. The District does, however, have one post retirement medical agreement with a retired administrator for seven years subsequent to June 30, 2009 of full annual health insurance coverage at approximately \$20,000 per year. Other older arrangements for post retirement health insurance payments aggregate approximately \$3,000 per year through fiscal year 2012. For 2012, a total of six former employees or spouses accessed a postemployment(s) benefit through the District.

*Funding Policy*

Retirees under the age of 65 contribute the full Consolidated Omnibus Budget Reconciliation Act (COBRA) equivalent rate. The contributions required by the District are negotiated between the District and union representatives. For fiscal year 2012, the District contributed \$45,004 toward the cost of the postemployment benefits for retirees.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net estimated OPEB asset to the Retiree Health Plan:

	June 30, 2011
Annual required contribution	\$ 32,802
Adjustment to annual required	-
Annual OPEB cost	32,802
Contributions made	45,004
Increase in net OPEB asset	(12,202)
Net OPEB asset beginning of year	(23,345)
Net OPEB asset end of year	\$ (35,547)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/10	\$ NA	NA	\$ NA
6/30/11	34,366	131%	(23,345)
6/30/12*	32,802	137%	(35,547)

NA - not available

\*Annual OPEB cost estimated using ARC from most recent valuation information.



**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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**NOTE G - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Funding Status and Funding Progress*

As of June 30, 2011 (most recent date available), the actuarial accrued liability for benefits was \$344,496, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll was not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE G - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Methods and Assumptions* (Continued)

The following simplifying assumptions were made:

Contribution rates:	
District	Not applicable
Plan members	0.00%
Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, Open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary	5.00%
Healthcare inflation	8.00% initial 6.00% ultimate
Mortality, Turnover, Disability, Retirement ages	Same rate utilized for IMRF
Percentage of active employees assumed to elect	20%
Employer provided benefit	Explicit (eligible retirees only): 100% of premiums to age 65  Implicit: 40% of premium to age 65 (50% of \$671/mo + 50% of \$1,110/ mo)

\*Includes inflation at 3.00%

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE H - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated				
Land	\$ 3,844,995	\$ -	\$ -	\$ 3,844,995
Total capital assets not being depreciated	3,844,995	-	-	3,844,995
Capital assets, being depreciated				
Land improvements	1,191,776	-	-	1,191,776
Buildings and building improvements	92,529,020	729,797	-	93,258,817
Furniture, equipment, and vehicles	11,695,459	1,081,078	191,524	12,585,013
Total capital assets being depreciated	105,416,255	1,810,875	191,524	107,035,606
Less accumulated depreciation for:				
Land improvements	895,607	25,037	-	920,644
Buildings and building improvements	28,798,936	1,615,611	-	30,414,547
Furniture, equipment, and vehicles	6,742,274	1,111,515	183,351	7,670,438
Total accumulated depreciation	36,436,817	2,752,163	183,351	39,005,629
Total capital assets being depreciated, net	68,979,438	(941,288)	8,173	68,029,977
Governmental activities capital assets, net	\$ 72,824,433	\$ (941,288)	\$ 8,173	\$ 71,874,972

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE H - CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General Government	
Instructional Services	
Regular programs	\$ 752,038
Special programs	21,931
Support Services	
Instructional staff	367,749
District administration	1,932
School administration	1,525
Business	3,482
Operations and maintenance	1,586,309
Transportation	3,882
Food	5,954
Central	<u>7,361</u>
	<u>\$ 2,752,163</u>

**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

**NOTE I - LONG-TERM LIABILITIES**

During the year ended June 30, 2012, the following is the long-term liability activity for the District:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due within one year
Bonds payable:					
General obligation	\$ 18,145,000	\$ -	\$ 3,875,000	\$ 14,270,000	\$ 6,420,000
Debt certificates	130,000	-	30,000	100,000	30,000
Less deferred charges					
Deferred charge					
on refunding	(792,779)	-	(196,287)	(596,492)	-
Add unamortized premium	338,229	-	102,377	235,852	-
Compensated absences	56,520	350,682	369,584	37,618	37,618
Capital leases	666,867	-	241,273	425,594	237,036
Total long-term liabilities - governmental activities	\$ <u>18,543,837</u>	\$ <u>350,682</u>	\$ <u>4,421,947</u>	\$ <u>14,472,572</u>	\$ <u>6,724,654</u>

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE I - LONG-TERM LIABILITIES** (Continued)

**1. General Obligation Bonds**

The summary of activity in bonds payable for the year ended June 30, 2012 is as follows:

	<u>Bonds Payable</u> <u>July 1, 2011</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Bonds Payable</u> <u>June 30, 2012</u>
\$20,900,000 Refunding Bonds, dated July 1, 2002, due in June 2014, interest at 2.0% to 5.75%.	\$ 8,965,000	\$ -	\$ 1,910,000	\$ 7,055,000
\$8,835,000 Refunding Bonds, dated April 1, 2004, due in June 2012, interest at 2.0% to 3.0%.	965,000	-	965,000	-
\$9,865,000 Life and Safety Bonds, May 5, 2005, due in June 2018, interest at 3.0% to 4.0%.	<u>8,215,000</u>	<u>-</u>	<u>1,000,000</u>	<u>7,215,000</u>
Total	<u>\$ 18,145,000</u>	<u>\$ -</u>	<u>\$ 3,875,000</u>	<u>\$ 14,270,000</u>

At June 30, 2012, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,420,000	\$ 514,818	\$ 6,934,818
2014	2,910,000	280,465	3,190,465
2015	1,205,000	197,600	1,402,600
2016	1,300,000	149,400	1,449,400
2017	1,405,000	97,400	1,502,400
2018	<u>1,030,000</u>	<u>41,200</u>	<u>1,071,200</u>
Total	<u>\$ 14,270,000</u>	<u>\$ 1,280,883</u>	<u>\$ 15,550,883</u>

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE I - LONG-TERM LIABILITIES** (Continued)

**1. General Obligation Bonds** (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$2,183,835 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2012, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2012, the statutory debt limit for the District was \$164,934,847 of which \$150,139,253 is fully available.

**2. Debt Certificates**

The summary of activity in debt certificates for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>
\$300,000 General Obligation Limited Tax Debt Certificates, dated November 1, 2004, due in June 2015, interest at 3.25%.	\$ 130,000	\$ -	\$ 30,000	\$ 100,000

At June 30, 2012, the District's future cash flow requirements for retirement of debt certificate principal and interest were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 30,000	\$ 3,250	\$ 33,250
2014	35,000	2,275	37,275
2015	35,000	1,138	36,138
	<u>\$ 100,000</u>	<u>\$ 6,663</u>	<u>\$ 106,663</u>

The obligations for the debt certificates will be repaid from the Debt Service Fund with funding provided by the Operations and Maintenance Fund.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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NOTE I - LONG-TERM LIABILITIES (Continued)

3. Leases Payable

The District currently has several lease agreements with American Capital Financial Services and one lease agreement with Xerox Corporation for financing the acquisitions of computers and printers. At June 30, 2011, \$1,523,940 of the amounts included in capital assets were acquired via capital leases for computers and copiers. The leases require monthly installment payments for sixty consecutive months. The obligations for these loans will be repaid from the Debt Service Fund with funding provided by the General (Educational) Fund.

At June 30, 2012, the District's future cash flow requirements for retirement of leases payable principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 237,036	\$ 14,902	\$ 251,938
2014	<u>188,558</u>	<u>5,920</u>	<u>194,478</u>
Total	<u>\$ 425,594</u>	<u>\$ 20,822</u>	<u>\$ 446,416</u>

4. Compensated Absences

Expenditures for compensated absences are recognized in the governmental funds as salary and benefits to the extent that they are paid during the year or within sixty days after the end of the fiscal year. The liability for the remainder of the vested compensated absences is recorded in the statement of net assets. These expenditures are paid from the General Fund.

NOTE J - FUND BALANCE REPORTING

As defined in Note A-15, the District had the following components of fund balance in the General fund at June 30, 2012:

General Fund

Nonspendable - prepaid items	\$ <u>154,790</u>
Restricted for tort immunity	\$ <u>826,292</u>



**North Shore School District 112**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE J - FUND BALANCE REPORTING (Continued)

Debt Service Fund

Nonspendable - prepaid items      \$ 282,945

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases coverage against such risks and participates in the following public entity risk pools: School Employee Loss Fund (SELF) for worker's compensation claims; and Collective Liability Insurance Cooperation (CLIC) for property damage and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that the pools will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pools.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance.

Settled claims have not exceeded commercial insurance coverage for the past three fiscal years.

NOTE L - SELF-INSURANCE PLANS

The District operates self-insurance plans to provide health and dental insurance to its employees. The health and dental plans, which began in September 2003 and September 1997, respectively, are funded through District and employee contributions. Total claims paid during the year ended June 30, 2012 were \$5,695,498 and \$377,783, respectively, for health and dental. The District liability will not exceed \$2,000,000 for health and \$2,000 for dental annually per participating employee. At June 30, 2012, liabilities of \$468,527 for health and \$41,078 for dental had been recorded in the General (Educational) Fund, which represents estimated claims incurred but not yet reported. Claims incurred but not yet reported (IBNRs) include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported.

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE L - SELF-INSURANCE PLANS** (Continued)

Claim liabilities of health and dental insurance are included in accounts payable on the balance sheet. Balances of claims liabilities during the past two years are as follows:

	Health Insurance Claims Payable		Dental Insurance Claims Payable	
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012
Unpaid claims, beginning of fiscal year	\$ 990,569	\$ 292,849	\$ 32,042	\$ 49,151
Incurred claims (including IBNRs)	5,786,736	5,871,176	399,768	369,710
Claim payments	<u>(6,484,456)</u>	<u>(5,695,498)</u>	<u>(382,659)</u>	<u>(377,783)</u>
Unpaid claims, end of fiscal year	<u>\$ 292,849</u>	<u>\$ 468,527</u>	<u>\$ 49,151</u>	<u>\$ 41,078</u>

**NOTE M - INTERFUND TRANSFERS**

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund, transfer interest earned on investments as approved by board resolutions, and use unrestricted revenues collected in the Educational Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following is a schedule of interfund transfers:

<u>To</u>	<u>From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 265,544	Principal and interest payment for capital leases
Debt Service Fund	Operation and Maintenance Fund	34,225	Principal and interest payment for 2004 Debt Certificates
Debt Service Fund	Fire Prevention and Safety Fund	1,328,600	Permanent transfer for excess accumulated fire prevention and safety bond proceeds and interest earnings

**North Shore School District 112**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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**NOTE N - JOINT AGREEMENTS**

The District is a member of the North Suburban Special Education District (NSSED), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financial relationships exercised by the joint agreement governing boards, these should not be included as component units of the District.

**NOTE O - CONTINGENCIES**

1. Litigation

The District is not involved in any significant litigation that would materially affect the balances reported at June 30, 2012. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE P - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 13, 2012, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**North Shore School District 112**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
June 30, 2012

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Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
12/31/11	\$ 8,925,116	\$ 13,618,480	65.54 %	\$ 4,693,364	\$ 6,232,678	75.30 %
12/31/10	8,010,596	12,579,866	63.68	4,569,270	6,182,915	73.90
12/31/09	8,109,441	11,742,041	69.06	3,632,600	5,916,883	61.39

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$8,274,552. On a market basis, the funded ratio would be 60.76%

**North Shore School District 112**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POSTEMPLOYMENT BENEFITS**  
June 30, 2012

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Actuarial	(1)	(2)	(3)	(4)	(5)	(6)
Valuation	Actuarial	Actuarial	Funded	Unfunded	Covered	UAAL as a
Date	Value of	Liability (AAL)	Ratio	AAL	Payroll	Percentage
	Assets (1)	-Entry Age (2)	(1) / (2)	(UAAL)		of Covered
				(2) - (1)		Payroll
						<u>[(2)-(1)]/(5)</u>
06/30/11	\$ -	\$ 344,496	-	% \$ 344,496	\$ N/A	N/A %
06/30/10	-	N/A	-	N/A	N/A	N/A
06/30/09	-	1,035,515	-	1,035,515	N/A	N/A

N/A - not available

# North Shore School District 112

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 49,054,000	\$ 49,487,147	\$ 433,147	\$ 47,552,950
Special education levy	545,000	549,455	4,455	608,555
Corporate personal property replacement taxes	-	-	-	135,520
Regular tuition from pupils or parents	-	-	-	13,116
Summer school tuition from pupils or parents	20,000	39,605	19,605	35,166
Interest on investments	366,558	226,641	(139,917)	208,853
Sales to pupils - lunch	155,000	118,296	(36,704)	32,738
Sales to pupils - breakfast	-	-	-	96,235
Contributions and donations from private sources	83,500	100,927	17,427	143,577
Refund of prior years' expenditures	5,000	66,187	61,187	13,776
Proceeds from vendors' contracts	25,500	-	(25,500)	-
Payment from other Districts	25,000	-	(25,000)	-
Local fees	707,500	691,713	(15,787)	709,877
Other	681,500	1,059,823	378,323	835,481
Total local sources	51,668,558	52,339,794	671,236	50,385,844

#### State sources

General State Aid	1,135,342	1,181,508	46,166	1,170,390
Special Education - Private Facility Tuition	291,244	281,138	(10,106)	300,253
Special Education - Extraordinary	601,832	592,427	(9,405)	586,010
Special Education - Personnel	1,200,635	1,269,887	69,252	1,180,565
Special Education - Orphanage - Individual	6,968	69,301	62,333	10,510
Special Education - Orphanage - Summer Individual	1,923	5,097	3,174	-
Special Education - Summer School	5,464	7,354	1,890	6,004
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	325,430	164,604	(160,826)	286,549
State Free Lunch and Breakfast	8,566	18,136	9,570	10,577

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011
	Original and Final Budget	Actual		Actual
School Breakfast Initiative	\$ 485	\$ -	\$ (485)	\$ 96
Early Childhood - Block Grant	397,866	465,340	67,474	418,806
Other state sources	3,000	9,920	6,920	3,142
On Behalf Payments to TRS from the State	<u>8,915,700</u>	<u>9,076,276</u>	<u>160,576</u>	<u>8,210,912</u>
Total state sources	<u>12,894,455</u>	<u>13,140,988</u>	<u>246,533</u>	<u>12,183,814</u>
Federal sources				
Federal Impact Aid	521,400	344,758	(176,642)	495,148
National School Lunch Program	126,218	227,396	101,178	190,412
Special Milk Program	17,936	32,172	14,236	29,011
Special Breakfast Program	30,515	81,342	50,827	58,647
Food Service - Other	30,841	31,017	176	25,110
Title I - Low Income	338,600	437,424	98,824	367,286
Safe and Drug Free Schools - Form. (Title IV)	-	(351)	(351)	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	557,025	553,179	(3,846)	572,967
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	121,021	391,714	270,693	416,243
ARRA IDEA - Part B - Preschool	-	-	-	41,674
Other ARRA Funds - XI	-	1,602	1,602	106,564
Title III - English Language Acquisition	92,100	133,190	41,090	121,095
Learn and Serve America	24,550	14,000	(10,550)	23,000
Title II - Teacher Quality	136,434	114,925	(21,509)	120,621
Medicaid Matching Funds - Administrative Outreach	68,915	45,917	(22,998)	127,128
Medicaid Matching Funds - Fee-For-Service-Program	<u>60,543</u>	<u>180,073</u>	<u>119,530</u>	<u>122,779</u>
Total federal sources	<u>2,126,098</u>	<u>2,588,358</u>	<u>462,260</u>	<u>2,817,685</u>
Total revenues	<u>66,689,111</u>	<u>68,069,140</u>	<u>1,380,029</u>	<u>65,387,343</u>

(Continued)



# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 19,838,676	\$ 19,431,473	\$ 407,203	\$ 19,145,592
Employee benefits	3,397,154	3,562,078	(164,924)	2,864,397
On-behalf payments to TRS from the state	8,915,700	9,076,276	(160,576)	8,210,912
Purchased services	469,062	342,976	126,086	523,519
Supplies and materials	469,256	463,298	5,958	525,271
Capital outlay	<u>383,082</u>	<u>242,598</u>	<u>140,484</u>	<u>37,440</u>
Total	<u>33,472,930</u>	<u>33,118,699</u>	<u>354,231</u>	<u>31,307,131</u>
Special education programs				
Salaries	6,440,908	6,447,461	(6,553)	5,533,629
Employee benefits	1,284,934	1,358,919	(73,985)	1,000,467
Purchased services	98,532	44,240	54,292	110,435
Supplies and materials	128,356	113,449	14,907	80,684
Capital outlay	<u>61,683</u>	<u>28,346</u>	<u>33,337</u>	<u>55,086</u>
Total	<u>8,014,414</u>	<u>7,992,415</u>	<u>21,999</u>	<u>6,780,301</u>
Special education programs pre-K				
Salaries	412,680	424,449	(11,769)	400,260
Employee benefits	74,733	78,727	(3,994)	67,292
Purchased services	1,286	210	1,076	1,570
Supplies and materials	7,646	2,936	4,710	7,029
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>497,346</u>	<u>506,322</u>	<u>(8,976)</u>	<u>476,151</u>

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Remedial and Supplemental programs K-12				
Salaries	\$ 677,088	\$ 662,162	\$ 14,926	\$ 691,547
Employee benefits	<u>124,373</u>	<u>130,683</u>	<u>(6,310)</u>	<u>138,431</u>
Total	<u>801,461</u>	<u>792,845</u>	<u>8,616</u>	<u>829,978</u>
Remedial and Support programs pre-K				
Salaries	386,561	400,685	(14,124)	438,624
Employee benefits	11,291	11,963	(672)	3,858
Purchased services	12,076	13,249	(1,173)	3,709
Supplies and materials	-	10,252	(10,252)	9,888
Capital outlay	<u>-</u>	<u>637</u>	<u>(637)</u>	<u>-</u>
Total	<u>409,928</u>	<u>436,786</u>	<u>(26,858)</u>	<u>456,079</u>
Summer school programs				
Salaries	124,180	126,060	(1,880)	145,703
Employee benefits	9,065	21,755	(12,690)	25,956
Purchased services	13,280	8,105	5,175	7,967
Supplies and materials	5,465	1,635	3,830	1,307
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>832</u>
Total	<u>151,990</u>	<u>157,555</u>	<u>(5,565)</u>	<u>181,765</u>
Gifted programs				
Salaries	680,705	687,376	(6,671)	653,450
Employee benefits	<u>125,037</u>	<u>131,288</u>	<u>(6,251)</u>	<u>93,665</u>
Total	<u>805,742</u>	<u>818,664</u>	<u>(12,922)</u>	<u>747,115</u>

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Bilingual programs				
Salaries	\$ 3,165,307	\$ 3,456,785	\$ (291,478)	\$ 3,187,743
Employee benefits	575,806	624,785	(48,979)	555,752
Purchased services	5,000	12,386	(7,386)	11,168
Supplies and materials	<u>26,000</u>	<u>25,387</u>	<u>613</u>	<u>8,728</u>
Total	<u>3,772,113</u>	<u>4,119,343</u>	<u>(347,230)</u>	<u>3,763,391</u>
Spec. Ed. Programs K-12 - private tuition				
Other objects	<u>616,219</u>	<u>916,292</u>	<u>(300,073)</u>	<u>1,138,683</u>
Total instruction	<u>48,542,143</u>	<u>48,858,921</u>	<u>(316,778)</u>	<u>45,680,594</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	4,500	9,000	(4,500)	-
Employee benefits	<u>56</u>	<u>-</u>	<u>56</u>	<u>-</u>
Total	<u>4,556</u>	<u>9,000</u>	<u>(4,444)</u>	<u>-</u>
Guidance services				
Salaries	1,010,072	989,382	20,690	1,045,441
Employee benefits	185,538	194,971	(9,433)	433,806
Purchased services	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>2,154</u>
Total	<u>1,197,111</u>	<u>1,184,353</u>	<u>12,758</u>	<u>1,481,401</u>

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Health services				
Salaries	\$ 483,091	\$ 485,968	\$ (2,877)	\$ 464,940
Employee benefits	80,614	85,122	(4,508)	70,805
Purchased services	4,700	1,498	3,202	6,103
Supplies and materials	14,100	11,338	2,762	6,840
Capital outlay	<u>3,175</u>	<u>3,104</u>	<u>71</u>	<u>2,875</u>
Total	<u>585,680</u>	<u>587,030</u>	<u>(1,350)</u>	<u>551,563</u>
Psychological services				
Salaries	614,531	528,280	86,251	555,864
Employee benefits	109,799	114,230	(4,431)	101,794
Purchased services	3,000	1,172	1,828	-
Supplies and materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,543</u>
Total	<u>727,330</u>	<u>643,682</u>	<u>83,648</u>	<u>669,201</u>
Speech pathology and audiology services				
Salaries	1,064,637	951,162	113,475	1,171,236
Employee benefits	195,582	204,366	(8,784)	175,416
Purchased services	-	-	-	573
Supplies and materials	<u>6,135</u>	<u>6,143</u>	<u>(8)</u>	<u>2,993</u>
Total	<u>1,266,354</u>	<u>1,161,671</u>	<u>104,683</u>	<u>1,350,218</u>
Other support services - pupils				
Supplies and materials	<u>11,820</u>	<u>8,578</u>	<u>3,242</u>	<u>-</u>
Total	<u>11,820</u>	<u>8,578</u>	<u>3,242</u>	<u>-</u>
Total pupils	<u>3,792,850</u>	<u>3,594,314</u>	<u>198,536</u>	<u>4,052,383</u>

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012				
	Original and Final Budget	Actual	Variance From Final Budget	2011 Actual	
Instructional staff					
Improvement of instruction services					
Salaries	\$ 722,469	\$ 717,217	\$ 5,252	\$ 707,740	
Employee benefits	188,122	248,012	(59,890)	211,538	
Purchased services	233,433	281,150	(47,717)	329,291	
Supplies and materials	364,740	504,187	(139,447)	522,161	
Capital outlay	396,500	308,790	87,710	198,926	
Other objects	-	5,224	(5,224)	1,298	
Total	1,905,264	2,064,580	(159,316)	1,970,954	
Educational media services					
Salaries	1,276,742	1,337,224	(60,482)	1,311,721	
Employee benefits	235,944	250,321	(14,377)	215,547	
Purchased services	460,398	290,237	170,161	555,178	
Supplies and materials	5,000	12,170	(7,170)	17,668	
Capital outlay	424,089	496,887	(72,798)	1,898,419	
Other objects	189	695	(506)	675	
Total	2,402,363	2,387,534	14,829	3,999,208	
Total instructional staff	4,307,627	4,452,114	(144,487)	5,970,162	
General administration					
Board of education services					
Salaries	44,569	44,998	(430)	44,904	
Employee benefits	9,946	10,105	(159)	9,331	
Purchased services	462,462	276,956	185,506	321,632	
Supplies and materials	6,875	5,894	981	5,672	
Capital outlay	13,786	-	13,786	13,556	
Other objects	-	16,442	(16,442)	-	
Total	537,637	354,395	183,242	395,095	

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Executive administration services				
Salaries	\$ 290,515	\$ 295,798	\$ (5,284)	\$ 258,576
Employee benefits	98,723	145,607	(46,884)	117,257
Purchased services	16,170	9,523	6,647	8,404
Supplies and materials	2,500	1,539	961	1,349
Capital outlay	-	745	(745)	1,262
Other objects	<u>2,650</u>	<u>4,072</u>	<u>(1,422)</u>	<u>2,305</u>
Total	<u>410,558</u>	<u>457,284</u>	<u>(46,726)</u>	<u>389,153</u>
Tort immunity services				
Purchased services	<u>541,340</u>	<u>431,459</u>	<u>109,881</u>	<u>445,613</u>
Total	<u>541,340</u>	<u>431,459</u>	<u>109,881</u>	<u>445,613</u>
Total general administration	<u>1,489,535</u>	<u>1,243,138</u>	<u>246,397</u>	<u>1,229,861</u>
School administration				
Office of the principal services				
Salaries	2,500,173	2,540,000	(39,827)	2,436,883
Employee benefits	709,233	784,120	(74,887)	619,849
Purchased services	<u>14,400</u>	<u>5,585</u>	<u>8,815</u>	<u>4,630</u>
Total	<u>3,223,806</u>	<u>3,329,705</u>	<u>(105,899)</u>	<u>3,061,362</u>
Total school administration	<u>3,223,806</u>	<u>3,329,705</u>	<u>(105,899)</u>	<u>3,061,362</u>

(Continued)

# North Shore School District 112

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services				
Salaries	\$ 218,006	\$ 218,155	\$ (149)	\$ 207,581
Employee benefits	58,506	99,182	(40,676)	48,057
Purchased services	5,150	5,813	(663)	9,644
Supplies and materials	1,000	135	865	1,048
Capital outlay	-	734	(734)	3,565
Other objects	3,500	3,593	(93)	-
Total	286,162	327,612	(41,450)	269,895
Fiscal services				
Salaries	300,808	275,253	25,555	325,102
Employee benefits	60,891	62,658	(1,767)	69,521
Purchased services	167,332	90,746	76,586	135,647
Supplies and materials	7,300	4,935	2,365	10,091
Capital outlay	-	-	-	416
Other objects	1,150	800	350	1,069
Total	537,481	434,392	103,089	541,846
Operation and maintenance of plant services				
Capital outlay	-	-	-	128,641
Total	-	-	-	128,641
Pupil transportation services				
Purchased services	-	500	(500)	2,892
Total	-	500	(500)	2,892

(Continued)

# North Shore School District 112

General Fund

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Food services				
Salaries	\$ 10,230	\$ 10,655	\$ (425)	\$ 10,170
Employee benefits	1,750	1,850	(100)	1,541
Purchased services	470,000	396,526	73,474	489,694
Supplies and materials	1,250	99,624	(98,374)	3,415
Capital outlay	<u>38,000</u>	<u>12,212</u>	<u>25,788</u>	<u>1,210</u>
Total	<u>521,230</u>	<u>520,867</u>	<u>363</u>	<u>506,030</u>
Internal services				
Purchased services	-	-	-	15
Supplies and materials	<u>9,940</u>	<u>5,091</u>	<u>4,849</u>	<u>2,987</u>
Total	<u>9,940</u>	<u>5,091</u>	<u>4,849</u>	<u>3,002</u>
Total business	<u>1,354,812</u>	<u>1,288,462</u>	<u>66,350</u>	<u>1,452,306</u>
Central				
Direction of central support services				
Employee benefits	<u>71,851</u>	<u>200,797</u>	<u>(128,946)</u>	<u>79,511</u>
Total	<u>71,851</u>	<u>200,797</u>	<u>(128,946)</u>	<u>79,511</u>
Planning, research, development and evaluation services				
Salaries	-	-	-	960
Employee benefits	-	-	-	12
Supplies and materials	<u>-</u>	<u>730</u>	<u>(730)</u>	<u>61,709</u>
Total	<u>-</u>	<u>730</u>	<u>(730)</u>	<u>62,681</u>

(Continued)



# North Shore School District 112

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Information services				
Salaries	\$ 47,250	\$ 47,287	\$ (37)	\$ -
Employee benefits	10,382	10,673	(291)	-
Purchased services	32,165	17,527	14,638	-
Supplies and materials	2,000	981	1,019	-
Other objects	-	588	(588)	-
Total	91,797	77,056	14,741	-
Staff services				
Salaries	312,790	316,844	(4,054)	366,026
Employee benefits	84,465	105,011	(20,546)	78,784
Purchased services	82,812	67,546	15,266	54,888
Supplies and materials	8,000	4,728	3,272	6,594
Capital outlay	-	-	-	2,732
Other objects	1,200	340	860	944
Total	489,266	494,469	(5,203)	509,968
Total central	652,914	773,052	(120,138)	652,160
Other supporting services				
Salaries	-	21	(21)	-
Purchased services	-	28,760	(28,760)	-
Total	-	28,781	(28,781)	-
Total support services	14,821,544	14,709,566	111,978	16,418,234
Community services				
Purchased services	-	15,057	(15,057)	3,095
Supplies and materials	-	3,500	(3,500)	3,652
Total	-	18,557	(18,557)	6,747

(Continued)

# North Shore School District 112

## General Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Payments to Other Districts and Gov't Units				
Payments for special education programs				
Purchased services	\$ 1,363,677	\$ 1,687,223	\$ (323,546)	\$ 1,295,741
Total	<u>1,363,677</u>	<u>1,687,223</u>	<u>(323,546)</u>	<u>1,295,741</u>
Payments for Spec. Ed. programs - tuition				
Other objects	<u>1,563,960</u>	<u>1,133,152</u>	<u>430,808</u>	<u>1,953,404</u>
Total payments to other districts and other Gov'ts	<u>2,927,636</u>	<u>2,820,375</u>	<u>107,261</u>	<u>3,249,145</u>
Total expenditures	<u>66,291,323</u>	<u>66,407,419</u>	<u>(116,096)</u>	<u>65,354,720</u>
Excess of revenues over expenditures	<u>397,788</u>	<u>1,661,721</u>	<u>1,263,933</u>	<u>32,623</u>
Other financing uses				
Permanent transfer from working cash fund - interest	(101,244)	-	101,244	(76,167)
Transfer to Debt Svc Fund for Prin on Cap Leases	(911,714)	(241,371)	670,343	(315,399)
Transfer to Debt Svc Fund for Int on Cap Leases	(24,272)	(24,173)	99	(30,493)
Transfer to Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,501)</u>
Total other financing uses	<u>(1,037,229)</u>	<u>(265,544)</u>	<u>771,685</u>	<u>(428,560)</u>
Net change to fund balance	<u>\$ (639,441)</u>	1,396,177	<u>\$ 2,035,618</u>	(395,937)
Fund balance, beginning of year		<u>18,907,011</u>		<u>19,302,948</u>
Fund balance, end of year		<u>\$ 20,303,188</u>		<u>\$ 18,907,011</u>

(Concluded)

**North Shore School District 112**  
Operations and Maintenance Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012				2011
	Original and Final Budget	Actual	Variance From Final Budget		Actual
Revenues					
Local sources					
General levy	\$ 5,811,000	\$ 5,862,029	\$ 51,029	\$	5,726,268
Corporate personal property replacement taxes	51,200	65,461	14,261		44,814
Interest on investments	18,384	12,844	(5,540)		27,642
Rentals	150,000	159,076	9,076		150,977
Impact fees from municipal or county gov'ts	10,000	30,000	20,000		18,875
Refund of prior years' expenditures	-	-	-		28,116
Other	<u>170,000</u>	<u>168,450</u>	<u>(1,550)</u>		<u>147,471</u>
Total local sources	<u>6,210,584</u>	<u>6,297,860</u>	<u>87,276</u>		<u>6,144,163</u>
Total revenues	<u>6,210,584</u>	<u>6,297,860</u>	<u>87,276</u>		<u>6,144,163</u>
Expenditures					
Support services					
Business					
Direction of business support services					
Salaries	-	-	-		33,420
Employee benefits	<u>-</u>	<u>-</u>	<u>-</u>		<u>5,633</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>		<u>39,053</u>

(Continued)

**North Shore School District 112**  
Operations and Maintenance Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			
	Original and Final Budget	Actual	Variance From Final Budget	2011 Actual
Operation and maintenance of plant services				
Salaries	\$ 1,155,583	\$ 1,075,747	\$ 79,836	\$ 1,093,975
Employee benefits	183,307	202,259	(18,952)	182,312
Purchased services	2,769,311	2,801,757	(32,446)	3,108,742
Supplies and materials	1,214,392	940,138	274,254	1,102,059
Capital outlay	<u>1,602,000</u>	<u>928,970</u>	<u>673,030</u>	<u>776,670</u>
Total	<u>6,924,593</u>	<u>5,948,871</u>	<u>975,722</u>	<u>6,263,758</u>
Total business	<u>6,924,593</u>	<u>5,948,871</u>	<u>975,722</u>	<u>6,302,811</u>
Total support services	<u>6,924,593</u>	<u>5,948,871</u>	<u>975,722</u>	<u>6,302,811</u>
Debt service				
Other interest	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Total debt service	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Total expenditures	<u>6,924,793</u>	<u>5,948,871</u>	<u>975,922</u>	<u>6,302,811</u>
Excess (deficiency) of revenues over expenditures	<u>(714,209)</u>	<u>348,989</u>	<u>1,063,198</u>	<u>(158,648)</u>

(Continued)

**North Shore School District 112**  
Operations and Maintenance Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Other financing sources (uses)				
Permanent transfer from working				
Cash fund - interest	\$ 101,244	\$ -	\$ (101,244)	\$ 76,167
Transfer to debt svc fund for prin on debt certificates	(30,000)	(30,000)	-	(30,000)
Transfer to debt svc fund for int on debt certificates	(4,226)	(4,225)	1	(5,200)
Transfer to capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(394,210)</u>
Total other financing sources (uses)	<u>67,018</u>	<u>(34,225)</u>	<u>(101,243)</u>	<u>(353,243)</u>
Net change in fund balance	<u>\$ (647,191)</u>	314,764	<u>\$ 961,955</u>	(511,891)
Fund balance, beginning of year		<u>3,693,068</u>		<u>4,204,959</u>
Fund balance, end of year		<u>\$ 4,007,832</u>		<u>\$ 3,693,068</u>

(Concluded)

# North Shore School District 112

## Transportation Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			
	Original and Final Budget	Actual	Variance From Final Budget	2011 Actual
Revenues				
Local sources				
General levy	\$ 1,712,000	\$ 1,727,205	\$ 15,205	\$ 1,659,788
Corporate personal property replacement taxes	80,000	104,738	24,738	185,012
Regular transportation fees from pupils or parents	70,000	36,732	(33,268)	45,045
Interest on investments	4,203	2,937	(1,266)	6,085
Services provided other Districts	100,000	-	(100,000)	-
Total local sources	1,966,203	1,871,612	(94,591)	1,895,930
State sources				
Transportation - Regular/Vocational	544	28,263	27,719	27,750
Transportation - Special Education	684,363	532,684	(151,679)	661,220
Total state sources	684,907	560,947	(123,960)	688,970
Total revenues	2,651,110	2,432,559	(218,551)	2,584,900
Expenditures				
Support services				
Business				
Pupil transportation services				
Salaries	99,065	101,056	(1,991)	128,367
Employee benefits	40,300	39,387	913	19,595
Purchased services	2,625,169	2,453,739	171,430	2,430,213
Supplies and materials	5,000	4,048	952	4,072
Capital outlay	5,000	-	5,000	-
Total	2,774,533	2,598,230	176,303	2,582,247
(Continued)				

(Continued)

# North Shore School District 112

## Transportation Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Total support services	\$ 2,774,533	\$ 2,598,230	\$ 176,303	\$ 2,582,247
Total expenditures	2,774,533	2,598,230	176,303	2,582,247
Excess (deficiency) of revenues over expenditures	\$ (123,423)	(165,671)	\$ (42,248)	2,653
Fund balance, beginning of year		743,803		741,150
Fund balance, end of year		\$ 578,132		\$ 743,803

(Concluded)

**North Shore School District 112**  
Municipal Retirement / Social Security Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			
	Original and Final Budget	Actual	Variance From Final Budget	2011 Actual
Revenues				
Local sources				
General levy	\$ 700,000	\$ 706,584	\$ 6,584	\$ 663,952
Social security/medicare only levy	700,000	706,584	6,584	663,878
Corporate personal property replacement taxes	369,000	484,411	115,411	346,241
Interest on investments	<u>7,109</u>	<u>3,131</u>	<u>(3,978)</u>	<u>6,636</u>
Total local sources	<u>1,776,109</u>	<u>1,900,710</u>	<u>124,601</u>	<u>1,680,707</u>
Total revenues	<u>1,776,109</u>	<u>1,900,710</u>	<u>124,601</u>	<u>1,680,707</u>
Expenditures				
Instruction				
Regular programs	348,197	305,296	42,901	301,238
Special education programs	395,248	365,688	29,560	327,353
Special education programs pre-K	21,612	23,149	(1,537)	17,242
Remedial and supplemental programs K-12	9,818	9,511	307	9,869
Remedial and supplemental programs pre-K	26,140	24,568	1,572	29,907
Summer school programs	5,700	5,980	(280)	7,484
Gifted programs	9,870	9,323	547	8,868
Bilingual programs	<u>125,245</u>	<u>122,373</u>	<u>2,872</u>	<u>123,230</u>
Total instruction	941,830	865,888	75,942	825,191

(Continued)



**North Shore School District 112**  
Municipal Retirement / Social Security Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Support services				
Pupils				
Attendance and social work services	\$ 65	\$ 688	\$ (623)	\$ -
Guidance services	14,646	13,681	965	14,804
Health services	82,544	83,134	(590)	78,910
Psychological services	8,911	8,567	344	9,109
Speech pathology and audiology services	<u>15,437</u>	<u>13,393</u>	<u>2,044</u>	<u>16,556</u>
Total pupils	<u>121,603</u>	<u>119,463</u>	<u>2,140</u>	<u>119,379</u>
Instructional staff				
Improvement of instruction services	25,978	31,532	(5,554)	38,195
Educational media services	<u>121,674</u>	<u>118,543</u>	<u>3,131</u>	<u>120,653</u>
Total instructional staff	<u>147,652</u>	<u>150,075</u>	<u>(2,423)</u>	<u>158,848</u>
General administration				
Board of education services	18,542	9,118	9,424	8,604
Executive administration services	<u>3,566</u>	<u>15,686</u>	<u>(12,120)</u>	<u>15,175</u>
Total general administration	<u>22,108</u>	<u>24,804</u>	<u>(2,696)</u>	<u>23,779</u>
School administration				
Office of the principal services	<u>150,508</u>	<u>143,704</u>	<u>6,804</u>	<u>151,645</u>
Total school administration	<u>150,508</u>	<u>143,704</u>	<u>6,804</u>	<u>151,645</u>

(Continued)

**North Shore School District 112**  
Municipal Retirement / Social Security Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
<b>Business</b>				
Direction of business support services	\$ 38,745	\$ 52,326	\$ (13,581)	\$ 7,522
Fiscal services	58,265	56,253	2,012	65,717
Operation and maintenance of plant services	200,263	214,848	(14,585)	219,855
Pupil transportation services	29,231	22,954	6,277	23,729
Food services	<u>1,999</u>	<u>1,935</u>	<u>64</u>	<u>1,861</u>
Total business	<u>328,501</u>	<u>348,316</u>	<u>(19,815)</u>	<u>318,684</u>
<b>Central</b>				
Information services	9,233	8,616	617	-
Staff services	<u>61,119</u>	<u>65,975</u>	<u>(4,856)</u>	<u>77,980</u>
Total central	<u>70,352</u>	<u>74,591</u>	<u>(4,239)</u>	<u>77,980</u>
Total support services	<u>840,724</u>	<u>860,953</u>	<u>(20,229)</u>	<u>850,315</u>
Total expenditures	<u>1,782,554</u>	<u>1,726,841</u>	<u>55,713</u>	<u>1,675,506</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,445)</u>	173,869	<u>\$ 180,314</u>	5,201
Fund balance, beginning of year		<u>952,599</u>		<u>947,398</u>
Fund balance, end of year		<u>\$ 1,126,468</u>		<u>\$ 952,599</u>

(Concluded)

**North Shore School District 112**  
Notes to the Required Supplementary Information  
June 30, 2012

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1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after a public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on August 16, 2011.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds had expenditures in excess of budgets at June 30, 2012:

<u>Funds</u>	<u>Amount</u>
General Fund	\$ 116,096
Fire Prevention and Safety	97,891

## **SUPPLEMENTARY FINANCIAL INFORMATION**

# North Shore School District 112

General Fund

## COMBINING BALANCE SHEET

June 30, 2012

	Educational	Tort Immunity and Judgment	Working Cash	Total
<b>ASSETS</b>				
Cash and investments	\$ 36,393,645	\$ 982,021	\$ 12,330,424	\$ 49,706,090
Receivables (net of allowance for uncollectibles):				
Interest	59,844	1,410	29,435	90,689
Property taxes	24,342,827	138,693	35,320	24,516,840
Accounts	94,683	-	-	94,683
Intergovernmental	1,611,246	-	-	1,611,246
Prepaid Items	154,790	-	-	154,790
Total assets	<u>\$ 62,657,035</u>	<u>\$ 1,122,124</u>	<u>\$ 12,395,179</u>	<u>\$ 76,174,338</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 1,232,495	\$ 12,500	\$ -	\$ 1,244,995
Salaries and wages payable	4,018,773	-	-	4,018,773
Compensated absences	51,605	-	-	51,605
Payroll deductions payable	-	-	-	-
Claims payable	509,605	-	-	509,605
Deferred revenue	49,663,323	283,332	99,517	50,046,172
Total liabilities	<u>55,475,801</u>	<u>295,832</u>	<u>99,517</u>	<u>55,871,150</u>
<b>Fund balances:</b>				
Nonspendable	154,790	-	-	154,790
Restricted	-	826,292	-	826,292
Assigned	7,026,444	-	9,541,623	16,568,067
Unassigned	-	-	2,754,039	2,754,039
Total fund balance	<u>7,181,234</u>	<u>826,292</u>	<u>12,295,662</u>	<u>20,303,188</u>
Total liabilities and fund balance	<u>\$ 62,657,035</u>	<u>\$ 1,122,124</u>	<u>\$ 12,395,179</u>	<u>\$ 76,174,338</u>

# North Shore School District 112

## General Fund

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES For the Year Ended June 30, 2012

	Educational	Tort Immunity and Judgment	Working Cash	Total
<b>Revenues</b>				
Property taxes	\$ 49,539,377	\$ 444,886	\$ 52,339	\$ 50,036,602
State aid	13,140,988	-	-	13,140,988
Federal aid	2,588,358	-	-	2,588,358
Interest	73,889	1,403	151,349	226,641
Other	<u>2,072,149</u>	<u>4,402</u>	<u>-</u>	<u>2,076,551</u>
 Total revenues	 <u>67,414,761</u>	 <u>450,691</u>	 <u>203,688</u>	 <u>68,069,140</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular programs	23,799,825	-	-	23,799,825
Special programs	9,673,206	-	-	9,673,206
Other instructional programs	6,038,033	-	-	6,038,033
State retirement contributions	9,076,276	-	-	9,076,276
Support services:				
Pupils	3,591,210	-	-	3,591,210
Instructional staff	3,646,437	-	-	3,646,437
General administration	841,697	400,696	-	1,242,393
School administration	3,329,705	-	-	3,329,705
Business	1,275,016	-	-	1,275,016
Transportation	500	-	-	500
Central	773,052	-	-	773,052
Other supporting services	28,781	-	-	28,781
Community services	18,557	-	-	18,557
Nonprogrammed charges	2,820,375	-	-	2,820,375
Capital outlay	<u>1,094,053</u>	<u>-</u>	<u>-</u>	<u>1,094,053</u>
 Total expenditures	 <u>66,006,723</u>	 <u>400,696</u>	 <u>-</u>	 <u>66,407,419</u>
 Excess (deficiency) of revenues over expenditures	 <u>1,408,038</u>	 <u>49,995</u>	 <u>203,688</u>	 <u>1,661,721</u>
 Other financing uses				
Transfers (out)	<u>(265,544)</u>	<u>-</u>	<u>-</u>	<u>(265,544)</u>
 Total other financing uses	 <u>(265,544)</u>	 <u>-</u>	 <u>-</u>	 <u>(265,544)</u>
 Net change in fund balance	 1,142,494	 49,995	 203,688	 1,396,177
 Fund balance, beginning of year	 <u>6,038,740</u>	 <u>776,297</u>	 <u>12,091,974</u>	 <u>18,907,011</u>
 Fund balance, end of year	 <u>\$ 7,181,234</u>	 <u>\$ 826,292</u>	 <u>\$ 12,295,662</u>	 <u>\$ 20,303,188</u>

**North Shore School District 112**

## Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 3,320,000	\$ 3,349,731	\$ 29,731	\$ 5,781,594
Interest on investments	<u>15,670</u>	<u>6,406</u>	<u>(9,264)</u>	<u>13,915</u>
Total local sources	<u>3,335,670</u>	<u>3,356,137</u>	<u>20,467</u>	<u>5,795,509</u>
Total revenues	<u>3,335,670</u>	<u>3,356,137</u>	<u>20,467</u>	<u>5,795,509</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	<u>1,699,792</u>	<u>1,029,349</u>	<u>670,443</u>	<u>973,523</u>
Total debt service - interest	<u>1,699,792</u>	<u>1,029,349</u>	<u>670,443</u>	<u>973,523</u>
Principal payments on long-term debt	<u>3,905,000</u>	<u>3,905,000</u>	<u>-</u>	<u>6,480,399</u>
Other debt service				
Purchased services	<u>7,500</u>	<u>1,400</u>	<u>6,100</u>	<u>4,350</u>
Total	<u>7,500</u>	<u>1,400</u>	<u>6,100</u>	<u>4,350</u>
Total debt service	<u>5,612,292</u>	<u>4,935,749</u>	<u>676,543</u>	<u>7,458,272</u>
Total expenditures	<u>5,612,292</u>	<u>4,935,749</u>	<u>676,543</u>	<u>7,458,272</u>

(Continued)

**North Shore School District 112**

## Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ (2,276,622)	\$ (1,579,612)	\$ 697,010	\$ (1,662,763)
Other financing sources				
Permanent transfer of excess accumulated fire prevention and safety bond proceeds and interest earnings	1,328,600	1,328,600	-	1,337,700
Transfer to pay for principal on capital leases	911,714	241,371	(670,343)	315,399
Transfer to pay for interest on capital leases	24,272	24,173	(99)	30,493
Transfer to pay principal on debt certificates	30,000	30,000	-	30,000
Transfer to pay interest on debt certificates	4,226	4,225	(1)	5,200
Total other financing sources	2,298,811	1,628,369	(670,442)	1,718,792
Net change in fund balance	\$ 22,189	48,757	\$ 26,568	56,029
Fund balance, beginning of year		2,135,078		2,079,049
Fund balance, end of year		\$ 2,183,835		\$ 2,135,078

(Concluded)



**North Shore School District 112**

## Capital Projects Fund

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	-	-	-	400,711
Total	-	-	-	400,711
Total support services	-	-	-	400,711
Total expenditures	-	-	-	400,711
Excess (deficiency) of revenues over expenditures	-	-	-	(400,711)
Other financing sources (uses)				
Transfer in	-	-	-	400,711
Total other financing sources (uses)	-	-	-	400,711
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

**North Shore School District 112**

Fire Prevention and Safety Fund

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,375,000	\$ 1,386,998	\$ 11,998	\$ 1,327,830
Interest on investments	<u>1,725</u>	<u>1,254</u>	<u>(471)</u>	<u>2,939</u>
Total local sources	<u>1,376,725</u>	<u>1,388,252</u>	<u>11,527</u>	<u>1,330,769</u>
Total revenues	<u>1,376,725</u>	<u>1,388,252</u>	<u>11,527</u>	<u>1,330,769</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	<u>-</u>	<u>97,891</u>	<u>(97,891)</u>	<u>397,123</u>
Total support services	<u>-</u>	<u>97,891</u>	<u>(97,891)</u>	<u>397,123</u>
Total expenditures	<u>-</u>	<u>97,891</u>	<u>(97,891)</u>	<u>397,123</u>
Excess (deficiency) of revenues over expenditures	<u>1,376,725</u>	<u>1,290,361</u>	<u>(86,364)</u>	<u>933,646</u>

(Continued)

# North Shore School District 112

## Fire Prevention and Safety Fund

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Other financing uses				
Permanent transfer of excess accumulated fire prevention and safety bonds and interest earnings	\$ (1,328,600)	\$ (1,328,600)	\$ -	\$ (1,337,700)
Total other financing uses	(1,328,600)	(1,328,600)	-	(1,337,700)
Net change in fund balance	<u>\$ 48,125</u>	(38,239)	<u>\$ (86,364)</u>	(404,054)
Fund balance, beginning of year		<u>179,135</u>		<u>583,189</u>
Fund balance, end of year		<u>\$ 140,896</u>		<u>\$ 179,135</u>

(Concluded)

**North Shore School District 112**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<hr/>				
Assets				
Cash and investments	\$ 229,673	\$ 372,164	\$ 359,080	\$ 242,757
	<u>229,673</u>	<u>372,164</u>	<u>359,080</u>	<u>242,757</u>
Liabilities				
Due to student groups				
Braeside	\$ 9,281	\$ 24,846	\$ 22,824	\$ 11,303
Edgewood	16,243	91,021	88,752	18,512
Elm Place	6,245	74,180	71,994	8,431
Indian Trail	1,044	2,793	2,499	1,338
Lincoln	63,390	10,227	9,293	64,324
Northwood	27,184	66,798	64,685	29,297
Oak Terrace	3,954	23,708	24,794	2,868
Ravinia	31,901	15,805	16,427	31,279
Red Oak	4,216	9,569	11,218	2,567
Sherwood	42,841	32,029	26,613	48,257
Green Bay	1,784	3,362	2,547	2,599
W. Thomas	21,590	17,826	17,434	21,982
	<u>21,590</u>	<u>17,826</u>	<u>17,434</u>	<u>21,982</u>
Total liabilities	\$ 229,673	\$ 372,164	\$ 359,080	\$ 242,757
	<u>229,673</u>	<u>372,164</u>	<u>359,080</u>	<u>242,757</u>

**STATISTICAL SECTION**  
**(Unaudited)**

## Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding of what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	90 - 101
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	102 - 105
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	106 - 109
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	110 - 112
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	113 - 116
These schedules contain information about the District's services and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

# NORTH SHORE SCHOOL DISTRICT 112

Net Assets by Component

Last Ten Fiscal Years

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	<b>Fiscal Year</b>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 57,079,378	\$ 54,337,116	\$ 46,989,074	\$ 41,886,079	\$ 34,219,363
Restricted					
Student transportation	587,395	749,893	758,970	2,132,920	859,717
Retirement benefits	1,129,517	953,535	947,398	947,214	901,737
Capital projects	142,468	179,587	583,189	545,152	722,691
Tort immunity	826,292	776,297	779,928	673,017	631,766
Debt service	2,026,575	2,097,395	2,262,779	1,921,610	4,532,157
Unrestricted	<u>27,114,710</u>	<u>24,968,047</u>	<u>26,998,898</u>	<u>24,929,591</u>	<u>24,070,644</u>
Total net assets	<u>\$ 88,906,335</u>	<u>\$ 84,061,870</u>	<u>\$ 79,320,236</u>	<u>\$ 73,035,583</u>	<u>\$ 65,938,075</u>

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<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 29,587,025	\$ 25,667,659	\$ 19,922,233	\$ 21,851,903	\$ 32,485,949
-	-	-	-	-
-	-	-	-	-
1,828,715	-	-	-	2,473,869
583,401	497,800	911,182	1,111,122	894,846
1,852,125	506,460	863,515	865,459	1,049,631
<u>23,900,065</u>	<u>27,451,907</u>	<u>32,342,294</u>	<u>25,838,972</u>	<u>24,168,339</u>
<u>\$ 57,751,331</u>	<u>\$ 54,123,826</u>	<u>\$ 54,039,224</u>	<u>\$ 49,667,456</u>	<u>\$ 61,072,634</u>



# NORTH SHORE SCHOOL DISTRICT 112

Change in Net Assets  
Last Ten Fiscal Years

Expenses	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental Activities:					
Instruction					
Regular Programs	\$24,826,055	\$23,853,551	\$26,341,612	\$24,626,115	\$22,711,221
Special Programs	13,420,182	12,793,825	13,884,555	11,303,473	10,799,877
Other Programs	5,693,955	5,317,007	2,552,792	2,482,796	1,707,831
State On-behalf Contributions to TRS	9,076,276	8,210,912	8,103,609	5,789,778	3,934,895
Support services					
Pupils	4,078,422	4,527,464	3,806,825	3,774,210	3,305,016
Instructional Staff	4,008,660	4,642,304	5,085,905	4,565,034	4,818,297
District Administration	1,269,129	1,240,978	1,523,559	1,663,220	1,481,027
School Administration	3,474,934	3,214,570	3,188,089	3,172,189	2,994,651
Business	2,162,251	2,511,464	2,212,965	1,809,075	1,901,447
Transportation	2,621,684	2,608,868	2,844,479	2,752,630	2,531,292
Facilities Acquisition and Construction	-	-	-	-	-
Operations and Maintenance	6,163,719	6,602,845	6,063,593	6,009,250	6,224,724
Food Service	-	-	-	-	-
Central	855,004	738,645	747,685	675,482	710,784
Other Supporting Services	28,781	-	-	-	-
Community Services	18,557	6,747	20,053	-	-
Nonprogrammed Charges	-	-	203.00	-	-
Interest on Debt	910,012	1,314,640	1,346,203	1,570,951	1,822,138
Total Governmental Expenses	<u>78,607,621</u>	<u>77,583,820</u>	<u>77,722,127</u>	<u>70,194,203</u>	<u>64,943,200</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
Instruction					
Regular Programs	691,713	687,257	874,280	704,283	1,124,990
Special Programs	-	-	95,920	119,207	-
Other Programs	45,348	35,166	149,926	125,306	-
Support Services					
Transportation	36,732	2,361	76,035	103,072	88,390
Business	118,296	128,973	135,407	150,975	131,982
Operations and Maintenance	159,076	150,977	146,219	158,149	-
Operating Grants and Contributions:					
Instruction					
Regular Programs	904,366	892,656	925,559	715,089	705,190
Special Programs	3,396,087	3,364,133	3,973,873	2,766,350	2,555,034
Other Programs	311,794	430,644	580,787	544,831	454,492
Support services					
Pupils	(351)	-	9,768	10,125	9,640
Instructional Staff	124,845	114,354	257,964	217,666	166,923
Operations and Maintenance	-	-	-	-	-
Transportation	560,947	688,970	915,830	943,493	997,708
Business	390,063	313,853	355,763	455,812	419,923
Capital Grants and Contributions:					
Instruction					
Regular Programs	-	-	-	-	-
Special Programs	-	-	-	-	-
Other Programs	-	-	-	-	-
Support services					
Instructional Staff	-	-	-	-	-
Business	-	-	-	-	-
Operations and Maintenance	-	-	-	-	-
Transportation	-	-	-	-	-
Food Service	-	-	-	-	-
State On-behalf Contributions to TRS	9,076,276	8,210,912	8,103,609	5,789,778	3,934,895
Total Government Program Revenues	<u>15,815,192</u>	<u>15,020,256</u>	<u>16,600,940</u>	<u>12,804,136</u>	<u>10,589,167</u>
Net (Expense) Revenue	<u>(62,792,429)</u>	<u>(62,563,564)</u>	<u>(61,121,187)</u>	<u>(57,390,067)</u>	<u>(54,354,033)</u>
General Revenues:					
Governmental Activities:					
Taxes					
Property Taxes	\$63,775,733	\$63,984,815	\$62,981,918	\$59,650,168	\$57,220,044
Replacement Taxes	654,610	711,587	548,718	678,274	775,373
General State Aid	1,181,508	1,170,390	896,632	1,011,851	967,936
Investment Earnings	254,898	301,277	754,156	1,715,954	2,600,033
Other General Revenues	1,770,145	1,137,129	2,224,416	1,431,328	977,391
Total General Revenues	<u>67,636,894</u>	<u>67,305,198</u>	<u>67,405,840</u>	<u>64,487,575</u>	<u>62,540,777</u>
Change in Net Assets	<u>\$ 4,844,465</u>	<u>\$ 4,741,634</u>	<u>\$ 6,284,653</u>	<u>\$ 7,097,508</u>	<u>\$ 8,186,744</u>

Fiscal Year				
<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$24,796,600	\$25,771,477	\$23,345,745	\$23,485,367	\$27,165,493
7,632,994	6,880,004	6,069,855	4,932,755	7,109,497
1,882,377	1,762,988	1,701,687	1,469,833	1,457,138
3,192,342	2,261,955	3,447,147	3,751,062	-
2,919,075	3,063,407	2,624,114	2,176,258	2,029,888
3,662,683	3,216,985	2,861,031	2,545,626	2,562,336
1,663,875	2,038,644	1,447,111	1,349,413	1,288,339
3,052,486	2,642,844	2,625,966	2,122,293	2,088,164
573,492	553,390	658,698	617,070	354,441
2,655,297	2,720,410	3,129,272	3,187,236	3,071,646
569,943	1,196,574	-	-	-
6,237,146	4,646,476	5,413,270	8,348,249	4,521,290
378,633	383,226	357,755	304,636	343,241
672,974	512,050	629,997	491,603	489,813
-	-	-	-	-
-	49,067	3,504	-	-
3,823,487	4,114,321	3,683,228	2,752,970	-
<u>2,062,130</u>	<u>1,901,115</u>	<u>2,163,360</u>	<u>2,141,014</u>	<u>2,559,909</u>
<u>65,775,534</u>	<u>63,714,933</u>	<u>60,161,740</u>	<u>59,675,385</u>	<u>55,041,195</u>
818,121	719,375	426,845	383,035	72,535
-	92,783	128,764	67,433	-
-	-	-	-	-
70,179	100,879	99,299	78,483	192,160
244,043	98,832	355,856	311,977	155,933
-	-	-	-	-
532,302	614,453	775,145	696,843	3,407,803
2,141,642	2,610,136	2,585,516	2,160,297	2,440,823
452,393	-	-	-	221,195
-	9,645	-	-	-
-	-	-	-	117,051
-	693,307	424,319	496,130	147,298
-	1,066,454	1,305,640	1,096,579	1,490,791
-	253,585	5,874	5,294	151,138
-	11,933	88,131	23,129	3,407,803
-	-	-	-	2,440,823
-	-	-	-	221,195
-	-	-	-	-
174,462	3,263	50,031	110,313	117,051
382,222	-	-	-	-
-	136,516	115,513	198,548	147,298
1,096,719	-	-	-	1,490,791
-	-	-	-	151,138
<u>3,192,342</u>	<u>2,261,955</u>	<u>3,447,147</u>	<u>3,751,062</u>	<u>3,349,753</u>
<u>9,104,425</u>	<u>8,673,116</u>	<u>9,808,080</u>	<u>9,379,123</u>	<u>19,722,579</u>
<u>(56,671,109)</u>	<u>(55,041,817)</u>	<u>(50,353,660)</u>	<u>(50,296,262)</u>	<u>(35,318,616)</u>
\$54,379,286	\$51,193,332	\$48,792,541	\$47,380,412	\$44,544,398
725,053	664,496	593,582	426,789	798,697
957,072	959,346	964,876	970,140	1,962,329
2,836,795	2,029,625	1,095,120	336,972	885,209
<u>1,400,408</u>	<u>724,885</u>	<u>287,418</u>	<u>138,869</u>	<u>1,243,968</u>
<u>60,298,614</u>	<u>55,571,684</u>	<u>51,733,537</u>	<u>49,253,182</u>	<u>49,434,601</u>
<u>\$ 3,627,505</u>	<u>\$ 529,867</u>	<u>\$ 1,379,877</u>	<u>\$ (1,043,080)</u>	<u>\$14,115,985</u>

# NORTH SHORE SCHOOL DISTRICT 112

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund***				
Nonspendable	\$ 154,790	\$ 217,023	\$ -	\$ -
Restricted	826,292	2,805,351	-	-
Assigned	16,568,067	17,998,431	-	-
Unassigned	2,754,039	1,579,274	-	-
Reserved				
Prepaid Items	-	-	12,500	382,016
Self Insurance	-	-	-	-
Tort Immunity **	-	-	-	-
Unreserved				
Designated for self-insurance	-	-	794,620	1,051,970
Undesignated	<u>-</u>	<u>-</u>	<u>9,884,211</u>	<u>9,530,580</u>
Total General Fund	<u>\$ 20,303,188</u>	<u>\$ 22,600,079</u>	<u>\$ 10,691,331</u>	<u>\$ 10,964,566</u>
All Other Governmental Funds:				
Working Cash ***	\$ -	\$ -	\$ 12,036,648	\$ 12,008,214
Fire Prevention and Safety *	-	-	583,189	545,152
Nonspendable	282,945	303,432	-	-
Restricted	5,680,312	3,061,621	-	-
Assigned	2,073,906	645,562	-	-
Reserved				
Prepaid Items	-	-	-	-
Debt Service	-	-	2,079,049	1,921,610
Unreserved				
Special Revenue	-	-	2,468,476	2,460,545
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 8,037,163</u>	<u>\$ 4,010,615</u>	<u>\$ 17,167,362</u>	<u>\$ 16,935,521</u>

\* - Only in years considered major, otherwise fund balance combined into nonmajor governmental funds - capital projects.

\*\* - Tort immunity and judgment became a special revenue fund for fiscal year 2009.

\*\*\* Working Cash and Tort Immunity and Judgment Funds are included in the General Fund starting in fiscal year 2011, due to the implementation of GASB Statement No. 54

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<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
382,504	393,491	382,147	6,500	-	-
1,503,653	-	796,287	750,948	874,027	563,178
631,766	583,401	497,800	911,182	1,111,122	894,846
1,503,653	-	-	-	-	-
<u>7,508,670</u>	<u>7,536,180</u>	<u>7,053,461</u>	<u>8,197,152</u>	<u>4,126,128</u>	<u>8,924,173</u>
<u>\$ 11,530,246</u>	<u>\$ 8,513,072</u>	<u>\$ 8,729,695</u>	<u>\$ 9,865,782</u>	<u>\$ 6,111,277</u>	<u>\$ 10,382,197</u>
\$ 11,789,915	\$ 9,961,125	\$ 9,090,866	\$ 10,695,478	\$ 9,438,854	\$ 8,496,415
690,916	1,788,786	-	9,556,945	-	2,064,718
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	245,395	-	-	-
1,706,750	1,511,377	1,009,688	1,134,825	1,091,166	1,049,631
1,761,454	1,860,329	1,883,240	1,799,737	5,238,577	6,080,617
<u>31,775</u>	<u>39,929</u>	<u>6,230,775</u>	<u>421,233</u>	<u>778,424</u>	<u>409,151</u>
<u>\$ 15,980,810</u>	<u>\$ 15,161,546</u>	<u>\$ 18,459,964</u>	<u>\$ 23,608,218</u>	<u>\$ 16,547,021</u>	<u>\$ 18,100,532</u>

## NORTH SHORE SCHOOL DISTRICT 112

### Governmental Funds Revenues Last Ten Fiscal Years

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	<b>Fiscal Years</b>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Local Sources					
Total Local Sources	\$ 67,154,365	\$ 67,232,922	\$ 66,615,748	\$ 64,209,963	\$ 62,918,203
State Sources					
Total State Sources	4,625,659	4,661,872	4,800,845	4,581,238	4,496,510
Federal Sources					
Total Federal Sources	2,588,358	2,817,685	3,781,072	2,175,492	1,780,336
On-behalf Sources					
Total On-behalf Sources	<u>9,076,276</u>	<u>8,210,912</u>	<u>8,103,609</u>	<u>5,789,778</u>	<u>3,934,895</u>
 Total revenues	 <u>\$ 83,444,658</u>	 <u>\$ 82,923,391</u>	 <u>\$ 83,301,274</u>	 <u>\$ 76,756,471</u>	 <u>\$ 73,129,944</u>

---

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 60,504,973	\$ 56,162,348	\$ 51,787,154	\$ 49,340,558	\$ 47,893,241
4,331,178	4,388,436	4,247,844	4,220,871	7,877,770
1,405,184	1,431,809	1,807,617	1,498,691	2,060,658
<u>3,192,342</u>	<u>2,261,955</u>	<u>3,447,147</u>	<u>3,751,062</u>	<u>3,349,753</u>
<u>\$ 69,433,677</u>	<u>\$ 64,244,548</u>	<u>\$ 61,289,762</u>	<u>\$ 58,811,182</u>	<u>\$ 61,181,422</u>

**NORTH SHORE SCHOOL DISTRICT 112**

## Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

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	<b>Fiscal Year</b>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current expenditures	<u>\$ 75,159,901</u>	<u>\$ 74,021,481</u>	<u>\$ 73,858,060</u>	<u>\$ 66,892,815</u>	<u>\$ 61,286,127</u>
Capital outlay	<u>\$ 1,619,351</u>	<u>\$ 2,691,637</u>	<u>\$ 2,612,000</u>	<u>\$ 3,052,079</u>	<u>\$ 1,653,614</u>
Debt service:					
Principal	3,905,000	6,480,399	6,333,115	5,610,075	4,988,861
Interest	<u>1,030,749</u>	<u>977,873</u>	<u>1,177,985</u>	<u>1,404,605</u>	<u>1,658,743</u>
Total debt service	<u>4,935,749</u>	<u>7,458,272</u>	<u>7,511,100</u>	<u>7,014,680</u>	<u>6,647,604</u>
Total expenditures	<u>\$ 81,715,001</u>	<u>\$ 84,171,390</u>	<u>\$ 83,981,160</u>	<u>\$ 76,959,574</u>	<u>\$ 69,587,345</u>
Debt service required as a percentage of noncapital expenditures	6.16%	9.15%	9.23%	9.49%	9.79%
Debt service as a percentage of total expenditures	6.04%	8.86%	8.94%	9.11%	9.55%

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<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>\$ 65,481,119</u>	<u>\$ 61,576,472</u>	<u>\$ 56,590,331</u>	<u>\$ 53,295,416</u>	<u>\$ 48,493,757</u>
<u>\$ 1,493,311</u>	<u>\$ 844,281</u>	<u>\$ 1,168,381</u>	<u>\$ 4,573,916</u>	<u>\$ 3,712,999</u>
4,274,780	4,113,402	3,030,000	2,550,000	2,315,000
<u>2,019,508</u>	<u>1,937,697</u>	<u>1,882,368</u>	<u>2,144,214</u>	<u>2,580,878</u>
<u>6,294,288</u>	<u>6,051,099</u>	<u>4,912,368</u>	<u>4,694,214</u>	<u>4,895,878</u>
<u>\$ 73,268,718</u>	<u>\$ 68,471,852</u>	<u>\$ 62,671,080</u>	<u>\$ 62,563,546</u>	<u>\$ 57,102,634</u>
8.77%	8.95%	7.99%	8.09%	9.17%
8.59%	8.84%	7.84%	7.50%	8.57%



## NORTH SHORE SCHOOL DISTRICT 112

Net Change in Fund Balances  
Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess of revenues over (under) expenditures	\$ 1,729,657	\$ (1,247,999)	\$ (679,886)	\$ (203,103)	\$ 3,542,599
Other financing sources (uses)					
Transfers in	1,628,369	2,195,670	3,062,261	3,362,067	1,199,991
Bond proceeds	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Accrued interest on bonds sold	-	-	-	-	-
Proceeds from capital lease	-	-	638,492	590,334	293,839
Sale of capital assets	-	-	-	1,800	-
Transfers out	<u>(1,628,369)</u>	<u>(2,195,670)</u>	<u>(3,062,261)</u>	<u>(3,362,067)</u>	<u>(1,199,991)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>638,492</u>	<u>592,134</u>	<u>293,839</u>
Net change in fund balances	<u>\$ 1,729,657</u>	<u>\$ (1,247,999)</u>	<u>\$ (41,394)</u>	<u>\$ 389,031</u>	<u>\$ 3,836,438</u>

---

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ (3,835,041)	\$ (4,227,304)	\$ (1,381,318)	\$ (3,752,364)	\$ 729,035
1,536,597	3,776,175	4,620,000	620,000	976,377
-	-	10,165,000	8,835,000	20,900,000
-	-	226,134	189,754	806,292
-	-	32,365	3,510	50,792
-	-	1,773,481	(8,896,214)	(21,452,930)
-	-	-	-	-
<u>(1,536,597)</u>	<u>(3,776,175)</u>	<u>(4,620,000)</u>	<u>(620,000)</u>	<u>(976,377)</u>
-	-	12,196,980	132,050	304,154
<u>\$ (3,835,041)</u>	<u>\$ (4,227,304)</u>	<u>\$10,815,662</u>	<u>\$ (3,620,314)</u>	<u>\$ 1,033,189</u>

## NORTH SHORE SCHOOL DISTRICT 112

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Tax Levy Years

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Tax Levy Year	Assessed Valuation		Total Equalized	Actual	Total
	Residential	Railroad	Assessed Value	Estimated Value	Direct Rate
2011	\$ 2,388,796,816	\$ 1,563,287	\$ 2,390,360,103	\$ 7,243,515,464	2.818%
2010	2,621,114,126	1,665,690	2,622,779,816	7,947,817,624	2.437%
2009	2,774,384,409	1,373,833	2,775,758,242	8,411,388,612	2.313%
2008	2,848,937,065	1,175,928	2,850,112,993	8,636,706,039	2.215%
2007	NA	NA	2,740,389,897	8,304,211,809	2.186%
2006	NA	NA	2,577,404,428	7,810,316,448	2.225%
2005	NA	NA	2,354,422,964	7,134,615,042	2.312%
2004	NA	NA	2,101,536,614	6,368,292,770	2.457%
2003	NA	NA	1,962,192,004	5,946,036,376	2.538%
2002	NA	NA	1,799,519,013	5,453,087,918	2.658%

Source: Lake County Clerk's Office

Note: The county assesses property at approximately 33.3% of actual value for all types of real property. Estimated actual value is calculated by dividing assessed value by that percentage. Tax rates are per \$100 of assessed value.

NA - not available

## NORTH SHORE SCHOOL DISTRICT 112

Property Tax Rates - Direct and Overlapping Governments

Last Ten Tax Levy Years

District Direct Rates												
Tax Levy Year	NSSD 112	Highland		HSD 113	Highland		Lake County			South Lake		Total Tax Rate
		Park	County		Park	Park	North	Forest	Township of	College of	Mosquito	
					District	Sanitary	Preserve	Moraine	Lake County	Abatement	Overlapping Government	
2011	2.818	0.643	0.554	2.167	0.410	0.150	0.201	0.059	0.240	0.014	4.438	7.256
2010	2.437	0.586	0.505	1.921	0.379	0.136	0.198	0.052	0.218	0.013	4.008	6.445
2009	2.313	0.536	0.464	1.748	0.394	0.124	0.200	0.047	0.200	0.012	3.725	6.038
2008	2.215	0.515	0.453	1.660	0.380	0.121	0.199	0.045	0.020	0.011	3.404	5.619
2007	2.186	0.517	0.444	1.619	0.377	0.120	0.201	0.044	0.192	0.011	3.525	5.711
2006	2.225	0.532	0.450	1.635	0.378	0.125	0.204	0.044	0.195	0.012	3.575	5.800
2005	2.312	0.561	0.454	1.686	0.397	0.132	0.210	0.045	0.197	0.012	3.694	6.006
2004	2.457	0.624	0.465	1.758	0.422	0.139	0.219	0.047	0.200	0.012	3.886	6.343
2003	2.538	0.640	0.490	1.825	0.433	0.144	0.225	0.048	0.201	0.012	4.018	6.556
2002	2.658	0.681	0.502	1.908	0.359	0.152	0.232	0.050	0.208	0.012	4.104	6.762

Source: Lake County Clerk's Office

Note: Tax rates are per \$100 of assessed value

# NORTH SHORE SCHOOL DISTRICT 112

Principal Taxpayers  
Tax Levy Year 2011 and Nine Years Ago

<u>Taxpayer</u>	<u>2011</u>		<u>2002</u>	
	Equalized Assessed <u>Valuation</u>	Percentage of <u>Total</u>	Equalized Assessed <u>Valuation</u>	Percentage of <u>Total</u>
Metzler I Renaissance Place LP	\$ 12,536,295	0.52%	\$ -	0.00%
Midwest Family Housing LLC	8,359,476	0.35%	-	0.00%
Federal Realty Invst Trst	6,959,622	0.29%	3,121,941	0.17%
Klairmont Family Associates LP	4,808,813	0.20%	-	0.00%
Chicago Title Land Trust Co.	4,628,730	0.19%	-	0.00%
Highland Park Associates II, LLC	4,622,192	0.19%	-	0.00%
Americana Apartments	4,175,498	0.17%	3,970,615	0.22%
Morningside Highwood LLC	4,163,356	0.17%	-	0.00%
Sunset Food Mart, Inc.	4,054,897	0.17%	-	0.00%
Northern Trust	3,750,879	0.16%	-	0.00%
City of Highland Park	-	0.00%	4,251,785	0.24%
Tudor Park (North Shore Estates)	-	0.00%	5,612,613	0.31%
Dominick's	-	0.00%	2,982,634	0.17%
Com Ed	-	0.00%	2,824,855	0.16%
Dayton Hudson Corp. (Target)	-	0.00%	1,895,200	0.11%
American National Bank	-	0.00%	2,624,526	0.15%
NBD Bank	-	0.00%	1,818,860	0.10%
Highland Park Hospital	-	0.00%	1,794,594	0.10%
Total Principal Taxpayers in District	<u>58,059,758</u>	<u>2.41%</u>	<u>30,897,623</u>	<u>1.73%</u>
Other Taxpayers in District	<u>2,332,300,345</u>	<u>97.58%</u>	<u>1,768,621,390</u>	<u>98.27%</u>
Total	<u>\$ 2,390,360,103</u>	<u>100.00%</u>	<u>\$ 1,799,519,013</u>	<u>100.00%</u>

Source: Moraine Township Assessor (2002)  
Lake County Tax Extension Office (2010)

# **NORTH SHORE SCHOOL DISTRICT 112**

## **Property Tax Levies and Collections**

### **Last Ten Tax Levy Years**

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Tax Levy Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2011	\$ 67,944,380	\$ 33,643,832	49.52%	\$ 33,643,832	49.52%
2010	64,111,980	31,646,316	49.36%	63,776,428	99.48%
2009	64,688,542	32,669,441	50.50%	64,429,788	99.60%
2008	59,796,475	32,302,057	54.02%	59,646,983	99.75%
2007	59,904,923	29,095,538	48.57%	59,650,168	99.57%
2006	57,347,249	28,254,769	49.27%	57,219,695	99.78%
2005	54,434,260	26,996,516	49.59%	54,310,786	99.77%
2004	51,634,754	25,463,574	49.31%	51,193,332	99.15%
2003	49,800,433	24,448,548	49.09%	48,792,540	97.98%
2002	47,831,215	15,777,174	32.99%	47,380,412	99.06%

# NORTH SHORE SCHOOL DISTRICT 112

## Outstanding Debt by Type Last Ten Fiscal Years

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Fiscal Year	<u>Government Activities</u>		Total Primary Government	Equalized Assessed Valuation	Ratio of General Bonded Debt to Actual Estimated Value	Debt Outstanding per Capita
	General Obligation Bonds and Certificates	Capital Leases				
2012	\$ 14,370,000	\$ 425,594	\$ 14,795,594	\$ 2,390,360,103	0.20%	\$ 421
2011	18,275,000	666,867	18,941,867	2,622,779,816	0.23%	516
2010	24,440,000	982,266	25,422,266	2,775,758,242	0.29%	689
2009	30,080,000	1,036,889	31,116,889	2,850,112,993	0.35%	844
2008	34,975,000	941,630	35,916,630	2,740,389,897	0.42%	1,014
2007	40,897,706	1,382,706	42,280,412	2,577,404,428	0.52%	1,191
2006	43,820,000	1,400,079	45,220,079	2,354,422,964	0.61%	1,274
2005	47,560,000	1,773,481	49,333,481	2,101,536,614	0.75%	1,389
2004	40,425,000	-	40,425,000	1,962,192,004	0.68%	1,138
2003	42,215,000	-	42,215,000	1,799,519,013	0.77%	1,189

## NORTH SHORE SCHOOL DISTRICT 112

### Computation of Direct and Overlapping Debt

June 30, 2012

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	Gross Bonded Debt <u>Outstanding</u>	Overlapping Percent	Applicable to District
Taxing Authority			
Lake County Forest Preserve	\$ 295,270,000	8.950 %	\$ 26,426,665
Deerfield	49,300,000	0.031	153,323
Highland Park	15,400,000 (2)	97.456	15,008,224
Highwood	3,800,000 (1)	100.000	3,800,000
Deerfield Park District	2,980,000 (2)	0.335	9,983
North Shore Sanitary District	1,411,177 (3)	27.539	388,624
Township High School District 113	28,625,000	56.360	16,133,050
Community College #532	<u>21,500,000</u>	9.424	<u>2,026,160</u>
Total Overlapping Bonded Debt	418,286,177		63,946,029
Direct Debt			
North Shore Schools - District 112	<u>7,055,000 (1)</u>	100.000 %	<u>7,055,000</u>
Total Overlapping and Direct Debt	<u>\$ 425,341,177</u>		<u>\$ 71,001,029</u>

Source of Information - Office of Lake County Clerk

(1) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.

(2) Excludes self-supporting bonds for which abatements are filed annually.

(3) Includes bonds payable to the IEPA

Note: Percent applicable to School District is calculated using assessed valuation of the School District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.



**NORTH SHORE SCHOOL DISTRICT 112**

## Legal Debt Margin Information

## Last Ten Fiscal Years

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	Fiscal Year			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed Valuation	\$ 2,390,360,103	\$ 2,622,779,816	\$ 2,775,758,242	\$ 2,850,112,993
Statutory Debt Limitation (6.9% of assessed valuation)	164,934,847	180,971,807	191,527,319	196,657,797
Bonded Debt June 30	<u>14,795,594</u>	<u>18,941,867</u>	<u>25,422,266</u>	<u>31,116,889</u>
Legal Bonded Debt Margin	<u>\$ 150,139,253</u>	<u>\$ 162,029,940</u>	<u>\$ 166,105,053</u>	<u>\$ 165,540,908</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>8.97%</u>	<u>10.47%</u>	<u>13.27%</u>	<u>15.82%</u>

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<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 2,740,389,897	\$ 2,577,404,428	\$ 2,354,422,964	\$ 2,101,536,614	\$ 1,962,192,004	\$ 1,799,519,013
189,086,903	177,840,906	162,455,185	145,006,026	135,391,248	124,166,812
<u>36,213,016</u>	<u>40,897,706</u>	<u>43,961,996</u>	<u>48,198,656</u>	<u>39,333,834</u>	<u>41,165,369</u>
<u>\$ 152,873,887</u>	<u>\$ 136,943,200</u>	<u>\$ 118,493,189</u>	<u>\$ 96,807,370</u>	<u>\$ 96,057,414</u>	<u>\$ 83,001,443</u>
<u>19.15%</u>	<u>23.00%</u>	<u>27.06%</u>	<u>33.24%</u>	<u>29.05%</u>	<u>33.15%</u>

# NORTH SHORE SCHOOL DISTRICT 112

## Demographic and Economic Statistics

### Last Ten Calendar Years

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Calendar Year	<u>Population</u>		<u>Unemployment Rate</u>		Personal	Per Capita
	Highland		Highland		Income	Personal
	<u>Park</u>	<u>Highwood</u>	<u>Park</u>	<u>Highwood</u>	<u>(in thousands)</u>	<u>Income</u>
2011	29,763	5,405	8.6	8.6	\$ 78,423	44,813
2010	32,557	4,150	5.9	10.5	37,218	52,231
2009	31,516	5,382	2.3	5.6	NA	NA
2008	31,457	5,414	4.5	6.6	NA	NA
2007	29,772	5,645	2.9	1.4	NA	NA
2006	31,365	4,143	2.8	NA	NA	NA
2005	31,365	4,143	3.1	NA	NA	NA
2004	31,365	4,143	3.8	NA	NA	NA
2003	31,365	4,143	4.0	NA	NA	NA
2002	31,365	4,143	4.1	NA	NA	NA

Source of Information: U.S. Census Data, Sperling's Best Places website

Note: The personal income figure is for the entire County.

NA - not available

## NORTH SHORE SCHOOL DISTRICT 112

Principal Nonpublic Employers  
Current Year and Two Years Ago

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<u>Employer</u>	<u>2012</u>		<u>2010</u>	
	<u>Employees</u>	Percentage of Total <u>Employment</u>	<u>Employees</u>	Percentage of Total <u>Employment</u>
Highland Park Hospital	1,050	6.4 %	1,200	6.9 %
Ravina Festival	515	3.1	620	3.6
Jewel Osco	220	1.3	-	-
Target	180	1.1	-	-
Sunset Foods	145	90.0	-	-
Skokie Valley Laundry & Cleaners	70	40.0	91	0.5
J II Inc.	-	-	182	1.1
Opportunity Medical	-	-	165	1.0
Pickus Construction Company	-	-	100	0.6

Sources: (1) 2012 and 2010 Illinois Manufacturers' News Directory  
(2) 2012 and 2010 Illinois Services Directory  
(3) 2012 and 2010 Harris Illinois Industrial Directory  
(4) Phone Canvass  
(5) Illinois Department of Employment Security

Note: 2010 is the most recent information available.

## NORTH SHORE SCHOOL DISTRICT 112

Full-time Equivalent District Employees by Type  
Last Ten Fiscal Years

		Full-time Equivalent Employees as of June 30									
		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction											
Total instruction		<u>482</u>	<u>477</u>	<u>486</u>	<u>461</u>	<u>443</u>	<u>451</u>	<u>435</u>	<u>428</u>	<u>464</u>	<u>466</u>
Support Services											
Total support services		<u>149</u>	<u>153</u>	<u>158</u>	<u>155</u>	<u>144</u>	<u>135</u>	<u>146</u>	<u>148</u>	<u>145</u>	<u>163</u>
Community Services											
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total											
		<u>631</u>	<u>630</u>	<u>644</u>	<u>616</u>	<u>587</u>	<u>586</u>	<u>582</u>	<u>578</u>	<u>609</u>	<u>629</u>

Source of Information: North Shore School District Personnel Department  
(Categorization revised to conform with 2010 presentation)

# NORTH SHORE SCHOOL DISTRICT 112

## Operating Statistics Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2012	3,961	\$ 61,703,864	15,577	2.17%	\$ 72,540,834	18,314	-4.11%	482	8.2
2011	3,935	59,998,244	15,246	5.18%	75,153,235	19,099	3.50%	477	8.3
2010	4,073	59,038,008	14,495	2.79%	75,159,464	18,453	7.60%	459	8.9
2009	4,109	57,944,941	14,102	-0.87%	70,466,445	17,149	1.56%	428	9.6
2008	3,815	54,268,458	14,226	0.18%	64,412,553	16,886	0.56%	424	9.0
2007	3,917	55,624,748	14,201	-0.65%	65,775,534	16,792	1.76%	421	9.3
2006	3,861	55,187,860	14,294	13.43%	63,714,933	16,502	12.46%	410	9.4
2005	3,929	49,509,540	12,601	6.27%	57,654,848	14,674	1.94%	409	9.6
2004	3,951	46,849,473	11,858	5.70%	56,876,465	14,395	14.00%	375	10.6
2003	4,026	45,166,005	11,219	3.38%	50,837,161	12,627	4.29%	377	10.7

Source of Information: District Personnel Department records  
Annual Financial Report 2003-2012 (ISBE Form SD50-35/JA50-60)

# **NORTH SHORE SCHOOL DISTRICT 112**

## **OPERATING INDICATORS BY FUNCTION**

June 30, 2012

Function	2012
Instruction	
Regular and Special student enrollment	4,470
Support Services	
Pupil	
% of student population from Non-English Language Background	25
School Administration	
Average daily attendance	3,961
Fiscal	
Purchase Orders Processed	4,485
Maintenance	
District Square Footage Maintained by Custodians and Maintenance Staff	853,000
District Acreage Maintained by Grounds Staff	96
Transportation	
Avg. number of regular pupils transported per year	2,567
Avg. number of regular bus runs to/from school	64
Extra Curricular Activities	
Number of competitive sports	11
Number of student clubs	34
% of Students eligible to file for Federally funded Free or Reduced Lunches	20.33%

### Source of Information:

1. ISBE End-of-Year Report
2. District Records

# NORTH SHORE SCHOOL DISTRICT 112

## SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>Elementary Schools -</b>										
Braeside										
Square Feet ***	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636
Enrollment ****	276	269	279	287	293	298	277	285	274	284
Indian Trail										
Square Feet	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403
Enrollment	379	387	392	390	411	414	427	436	434	457
Lincoln										
Square Feet	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471
Enrollment	270	271	288	282	279	275	269	283	301	315
Oak Terrace										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Enrollment	489	502	516	547	531	506	493	495	500	532
Ravinia										
Square Feet	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634
Enrollment	309	325	313	307	302	318	297	302	311	332
Red Oak										
Square Feet	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153
Enrollment	341	325	336	353	409	386	371	366	361	341
Sherwood										
Square Feet	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863
Enrollment	358	371	386	389	403	390	405	410	417	416
Wayne Thomas										
Square Feet	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221
Enrollment	355	342	357	367	343	336	334	371	373	410
Green Bay**										
Square Feet	60,808	60,808	60,808	60,808	60,808	60,808	60,808	60,808	60,808	
Enrollment	232	204	210	215	72	67	46	34	26	
<b>Totals - Elementary</b>										
Square Feet	519,189	519,189	519,189	519,189	519,189	519,189	519,189	519,189	519,189	458,381
Enrollment	3,009	2,996	3,077	3,137	3,043	2,990	2,919	2,982	2,997	3,087
<b>Middle Schools -</b>										
Edgewood										
Square Feet	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492
Enrollment	579	573	599	584	567	563	601	568	568	555
Elm Place										
Square Feet	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493
Enrollment	439	467	479	493	497	489	468	461	441	439
Northwood										
Square Feet	83,826	83,826	83,826	83,826	83,826	83,826	83,826	83,826	83,826	81,426
Enrollment	443	450	434	418	405	365	366	404	419	440
<b>Totals - Middle Schools</b>										
Square Feet	333,811	333,811	333,811	333,811	333,811	333,811	333,811	333,811	333,811	331,411
Enrollment	1,461	1,490	1,512	1,495	1,469	1,417	1,435	1,433	1,428	1,434
<b>District Totals:</b>										
Square Feet	853,000	853,000	853,000	853,000	853,000	853,000	853,000	853,000	853,000	789,792
Enrollment	4,470	4,486	4,589	4,632	4,512	4,407	4,354	4,415	4,425	4,521

\*\*Green Bay School reopened to house Pre-K programs in 2003-04 School Year.

\*\*\* Square footage represents the total square footage of the building. In 2008-09 two mobile classroom units with an aggregate square footage of 1680 were added to Northwood. These figures do not represent usable space. The determination of operating capacity is dependent on factors unique to a district and its current needs and operating guidelines. Industry wide maximum capacity reporting guidelines are not meaningful.

\*\*\*\*Enrollment data from ISBE End of Year Report for FY03 through FY12.

Enrollments from FY01 through FY02 are from District Internal 6th Day Enrollment Report.

Source of Information:

1. Architect/Engineer Data
2. ISBE End-of-Year Report



# **NORTH SHORE SCHOOL DISTRICT 112**

## **TEACHER BASE SALARIES**

Last Ten Fiscal Years

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Fiscal Year	Total Teacher FTE	Avg. Teacher Experience (Years)	Teachers with		Minimum Matrix Salary	Maximum Matrix Salary	District Average Salary
			Master's Degree (%)				
2012	361	11.9	80.5	\$	41,149	\$ 110,446	\$ 71,254
2011	364	11.5	75.2		40,521	107,699	71,267
2010	374	11	72		40,001	105,329	67,226
2009	354	11	71		39,507	103,062	68,840
2008	333	11	70		38,566	100,611	66,080
2007	328	14	76		37,594	99,202	74,909
2006	326	14	76		36,103	96,318	74,169
2005	326	14	72		34,827	93,513	67,874
2004	342	14	74		33,669	90,789	61,816
2003	349	14	73		32,565	88,145	57,610

Source: 1. Professional Agreement between the Board of Education of the North Shore School District 112 and the North Shore Education Association  
2. Illinois Board of Education State Report Card Website