



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education
Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2006

*Prepared by the
Office of School Financial Services*

Richard M. Daley, Mayor, City of Chicago
Rufus Williams, Board President
Arne Duncan, Chief Executive Officer



Chicago Public Schools

Rufus Williams

President
Chicago Board of Education

Arne Duncan

Chief Executive Officer
Chicago Public Schools

December 15, 2006

Dear Colleagues and Friends:

Last year Chicago Public Schools (CPS) saw the largest one year increase in test scores in its history. When Mayor Daley announced that students made double-digit increases in all grades over all subjects, he called it “a historic day for the teachers, parents, taxpayers and especially the elementary students of Chicago”. In 2000, only 36 percent of our students met or exceeded state standards; this year a remarkable 62.5% of all students met or exceeded state standards. This is truly an extraordinary achievement and one that should make our entire community proud.

As we began reflecting on what changed at CPS to account for this success, we knew it certainly wasn’t one person, one program, or one department — it was a collective effort by our teachers, our schools, our administrators, our students, our parents and our community supporters. It wasn’t a one year effort; it was a culmination of many years of planning, implementing, evaluating, re-aligning, and re-prioritizing every aspect of our organization.

It began by putting the education of our children first, focusing on learning the basics in the classroom and staying the course year by year. It began with a commitment to ensure that every child in every school is on track at every stage in his or her CPS career to graduate prepared for success in life. It began with the belief that all children can learn up to their ability with the right support and the right resources.

Several years ago, we started focusing on three core strategies: advancing literacy, improving human capital, and creating more learning opportunities. Over the years we have built on these strategies and added two new supporting strategies — managing performance and aligning resources. These core strategies have served us well and are the cornerstones for all our new programs and initiatives.

Pursuing instructional excellence means focusing on our Reading Initiative, which encourages schools to adopt one of the reading curricula identified in a pilot program. We are working on an intervention strategy to reduce the number of students referred to special education because they cannot read. Our Math and Science Initiative provides supported curricula that have been shown to improve student performance. This initiative also has a significant professional development component to enhance teacher skills and encourage teacher endorsements in math.

Working to transform our high schools, CPS has begun the most ambitious program in the country. We are committed to changing curriculum, providing teacher development and support, addressing student enrollment and developing leadership support in our high schools. We have created new tools including school scorecards, benchmark assessments, and school, area and district dashboards as part of our effort to manage performance. At the same time, we are transforming our three existing student information systems into the Instructional Management Program and Academic Communication Tool (IMPACT), a comprehensive technology solution that will make student information more accessible, reduce paperwork, and allow teachers more instructional time with students.

Another major effort has been directed toward getting the best available teachers into our schools, targeting talented teachers to work creatively with our lowest performing schools. Increasing the number of nationally certified teachers is another district priority, along with retaining the best teachers for the long term. Over the next several years, we are anticipating the retirement of over 100 principals per

year. Creating a pool of qualified principals, by both developing teachers up through the ranks and recruiting outside of Chicago, is a top priority designed to keep our momentum going forward.

Renaissance 2010, a program to open 100 new schools over a ten year period, is about half way there. Each year this program has gotten better and more effective at selecting providers who have proven track records of success. CPS' goal is to offer a full range of choices in each area of the city. We continue to expand our early childhood and after-school programs. Going forward, maintaining the quality of the education programs at both CPS facilities and those managed by community-based organizations is a continuing priority.

Our administrative areas keep improving as well. Enhancements to our financial, purchasing, and budgeting systems make information more accessible to our schools and reduce the paperwork burden. With the implementation of the new CPS@Work human resources and payroll system expected this spring, CPS will be able to provide decision makers more accurate and timely staffing information on demand.

Our Capital Improvement Program got a major boost when Mayor Daley announced the Modern Schools Across Chicago program, a partnership between the City of Chicago and CPS to generate over \$1 billion for new construction and major renovations, focusing on high schools and reducing some of the worst overcrowding in our elementary schools. A lack of school construction funding from the State has forced CPS to issue bonds using operating funds to retire the debt, a trend we hope will change soon.

CPS ended last fiscal year in good financial condition, with revenues moderately higher and expenditures slightly reduced. The FY06 comprehensive annual financial report indicates that continued strong fiscal controls, improved efficiencies, and modest revenue increases contributed to our positive balance.

However, there are financial challenges ahead as CPS begins to address pension liabilities, union contract negotiations, and state funding issues. To balance our budget in recent years, CPS has had to draw down our fund balance. In FY06 CPS had to make a \$26 million payment to the pension fund for the first time in several years and we anticipate increasing payments going forward. Once again we will be focusing on educational funding reform and holding the State accountable for inadequate State funding levels.

While all the indicators are up, showing that we are making regular, steady progress, there is still more work to be done. The help we have received from the Mayor and the City of Chicago, the philanthropic community, local businesses, and all our supporters make CPS confident that next year will be another year of progress and dynamic change on our path to being the premier urban school district in the country. Our students and their families deserve the highest quality instruction, outstanding academic programs and comprehensive student development supports to prepare them for the challenges of the world of tomorrow. We will continue to do our best to serve them.

Respectfully submitted,



Rufus Williams
President
Chicago Board of Education



Arne Duncan
Chief Executive Officer
Chicago Public Schools



Chicago Public Schools
Every Child, Every School

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
2006 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Chicago Public Schools
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CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PRINCIPAL OFFICIALS

Mayor of the City of Chicago
Richard M. Daley

Chicago Board of Education
 Rufus Williams, President
 Clare Muñana, Vice President

Members

Norman R. Bobins
 Tariq H. Butt, M.D.
 Alberto A. Carrero, Jr.
 Roxanne Ward
 Peggy Davis

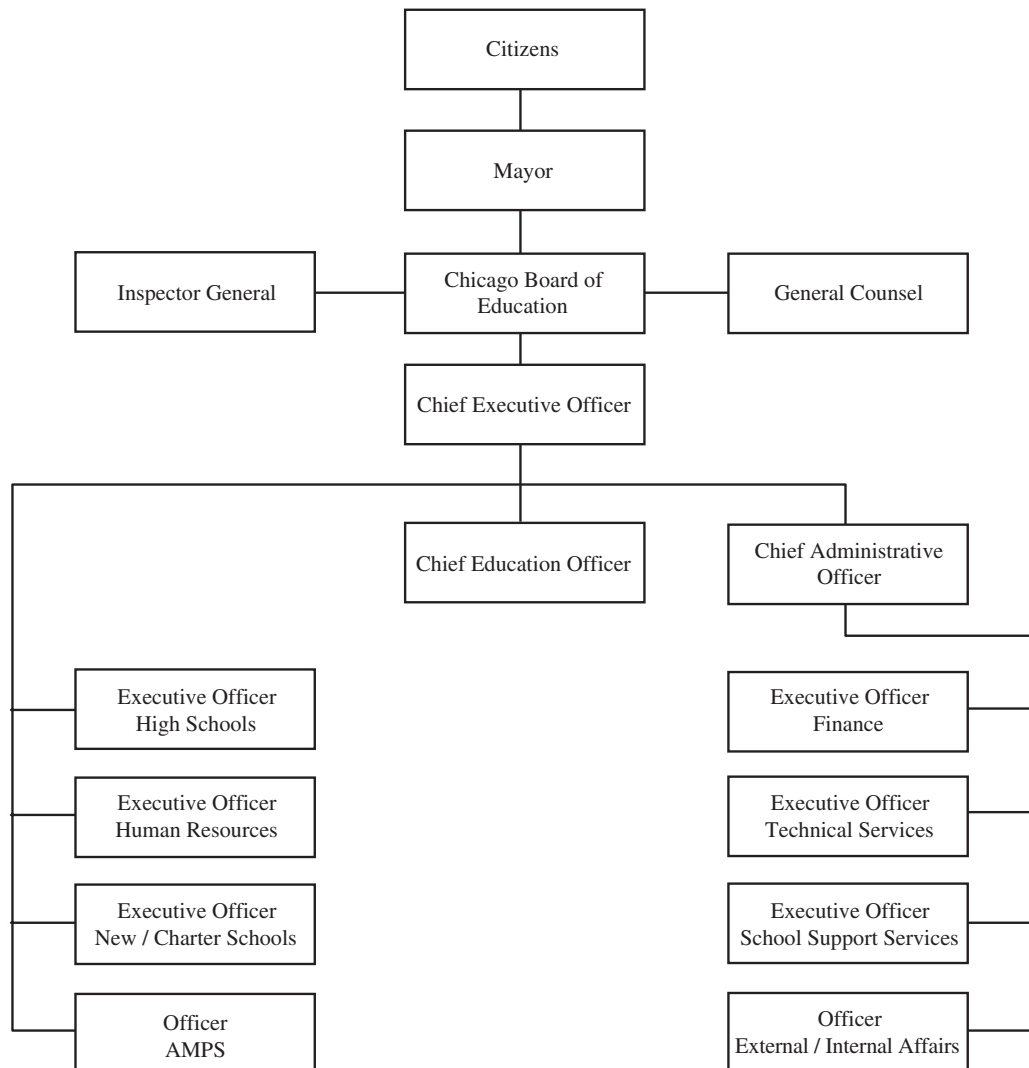
Statutory Officers

Arne Duncan, Chief Executive Officer
 Barbara J. Eason-Watkins, Ed.D., Chief Education Officer
 David Vitale, Chief Administrative and Chief Operating Officer
 John Maiorca, Chief Financial Officer
 Heather A. Obora, Chief Purchasing Officer
 Patrick J. Rocks, General Counsel



*Introductory Section***CHICAGO PUBLIC SCHOOLS**
Chicago Board of Education
Organizational Chart

The Chicago Public Schools is the third largest school district in the nation. It serves approximately 421,000 students in 625 attendance centers with a staff of over 46,000.



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago Public Schools
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



President

Executive Director



Chicago Public Schools
Every Child, Every School





This Certificate of Excellence in Financial Reporting is presented to

CHICAGO PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

Board Member Profiles

Rufus Williams, President

Rufus Williams was appointed by Mayor Richard M. Daley as Member of the Chicago Board of Education in April of 2005. Mayor Daley then appointed Mr. Williams, and his fellow Board Members elected him, as President of the Chicago Board of Education in July 2006. President Williams currently serves on the Boards of the Chicago Public Education Fund, the Renaissance Schools Fund, the Children First Fund and the Public Building Commission. He also served on the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago from June 2005 to October 2006. Mr. Williams heads Olympus, LLC as its President and Chief Executive Officer. Mr. Williams has spent over 25 years in financial services and management with nearly 15 of those years in wealth and business management. Prior to founding Olympus, LLC, Mr. Williams worked for 10 years in various positions including Chief Financial Officer and Controller of Harpo Entertainment Group, a company best-known for the production of the top-rated talk show, "The Oprah Winfrey Show." He began his career at Arthur Anderson & Co., where he rose to the level of Experienced Audit Manager. Mr. Williams left after 10 years to take a position as Corporate Audit Manager at Baxter Healthcare Corporation. Mr. Williams graduated Magna Cum Laude from Southern University in Baton Rouge, Louisiana with a degree in Accounting.

Clare Muñana, Vice President

Clare Muñana was appointed by Mayor Richard M. Daley as a Member of the Chicago Board of Education in July 1999. Her fellow Board Members elected her Vice President of the Board of Education of the City of Chicago in July 2004. She has been a driving force in the enhancement of CPS educational programs by participating as a Member of the CPS Steering Committee for Museums & Public Schools (MAPS), an Advisor for the CPS Steering Committee on Technology Services and the Chicago Public Education Fund. Outside of her involvement with the Board, Clare Muñana is a public sector management and international consultant, with over 20 years of domestic and international business experience, having performed numerous engagements for public and private sector clients in the U.S., Europe, Africa and Latin America.

She is also a Member of the American Association of Museums and International Council of Museums, in addition to the Mexican Fine Arts Center Museum where she serves as Vice Chairman. She spent several years as the Executive Director of a public sector financial management consulting group in Chicago, whose aim is to assist Chicago governments in designing and implementing plans for significant financial and management improvements.

Clare Muñana is a Phi Beta Kappa graduate of Boston College, where she received her Bachelor of Arts degree in Political Science and Spanish Literature. She earned a Masters in International Economics and Politics, with honors, from the School of Advanced International Studies of John Hopkins University, and a Masters of Management from the Kellogg Graduate School of Management at Northwestern University. She also completed a certification program at the Sorbonne-University of Paris in French Civilization and Language.

Norman R. Bobins, Member

Norman R. Bobins is President and Chief Executive Officer of LaSalle Bank Corporation. He served as a Trustee of the Public School Teachers' Pension and Retirement Fund of Chicago and was a member of the Public Building Commission of Chicago. He received a Bachelor of Arts degree from the University of Wisconsin and a Master of Business Administration from the University of Chicago.

Mr. Bobins is active in several civic organizations, including Chicago United, the Field Museum and the Art Institute of Chicago.



Introductory Section

Dr. Tariq Butt, Member

Dr. Tariq Butt was appointed by Mayor Richard M. Daley as a Member of the Chicago School Reform Board of Trustees in July 1995 and reappointed him to the renamed, Chicago Board of Education in June 1999. Dr. Butt participates in the Chicago Public Schools' immunization programs, is on the Blue Ribbon Commission on Magnet School Admission, CPS Health Industry Cluster Council and was formerly a Member of the Head Start Parent Policy Program. He presently serves as a Member of the Board of Directors for the Illinois Association of School Boards (IASB), the National School Boards Association (NSBA) — Council of Urban Boards of Education (CUBE) Steering Committee, the CUBE Racial Isolation Task Force, and the CUBE Nominating Committee. He is also a Board Certified Family Physician with teaching appointments at the University of Illinois' Medical College, Rush University Medical School, and the Faculty with Mt. Sinai Family Practice Residency Program affiliated with the Chicago Medical School. He is the Regional Medical Director of Access Community Health Network and as part of his medical practice, he provides a range of medical services to people from the West Side of Chicago, regardless of their ability to pay.

He serves on the Asian-American Advisory Committee for Cook County, Cook County Workforce Investment Board and served on the Governor and Secretary of the State of Illinois' Asian-American Advisory Councils. In addition, he is a member of the Governmental Affairs Committee of the Illinois State Medical Society (ISMS); a Senior Advisory Board Member of School Based Pediatric Asthma Research (SPARC) in Chicago with the Evanston Northwestern Healthcare; and, also serves on the Public Health Committee of the Chicago Medical Society. Dr. Butt is also a member of the Otho S.A. Sprague Foundation; is an Ad Hoc Advisory Committee member of the University of Chicago Children's Hospital Mobile Care Van; and an Advisory Board member of the Consortium to Lower Obesity in Chicago Children (CLOCC).

Alberto A. Carrero, Jr., Member

Alberto A. Carrero, Jr. was appointed by Mayor Richard M. Daley as a Member of the Chicago Board of Education in September 2002. Mr. Carrero has served on the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago since September 2002. His more recent initiatives include facilitating a partnership between Chicago Public Schools and the City Colleges of Chicago, piloting a program called Project Align for 36 Chicago Public High Schools in an effort to better prepare students in English and Mathematics when transitioning to College at the entry level. He is also leading the Chicago Public Schools' Blue Ribbon Committee for Bilingual Education. Prior to his appointment to the Chicago Board of Education, he served three years as a Member of the Board of Trustees of the City Colleges of Chicago. Beyond his civic work with the Chicago Public Schools, he currently serves as Senior Vice President of the Public Banking Division for Banco Popular North America, the country's largest Hispanic-owned bank operating across six states with branches in New York, Illinois, California, New Jersey, Florida and Texas. Mr. Carrero was appointed in 2002 to establish the Public Banking Division to provide financial services to agencies at the City, State, and Federal levels in the Illinois Region. He relocated to Chicago to lead a full-scale expansion of Banco Popular in the U.S.A., currently with 137 branches. Under his leadership, in the Illinois region, he built an organization that now employs over 750 people, up from 85 when he first arrived in Chicago and its operation has not only grown in number of branches but deposits have also grown from \$300 million to \$1.8 billion.



Introductory Section

Peggy A. Davis, Member

Peggy A. Davis was appointed by Mayor Richard M. Daley as a Member of the Chicago Board of Education in September 2006. Ms. Davis also serves as a Board Trustee to the Public School Teachers' Pension and Retirement Fund of Chicago. Ms. Davis is currently the Vice President of Diversity and Compliance at the Exelon Business Services Corporation. She was a former partner in the government relations and labor and employment practices in the Chicago office of Winston & Strawn LLP. She also has extensive experience in the public sector, including her most recent service as chief of staff to the Chicago Public Schools CEO. She served nine years as general counsel to the Metropolitan Pier and Exposition Authority, and, also worked for the City of Chicago's law department and the Chicago office of the Equal Employment Opportunity Commission. Ms. Davis is a graduate of the University of Wisconsin Milwaukee, where she received a bachelor's degree in social welfare and a Juris Doctor degree from their Law School. She is licensed to practice in state and federal courts in Illinois and Wisconsin.

Ms. Davis is a member of the American Bar Association and the Chicago Bar Association. She is the outgoing president of the Lawyers Trust Fund of Illinois; treasurer-elect for the National Association of Women Lawyers; and active in other civic organizations.

Roxanne Ward, Member

Roxanne Ward was appointed by Mayor Richard M. Daley as a Member of the Chicago Board of Education in April 2005. She has served as a Member of the Chicago Public Schools' Head Start Parent Policy Committee since September 2005. Ms. Ward is Vice President and Corporate Secretary/Corporate Liaison of Ariel Capital Management, LLC ("Ariel"), a Chicago-based investment management firm founded in 1983. Prior to joining Ariel, she spent four years working for the Chicago Park District as the First Assistant General Counsel, Board Liaison and Legislative Liaison. She spent more than 15 years working as a private sector attorney in the Chicago offices of Skadden, Arps, Slate, Meagher, and Flom and Mayer, Brown & Platt. Ms. Ward has been actively involved with many civic and community organizations. She is a Co-Chair of the Mayoral Policy Caucus on Prisoner Reentry and serves on the Board of Directors of the Safer Foundation. She is also a former member of the Desegregation Monitoring Commission and on the Boards of the Illinois Facilities Fund and Congo Square Theater Company.

Ms. Ward graduated Phi Beta Kappa from the University of Chicago with a Bachelor of Arts degree in Social Service Administration ("SSA"), followed by a Masters of Arts degree in SSA from the University of Chicago. She subsequently obtained her Juris Doctor from Harvard Law School.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

Central Administration Profiles

Arne Duncan is the Chief Executive Officer of the Board. Mr. Duncan was formerly Deputy Chief of Staff for the previous Chief Executive Officer of the Board and, prior to that, directed the Ariel Education Initiative. He received a Bachelor of Arts degree in Sociology from Harvard University. Mr. Duncan serves on the boards of directors for the Ariel Education Initiative, The Children's Center, City Year, the Illinois Council Against Handgun Violence and the South Side YMCA, and serves on the Visiting Committee for the University of Chicago's School of Social Service Administration.

Barbara Eason-Watkins, Ed.D. is the Chief Education Officer of the Board. Dr. Eason-Watkins is a nationally recognized school principal from Chicago's Woodlawn community who has spent her entire 29-year professional career in the schools, working with students, teachers and parents. Since 1988, Dr. Eason-Watkins has been principal of McCosh Elementary School in Chicago. A native of Detroit, Michigan, she received a Bachelor's degree in elementary education from the University of Michigan, a Masters degree in educational administration and supervision from Chicago State University, and a doctorate in education, with a specialty in curriculum and instruction, from Loyola University, Chicago.

David Vitale is the Chief Administrative Officer and Chief Operating Officer of the Board, overseeing all of the educational support departments, including Finance, Budget, Operations, Human Resources, Technology, Security, Procurement and Business Diversity. In February of 2003, Mr. Vitale joined the Chicago Public Schools as Senior Advisor to the Chief Executive Officer, on a full-time, pro-bono basis to improve efficiencies of the school system. Prior to joining the Board, Mr. Vitale served as President and Chief Executive Officer of the Chicago Board of Trade. In addition to serving as a member of the CBOT's Board of Directors and Executive committee, Mr. Vitale also served as President and CEO of the MidAmerica Commodity Exchange, an affiliate of CBOT. Mr. Vitale is a graduate of Harvard University and earned an MBA from the University of Chicago.

John Maiorca is the Chief Financial Officer for the Chicago Board of Education. Prior to his current appointment, he served as the Budget Director for the Chicago Public Schools' Office of Management and Budget. Previous to his service with the CPS, Mr. Maiorca served in the capacity of First Deputy Director for the City of Chicago's Departments of Revenue and Office of Budget and Management. Mr. Maiorca received a Masters of Urban Planning degree from the City University of New York and a Bachelor of Arts degree from the City University of New York.

Heather A. Obora is the Chief Purchasing Officer of the Board. Ms. Obora previously served as the Board's Deputy Chief Financial Officer and Deputy Controller-Disbursements. Prior to joining the Board, Ms. Obora was the Comptroller for the Clerk of the Circuit Court of Cook County, a Senior Tax Accountant for Crowe Chizek in Oak Brook, Illinois and a Senior Accountant for Barbich, Longcrier, Hooper & King, a public accounting firm in Bakersfield, California. Ms. Obora holds a BS in Business Administration with a Concentration in Accounting from California State University — Bakersfield.

Patrick J. Rocks is the General Counsel of the Board. He has served in that office since March 1, 2005. Prior to his current appointment, Mr. Rocks served in various offices in the Office of the Corporation Counsel of the City of Chicago from 1987 to 2005. From November 2002 to February 2005, he served as First Assistant Corporation Counsel. From May 1998 to November 2002, he served as Deputy Corporation Counsel for the Employment Litigation Division. From December 1993 to May 1998, he served as Chief Assistant Corporation Counsel in the Labor Division. From July 1987 to December 1993, he served as Assistant Corporation Counsel in the General Litigation and Labor Divisions. Prior to his service with the City of Chicago, Rocks served as judicial clerk and was engaged in private practice. Mr. Rocks received his law degree from the John Marshall Law School in 1985 and his Bachelor's degree from Loyola University of Chicago in 1980.





Chicago Public Schools
Every Child, Every School





Chicago Public Schools

John Maiorca
Chief Financial Officer

December 15, 2006

Mr. Rufus Williams, President,
Members of the Chicago Board of Education,
And Residents of the City of Chicago:

The Comprehensive Annual Financial Report (CAFR) of the Chicago Public Schools (CPS) for the fiscal year ended June 30, 2006, is hereby submitted. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. 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 fairly present the financial position as well as the financial condition of CPS.

The Illinois School Code (105 ILCS 5/34-9) requires the Chicago Public Schools to submit an annual report of the financial records and transactions audited by independent certified public accountants. This document is submitted in fulfillment of this requirement. An audit was also conducted to meet the requirements of the Federal Single Audit Act Amendment of 1996 and related Office of Management and Budget Circular A 133, Audits of State and Local Governments. The results of the Federal Single Audit are presented part of the CAFR for the first time.

The role of the auditors is to audit the basic financial statements to determine if they are free of material misstatements and to assess the accounting principles used. Based on their findings, they express an opinion on the fairness of the statements and disclose any material weaknesses. Responsibility for the accuracy of the data presented as well as completeness and fairness of presentation of this report rests with the CPS management.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and statutory reporting which contains State and Federal compliance reporting information. The introductory section includes this transmittal letter, a list of principal officials, and an organizational chart. The financial section includes the basic financial statements as well as the unqualified opinion of independent public accountants on the basic financial statements. The financial section also includes the management's discussion and analysis (MD&A) which should be read in conjunction with this transmittal letter. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The statistical section contains selected financial and demographic information, generally presented over a multi-year basis. Finally, the statutory reporting section includes the results of the Federal Single audit.

This annual report complies with the Governmental Accounting Standards Board (GASB) **New Governmental Financial Reporting Model**, generally referred to as GASB 34. By providing a broader, government-wide perspective while maintaining the traditional features, the annual reports are easier to understand and more useful to stakeholders, such as investors and creditors. As a result of GASB 34, CPS now provides information about the cost of delivering services on a full accrual basis including the cost of depreciating fixed assets.



Introductory Section

PROFILE OF THE CHICAGO PUBLIC SCHOOLS

The Chicago Public Schools is a body politic and corporate, and a school district of the State of Illinois having boundaries coterminous with the City of Chicago. The Chicago Board of Education is established under and governed by the Illinois School Code. The Chicago Board of Education is not a home rule unit of government and operates a system of schools primarily for grades kindergarten through twelve. CPS has no component units, which are legally separate organizations for which the Chicago Public Schools is financially accountable.

The Chicago Public Schools is governed by a seven-member Board of Education that is appointed by the Mayor of the City of Chicago. The Board members elect one member to serve as President of the Board. In addition, pursuant to amendments to the School Code initially enacted in 1988, elected local school councils, composed of parents, teachers, principals, and community representatives, exercise certain powers relating to the operation of individual schools in the Chicago public school system, most notably the selection of principals.

As a large urban school district, our schools and students reflect the broad diversity of our city. Chicago Public Schools operates 625 schools. At the elementary level CPS has gifted centers, magnet schools, middle schools, special schools, and neighborhood schools. Enhanced educational opportunities are provided at the high school level including small schools, vocational schools, general/technical/academic preparatory high schools, magnet programs, and alternative programs for disruptive students and dropouts. As of September 2006 CPS operates 27 charter schools on 47 campuses, with more likely to open next year.

Student enrollment in September 2006 was about 421,000, declining from 427,000 in 2005. About 85% of our students come from low-income families and over 13% speak English as a second language. CPS employs over 44,100 workers, including almost 27,900 teaching positions with an annual operating budget of over \$4.7 billion in FY07.

LOCAL ECONOMIC OUTLOOK

Chicago continues to have a strong regional economy, noted for its business diversity and resilience. Sales tax collections have remained strong and the real estate market has continued to grow due to low overall interest rates and strong demand.

Chicago is a premier city attracting business and leisure travelers alike. Once again, the City of Chicago was top choice for corporate executives contemplating relocating or expanding their facilities. Approximately 13.7 million people travel to Chicago on business every year, which is more than any one U.S. destination. There are many local attractions, museums, festivals and professional sports teams, including the World Champion Chicago White Sox, which help to strengthen the area economy and provide jobs.

One of this year's biggest events was the Chicago White Sox winning the World's Series in October 2005, for the first time since 1917. The city threw a ticker tape parade to celebrate and the fans and residents enjoyed the national attention. Another major event was the grand opening of Millennium Park in July 2005, which helped increase hotel occupancy to its highest level since the year 2000. The increase in tourist activity around the park is expected to add millions of dollars to the city's economy.

In addition, the park helped spur interest in condominium sales in downtown Chicago. Several buildings north and south of the park are being built and units sold to empty nesters that want a second home within the City. To the west of the park, older office buildings are being converted into condominium buildings. This activity, together with the theater district and the opening of new hotels and restaurants, will continue the trend of making Chicago's downtown a vibrant community on evenings and weekends.

Home values are strong and the economic impact from tourism and trade shows remains positive. The Chicago Business District is expanding with a healthy mix of commercial, residential and cultural



Introductory Section

activity. The housing market is an \$8 billion industry in Chicago, and new construction contributes positively to the economy by building wealth in communities through employment in construction, material, and equipment purchases.

The Tax Increment Financing (TIF) program continues to be a valuable job creation and economic development program in the city with a total of 140 districts. In addition, three more Planned Manufacturing Districts (PMDs) were created, bringing the total to 14. PMDs preserve suitable work environments for Chicago's industry and Chicago serves as a national model for industrial retention.

The concession sale of the Chicago Skyway which closed in January 2005 was an innovative financing transaction. The Chicago Skyway is a 7.8 miles toll way that was owned and operated by the City since 1958. The concession sale allows a private company to operate the Skyway for a period of 99 years. Proceeds from the long-term lease concession have been used to defease and or repurchase the outstanding Skyway Bonds, to provide for the repayment of other city debt, to provide for a long and mid-term reserve funds, and to provide funds for important neighborhood and human infrastructure programs. The long term reserve fund will provide reserve sufficient to assured the City's continued financial strength and stability.

EDUCATION PROGRAMS

Chicago Public Schools' goal is to make every Chicago public school a school of choice. To achieve our goal of transforming neighborhood schools into schools of choice, the Chicago public school system has committed to three core educational strategies. These strategies encompass planning and program development in specific areas — teacher excellence and professional development, reading, and creating more learning opportunities.

In addition to the three core strategies, CPS has identified two supporting strategies: performance management and resource alignment. The district has developed five-year goals, school score cards, benchmark assessments, and is implementing new information systems in human resources and payroll and comprehensive student information to make tracking and reporting easier. CPS recently realigned its resources by cutting central office staff, enhancing budget transparency, and improving services to the schools.

- **Advancing Literacy** — CPS' vision is that all its students will function as readers, writers and critical thinkers in a technologically advancing global society. The mission is to provide a framework for high quality literacy instruction at all grade levels. CPS is training an elite corps of reading specialists to ensure that teachers are trained to use books and materials appropriately. In 2006, schools with reading specialists showed higher gains in test scores than other schools.
- **Improving Human Capital** — CPS continues ongoing efforts to improve teacher quality by actively recruiting from a diverse group of top universities and streamlining the hiring process. This year, CPS received over 20,000 resumes, or 10 resumes for every open teacher position. CPS had the lowest teacher vacancy rate that we ever recorded for the opening of schools.

Merit pay for teachers is an initiative that is being evaluated at CPS. The program focuses on additional and ongoing professional development, multiple career paths for teachers, and instructional focus evaluations as well as performance pay. A goal of implementing a Teacher Advancement Program (TAP) in 40 schools by 2010 has been set. TAPs have led to a decrease in teacher turnover by as much as 55% in other school districts.

- **Creating More Learning Opportunities** — In every area of the city, CPS is working to provide a range of educational options at the high school level to raise overall performance and to close minority and gender achievement gaps. Transformation focuses on improving classroom instruction; making school performance across a range of indicators more transparent; bringing greater accountability across the system; and keeping more students in school. To measure success,



Introductory Section

school report cards are being created to track student achievement, post-secondary outcomes, teacher qualification, and operational efficiency.

CPS continues its major initiative of converting low-enrollment and low-performing elementary and high schools into new schools. Renaissance 2010 schools are a combination of CPS-run, contract and charter schools. The program has three main objectives: to provide 100 high quality schools by 2010, to expand and diversify educational options and to address priority communities. In the fall of 2006, CPS had 30,600 seats available in 62 Renaissance 2010 schools, up from 22,400 in 2005. The final goal is 68,400 seats by 2010.

Last year, CPS recorded the largest one-year jump in test scores in recent years with 62.5% of all elementary students meeting or exceeding state standards. Test results show the district's system wide composite score for reading, math and science is up 15.2% from the previous all-time high of 47.3% of all students meeting or exceeding state standards reached in 2005. Significantly, these gains were reflected across the entire 600-plus school system with 96% of all schools showing improvement.

CAPITAL IMPROVEMENT PROGRAM

Since the start of the capital program in 1996, nearly every elementary and high school has received some kind of capital improvement. More than \$4.2 billion has already been committed to improving CPS schools. Local sources for new revenue are limited, motivating CPS to continue to lobby for additional resources at the State and Federal levels.

Significant accomplishments have been made in each of the three primary goals: reducing overcrowding, achieving a minimum standard of physical condition, and improving educational achievement through educational enhancements.

To date, 30 new schools, 15 replacement schools, 39 additions, 27 annexes, and 2 links have been constructed. In addition, 453 schools have new roofs, 418 schools have new windows, 382 schools have masonry repairs, 58 state of the art science labs have been installed, 205 Americans with Disabilities Act projects are underway, 27 gymnasiums have been renovated, and 342 play lots have been constructed. CPS, in conjunction with the City of Chicago, the Chicago Park District, and the Public Building Commission of Chicago has created 94 campus parks. The accomplishments thus far have significantly improved the quality of our students' learning environment.

FINANCIAL INFORMATION

CPS ended last fiscal year in good financial condition, with revenues moderately higher than expenditures in the General Operating Fund, using the modified accrual basis of accounting. The year began with uncertain economic conditions, so CPS budgeted prudently and instituted fiscal controls. CPS continues to maintain its credit rating. At the end of the year, CPS maintained a consistently strong financial position. Using the full accrual basis of accounting, CPS has total net assets of over \$173 million, a decrease of approximately \$359 million from fiscal year 2005.

Cash Management: Cash and investments are controlled by the CPS' Treasury Department using modern cash management techniques. However, the Treasurer of the City of Chicago, who is the ex-officio Treasurer of the CPS under the Illinois School Code, maintains custody. Except for cash and investments in escrow or in the Capital Projects Funds and cash held at the school level for student activities, all cash is deposited in bank accounts designated by the City Treasurer for the exclusive use of the CPS.

Chicago Public Schools has an Investment Policy that defines the parameters within which funds can be invested. Investments must comply with the Investment Policy and other applicable laws and regulations. Investment income for the fiscal year 2006 totaled \$77 million compared to \$43 million in fiscal year 2005. (See Note 4 of the Notes to the Basic Financial Statements.)



Introductory Section

Risk Management: The Bureau of Risk Management actively assesses and reviews the types of risk and exposures Chicago Public Schools may encounter and strives to mitigate the potential impacts on the organization. Risk Management recently automated and streamlined the student travel process and approved vendor lists. Other programs include life safety at schools, blood-borne pathogens, hazardous materials in science labs, and worker safety at construction sites.

CPS is self-insured for Workers Compensation Claims, Unemployment Compensation, and certain Employee Benefits programs. CPS is self-insured up to \$10 million with excess coverage to \$75 million for general liability, automobile liability, school board legal liability for wrongful acts, and non-owned aircraft liability.

A Schedule of Insurance and Insurance Services is provided in the Statistical Section of this report.

Pension Funding: Employees of CPS participate in either the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund") or the Municipal Employees Annuity and Benefit Fund of Chicago (the "Annuity Fund"). In the opinion of the CPS' legal counsel, the unfunded actuarial liability of the Pension Fund is not a liability to be funded by the CPS; however, the CPS is required to provide funding in addition to amounts provided from Federal and State Sources if the funded ratio drops below 90%. For the first time in recent years, a General Operating Fund appropriation of \$26 million was required for the fiscal year ended June 30, 2006. Another \$80.3 million payment will be made for fiscal year 2007 and \$131.5 million is anticipated for fiscal year 2008.

The Annuity Fund had an unfunded accrued actuarial liability for all covered employees, including CPS employees, who account for more 15,000 of the almost 34,000 participants in the Annuity Fund. The CPS, in the opinion of its legal counsel, has no duty to contribute any sum to the Annuity Fund. (See Note 12 of the Notes to the Basic Financial Statements.)

Fund Accounting: The CPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Notes 1 and 2 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and a description of fund types and account groups).

Internal Control Structure: The CPS financial management officials are responsible for implementing and enforcing a system of internal controls to protect the assets of the CPS from loss, theft, or misuse and to ensure that reliable accounting data are available for the timely preparation of financial statements in accordance with GAAP. 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 the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. No material weaknesses were disclosed as a result of the independent audit of CPS' financial statements.

Budgetary Control: Annual budgets are prepared on a basis consistent with Generally Accepted Accounting Principles for the General Operating, Capital Projects and Debt Service Funds. The fiscal year begins on July 1 and ends June 30 with all annual appropriations lapsing at fiscal year-end. Individual school units submit budget requests based on the school improvement plans and approved by the Local School Councils. Administrative units submit budget requests to the Office of Management and Budget, which compiles all requests into a comprehensive budget and submits it to the Board of Education for appropriation.

The appropriated budget is prepared by fund, unit, and account. The legal level of budgetary control is the account level except for school-based discretionary programs. School-based discretionary program expenditures are governed by specific program policies and procedures. Board approval is required for all funding transfers except those described above. In addition, an amended budget is required for increases in total appropriation.



Introductory Section

The Board approved changes in the purchasing rules effective November 1, 2004. There is no change in the Board approval required for all non-personnel purchases of biddable goods and services, which requires Board approval for biddable goods and services over \$10,000. The threshold for Board approval for non-biddable goods and services was increased from \$25,000 to above \$250,000 and requires a competitive solicitation. For purchases between \$25,001 and \$250,000, approval of the Chief Purchasing Officer is required.

Budgetary control is maintained by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are reported as reservations of fund balance.

The Capital Projects Funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year. Debt service funds are established in accordance with requirements of the bondholders.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Education of the City of Chicago for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. CPS has received this award every year since 1996.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are again submitting it to GFOA.

In 2005 Chicago Public Schools submitted a popular annual financial report (PAFR) to GFOA and was awarded the Certificate of Achievement for the sixth year in a row. CPS anticipates preparing this year's popular version to conform with the program requirements and submitting it to the GFOA. This report is shorter, providing summary financial information only and distributed to a broader audience.

Chicago Public Schools also received the Certificate of Excellence for Financial Reporting from the Association of School Business Officials International for the seventh consecutive year. We have included this award in recognition of the importance of fiscal policies on our ability to educate our students and undertake the new initiatives outlined above.

Acknowledgments: This report could not have been prepared without the dedicated and effective help of the entire financial staff including General Accounting, Treasury, Risk Management, Accounts Payable, Payroll, and the Controller's Office. The Chief Executive Office, the Office of the Board, the Office of Management and Budget, Capital Planning, and the Department of Research, Assessment, and Analysis also made significant contributions. We wish to express our gratitude and appreciation to them for their dedicated efforts, long hours and professionalism.

Respectfully submitted,



John Maiorca
Chief Financial Officer



Daryl J. Okrzesik
Controller





Chicago Public Schools
Every Child, Every School



McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the City of Chicago
Chicago Public Schools
Chicago, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Chicago Public Schools (the Board of Education of the City of Chicago, the "CPS", a body politic and corporate of the State of Illinois), as of and for the year ended June 30, 2006, which collectively comprise the CPS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CPS' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1 to the basic the financial statements, as of and for the year ended June 30, 2006, the CPS adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Chicago Public Schools, as of June 30, 2006, and the respective changes in financial position and the respective budgetary comparison for the General Operating Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006 on our consideration of the CPS' 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.



Management's discussion and analysis on pages 21 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CPS', basic financial statements. The individual fund financial statements and other schedules, listed in the table of contents as individual schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Chicago, Illinois
December 1, 2006





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

Our discussion and analysis of Chicago Public Schools' (CPS) financial performance provides an overview of the school district's financial activities for the fiscal year ended June 30, 2006. The intent of this management discussion and analysis is to look at CPS' financial performance as a whole, readers should also review the transmittal letter, financial statements and notes to the basic financial statements to further enhance their understanding of CPS' financial performance.

FINANCIAL HIGHLIGHTS

At fiscal year end, total fund balance was \$1.35 billion in fiscal year 2006, an increase of \$308.6 million. In the General Operating Fund, unreserved funds increased from \$248 million in fiscal year 2005 to \$307 million in 2006, an increase of \$59 million.

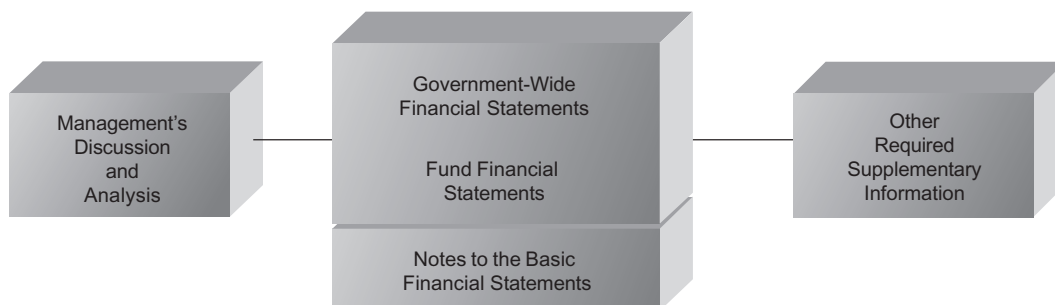
Total General Operating Fund actual revenues less expenditures exceeded budgeted resources less final appropriations by \$150 million.

During the fiscal year, CPS issued \$385.6 million in debt offerings to further fund the Capital Improvement Program while our overall credit rating remained strong.

New for the current fiscal year Comprehensive Annual Financial Report is the inclusion of a Statutory Reporting Section which presents information related to OMB Circular A-133 resulting in a document that provides our constituents and stakeholders with all financial data relevant to the Chicago Public Schools.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is comprised of different sections. The following graphic is provided to assist in the understanding of the format and its components:



OVERVIEW OF THE FINANCIAL STATEMENTS

Our Comprehensive Financial Annual Report consists of a series of financial statements and accompanying notes, with the primary focus being on the school district as a whole. Government-wide financial statements including the Statement of Net Assets and the Statement of Activities provide both short-term and long-term information of CPS' financial status. The fund financial statements provide a greater level of detail of how services are financed in the short-term as well as the remaining available resources for future spending. The accompanying notes provide essential information that is not disclosed on the face of the financial statements and as such are an integral part of the basic financial statements.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the school district's finances in a manner similar to a private sector business. The Statement of Net Assets and the Statement of Activities provide information about the activities of the school district as a whole, presenting both an aggregate and long-term view of the finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The ***Statement of Net Assets*** presents information on all of CPS' assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing how net assets changed during the fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

Both of the government-wide financial statements distinguish functions of the CPS that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

All of CPS' services are reported in the government-wide financial statements, including instruction, pupil support services, instructional support services, administrative support services, facility support services, and food services. Property taxes, replacement taxes, state aid, and interest and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

Condensed Statement of Net Assets (Millions of dollars)

	Governmental Activities			
	2006	2005	Difference	% Change
Current assets	\$3,288	\$2,918	\$ 370	12.7%
Capital assets, net	4,384	4,276	108	2.5%
Total Assets	<u>\$7,672</u>	<u>\$7,194</u>	<u>\$ 478</u>	6.6%
Current liabilities	\$ 877	\$ 883	\$ (6)	(0.7)%
Long-term liabilities	6,622	5,779	843	14.6%
Total Liabilities	<u>\$7,499</u>	<u>\$6,662</u>	<u>\$ 837</u>	12.6%
Net Assets:				
Invested in capital assets net of related debt	\$ 268	\$ 413	\$(145)	(35.1)%
Restricted for:				
Debt service	357	299	58	19.4%
Specific purposes	86	45	41	91.1%
Unrestricted	(538)	(225)	(313)	139.1%
Total Net Assets	<u>\$ 173</u>	<u>\$ 532</u>	<u>\$(359)</u>	(67.5)%

- **Total assets** of \$7.7 billion increased due to larger year end cash balances and new school construction and other improvement projects as part of the CPS' Capital Improvement Program.



- **Capital assets**, net of depreciation, increased \$108 million or 2.5% over the prior fiscal year due to the continued progress of the Capital Improvement Program.
- **Long-term debt** increased \$385.6 million, or 9.1%. The total long-term portion of debt outstanding and capitalized leases was \$4.20 billion in fiscal year 2005 and \$4.58 billion in fiscal year 2006. In fiscal year 2006, CPS issued \$385.6 million in Unlimited Tax Obligation Bonds to fund the Capital Improvement Program.
- **Accrued pension** increased to \$1.51 billion in fiscal year 2006 from \$1.26 billion in fiscal year 2005, an increase of \$256.9 million, or 20.4%. The year-end balance reflects the increase in the net pension obligation related to the Public School Teachers' Pension and Retirement Fund of Chicago.
- **Other postemployment benefit liabilities** of \$213.3 million were recognized for the first time as CPS early adopted GASBS 45. This liability represents actuarially determined healthcare costs associated with the Public School Teachers' Pension and Retirement Fund of Chicago.
- **Other long-term liabilities** decreased to \$312.3 million in fiscal year 2006 from \$322 million in fiscal year 2005, a decrease of \$9.6 million, or 3%. The year-end balance reflects decreases in accrued sick pay, vacation pay and tort of \$2.3 million, \$3.8 million and \$2.9 million, respectively, and increased accrued workers' compensation liabilities of \$3.2 million.
- **CPS' net assets** decreased \$359 million to \$173 million. Of this amount, \$268 million represents CPS' investment in capital assets net of depreciation and related debt. Restricted net assets of \$443 million are reported separately to present legal constraints from debt covenants and enabling legislation. The (\$539) million of unrestricted deficit represents the shortfall CPS would experience if it had to liquidate all of its non-capital liabilities as of June 30, 2006. A deficit in unrestricted net assets should not be viewed as evidence of financial difficulties but rather as a result of different measurement focuses.



Financial Section

The following table presents the changes in net assets from fiscal year 2005 to 2006:

Changes in Net Assets (Millions of dollars)

	Governmental Activities			
	2006	2005	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 12	\$ 11	\$ 1	9.1%
Operating grants and contributions	897	876	21	2.4%
Capital grants and contributions	67	22	45	204.5%
Total Program Revenues	<u>\$ 976</u>	<u>\$ 909</u>	<u>\$ 67</u>	7.4%
General Revenues:				
Property taxes	\$1,768	\$1,664	\$ 104	6.3%
Replacement taxes	185	146	39	26.7%
State aid	1,532	1,430	102	7.1%
Interest and investment earnings	77	43	34	79.1%
Miscellaneous	74	42	32	76.2%
Total General Revenues	<u>\$3,636</u>	<u>\$3,325</u>	<u>\$ 311</u>	9.4%
Total Revenues	<u>\$4,612</u>	<u>\$4,234</u>	<u>\$ 378</u>	8.9%
Expenses:				
Instruction	\$3,108	\$2,777	\$ 331	11.9%
Support services:				
Pupil support services	346	338	8	2.4%
Administrative support services	162	158	4	2.5%
Facility support services	423	380	43	11.3%
Instructional support services	465	405	60	14.8%
Food services	180	182	(2)	(1.1)%
Community services	46	43	3	7.0%
Interest expense	218	201	17	8.5%
Other	22	9	13	144.4%
Total Expenses	<u>\$4,970</u>	<u>\$4,493</u>	<u>\$ 477</u>	10.6%
Change in Net Assets	<u>\$ (358)</u>	<u>\$ (259)</u>	<u>\$ (99)</u>	38.2%
Beginning Net Assets	<u>531</u>	<u>791</u>	<u>(260)</u>	(32.9)%
Ending Net Assets	<u>\$ 173</u>	<u>\$ 532</u>	<u>\$(359)</u>	(67.5)%



Capital Assets

At June 30, 2006, the CPS had \$4.4 billion invested in a broad range of capital assets, including land, buildings and improvements, and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$107.3 million or 2.5% over the prior fiscal year (\$000's).

	<u>2005</u>	<u>2006</u>	<u>Difference</u>	<u>% Change</u>
Land	\$ 231,387	\$ 244,147	\$ 12,760	5.5%
Buildings	5,481,109	5,817,188	336,079	6.1%
Construction in progress	483,742	367,733	(116,009)	(24.0)%
Equipment	100,382	122,626	22,244	22.2%
Total Capital Assets	\$ 6,296,620	\$ 6,551,694	\$ 255,074	4.1%
Less: Accumulated depreciation	(2,020,182)	(2,167,971)	(147,789)	7.3%
Total Capital Assets, net	<u>\$ 4,276,438</u>	<u>\$ 4,383,723</u>	<u>\$ 107,285</u>	2.5%

Capital assets increased due to the purchases of land and the continued progress of the Capital Improvement Program. For more detailed information please refer to Note 6 to the basic financial statements.

Debt and Capitalized Lease Obligations

In November 2005, CPS issued \$53,750,000 in Unlimited Tax General Obligation Bonds (Series 2005C) at a premium of \$4,124,158. The proceeds from these bonds are being used as part of CPS' Capital Improvement Program, to pay capitalized interest, and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$54,261,685 in the Capital Improvement Fund.

In December 2005, CPS issued \$325,000,000 in Unlimited Tax General Obligation Bonds (Series 2005DE). The proceeds from these bonds are being used as part of CPS' Capital Improvement Program, and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$323,793,169 in the Capital Improvement Fund.

In June 2006, CPS issued \$6,852,800 in Unlimited Tax General Obligation Bonds (Series 2006A) at a discount of \$325,508. The proceeds from these bonds are being used as part of the Capital Improvement Program and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$6,385,392.

In August 2005, CPS sold an option to Bank of America N.A. under which CPS may be caused to enter into an interest rate swap associated with \$100,000,000 of the Series 1997A bonds upon exercise of the option in July 2007 (effective December 2007) as a means of monetizing the call option of these bonds in a low interest rate environment. The intention of entering into the swap was to effectively and economically refund \$100,000,000 of the Series 1997A bonds, avoiding negative arbitrage in advance refunding escrows, while realizing an upfront payment of \$18,345,000 to be used for costs of issuance and for debt service requirements in fiscal year 2006. Any swap payments payable by CPS upon exercise of the option will be periodic and payable from the same revenue source pledged to the refunding bonds to be issued at that time.

In October 2005, CPS entered into two interest rate swaps with Merrill Lynch Capital Services, Inc. and Loop Capital Markets LLC backed by Deutsche Bank. The interest rate swaps are associated with the Series 2005A bonds. The intention of entering into the swaps was to effectively change the fixed interest rate on the Series 2005A bonds from the stated coupon on the bonds to a lower interest rate. Any swap payments payable by CPS will be paid from the General Operating Fund.

As of June 30, 2006, the CPS had \$4.64 billion in total debt, including accreted interest, and capitalized lease obligations outstanding versus \$4.26 billion last year, an increase of 8.9%. For more detailed information please refer to Notes 8 through 10 to the basic financial statements.



Financial Section

The Chicago School Finance Authority (SFA) was created in January 1980 to exercise oversight and control over the financial affairs of the CPS. The SFA issued debt to fund construction and provide working capital. The principal amount of the SFA bonds outstanding as of June 30, 2006, net of bonds advance refunded or defeased is \$268 million. The SFA bonds are not a direct or contingent obligation of the CPS and the 1995 Amendatory Act suspended the oversight powers of the SFA through the end of 2010. For more detailed information please refer to Note 13 to the basic financial statements.

Pension Funding

Employees of the CPS participate in either the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund") or the Municipal Employees Annuity and Benefit Fund of Chicago (the "Annuity Fund").

State statutes determine the CPS' employer-required contribution to the Pension Fund, with the exception of federal funds. As of June 30, 2005, the funded ratio of the Pension Fund was 79% and the CPS has recorded an estimated pension liability of \$1.51 billion in the accompanying financial statements, as determined under generally accepted accounting principles. Because the funded ratio was below 90%, the CPS was required to make a \$26 million contribution to the Pension Fund under the statutory requirements during fiscal year 2006.

All career service employees of the CPS, except CPS employees who are members of the Public School Teachers' Pension and Retirement Fund, participate in the Municipal Employees' Annuity and Benefit Fund of Chicago (the "Annuity Fund"). Covered employees are required by State statute to contribute 8.5% of their salary. In fiscal year 2006, as in previous fiscal years, the CPS paid a portion, 7%, or \$36 million of the required employees' contribution for most employees. For more detailed information please refer to the Note 12 to the basic financial statements.

OVERVIEW OF FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CPS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All CPS funds are reported in the governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the school district's operations and the services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.



The CPS' fund financial statements provide detailed information about the most significant funds — not the CPS as a whole. The CPS' governmental funds use the following accounting approach. All of the CPS' services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the CPS' operations and the services it provides.

CPS maintains three significant governmental funds: General Operating, Capital Projects, and Debt Service. The following schedules presents a summary of the general operating fund, capital projects fund and debt service fund revenues and other financing sources by type and expenditures by program for the period ended June 30, 2006 as compared to June 30, 2005. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

Total Revenues and Other Financing Sources
(Millions of dollars)

	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>2006 Percent of Total</u>	<u>Increase (Decrease) From 2005</u>	<u>Percent Increase (Decrease) from 2005</u>
Revenues:					
Property taxes	\$1,718	\$1,639	36.4%	\$ 79	4.8%
Replacement taxes	185	146	3.8%	39	26.7%
State aid	1,603	1,507	32.6%	96	6.4%
Federal aid	776	763	15.8%	13	1.7%
Investment income	72	43	1.5%	29	67.4%
Other	144	103	2.9%	41	39.8%
Subtotal	<u>\$4,498</u>	<u>\$4,201</u>	<u>91.5%</u>	<u>\$ 297</u>	<u>7.1%</u>
Other financing sources	<u>420</u>	<u>291</u>	<u>8.5%</u>	<u>129</u>	<u>44.3%</u>
Total	<u><u>\$4,918</u></u>	<u><u>\$4,492</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 426</u></u>	<u><u>9.5%</u></u>
Expenditures:					
Instruction	\$2,539	\$2,429	53.3%	\$ 110	4.5%
Pupil support services	334	323	7.2%	11	3.4%
General support services	895	822	19.4%	73	8.9%
Food services	173	174	3.8%	(1)	(0.6)%
Community services	46	42	1.0%	4	9.5%
Teachers' pension	75	65	1.6%	10	15.4%
Capital outlay	311	389	6.7%	(78)	(20.1)%
Debt service	213	316	4.6%	(103)	(32.6)%
Other	23	6	0.5%	17	283.3%
Total	<u><u>\$4,609</u></u>	<u><u>\$4,566</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 43</u></u>	<u><u>0.9%</u></u>
Change in Fund Balance	<u><u>\$ 309</u></u>	<u><u>\$ (74)</u></u>			

General Operating Fund

The general operating fund reflects all daily operational transactions. Following is a discussion and analysis of significant revenue and expenditure trends:

Revenues:

Revenues and Other Financing Sources (Millions of dollars)

	2006 Amount	2005 Amount	2006 Percent of Total	Increase (Decrease) From 2005	Percent Increase (Decrease) from 2005
Property taxes	\$1,666	\$1,588	39.7%	\$ 78	4.9%
Replacement taxes	132	95	3.2%	37	38.9%
State aid	1,492	1,417	35.6%	75	5.3%
Federal aid	758	746	18.1%	12	1.6%
Investment income	37	14	0.9%	23	164.3%
Other	101	85	2.4%	16	18.8%
Subtotal	\$4,186	\$3,945	99.9%	\$241	6.1%
Other financing sources	4	—	0.1%	—	400.0%
Total	<u>\$4,190</u>	<u>\$3,945</u>	<u>100.0%</u>	<u>\$241</u>	6.1%

Property taxes increased by \$78.3 million from fiscal year 2006 due to a growing tax base, increases in tax levies and in the number of new properties, and decreases in refunds.

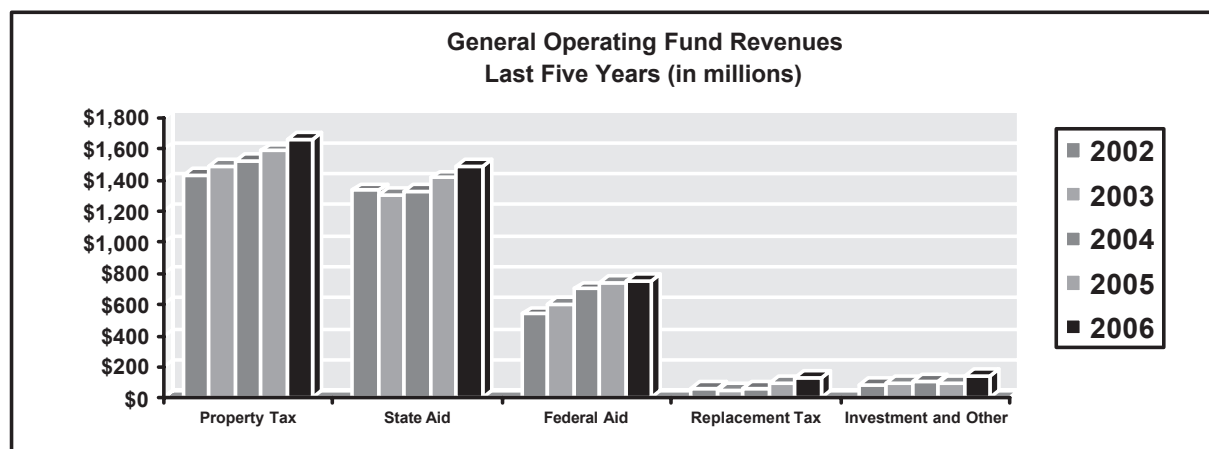
Personal property replacement taxes increased \$37.1 million from fiscal year 2005, due to foreign tax holiday, increased collections and decreases in corporate refund reserves.

State aid increased by \$74.9 million due to a \$200 per pupil increase in foundation level, up to \$5,164 per student and increased teacher pension funding.

Federal aid increased \$11.3 million due to increased funding in Title I and E-rate revenue recognition.

Investment income increased \$22.9 million from fiscal year 2005, due to higher interest rates and higher cash balances.

Other income increased \$16 million from fiscal year 2005, due to the one time recognition of unidentified escheat of \$7.9 million and increases to City of Chicago on behalf pension payment of \$6.7 million.



Expenditures:

(Millions of dollars)

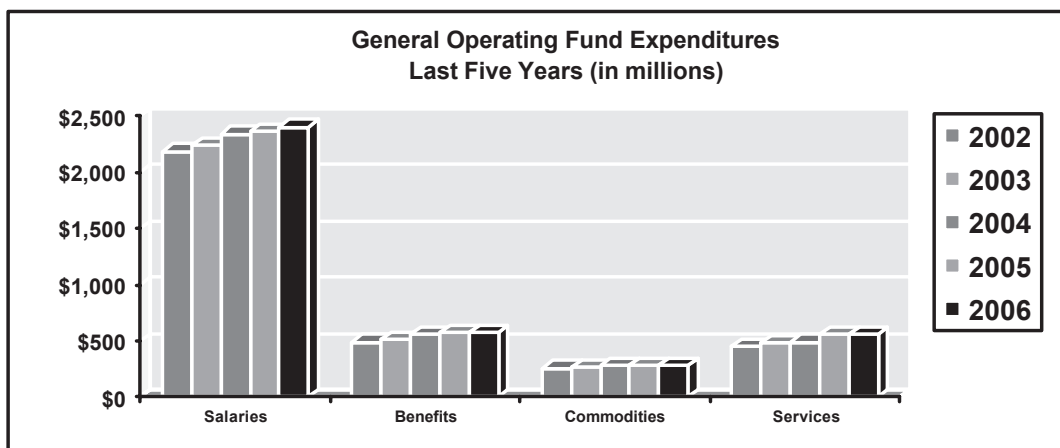
	2006 Amount	2005 Amount	2006 Percent of Total	Increase (Decrease) From 2005	Percent Increase (Decrease) from 2005
Salaries	\$2,454	\$2,366	60.1%	\$ 88	3.7%
Benefits	635	563	15.5%	72	12.8%
Commodities	277	280	6.8%	(3)	(1.1)%
Services	623	556	15.3%	67	12.1%
Other	96	91	2.4%	5	5.5%
Total	<u>\$4,085</u>	<u>\$3,856</u>	<u>100.0%</u>	<u>\$229</u>	5.9%

Salaries were under budget by \$25 million due to teacher salaries, which were under budget by \$2 million, and career service salaries which were under budget by \$23 million.

Benefit charges were under budget by \$39 million primarily due to hospitalization costs that were under budget by \$36 million.

Commodities were under budget by \$30 million due to reduced spending on food, textbooks and supplies of \$6 million, \$15 million and \$7 million, respectively.

Services increased over fiscal year 2005 primarily due to increased spending related to charter schools.



Notes to Basic Financial Statements

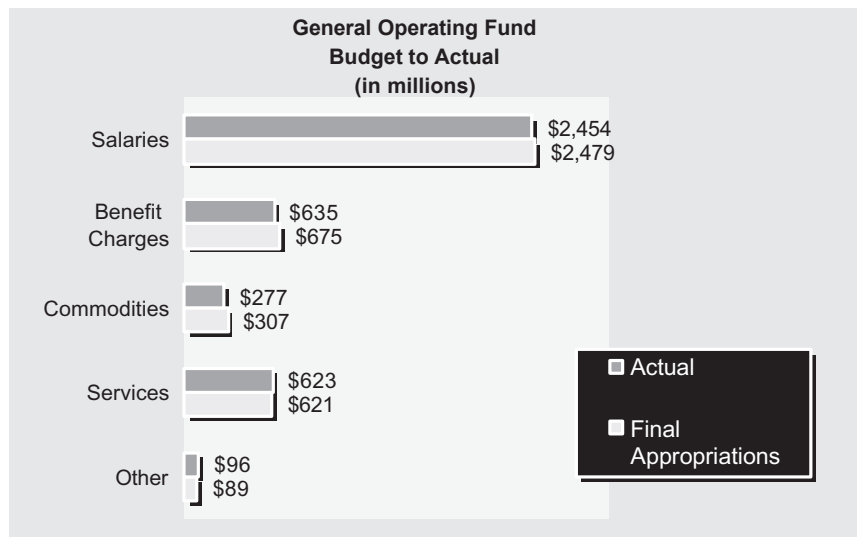
The Notes to Basic Financial Statements follow the statements in the report and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.



BUDGETARY HIGHLIGHTS

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States for the General Operating and Debt Service funds. All annual unencumbered appropriations lapse at fiscal year-end.

The budget is prepared by fund, account, and unit. Certain funding allocations (primarily Federal and State programs, including Supplementary General State Aid) are made to schools but are not budgeted by account by the schools at the time the budget is adopted. These allocations are included in Other Fixed Charges for budget purposes. During the fiscal year, upon receiving the appropriate approvals from regional offices and the Office of Management and Budget, transfers are made to the appropriate accounts. Actual expenditures are reflected in the appropriate accounts.



In July 2005, the Board adopted a balanced budget for fiscal year 2006 that reflected total resources, including \$50 million of available fund balances, and appropriations of \$4.21 billion for the General Operating Fund.

In July 2006, the Board adopted a balanced budget for fiscal year 2007 that reflected total resources, including \$105 million of available fund balances, and appropriations of \$4.41 billion for the General Operating Fund.



REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the CPS' finances and to show the CPS' accountability for the money it receives. Additional details can be requested by mail at the following address:

The Chicago Public Schools
Office of the Controller
125 South Clark Street, 14th Floor
Chicago, Illinois, 60603

Or visit our website at: <http://www.cps.k12.il.us> for a complete copy of this report and other financial information.

(Please note that some amounts may not tie to the financial statements due to rounding.)



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF NET ASSETS

June 30, 2006

(Thousands of Dollars)

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 861,531
Cash and investments in escrow	852,166
Cash and investments held in school internal accounts	28,522
Property taxes receivable, net of allowance	926,515
Other receivables:	
Replacement taxes	32,341
State aid, net of allowance	338,395
Federal aid	178,169
Other	35,476
Other assets	34,915
Land and construction in progress	611,881
Buildings, building improvements and equipment, net of accumulated depreciation	3,771,842
Total Assets	<u>\$7,671,753</u>
LIABILITIES:	
Accounts payable	\$ 216,580
Accrued payroll and benefits	526,887
Amount held for student activities	28,522
Other accrued liabilities	4,000
Deferred revenue	14,007
Interest payable	32,274
Current portion of long-term debt and capitalized lease obligations	54,923
Long-term liabilities:	
Debt, net of premiums and discounts	4,144,957
Capitalized lease obligations	438,335
Pension	1,513,023
Other postemployment benefits	213,316
Other benefits and claims	312,318
Total Liabilities	<u>\$7,499,142</u>
NET ASSETS:	
Invested in capital assets, net of related debt	\$ 268,190
Restricted for:	
Debt service	357,409
Specific purposes	85,891
Unrestricted	(538,879)
Total Net Assets	<u>\$ 172,611</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

(Thousands of Dollars)

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	\$3,107,897	\$ 3,145	\$484,231	\$44,098	\$(2,576,423)
Support services:					
Pupil support services	346,434	—	34,869	5,801	(305,764)
Administrative support services	161,802	—	51,453	2,709	(107,640)
Facility support services	422,731	—	13,455	6,202	(403,074)
Instructional support services	465,106	—	115,471	6,599	(343,036)
Food services	179,725	9,317	164,658	1,044	(4,706)
Community services . . .	46,205	—	32,779	279	(13,147)
Interest expense	217,848	—	—	—	(217,848)
Other	23,404	—	—	—	(23,404)
Total Governmental Activities	<u>\$4,971,152</u>	<u>\$12,462</u>	<u>\$896,916</u>	<u>\$66,732</u>	<u>\$(3,995,042)</u>
General Revenues:					
Taxes:					
Property taxes					\$ 1,768,457
Replacement taxes					184,700
State aid					1,532,169
Interest and investment earnings					71,972
Gain recognized from swaps					5,312
Miscellaneous					73,629
Total General Revenues					<u>\$ 3,636,239</u>
Change in net assets					\$ (358,803)
Net assets — beginning					531,414
Net assets — ending					<u>\$ 172,611</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BALANCE SHEET — GOVERNMENTAL FUNDS

June 30, 2006

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Totals
ASSETS:				
Cash and investments	\$ 785,726	\$ —	\$ 75,805	\$ 861,531
Cash and investments in escrow	5,399	581,305	265,462	852,166
Cash and investments held in school internal accounts	28,522	—	—	28,522
Receivables:				
Property taxes, net of allowance	899,039	—	27,476	926,515
Replacement taxes	32,341	—	—	32,341
State aid, net of allowance	338,395	—	—	338,395
Federal aid	173,216	4,953	—	178,169
Other	9,048	21,726	4,702	35,476
Due from other funds	69,872	7,750	20,406	98,028
Other assets	8,935	—	—	8,935
Total Assets	<u>\$2,350,493</u>	<u>\$615,734</u>	<u>\$393,851</u>	<u>\$3,360,078</u>
LIABILITIES AND EQUITY:				
LIABILITIES:				
Accounts payable	\$ 184,857	\$ 34,577	\$ 13,409	\$ 232,843
Accrued payroll and benefits	467,533	—	—	467,533
Amount held for student activities	28,522	—	—	28,522
Due to other funds	28,156	69,872	—	98,028
Other accrued liabilities	4,000	—	—	4,000
Deferred property tax revenue	889,249	—	27,175	916,424
Other deferred revenue	252,279	6,301	—	258,580
Total Liabilities	<u>\$1,854,596</u>	<u>\$110,750</u>	<u>\$ 40,584</u>	<u>\$2,005,930</u>
EQUITY:				
Fund Balances:				
Reserved:				
Reserved for encumbrances	\$ 102,286	\$220,965	\$ —	\$ 323,251
Reserved for restricted donations	1,503	—	—	1,503
Reserved for specific purposes	84,388	—	—	84,388
Reserved for debt service	—	—	353,267	353,267
Unreserved:				
Designated to provide operating capital	218,400	—	—	218,400
Undesignated	89,320	284,019	—	373,339
Total Equity	<u>\$ 495,897</u>	<u>\$504,984</u>	<u>\$353,267</u>	<u>\$1,354,148</u>
Total Liabilities and Equity	<u>\$2,350,493</u>	<u>\$615,734</u>	<u>\$393,851</u>	<u>\$3,360,078</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2006

(Thousands of Dollars)

Total fund balances — governmental funds	\$ 1,354,148
Prepaid assets and deferred charges are recorded as expenditures in governmental funds. The Statement of Net Assets includes these amounts as other assets.	
Prepaid interest	140
Deferred charges — bond issuance costs	25,840
The cost of capital assets (land, buildings and improvements and equipment) purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Assets includes those capital assets among the assets of the CPS as a whole. The cost of those capital assets are allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in the governmental funds.	
Costs of capital assets	6,551,693
Accumulated depreciation	(2,167,970)
Liabilities applicable to the CPS' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest payable on debt and other long-term obligations is not recorded in the governmental funds but they are reported in the Statement of Net Assets. All liabilities, both current and long-term, are reported in the Statement of Net Assets.	
Debt, net of premiums and discounts	\$(4,177,210)
Capitalized lease obligations	(461,005)
Pension	(1,513,023)
Other postemployment benefits	(213,316)
Other benefits and claims	<u>(366,983)</u>
	(6,731,537)
Interest payable	(20,700)
Revenues that have been deferred or unearned in the governmental funds but are recognized as revenue in the government-wide financial statements.	
Deferred property tax revenue	916,424
Other deferred revenue	<u>244,573</u>
Net Assets	<u>\$ 172,611</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES IN
FUND BALANCES — GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fiscal Year Ended June 30, 2006	Total Fiscal Year Ended June 30, 2005
REVENUES:					
Property taxes	\$1,666,118	\$ —	\$ 52,131	\$1,718,249	\$1,639,237
Replacement taxes	131,639	—	53,061	184,700	145,724
State aid	1,492,361	—	110,274	1,602,635	1,507,115
Federal aid	757,731	17,900	—	775,631	762,955
Interest and investment income	36,874	22,346	12,727	71,947	43,215
Other	101,129	21,381	21,910	144,420	102,654
Total Revenues	<u>\$4,185,852</u>	<u>\$ 61,627</u>	<u>\$250,103</u>	<u>\$4,497,582</u>	<u>\$4,200,900</u>
EXPENDITURES:					
Instruction	\$2,538,909	\$ —	\$ —	\$2,538,909	\$2,429,014
Pupil support services	333,968	—	—	333,968	323,225
Administration support services	155,980	—	—	155,980	151,529
Facilities support services	357,106	—	—	357,106	316,195
Instructional support services	379,955	—	—	379,955	353,859
Food services	172,774	—	—	172,774	173,872
Community services	46,179	—	—	46,179	42,325
Teacher's pension and retirement benefits	75,398	—	—	75,398	65,045
Capital outlay	—	310,817	—	310,817	389,450
Debt service	1,420	—	213,232	214,652	315,809
Other	23,404	—	—	23,404	5,912
Total Expenditures	<u>\$4,085,093</u>	<u>\$ 310,817</u>	<u>\$213,232</u>	<u>\$4,609,142</u>	<u>\$4,566,235</u>
REVENUES IN EXCESS OF/(LESS THAN) EXPENDITURES	<u>\$ 100,759</u>	<u>\$(249,190)</u>	<u>\$ 36,871</u>	<u>\$ (111,560)</u>	<u>\$ (365,335)</u>
OTHER FINANCING SOURCES (USES)					
Gross amounts from debt issuances ..	\$ —	\$ 385,603	\$ —	\$ 385,603	\$ 524,260
Proceeds from notes	—	—	—	—	5,500
Premiums	—	4,124	—	4,124	43,450
Discounts	—	(326)	—	(326)	—
Proceeds from swaps	—	—	19,345	19,345	—
Capital leases	3,700	—	—	3,700	—
Sales of general capital assets	—	7,596	—	7,596	—
Payment to refunded bond escrow agent	—	—	—	—	(282,478)
Transfers in/(out)	445	(2,796)	2,351	—	—
Total other financing sources (uses) ..	<u>\$ 4,145</u>	<u>\$ 394,201</u>	<u>\$ 21,696</u>	<u>\$ 420,042</u>	<u>\$ 290,732</u>
NET CHANGE IN FUND BALANCE	<u>\$ 104,904</u>	<u>\$ 145,011</u>	<u>\$ 58,567</u>	<u>\$ 308,482</u>	<u>\$ (74,603)</u>
Fund Balances, beginning of period ..	390,993	359,973	294,700	1,045,666	1,120,269
Fund Balances, end of period	<u>\$ 495,897</u>	<u>\$ 504,984</u>	<u>\$353,267</u>	<u>\$1,354,148</u>	<u>\$1,045,666</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

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

For the Fiscal Year Ended June 30, 2006

(Thousands of Dollars)

Total net change in fund balances — governmental funds	\$ 308,482
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceed the depreciation in the period.	
Capital outlay/equipment	\$ 265,288
Depreciation expense	(156,355)
Proceeds from sales of bonds, swaps and capital leases are reported in the governmental funds as a source of financing, whereas they are recorded as long-term liabilities in the Statement of Net Assets	(408,648)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities	49,049
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental fund because interest is recorded as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due	(53,221)
Government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	2,516
Since some property taxes and grants will not be collected for several months after the CPS' fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred revenues. They are, however, recorded as revenues in the Statement of Activities	
Property taxes	50,208
Grants	51,625
In the Statement of Activities liabilities and other claims, legal settlements, sick pay, vacation pay, workers' compensation, general and automobile insurance, net pension obligation and other postemployment benefits are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid.	
Liabilities and other claims	(2,900)
Legal settlements	1,800
Sick pay	2,268
Vacation pay	3,813
Workers' compensation	(3,228)
General and automobile liability	713
Net pension obligation	(256,877)
Other postemployment benefits	(213,316)
In the Statement of Activities, only gains on the disposal of capital assets are reported, whereas in the government funds, the entire proceeds are recorded	(20)
Change in Net Assets	<u><u>\$ (358,803)</u></u>

The accompanying notes to the financial statements are an integral part of this statement



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

STATEMENT OF REVENUES, EXPENDITURES BY OBJECT

OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCES

FINAL APPROPRIATIONS VS ACTUAL — GENERAL OPERATING FUND

For the Fiscal Year Ended June 30, 2006

(Thousands of Dollars)

	Approved Budget	Transfers In/(Out)	Final Appropriations	Fiscal Year Actual	Variance
REVENUES:					
Property taxes	\$1,626,968	\$ —	\$1,626,968	\$1,666,118	\$ 39,150
Replacement taxes	82,051	—	82,051	131,639	49,588
State aid	1,506,997	—	1,506,997	1,492,361	(14,636)
Federal aid	838,018	—	838,018	757,731	(80,287)
Interest and investment income	16,500	—	16,500	36,874	20,374
Other	86,466	—	86,466	101,129	14,663
Total Revenues	<u>\$4,157,000</u>	<u>\$ —</u>	<u>\$4,157,000</u>	<u>\$4,185,852</u>	<u>\$ 28,852</u>
EXPENDITURES:					
Salaries —					
Teachers	\$1,932,144	\$ (13,298)	\$1,918,846	\$1,916,378	\$ 2,468
Career services	530,449	29,782	560,231	537,346	22,885
Commodities —					
Energy	67,582	4,484	72,066	70,760	1,306
Food	91,607	538	92,145	85,815	6,330
Textbooks	58,326	29,057	87,383	71,942	15,441
Supplies	30,089	23,512	53,601	46,965	6,636
Other	—	1,443	1,443	1,135	308
Services —					
Professional fees	261,666	168,014	429,680	438,349	(8,669)
Transportation	85,432	7,120	92,552	92,589	(37)
Tuition	176,254	(99,623)	76,631	62,890	13,741
Telephone and telecommunications	3,820	990	4,810	16,944	(12,134)
Other	3,877	12,914	16,791	13,104	3,687
Equipment — Educational	18,431	22,441	40,872	38,335	2,537
Building and sites —					
Repairs and replacements	35,984	2,607	38,591	35,556	3,035
Capital outlay	—	8	8	4	4
Fixed charges —					
Teachers' pension	235,586	2,962	238,548	247,585	(9,037)
Career service pension	81,966	2,581	84,547	87,530	(2,983)
Hospitalization and dental insurance	274,637	4,323	278,960	243,003	35,957
Medicare	24,331	2,265	26,596	29,989	(3,393)
Unemployment compensation	8,863	6,498	15,361	6,382	8,979
Workers compensation	18,013	13,054	31,067	21,004	10,063
Rent	10,847	1,194	12,041	14,174	(2,133)
Debt service	1,420	—	1,420	1,420	—
Other	255,676	(222,866)	32,810	5,894	26,916
Total Expenditures	<u>\$4,207,000</u>	<u>\$ —</u>	<u>\$4,207,000</u>	<u>\$4,085,093</u>	<u>\$121,907</u>
REVENUES IN EXCESS OF/(LESS THAN) EXPENDITURES	<u>\$ (50,000)</u>	<u>\$ —</u>	<u>\$ (50,000)</u>	<u>\$ 100,759</u>	<u>\$150,759</u>
OTHER FINANCING SOURCES					
Capital leases	\$ 3,700	\$ —	\$ 3,700	\$ 3,700	\$ —
Transfers in	445	—	445	445	—
Total other financing sources	<u>\$ 4,145</u>	<u>\$ —</u>	<u>\$ 4,145</u>	<u>\$ 4,145</u>	<u>\$ —</u>
NET CHANGE IN FUND BALANCE	<u>\$ (45,855)</u>	<u>\$ —</u>	<u>\$ (45,855)</u>	<u>\$ 104,904</u>	<u>\$150,759</u>
Fund Balances, beginning of period	390,993	—	390,993	390,993	—
Fund Balances, end of period	<u>\$ 345,138</u>	<u>\$ —</u>	<u>\$ 345,138</u>	<u>\$ 495,897</u>	<u>\$150,759</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CHICAGO PUBLIC SCHOOLS**Chicago Board of Education****NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Reporting Entity**

The Board of Education of the City of Chicago, or the Chicago Public Schools (CPS), is a body politic and corporate, and a school district of the State of Illinois having boundaries coterminous with the boundaries of the City of Chicago. The Board of Education of the City of Chicago (the Board) is established under and governed by the Illinois School Code and maintains a system of schools primarily for kindergarten through twelfth grade.

As a result of legislation passed by the Illinois General Assembly, which became effective on June 30, 1995, the Mayor of the City of Chicago appoints the members of the Board of Education of the City of Chicago. The CPS is excluded from the City's reporting entity because it does not meet the financial accountability criteria for inclusion established by the Governmental Accounting Standards Board (GASB).

The City of Chicago, the Chicago School Finance Authority, the Public Building Commission of Chicago and the Public School Teachers' Pension and Retirement Fund of Chicago are deemed to be related organizations but separate entities and are not included as part of the CPS reporting entity. No fiscal dependency exists between these organizations. These units are excluded from the CPS reporting entity because they do not meet the criteria for inclusion as established by GASB.

New Accounting Standards

During fiscal year 2006, CPS adopted the following GASB Statements:

- GASBS 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Please refer to Note 12, Pensions and Other Postemployment Benefits for required disclosures.
- GASBS 46, *Net Assets Restricted by Enabling Legislation*. Please refer to Note 14, Fund Balance Reservations And Net Asset Restrictions for required disclosures.
- GASBS 47, *Accounting for Termination Benefits*, which had no impact on the current year financial statements.

Description of Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the GASB requirements of accounting and financial reporting for nonexchange transactions.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the CPS's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.



Financial Section

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The CPS reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the CPS. Interfund balances have been removed from these statements but the services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. State and Federal grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 30 days of fiscal year end. This represents a change from previous fiscal years with the difference determined to be immaterial. For this purpose, the CPS considers State aid, Federal aid and replacement tax revenues that are susceptible to accrual to be available if they are collected within 90 days of fiscal year end. Due to delays in scheduled payments, CPS deferred an additional \$14 million of State Aid revenue as the payment date fell outside the 90-day recognition threshold. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Funds

CPS reports its financial activities through the use of “fund accounting.” This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of funds is maintained, consistent with legal and managerial requirements. A description of the activities of the various funds is provided below.

Governmental Funds*a. General Operating Fund*

The General Operating Fund is established in compliance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. This Fund is the primary operating fund of CPS and is made up of the following programs:

- Educational Program
- Supplementary General State Aid Program
- School Food Service Program
- Improving America's Schools Act Program
- Education of the Handicapped Program
- Workers' and Unemployment Compensation/Tort Immunity Program
- Public Building Commission Operations and Maintenance Program
- Other Government-Funded Programs

b. Capital Projects Fund

The Capital Projects Fund includes the following programs:

Capital Asset Program — This program is for the receipt and expenditure of the proceeds from the sale of certain Board real estate, proceeds from the Chicago School Finance Authority, and other miscellaneous capital projects revenues from various sources as designated by the Board.

Capital Improvement Program — This program is for the receipt and expenditure of proceeds from the sale of Unlimited Tax General Obligation Bonds, Public Building Commission Building Revenue Bonds, State of Illinois Construction Grants, Federal E-rate capital subsidies and other revenues for the purpose of building and improving schools as designated by the Board. The bonds are being repaid in the Debt Service Fund from Replacement Tax revenue, from an Intergovernmental Agreement with the City of Chicago, State of Illinois Construction Grants, General State Aid, other revenues as designated by the Board and from a separate tax levy associated with the bonds, if necessary.

c. Debt Service Fund

The Debt Service Fund includes the following programs:

Bond Redemption and Interest Program — This program is for the receipt and expenditure of Replacement Taxes, City of Chicago Intergovernmental Agreement revenue, State of Illinois Construction Grants, General State Aid and other revenues as designated by the Board for the payment of interest and principal on specific bond issues.

Public Building Commission Leases Program — Receipts and expenditures of tax levies and State of Illinois Construction Grants for the rental payments due to the Public Building Commission of school buildings are recorded in this program. The title to these properties passes to the City of Chicago, in trust for the use of the CPS, at the end of the lease terms.



Financial Section

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

CPS' cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. In addition, State statutes authorize CPS to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool. CPS' investments are reported at fair value.

Restricted Assets

Certain proceeds of the CPS bond issuances, as well as certain assets set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. These amounts are consequently held in escrow.

Receivables and Payables

CPS records as its property taxes receivable amounts equal to the current year tax levy plus the two years prior levies net of an allowance for estimated uncollectible amounts. The allowance is recorded at 3.5% of the gross levy.

A calendar year's property tax levies are billed (extended) in two installments in the subsequent calendar year. Calendar year 2005 property taxes were levied for fiscal year 2006 in December 2005, and were billed in fiscal year 2006. In 2006, the installment due dates were March 1 and September 1. Property taxes unpaid after these dates accrue interest at the rate of 1.5% per month. The treasurers of Cook and DuPage counties, who distribute such receipts to the CPS, receive collections of property tax installments. The CPS' property tax becomes a lien on real property on January 1 of the year for which it is levied. The levy becomes an enforceable lien against the property as of January 1 of the levy year. CPS does not record a receivable nor related deferred revenue until the Board passes the levy for the current fiscal year.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include land, buildings, building improvements and equipment are reported in the governmental activities columns in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment is a unit cost of \$25,000 or more. Donated capital assets are recorded at estimated fair market value at 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Beginning in fiscal year 2005, CPS implemented procedures related to impaired assets. Generally, a capital asset is considered impaired when its service utility has declined significantly and the events or changes in the circumstances are unexpected or outside the normal life cycle.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of buildings and building improvements of the CPS is calculated using the straight-line method beginning in the year after they are completed. Equipment is depreciated using the straight-line method and the mid-year convention. The CPS' capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	25-50
Administrative software/systems	20
Equipment	5

Depreciation of buildings and building improvements placed in service prior to fiscal year 2002 was calculated using a composite rate that CPS estimated to be 32 years. For items placed in service subsequent to fiscal year 2001, CPS utilizes the estimated useful lives for specific components within the range noted above.

For assets other than personal property placed in service prior to June 30, 2001, the amount to be recorded as a reduction to capital assets and related accumulated depreciation upon asset retirement is determined using a deflated replacement cost methodology.

Vacation and Sick Pay

The CPS provides vacation and sick pay benefits for substantially all of its employees. Accrued sick pay benefits were computed using the termination payment method. The liability for accrued vacation pay benefits is computed using the employee's actual daily wage.

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

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

Fund Balances and Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

The Statement of Net Assets include the following:

Investment in Capital Assets, net of Related Debt—the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.



Financial Section

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted for Specific Purposes — the component of net assets that reports the difference between assets and liabilities of the certain programs that consists of assets with constraints placed on their use by either external parties and/or enabling legislation.

Restricted for Debt Service — the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted — the difference between the assets and liabilities that is not reported as Net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purpose, or Net Assets Restricted for Debt Service.

Comparative Data

Comparative total data for the prior year have been presented in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Annual Budgets are prepared on a basis consistent with accounting principles generally accepted in the United States for the General Operating, Capital Projects and Debt Service funds. All annual unencumbered appropriations lapse at fiscal year-end. Encumbrances are reported as a reservation of fund balance for subsequent year expenditures.

Certain funding allocations (primarily Federal and State programs, including Supplementary General State Aid) are made to schools but are not budgeted by account by the schools at the time the budget is adopted. These allocations are included in Other Fixed Charges for budget purposes. During the fiscal year, upon receiving the appropriate approvals from regional offices and the Office of Management and Budget, transfers are made to the appropriate accounts. Actual expenditures are reflected in the appropriate accounts.

The appropriated budget is prepared by fund, account and unit. The legal level of budgetary control is at the account level except for school-based discretionary programs. School-based discretionary program expenditures are governed by specific program policies and procedures. Board approval is required for all funding transfers except those described above. In addition, an amended budget is required for increases in total appropriation.

In July 2005, the Board adopted a balanced budget for fiscal year 2006 that reflected total resources, including \$50 million of available reserved fund balances, and appropriations of \$4.21 billion for the General Operating Fund.

In June 2006, the Board adopted a balanced budget for fiscal year 2007 that reflected total resources, including \$105 million of available reserved fund balances, and appropriations of \$4.41 billion for the General Operating Fund.



NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

The Capital Projects Fund is budgeted on a project-by-project basis. Budgeted amounts in the Capital Projects Fund represent the entire project budget for projects that were expected to commence in fiscal year 2006. Actual expenditures in the Capital Projects Fund include expenditures on projects that were budgeted in the current and prior fiscal years.

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

a. Property Taxes — The CPS levies property taxes using tax levy rates established by statute and an equalized assessed valuation ("EAV") estimated by the CPS. The maximum billing (extension) of property taxes for the rate-limited Educational Levy in any calendar year is limited to the lesser of the tax rate established by statute multiplied by the EAV known at the time the final calendar year tax bills are calculated by the Cook and DuPage County Clerks or the tax rates established by statute multiplied by the prior year EAV. Property taxes for the levies that are not rate-limited are levied based on the estimated requirements for such funds.

The CPS' extensions are limited to the prior year EAV multiplied by the current year maximum legal rate limit. In addition, the growth in property tax extensions of the CPS is limited to the lesser of 5% or the percentage increase in the consumer price index for all urban consumers during the calendar year preceding the tax levy year. Extensions can be increased above this limitation due to the following increases: assessed valuation attributable to new construction, referendum approval, or rate limitation.

Amounts collected in excess of the estimated net receivable for each levy year are reported as revenue in the fiscal year that the tax collections are distributed to CPS. Tax amounts collected in excess of the specified prior years levies is recorded in the year of receipt without impacting receivable and deferred revenue balances. CPS maintains the accounts receivable, reserves for uncollectibles and deferred revenue balance on the general ledger for three tax levy years. All refunds, no matter what tax year they apply, are recorded against the property tax revenue and cash accounts in the period of occurrence or notification from the respective county treasurer.

Legal limitations on tax rates and the rates extended in calendar years 2006 and 2005 are shown below.

		Tax Rates Extended Per \$100 of EAV	
	Maximum 2006 Legal Limit	2006	2005
General Operating Fund:			
Educational	(A)	\$2.142	\$2.301
Workers' and Unemployment Compensation/Tort Immunity	(B)	.228	.131
Public Building Commission Operation and Maintenance	(B)	.565	.576
Public Building Commission Lease Program	(B)	.090	.096
		<u>\$3.025</u>	<u>\$3.104</u>

A. The 2006 Educational tax rate is limited to the sum of \$2.936 per \$100 of EAV plus the difference (the "difference tax") between \$.50 per \$100 of EAV and the rate of taxes extended for the School Finance Authority.

B. These tax rates are not limited by law, but are subject to the limits described previously.



NOTE 3. PROPERTY TAXES AND STATE AID REVENUE (continued)

b. *State Aid* — The components of State Aid as shown on the financial statements are as follows (\$000's):

	<u>Fund Financial Statements</u>	<u>Government Wide- Financial Statements</u>
Revenues:		
General State Aid Unrestricted	\$ 717,672	\$ 734,039
Supplementary General State Aid	261,000	261,000
General Education Block Grant	138,240	138,240
Educational Services Block Grant	369,040	396,778
Other Restricted State Revenue	116,683	116,559
Total State Aid	<u>\$1,602,635</u>	<u>\$1,646,616</u>
Program Revenues:		
Operating Grants and Contributions		(114,447)
Non-Program General State Aid		<u>\$1,532,169</u>

NOTE 4. CASH DEPOSITS AND INVESTMENTS

Cash and investments held in the name of the CPS are controlled and managed by the CPS' Treasury Department; however, custody is maintained by the Treasurer of the City of Chicago, who is the designated ex-officio Treasurer of the CPS under the Illinois School Code. Custody is not maintained by the Treasurer of the City of Chicago for cash and investments in escrow, and the schools' internal accounts. The cash and investments in escrow in the Debt Service Fund represent the amount available for debt service payments on the Unlimited Tax General Obligation Bonds and PBC Leases. The cash and investments in escrow in the Capital Projects Fund represent the unspent proceeds from the Unlimited Tax General Obligation Bonds, Public Building Commission Building Revenue Bonds, State Technology Revolving Loan Fund and other revenues.

Cash

With the exception of school internal accounts as designated by the Board, the Municipal Code of Chicago requires that cash be deposited only in chartered banks or savings and loan associations that are on the City of Chicago's approved depository listing. The ordinances allow only regularly organized State or national banks insured by the Federal Deposit Insurance Corporation, and Federal and State savings and loan associations insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation located within the City of Chicago, to be designated depositories.

The CPS Investment Policy requires collateral with an aggregate market value of not less than 110% of the original acquisition price, including principal and accrued interest, on depository account balances and certificates of deposit unless the bank meets certain rating requirements and or asset size. Repurchase agreement collateral shall not be less than 102%. Collateral for the CPS' bank accounts are held by a third-party custodian in the name of the City of Chicago Treasurer for the benefit of the CPS. Collateral shall be only those securities authorized as allowable investments.

As of June 30, 2006, the book amount of the CPS' deposit accounts was \$22.4 million. The bank balances totaled \$59.7 million as of June 30, 2006. The difference between the book and bank balances primarily represents checks that have been issued but have not yet cleared as of June 30, 2006. The bank balance was covered by Federal depository insurance and by collateral held by third-party custodians.



NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

Cash and Investments Held in School Internal Accounts, and the corresponding liability, Amounts Held for Student Activities, represent the book balance for checking and investments for individual schools.

Investments

The CPS' investments are authorized under the Illinois Compiled Statutes Finance Investment Act. The CPS' Investment Policy is derived from this Act. The CPS Investment Policy authorizes the CPS to invest in obligations guaranteed by the full faith and credit of the U.S. Government, certificates of deposit constituting direct obligations of banks, commercial paper, money market mutual funds, repurchase agreements that mature within 330 days, certain U.S. Government agency securities, and certain State and municipal securities that are rated at the time of purchase within the two highest classifications established by a nationally recognized rating service. All mutual funds purchased invest in eligible securities outlined in the parameters of the CPS Investment Policy and meet certain other regulatory requirements.

The CPS' Investment Policy contains the following stated objectives:

- **Safety of Principal.** Investments shall be undertaken in a manner that provides for the preservation of principal in the overall portfolio.
- **Liquidity.** The investment portfolio shall be sufficiently liquid to meet all reasonably anticipated operating and cash flow requirements.
- **Rate of Return.** The investment portfolio shall be constructed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account investment risk constraints and liquidity needs.

At June 30, 2006, the CPS had the following investments (\$000's) and maturities:

Investment Type	Carrying Amount	Maturities Less Than 1 Year	Maturities 1-5 Years
Repurchase Agreements	\$ 125,916	\$ 125,916	\$ —
U.S. Government Agency Securities	909,517	798,105	111,412
Commercial Paper	189,308	189,308	—
Money Market Mutual Funds	495,096	495,096	—
Total Investments	<u>\$1,719,837</u>	<u>\$1,608,425</u>	<u>\$111,412</u>
Cash	22,382		
Total Cash and Investments	<u>\$1,742,219</u>		

Credit Risk — State law and the CPS' Investment Policy limits investment in repurchase agreements, unless registered or inscribed in the name of the Board, to those purchased through banks or trust companies authorized to do business in the State of Illinois. State law and the CPS' Investment Policy limits investment in commercial paper to the top two ratings issued by at least two standard rating services. As of June 30, 2006, Moody's Investment Service rated the CPS' investments in commercial paper A1+ or A1 by Standard and Poor's, and P-1. As of June 30, 2006, Standard and Poor's rated the CPS' investments in money market mutual funds AA as required by the CPS' Investment Policy.

Custodial Risk — During the fiscal year ended June 30, 2006, repurchase agreements were supported by collateral with an aggregate market value equal to at least 102% of amounts invested. The collateral consisted of securities that were permissible under the CPS Investment Policy. Third-party custodians held all collateral in CPS' name.



NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

The following table provides a summary of CPS' total cash and investments as of June 30, 2006 (\$000's):

Fund:	Amount
General Operating Fund	\$ 819,647
Capital Projects Fund	581,305
Debt Service Fund	<u>341,267</u>
Total Cash and Investments	<u><u>\$1,742,219</u></u>

NOTE 5. RECEIVABLES

Receivables as of June 30, 2006 for the CPS, net of the applicable allowance for uncollectible accounts, are as follows (\$000's):

	Fund Financial Statements	Government- Wide Financial Statements
Property taxes	\$ 989,307	\$ 989,307
Replacement taxes	32,341	32,341
State aid	342,236	342,236
Federal aid	178,169	178,169
Other	<u>35,476</u>	<u>35,476</u>
Total Receivables	\$1,577,529	\$1,577,529
Less: Allowance for uncollectibles — property tax	(62,792)	(62,792)
Less: Allowance for uncollectibles — state aid	<u>(3,841)</u>	<u>(3,841)</u>
Total Receivables, net	<u><u>\$1,510,896</u></u>	<u><u>\$1,510,896</u></u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2006, the components of deferred revenue reported in the fund financial statements are as follows (\$000's):

Deferred property taxes	\$ 916,424
Other deferred revenue	<u>258,580</u>
Total Deferred Revenue	<u><u>\$1,175,004</u></u>



NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows (\$000's):

Government-wide activities:	Beginning Balance	Increases	Decreases and Transfers to In-service	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 231,388	\$ 12,780	\$ (20)	\$ 244,148
Construction in progress	<u>483,742</u>	<u>128,847</u>	<u>(244,856)</u>	<u>367,733</u>
Total capital assets not being depreciated	<u>\$ 715,130</u>	<u>\$ 141,627</u>	<u>\$(244,876)</u>	<u>\$ 611,881</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,481,109	\$ 344,585	\$ (8,506)	\$ 5,817,188
Equipment and administrative software ...	<u>100,380</u>	<u>22,304</u>	<u>(60)</u>	<u>122,624</u>
Total capital assets being depreciated	<u>\$ 5,581,489</u>	<u>\$ 366,889</u>	<u>\$ (8,566)</u>	<u>\$ 5,939,812</u>
Total Capital Assets	<u>\$ 6,296,619</u>	<u>\$ 508,516</u>	<u>\$(253,442)</u>	<u>\$ 6,551,693</u>
Less accumulated depreciation for:				
Buildings and improvements	\$(1,987,489)	\$(151,009)	\$ 8,506	\$(2,129,992)
Equipment and administrative software ...	<u>(32,692)</u>	<u>(5,346)</u>	<u>60</u>	<u>(37,978)</u>
Total accumulated depreciation	<u>\$(2,020,181)</u>	<u>\$(156,355)</u>	<u>\$ 8,566</u>	<u>\$(2,167,970)</u>
Capital Assets, net of depreciation ..	<u>\$ 4,276,438</u>	<u>\$ 352,161</u>	<u>\$(244,876)</u>	<u>\$ 4,383,723</u>

Depreciation expense was charged to functions/programs of the CPS as follows (\$000's):

Governmental activities:	
Instruction	\$100,787
Pupil support services	13,258
Administrative support services	6,192
Facility support services	14,176
Instructional support services	15,083
Food services	<u>6,859</u>
Total Depreciation	<u>\$156,355</u>

Construction Commitments

The CPS had active construction projects as of June 30, 2006. These projects include new construction and renovations of schools. At year-end, the CPS had approximately \$221 million in outstanding construction encumbrances.



NOTE 7. INTERFUND TRANSFERS AND BALANCES**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as “Due from/to Other Funds” on the accompanying governmental fund financial statements. All other interfund transfers are reported as transfers in/out.

General Operating Fund:	
Due from Capital Improvement Program	\$ 69,872
Due to Capital Asset Program	(7,750)
Due to Bond Redemption and Interest Program	<u>(20,406)</u>
Net due from other Funds	<u>\$ 41,716</u>
Capital Projects Fund:	
Capital Assets Program — Due from General Operating Fund	\$ 7,750
Capital Improvement Program — Due to General Operating Fund	<u>(69,872)</u>
Net due to other Funds	<u>\$(62,122)</u>
Debt Service Fund:	
Bond Redemption and Interest Program — Due from General Operating Fund	<u>\$ 20,406</u>

The purpose of interfund balances is to present transactions that are to be repaid between major programs at year end. The balances result from operating transactions between funds and are repaid during the fiscal year within the normal course of business.

Transfers

Effective June 30, 2006, CPS made operating transfers of \$2.8 million from the Capital Improvement Program to the Bond Redemption and Interest Program in order to provide additional debt service resources and to transfer \$445,000 of interest earnings and other operating transfers from the Public Building Commission Leases Program to the General Operating Fund.



NOTE 8. LONG-TERM DEBT

General Obligation Bonds

The CPS issued the following bonds in fiscal year 2006:

Unlimited Tax General Obligation Bonds (Series 2005C)

In November 2005, CPS issued \$53,750,000 in Unlimited Tax General Obligation Bonds (Series 2005C) at a premium of \$4,124,158. The proceeds from these bonds are being used as part of CPS' Capital Improvement Program, to pay capitalized interest, and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$54,261,685 in the Capital Improvement Fund.

Unlimited Tax General Obligation Bonds (Series 2005DE)

In December 2005, CPS issued \$325,000,000 in Unlimited Tax General Obligation Bonds (Series 2005DE). The proceeds from these bonds are being used as part of CPS' Capital Improvement Program, and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$323,793,169 in the Capital Improvement Fund.

Unlimited Tax General Obligation Bonds (Series 2006A)

In June 2006, CPS issued \$6,852,800 in Unlimited Tax General Obligation Bonds (Series 2006A) at a discount of \$325,508. The proceeds from these bonds are being used as part of the Capital Improvement Program and to pay costs of issuance of the bonds. As a result of the issuance, CPS recorded net proceeds of \$6,385,392.



NOTE 8. LONG-TERM DEBT (continued)

The following is a summary of changes in Long-term Debt outstanding (\$000's):

Series	Principal Outstanding June 30, 2005	Issuances	Retirements	Principal Outstanding June 30, 2006	Accreted Interest	Principal and Accreted Interest June 30, 2006
2006A	\$ —	\$ 6,853	\$ —	\$ 6,853	\$ —	\$ 6,853
2005DE	—	325,000	—	325,000	—	325,000
2005C	—	53,750	—	53,750	—	53,750
2005B	52,595	—	—	52,595	—	52,595
2005A	193,585	—	—	193,585	—	193,585
2004H	18,500	—	—	18,500	—	18,500
2004G	12,500	—	—	12,500	—	12,500
2004F	25,000	—	—	25,000	—	25,000
2004E	44,730	—	(3,640)	41,090	—	41,090
2004D	53,030	—	—	53,030	—	53,030
2004C-2	48,910	—	—	48,910	—	48,910
2004C-1	75,410	—	—	75,410	—	75,410
2004B	298,075	—	—	298,075	—	298,075
2004A	205,410	—	—	205,410	—	205,410
2003D	254,000	—	(4,125)	249,875	—	249,875
2003C	4,585	—	—	4,585	—	4,585
2003B	183,775	—	—	183,775	—	183,775
2003A	71,165	—	(4,935)	66,230	—	66,230
2002A	48,970	—	(580)	48,390	—	48,390
2001C	35,735	—	(3,740)	31,995	—	31,995
2001B	9,440	—	—	9,440	—	9,440
2001A	7,170	—	(770)	6,400	—	6,400
2000E	13,390	—	—	13,390	—	13,390
2000B,C,D	303,000	—	—	303,000	—	303,000
2000A	16,525	—	—	16,525	—	16,525
IDFA 1999A	12,000	—	—	12,000	—	12,000
1999A	532,554	—	—	532,554	132,685	665,239
1998B-1	328,714	—	—	328,714	155,273	483,987
1998	14,000	—	—	14,000	—	14,000
1997A	499,995	—	—	499,995	22,094	522,089
1997	89,645	—	(8,945)	80,700	—	80,700
1996	58,560	—	(2,880)	55,680	—	55,680
Total Bonds	\$3,510,968	\$385,603	\$(29,615)	\$3,866,956	\$310,052	\$4,177,008
Note Payable	5,500	—	(902)	4,598	—	4,598
Asbestos Abatement	7,574	—	(1,420)	6,154	—	6,154
Total Long-Term Debt	<u>\$3,524,042</u>	<u>\$385,603</u>	<u>\$(31,937)</u>	<u>\$3,877,708</u>	<u>\$310,052</u>	<u>\$4,187,760</u>
Less Current Portion						(32,253)
Deferred Amounts:						
On Refunding						(79,281)
For Net Premium/(Discount)						68,731
Total Long-term Debt, net of Refunding, Current Portion and Premium/(Discount)						<u>\$4,144,957</u>



NOTE 8. LONG-TERM DEBT (continued)

The current portion of long-term debt and long-term lease obligations is comprised of the following:

Bonds	\$(33,655)
Note Payable	(992)
Asbestos Abatement Loans	(1,269)
Refunding	3,663
Subtotal	\$(32,253)
Lease obligations	(22,670)
Total Current Portion	<u>\$(54,923)</u>

The Unlimited Tax General Obligation Bonds are being repaid in the Debt Service Fund from Replacement Tax revenue, revenue from Intergovernmental Agreements with the City of Chicago, and General State Aid to the extent possible, and then from a separate tax levy associated with the bonds.

Defeased Debt

Defeased bonds have been removed from the Statement of Net Assets because related assets have been placed in irrevocable trust that, together with interest earned, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at June 30, 2006 are as follows (\$000's):

<u>Description</u>	<u>Amount Defeased</u>	<u>Amount Outstanding</u>
Unlimited Tax General Obligation Bonds Series 2001C	\$174,575	\$174,575
Unlimited Tax General Obligation Bonds Series 2001A	35,810	35,810
Unlimited Tax General Obligation Bonds Series 2000A	90,435	90,435
Unlimited Tax General Obligation Bonds Series 1997	370,995	370,995
Unlimited Tax General Obligation Bonds Series 1996	281,280	281,280
Total	<u>\$953,095</u>	<u>\$953,095</u>

Future debt and associated swap payments (see Note 10). Interest rates on fixed rate bonds range from 2.5% to 6.75%, except that CPS does not pay or accrue interest on the Series 2001B Bonds, the Series 2000E Bonds, the IDFA Series 1999A Bonds and the Series 1998 Bonds. These bond series were issued as "qualified zone academy bonds" within the meaning of Section 1397E of the Internal Revenue Code of 1986, as amended. CPS does not pay interest on the bonds, however, for Federal income tax purposes, "eligible taxpayers," as defined in Section 1397E of the Internal Revenue Code, who own the Series 2001B bonds will be entitled to a credit against taxable income. Interest rates on variable rate bonds and net swap payments assume the debt service deposit requirement rate and that auction rates as of June 30, 2006 remain the same through their term. Debt service requirements for the Unlimited Tax General Obligation Bonds and net swap payments are scheduled as follows (\$000's):

NOTE 8. LONG-TERM DEBT (continued)

Fiscal Year(s)	Fixed Rate Bonds		Variable Rate Bonds		Interest Rate Swaps, Net**	Total
	Principal	Interest	Principal	Interest*		
2007	\$ 19,875	\$ 82,591	\$ 13,780	\$ 56,788	\$ (1,075)	\$ 171,959
2008	25,124	81,988	14,415	56,170	(1,071)	176,626
2009	30,000	81,230	15,145	55,471	(1,066)	180,780
2010	81,257	104,619	19,490	54,708	(1,062)	259,012
2011	82,487	104,575	21,135	53,735	(1,056)	260,876
2012-2016	469,394	508,627	124,600	253,238	(5,202)	1,350,657
2017-2021	535,061	477,074	218,485	256,341	(4,898)	1,482,063
2022-2026	533,224	482,168	394,685	223,093	(4,003)	1,629,167
2027-2031	458,423	567,582	512,010	146,859	(1,696)	1,683,178
2032-2036	53,946	173,104	244,420	55,853	(183)	527,140
Total	\$2,288,791	\$2,663,558	\$1,578,165	\$1,212,256	\$(21,312)	\$7,721,458

* Interest on Series 2000B,C,D variable rate demand notes was calculated at an assumed rate of 6% per annum and interest on Series 2003D unhedged auction rate bonds was calculated at an assumed rate of 5% per annum (equals annual debt service deposit requirement). Interest on Series 2004CDE variable rate demand notes calculated at an assumed rate of 4.5% per annum. Interest on auction rate securities assumes current interest rates remain the same as of June 30, 2006 and was calculated as follows:

Series 2003B — 3.567%
 Series 2003D — 3.811%
 Series 2004B — 3.699%
 Series 2005DE — 4.021%

** Series 2003B computed: $(3.782\% - 3.970\%) \times \text{Outstanding Principal}$
 Series 2003D computed: $(3.771\% - 3.734066\%) \times \text{Outstanding Principal}$
 Series 2004B computed: $(3.5439\% - 3.734066\%) \times \text{Outstanding Principal}$
 Series 2004B computed: $(3.5439\% - 3.734066\%) \times \text{Outstanding Principal}$

Interest and maturities include accretable interest on the Capital Appreciation Bonds as follows (\$000's):

Series	Accreted Interest June 30, 2005	Increase	Accreted Interest June 30, 2006	Total Accretable Interest	Remaining Accretable Interest
1997A	\$ 18,968	\$ 3,126	\$ 22,094	\$ 53,485	\$ 31,391
1998B-1	131,478	23,795	155,273	816,756	661,483
1999A	111,643	21,042	132,685	617,287	484,602
	<u>\$262,089</u>	<u>\$47,963</u>	<u>\$310,052</u>	<u>\$1,487,528</u>	<u>\$1,177,476</u>

The loans with the EPA to fund specific asbestos abatement projects are non-interest bearing and are being repaid over a 20-year period. No specific revenue sources are currently dedicated to provide for asbestos abatement loan retirements.



NOTE 9. CAPITALIZED LEASES

Annual rental payments are made pursuant to lease agreements with the Public Building Commission (the "PBC"). The PBC constructs, rehabilitates and equips school buildings and facilities for use by the CPS. The annual lease rentals are funded by a tax levy established when the CPS approved such construction.

The leases are structured so that annual rentals will exceed the PBC's requirements for debt service and other estimated expenses. This ensures that the PBC will receive adequate revenue to cover these obligations. The PBC can authorize rent surpluses to be used either to reduce future rental payments or to finance construction of other CPS projects.

In 2006, CPS entered into \$3.7 million lease with an option to purchase with the Teachers Academy of Math and Science. The term of the lease commenced October 1, 2005 and shall end February 1, 2021. This end date represents the maturity date of bonds issued for the premises by the Illinois Development Finance Authority Bonds. Debt service includes principal and interest and all other costs associated with these bonds. Additionally, CPS will assume all operating costs and personnel costs of the premises.

The future PBC lease rentals and other capitalized leases due at June 30, 2006, are as follows (\$000's):

<u>Fiscal Year(s)</u>	<u>PBC Lease Rentals</u>	<u>Other</u>	<u>Total</u>
2007	\$ 51,766	\$ 424	\$ 52,190
2008	51,800	424	52,224
2009	51,838	424	52,262
2010	51,830	424	52,254
2011	51,874	424	52,298
2012-2016	259,896	2,118	262,014
2017-2020	186,823	1,993	188,816
Total Rentals	\$ 705,827	\$ 6,231	\$ 712,058
Less — Interest and other costs	(247,797)	(3,256)	(251,053)
Principal amount of rental due	<u>\$ 458,030</u>	<u>\$ 2,975</u>	<u>\$ 461,005</u>

Following is a summary of changes in PBC Leases and Capitalized Lease outstanding (\$000's):

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>
PBC Leases	\$476,044	\$ —	\$ (18,014)	\$458,030
Capitalized leases	—	3,700	(725)	2,975
	<u>\$476,044</u>	<u>\$3,700</u>	<u>\$ (18,739)</u>	<u>\$461,005</u>
Less: Current Portion PBC Leases				(22,495)
Current Portion Capitalized Lease				(175)
Total Leases Outstanding				<u>\$438,335</u>

Operating Leases

CPS is a lessee in numerous operating leases associated with the rental of trucks, automobiles and various office equipment. The lease arrangements are both cancelable and non-cancelable with some having structured rent increases. None of the operating leases are considered to be contingent leases.



Financial Section

NOTE 9. CAPITALIZED LEASES (continued)

Total expenditures for operating leases for the fiscal year ending June 30, 2006 were \$3.3 million. Following is a summary of operating lease commitments as of June 30, 2006 (000's):

<u>Fiscal Year(s)</u>	<u>Total</u>
2007	\$ 4,080
2008	3,793
2009	3,546
2010	1,769
2011	123
Total Operating Lease Commitments	<u>\$13,311</u>

NOTE 10. DERIVATIVE INSTRUMENTS**Interest Rate Swaps****Series 2003B**

Swap Objective. CPS entered into two interest rate swaps associated with the issuance of the Series 2003B bonds in February 2003 as a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of entering into the swaps was to effectively change the variable interest rate on the auction rate bonds to a fixed interest rate of 3.782%.

Swap terms. The bonds and the related swap agreements mature on March 1, 2033, and the total notional amount of the swaps equals the \$183,775,000 of Series 2003B variable auction rate bonds. Starting in fiscal year 2018, the notional value of the swap declines by the same amount of the associated principal amortization. Under the swap, CPS pays each counterparty a fixed payment of 3.782% and receives a variable payment computed at the Bond Market Association Municipal Swap Index™ (BMA) until March 1, 2007, then computed as 70% of the London Interbank Offered Rate (LIBOR) from March 1, 2007 through March 1, 2033.

Fair value. As of June 30, 2006, the swaps have a positive fair value as a result of long term interest rates rising since the execution of the swap. Because the coupons on CPS's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was determined by market prices quoted by each counterparty as of June 30, 2006 (see table below).

Credit risk. As of June 30, 2006, CPS was exposed to credit risk because the swaps had a positive fair value. However, should interest rates change and the fair value of the swaps becomes negative, CPS would not be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A+"/"A1", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Swap Counterparty Data as of June 30, 2006

<u>Counterparty</u>	<u>Swap Notional Amount</u>	<u>Credit Rating; Outlook</u>		<u>Swap Fair Value</u>
		<u>Moody's</u>	<u>S&P</u>	
Goldman Sachs	\$110,265,000	A1	A+; stable	\$2,597,330
Bank of America	73,510,000	Aa2	AA-; stable	1,699,973
Total	<u>\$183,775,000</u>			<u>\$4,297,303</u>



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

Basis risk. The swaps expose CPS to basis risk should the rate paid on the auction rate securities increase to more than the BMA rate received through March 1, 2007. The swaps also expose CPS to basis risk should the relationship between LIBOR and BMA converge and the rate paid on the auction rate securities increases to more than the 70% of LIBOR rate received after March 1, 2007. Should any adverse basis differential occur during the swap contract, the rate paid on the bonds will be higher than the 3.782% synthetic rate, and therefore the expected cost savings may not be realized. As of June 30, 2006, the weighted average auction rate was 3.567% and the BMA rate was 3.97%. As of June 30, 2006 the BMA rate was 3.97%, whereas 70% of LIBOR was 3.734%. To mitigate the potential for basis risk, CPS funded a reserve to provide for potential basis differential (annual debt service fund deposit is calculated at a rate of 3.902%, and \$3,000,000 was placed in reserve).

Termination risk. CPS or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A-" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaps may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaps are terminated, the Series 2003B bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.

Series 2003D

Swap Objective. CPS entered into two interest rate swaps associated with the issuance of the Series 2003D bonds in December 2003 as a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of entering into the swaps was to effectively change the variable interest rate on the certain of the auction rate bonds to a fixed interest rate of 3.771%.

Swap terms. The bonds and the related swap agreements mature on March 1, 2034, and the total notional amount of the swaps equals the \$185,350,000 of Series 2003D variable auction rate bonds. Starting in fiscal year 2018, the notional value of the swap declines by the same amount of the associated principal amortization. Under the swap, CPS pays each counterparty a fixed payment of 3.771% and receives a variable payment computed at the 70% of the London Interbank Offered Rate (LIBOR) through March 1, 2034.

Fair value. As of June 30, 2006, the swaps have a positive fair value as a result of long term interest rates rising since the execution of the swap. Because the coupons on CPS's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was determined by market prices quoted by each counterparty as of June 30, 2006 (see table below).

Credit risk. As of June 30, 2006, CPS was exposed to credit risk because the swaps had a positive fair value. However, should interest rates change and the fair value of the swaps becomes negative, CPS would not be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A-"/"A3", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.



NOTE 10. DERIVATIVE INSTRUMENTS (continued)**Swap Counterparty Data as of June 30, 2006**

<u>Counterparty</u>	<u>Swap Notional Amount</u>	<u>Credit Rating; Outlook</u>		<u>Swap Fair Value</u>
		<u>Moody's</u>	<u>S&P</u>	
Lehman Brothers	\$ 95,350,000	A1	A+; stable	\$2,437,195
Goldman Sachs	90,000,000	A1	A+; stable	2,338,225
Total	<u>\$185,350,000</u>			<u>\$4,775,420</u>

Basis risk. The swaps expose CPS to basis risk should the rate paid on the auction rate securities be higher than the 70% of LIBOR rate received from the swap counterparties. Should any adverse basis differential occur during the swap contract, the rate paid on the bonds will be higher than the 3.771% synthetic rate, and therefore the expected cost savings may not be realized. As of June 30, 2006, the weighted average auction rate was 3.811% and 70% of LIBOR was 3.734%. To mitigate the potential for basis risk, CPS funded a reserve of \$3,000,000 upon closing the bonds to provide for potential basis differential, and annual debt service fund deposit is calculated at a rate of 3.891%.

Termination risk. CPS or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A—" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaps may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaps are terminated, the Series 2003D bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.

Series 2004B

Swap Objective. CPS entered into three interest rate swaps associated with the issuance of the Series 2004B bonds in April 2004 as a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of entering into the swaps was to effectively change the variable interest rate on the auction rate bonds to a fixed interest rate of 3.5439%.

Swap terms. The bonds and the related swap agreements mature on March 1, 2032, and the total notional amount of the swaps matches the \$298,075,000 of Series 2004B variable auction rate bonds. Starting in fiscal year 2018, the notional value of the swap declines by the same amount of the associated principal amortization. Under two of the swap agreements, CPS pays each counterparty a fixed payment of 3.5439% and receives a variable payment computed at 70% of the London Interbank Offered Rate (LIBOR) through March 1, 2032. Under the third swap agreement, which allows CPS to better hedge against the associated variable rate debt, CPS receives either a lower percentage of LIBOR in a high interest rate environment, or a higher percentage of LIBOR in a low interest rate environment, based on the following scale:

<u>LIBOR</u>	<u>Percentage of LIBOR</u>
Less than 1.55%	90%
Greater than 1.55% but less than 2.35%	77%
Greater than 2.35% but less than 3.45%	73%
Greater than 3.45% but less than 4.10%	71%
Greater than 4.10% but less than 6.00%	70%
Greater than 6.00%	65%



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

Fair value. As of June 30, 2006, the swaps have a positive fair value as a result of long term interest rates rising since the execution of the swap. Because the coupons on CPS's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was determined by market prices quoted by each counterparty as of June 30, 2006 (see table below).

Credit risk. As of June 30, 2006, CPS was exposed to credit risk because the swaps had a positive fair value. However, should interest rates change and the fair value of the swaps becomes negative, CPS would not be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A+"/"A1", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Swap Counterparty Data as of June 30, 2006

<u>Counterparty</u>	<u>Swap Notional Amount</u>	<u>Credit Rating; Outlook</u>		<u>Swap Fair Value</u>
		<u>Moody's</u>	<u>S&P</u>	
Goldman Sachs	\$178,845,000	A1	A+; stable	\$ 9,394,229
Bear Stearns	119,230,000	Aaa	AAA; stable	6,248,679
Bear Stearns	298,075,000	Aaa	AAA; stable	(4,899,815)
Total	<u>\$596,150,000</u>			<u>\$10,743,093</u>

Basis risk. The swaps expose CPS to basis risk should the rate paid on the auction rate securities be higher than the rates received from the swap counterparties. Should any adverse basis differential occur during the swap contract, the rate paid on the bonds will be higher than the 3.5439% synthetic rate, and therefore the expected cost savings may not be realized. As of June 30, 2006, the weighted average auction rate was 3.699% and the 70% of LIBOR rate was 3.734%. Under the third swap agreement, the total rate received by the swap counterparty was 70% of LIBOR. To additionally mitigate the potential for basis risk, CPS's annual debt service fund deposit is calculated at a rate of 3.6639%.

Termination risk. CPS or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A-" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaps may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaps are terminated, the Series 2004B bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.

Series 1997A

Swaption Objective. In August 2005 CPS sold an option to Bank of America N.A. under which CPS may be caused to enter into an interest rate swap associated with \$100,000,000 of the Series 1997A bonds upon exercise of the option in July 2007 (effective December 2007) as a means of monetizing the call option of these bonds in a low interest rate environment. The intention of entering into the swap was to effectively economically refund \$100,000,000 of the Series 1997A bonds, avoiding negative arbitrage in advance refunding escrows, while realizing an upfront payment of \$18,345,000 to be used for costs of issuance and for debt service requirements in fiscal year 2006.



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

Swaption terms. Upon exercise of the option, CPS will issue variable rate bonds to currently refund \$100,000,000 of the Series 1997A bonds, and the interest rate swap will become effective under which CPS will pay the counterparty a fixed payment of 5.25% (the current fixed rate of the outstanding Series 1997A bonds) and will receive a variable payment computed at 70% of LIBOR.

Fair value. Because CPS received an upfront payment the swaption has a negative fair value in the amount of the upfront payment until option exercise date in July 2007. However, because interest rates have increased since execution of the swap, the swap also has a positive fair value component as of June 30, 2006 as determined by market prices quoted by the counterparty. The net fair value of the swaption was negative \$10,900,189 as of June 30, 2006.

Credit risk. As of June 30, 2006, CPS was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the fair value of the swaps becomes positive, CPS would be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A+"/"A1", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Basis risk. Upon exercise, the swap will expose CPS to basis risk should the rate paid on the variable rate refunding bonds be more than the 70% of LIBOR rate received by the counterparty. Should any adverse basis differential occur once the swap contract becomes effective, the rate paid on the bonds will be higher than the 5.25% synthetic rate, and therefore the expected refunding savings may not be fully realized.

Termination risk. CPS or the counterparties may terminate the swaption if the other party fails to perform under the terms of the contract. The swaption may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A—" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaption may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaption is terminated prior to the option exercise date, and at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value. If the swap is terminated after the option is exercised, the Series 2007 refunding bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.

Series 2005A

Swap Objective. In October 2005 CPS entered into two interest rate swaps associated with the Series 2005A bonds as a means of lowering its borrowing costs. — The intention of entering into the swaps was to effectively change the interest rate on the fixed rate bonds from the stated coupon on the bonds to a lower rate.

Swap terms. The bonds and the related swap agreements mature on December 1, 2031, and the total notional amount of the swaps equals the \$193,585,000 of Series 2005A fixed rate bonds. Starting in fiscal year 2014, the notional value of the swap declines by the same amount of the associated principal amortization. Under the swap, CPS pays one counterparty a variable payment computed at the Bond Market Association (BMA) rate and receives a variable payment computed at 70% of the London Interbank Offered Rate (LIBOR) plus 52.4 basis points. For the second swap, CPS pays the



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

counterparty a variable payment computed at the BMA rate and receives a variable payment computed at 80.764% of LIBOR.

Fair value. As of June 30, 2006, the swaps have a positive fair value as a result of long term interest rates rising since the execution of the swap. The fair value was determined by market prices quoted by each counterparty as of June 30, 2006 (see table below).

Credit risk. As of June 30, 2006, CPS was exposed to credit risk because the swaps had a positive fair value. However, should interest rates change and the fair value of the swaps becomes negative, CPS would not be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A+"/"A1", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Swap Counterparty Data as of June 30, 2006

<u>Counterparty</u>	<u>Swap Notional Amount</u>	<u>Credit Rating; Outlook</u>		<u>Swap Fair Value</u>
		<u>Moody's</u>	<u>S&P</u>	
Loop Financial	\$116,151,000	A2	A; stable	\$1,531,939
Merrill Lynch	77,434,000	Aa3	A+; stable	1,832,975
Total	<u>\$193,585,000</u>			<u>\$3,364,914</u>

Basis risk. The swaps expose CPS to basis risk should the relationship between LIBOR and BMA converge. Should any adverse basis differential occur during the swap contract, the rate paid on the bonds will be higher than the stated coupon on the bonds, and therefore the expected cost savings may not be realized. As of June 30, 2006, the BMA rate was 3.97%. As of June 30, 2006, the rate received by one counterparty was 4.258% (70% of LIBOR + 52.4 basis points) and was 4.308% from the other (80.764% of LIBOR), effectively lowering the stated coupon on the bonds by a weighted average of 30.8 basis points.

Termination risk. CPS or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A-" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaps may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaps are terminated, the Series 2003B bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.

Series 2005DE

Swap Objective. CPS entered into an interest rate swap associated with the issuance of the Series 2005DE bonds in December 2005 as a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of entering into the swap was to effectively change the variable interest rate on the bonds to a fixed interest rate of 3.6617%.

Swap terms. The bonds and the related swap agreement mature on March 1, 2036, and the total notional amount of the swaps equals the \$287,055,000 of Series 2005DE variable rate bonds. Starting in fiscal year 2013, the notional value of the swap declines by the same amount of the associated



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

principal amortization. Under the swap, CPS pays the counterparty a fixed payment of 3.6617% and receives a variable payment computed at 70% of the London Interbank Offered Rate (LIBOR).

Fair value. As of June 30, 2006, the swap has a positive fair value as a result of long term interest rates rising since the execution of the swap. Because the coupons on CPS's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was determined by market prices quoted by the counterparty as of June 30, 2006 (see table below).

Credit risk. As of June 30, 2006, CPS was exposed to credit risk because the swaps had a positive fair value. However, should interest rates change and the fair value of the swaps becomes negative, CPS would not be exposed to credit risk in the amount of the derivatives' fair value. To mitigate the potential for credit risk, if a counterparty's credit rating from either Standard & Poor's and Moody's Investors Service are "A+"/"A1", respectively or lower, and the fair value of the swap reaches certain threshold amounts, the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Swap Counterparty Data as of June 30, 2006

<u>Counterparty</u>	<u>Swap Notional Amount</u>	<u>Credit Rating; Outlook</u>		<u>Swap Fair Value</u>
		<u>Moody's</u>	<u>S&P</u>	
Loop Financial	\$287,055,000	A2	A; stable	\$10,218,913

Basis risk. The swaps expose CPS to basis risk should the rate paid on the variable rate debt be higher than the 70% of LIBOR rate received from the swap counterparty. Should any adverse basis differential occur during the swap contract, the rate paid on the bonds will be higher than the 3.6617% synthetic rate, and therefore the expected cost savings may not be realized. As of June 30, 2006, the weighted average variable rate was 4.021% and 70% of LIBOR was 3.734%. To mitigate the potential for basis risk, CPS's annual debt service fund deposit is calculated at a rate of 3.7817%.

Termination risk. CPS or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may also be terminated by CPS if the counterparty's credit quality rating falls below designated rating levels from Standard & Poor's, Moody's Investors Service and/or Fitch ("A-" as issued by Standard & Poor's and Fitch or "A3" as issued by Moody's Investors Service). The swaps may also be terminated by the counterparty if CPS's credit quality rating by any two of Standard & Poor's, Moody's Investors Service and Fitch falls below "BBB" as issued by Standard & Poor's or Fitch and "Baa2" as issued by Moody's. If the swaps are terminated, the Series 2003B bonds would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate debt. Also, if at the time of termination the swap has a negative fair value, CPS would be liable to the counterparty for payment equal to the swap's fair value.



NOTE 11. OTHER LONG-TERM LIABILITIES

The following is a summary of changes to other long-term liabilities (\$000's)

	Balance June 30, 2005	Additions	Payments	Balance June 30, 2006
Accrued Sick Pay Benefits	\$248,079	\$54,580	\$(56,847)	\$245,812
Accrued Vacation Pay Benefits	48,239	2,540	(6,353)	44,426
Accrued Workers' Compensation Claims	66,279	15,736	(12,509)	69,506
Accrued General and Automobile Claims	5,052	—	(713)	4,339
Tort Liabilities and Other Claims	—	2,900	—	2,900
Total	<u>\$367,649</u>	<u>\$75,756</u>	<u>\$(76,422)</u>	\$366,983
Less: Current Portion of Accrued Sick Pay Benefits				(46,898)
Less: Current Portion of Accrued Vacation Pay Benefits				(6,267)
Less: Current Portion of Claims and Judgments				<u>(1,500)</u>
Total Other Long-term Liabilities				<u>\$312,318</u>

Sick Pay Benefits

The CPS provides sick pay benefits for substantially all of its employees. Eligible employees can accumulate a maximum of 315 days. If an employee either reaches age 65; is age 58 with between 20 and 33 years of service; has 34 years of service, or; dies, the employee is entitled to receive, as additional cash compensation, all or a portion of their accumulated sick leave days. The CPS budgets an amount each year in the General Operating Fund for these estimated payments to employees terminated in the current fiscal year.

Vacation Pay Benefits

For eligible employees, the maximum number of accumulated unused vacation days permitted is 40 days for those employees with up to 10 years of service; 53 days for those with 10 to 20 years of service; and 66 days for those with more than 20 years of service. Eligible employees are entitled to receive 100% of accumulated vacation days at their current salary rate. These amounts will be liquidated from the General Operating Fund.

Accrued Workers' Compensation, General and Automobile and Tort Liabilities and Other Claims

The CPS is substantially self-insured and assumes risk of loss as follows:

The CPS maintains commercial excess property insurance for "all risks" of physical loss or damage with limits of \$150,000,000 and Boiler & Machinery Insurance with limits of \$100,000,000 with the following deductibles:

Data Processing Equipment & Media	\$ 25,000
Mechanical Breakdown	\$ 50,000
All Other Losses	\$500,000

During fiscal years 2006, 2005 and 2004 no settlements were made in excess of the self-insured amount and there has been no significant reduction in insurance coverage over the past three fiscal years.

The CPS maintains commercial excess liability insurance with limits of \$100,000,000 in excess of a \$10,000,000 self-insured retention per loss for claims arising from: General Liability; Automotive Liability; Employers Liability; and Wrongful Acts.



NOTE 11. OTHER LONG-TERM LIABILITIES (continued)

As discussed in Note 15, there are pending workers' compensation and tort claims involving the CPS which have arisen out of the ordinary conduct of business. The CPS budgets an amount each year in the Workers' and Unemployment Compensation/Tort Immunity Fund for the estimated claims, of which the expenditures are met through an annual tax levy.

The CPS' estimate of liabilities for workers' compensation claims, general and automobile claims and tort is based on reserves established by the respective trial attorneys or the claims administrators. The CPS accrues for the estimated workers' compensation, general and automobile claims and tort claims in the General Operating Fund where there is a likelihood that an unfavorable outcome is probable and that expenditures will be liquidated with expendable available financial resources.

The CPS is self-insured for workers' compensation claims and certain employee health insurance costs (reimbursed to a provider on a cost plus fees basis). A liability of \$49 million has been recorded for health insurance costs as a part of accrued payroll in the General Operating Fund, which includes \$26 million for estimated medical claims incurred but not reported as of June 30, 2006. Following is the activity related to medical claims for which the CPS is self-insured (\$000's):

<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>\$33,655</u>	<u>\$215,468</u>	<u>\$(204,098)</u>	<u>\$45,025</u>	<u>\$255,618</u>	<u>\$(251,631)</u>	<u>\$49,012</u>

NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS**Pension**

Pension benefits for certified teachers and administrators are provided under a defined benefit multiple employer plan administered by the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund"). There are no assets of the CPS included in the Pension Fund. Copies of the Pension Fund Annual Report are available by contacting the Public School Teachers' Pension & Retirement Fund of Chicago, 203 North LaSalle Street, Chicago, Illinois 60601.

Article 17 of the Illinois Pension Code governs the retirement, survivor and disability benefits provided by the Pension Fund. Participation in the Pension Fund is mandatory for all members of the teaching force and employees of the Pension Fund. As of June 30, 2005, the most recent report, there were 37,521 active participants in the Pension Fund, substantially all of who were employees of the CPS.

A member of the Pension Fund with at least 20 years of service is entitled to a pension upon attainment of age 55. A member with at least 5 but less than 20 years of service is entitled to a pension upon attainment of age 62. The pension benefit is based upon years of service and salary level.

Participating members contribute 9% of salary, allocated as follows: 7.5% for retirement pension, 0.5% for automatic annual increases and 1.0% for survivor's pension. In fiscal year 2006, as in previous fiscal years, the CPS paid a portion (7% — \$123.4 million) of the required employees' contribution, which has been recorded as an expenditure in the accompanying financial statements. A portion of grant funds from the Federal government and General Operating Fund revenues provides the funding of the 7% portion. The remaining portion (2%) is withheld from teachers' salaries.

The CPS' employer-required contributions, with the exception of contributions from Federal funds, are not actuarially determined. State law requires statutorily determined CPS employer contributions. The



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

CPS' employer contributions towards the cost of retirement benefits, and their related sources of funding, are as follows (\$000's):

Retirement benefit contribution:

A contribution from the State of Illinois	\$ 74,922
A contribution to increase funded ratio to 90%	26,350
A portion of grant funds from the Federal government for teachers paid from certain Federally-funded programs	8,860
Total contributions	<u>\$110,132</u>

For the fiscal year ended June 30, 2006, employee contributions are \$158.6 million which is 9% of covered payroll. Employer contributions for the year are \$83.8 million which is approximately 5% of covered payroll.

The CPS recognizes its pension expenditures as the amount accrued during the year that normally would be liquidated with expendable available financial resources (i.e., total CPS contributions).

The governmental fund financial statements reflect expenditures on both a functional and budgetary account basis. Teachers' pension expenditures reflected on the budgetary account basis include both the CPS' employer share of pension expenditures of \$83.8 million and amounts incurred by the CPS for a portion of the required employees' pension contribution of \$153.2 million, which total \$237.0 million. For functional reporting purposes, all teachers' pension expenditures, except that portion funded by the State, are reflected in the same functional classifications as the teachers' salaries.

The government-wide financial statements reflect pension expense representing the change in net pension obligation.

The CPS' annual pension cost for fiscal years 2006, 2005 and 2004 are as follows (\$000's):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual required contribution (ARC)	\$ 328,366	\$ 258,883	\$ 202,971
Interest on Net Pension Obligation (NPO)	100,492	83,200	71,580
Adjustment to annual required contribution	<u>(61,849)</u>	<u>(51,206)</u>	<u>(44,053)</u>
Annual Pension Cost (APC) for the fiscal year ended			
June 30, 2006	\$ 367,009	\$ 290,877	\$ 230,498
Less: Contributions made	<u>(110,132)</u>	<u>(74,729)</u>	<u>(85,253)</u>
Increase in NPO	\$ 256,877	\$ 216,148	\$ 145,245
Add NPO, beginning of year	<u>1,256,146</u>	<u>1,039,998</u>	<u>894,753</u>
NPO, end of year	<u>\$1,513,023</u>	<u>\$1,256,146</u>	<u>\$1,039,998</u>
Actuarial valuation date	June 30, 2005		
Actual cost method	Projected Unit Credit		
Amortization method	Level percent, open		
Remaining amortization period	40 years		
Asset valuation method	4 year smoothed market		
Actuarial assumptions:			
Investment rate of return	8%		
Projected salary increases	Average of 4.6% per year		
Inflation	3%		



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

At June 30, 2005, 2004 and 2003 (the actuarial valuation dates), the Schedule of Funding Progress and other trend information is as follows (\$000's):

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial value of assets	\$ 10,506,471	\$ 10,392,193	\$ 10,494,755
Less: Actuarial Accrued Liability (AAL)	(13,295,876)	(12,105,681)	(11,411,528)
AAL unfunded (liability)/surplus	<u>\$ (2,789,405)</u>	<u>\$ (1,713,488)</u>	<u>\$ (916,773)</u>
Funded ratio	79.0%	85.8%	92.0%
Covered payroll	\$ 1,968,612	\$ 1,767,631	\$ 1,706,205
Unfunded AAL as a percentage of covered payroll	70.6%	96.9%	53.7%
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual pension cost	\$ 367,009	\$ 290,877	\$ 230,498
Percentage of annual pension cost contributed	30.0%	25.7%	37.0%
Net Pension Obligation	\$1,513,023	\$1,256,146	\$1,039,998

In the opinion of the CPS' legal counsel, the unfunded actuarial liability of the Pension Fund is not a liability to be funded by the CPS; however, the CPS is required to provide funding in addition to amounts provided from Federal and State sources if the funded ratio drops below 90%. CPS contributed \$26.4 million in fiscal year 2006 to increase the funded ratio to 90% and will make an additional General Operating Fund appropriation of \$80.3 million for the fiscal year ended June 30, 2007.

During fiscal year 2006, approximately 307 teachers participated in CPS' early retirement incentive program. The accrued pension cost of \$10.6 million was recorded in the fund financial statements.

Other Personnel

All career service employees of the CPS, except CPS employees who are members of the Public School Teachers' Pension and Retirement Fund, participate in the Municipal Employees' Annuity and Benefit Fund of Chicago (the "Annuity Fund"). The Annuity Fund is considered a defined contribution plan.

Employees with at least 10 years of service who have attained 55 years of age at the time they withdraw from service must accept an annuity if they are not eligible for a refund of their annuity contribution. Employees under the age of 55 with at least 10 years of service who withdraw from service may accept a refund of their contributions plus interest or let the contributions remain in the Annuity Fund and receive an annuity, beginning upon application for an annuity, after they attain 55 years of age. If an employee withdraws from service with less than 10 years of service, accumulated annuity contributions plus interest are refunded.

Except as described below, the CPS makes no direct contributions to the Annuity Fund, which receives its income from three primary sources: a City of Chicago tax levy; income from investments; and deductions from participating employees' salaries.

Covered employees are required by Article 8, Chapter 40 of the Illinois Compiled Statutes to contribute a percentage of their salary (8.5%). In fiscal year 2006, as in previous fiscal years, the CPS agreed to pay a portion (7% — \$36 million) of the required employees' contribution for most employees. The CPS also receives a portion of the cost of providing pension benefits from grants by the Federal government for career service employees paid from certain Federally-funded programs. The amount reflected as career service pension expenditures in the accompanying governmental fund financial statements is \$87.5 million, \$36 million of this amount represents the required employees' contribution paid by the CPS on behalf of its employees, and \$49.5 million is contributed by the City of Chicago through its specific tax levies for pension plans and the remaining \$2 million is funded under Federally-funded



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

programs. The portion funded by the City of Chicago and Federal Government is also reflected as revenue in the General Operating Fund.

Career service pension expense in the government-wide financial statements is \$87.5 million.

As of December 31, 2005, the date of the latest available report, the Annuity Fund had net assets of approximately \$6.36 billion and an unfunded accrued actuarial liability for all covered employees, including CPS employees, of approximately \$2.9 billion. The CPS employs approximately 15,000 of the 33,743 active participants in the Annuity Fund. The CPS, in the opinion of its legal counsel, has no duty to contribute any sum to the Annuity Fund.

Other Postemployment Benefits (OPEB)

Healthcare benefits for certified teachers and administrators are provided under a multiple employer plan administered by the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund"). There are no assets of the CPS included in the Pension Fund. The initial actuarial analysis is contained in a stand alone report that was commissioned by CPS and is available by contacting Chicago Public Schools, 125 South Clark Street, Chicago, Illinois 60603. Subsequent analyses will be contained within the Pension Fund Annual Report and will be available by contacting the Public School Teachers' Pension & Retirement Fund of Chicago, 203 North LaSalle Street, Chicago, Illinois 60601.

The Pension Fund administers a health insurance program that includes two external health insurance providers. A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in a health insurance program and premium rebate sponsored by the Pension Fund, provided the Pension Fund is the recipient's final pension system prior to retirement. The purpose of this program is to help defray the retired member's premium cost for health insurance. The member is responsible for paying the cost of the insurance and may purchase insurance from the Pension Fund's providers or other outside providers. Each year, the Board of Trustees of the Pension Fund establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The rebate percentage was 52% of the individual member's cost for the first month in fiscal year 2005 and 70% for the remaining eleven months in fiscal year 2005. The rebate percentage was 85% of the individual member's cost for the first nine months in fiscal year 2004 and 52% for the last three months in fiscal year 2004. In accordance with Illinois Compiled Statutes (ILCS) Article 40 Chapter 5 Article 17 Section 142.1, the total health insurance benefits provided in any one year may not exceed \$65 million plus any previous year amounts authorized but not yet expended. The statutory threshold, however, does not fall under the definition of a funding cap as set forth in GASBS 45. The Pension Fund has total discretion over the program, and no employee or employer contributions are made for the subsidy.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

The CPS' annual OPEB cost for fiscal year 2006 is as follows (\$000's):

Total actuarial valuation as of June 30, 2005	\$2,825,543
Total OPEB assets of the Teacher Pension Fund	89,763
Unfunded actuarial liability	<u>\$2,735,780</u>
Annual amount to amortize unfunded liability over 30 years	
As a level percent of payroll	\$ 106,758
Normal cost	<u>106,557</u>
Annual required contribution	\$ 213,315
Interest on net OPEB obligation	N/a
Adjustment to annual required contribution	<u>N/a</u>
Annual OPEB cost for the fiscal year ended June 30, 2006	\$ 213,316
Less: Contributions made	<u>—</u>
Net OPEB	<u>\$ 213,316</u>
Actuarial valuation date	June 30, 2005
Actual cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	5%
Medical trend rate	12%
Inflation	3%

Other Personnel

Actuarial studies on other personnel determined that no OPEB liability exists for those employees as of June 30, 2006.

NOTE 13. THE CHICAGO SCHOOL FINANCE AUTHORITY

In 1979, the CPS was unable to continue normal operations because of a severe cash shortage. As a result, the Chicago School Finance Authority (the "Authority") was created in January 1980 to exercise oversight and control over the financial affairs of the CPS.

The amount of Authority bonds outstanding at June 30, 2006, net of bonds advance refunded or defeased is \$187,985,000. The Authority's bonds are not a direct or contingent obligation of the CPS.

The principal amount of general obligation bonds of the Authority at June 30, 2006 is shown below:

<u>Fiscal Year(s)</u>	<u>Maturities</u>		
	<u>Principal and Sinking Fund Installments</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 60,190	\$10,242	\$ 70,432
2008	61,150	6,943	68,093
2009	66,645	3,605	70,250
Total	<u>\$187,985</u>	<u>\$20,790</u>	<u>\$208,775</u>

Interest rates on the above Authority bonds range from 5.0% to 6.25%.



NOTE 13. THE CHICAGO SCHOOL FINANCE AUTHORITY (continued)

The Authority is a separate body politic and corporate and a unit of local government with the power to levy property taxes. The Authority will remain in existence until one year after all bonds and notes issued by it have been discharged. The Authority had various financial oversight powers related to the CPS until June 30, 1995. Public Act 93-0488 suspended the powers of the Authority until 2010.

NOTE 14. FUND BALANCE RESERVATIONS AND NET ASSET RESTRICTIONS*a. Fund Balance Reservation*

On the fund financial statements, the Fund Balance Reserved for Specific Purposes consists of the following (\$000's):

<u>Purpose</u>	<u>Reserved Amount</u>
Workers' Compensation/Tort Immunity	\$26,123
Supplementary General State Aid	35,546
Public Building Commission Operations and Maintenance	22,719
Total	<u>\$84,388</u>

The amount reserved for Supplementary General State Aid represents the unexpended and unencumbered portion of the 2006 Supplementary General State Aid allocation.

In its fiscal year 2006 budget, CPS appropriated in its General Operating Fund \$30.0 million of fund balances from amounts reserved for specific purposes and \$50.0 million of general fund balance.

In its fiscal year 2007 budget, CPS appropriated in its General Operating Fund \$30.0 million of fund balances from amounts reserved for specific purposes and \$75.0 million of general fund balance.

In its fiscal year 2006 budget, CPS designated \$190 million to provide working capital. In its fiscal year 2007 budget, CPS has designated \$218.4 million to provide working capital.

During fiscal year 2006, the Board reserved \$353.3 million for Debt Service of which \$314.9 million was allocated to the Bond Redemption and Interest Program and the remaining \$38.4 million was allocated to the Public Building Commission Leases Program.

b. Net Assets Restrictions

The government-wide statement of net assets reports \$443 million of restricted net assets, of which \$84.4 million is restricted by enabling legislation.

On the government-wide financial statements, Net Assets Restricted for Specific Purposes consists of the following (000's):

<u>Purpose</u>	<u>Restricted Amount</u>
Restricted Donations	\$ 1,503
Specific Purposes	84,388
Total	<u>\$85,891</u>

NOTE 15. LITIGATION AND CONTINGENCIES*a. Teacher Tenure*

Maurice Land, et al. v. Board of Education of the City of Chicago, et al., is a lawsuit filed in 1999 against the Board in which the plaintiffs are teachers laid-off pursuant to the Board's policy on reassignment and layoff of regularly appointed and certified teachers. Some of the plaintiffs were those who lost their assignments during the 1997 reconstitution of seven high schools. The complaint is for mandamus, declaratory and injunctive relief. The complaint asserts violation of the School Code provision relating to tenure. The trial court granted the Board's motion for summary judgment and the Chicago Teachers Union ("CTU") sought review in the Illinois Appellate Court.

On August 27, 2002, the Appellate Court issued an opinion affirming in part and reversing in part the Circuit Court's decision. The Appellate Court concluded, among other things, that (i) the Board has the statutory power to layoff tenured teachers, including the Plaintiffs here, (ii) the Board complied with the Policy in laying off the Plaintiffs, and (iii) the layoffs did not violate Plaintiffs' due process rights. With respect to each of these issues (and others), the Appellate Court affirmed the Circuit Court's grant of summary judgment in favor of the Board. However, the Appellate Court also held that although "the Board may establish a layoff policy ..., [the Board] may not through that policy delegate its absolute layoff power to school administrators." The Court remanded the case for further proceedings related to the delegation issue and related to the factual issues relating to the employment record of one of the Plaintiffs.

On September 17, 2002, the CPS filed a Petition for Rehearing challenging the Appellate Court's ruling on the delegation issue, which was denied on December 20, 2002. The Board intends to continue to litigate this matter vigorously and will now ask the Illinois Supreme Court to review the delegation issue.

On November 21, 2002, the Supreme Court reversed the judgment of the Appellate Court holding that the Board had the statutory authority to delegate its power to make layoffs, but affirmed the Appellate Court's order remanding the case to the Circuit Court for further fact finding regarding the specific process which led to the layoffs at issue. Specifically, the Supreme Court indicated that the Board could not delegate its layoff power to principals (as opposed to central office administrators) and, accordingly, found that fact finding regarding the mechanics of the layoff process was necessary.

Should the CTU ultimately prevail, the Court could order reinstatement and back wages for all of the Plaintiffs. The total amount of exposure may be significant, depending on the length of time that passes from the date of the layoff to the date of an ordered reinstatement. Given the current status of these matters, it is not possible to determine whether an ultimate finding of liability against the Board is probable or the exact cost associated with any such finding.

Jones, et al. v. Board of Education, is an action brought by the CTU essentially repeating the claims asserted in Land. Based upon the decision in a previous matter and the pendency of Land, the Board filed a motion to stay this action, arguing that the legal and factual issues raised in this action will be resolved by the final decision in the previously filed lawsuits. The Court granted the Board's motion on August 16, 2000, granting a stay of Jones in all respects. It is unlikely that this action would give rise to liability not contemplated in the discussion of the Land litigation. Based upon agreement of the parties, the Land case and the Jones case were consolidated.

On May 11, 2006, the Court granted the Board's motion for summary judgment. Plaintiffs have appealed to the Illinois Appellate Court. The appeal is pending.

b. State and Federal Aid Receipts

State and Federal aid is generally subject to review by the responsible governmental agencies for compliance with the agencies' regulations governing the aid. In the opinion of CPS management and legal counsel, any potential adjustments to the Federal or State aid recorded by CPS through June 30, 2006, resulting from a review by a responsible government agency will not have a material effect on CPS' financial statements at June 30, 2006.



NOTE 15. LITIGATION AND CONTINGENCIES (continued)*c. Asbestos and Lead Abatement*

Under Federal and State asbestos and lead abatement laws and guidelines, CPS will be required to perform significant amounts of asbestos and lead abatement in school facilities. The cost of the asbestos and lead abatement is estimated to be substantial. These future costs will be recorded as expenditures when the work is performed. Although the amount, funding and timing of the future expenditures required is uncertain, CPS intends to comply with all Federal and State asbestos and lead abatement laws and guidelines.

d. Wrongful Death Claim

In *Della Coleman, as Special Administrator of the Estate of Derrick Spencer v. Board of Education*, the family of Derrick Spencer, an eighth grade student, filed suit against the Board and Quality Inn Hotels for damages arising from Derrick's drowning while on a field trip with other eighth grade students from the Goldblatt Elementary School. The drowning occurred in Ohio on May 24, 2002, after one of Derrick's classmates pushed him into the pool at the Quality Inn Hotel. The suit alleges that the Board was negligent in numerous respects, including: failing to provide lifeguards in connection with the swimming at Quality Inn Hotel; failing to assess Derrick's swimming skills; failing to monitor the Goldblatt students in and around the swimming pool; failing to follow Board policies regarding school trips, and; failing to protect Derrick from the dangerous water conditions at the Quality Inn Hotel. A finding of liability on the part of CPS cannot be predicted as either probable or remote at this juncture.

e. Dispute Over Pension Fund Claims for Reimbursement

A dispute exists between the Board and the Public School Teachers' Pension and Retirement Fund (the "Fund") regarding whether the Board has the right under the Illinois Pension Code, to require employees who want to take advantage of the Early Retirement Option ("ERO") to apply for it by the middle of May of any year that the ERO is offered to teachers. The Board is required to contribute a specified amount to the Fund for each employee selecting the ERO.

The Fund has notified the Board of its position that the Board does not have a right to impose a deadline date on eligible employees to apply for the ERO. The Fund has represented that it intends to reach out to those employees who would have been eligible for the ERO under its analysis and offer them the opportunity to retire. Under this scenario, thirty percent (30%) of all teachers who have reached the age of 55 years and have at least 20 years, but less than 34 years, of service credit would be able to take advantage of the ERO in the years it was authorized by the Board. The Fund has also represented that it will send the Board an invoice for the Board's contribution, and would also, if the Board refuses to pay, take legal action. No legal action has been taken by the Fund against the Board as of the date of the audit opinion.

Should the Fund's interpretation be found correct in a court action, the Board will be required to pay the Fund the specified contribution for each employees who elect the ERO. While it is not possible to know with any certainty the number of employees who elects the ERO under these circumstances, if the maximum number (30% of eligible employees) take advantage of it, the Board's estimated liability could be approximately \$38 million. The Board is unable to predict the outcome of this dispute at the present time.

f. Other Litigation and Claims

There are numerous other claims and pending legal actions involving CPS, including actions concerned with civil rights of employees, workers' compensation, torts, property tax objections, and other matters, arising out of CPS' ordinary conduct of its business. Certain actions involve alleged damages in substantial amounts. The amounts of liability, if any, on these claims as of June 30, 2006, in excess of



Financial Section**NOTE 15. LITIGATION AND CONTINGENCIES (continued)**

related insurance coverage with respect to certain claims, are not determinable at this time. In the opinion of CPS management and legal counsel, the final resolution of these claims and legal actions will not be material to CPS' financial statements as of June 30, 2006.

NOTE 16. SUBSEQUENT EVENTS**Derivative Instruments**Series 2003D

Swap Objective. In September 2006 CPS entered into an interest rate swap associated with the Series 2003D bonds as a means of lowering its borrowing costs. The intention of entering into the swap was to effectively lower interest costs by changing the existing hedge on the Series 2003D bonds from 70% of one month LIBOR to 65.02% of five year LIBOR.

Swap terms. The bonds and the related swap agreement mature on December 1, 2034, and the total notional amount of the swaps equals \$185,350,000 principal amount of the Series 2003D bonds. Starting in fiscal year 2018, the notional value of the swap declines by the same amount of the associated principal amortization. Under the swap, CPS receives an upfront payment of \$250,000 which will be used for costs of issuance and beginning March 1, 2007 pays Bear Stearns Financial Products Inc. a variable payment equal to 70% of one month LIBOR while it receives a variable payment computed at 65.02% of five year LIBOR. Any swap payments payable by CPS will be paid from the General Operating Fund.

Series 1997A

In October 2006, CPS sold an option to Royal Bank of Canada under which CPS may be caused to enter into an interest rate swap associated with \$162,785,000 of the Series 1997A bonds upon exercise of the option in July 2007 (effective December 2007) as a means of monetizing the call option of these bonds in a low interest rate environment. The intention of entering into the swap was to effectively and economically refund \$162,785,000 of the Series 1997A bonds, resulting in an upfront payment of \$24,925,000 to be used for costs of issuance and for debt service requirements in fiscal year 2007. Any swap payments payable by CPS upon exercise of the option will be periodic and payable from the same revenue source pledged to the refunding bonds to be issued at that time.

Bond IssuanceUnlimited Tax General Obligation Bonds (Series 2006B)

In September 2006, Chicago Public Schools issued \$355,805,000 in Unlimited Tax General Tax Obligation Bonds (Series 2006B) at a net premium of \$14,443,983. The proceeds from these bonds are being used as part of CPS' Capital Improvement Program, and to pay costs of issuance of the bonds. The debt service will be paid from General State Aid Revenues.





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

General Operating Fund

The General Operating Fund is the primary operating fund of the Board. It was created in response to the provisions of P.A. 89-15 which consolidated all of the rate-limited tax levies into the Board's general education tax levy. All information in this fund is presented in accordance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. The General Operating Fund includes all the revenues and expenditures of the following programs: Educational Program; Special Education Program; Supplementary General State Aid Program; School Lunch Program; School Special Income Account; Improving America's School Act Program; Education of the Handicapped Program; Workers and Unemployment Compensation/Tort Immunity Program; Public Building Commission Operations and Maintenance Program, and; Other Government-funded Programs.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES AND NET CHANGES IN FUND BALANCES

FINAL APPROPRIATIONS AND ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of Dollars)

	Final Appropriations	Fiscal Year 2006	Variance	Fiscal Year 2005	2006 Over (Under) 2005
REVENUES:					
Property taxes	\$1,626,968	\$1,666,118	\$ 39,150	\$1,587,803	\$ 78,315
Replacement taxes	82,051	131,639	49,588	94,546	37,093
State aid	1,506,997	1,492,361	(14,636)	1,417,423	74,938
Federal aid	838,018	757,731	(80,287)	746,403	11,328
Interest and investment income	16,500	36,874	20,374	14,003	22,871
Other	86,466	101,129	14,663	85,377	15,752
Total Revenues	<u>\$4,157,000</u>	<u>\$4,185,852</u>	<u>\$ 28,852</u>	<u>\$3,945,555</u>	<u>\$ 240,297</u>
EXPENDITURES:					
Teachers' salaries	\$1,918,846	\$1,916,378	\$ 2,468	\$1,850,403	\$ 65,975
Career service salaries	560,231	537,346	22,885	515,427	21,919
Energy	72,066	70,760	1,306	64,647	6,113
Food	92,145	85,815	6,330	89,628	(3,813)
Textbook	87,383	71,942	15,441	79,677	(7,735)
Supplies	53,601	46,965	6,636	45,210	1,755
Other commodities	1,443	1,135	308	1,314	(179)
Professional and special services	429,680	438,349	(8,669)	375,054	63,295
Transportation	92,552	92,589	(37)	93,639	(1,050)
Tuition	76,631	62,890	13,741	66,854	(3,964)
Telephone	4,810	16,944	(12,134)	8,635	8,309
Other services	16,791	13,104	3,687	11,516	1,588
Repair and replacement	40,872	38,335	2,537	35,224	3,111
Education equipment	38,591	35,556	3,035	44,081	(8,525)
Capital outlay	8	4	4	—	4
Teachers' pension	238,548	247,585	(9,037)	198,065	49,520
Career service pension	84,547	87,530	(2,983)	81,560	5,970
Hospitalization and dental insurance	278,960	243,003	35,957	230,204	12,799
Medicare	26,596	29,989	(3,393)	26,719	3,270
Unemployment compensation	15,361	6,382	8,979	8,558	(2,176)
Workers' compensation	31,067	21,004	10,063	17,953	3,051
Rent	12,041	14,174	(2,133)	10,393	3,781
Debt service	1,420	1,420	—	1,420	—
Other fixed charges	32,810	5,894	26,916	6,215	(321)
Total Expenditures	<u>\$4,207,000</u>	<u>\$4,085,093</u>	<u>\$121,907</u>	<u>\$3,862,396</u>	<u>\$ 222,697</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>\$ (50,000)</u>	<u>\$ 100,759</u>	<u>\$150,759</u>	<u>\$ 83,159</u>	<u>\$ 17,600</u>
OTHER FINANCING SOURCES					
Capital leases	\$ 3,700	\$ 3,700	\$ —	\$ —	\$ 3,700
Transfers in	445	445	—	328	117
Total other financing sources	<u>\$ 4,145</u>	<u>\$ 4,145</u>	<u>\$ —</u>	<u>\$ 328</u>	<u>\$ 3,817</u>
NET CHANGE IN FUND BALANCE	<u>\$ (45,855)</u>	<u>\$ 104,904</u>	<u>\$150,759</u>	<u>\$ 83,487</u>	<u>\$ 21,417</u>
Fund Balances, beginning of period	390,993	390,993	—	307,506	83,487
Fund Balances, end of period	<u>\$ 345,138</u>	<u>\$ 495,897</u>	<u>\$150,759</u>	<u>\$ 390,993</u>	<u>\$ 104,904</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Capital Projects Fund

The Capital Projects Fund is for the receipt and expenditures of revenues for Board capital projects. This fund includes the Capital Asset Program and the Capital Improvement Program.

Capital Asset Program:

This program is for the receipt and expenditures of proceeds from the sale of certain Board real estate, proceeds from the Chicago School Finance Authority, and other miscellaneous capital project revenues from various sources as designated by the Board.

Capital Improvement Program:

This program is for the receipt and expenditures of proceeds from the sale of Unlimited Tax General Obligation Bonds, Public Building Commission Building Revenue Bonds, State of Illinois construction grant receipts, City of Chicago intergovernmental agreement and federal E-rate capital subsidies for the purpose of building and improving schools at the designation of the Board.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,

OTHER FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2006

(Thousands of dollars)

	Capital Asset Program	Capital Improvement Program	Total
Revenues:			
Federal aid	\$ —	\$ 17,900	\$ 17,900
Interest and investment income	—	22,346	22,346
Other	(58)	21,439	21,381
Total Revenues	\$ (58)	\$ 61,685	\$ 61,627
Expenditures:			
Capital outlays	\$ 2	\$ 310,815	\$ 310,817
Total Expenditures	\$ 2	\$ 310,815	\$ 310,817
REVENUES LESS THAN EXPENDITURES	\$ (60)	\$ (249,130)	\$ (249,190)
OTHER FINANCING SOURCES/(USES)			
Gross amounts from debt issuances	\$ —	\$ 385,603	\$ 385,603
Premiums	—	4,124	4,124
Discounts	—	(326)	(326)
Sales of general capital assets	7,596	—	7,596
Transfers (out)	—	(2,796)	(2,796)
Total other financing sources (uses)	\$7,596	386,605	394,201
NET CHANGE IN FUND BALANCE	\$7,536	\$ 137,475	\$ 145,011
Fund Balances, beginning of period	606	359,367	359,973
Fund Balances, end of period	\$8,142	\$ 496,842	\$ 504,984



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Debt Service Fund

The Debt Service Fund is established to account for annual property tax levies and other revenues that are used for the payment of principal and interest and redemption for general obligation bonds by the Board and for lease payments to the Public Building Commission. The fund includes the Bond Redemption and Interest Program and the Public Building Commission Leases Program.

Bond Redemption and Interest Program:

This program is for the receipt and expenditure of replacement taxes, City of Chicago Intergovernmental Agreement Revenue, State of Illinois construction grant receipts and other revenues as designated by the Board for the payment of interest and principal on specific bond issues.

Public Building Commission Leases Program:

This program is for the receipt and expenditure of tax levies and for State of Illinois construction grant receipts for the rental of school buildings from the Public Building Commission.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER

FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2006

(Thousands of dollars)

	Bond Redemption and Interest Program	Public Building Commission Leases Program	Total
Revenues:			
Property taxes	\$ —	\$52,131	\$ 52,131
Replacement taxes	53,061	—	53,061
State aid	110,274	—	110,274
Interest and investment income	11,335	1,392	12,727
Other	21,910	—	21,910
Total Revenues	<u>\$196,580</u>	<u>\$53,523</u>	<u>\$250,103</u>
Expenditures:			
Debt service	<u>\$161,872</u>	<u>\$51,360</u>	<u>\$213,232</u>
Total Expenditures	<u>\$161,872</u>	<u>\$51,360</u>	<u>\$213,232</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>\$ 34,708</u>	<u>\$ 2,163</u>	<u>\$ 36,871</u>
OTHER FINANCING SOURCES (USES)			
Receipts from interest rate swaps	\$ 19,345	\$ —	\$ 19,345
Transfer in (out)	2,796	(445)	2,351
Total other financing sources (uses)	<u>\$ 22,141</u>	<u>\$ (445)</u>	<u>\$ 21,696</u>
NET CHANGE IN FUND BALANCE	<u>\$ 56,849</u>	<u>\$ 1,718</u>	<u>\$ 58,567</u>
Fund Balances, beginning of period (actual)	<u>258,047</u>	<u>36,653</u>	<u>294,700</u>
Fund Balances, end of period	<u><u>\$314,896</u></u>	<u><u>\$38,371</u></u>	<u><u>\$353,267</u></u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND REDEMPTION AND INTEREST PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,

OTHER FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES

FINAL APPROPRIATIONS VS. ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Final Appropriations	Fiscal Year 2006	Variance	Fiscal Year 2005	2006 Over (Under) 2005
REVENUES:					
Replacement taxes	\$ 54,106	\$ 53,061	\$ (1,045)	\$ 51,178	\$ 1,883
State aid	134,680	110,274	(24,406)	83,903	26,371
Interest and investment income ..	—	11,335	11,335	7,948	3,387
Other	23,125	21,910	(1,215)	10,598	11,312
Total Revenues	<u>\$211,911</u>	<u>\$196,580</u>	<u>\$(15,331)</u>	<u>\$153,627</u>	<u>\$ 42,953</u>
EXPENDITURES:					
Debt service	<u>\$212,317</u>	<u>\$161,872</u>	<u>\$ 50,445</u>	<u>\$146,483</u>	<u>\$ 15,389</u>
Total Expenditures	<u>\$212,317</u>	<u>\$161,872</u>	<u>\$ 50,445</u>	<u>\$146,483</u>	<u>\$ 15,389</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	<u>\$ (406)</u>	<u>\$ 34,708</u>	<u>\$ 35,114</u>	<u>\$ 7,144</u>	<u>\$ 27,564</u>
OTHER FINANCING SOURCES (USES)					
Gross proceeds from sale of bonds	\$ —	\$ —	\$ —	\$246,180	\$(246,180)
Premium	—	—	—	37,484	(37,484)
Payment to refunding escrow agent	—	—	—	(282,478)	282,478
Receipts from interest rate swaps	19,345	19,345	—	—	19,345
Transfer in	<u>2,796</u>	<u>2,796</u>	<u>—</u>	<u>7,344</u>	<u>(4,548)</u>
Total other financing sources (uses)	<u>\$ 22,141</u>	<u>\$ 22,141</u>	<u>\$ —</u>	<u>\$ 8,530</u>	<u>\$ 13,611</u>
NET CHANGE IN FUND BALANCE	<u>\$ 21,735</u>	<u>\$ 56,849</u>	<u>\$ 35,114</u>	<u>\$ 15,674</u>	<u>\$ 41,175</u>
Fund Balances, beginning of period (actual)	<u>258,047</u>	<u>258,047</u>	<u>—</u>	<u>242,373</u>	<u>15,674</u>
Fund Balances, end of period . . .	<u><u>\$279,782</u></u>	<u><u>\$314,896</u></u>	<u><u>\$ 35,114</u></u>	<u><u>\$258,047</u></u>	<u><u>\$ 56,849</u></u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

PUBLIC BUILDING COMMISSION LEASES PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,
 OTHER FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES
 FINAL APPROPRIATIONS VS. ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Final Appropriations	Fiscal Year 2006	Variance	Fiscal Year 2005	2006 Over (Under) 2005
REVENUES:					
Property taxes	\$51,766	\$52,131	\$ 365	\$ 51,434	\$ 697
State aid	—	—	—	2,728	(2,728)
Interest and investment income ...	—	1,392	1,392	8,083	(6,691)
Total Revenues	<u>\$51,766</u>	<u>\$53,523</u>	<u>\$1,757</u>	<u>\$ 62,245</u>	<u>\$ (8,722)</u>
EXPENDITURES:					
Debt service	<u>\$51,360</u>	<u>\$51,360</u>	<u>\$ —</u>	<u>\$ 167,906</u>	<u>\$(116,546)</u>
Total Expenditures	<u>\$51,360</u>	<u>\$51,360</u>	<u>\$ —</u>	<u>\$ 167,906</u>	<u>\$(116,546)</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES	\$ 406	\$ 2,163	\$1,757	\$(105,661)	\$ 107,824
OTHER FINANCING SOURCES (USES) Transfer (out)	<u>(445)</u>	<u>(445)</u>	<u>—</u>	<u>(328)</u>	<u>(117)</u>
NET CHANGE IN FUND BALANCE	\$ (39)	\$ 1,718	\$1,757	\$(105,989)	\$ 107,707
Fund Balances, beginning of period (actual)	<u>36,653</u>	<u>36,653</u>	<u>—</u>	<u>142,642</u>	<u>(105,989)</u>
Fund Balances, end of period	<u><u>\$36,614</u></u>	<u><u>\$38,371</u></u>	<u><u>\$1,757</u></u>	<u><u>\$ 36,653</u></u>	<u><u>\$ 1,718</u></u>





Chicago Public Schools
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CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION**

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

Contents:***Financial Trends***

These schedules contain trend information to help the reader understand how CPS' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess CPS' major revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of CPS' current levels of outstanding debt and CPS' ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which CPS' financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in CPS' financial report related to the services CPS provides and the activities it performs.

Sources:

Unless otherwise noted, the information contained herein is derived from the comprehensive annual financial reports for the relevant year. CPS implemented GASB 34 in 2001; schedules presenting government-wide information include information beginning in that year.



Financial Trends

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

COMPONENTS OF NET ASSETS

Last Six Fiscal Years

(Accrual Basis of Accounting)

(Amounts in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in capital assets, net of related debt	\$ 574,361	\$ 400,731	\$ 392,041	\$454,841	\$ 413,077	\$ 268,190
Debt service	409,896	479,774	457,106	390,882	298,538	357,409
Specific purposes	126,527	103,372	88,207	43,454	45,134	85,891
Unrestricted	245,203	176,312	67,064	(98,023)	(225,335)	(538,879)
Total Net Assets	<u>\$1,355,987</u>	<u>\$1,160,189</u>	<u>\$1,004,418</u>	<u>\$791,154</u>	<u>\$ 531,414</u>	<u>\$ 172,611</u>



CHICAGO PUBLIC SCHOOLS**Chicago Board of Education****CHANGES IN NET ASSETS****Last Six Fiscal Years****(Accrual Basis of Accounting)****(Amounts in thousands)**

	<u>2001 (1)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
EXPENSES:						
Instruction	\$ 2,243,742	\$ 2,438,141	\$ 2,484,448	\$ 2,663,014	\$ 2,777,202	\$ 3,107,897
Pupil support services	315,700	329,041	332,693	343,777	337,676	346,434
Administrative support services	131,178	156,583	169,457	176,858	158,303	161,802
Facility support services	396,469	334,605	351,492	339,213	379,599	422,731
Instructional support services	323,685	339,521	332,620	350,717	404,583	465,106
Food services	173,297	169,006	177,526	189,475	182,315	179,725
Community services	73,902	48,321	47,435	50,401	42,677	46,205
Interest Expense	172,436	183,443	186,141	187,646	201,506	217,848
Other	17,495	21,253	5,297	8,128	8,724	23,404
Total Expenses	<u>\$ 3,847,904</u>	<u>\$ 4,019,914</u>	<u>\$ 4,087,109</u>	<u>\$ 4,309,229</u>	<u>\$ 4,492,585</u>	<u>\$ 4,971,152</u>
PROGRAM REVENUES:						
Charges for Services	\$ 11,698	\$ 11,170	\$ 12,957	\$ 9,830	\$ 10,567	\$ 12,462
Operating Grants and Contributions	702,509	687,937	764,750	791,309	876,222	896,916
Capital Grants and Contributions	250,555	160,118	153,709	161,429	21,722	66,732
Total Program Revenues ...	<u>\$ 964,762</u>	<u>\$ 859,225</u>	<u>\$ 931,416</u>	<u>\$ 962,568</u>	<u>\$ 908,511</u>	<u>\$ 976,110</u>
Net (Expense)/Revenue	<u>\$(2,883,142)</u>	<u>\$(3,160,689)</u>	<u>\$(3,155,693)</u>	<u>\$(3,346,661)</u>	<u>\$(3,584,074)</u>	<u>\$(3,995,042)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:						
Taxes:						
Property taxes	\$ 1,459,942	\$ 1,532,662	\$ 1,574,111	\$ 1,561,127	\$ 1,663,783	\$ 1,768,457
Replacement taxes	137,744	114,313	105,960	120,427	145,724	184,700
State aid	1,160,386	1,227,052	1,248,607	1,333,113	1,429,611	1,532,169
Interest and investment earnings	103,520	68,050	49,161	39,501	43,215	71,972
Gain recognized from swaps ..	—	—	—	—	—	5,312
Miscellaneous	29,102	22,814	22,083	79,229	42,001	73,629
Total General Revenues ...	<u>\$ 2,890,694</u>	<u>\$ 2,964,891</u>	<u>\$ 2,999,922</u>	<u>\$ 3,133,397</u>	<u>\$ 3,324,334</u>	<u>\$ 3,636,239</u>
Change in net assets	<u>\$ 7,552(1)</u>	<u>\$ (195,798)</u>	<u>\$ (155,771)</u>	<u>\$ (213,264)</u>	<u>\$ (259,740)</u>	<u>\$ (358,803)</u>

- (1) For fiscal year 2001, the change in net assets includes the cumulative effect of change in accounting principles resulting from the adoption of GASBS 33, Accounting and Financial Reporting for Exchange Transactions.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

COMPONENTS OF FUND BALANCE

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Amounts in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
GENERAL OPERATING FUND				
Reserved	\$214,123	\$139,898	\$161,538	\$171,895
Unreserved	<u>287,928</u>	<u>221,997</u>	<u>288,255</u>	<u>393,057</u>
Total General Operating Fund	<u>\$502,051</u>	<u>\$361,895</u>	<u>\$449,793</u>	<u>\$564,952</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$227,493	\$523,449	\$560,972	\$535,235
Unreserved, reported in:				
Capital Projects Fund	<u>272,950</u>	<u>129,687</u>	<u>181,265</u>	<u>180,858</u>
	<u>\$500,443</u>	<u>\$653,136</u>	<u>\$742,237</u>	<u>\$716,093</u>



<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$209,892	\$155,251	\$120,597	\$110,996	\$142,447	\$188,177
<u>201,520</u>	<u>209,883</u>	<u>208,359</u>	<u>196,510</u>	<u>248,546</u>	<u>307,720</u>
<u>\$411,412</u>	<u>\$365,134</u>	<u>\$328,956</u>	<u>\$307,506</u>	<u>\$390,993</u>	<u>\$495,897</u>
\$672,851	\$721,138	\$604,734	\$609,203	\$435,625	\$574,232
<u>261,000</u>	<u>172,786</u>	<u>223,734</u>	<u>203,560</u>	<u>219,048</u>	<u>284,019</u>
<u>\$933,851</u>	<u>\$893,924</u>	<u>\$828,468</u>	<u>\$812,763</u>	<u>\$654,673</u>	<u>\$858,251</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

REVENUES BY SOURCE — ALL PROGRAMS

For the last ten fiscal years

(Thousands of dollars)

	1997(A)		1998		1999	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
REVENUES:						
Property Taxes	\$1,278,734	48.4%	\$1,311,664	43.4%	\$1,368,081	40.5%
Replacement Taxes	118,858	4.5%	129,955	4.3%	137,750	4.1%
State Aid	800,118	30.3%	997,254	33.0%	1,249,372	36.9%
Federal Aid	353,313	13.3%	415,081	13.7%	452,124	13.4%
Investment Income	60,934	2.3%	76,124	2.5%	70,198	2.1%
All Others	32,399	1.2%	93,018	3.1%	103,714	3.0%
Total Revenues	<u>\$2,644,356</u>	<u>100.0%</u>	<u>\$3,023,096</u>	<u>100.0%</u>	<u>\$3,381,239</u>	<u>100.0%</u>
	2004		2005		2006	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
REVENUES:						
Property Taxes	\$1,571,065	38.4%	\$1,639,237	39.0%	\$1,718,249	38.3%
Replacement Taxes	120,427	2.9%	145,724	3.5%	184,700	4.1%
State Aid	1,481,448	36.2%	1,507,115	35.9%	1,602,635	35.6%
Federal Aid	730,504	17.9%	762,955	18.2%	775,631	17.2%
Investment Income	39,501	1.0%	43,215	1.0%	71,947	1.6%
All Others	149,253	3.6%	102,654	2.4%	144,420	3.2%
Total Revenues	<u>\$4,092,198</u>	<u>100.0%</u>	<u>\$4,200,900</u>	<u>100.0%</u>	<u>\$4,497,582</u>	<u>100.0%</u>

NOTES:

Note: This schedule was prepared using the modified accrual basis of accounting.

A. The fiscal year 1997 contains only ten months due to a change in fiscal year.



2000		2001		2002		2003	
<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
\$1,403,657	38.5%	\$1,429,871	37.4%	\$1,479,968	39.2%	\$1,546,335	40.0%
147,657	4.1%	137,744	3.6%	114,313	3.0%	105,960	2.7%
1,373,470	37.8%	1,431,777	37.5%	1,467,914	38.9%	1,469,567	37.9%
540,723	14.9%	634,094	16.6%	554,750	14.7%	608,693	15.7%
85,075	2.3%	103,520	2.7%	68,050	1.8%	49,161	1.3%
85,587	2.4%	82,411	2.2%	89,505	2.4%	94,345	2.4%
<u>\$3,636,169</u>	<u>100.0%</u>	<u>\$3,819,417</u>	<u>100.0%</u>	<u>\$3,774,500</u>	<u>100.0%</u>	<u>\$3,874,061</u>	<u>100.0%</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

EXPENDITURES BY FUNCTION — ALL PROGRAMS

For the last ten fiscal years

(Thousands of dollars)

	1997(A)		1998		1999	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
EXPENDITURES:						
Instruction	\$1,560,861	53.1%	\$1,729,705	49.5%	\$1,818,566	47.3%
Pupil Support Services...	250,213	8.5%	263,347	7.5%	271,876	7.0%
General Support Services	449,768	15.3%	654,157	18.7%	681,103	17.7%
Food Services	130,727	4.4%	129,843	3.7%	154,581	4.0%
Community Services	34,193	1.2%	63,459	1.8%	65,465	1.7%
Capital Outlay	363,412	12.4%	448,019	12.8%	653,367	17.0%
Teachers' Pension	51,704	1.8%	65,045	2.0%	65,045	1.7%
Debt Service	80,864	2.7%	133,483	3.8%	135,694	3.5%
Others	20,053	0.6%	5,581	0.2%	1,790	0.1%
Total Expenditures ...	<u>\$2,941,795</u>	<u>100.0%</u>	<u>\$3,492,639</u>	<u>100.0%</u>	<u>\$3,847,487</u>	<u>100.0%</u>
	2004		2005		2006	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
EXPENDITURES:						
Instruction	\$2,355,114	53.8%	\$2,429,014	53.3%	\$2,538,909	55.2%
Pupil Support Services...	327,653	7.5%	323,225	7.1%	333,968	7.2%
General Support Services	770,629	17.6%	821,583	18.0%	893,041	19.4%
Food Services	180,588	4.1%	173,872	3.8%	172,774	3.7%
Community Services	49,933	1.1%	42,325	0.9%	46,179	1.0%
Capital Outlay	365,336	8.3%	389,450	8.5%	310,817	6.7%
Teachers' Pension	65,045	1.5%	65,045	1.4%	75,398	1.6%
Debt Service	259,590	5.9%	315,809	6.9%	214,652	4.7%
Others	8,128	0.2%	5,912	0.1%	23,404	0.5%
Total Expenditures ...	<u>\$4,382,016</u>	<u>100.0%</u>	<u>\$4,566,235</u>	<u>100.0%</u>	<u>\$4,609,142</u>	<u>100.0%</u>

NOTES:

Note: This schedule was prepared using the modified accrual basis of accounting.

A. The fiscal year 1997 contains only ten months due to a change in fiscal year.



2000		2001		2002		2003	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
\$1,891,328	48.8%	\$1,995,423	49.0%	\$2,152,958	52.6%	\$2,214,781	51.6%
301,714	7.8%	303,071	7.4%	311,628	7.6%	320,380	7.5%
681,916	17.6%	730,187	17.9%	750,111	18.3%	764,002	17.8%
161,614	4.2%	166,365	4.1%	160,063	3.9%	170,238	4.0%
73,792	1.9%	73,718	1.8%	47,523	1.2%	47,253	1.1%
547,365	14.1%	527,902	13.0%	381,038	9.3%	443,873	10.3%
65,045	1.7%	65,045	1.6%	65,045	1.6%	65,045	1.5%
148,854	3.8%	195,310	4.8%	219,894	5.4%	255,239	5.9%
6,825	0.1%	17,495	0.4%	5,138	0.1%	12,322	0.3%
<u>\$3,878,453</u>	<u>100.0%</u>	<u>\$4,074,516</u>	<u>100.0%</u>	<u>\$4,093,398</u>	<u>100.0%</u>	<u>\$4,293,133</u>	<u>100.0%</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

DETAILED SCHEDULE OF REVENUE AND EXPENDITURES

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Fiscal Year 2006	Fiscal Year 2005	2006 Over/(Under) 2005
REVENUES:			
Local Taxes:			
Property taxes	\$1,666,118	\$1,587,803	\$ 78,315
Total revenue from local taxes	\$1,666,118	\$1,587,803	\$ 78,315
Local Nontax Revenue:			
Earnings on investments	\$ 36,874	\$ 14,003	\$ 22,871
Lunchroom operations	9,317	9,553	(236)
Other	91,812	75,824	15,988
Total revenue from nontax revenue	\$ 138,003	\$ 99,380	\$ 38,623
Total Local Revenue	\$1,804,121	\$1,687,183	\$116,938
State Grants and Subsidies:			
General state aid	\$ 868,397	\$ 821,699	\$ 46,698
Block grants	520,040	508,475	11,565
Replacement Taxes	131,639	94,546	37,093
Other	103,924	87,249	16,675
Total State Grants & Subsidies	\$1,624,000	\$1,511,969	\$112,031
Federal Grants and Subsidies:			
Improving America's Schools Act	\$ 315,737	\$ 317,213	\$ (1,476)
Federal lunch program	137,478	134,649	2,829
Restricted federal aid	98,721	70,881	27,840
Individuals with Disabilities Education Act	96,225	103,850	(7,625)
Other	109,570	119,810	(10,240)
Total Federal Grants and Subsidies	\$ 757,731	\$ 746,403	\$ 11,328
Total Revenues	\$4,185,852	\$3,945,555	\$240,297



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Fiscal Year 2006	Fiscal Year 2005	2006 Over/(Under) 2005
EXPENDITURES:			
Instruction:			
Salaries	\$1,728,153	\$1,676,840	\$ 51,313
Commodities	86,351	95,080	(8,729)
Services	281,134	252,551	28,583
Equipment	27,597	31,403	(3,806)
Building and Sites	3,749	4,419	(670)
Fixed Charges	411,925	368,721	43,204
Total Instruction	<u>\$2,538,909</u>	<u>\$2,429,014</u>	<u>\$109,895</u>
Pupil Support Services:			
Salaries	\$ 188,101	\$ 182,221	\$ 5,880
Commodities	2,128	2,119	9
Services	102,120	102,564	(444)
Equipment	860	1,394	(534)
Building and Sites	196	197	(1)
Fixed Charges	40,563	34,730	5,833
Total Pupil Support Services	<u>\$ 333,968</u>	<u>\$ 323,225</u>	<u>\$ 10,743</u>
Administrative Support Services:			
Salaries	\$ 88,111	\$ 89,865	\$ (1,754)
Commodities	4,907	5,780	(873)
Services	39,907	32,555	7,352
Equipment	2,584	3,899	(1,315)
Building and Sites	4,872	4,515	357
Fixed Charges	15,599	14,915	684
Total Administrative Support Service	<u>\$ 155,980</u>	<u>\$ 151,529</u>	<u>\$ 4,451</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Fiscal Year 2006	Fiscal Year 2005	2006 Over/(Under) 2005
EXPENDITURES (continued)			
Facilities Support Services:			
Salaries	\$ 78,092	\$ 71,595	\$ 6,497
Commodities	78,005	71,582	6,423
Services	145,980	126,340	19,640
Equipment	2,039	2,182	(143)
Building and Sites	28,287	23,515	4,772
Fixed Charges	24,703	20,981	3,722
Total Facilities Support Services	<u>\$357,106</u>	<u>\$316,195</u>	<u>\$40,911</u>
Instructional Support Services:			
Salaries	\$285,408	\$266,958	\$18,450
Commodities	15,721	13,674	2,047
Services	24,496	26,689	(2,193)
Equipment	3,619	3,300	319
Building and Sites	1,904	2,356	(452)
Fixed Charges	48,807	40,882	7,925
Total Instructional Support Services	<u>\$379,955</u>	<u>\$353,859</u>	<u>\$26,096</u>
Food Services:			
Salaries	\$ 58,188	\$ 56,566	\$ 1,622
Commodities	85,139	88,872	(3,733)
Services	3,359	3,601	(242)
Equipment	1,207	1,272	(65)
Fixed Charges	24,881	23,561	1,320
Total Food Services	<u>\$172,774</u>	<u>\$173,872</u>	<u>\$ (1,098)</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)

For the Fiscal Year Ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Fiscal Year 2006	Fiscal Year 2005	2006 Over/(Under) 2005
EXPENDITURES (continued)			
Community Services:			
Salaries	\$ 21,384	\$ 20,756	\$ 628
Commodities	3,313	3,370	(57)
Services	16,283	12,802	3,481
Equipment	399	560	(161)
Building and Sites	194	141	53
Fixed Charges	4,606	4,696	(90)
Total Community Services	\$ 46,179	\$ 42,325	\$ 3,854
Teachers' Pension:			
Fixed Charges	\$ 75,398	\$ 65,045	\$ 10,353
Total Teachers' Pension	\$ 75,398	\$ 65,045	\$ 10,353
Debt Service:			
Fixed Charges	\$ 1,420	\$ 1,420	\$ —
Total Debt Service	\$ 1,420	\$ 1,420	\$ —
Other:			
Salaries	\$ 6,287	\$ 1,025	\$ 5,262
Services	18,625	6,517	12,108
Equipment	25	56	(31)
Building and Sites	59	81	(22)
Fixed Charges	(1,592)	(1,767)	175
Total Other	\$ 23,404	\$ 5,912	\$ 17,492
Total Expenditures	<u>\$4,085,093</u>	<u>\$3,862,396</u>	<u>\$222,697</u>

Note: This schedule was prepared using the modified accrual basis of accounting.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

OTHER FINANCING SOURCES AND (USES)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Amounts in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
GENERAL OPERATING FUND:				
Gross amounts from debt issuances	\$ 33,003	\$ —	\$ —	\$ —
Capital leases	—	—	—	—
Transfers in/(out)	—	(12,015)	—	11,436
Asbestos abatement loans	—	—	—	—
Total General Operating Fund	<u>\$ 33,003</u>	<u>\$ (12,015)</u>	<u>\$ —</u>	<u>\$ 11,436</u>
ALL OTHER GOVERNMENTAL FUNDS:				
Gross amounts from debt issuances	\$466,997	\$499,995	\$875,268	\$324,784
Amount from note	—	—	—	—
Premiums	—	—	3,372	6,515
Discounts	(8,950)	(19,975)	—	—
Proceeds from swaps	—	—	—	—
Payment to refunded bond escrow agent	—	—	(243,612)	—
Sales of general capital assets	—	—	—	—
Transfers in/(out)	—	12,015	—	(11,436)
	<u>\$458,047</u>	<u>\$492,035</u>	<u>\$635,028</u>	<u>\$319,863</u>



<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	3,700
(46,797)	1,527	7,711	15,071	328	445
—	—	—	—	—	—
<u>\$ (46,797)</u>	<u>\$ 1,527</u>	<u>\$ 7,711</u>	<u>\$ 15,071</u>	<u>\$ 328</u>	<u>\$ 4,145</u>
\$474,460	\$721,138	\$308,635	\$ 765,995	\$ 524,260	\$385,603
—	—	—	—	5,500	—
—	—	8,803	21,043	43,450	4,124
(2,644)	(8)	—	—	—	(326)
—	—	—	—	—	19,345
—	—	—	(534,375)	(282,478)	—
—	—	—	—	—	7,596
46,797	(1,527)	(7,711)	(15,071)	(328)	(445)
<u>\$518,613</u>	<u>\$719,603</u>	<u>\$309,727</u>	<u>\$ 237,592</u>	<u>\$ 290,404</u>	<u>\$415,897</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

RATIO OF DEBT SERVICE TO NON-CAPITAL EXPENDITURES

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Amounts in thousands)

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Non-Capital</u>	<u>Ratio</u>
1997	\$ 42,421	\$2,568,581	0.02 : 1
1998	135,694	3,060,728	0.04 : 1
1999	135,094	3,060,728	0.04 : 1
2000	146,586	3,184,502	0.05 : 1
2001	193,889	3,353,119	0.06 : 1
2002	218,474	3,493,886	0.06 : 1
2003	253,819	3,595,441	0.07 : 1
2004	258,170	3,758,510	0.07 : 1
2005	314,389	3,862,396	0.08 : 1
2006	213,232	4,085,093	0.05 : 1





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Rate per \$100 of equalized assessed valuation)

<u>School Direct Rates</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Education	\$3.202	\$2.998	\$3.059	\$3.000
Medicare	0.023	0.022	0.044	0.048
Worker's and Unemployment Compensation/Tort Immunity	0.222	0.246	0.192	0.206
PBC Operation & Maintenance	0.709	0.719	0.722	0.701
Public Building Commission	<u>0.171</u>	<u>0.099</u>	<u>0.155</u>	<u>0.149</u>
TOTAL DIRECT RATE:	\$4.327	\$4.084	\$4.172	\$4.104
Chicago Finance Authority	0.291	0.270	0.268	0.255
City of Chicago	2.182	2.024	1.998	1.860
Chicago City Colleges	0.377	0.356	0.354	0.347
Chicago Park District	0.721	0.665	0.653	0.627
Metropolitan Water Reclamation District	0.492	0.451	0.444	0.419
Cook County	0.989	0.919	0.911	0.854
Cook County Forest Preserve	<u>0.074</u>	<u>0.074</u>	<u>0.072</u>	<u>0.070</u>
TOTAL FOR ALL GOVERNMENTS:	<u>\$9.453</u>	<u>\$8.843</u>	<u>\$8.872</u>	<u>\$8.536</u>

Source: Cook County Clerk's Office

Note:

A. Beginning fiscal year 2004, the tax levy for Medicare has been consolidated Education tax rate.

See note 3 of the Financial Statements regarding the legal restrictions on the ability to raise the direct rate.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004 (A)</u>	<u>2005</u>	<u>2006</u>
\$2.756	\$2.712	\$2.670	\$2.258	\$2.301	\$2.143
0.047	0.031	0.017	—	—	—
0.141	0.191	0.150	0.219	0.131	0.228
0.640	0.685	0.609	0.565	0.576	0.565
<u>0.130</u>	<u>0.125</u>	<u>0.116</u>	<u>0.100</u>	<u>0.096</u>	<u>0.090</u>
\$3.714	\$3.744	\$3.562	\$3.142	\$3.104	\$3.026
0.223	0.223	0.177	0.151	0.177	0.127
1.660	1.637	1.591	1.380	1.302	1.243
0.311	0.307	0.280	0.246	0.242	0.234
0.572	0.567	0.545	0.464	0.455	0.443
0.415	0.401	0.371	0.361	0.347	0.315
0.824	0.746	0.690	0.630	0.593	0.533
<u>0.069</u>	<u>0.067</u>	<u>0.061</u>	<u>0.059</u>	<u>0.060</u>	<u>0.060</u>
<u>\$7.788</u>	<u>\$7.692</u>	<u>\$7.277</u>	<u>\$6.433</u>	<u>\$6.280</u>	<u>\$5.981</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(In thousands of dollars)

Tax Year of Levy	Fiscal Year of Extension	Total Tax Extension	Collected within the Fiscal Year of Extension (A)		Collections in Subsequent Years	Total Collections to Date (C)	
			Amount	Percentage of Extension		Amount	Percentage of Extension
1996	1997	\$1,331,437	\$620,803	46.63%	\$661,817	\$1,282,620	96.33%
1997	1998	1,362,211	618,949	45.44%	706,812	1,325,761	97.32%
1998	1999	1,416,346	618,606	43.68%	762,285	1,380,891	97.50%
1999	2000	1,451,206	659,950	45.48%	767,194	1,427,144	98.34%
2000	2001	1,503,488	682,356	45.38%	793,459	1,475,815	98.16%
2001	2002	1,571,962	694,681	44.19%	859,258	1,553,939	98.85%
2002	2003	1,614,473	753,457	46.67%	833,257	1,586,714	98.28%
2003	2004	1,670,337	757,156	45.33%	896,560	1,653,716	99.00%
2004	2005	1,716,111	769,982	44.87%	931,950	1,701,932	99.17%
2005	2006	1,794,063	804,755	44.86%	—	—	—

Note:

A. The amount does not represent a full year's tax collection.

B. The total amount collected to date is net of refunds.



Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(In thousands of dollars)

Tax Year Levy	Fiscal Year Ended June 30, 2006	Assessed Values (A)				Total
		Class 2 (B)	Class 3 (C)	Class 5 (D)	Other (E)	
1996	1997	\$ 5,843,068	\$1,930,178	\$ 7,338,644	\$255,507	\$15,367,397
1997	1998	6,554,717	2,077,044	7,809,486	262,032	16,703,279
1998	1999	6,646,198	2,047,577	7,848,335	267,006	16,809,116
1999	2000	6,777,400	2,021,411	7,910,838	282,255	16,991,904
2000	2001	8,758,682	1,966,921	8,807,444	342,942	19,875,989
2001	2002	8,973,796	1,923,257	8,757,366	354,036	20,008,455
2002	2003	9,221,622	1,865,646	8,878,142	349,371	20,314,781
2003	2004	12,677,199	2,233,572	10,303,731	487,680	25,702,182
2004	2005	12,988,216	1,883,048	10,401,429	465,462	25,738,155
2005	2006	13,420,538	1,842,613	10,502,698	462,099	26,227,948

NOTES:

- A. *Source:* Cook County Assessor's Office
- B. Residential, six units and under
- C. Residential, seven units and over and mixed-use
- D. Industrial/Commercial
- E. Vacant, not-for-profit and industrial/commercial incentive classes
- F. *Source:* Illinois Department of Revenue
- G. *Source:* Cook County Clerk's Office — Total equalized assessed value is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.
- H. Property in the City of Chicago is reassessed once every three years. Tax rates are per \$100 of the equalized assessed value.
- I. *Source:* The Civic Federation — Excludes railroad property



<u>State Equalization Factor (F)</u>	<u>Total Equalized Assessed Value (G)</u>	<u>Total Direct Tax Rate (H)</u>	<u>Total Estimated Fair Cash Value (I)</u>	<u>Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value (%)</u>
2.1517	\$30,765,001	4.327	\$100,460,113	30.62%
2.1489	33,349,557	4.084	106,282,207	31.38%
2.1799	33,940,146	4.172	112,606,894	30.14%
2.2505	35,354,802	4.104	124,544,158	28.39%
2.2235	40,480,077	3.714	165,520,130	24.46%
2.3098	41,981,912	3.744	164,572,708	25.51%
2.4689	45,330,892	3.562	189,362,475	23.94%
2.4598	53,168,632	3.142	263,482,258	20.18%
2.5757	55,277,096	3.104	262,080,627	21.09%
2.7320	59,304,530	3.028	N/A	N/A



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

PRINCIPAL PROPERTY TAX PAYERS, BASED ON EQUALIZED ASSESSED VALUE

(In thousands of dollars)

Property	2005			2004		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Sears Tower	\$ 519,080	1	0.88%	\$ 489,383	1	0.89%
AON Building	341,767	2	0.58%	322,214	2	0.58%
Prudential Plaza	295,933	3	0.50%	279,002	3	0.50%
AT&T Corporate Center 1	268,519	4	0.45%	253,156	4	0.46%
Chase Tower	259,021	5	0.44%	244,202	5	0.44%
Northwestern Atrium	205,727	6	0.35%	193,957	6	0.35%
Three First National Plaza	190,340	7	0.32%	179,451	7	0.32%
Leo Burnett Building	188,219	8	0.32%	177,450	8	0.32%
Water Tower Place	183,187	9	0.31%	172,706	9	0.31%
Equity Office Properties	179,134	10	0.30%	168,886	10	0.31%
Lakeside Tech Ct.	—			—		
Chicago Mercantile Exchange	—			—		
Citicorp Plaza	—			—		
Hyatt Regency Hotel	—			—		
	<u>\$2,630,927</u>		<u>4.45%</u>	<u>\$2,480,407</u>		<u>4.48%</u>

Property	2000			1999		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Sears Tower	\$ 318,983	1	0.79%	\$ 318,984	1	0.90%
AON Building	227,033	2	0.56%	—		
Prudential Plaza	169,484	5	0.42%	169,483	4	0.48%
Bank One Plaza	—			191,950	3	0.54%
AT&T Corporate Center 1	164,722	6	0.41%	164,723	5	0.47%
Chase Tower	191,951	4	0.47%	—		
Three First National Plaza	135,204	7	0.33%	—		
Chicago Mercantile Exchange ..	209,010	3	0.52%	109,676	10	0.31%
Citicorp Plaza	134,961	8	0.33%	134,960	7	0.38%
Cigna	—			120,393	8	0.34%
Leo Burnett	—			111,557	9	0.32%
Lakeside Tech Ct.	—			—		
Three First National Plaza	—			135,203	6	0.38%
Amoco Building	—			227,033	2	0.64%
Hyatt Regency Hotel	114,266	9	0.28%	—		
900 North Michigan	111,557	10	0.28%	—		
One First National Plaza	—			—		
	<u>\$1,777,171</u>		<u>4.39%</u>	<u>\$1,683,962</u>		<u>4.76%</u>

Source: Cook County Treasurer's Office and Cook County Assessor's Office

N/A — Not available

2003			2002			2001		
Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
\$ 467,362	1	0.88%	\$ 417,723	1	0.92%	\$ 395,636	1	0.94%
307,715	2	0.58%	283,923	2	0.63%	255,702	2	0.61%
266,448	3	0.50%	230,946	3	0.51%	207,991	4	0.50%
241,765	4	0.45%	196,455	5	0.43%	202,096	6	0.48%
233,214	5	0.44%	230,071	4	0.51%	207,203	5	0.49%
185,230	6	0.35%	155,794	7	0.34%	140,309	8	0.33%
171,376	7	0.32%	150,438	8	0.33%	135,485	10	0.32%
169,466	8	0.32%	148,240	9	0.33%	—		
164,935	9	0.31%	145,665	10	0.32%	—		
161,286	10	0.30%	—		—	—		
—			160,564	6	0.35%	—		
—			—		—	234,430	3	0.56%
—			—		—	145,476	7	0.35%
—			—		—	139,957	9	0.33%
<u>\$2,368,797</u>		<u>4.45%</u>	<u>\$2,119,819</u>		<u>4.67%</u>	<u>\$2,064,285</u>		<u>4.91%</u>
1998			1997			1996		
Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
\$ 301,947	1	0.89%	\$ 291,616	1	0.87%	\$ 255,330	1	0.84%
—			—		—	—		
164,168	4	0.48%	161,834	4	0.49%	136,413	6	0.45%
185,930	3	0.55%	—		—	—		
159,556	5	0.47%	157,287	5	0.47%	146,822	5	0.48%
—			—		—	—		
—			—		—	—		
106,235	10	0.31%	104,724	10	0.31%	178,370	4	0.59%
130,726	7	0.39%	128,867	7	0.38%	118,730	10	0.39%
116,616	8	0.34%	112,441	8	0.34%	—		
108,058	9	0.32%	106,521	9	0.32%	—		
—			—		—	—		
130,962	6	0.39%	129,099	6	0.39%	130,547	8	0.43%
219,910	2	0.65%	212,586	2	0.64%	196,211	2	0.64%
—			—		—	128,751	9	0.42%
—			—		—	130,801	7	0.43%
—			183,286	3	0.55%	179,744	3	0.59%
<u>\$1,624,108</u>		<u>4.79%</u>	<u>\$1,588,261</u>		<u>4.76%</u>	<u>\$1,601,719</u>		<u>5.26%</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF REPLACEMENT TAX DATA

For the last ten fiscal years

Statewide Replacement Tax Data (A)

Calendar Year	Invested Capital Tax Collections	Business Income Tax Collections (Net of Refunds)	Net Adjustments (C)	Total Replacement Tax Allocations to Local Govts.	Board Percent (H)
1997	207,588,506	681,758,792	7,043,365	896,390,663	14.00%
1998	206,668,412	733,695,881	42,277,861	982,642,154	14.00%
1999	212,548,199	733,006,815	13,810,698	959,365,712	14.00%
2000	210,658,641	846,070,645	7,675,153	1,064,404,439	14.00%
2001	253,904,237	682,900,875	26,877,270	963,682,382	14.00%
2002	207,501,611	568,278,611	(5,993,471)	769,786,751	14.00%
2003	199,943,717	579,537,177	(1,991,328)	777,489,566	14.00%
2004	227,782,071	601,155,429	41,328,938	870,266,438	14.00%
2005	213,905,309	870,816,418	111,548,531	1,196,270,258	14.00%
2006 (G)	170,054,342	778,958,695	43,752,039	992,765,076	14.00%

NOTES:

- A. *Source:* Illinois Department of Revenue
- B. *Source:* Board of Education of the City of Chicago
- C. Consists of adjustments for administrative fees, interest earned on deposits, interfund transfers, timing of collections and payments and related items.
- D. All Board's debt for which there was a replacement tax obligation was retired by the end of 1995.
- E. The amount of the Statutory Claim for pension and retirement purposes has varied over the past 10 years, primarily as a result of (a) increases in required employer contributions funded from property taxes as a consequence of increased payroll and employee contributions (1985-1990 and 1994-1995), (b) a temporary suspension of the statutory requirement that property taxes be applied to pension and retirement purposes (1991-1993), and (c) the suspension of the statutory requirement that property taxes be applied to pension and retirement purposes (1996 and all years thereafter).
- F. Reflects reductions to pay applicable Statutory Claims. All Statutory Claims with respect to debt service have been paid and, under the Statue Revenue Sharing Act, no future Statutory Claims with respect to debt service will arise or need to be paid.
- G. Replacement tax collection for January 1, 2006 — August 31, 2006 only.
- H. Percentage rounded.
- I. Estimated.



Board Replacement Tax Data (B)

Statutory Claims (B)			Remainder after Allocations for Statutory Claims	Pro-Forma Pledged Revenues (F)	Fiscal Year Recorded Revenues
Allocations to Board	Allocations for Prior Debt Service (D)	Allocations for Pension Obligations (E)			
\$125,530,542	\$—	\$—	\$125,530,542	\$125,530,542	\$118,858,000
137,609,020	—	—	137,609,020	137,609,020	129,955,000
134,356,610	—	—	134,356,610	134,356,610	137,749,536
149,059,239	—	—	149,059,239	149,059,239	147,657,000
134,934,126	—	—	134,934,126	134,934,126	137,744,000
107,800,973	—	—	107,800,973	107,800,973	114,313,000
108,879,677	—	—	108,879,677	108,879,677	105,959,557
121,872,155	—	—	121,872,155	121,872,155	120,427,242
167,526,744	—	—	167,526,744	167,526,744	145,724,052
176,409,098	—	—	176,409,098	176,409,098	184,699,266

Monthly Summary of the Total Allocations to the Board of Education

Calendar Year	January	March	April	May	July	August	October	December	Total
1997	19,922,401	6,373,475	25,500,721	15,807,429	24,567,711	4,039,586	22,542,153	6,777,066	125,530,542
1998	20,065,684	7,513,742	28,179,417	17,381,659	23,455,991	9,333,844	20,907,185	10,771,498	137,609,020
1999	18,839,603	7,374,663	28,306,409	15,119,232	27,097,102	5,357,190	25,158,521	7,103,890	134,356,610
2000	16,886,066	9,745,046	39,992,847	14,519,931	28,893,667	5,385,783	25,132,569	8,503,330	149,059,239
2001	19,256,949	9,853,297	25,603,017	18,352,614	25,636,258	3,148,346	24,440,723	8,642,922	134,934,126
2002	16,842,147	6,478,868	25,630,253	12,181,929	16,948,258	2,701,807	19,106,650	7,911,061	107,800,973
2003	14,730,281	6,208,549	25,757,619	12,117,348	17,426,241	1,749,411	16,757,860	14,132,368	108,879,677
2004	19,906,464	8,669,066	26,475,210	13,494,987	19,241,877	8,379,867	19,602,544	6,102,140	121,872,155
2005	21,166,525	11,653,412	33,977,017	18,816,369	26,026,179	20,285,121	27,393,274	8,208,848	167,526,745
2006	24,520,445	8,553,752	38,608,787	24,789,508	32,340,532	10,213,846	28,762,938 (I)	8,619,290 (I)	176,409,098



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CITY OF CHICAGO TAX INCREMENTAL FINANCING (TIF) DISTRICTS

For the Fiscal Year Ended June 30, 2006

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2005 EAV \$</u>	<u>% Change in EAV (for 2005)</u>
Addison Corridor North	06/04/97	2020	\$ 14,400,224	\$ 39,241,048	172.5%
Addison/Kimball	01/12/00	2023	883,731	9,372,650	960.6%
Archer Courts	05/12/99	2022	85,326	5,504,339	6351.0%
Archer/Central	05/17/00	2023	37,646,911	47,550,028	26.3%
Avalon Park/South Shore	07/31/02	2025	22,180,151	29,826,473	34.5%
Belmont/Central	01/12/00	2023	74,974,945	109,886,637	46.6%
Belmont/Cicero	01/12/00	2023	33,673,880	49,616,070	47.3%
Bloomington/Laramie	09/15/93	2016	1,206,101	546,409	-54.7%
Bronzeville	11/04/98	2021	52,170,301	103,319,639	98.0%
Bryn Mawr/Broadway	12/11/96	2019	17,682,409	32,598,604	84.4%
Calumet/Cermak	07/29/98	2021	3,219,685	184,569,340	5632.5%
Canal/Congress	11/12/98	2021	36,872,487	295,298,889	700.9%
Central Loop	06/20/84	2007	985,292,154	2,603,135,368	164.2%
Central West	02/16/00	2023	62,116,168	199,807,536	221.7%
Chatham Ridge	12/18/86	2009	2,626,632	31,138,464	1085.5%
Chicago/CentralPark	02/27/02	2025	84,789,947	132,649,626	56.4%
Chicago/Kingsbury	04/12/00	2023	38,520,712	184,764,333	379.6%
Chinatown Basin	12/18/86	2009	131,657	39,302,860	29752.5%
Cicero/Archer	05/17/00	2023	19,629,324	31,929,427	62.7%
Clark/Montrose	07/07/99	2022	23,433,096	41,651,337	77.7%
Clark/Ridge	09/29/99	2022	39,619,368	59,604,758	50.4%
Commercial Ave.	11/13/02	2025	40,748,652	57,698,441	41.6%
Devon/Sheridan	03/31/04	2027	46,265,220	55,077,463	19.0%
Devon/Western	11/03/99	2022	71,430,503	107,853,184	51.0%
Diversey/Narragansett	02/05/03	2026	34,746,231	61,632,246	77.4%
Division/Homan	06/27/01	2024	24,683,716	36,287,115	47.0%
Division/Hooker	07/10/96	2019	380,624	4,235,635	1012.8%
Division/North Branch	03/15/91	2014	482,150	3,893,092	707.4%
Drexel Blvd.	07/10/02	2025	127,408	783,908	515.3%
Eastman/North Branch	10/07/93	2016	2,222,210	5,399,713	143.0%
Edgewater	12/18/86	2009	479,172	4,840,679	910.2%
Edgewater/Ashland	10/01/03	2026	1,875,282	29,699,524	1483.7%
Englewood Mall	11/29/89	2012	3,868,736	10,733,526	177.4%
Englewood Neighborhood	06/27/01	2024	56,074,854	101,641,951	81.3%
Fullerton/Milwaukee	02/16/00	2023	85,157,390	140,748,244	65.3%
Fullerton/Normandy	10/07/93	2016	2,031,931	12,711,182	525.6%
Galewood/Armitage	07/07/99	2022	48,056,697	68,679,707	42.9%
Goose Island	07/10/96	2019	13,676,187	55,390,546	305.0%
Greater Southwest (West)	04/12/00	2023	115,603,413	126,984,560	9.8%
Homan/Arthington	02/05/98	2021	2,658,362	8,300,866	212.3%
Homan/Grand Trunk	12/15/93	2016	35,753	3,369,105	9323.3%
Howard/Paulina	10/14/88	2011	10,081,104	39,901,385	295.8%
Humbolt Park Commercial	06/27/01	2024	32,161,252	59,744,496	85.8%
Irving Park/Cicero	06/10/96	2019	8,150,631	16,440,254	101.7%
Jefferson Park	09/09/98	2021	23,970,085	34,110,619	42.3%
Jefferson/Roosevelt	08/30/00	2023	52,292,656	73,900,698	41.3%
Kinzie Industrial Corridor	06/10/98	2021	142,386,487	348,418,730	144.7%
Lake Calumet	12/13/00	2023	189,582,050	220,579,451	16.4%
Lakefront	03/27/02	2025	0	5,469,750	NA
Lakeside/Clarendon	07/21/04	2027	3,091,585	2,409,984	-22.0%



City of Chicago Tax Incremental Financing (TIF) Districts (continued)

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2005 EAV \$</u>	<u>% Change in EAV (for 2005)</u>
Lawrence/Broadway	06/27/01	2024	\$ 38,603,611	\$ 78,057,606	102.2%
Lawrence/Kedzie	02/16/00	2023	110,395,843	193,890,551	75.6%
Lawrence/Pulaski	02/27/02	2025	43,705,743	55,614,078	27.2%
Lincoln Avenue	11/03/99	2022	63,741,191	100,855,098	58.2%
Lincoln/Belmont/Ashland	11/02/94	2017	2,457,347	19,864,425	708.4%
Madden/Wells	11/06/02	2025	1,333,570	7,550,758	466.2%
Madison/Austin Corridor	09/29/99	2022	48,748,259	61,988,711	27.2%
Michigan/Cermak	09/13/89	2013	5,858,634	12,728,643	117.3%
Midway Ind. Corridor	02/16/00	2023	48,652,950	69,332,574	42.5%
Midwest	05/17/00	2023	98,087,099	218,670,152	122.9%
Montclare	08/30/00	2023	792,770	5,384,540	579.2%
Near North	07/30/97	2020	41,675,843	255,358,891	512.7%
Near South	08/03/94	2017	128,567,383	669,748,398	420.9%
Near West	06/10/96	2019	36,805,570	180,202,555	389.6%
North Ave./Cicero	07/30/97	2020	5,658,542	23,973,513	323.7%
North Branch North	07/02/97	2020	29,574,537	87,834,341	197.0%
North Branch South	02/05/98	2021	44,361,677	116,927,233	163.6%
NW Industrial Corridor	12/02/98	2021	146,115,991	211,701,756	44.9%
Ohio/Wabash	06/07/00	2023	1,278,143	26,627,116	1983.3%
Peterson/Cicero	02/16/00	2023	1,116,653	1,035,199	-7.3%
Peterson/Pulaski	02/16/00	2023	40,112,395	53,429,441	33.2%
Pilsen Industrial Corridor	06/10/98	2021	111,203,219	224,867,585	102.2%
Portage Park	09/09/98	2021	65,084,552	100,837,151	54.9%
Pulaski Corridor	06/09/99	2022	82,778,075	121,266,146	46.5%
Read/Dunning	01/11/91	2014	6,382,072	47,450,106	643.5%
River South	07/30/97	2020	65,852,957	201,267,265	205.6%
River West	01/10/01	2024	50,463,240	181,891,030	260.4%
Roosevelt/Canal	03/19/97	2019	1,276,969	20,495,428	1505.0%
Roosevelt/Cicero Corridor	02/05/98	2021	45,179,428	70,785,607	56.7%
Roosevelt/Homan	12/05/90	2013	3,539,018	14,680,563	314.8%
Roosevelt/Racine (DOH)	11/04/98	2021	6,992,428	11,009,572	57.4%
Roosevelt/Union	05/12/99	2022	4,369,258	59,615,798	1264.4%
Roseland/Michigan	01/16/02	2025	29,627,768	33,158,676	11.9%
Ryan/Garfield	12/18/86	2009	166,083	5,762,485	3369.6%
Sanitary & Ship Canal	07/24/91	2014	10,722,329	23,285,085	117.2%
South Chicago	04/12/00	2023	14,775,992	24,642,483	66.8%
South Works	11/03/99	2023	3,823,633	6,212,554	62.5%
Stockyards Annex	12/11/96	2019	38,650,631	60,475,251	56.5%
Stockyards-Industrial	03/08/89	2014	11,178,459	43,908,944	292.8%
Stockyards-Southeast Quad	02/26/92	2015	21,527,824	46,768,294	117.2%
Stony Island Com/Burnside	06/10/98	2021	46,058,038	78,063,883	69.5%
Southwest Ind. Corridor	03/10/99	2022	17,662,923	25,535,741	44.6%
West Grand	06/10/96	2019	465,129	2,064,023	343.8%
West Irving Park	01/12/00	2023	36,446,831	50,833,266	39.5%
West Pullman Ind. Park	03/11/98	2021	7,050,845	5,190,019	-26.4%
West Ridge/Peterson	10/27/86	2009	1,617,926	1,789,054	10.6%
Western Ave. North	01/12/00	2023	71,205,617	120,445,895	69.2%
Western Ave. South	01/12/00	2023	69,515,261	135,969,918	95.6%
Western/Ogden Ind. Corridor	02/05/98	2021	33,184,486	76,080,361	129.3%
Wilson Yard	06/27/01	2024	55,960,211	135,322,229	141.8%
Woodlawn	01/20/99	2022	28,865,833	62,100,426	115.1%
105th Vincennes	10/03/01	2024	1,268,074	3,465,282	173.3%
111th St./Kedzie	09/29/99	2022	14,456,141	20,457,901	41.5%
119th/ I-57	11/06/02	2025	16,097,672	24,998,973	55.3%
119th Halsted	02/06/02	2025	18,853,913	24,210,291	28.4%
126th/Torrence	12/21/94	2017	1,224,731	10,377,343	747.3%



City of Chicago Tax Incremental Financing (TIF) Districts (continued)

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2005 EAV \$</u>	<u>% Change in EAV (for 2005)</u>
24th/Michigan	07/21/99	2022	\$ 15,874,286	\$ 21,113,181	33.0%
26th/Kostner	04/29/98	2021	2,834,583	3,506,362	23.7%
35th/Halsted	01/14/97	2020	80,938,228	121,583,550	50.2%
35th/State	01/14/04	2027	3,978,955	8,007,066	101.2%
35th/Wallace	12/15/99	2022	9,047,402	12,427,648	37.4%
41st/King Drive	07/13/94	2017	129,892	2,897,578	2130.8%
43rd/Cottage Grove	07/08/98	2021	7,038,638	30,423,763	332.2%
43rd/Damen	08/03/94	2017	5,596,786	8,338,351	49.0%
45th/Western Industrial	03/27/02	2025	2,188,976	4,640,433	112.0%
47th/Ashland	03/27/02	2025	53,606,185	76,863,355	43.4%
47th/Halsted	05/29/02	2025	39,151,640	63,284,814	61.6%
47th/King Drive	03/27/02	2025	61,269,066	123,098,345	100.9%
47th/State	07/21/04	2027	19,279,360	30,703,114	59.3%
49th/St. Lawrence	01/10/96	2018	683,377	5,200,952	661.1%
51st/Archer	05/17/00	2023	29,522,751	36,719,926	24.4%
53rd St.	01/10/01	2024	23,168,822	33,253,298	43.5%
60th/Western	05/09/96	2019	2,464,026	7,847,626	218.5%
63rd/Pulaski	05/17/00	2023	56,171,856	80,278,763	42.9%
67th/Cicero	10/02/02	2025	0	3,631,921	0.0%
69th/Ashland	01/11/00	2027	813,600	904,755	11.2%
71st/Stony Island	03/04/05	2021	53,506,725	89,198,562	66.7%
72nd/Cicero	11/17/93	2016	6,531,993	11,242,275	72.1%
73rd/Kedzie	11/17/93	2017	14,587,780	12,636,360	-13.4%
79th Street Corridor	07/08/98	2021	21,576,305	29,173,098	35.2%
79th/SW Highway	10/03/01	2024	36,347,823	48,304,026	32.9%
83rd/Stewart	03/21/04	2027	10,618,689	8,701,621	-18.1%
87th/Cottage Grove	11/13/02	2025	53,959,824	81,672,622	51.4%
89th/State	04/01/98	2021	3,827,328	8,881,599	132.1%
95th/Stony Island	05/16/90	2013	2,622,436	20,715,236	689.9%
95th/Western	07/13/95	2018	16,035,773	27,619,110	72.2%
			<u>\$5,128,019,972</u>	<u>\$11,467,179,406</u>	123.6%

NOTES:

State law empowers cities to create Tax Increment Financing Districts (TIFs) to finance redevelopment of blighted areas or areas at risk of blight. Taxes subsequently generated by new development and increases in property values in TIF districts are reinvested for further development. Increased tax revenues pay for general improvements such as roadways, viaducts, sewers, and sidewalk replacement or for financial assistance for developers.

State law requires the City to call a meeting of the Joint Review Board in order for the City to legally create any TIF. The Chicago Public Schools serves on this committee.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

For the fiscal year ended June 30, 2006

(Thousands of dollars)

<u>Fiscal Year</u>	<u>CPS Debts</u>	<u>PBC Leases</u>	<u>Total CPS and PBC Debt</u>	<u>SFA Debts</u>	<u>Total</u>
2007	\$ 171,959	\$ 51,765	\$ 51,765	\$ 70,432	\$122,197
2008	176,626	51,800	51,800	68,093	119,893
2009	180,780	51,838	51,838	70,250	122,088
2010	259,012	51,830	51,830	—	51,830
2011	260,876	51,874	51,874	—	51,874
2012	274,829	51,926	51,926	—	51,926
2013	255,245	51,963	51,963	—	51,963
2014	276,726	51,981	51,981	—	51,981
2015	266,528	52,029	52,029	—	52,029
2016	277,329	52,001	52,001	—	52,001
2017	269,225	52,019	52,019	—	52,019
2018	281,379	52,070	52,070	—	52,070
2019	282,250	52,099	52,099	—	52,099
2020	306,336	30,636	30,636	—	30,636
2021	342,873	—	—	—	—
2022	336,783	—	—	—	—
2023	307,060	—	—	—	—
2024	330,736	—	—	—	—
2025	328,554	—	—	—	—
2026	326,034	—	—	—	—
2027	327,063	—	—	—	—
2028	298,809	—	—	—	—
2029	392,405	—	—	—	—
2030	331,815	—	—	—	—
2031	333,086	—	—	—	—
2032	333,550	—	—	—	—
2033	83,411	—	—	—	—
2034	60,636	—	—	—	—
2035	31,283	—	—	—	—
2036	18,260	—	—	—	—
TOTAL:	<u>\$7,721,458</u>	<u>\$705,831</u>	<u>\$705,831</u>	<u>\$208,775</u>	<u>\$914,606</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CPS Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	4/26/1996 Series 1996 \$350 Million Bond Issue		5/7/1997 Series 1997 \$500 Million Bond Issue		12/3/1997 Series 1997A \$499.9 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 3,030	\$ 3,356	\$ 9,415	\$ 5,044	\$ —	\$ 24,278
2008	3,190	3,179	9,970	4,450	—	24,278
2009	3,390	2,981	10,605	3,781	—	24,278
2010	10,495	2,551	11,465	3,036	—	24,278
2011	11,145	1,875	12,235	2,236	—	24,278
2012	11,830	1,157	13,050	1,383	7,332	32,192
2013	12,600	394	13,960	471	6,907	32,616
2014	—	—	—	—	6,501	33,022
2015	—	—	—	—	6,113	33,410
2016	—	—	—	—	5,743	33,781
2017	—	—	—	—	5,389	34,134
2018	—	—	—	—	15,240	23,867
2019	—	—	—	—	16,065	23,034
2020	—	—	—	—	16,910	22,168
2021	—	—	—	—	25,275	21,061
2022	—	—	—	—	26,600	19,699
2023	—	—	—	—	28,000	18,266
2024	—	—	—	—	34,660	16,621
2025	—	—	—	—	36,475	14,754
2026	—	—	—	—	38,390	12,788
2027	—	—	—	—	40,410	10,720
2028	—	—	—	—	42,530	8,543
2029	—	—	—	—	44,760	6,251
2030	—	—	—	—	47,110	3,840
2031	—	—	—	—	49,585	1,302
2032	—	—	—	—	—	—
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$55,680</u>	<u>\$15,493</u>	<u>\$80,700</u>	<u>\$20,401</u>	<u>\$499,995</u>	<u>\$523,459</u>

(continued)



Fiscal Year	9/24/1998 Series 1998 \$14 Million Bond Issue		10/29/1998 Series 1998B-1 \$328.7 Million Bond Issue		2/25/1999 Series 1999A \$532.5 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12,419
2008	—	—	—	—	1,229	12,975
2009	—	—	—	—	2,295	13,635
2010	—	—	17,825	11,535	24,342	27,382
2011	—	—	16,843	12,522	23,019	28,710
2012	14,000	—	7,650	6,495	13,984	23,741
2013	—	—	10,384	10,016	13,267	24,642
2014	—	—	9,753	10,647	16,588	29,277
2015	—	—	9,215	11,185	16,149	30,243
2016	—	—	8,698	11,702	15,270	31,104
2017	—	—	8,202	12,198	14,517	31,882
2018	—	—	7,763	12,637	30,694	32,162
2019	—	—	7,344	13,056	30,896	31,919
2020	—	—	14,190	27,710	31,251	31,522
2021	—	—	20,686	43,614	31,661	31,016
2022	—	—	19,607	44,693	32,201	30,458
2023	—	—	18,624	45,676	32,849	29,774
2024	—	—	16,232	42,768	33,595	29,104
2025	—	—	15,379	43,621	34,424	28,202
2026	—	—	14,607	44,393	35,381	27,259
2027	—	—	13,873	45,127	36,452	26,112
2028	—	—	13,176	45,824	7,334	25,691
2029	—	—	21,211	78,789	12,351	46,259
2030	—	—	20,145	79,855	11,722	46,888
2031	—	—	19,134	80,866	11,125	47,485
2032	—	—	18,173	81,827	19,958	90,842
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$14,000</u>	<u>\$ —</u>	<u>\$328,714</u>	<u>\$816,756</u>	<u>\$532,554</u>	<u>\$820,703</u>

(continued)



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CPS Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	12/22/1999 IDFA Series 1999A \$12 Million Bond Issue		7/20/2000 Series 2000A \$106.9 Million Bond Issue		9/7/2000 Series 2000B,C,D \$303 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Estimated Interest*
2007	\$ —	\$ —	\$ —	\$ 923	\$ —	\$ 18,180
2008	—	—	—	923	—	18,180
2009	—	—	—	923	—	18,180
2010	—	—	2,365	851	3,600	18,126
2011	—	—	2,505	716	4,500	17,897
2012	12,000	—	2,635	577	4,700	17,624
2013	—	—	—	502	5,000	17,337
2014	—	—	—	502	5,400	17,031
2015	—	—	—	502	5,900	16,700
2016	—	—	—	502	6,800	16,332
2017	—	—	—	502	7,700	15,911
2018	—	—	—	502	8,200	15,441
2019	—	—	—	501	11,100	14,906
2020	—	—	—	501	12,700	14,216
2021	—	—	4,385	378	13,600	13,440
2022	—	—	4,635	127	14,400	12,612
2023	—	—	—	—	15,300	11,735
2024	—	—	—	—	16,200	10,803
2025	—	—	—	—	17,200	9,816
2026	—	—	—	—	18,200	8,769
2027	—	—	—	—	19,300	7,661
2028	—	—	—	—	20,500	6,485
2029	—	—	—	—	21,700	5,237
2030	—	—	—	—	23,000	3,915
2031	—	—	—	—	24,400	2,514
2032	—	—	—	—	23,600	1,062
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$12,000</u>	<u>\$—</u>	<u>\$16,525</u>	<u>\$9,432</u>	<u>\$303,000</u>	<u>\$330,110</u>

* Variable rate interest calculated at an assumed rate of 6% per annum.

(continued)

Fiscal Year	12/19/2000 Series 2000E \$13.4 Million Bond Issue		3/1/2001 Series 2001A \$45.1 Million Bond Issue		10/24/2001 Series 2001B \$9.4 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ —	\$ —	\$ 800	\$ 270	\$ —	\$ —
2008	—	—	835	237	—	—
2009	—	—	870	203	—	—
2010	—	—	905	167	—	—
2011	—	—	945	128	—	—
2012	—	—	1,000	81	—	—
2013	—	—	1,045	27	—	—
2014	13,390	—	—	—	—	—
2015	—	—	—	—	—	—
2016	—	—	—	—	9,440	—
2017	—	—	—	—	—	—
2018	—	—	—	—	—	—
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022	—	—	—	—	—	—
2023	—	—	—	—	—	—
2024	—	—	—	—	—	—
2025	—	—	—	—	—	—
2026	—	—	—	—	—	—
2027	—	—	—	—	—	—
2028	—	—	—	—	—	—
2029	—	—	—	—	—	—
2030	—	—	—	—	—	—
2031	—	—	—	—	—	—
2032	—	—	—	—	—	—
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$13,390</u>	<u>\$—</u>	<u>\$6,400</u>	<u>\$1,113</u>	<u>\$9,440</u>	<u>\$—</u>

(continued)



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CPS Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	12/11/2001 Series 2001C \$217.3 Million Bond Issue		9/24/2002 Series 2002A \$49 Million Bond Issue		2/13/2003 Series 2003A \$75.9 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 3,925	\$1,553	\$ 600	\$ 2,313	\$ 2,105	\$ 3,204
2008	4,120	1,351	615	2,295	5,165	3,069
2009	4,330	1,140	1,135	2,267	5,375	2,831
2010	4,545	918	1,675	2,220	5,640	2,567
2011	4,770	679	1,825	2,147	5,900	2,290
2012	5,020	422	2,315	2,061	6,195	2,012
2013	5,285	145	2,405	1,969	6,455	1,713
2014	—	—	3,000	1,846	6,795	1,365
2015	—	—	3,150	1,692	7,150	999
2016	—	—	3,310	1,531	7,525	614
2017	—	—	3,475	1,361	7,925	208
2018	—	—	3,645	1,183	—	—
2019	—	—	3,830	992	—	—
2020	—	—	4,025	786	—	—
2021	—	—	4,240	569	—	—
2022	—	—	4,460	346	—	—
2023	—	—	4,685	117	—	—
2024	—	—	—	—	—	—
2025	—	—	—	—	—	—
2026	—	—	—	—	—	—
2027	—	—	—	—	—	—
2028	—	—	—	—	—	—
2029	—	—	—	—	—	—
2030	—	—	—	—	—	—
2031	—	—	—	—	—	—
2032	—	—	—	—	—	—
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$31,995</u>	<u>\$6,208</u>	<u>\$48,390</u>	<u>\$25,695</u>	<u>\$66,230</u>	<u>\$20,872</u>

(continued)



Fiscal Year	2/13/2003 Series 2003B \$183.8 Million Bond Issue		10/28/2003 Series 2003C \$4.6 Million Bond Issue		12/11/2003 Series 2003D \$257.925 Million Bond Issue	
	Principal	Estimated Interest**	Principal	Interest	Principal	Estimated Interest**
2007	\$ —	\$ 6,210	\$ —	\$ —	\$ 4,350	\$ 5,689
2008	—	6,210	—	—	4,550	5,471
2009	—	6,210	—	—	4,825	5,244
2010	—	6,210	—	—	5,100	5,002
2011	—	6,210	—	—	5,350	4,747
2012	—	6,210	—	—	5,600	4,480
2013	—	6,210	—	—	5,925	4,200
2014	—	6,210	—	—	6,275	3,904
2015	—	6,210	—	—	7,125	3,590
2016	—	6,210	—	—	7,500	3,234
2017	—	6,210	—	—	7,925	2,859
2018	8,300	6,225	4,585	—	7,800	10,259
2019	8,650	5,946	—	—	8,125	10,481
2020	9,000	5,654	—	—	8,475	10,723
2021	9,375	5,351	—	—	8,825	10,960
2022	9,775	5,035	—	—	9,225	11,242
2023	10,175	4,705	—	—	9,400	11,295
2024	10,600	4,362	—	—	9,750	11,520
2025	11,050	4,005	—	—	10,200	11,840
2026	11,525	3,632	—	—	10,650	12,155
2027	12,000	3,244	—	—	11,100	12,463
2028	12,500	2,839	—	—	11,550	12,765
2029	13,025	2,418	—	—	12,050	13,112
2030	13,575	1,979	—	—	12,550	13,451
2031	14,150	1,521	—	—	13,050	13,784
2032	14,725	1,044	—	—	13,600	14,161
2033	15,350	548	—	—	14,200	14,580
2034	—	—	—	—	14,800	14,991
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$183,775</u>	<u>\$126,818</u>	<u>\$4,585</u>	<u>\$—</u>	<u>\$249,875</u>	<u>\$258,202</u>

(continued)

** Interest on auction rate securities assumes current interest rates remain the same as of June 30, 2006 calculated at

Series 2003B computed: $(3.567\% \times \text{swapped outstanding principal}) + (3.782\% - 3.9710\%) \times \text{swapped outstanding principal}$

Series 2003D computed: $(3.811\% \times \text{swapped outstanding principal}) + (3.771\% - 3.734066\%) \times \text{swapped outstanding principal} + \text{unswapped outstanding principal} \times 5.0\%$



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CPS Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	4/6/2004 Series 2004A \$205.410 Million Bond Issue		4/6/2004 Series 2004B \$298.075 Million Bond Issue		11/10/2004 Series 2004CDE \$222.080 Million Bond Issue	
	Principal	Interest	Principal	Estimated Interest**	Principal	Estimated Interest***
2007	\$ —	\$ 10,270	\$ —	\$ 10,459	\$ 3,805	\$ 9,787
2008	—	10,270	—	10,459	3,975	9,640
2009	—	10,270	—	10,459	4,155	9,433
2010	—	10,270	—	10,459	4,340	9,243
2011	—	10,270	—	10,459	4,535	9,046
2012	25	10,270	—	10,459	4,740	8,864
2013	2,965	10,195	—	10,459	4,955	8,624
2014	15,840	9,725	—	10,459	5,175	8,398
2015	18,615	8,864	—	10,459	5,410	8,163
2016	36,230	7,493	—	10,459	5,655	7,938
2017	38,020	5,636	—	10,459	5,910	7,659
2018	23,025	4,110	—	10,459	6,175	7,390
2019	24,190	2,930	2,325	10,459	6,450	7,087
2020	25,410	1,690	3,425	10,377	6,740	6,835
2021	21,090	526	3,925	10,257	7,045	6,509
2022	—	—	4,075	10,119	7,360	6,188
2023	—	—	4,225	9,976	7,695	5,853
2024	—	—	33,950	9,828	8,040	5,519
2025	—	—	35,225	8,637	8,400	5,137
2026	—	—	36,600	7,401	8,780	4,789
2027	—	—	37,925	6,117	9,175	4,355
2028	—	—	39,400	4,786	9,585	3,949
2029	—	—	66,625	3,404	10,020	3,502
2030	—	—	7,175	1,066	10,470	3,046
2031	—	—	7,450	814	10,940	2,569
2032	—	—	7,725	553	11,435	2,077
2033	—	—	8,025	282	11,945	1,551
2034	—	—	—	—	12,485	1,007
2035	—	—	—	—	13,045	439
2036	—	—	—	—	—	—
TOTAL	<u>\$205,410</u>	<u>\$112,789</u>	<u>\$298,075</u>	<u>\$219,584</u>	<u>\$218,440</u>	<u>\$174,597</u>

(continued)

*** Variable rate interest calculated at an assumed rate of 4.50% per annum.

** Interest on auction rate securities assumes current interest rates remain the same as of June 30, 2006 calculated at Series 2004B computed: (3.699%* swapped outstanding principal) + (3.5437% - 3.734066%) * swapped outstanding principal



Fiscal Year	12/10/2004 Series 2004FGH \$56.000 Million Bond Issue		6/27/2005 Series 2005AB \$205.410 Million Bond Issue		11/15/2005 Series 2005C \$53.750 Million Bond Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ —	\$ 3,025	\$ —	\$ 13,180	\$ —	\$ 2,756
2008	—	3,025	—	13,180	—	2,756
2009	—	3,025	—	13,180	2,000	2,716
2010	—	3,025	—	13,180	2,000	2,639
2011	—	3,025	—	13,180	3,300	2,519
2012	1,815	2,989	—	13,180	3,300	2,354
2013	1,885	2,914	—	13,180	3,300	2,189
2014	2,860	2,817	20,660	12,663	3,300	2,024
2015	2,985	2,687	21,700	11,604	3,350	1,853
2016	3,585	2,517	6,720	10,886	3,150	1,683
2017	3,785	2,315	7,085	10,523	4,000	1,495
2018	4,595	2,081	7,455	10,132	4,000	1,285
2019	4,850	1,815	7,860	9,711	4,250	1,069
2020	5,130	1,534	8,300	9,267	4,300	844
2021	5,415	1,237	8,755	8,798	4,500	613
2022	5,725	923	31,975	7,734	4,000	385
2023	6,045	592	9,750	6,644	2,000	220
2024	4,655	287	10,290	6,093	2,000	110
2025	2,670	77	10,855	5,511	1,000	28
2026	—	—	11,455	4,898	—	—
2027	—	—	12,090	4,250	—	—
2028	—	—	12,760	3,567	—	—
2029	—	—	13,465	2,846	—	—
2030	—	—	14,200	2,085	—	—
2031	—	—	14,990	1,282	—	—
2032	—	—	15,815	435	—	—
2033	—	—	—	—	—	—
2034	—	—	—	—	—	—
2035	—	—	—	—	—	—
2036	—	—	—	—	—	—
TOTAL	<u>\$56,000</u>	<u>\$39,910</u>	<u>\$246,180</u>	<u>\$221,189</u>	<u>\$53,750</u>	<u>\$29,538</u>

(continued)



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CPS Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	12/8/2005 Series 2005DE \$325.000 Million Bond Issue		6/27/2005 Series 2006A \$6.853 Million		Total		Total CPS Debts
	Principal	Estimated Interest**	Principal	Interest	G.O. Debt Principal	G.O. Debt Interest	
2007	\$ 5,625	\$ 5,388	\$ —	\$ —	\$ 33,655	\$ 138,304	\$ 171,959
2008	5,890	5,139	—	—	39,539	137,087	176,626
2009	6,165	4,879	—	—	45,145	135,635	180,780
2010	6,450	4,606	—	—	100,747	158,265	259,012
2011	6,750	4,320	—	—	103,622	157,254	260,876
2012	7,065	4,022	—	—	124,256	150,573	274,829
2013	7,395	3,709	—	—	103,733	151,512	255,245
2014	7,685	3,614	—	—	123,222	153,504	276,726
2015	7,990	3,515	—	—	114,852	151,676	266,528
2016	8,305	3,412	—	—	127,931	149,398	277,329
2017	8,635	3,305	—	—	122,568	146,657	269,225
2018	8,975	3,194	—	—	140,452	140,927	281,379
2019	9,330	3,079	—	—	145,265	136,985	282,250
2020	9,695	2,958	—	—	159,551	146,785	306,336
2021	10,080	2,834	6,853	—	185,710	157,163	342,873
2022	10,480	2,704	—	—	184,518	152,265	336,783
2023	10,890	2,569	—	—	159,638	147,422	307,060
2024	11,320	2,429	—	—	191,292	139,444	330,736
2025	11,765	2,283	—	—	194,643	133,911	328,554
2026	12,230	2,132	—	—	197,818	128,216	326,034
2027	12,715	1,974	—	—	205,040	122,023	327,063
2028	13,215	1,810	—	—	182,550	116,259	298,809
2029	13,740	1,640	—	—	228,947	163,458	392,405
2030	14,280	1,463	—	—	174,227	157,588	331,815
2031	14,845	1,280	—	—	179,669	153,417	333,086
2032	15,430	1,088	—	—	140,461	193,089	333,550
2033	16,040	890	—	—	65,560	17,851	83,411
2034	16,670	683	—	—	43,955	16,681	60,636
2035	17,330	469	—	—	30,375	908	31,283
2036	18,015	245	—	—	18,015	245	18,260
TOTAL	<u>\$325,000</u>	<u>\$81,633</u>	<u>\$6,853</u>	<u>\$—</u>	<u>\$3,866,956</u>	<u>\$3,854,502</u>	<u>\$7,721,458</u>

** Interest on variable rate debt assumes current interest rates remain the same as of June 30, 2006 calculated at Series 2005DE computed: (4.024%* swapped outstanding principal) + (3.6617% — 3.734066%) * swapped outstanding principal + unswapped outstanding principal * 4.5%





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — PBC Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	1/1/1992 1992 Series A			4/1/1993 1993 Series A			3/1/1999 1999 Series B	
	Principal	Interest	Admin Fee	Principal	Interest	Admin Fee	Principal	Interest
2007	\$ 13,950	\$ 17,362	\$ 1,350	\$ 8,545	\$ 2,953	\$ 1,598	\$ —	\$ 6,007
2008	14,830	16,508	1,350	9,015	2,492	1,598	—	6,007
2009	15,450	15,581	1,350	9,855	1,997	1,598	—	6,007
2010	16,375	14,615	1,350	10,420	1,464	1,233	375	5,998
2011	17,400	13,592	1,350	11,025	902	1,212	415	5,978
2012	18,500	12,504	1,350	11,660	306	1,214	435	5,957
2013	19,650	11,348	1,350	—	—	1,205	12,800	5,610
2014	20,850	10,120	1,350	—	—	1,203	13,540	4,918
2015	22,150	8,817	1,350	—	—	1,205	14,320	4,187
2016	22,025	7,433	1,300	—	—	1,204	16,665	3,374
2017	23,325	6,111	1,300	—	—	1,204	17,605	2,474
2018	24,725	4,712	1,300	—	—	1,204	18,605	1,524
2019	26,125	3,228	1,300	—	—	1,208	19,720	518
2020	27,675	1,661	1,300	—	—	—	—	—
TOTAL	<u>\$283,030</u>	<u>\$143,592</u>	<u>\$18,650</u>	<u>\$60,520</u>	<u>\$10,114</u>	<u>\$16,886</u>	<u>\$114,480</u>	<u>\$58,559</u>



<u>Fiscal Year</u>	<u>Total Principal</u>	<u>Total Interest and Other Exp</u>	<u>Total PBC Debts</u>
2007	\$ 22,495	\$ 29,270	\$ 51,765
2008	23,845	27,955	51,800
2009	25,305	26,533	51,838
2010	27,170	24,660	51,830
2011	28,840	23,034	51,874
2012	30,595	21,331	51,926
2013	32,450	19,513	51,963
2014	34,390	17,591	51,981
2015	36,470	15,559	52,029
2016	38,690	13,311	52,001
2017	40,930	11,089	52,019
2018	43,330	8,740	52,070
2019	45,845	6,254	52,099
2020	27,675	2,961	30,636
TOTAL	<u>\$458,030</u>	<u>\$247,801</u>	<u>\$705,831</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DETAILED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY — CSFA Issues

For the fiscal year ended June 30, 2006

(Thousands of dollars)

Fiscal Year	4/1/92 Refunding Series 1992A		Refunding Series 1993A		3/03/04 Refunding Series 2004A	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$16,855	\$3,253	\$ 9,430	\$1,128	\$ —	\$346
2008	17,415	2,200	1,165	629	6,915	346
2009	17,780	1,111	10,290	566	—	—
TOTAL	<u>\$52,050</u>	<u>\$6,564</u>	<u>\$20,885</u>	<u>\$2,323</u>	<u>\$6,915</u>	<u>\$692</u>



Fiscal Year	5/20/04 Refunding Series 2004B		5/20/04 Series 2004C		Total		SFA Debt
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$23,385	\$4,326	\$10,520	\$1,189	\$ 60,190	\$10,242	\$ 70,432
2008	24,555	3,157	11,100	611	61,150	6,943	68,093
2009	38,575	1,928	—	—	66,645	3,605	70,250
TOTAL	<u>\$86,515</u>	<u>\$9,411</u>	<u>\$21,620</u>	<u>\$1,800</u>	<u>\$187,985</u>	<u>\$20,790</u>	<u>\$208,775</u>



Statistical Section

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ASBESTOS LOAN REPAYMENT SCHEDULE

For the fiscal year ended June 30, 2006

<u>Fiscal Year</u>	<u>Loan J866204-01-0</u>	<u>Loan J8661407-01-0</u>	<u>Loan J851458-01-0</u>	<u>Loan J855547-01-0</u>	<u>Loan J858353-01-0</u>	<u>Total</u>
2007	\$70,673	\$118,738	\$ 85,692	\$257,036	\$ 736,621	\$1,268,760
2008	—	59,316	85,692	257,036	736,621	1,138,665
2009	—	—	42,847	257,036	736,621	1,036,504
2010	—	—	—	135,326	736,621	871,947
2011	—	—	—	—	736,621	736,621
2012	—	—	—	—	736,621	736,621
2013	—	—	—	—	364,978	364,978
	<u>\$70,673</u>	<u>\$178,054</u>	<u>\$214,231</u>	<u>\$906,434</u>	<u>\$4,784,704</u>	<u>\$6,154,096</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS

For the fiscal year ended June 30, 2006

(Thousands of dollars)

	Date		Interest	Outstanding	Issue or	Outstanding at
	Issued	Maturity	Rate	at June 30, 2005	(Redeemed)	June 30, 2006
Direct Debt (A):						
PBC GO Lease Certificate 1992 Series A	1/1/1992	1/1/2020	6.00% to 6.50%	\$292,934	\$ (9,904)	\$283,030
PBC Building Revenue Bonds 1993 Series A	4/1/1993	12/1/2018	3.00% to 5.75%	68,630	(8,110)	60,520
PBC Building Revenue Refunding Bonds 1999 Series B	3/11/1999	12/1/2018	5.00% to 5.25%	114,480	—	114,480
PBC Building Revenue Bonds Series C of 1999	9/22/1999	9/1/1999	4.50% to 5.50%	110,650	(110,650)	—
Unlimited Tax G.O. Bonds Series 1996	4/1/1996	12/1/2026	4.80% to 6.25%	58,560	(2,880)	55,680
Unlimited Tax G.O. Bonds Series 1997	5/7/1997	12/1/2027	5.08% to 6.75%	89,645	(8,945)	80,700
Unlimited Tax G.O. Bonds Series 1997A	12/3/1997	12/1/2030	5.30% to 5.55%	499,995	—	499,995
Qualified Zone Academy G.O. Bonds Series 1998	9/24/1998	9/23/2011	0.00%	14,000	—	14,000
Unlimited Tax G.O. Bonds Series 1998 B-1	10/28/1998	12/1/2031	4.55% to 5.22%	328,714	—	328,714
Unlimited Tax G.O. Bonds Series 1999A	2/25/1999	12/1/2031	4.30% to 5.30%	532,554	—	532,554
Qualified Zone Academy G.O. Bonds IDFA Series 1999A	12/22/1999	12/21/2011	0.00%	12,000	—	12,000
Unlimited Tax G.O. Bonds Series 2000A	7/20/2000	12/1/2031	5.10% to 6.00%	16,525	—	16,525
Unlimited Tax G.O. Bonds Series 2000B,C,D	9/7/2000	3/1/2032	Variable	303,000	—	303,000
Qualified Zone Academy G.O. Bonds Series 2000E	12/19/2000	12/18/2013	0.00%	13,390	—	13,390
Unlimited Tax G.O. Bonds Series 2001A	3/1/2001	12/1/2031	4.00% to 5.75%	7,170	(770)	6,400
Qualified Zone Academy G.O. Bonds Series 2001B	10/24/2001	10/23/2015	0.00%	9,440	—	9,440
Unlimited Tax G.O. Bonds Series 2001C	12/11/2001	12/1/2031	5.00% to 5.50%	35,735	(3,740)	31,995

(continued)



Statistical Section

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS

For the fiscal year ended June 30, 2006

(Thousands of dollars)

	<u>Date</u>		<u>Interest Rate</u>	<u>Outstanding at June 30, 2005</u>	<u>Issue or (Redeemed)</u>	<u>Outstanding at June 30, 2006</u>
	<u>Issued</u>	<u>Maturity</u>				
Unlimited Tax G.O. Bonds Series 2002A	9/24/2002	12/1/2022	3.00% to 5.25%	\$ 48,970	\$ (580)	\$ 48,390
Unlimited Tax G.O. Bonds Series 2003A	2/13/2003	12/1/2016	2.50% to 5.25%	71,165	(4,935)	66,230
Unlimited Tax G.O. Bonds Series 2003B	2/13/2003	3/1/2033	Variable	183,775	—	183,775
Qualified Zone Academy G.O. Bonds Series 2003C	10/28/2003	10/27/2017	0.00%	4,585	—	4,585
Unlimited Tax G.O. Bonds Series 2003D	12/11/2003	3/1/2034	Variable	254,000	(4,125)	249,875
Unlimited Tax G.O. Bonds Series 2004A	4/6/2004	12/1/2020	4.00% to 5.00%	205,410	—	205,410
Unlimited Tax G.O. Bonds Series 2004B	4/6/2004	3/1/2032	Variable	298,075	—	298,075
Unlimited Tax G.O. Bonds Series 2004CDE	11/10/2004	3/1/2035	Variable	222,080	(3,640)	218,440
Unlimited Tax G.O. Bonds Series 2004FGH	12/10/2004	3/1/2032	4.00% to 6.00%	56,000	—	56,000
Unlimited Tax G.O. Bonds Series 2005AB	6/27/2005	3/1/2031	5.00% to 5.50%	246,180	—	246,180
Unlimited Tax G.O. Bonds Series 2005C	11/15/2005	12/1/2024	3.75% to 5.50%	—	53,750	53,750
Unlimited Tax G.O. Bonds Series 2005DE	12/8/2005	3/1/2036	Variable	—	325,000	325,000
Qualified Zone Academy G.O. Bonds Series 2006A	6/7/2006	6/1/2021	0.00%	—	6,853	6,853
Total Direct Debt				<u>\$4,097,662</u>	<u>\$227,324</u>	<u>\$4,324,986</u>

(continued)



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS

For the fiscal year ended June 30, 2006

(Thousands of dollars)

	Date		Interest Rate	Outstanding at June 30, 2005	Issue or (Redeemed)	Outstanding at June 30, 2006
	Issued	Maturity				
School Finance Authority Debt (C):						
(Not included in financial statements)						
SFA Series 1992A	4/1/1992	6/1/2009	3.50% to 6.25%	\$ 66,805	\$ (14,755)	\$ 52,050
SFA Series 1993A	4/1/1993	6/1/2009	2.60% to 5.50%	44,370	(23,485)	20,885
SFA Series 2004A	3/3/2004	6/1/2008	5.00% to 6.00%	14,310	(7,395)	6,915
SFA Series 2004B	5/20/2004	6/1/2009	5.00%	120,970	(34,455)	86,515
SFA Series 2004C	5/20/2004	6/1/2008	5.50%	21,620	—	21,620
SFA Total				<u>\$ 268,075</u>	<u>\$ (80,090)</u>	<u>\$ 187,985</u>
GRAND TOTAL				<u>\$4,365,737</u>	<u>\$147,234</u>	<u>\$4,512,971</u>

NOTES:

- A. Excludes total accreted interest of \$310,052,287 on Series 1997A, Series 1998B-1, and Series 1999A bonds (\$22,094,375, \$155,272,616, and \$132,685,295, respectively).
- B. The Chicago School Finance Authority (SFA) is a separate body politic and corporate and a unit of local government. See Note 13 of the notes to the basic financial statements. The Board has no obligation for this debt. Accordingly, this debt has not been recorded in the financial statements.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES

As of June 30, 2006

(Thousands of dollars)

<u>Bond Authorization</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Lien Closed</u>	<u>Defeased</u>	<u>Principal (1) Outstanding June 30, 2006</u>	<u>Remaining Authorization</u>
1995 COP Board Authorization	\$ 45,000	\$ 45,000	\$ —	\$ —	\$ —	\$ —
1996 Alternate Bond Authorization	1,150,000	850,000 (A)	300,000	652,275	136,380 (A)	—
1997 Alternate Bond Authorization	1,500,000	1,497,703 (B)	—	—	1,497,703 (B)	2,297
1998 Alternate Bond Authorization	900,000	770,195 (C)	—	126,245	324,795 (C)	129,805
2001 Alternate Bond Authorization	500,000	500,000 (D)	—	174,575	305,075 (D)	—
2002 Alternate Bond Authorization	500,000	500,000 (E)	—	—	491,370 (E)	—
2004 Alternate Bond Authorization	965,000	663,683 (F)	—	—	660,043 (F)	301,317
TOTAL	\$5,560,000	\$4,826,581	\$300,000	\$953,095	\$3,415,366	\$433,419

1. Debt Reform Act Section 15 of the State of Illinois states that Alternate Bonds may, upon meeting certain requirements of the Debt Reform Act, be issued to refund previously issued Alternate Bonds without utilizing additional authorization. CPS has issued three series of refunding bonds which met these requirements: \$205,410,000 Series 2004A, \$193,585,000 Series 2005A and \$52,595,000 Series 2005B which are not included in the authorization table. Total principal amount outstanding including these series is \$3,866,956.

NOTES:

A. The total issued and outstanding debt for the 1996 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds Series 1996	4/17/1996	\$350,000	\$ 55,680
Unlimited Tax GO Bonds Series 1997	5/7/1997	500,000	80,700
		<u>\$850,000</u>	<u>\$136,380</u>

B. The total issued and outstanding debt for the 1997 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds Series 1997A	12/3/1997	\$ 499,995	\$ 499,995
Unlimited Tax GO Bonds Series 1998	9/24/1998	14,000	14,000
Unlimited Tax GO Bonds Series 1998 B-1	10/28/1998	328,714	328,714
Unlimited Tax GO Bonds Series 1999A	2/25/1999	532,554	532,554
Unlimited Tax GO Bonds, IDFA Series 1999A	12/22/1999	12,000	12,000
Unlimited Tax GO Bonds, Series 2000D	9/7/2000	101,000	101,000
Unlimited Tax GO Bonds, Series 2001B	12/21/2001	9,440	9,440
		<u>\$1,497,703</u>	<u>\$1,497,703</u>

(continued)



C. The total issued and outstanding debt for the 1998 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds, PBC Series C of 1999 . . .	9/30/1999	\$316,255	\$ —
Unlimited Tax GO Bonds, Series 2000A	7/20/2000	106,960	16,525
Unlimited Tax GO Bonds, Series 2000B,C	9/7/2000	202,000	202,000
Unlimited Tax GO Bonds, Series 2000E	12/19/2000	13,390	13,390
Unlimited Tax GO Bonds, Series 2001A	3/1/2001	45,110	6,400
Unlimited Tax GO Bonds, Series 2003C	10/28/2003	4,585	4,585
Unlimited Tax GO Refunding Bonds, Series 2004B	4/6/2004	81,895	81,895
Total issued and outstanding debt:		<u>\$770,195</u>	<u>\$324,795</u>

D. The total issued and outstanding debt for the 2001 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds, Series 2001C	12/11/2001	\$217,260	\$ 31,995
Unlimited Tax GO Bonds, Series 2003A	2/13/2003	75,890	66,230
Unlimited Tax GO Bonds, Series 2003B	2/13/2003	183,775	183,775
Unlimited Tax GO Refunding Bonds, Series 2004B	4/6/2004	23,075	23,075
		<u>\$500,000</u>	<u>\$305,075</u>

E. The total issued and outstanding debt for the 2002 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds, Series 2002A	9/24/2002	\$ 48,970	\$ 48,390
Unlimited Tax GO Bonds, Series 2003D	12/12/2003	257,925	249,875
Unlimited Tax GO Refunding Bonds, Series 2004B	4/6/2004	193,105	193,105
		<u>\$500,000</u>	<u>\$491,370</u>

F. The total issued and outstanding debt for the 2004 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds, Series 2004CDE	11/10/2004	\$222,080	\$218,440
Unlimited Tax GO Bonds, Series 2004FGH	12/2/2004	56,000	56,000
Unlimited Tax GO Bonds, Series 2005C	11/15/2005	53,750	53,750
Unlimited Tax GO Bonds, Series 2005D	12/8/2005	195,000	195,000
Unlimited Tax GO Bonds, Series 2005E	12/8/2005	130,000	130,000
Unlimited Tax GO Bonds, Series 2006A	6/27/2006	6,853	6,853
		<u>\$663,683</u>	<u>\$660,043</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

RATIO OF GENERAL BONDED DEBT OUTSTANDING BY TYPE

Last Ten Fiscal Years

(Dollars in thousands, except per capita)

As of June 30, 2006

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Leases Securing PBC Bonds</u>	<u>Asbestos Abatement Loan</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>
1997	\$ 850,000	\$34,500	\$610,919	\$20,437	\$ —	\$1,515,856
1998	1,349,995	23,500	596,369	18,399	9,874	1,998,137
1999	2,002,488	12,000	584,249	16,919	7,108	2,622,764
2000	2,062,947	—	884,589	15,438	4,281	2,967,255
2001	2,474,893	—	849,784	13,253	4,958	3,342,888
2002	2,691,983	—	785,844	11,833	3,130	3,492,790
2003	2,989,853	—	698,899	10,413	7,124	3,706,289
2004	3,275,193	—	607,094	8,994	—	3,891,281
2005	3,510,968	—	476,044	7,574	—	3,994,586
2006	3,866,956	—	458,030	6,154	3,700	4,334,840



<u>Percentage of Personal Income</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
3.89%	9.08%	2,783,726	\$ 544.54
4.70%	11.89%	2,783,726	717.79
5.93%	15.44%	2,783,726	942.18
6.29%	14.93%	2,896,016	1,024.60
5.21%	16.71%	2,896,016	1,154.31
3.42%	17.19%	2,896,016	1,206.07
3.62%	14.42%	2,896,016	1,279.79
3.63%	15.12%	2,896,016	1,343.67
n/a	15.23%	2,896,016	1,379.34
n/a	n/a	2,896,016	1,496.83



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

As of June 30, 2006

(Dollars in thousands)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Debt Limit.....	\$4,193,580	\$4,246,716	\$4,603,349	\$4,684,736
General obligation	1,357,892	1,314,905	1,267,107	1,232,435
Less: Amount set aside for repayment of bonds	(40,440)	(55,241)	(50,347)	(49,942)
Total Net Debt applicable to Limit (A)	<u>1,317,452</u>	<u>1,259,664</u>	<u>1,216,760</u>	<u>1,182,493</u>
Legal debt margin	<u>\$2,876,128</u>	<u>\$2,987,052</u>	<u>\$3,386,589</u>	<u>\$3,502,243</u>
Total net debt applicable to the limit as a percentage of debt limit	31.42%	29.66%	26.43%	25.24%

(A) Pursuant to Section 15 of the Debt Reform Act, this table does not reflect the following bonds because these bond series do not count against the debt limit until the tax levy supporting them is extended for collection:

\$350.0 million Series 1996	\$ 9.4 million Series 2001B
\$500.0 million Series 1997	\$217.3 million Series 2001C
\$499.9 million Series 1997A	\$ 49.0 million Series 2002A
\$14.0 million Series 1998	\$ 75.9 million Series 2003A
\$328.7 million Series 1998B-1	\$183.8 million Series 2003B
\$532.6 million Series 1999A	\$ 4.6 million Series 2003C
\$316.3 million PBC Series C of 1999	\$257.9 million Series 2003D
\$12.0 million IDFA Series 1999A	\$205.4 million Series 2004A
\$106.9 million Series 2000A	\$298.1 million Series 2004B
\$303.0 millions Series 2000B,C,D	\$222.08 million Series 2004CDE
\$13.4 million Series 2000E	\$ 56.0 million Series 2004FGH
\$45.1 million Series 2001A	\$246.18 million Series 2005AB



<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$4,879,951	\$5,587,224	\$5,794,463	\$6,256,611	\$7,338,200	\$7,629,142
1,165,919	1,161,290	1,069,366	979,083	917,855	764,761
(37,921)	(38,379)	(37,965)	(37,486)	(36,226)	(38,913)
<u>1,127,998</u>	<u>1,122,911</u>	<u>1,031,401</u>	<u>941,597</u>	<u>881,629</u>	<u>725,848</u>
<u>\$3,751,953</u>	<u>\$4,464,313</u>	<u>\$4,763,062</u>	<u>\$5,315,014</u>	<u>\$6,456,571</u>	<u>\$6,903,294</u>
23.11%	20.10%	17.80%	15.05%	12.01%	9.51%



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2006

(Dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding (a)</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Chicago	\$5,594,121	100.00%	\$ 5,594,121
School Finance Authority	187,985	100.00%	187,985
Community College District	56,105	100.00%	56,105
Chicago Park District	559,760	100.00%	559,760
Water Reclamation District	1,289,510	45.42%	585,678
County	3,070,610	44.47%	1,365,510
Forest Preserve District	132,855	44.47%	59,081
			<u>\$ 8,408,240</u>
Other debt			
City of Chicago	220,745	100.00%	220,745
Subtotal, overlapping debt			8,628,985
Chicago Public School Direct Debt			<u>4,324,986</u>
Total Direct and Overlapping Debt			<u><u>\$12,953,971</u></u>

(a) Debt outstanding data provided by each governmental unit.

(b) Assessed value data used to estimate applicable percentage provided by the Office of the Cook County Clerk.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CPS' DEBT RATING HISTORY

CPS has issued \$4.9 billion of general obligation bonds to date, of which \$3.9 billion is currently outstanding, for the purpose of financing its Capital Improvement Program or refunding outstanding debt. In addition, CPS also has issued general obligation lease obligations with the Public Building Commission (the "PBC") securing \$458 million (principal amount) currently outstanding. The CPS' current lease obligations to the PBC mature in 2020.

Secure Structure: All of the CPS general obligation debt has been issued as alternate revenue bonds. Alternate revenue bonds are secured by at least one other revenue stream in addition to the Board's unlimited tax general obligation pledge. The CPS has pledged revenues from Personal Property Replacement Taxes ("PPRT"), revenues from an Intergovernmental Agreement ("IGA") with the City of Chicago, revenues from City Notes and Intergovernmental Agreements with the City of Chicago, and both State Aid and State Grant revenues as alternate revenue sources. The following table indicates which revenues support each of the CPS' general obligation debt issues:

<u>Series</u>	<u>Date Issued</u>	<u>Security Revenue Source</u>	
1996	04/17/96	PPRT	Unlimited Tax Levy
1997	05/07/97	PPRT	Unlimited Tax Levy
1997A	12/03/97	PPRT/IGA	Unlimited Tax Levy
1998	09/24/98	IGA	Unlimited Tax Levy
1998B-1	10/28/98	IGA	Unlimited Tax Levy
1999A	02/25/99	PPRT/IGA	Unlimited Tax Levy
PBC Series C of 1999	09/22/99	State Grant/Aid	Unlimited Tax Levy
IDFA Series 1999A	12/22/99	State Aid	Unlimited Tax Levy
2000A	07/20/00	State Aid	Unlimited Tax Levy
2000B,C,D	09/07/00	State Aid	Unlimited Tax Levy
2000E	12/19/00	State Aid	Unlimited Tax Levy
2001A	03/01/01	State Aid	Unlimited Tax Levy
2001C	12/11/01	State Aid	Unlimited Tax Levy
2002A	09/24/02	City Note/IGA	Unlimited Tax Levy
2003A,B	2/13/03	State Aid	Unlimited Tax Levy
2003C	10/28/03	State Aid	Unlimited Tax Levy
2003D	12/11/03	State Aid	Unlimited Tax Levy
2004A,B	4/6/04	PPRT/State Aid	Unlimited Tax Levy
2004C,D,E	11/10/04	State Aid	Unlimited Tax Levy
2004F,G,H	12/10/04	City Note/IGA	Unlimited Tax Levy
2005A,B	6/27/05	PPRT/State Aid	Unlimited Tax Levy
2005C	11/15/05	City Note/IGA	Unlimited Tax Levy
2005D,E	12/08/05	State Aid	Unlimited Tax Levy
2006A	6/27/06	State Aid	Unlimited Tax Levy



Statistical Section

CPS Debt Rating History: The following table presents the increased debt ratings for the CPS since 1999. The increase in debt rating has provided CPS with a wider market for its bonds as well as lower pricing and insurance costs. These ratings reflect the secure structure of the bonds as well as increased confidence in the CPS management team and financial stability.

CPS' Rating History 1999 – 2006								
Name of Agency	1999	2000	2001	2002	2003	2004	2005	2006
Standard & Poor's Rating Services	A-	A+	A+	A+	A+	A+	A+	A+
Moody's Investor Services	Baa1	A3	A3	A2	A2	A2	A2	A2
Fitch Investor Services, L.P.	A-	A	A	A+	A+	A+	A+	A+

Chicago Public Schools

Chicago Board of Education

DEMOGRAPHIC AND ECONOMIC STATISTICS FOR LAST TEN YEARS

Year	City of Chicago Population (A)	Personal Income (thousands of dollars)	Per Capita Income (B)	Median Age (C)	Number of Households (C)	Civilian Labor Force (D)	
						Number	Percent of Population
1996	2,783,726	\$ 77,000,645	\$27,661	33.80	984,900	1,322,407	47.50%
1997	2,783,726	80,661,245	28,976	34.10	975,900	1,345,246	48.33%
1998	2,783,726	85,961,459	30,880	34.20	1,002,300	1,337,379	48.04%
1999	2,783,726	88,166,170	31,672	34.70	1,026,900	1,355,681	48.70%
2000	2,896,016	98,232,863	33,920	31.50	1,061,928	1,383,553	47.77%
2001	2,896,016	100,735,021	34,784	34.80	1,074,200	1,378,050	47.58%
2002	2,896,016	102,009,268	35,224	31.90	1,059,960	1,344,242	46.42%
2003	2,896,016	102,298,869	35,324	32.60	1,067,823	1,325,441	45.77%
2004	2,896,016	107,239,472	37,030	32.60	1,051,018	1,313,934	45.37%
2005	2,896,016	N/A	N/A	33.14	1,045,282	1,312,540	45.32%

Employment (D)			
Year	Number	Percent of Population	Unemployment Rate
1996	1,228,428	44.13%	7.10%
1997	1,259,768	45.25%	6.40%
1998	1,258,289	45.20%	5.90%
1999	1,275,174	45.81%	5.90%
2000	1,307,933	45.16%	5.50%
2001	1,284,459	44.35%	6.80%
2002	1,234,222	42.62%	8.20%
2003	1,218,797	42.09%	8.00%
2004	1,216,370	42.00%	7.40%
2005	1,220,265	42.14%	7.00%

NOTES:

A. Source: U.S. Census Bureau. The census is conducted decennially at the start of each decade.

B. Source: Bureau of Economic Analysis. These rates are for Cook County.

C. Source: World Business Chicago Website, Claritas data estimated; Cook County websites in 2003.

D. Source: Illinois Workforce Info Center Website



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
METROPOLITAN CHICAGO TOP EMPLOYERS RANKED BY NUMBER OF EMPLOYEES
Last Ten Fiscal Years

Employer	1996			1997		
	Metropolitan Chicago Employees 6/30/1996	Rank	Percentage of Total Chicago Metro Area Employment	Metropolitan Chicago Employees 6/30/1997	Rank	Percentage of Total Chicago Metro Area Employment
U.S. Government	33,712	3	0.86%	30,340	3	0.76%
Chicago Public Schools	45,118	1	1.15%	43,158	1	1.08%
City of Chicago	41,551	2	1.06%	41,789	2	1.05%
Cook County	27,385	4	0.70%	27,167	5	0.68%
Sears, Roebuck and Company	—	—	—	—	—	—
Jewel Food Stores	24,945	5	0.63%	29,923	4	0.75%
Motorola, Inc.	23,500	7	0.60%	25,000	6	0.63%
State of Illinois	21,509	8	0.55%	21,197	9	0.53%
Ameritech Corporation	19,038	10	0.48%	22,500	8	0.56%
Dominick's Finer Food, Inc.	—	—	—	—	—	—
U.S. Postal Service	24,114	6	0.61%	24,268	7	0.61%
Advocate Health Care	19,914	9	0.51%	19,322	10	0.48%
United Airlines	—	—	—	—	—	—
Abbott Laboratories	—	—	—	—	—	—
SBC	—	—	—	—	—	—
United Parcel Service	—	—	—	—	—	—
Walgreen Co.	—	—	—	—	—	—
Total	<u>280,786</u>		<u>7.15%</u>	<u>284,664</u>		<u>7.13%</u>

Employer	2001			2002		
	Metropolitan Chicago Employees 10/1/2001	Rank	Percentage of Total Chicago Metro Area Employment	Metropolitan Chicago Employees 10/1/2002	Rank	Percentage of Total Chicago Metro Area Employment
U.S. Government	78,000	1	1.91%	75,000	1	1.88%
Chicago Public Schools	45,798	2	1.12%	46,179	2	1.16%
City of Chicago	42,825	3	1.05%	40,324	3	1.01%
Cook County	27,139	5	0.66%	27,042	5	0.68%
Jewel Food Stores	39,063	4	0.95%	39,201	4	0.98%
Motorola, Inc.	20,000	9	0.49%	—	—	—
State of Illinois	25,600	7	0.63%	18,915	9	0.48%
Ameritech Corporation	25,900	6	0.63%	—	—	—
Advocate Health Care	24,619	8	0.60%	24,974	6	0.63%
United Airlines	—	—	—	18,726	10	0.47%
Abbott Laboratories	17,183	10	0.42%	—	—	—
SBC	—	—	—	22,400	7	0.56%
United Parcel Service	—	—	—	19,373	8	0.49%
Wal-Mart Stores, Inc.	—	—	—	—	—	—
Walgreen Co.	—	—	—	—	—	—
Total	<u>346,127</u>		<u>8.46%</u>	<u>332,134</u>		<u>8.34%</u>

SOURCE:

- A. Based upon Chicago-Naperville-Joliet Metropolitan division data from Illinois Workforce Info Center website Crain's Chicago Business, Chicago Largest Employers. Illinois Workforce Info Center website



1998			1999			2000		
Metropolitan Chicago Employees 6/30/1998	Rank	Percentage of Total Chicago Metro Area Employment	Metropolitan Chicago Employees 6/30/1999	Rank	Percentage of Total Chicago Metro Area Employment	Metropolitan Chicago Employees 6/30/2000	Rank	Percentage of Total Chicago Metro Area Employment
67,733	1	1.68%	85,000	1	2.06%	78,000	1	1.87%
44,727	2	1.11%	45,024	2	1.09%	44,798	2	1.07%
41,113	3	1.02%	41,658	3	1.01%	41,911	3	1.01%
26,730	5	0.66%	26,942	5	0.65%	27,081	5	0.65%
—	—	—	—	—	—	—	—	—
38,796	4	0.96%	38,880	4	0.94%	38,954	4	0.93%
25,500	7	0.63%	23,500	7	0.57%	24,000	7	0.58%
20,419	9	0.51%	20,587	9	0.50%	20,465	10	0.49%
22,000	8	0.55%	20,000	10	0.48%	—	—	—
—	—	—	—	—	—	—	—	—
25,550	6	0.63%	25,575	6	0.62%	24,800	6	0.59%
—	—	—	22,045	8	0.53%	22,198	8	0.53%
19,242	10	0.48%	—	—	—	22,100	9	0.53%
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
331,810	—	8.23%	349,211	—	8.45%	344,307	—	8.25%

2003			2004			2005		
Metropolitan Chicago Employees 10/1/2003	Rank	Percentage of Total Chicago Metro Area Employment	Metropolitan Chicago Employees 8/1/2004	Rank	Percentage of Total Chicago Metro Area Employment (A)	Metropolitan Chicago Employees 8/1/2005	Rank	Percentage of Total Chicago Metro Area Employment (A)
88,000	1	2.23%	88,000	1	2.36%	78,000	1	2.09%
46,184	2	1.17%	39,402	2	1.05%	43,783	2	1.06%
39,275	3	1.00%	35,978	4	0.96%	39,675	3	2.09%
26,082	5	0.66%	26,505	5	0.71%	25,482	5	0.68%
39,220	4	0.99%	36,749	3	0.98%	34,037	4	0.91%
—	—	—	—	—	—	—	—	—
17,049	10	0.43%	17,222	8	0.46%	17,056	8	0.46%
—	—	—	—	—	—	—	—	—
25,293	6	0.64%	25,196	6	0.67%	25,279	6	0.68%
—	—	—	15,830	10	0.42%	—	—	—
—	—	—	—	—	—	—	—	—
21,000	7	0.53%	17,000	9	0.45%	16,500	9	0.44%
19,063	8	0.48%	19,563	7	0.52%	19,346	7	0.52%
—	—	—	—	—	—	16,350	10	0.44%
17,567	9	0.45%	—	—	—	—	—	—
338,733	—	8.58%	321,445	—	8.58%	315,908	—	9.37%



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

METROPOLITAN CHICAGO TOP PUBLIC COMPANIES RANKED BY 2005 NET REVENUES

(Millions of dollars)

<u>Company Name</u>	<u>Net Revenues</u>	<u>Employees(1)</u>
Boeing Co.	\$ 54,845.0	153,000
Sears Holdings Corp. (2)	49,124.0	355,000
Walgreen Co. (3)	42,201.6	155,200
Motorola Inc.	36,843.0	69,000
Caterpillar Inc.	36,339.0	85,116
Archer Daniels Midland Co. (4)	35,943.8	25,641
Allstate Corp.	35,383.0	38,900
Kraft Foods Inc.	34,113.0	94,000
Abbott Laboratories	22,337.8	59,735
Deere & Co. (5)	21,930.5	47,400
McDonald's Corp.	20,460.2	447,000
Sara Lee Corp. (6)	19,254.0	137,000
UAL Corp. (7)	17,379.0	57,000
Exelon Corp.	15,357.0	17,200
Illinois Tool Works Inc.	12,921.8	50,000
CNA Financial Corp.	9,862.0	10,100
Baxter International Inc.	9,849.0	47,000
Aon Corp.	9,837.0	46,600
Officemax Inc.	9,157.7	29,000
R.R. Donnelley & Sons Co.	8,430.2	50,000

Source: **Crain's Chicago Business**, "Chicago's Largest Public Companies", From May 15, 2006 issue Copyright 2006 Crain Communications Inc.

- (1) Most recent employee count available
- (2) Fiscal year ends in January
- (3) Fiscal year ends in August
- (4) Fiscal year ends in June
- (5) Fiscal year ends in October
- (6) Fiscal year ends in July
- (7) Emerged from Chapter 11 bankruptcy protection 2/06

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

NEW CONSTRUCTION PERMITS ISSUED IN THE CITY OF CHICAGO

The Last Ten Fiscal Years

(Thousands of dollars)

<u>Year</u>	<u>Residential</u>		<u>Residential and Non-Residential Estimated Cost</u>
	<u>Units (A)</u>	<u>Estimated Cost</u>	
1996	3,585	\$ 351,483	\$ 880,854
1997	5,367	284,650	749,268
1998	6,246	668,666	1,378,364
1999	8,644	611,862	1,483,672
2000	6,550	862,148	1,663,062
2001	7,418	902,250	1,826,076
2002	8,403	1,094,958	1,925,440
2003	9,476	1,332,758	3,027,185
2004	15,750	1,600,000	4,200,000
2005	17,131	1,537,877	3,408,474

NOTES:

Source: City of Chicago Construction and Permits.





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES

CURRENT APPROPRIATIONS AND ACTUAL

For the fiscal year ended June 30, 2006

With Comparative Amounts for the Fiscal Year Ended June 30, 2005

(Thousands of dollars)

	Amended Budget	Transfers In (Out)	Final Appropriations	Fiscal Year 2006	Variance	Fiscal Year 2005	2006 Over (Under) 2005
REVENUES:							
Property taxes	\$1,626,968	\$ —	\$1,626,968	\$1,666,118	\$ 39,150	\$1,587,803	\$ 78,315
Replacement taxes	82,051	—	82,051	131,639	49,588	94,546	37,093
State aid	1,506,997	—	1,506,997	1,492,361	(14,636)	1,417,423	74,938
Federal aid	838,018	—	838,018	757,731	(80,287)	746,403	11,328
Investment income	16,500	—	16,500	36,874	20,374	14,003	22,871
Other	86,466	—	86,466	101,129	14,663	85,377	15,752
Total Revenues	<u>\$4,157,000</u>	<u>\$ —</u>	<u>\$4,157,000</u>	<u>\$4,185,852</u>	<u>\$ 28,852</u>	<u>\$3,945,555</u>	<u>\$240,297</u>
EXPENDITURES:							
Teachers' salaries	\$1,932,144	\$ (13,298)	\$1,918,846	\$1,916,378	\$ 2,468	\$1,850,403	\$ 65,975
Career service salaries	530,449	29,782	560,231	537,346	22,885	515,427	21,919
Energy	67,582	4,484	72,066	70,760	1,306	64,647	6,113
Food	91,607	538	92,145	85,815	6,330	89,628	(3,813)
Textbook	58,326	29,057	87,383	71,942	15,441	79,677	(7,735)
Supplies	30,089	23,512	53,601	46,965	6,636	45,210	1,755
Other commodities	—	1,443	1,443	1,135	308	1,314	(179)
Professional and special services	261,666	168,014	429,680	438,349	(8,669)	375,054	63,295
Transportation	85,432	7,120	92,552	92,589	(37)	93,639	(1,050)
Tuition	176,254	(99,623)	76,631	62,890	13,741	66,854	(3,964)
Telephone	3,820	990	4,810	16,944	(12,134)	8,635	8,309
Other services	3,877	12,914	16,791	13,104	3,687	11,516	1,588
Education equipment	18,431	22,441	40,872	38,335	2,537	44,081	(5,746)
Repair and replacement	35,984	2,607	38,591	35,556	3,035	35,224	332
Capital outlay	—	8	8	4	4	—	4
Teachers' pension	235,586	2,962	238,548	247,585	(9,037)	198,065	49,520
Career service pension	81,966	2,581	84,547	87,530	(2,983)	81,560	5,970
Hospitalization and dental insurance	274,637	4,323	278,960	243,003	35,957	230,204	12,799
Medicare	24,331	2,265	26,596	29,989	(3,393)	26,719	3,270
Unemployment compensation	8,863	6,498	15,361	6,382	8,979	8,558	(2,176)
Workers' compensation	18,013	13,054	31,067	21,004	10,063	17,953	3,051
Rent	10,847	1,194	12,041	14,174	(2,133)	10,393	3,781
Debt service	1,420	—	1,420	1,420	—	1,420	—
Other fixed charges	255,676	(222,866)	32,810	5,894	26,916	6,215	(321)
Total Expenditures	<u>\$4,207,000</u>	<u>\$ —</u>	<u>\$4,207,000</u>	<u>\$4,085,093</u>	<u>\$121,907</u>	<u>\$3,862,396</u>	<u>\$222,697</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

SCHEDULE OF REVENUE — BY PROGRAM

For the Fiscal Year Ended June 30, 2006

(Thousands of dollars)

	<u>Educational Program</u>	<u>Education of Handicapped Program</u>	<u>Other Government Funded Program</u>	<u>Supplementary General State Aid</u>
REVENUES:				
Property taxes	\$1,246,705	\$ —	\$ —	\$ —
Replacement taxes	102,688	7,322	—	—
State aid	1,204,074	—	16,640	261,000
Federal aid	37,227	99,467	158,919	—
Investment income	32,201	—	—	—
Other	89,238	245	2,071	(22)
Total Revenues	<u>\$2,712,133</u>	<u>\$107,034</u>	<u>\$177,630</u>	<u>\$260,978</u>

NOTE:

This schedule was prepared using the modified accrual basis of accounting.



Improving America's School Act Program	School Lunch Program	Workers' and Unemployment Compensation/ Tort Immunity Program	Public Building Commission Operations and Maintenance Program	Total
\$ —	\$ —	\$ 99,531	\$319,882	\$1,666,118
—	21,629	—	—	131,639
—	10,647	—	—	1,492,361
273,900	147,899	—	40,319	757,731
—	—	1,164	3,509	36,874
18	9,317	248	14	101,129
<u>\$273,918</u>	<u>\$189,492</u>	<u>\$100,943</u>	<u>\$363,724</u>	<u>\$4,185,852</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

SCHEDULE OF EXPENDITURES — BY PROGRAM

For the Fiscal Year Ended June 30, 2006

(Thousand of dollars)

	Educational Program	Education of Handicapped Program	Other Government Funded Program	Supplementary General State Aid
EXPENDITURES:				
Teachers' salaries	\$1,570,323	\$ 54,543	\$ 71,694	\$ 97,967
Career service salaries	212,187	24,042	23,551	70,600
Energy	1,809	—	—	—
Food	411	21	641	9
Textbook	24,242	337	15,967	11,262
Supplies	14,199	695	5,666	10,499
Other commodities	296	5	14	294
Professional and special services	202,847	2,794	23,815	16,018
Transportation	77,796	702	2,558	1,920
Tuition	54,676	2,908	4,825	5
Telephone	400	—	8	2
Other services	5,482	683	2,218	1,602
Education equipment	10,096	198	9,615	8,590
Repair and replacement	5,682	51	535	2,966
Capital outlay	2	—	—	2
Teachers' pension	216,243	6,390	7,720	7,803
Career service pension	63,353	2,280	2,473	4,798
Hospitalization and dental insurance	158,483	9,218	8,179	20,117
Medicare	20,420	1,043	1,452	2,597
Unemployment compensation	3,232	151	166	300
Workers' compensation	11,513	530	580	1,049
Rent	6,008	27	245	—
Debt service	—	—	—	—
Other fixed charges	(29,731)	151	178	328
Total Expenditures	<u>\$2,629,969</u>	<u>\$106,769</u>	<u>\$182,100</u>	<u>\$258,728</u>

NOTE:

This schedule was prepared using the modified accrual basis of accounting.

Improving America's School Act Program	School Lunch Program	Workers' and Unemployment Compensation/ Tort Immunity Program	Public Building Commission Operations and Maintenance Program	Total
\$121,851	\$ —	\$ —	\$ —	\$1,916,378
28,504	59,199	43,391	75,872	537,346
—	—	—	68,951	70,760
99	84,634	—	—	85,815
20,094	—	—	40	71,942
8,728	458	293	6,427	46,965
206	—	—	320	1,135
55,530	2,910	9,214	125,221	438,349
9,540	9	29	35	92,589
475	—	—	1	62,890
—	—	—	16,534	16,944
2,453	420	86	160	13,104
6,539	1,206	158	1,933	38,335
805	—	26	25,491	35,556
—	—	—	—	4
9,429	—	—	—	247,585
2,405	4,310	2,803	5,108	87,530
10,621	19,501	8,203	8,681	243,003
2,190	753	846	688	29,989
190	113	2,085	145	6,382
666	395	5,765	506	21,004
58	—	—	7,836	14,174
—	—	—	1,420	1,420
9,233	15,569	7,161	3,005	5,894
<u>\$289,616</u>	<u>\$189,477</u>	<u>\$80,060</u>	<u>\$348,374</u>	<u>\$4,085,093</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF REVENUES — ALL FUNDS

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Local Revenue:					
Property Taxes	\$1,311,664	\$1,368,081	\$1,403,657	\$1,429,871	\$1,479,968
Replacement Taxes	129,955	137,749	147,657	137,744	114,313
Investment Income	76,124	70,199	85,075	103,520	68,050
Other	93,018	103,715	85,587	82,411	89,505
Total Local	<u>\$1,610,761</u>	<u>\$1,679,744</u>	<u>\$1,721,976</u>	<u>\$1,753,546</u>	<u>\$1,751,836</u>
State Revenue:					
General State Aid	\$ 572,663	\$ 696,519	\$ 720,772	\$ 730,359	\$ 806,640
Teacher Pension	65,045	65,045	65,045	65,045	65,045
Capital	3,094	48,520	106,816	134,070	99,004
Other	356,452	428,725	481,994	502,303	497,225
Total State	<u>\$ 997,254</u>	<u>\$1,238,809</u>	<u>\$1,374,627</u>	<u>\$1,431,777</u>	<u>\$1,467,914</u>
Federal Revenue:					
ESEA/Title I	\$ 173,439	\$ 182,103	\$ 168,268	\$ 172,943	\$ 177,841
IDEA	23,808	31,199	40,039	56,056	62,850
Lunchroom	124,420	129,281	136,464	138,958	142,057
Medicaid	43,125	41,214	46,910	70,297	38,200
Other	50,289	87,108	147,886	195,840	133,802
Total Federal	<u>\$ 415,081</u>	<u>\$ 470,905</u>	<u>\$ 539,567</u>	<u>\$ 634,094</u>	<u>\$ 554,750</u>
Total Revenue	<u>\$3,023,096</u>	<u>\$3,389,458</u>	<u>\$3,636,170</u>	<u>\$3,819,417</u>	<u>\$3,774,500</u>
Change in Revenue from					
Previous Year	n/a	\$ 366,362	\$ 246,712	\$ 183,247	\$ (44,917)
Percent Change in Revenue ...	n/a	12.1%	7.3%	5.0%	-1.2%



<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>	<u>Nine Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,546,335	\$1,571,065	\$1,639,237	\$1,718,249	\$1,748,328	3.2%	3.4%
105,960	120,427	145,724	184,700	145,600	1.3%	5.0%
49,161	39,501	43,215	71,947	29,283	-10.1%	-15.5%
94,345	149,253	102,654	144,420	96,869	0.5%	1.6%
<u>\$1,795,801</u>	<u>\$1,880,246</u>	<u>\$1,930,830</u>	<u>\$2,119,316</u>	<u>\$2,020,080</u>	2.5%	2.9%
\$ 786,950	\$ 853,533	\$ 908,330	\$ 978,672	\$1,023,910	6.7%	4.9%
65,045	—	65,045	74,922	75,287	1.6%	3.0%
141,127	127,682	3,061	—	—	-100.0%	-100.0%
476,445	500,233	530,679	549,041	619,513	6.3%	4.5%
<u>\$1,469,567</u>	<u>\$1,481,448</u>	<u>\$1,507,115</u>	<u>\$1,602,635</u>	<u>\$1,718,710</u>	6.2%	3.2%
\$ 209,971	\$ 244,118	\$ 277,610	\$ 273,900	\$ 316,500	6.9%	12.2%
71,477	86,289	105,835	99,908	100,507	17.4%	9.8%
146,247	151,207	145,668	147,899	149,595	2.1%	1.0%
31,765	35,772	26,000	33,422	38,000	-1.4%	-0.1%
149,233	213,118	207,842	220,502	230,308	18.4%	11.5%
<u>\$ 608,693</u>	<u>\$ 730,504</u>	<u>\$ 762,955</u>	<u>\$ 775,631</u>	<u>\$ 834,910</u>	8.1%	8.5%
<u>\$3,874,061</u>	<u>\$4,092,198</u>	<u>\$4,200,900</u>	<u>\$4,497,582</u>	<u>\$4,573,700</u>	4.7%	3.9%
\$ 99,561	\$ 218,137	\$ 108,702	\$ 296,682	\$ 76,118		
2.6%	5.6%	2.7%	7.1%	1.7%		



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF EXPENDITURES — ALL FUNDS

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Compensation:						
Teacher Salaries	\$1,435,987	\$1,485,925	\$1,573,412	\$1,639,064	\$1,690,449	\$1,749,974
ESP Salaries	375,659	386,811	420,119	452,502	495,123	495,154
Total Salaries	\$1,811,646	\$1,872,736	\$1,993,531	\$2,091,566	\$2,185,572	\$2,245,128
Teacher Pension	165,858	175,512	180,051	181,775	179,011	190,259
ESP Pension	75,433	67,979	63,351	64,104	70,843	73,754
Hospitalization	125,745	139,399	150,139	161,192	192,342	196,457
Medicare	12,965	16,155	17,815	20,261	22,212	23,358
Workers' Compensation	14,259	14,653	10,021	8,312	14,690	13,806
Unemployment Insurance	2,756	1,449	1,350	1,740	2,336	3,374
Total Benefits	\$ 397,016	\$ 415,147	\$ 422,727	\$ 437,384	\$ 481,434	\$ 501,008
Total Compensation	\$2,208,662	\$2,287,883	\$2,416,258	\$2,528,950	\$2,667,006	\$2,746,136
Non-Compensation:						
Energy	\$ 64,838	\$ 58,150	\$ 45,222	\$ 71,234	\$ 53,453	\$ 62,388
Food	75,103	92,259	88,415	90,691	86,145	92,539
Textbooks	63,645	65,838	71,201	74,305	77,948	72,118
Supplies	33,429	33,755	38,564	37,702	40,655	40,653
Commodities — Other	857	985	995	1,091	949	1,155
Professional and Construction (1) ...	183,276	234,419	207,969	185,746	186,398	217,917
Transportation	92,074	92,270	101,300	105,373	95,502	98,901
Tuition (1)	57,667	61,793	58,783	107,491	120,123	122,223
Telecommunications	10,734	18,425	21,677	24,543	24,880	13,981
Services — Other	16,664	11,279	14,151	15,767	21,425	26,485
Equipment	55,095	49,295	49,560	48,924	51,947	42,398
Repairs and Replacements	46,557	47,476	57,173	52,112	58,707	48,739
Capital Outlays	446,197	651,119	547,398	527,566	381,156	443,890
Rent	4,262	4,794	6,639	7,283	8,104	9,468
Debt Service	133,483	137,197	148,854	195,310	219,894	255,239
Other	96	550	4,294	428	(894)	(1,097)
Unallocated Appropriations (budget only)	—	—	—	—	—	—
Total Non Compensation	\$1,283,977	\$1,559,604	\$1,462,195	\$1,545,566	\$1,426,392	\$1,546,997
Total Expenditures	\$3,492,639	\$3,847,487	\$3,878,453	\$4,074,516	\$4,093,398	\$4,293,133
Change in Expenditures from Previous Year	n/a	\$ 354,848	\$ 30,966	\$ 196,063	\$ 18,882	\$ 199,735
Percent Change in Expenditures	n/a	10.2%	0.8%	5.1%	0.5%	4.9%

(1) Starting in FY 2005 payments to charter schools were included in the line for Services — Professional and Contractual instead of Services — Tuition.



<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>	<u>Nine Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,820,063	\$1,850,403	\$1,916,378	\$1,989,425	3.7%	3.3%
520,267	515,427	537,346	527,279	3.8%	1.3%
\$2,340,330	\$2,365,830	\$2,453,724	\$2,516,704	3.7%	2.9%
194,511	198,065	247,585	291,897	6.5%	10.3%
79,498	81,560	87,530	84,753	1.3%	3.7%
229,045	230,204	243,003	302,957	10.3%	9.5%
25,480	26,719	29,989	24,791	7.5%	2.2%
16,997	17,953	21,004	23,111	5.5%	9.5%
4,711	8,558	6,382	10,921	16.5%	36.1%
\$ 550,242	\$ 563,059	\$ 635,493	\$ 738,430	7.1%	8.9%
\$2,890,572	\$2,928,889	\$3,089,217	\$3,255,134	4.4%	4.1%
\$ 63,233	\$ 64,647	\$ 70,760	\$ 83,268	2.8%	9.3%
96,712	89,628	85,815	92,454	2.3%	1.4%
74,377	79,677	71,942	62,001	-0.3%	-4.5%
42,380	45,210	46,965	30,557	-1.0%	-5.6%
1,306	1,314	1,135	—	-100.0%	-100.0%
226,306	375,054	438,349	401,491	9.1%	16.6%
96,775	93,639	92,589	82,890	-1.2%	-2.8%
145,225	66,854	62,890	73,027	2.7%	-9.5%
6,208	8,635	16,944	4,508	-9.2%	-28.9%
19,431	11,516	13,104	13,698	-2.2%	-8.6%
43,315	44,081	38,335	15,245	-13.3%	-21.7%
45,353	35,224	35,556	35,192	-3.1%	-9.7%
360,328	389,450	310,821	615,743	3.6%	10.1%
7,974	10,393	14,174	10,171	10.1%	4.6%
259,590	315,809	214,652	258,877	7.6%	3.3%
(2,092)	6,215	5,894	14,941	75.2%	-275.6%
—	—	—	235,945		
\$1,486,421	\$1,637,346	\$1,519,925	\$2,030,008	3.8%	4.7%
\$4,376,993	\$4,566,235	\$4,609,142	\$5,285,142	4.2%	4.3%
\$ 83,860	\$ 189,242	\$ 42,907	\$ 676,295		
2.0%	4.3%	0.9%	14.7%		



Statistical Section

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) — ALL FUNDS

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues:					
Local	\$1,610,761	\$1,679,744	\$1,721,976	\$1,753,546	\$1,751,836
State	997,254	1,238,809	1,374,627	1,431,777	1,467,914
Federal	415,081	470,905	539,567	634,094	554,750
Total All Revenue	\$3,023,096	\$3,389,458	\$3,636,170	\$3,819,417	\$3,774,500
Total Expenditures	3,492,639	3,847,487	3,878,453	4,074,516	4,093,398
Revenue less Expenditures	<u>\$ (469,543)</u>	<u>\$ (458,029)</u>	<u>\$ (242,283)</u>	<u>\$ (255,099)</u>	<u>\$ (318,898)</u>
Other Financing Sources:					
Bond Proceeds	\$ 480,020	\$ 878,640	\$ 331,299	\$ 474,460	\$ 232,693
Net premiums/discounts	—	—	—	(2,644)	(9)
Proceeds from Swaps	—	—	—	—	—
Capital Leases	—	—	—	—	—
Sales of general capital assets	—	—	—	—	—
Payment to Bond Escrow Agent	—	(243,612)	—	—	—
Total Other Financing Sources	\$ 480,020	\$ 635,028	\$ 331,299	\$ 471,816	\$ 232,684
Revenues and Other Financing Sources Less					
Expenditures	\$ 10,477	\$ 176,999	\$ 89,016	\$ 216,717	\$ (86,214)
Accounting Adjustment	—	—	—	(152,490)	—
Change in Fund Balance	\$ 10,477	\$ 176,999	\$ 89,016	\$ 64,227	\$ (86,214)
Fund Balances — Beginning of Period	1,004,554	1,015,031	1,192,030	1,281,045	1,345,272
Fund Balances — End of Period	<u>\$1,015,031</u>	<u>\$1,192,030</u>	<u>\$1,281,046</u>	<u>\$1,345,272</u>	<u>\$1,259,058</u>
Revenues as a Percent of Expenditures	86.6%	88.1%	93.8%	93.7%	92.2%
Composition of Fund Balance					
Reserved:					
Reserved for Encumbrances	\$ 397,597	\$ 459,045	\$ 390,861	\$ 415,068	\$ 380,340
Reserved for restricted donations	429	429	2,836	3,638	429
Reserved for specific purposes	59,339	53,158	66,436	56,579	36,096
Reserved for debt services	205,982	209,878	246,997	407,458	459,524
Unreserved:					
Designated to Provide Operating Capital	196,300	231,300	295,900	201,520	201,500
Undesignated	155,384	238,220	278,015	261,009	181,169
Total Fund Balance	<u>\$1,015,031</u>	<u>\$1,192,030</u>	<u>\$1,281,045</u>	<u>\$1,345,272</u>	<u>\$1,259,058</u>
Unreserved Fund Balance as a Percent of Revenues	11.6%	13.9%	15.8%	12.1%	10.1%
Total Fund Balance as a Percent of Revenues	33.6%	35.2%	35.2%	35.2%	33.4%

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>
\$1,795,801	\$1,880,246	\$1,930,830	\$2,119,316	\$2,020,080
1,469,567	1,481,448	1,507,115	1,602,635	1,718,710
608,693	730,504	762,955	775,631	834,910
\$3,874,061	\$4,092,198	\$4,200,900	\$4,497,582	\$4,573,700
4,293,133	4,382,016	4,566,235	4,609,142	5,059,123
\$ (419,072)	\$ (289,818)	\$ (365,335)	\$ (111,560)	\$ (485,423)
\$ 308,635	\$ 765,995	\$ 529,760	\$ 385,603	
8,803	21,043	43,450	3,798	
—	—	—	19,345	
—	—	—	3,700	
—	—	—	7,596	
—	(534,375)	(282,478)	—	
\$ 317,438	\$ 252,663	\$ 290,732	\$ 420,042	
\$ (101,634)	\$ (37,155)	\$ (74,603)	\$ 308,482	
—	—	—	—	
\$ (101,634)	\$ (37,155)	\$ (74,603)	\$ 308,482	
1,259,058	1,157,424	1,120,269	1,045,666	
\$1,157,424	\$1,120,269	\$1,045,666	\$1,354,148	
90.2%	93.4%	92.0%	97.6%	
\$ 245,902	\$ 291,730	\$ 238,238	\$ 323,251	
429	1,439	1,459	1,503	
41,289	42,015	43,675	84,388	
437,711	385,015	294,700	353,267	
161,233	171,300	190,000	218,400	
270,860	228,770	277,594	373,409	
\$1,157,424	\$1,120,269	\$1,045,666	\$1,354,218	
11.2%	9.8%	11.1%	13.2%	
29.9%	27.4%	24.9%	30.1%	



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND REVENUES

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Local Revenue:					
Property Taxes	\$1,269,819	\$1,314,362	\$1,352,374	\$1,379,010	\$1,429,307
Replacement Taxes	75,743	84,513	89,142	71,230	57,193
Investment Income	31,326	28,006	36,347	42,501	16,505
Other	89,716	71,113	65,515	78,107	66,917
Total Local	<u>\$1,466,604</u>	<u>\$1,497,994</u>	<u>\$1,543,378</u>	<u>\$1,570,848</u>	<u>\$1,569,922</u>
State Revenue:					
General State Aid	\$ 572,663	\$ 696,519	\$ 700,135	\$ 708,359	\$ 774,316
Teacher Pension	65,045	65,045	65,045	65,045	65,045
Other	356,452	428,725	481,994	502,303	497,225
Total State	<u>\$ 994,160</u>	<u>\$1,190,289</u>	<u>\$1,247,174</u>	<u>\$1,275,707</u>	<u>\$1,336,586</u>
Federal Revenue:					
ESEA/Title I	\$ 173,439	\$ 182,103	\$ 168,268	\$ 172,943	\$ 177,841
IDEA	23,808	31,199	40,039	56,056	62,850
Lunchroom	124,420	129,281	136,464	138,958	142,057
Medicaid	43,125	41,214	46,910	70,297	38,200
Other	50,289	76,546	105,992	114,057	118,625
Total Federal	<u>\$ 415,081</u>	<u>\$ 460,343</u>	<u>\$ 497,673</u>	<u>\$ 552,311</u>	<u>\$ 539,573</u>
Total Revenue	<u>\$2,875,845</u>	<u>\$3,148,626</u>	<u>\$3,288,225</u>	<u>\$3,398,866</u>	<u>\$3,446,081</u>
Change in Revenue from Previous Year ..	n/a	\$ 272,781	\$ 139,599	\$ 110,641	\$ 47,215
Percent Change in Revenue	n/a	9.49%	4.43%	3.36%	1.39%



<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>	<u>Nine Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,495,382	\$1,520,557	\$1,587,803	\$1,666,118	\$1,696,562	3.27%	3.49%
48,852	61,897	94,546	131,639	91,494	2.12%	9.85%
20,803	18,779	14,003	36,874	21,283	-4.20%	5.22%
76,609	87,545	85,377	101,129	72,444	-2.35%	1.60%
<u>\$1,641,646</u>	<u>\$1,688,778</u>	<u>\$1,781,729</u>	<u>\$1,935,760</u>	<u>\$1,881,783</u>	2.81%	3.69%
\$ 765,739	\$ 829,157	\$ 821,699	\$ 868,398	\$ 889,230	5.01%	2.81%
65,045	—	65,045	74,922	75,287	1.64%	2.97%
476,445	500,233	530,679	549,041	619,513	6.33%	4.50%
<u>\$1,307,229</u>	<u>\$1,329,390</u>	<u>\$1,417,423</u>	<u>\$1,492,361</u>	<u>\$1,584,030</u>	5.31%	3.46%
\$ 209,971	\$ 244,118	\$ 277,610	\$ 273,900	\$ 316,500	6.91%	12.22%
71,477	86,289	105,835	99,908	100,507	17.35%	9.84%
146,247	151,207	145,668	147,899	149,595	2.07%	1.04%
31,765	35,772	26,000	33,422	38,000	-1.40%	-0.10%
143,217	186,435	191,290	202,602	230,308	18.42%	14.19%
<u>\$ 602,677</u>	<u>\$ 703,821</u>	<u>\$ 746,403</u>	<u>\$ 757,731</u>	<u>\$ 834,910</u>	8.07%	9.12%
<u>\$3,551,552</u>	<u>\$3,721,989</u>	<u>\$3,945,555</u>	<u>\$4,185,852</u>	<u>\$4,300,723</u>	4.57%	4.53%
\$ 105,471	\$ 170,437	\$ 223,566	\$ 240,297	\$ 114,871		
3.06%	4.80%	6.01%	6.09%	2.74%		



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND EXPENDITURES

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Compensation:						
Teacher Salaries	\$1,435,987	\$1,485,925	\$1,573,412	\$1,639,064	\$1,690,449	\$1,749,974
ESP Salaries	375,659	386,811	420,119	452,502	495,123	495,154
Total Salaries	\$1,811,646	\$1,872,736	\$1,993,531	\$2,091,566	\$2,185,572	\$2,245,128
Teacher Pension	165,858	175,512	180,051	181,775	179,011	190,259
ESP Pension	75,433	67,979	63,351	64,104	70,843	73,754
Hospitalization	125,745	139,399	150,139	161,192	192,342	196,457
Medicare	12,965	16,155	17,815	20,261	22,212	23,358
Workers' Compensation	14,259	14,653	10,021	8,312	14,690	13,806
Unemployment Insurance	2,756	1,449	1,350	1,740	2,336	3,374
Total Benefits	\$ 397,016	\$ 415,147	\$ 422,727	\$ 437,384	\$ 481,434	\$ 501,008
Total Compensation	\$2,208,662	\$2,287,883	\$2,416,258	\$2,528,950	\$2,667,006	\$2,746,136
Non-Compensation:						
Energy	\$ 64,838	\$ 58,150	\$ 45,222	\$ 71,234	\$ 53,453	\$ 62,388
Food	75,103	92,259	88,415	90,691	86,145	92,539
Textbooks	63,645	65,838	71,201	74,305	77,948	72,118
Supplies	33,429	33,755	38,564	37,702	40,655	40,653
Commodities — Other	857	985	995	1,091	949	1,155
Professional and Construction (1)	183,276	234,419	207,969	185,746	186,398	217,917
Transportation	92,074	92,270	101,300	105,373	95,502	98,901
Tuition (1)	57,667	61,793	58,783	107,491	120,123	122,223
Telecommunications	10,734	18,425	21,677	24,543	24,880	13,981
Services — Other	16,664	11,279	14,151	15,767	21,425	26,485
Equipment	55,095	49,295	49,560	48,924	51,947	42,398
Repairs and Replacements	46,557	47,476	57,173	52,112	58,707	48,739
Capital Outlays	29	54	33	58	118	17
Rent	4,262	4,794	6,639	7,283	8,104	9,468
Debt Service	1,679	1,503	2,268	1,421	1,420	1,420
Other	96	550	4,294	428	(894)	(1,097)
Unallocated Appropriations (budget only)	—	—	—	—	—	—
Total Non Compensation	\$ 706,005	\$ 772,845	\$ 768,244	\$ 824,169	\$ 826,880	\$ 849,305
Total Expenditures	\$2,914,667	\$3,060,728	\$3,184,502	\$3,353,119	\$3,493,886	\$3,595,441
Change in Expenditures from Previous Year	n/a	\$ 146,061	\$ 123,774	\$ 168,617	\$ 140,767	\$ 101,555
Percent Change in Expenditures	n/a	5.01%	4.04%	5.29%	4.20%	2.91%

(1) Starting in FY 2005 payments to charter schools were included in the line for Services — Professional and Contractual instead of Services — Tuition.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>	<u>Nine Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$ 1,820,063	\$ 1,850,403	\$ 1,916,378	\$ 1,989,425	47.91%	4.14%
520,267	515,427	537,346	527,279	13.34%	6.11%
\$ 2,340,330	\$ 2,365,830	\$ 2,453,724	\$ 2,516,704	61.25%	4.56%
194,511	198,065	247,585	291,897	5.13%	2.08%
79,498	81,560	87,530	84,753	2.11%	3.18%
229,045	230,204	243,003	302,957	5.96%	10.44%
25,480	26,719	29,989	24,791	0.69%	9.54%
16,997	17,953	21,004	23,111	0.46%	3.01%
4,711	8,558	6,382	10,921	0.22%	26.59%
\$ 550,242	\$ 563,059	\$ 635,493	\$ 738,430	14.58%	5.80%
\$ 2,890,572	\$ 2,928,889	\$ 3,089,217	\$ 3,255,134	75.83%	4.79%
\$ 63,233	\$ 64,647	\$ 70,760	\$ 83,268	1.67%	1.69%
96,712	89,628	85,815	92,454	2.32%	0.95%
74,377	79,677	71,942	62,001	2.06%	2.47%
42,380	45,210	46,965	30,557	1.17%	4.66%
1,306	1,314	1,135	—	0.03%	5.80%
226,306	375,054	438,349	401,491	9.71%	-0.70%
96,775	93,639	92,589	82,890	2.42%	0.96%
145,225	66,854	62,890	73,027	1.73%	18.64%
6,208	8,635	16,944	4,508	0.22%	-19.55%
19,431	11,516	13,104	7,479	0.30%	11.49%
43,315	44,081	38,335	15,245	1.14%	-2.55%
45,353	35,224	35,556	35,192	0.91%	-0.91%
15	—	4	—	0.00%	-22.60%
7,974	10,393	14,174	10,171	0.27%	10.71%
1,420	1,420	1,420	1,420	0.04%	-1.13%
(2,092)	6,215	5,894	14,941	0.16%	-230.63%
—	—	—	235,945		
\$ 867,938	\$ 933,507	\$ 995,876	\$ 1,150,589	24.17%	2.35%
\$ 3,758,510	\$ 3,862,396	\$ 4,085,093	\$ 4,405,723	100.00%	4.19%
\$ 163,069	\$ 103,886	\$ 222,697	\$ 320,630		
4.54%	2.76%	5.77%	7.85%		



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND REVENUES, EXPENDITURES AND
OTHER FINANCING SOURCES (USES)

For the Last Nine Fiscal Years and 2007 Budget

(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues:				
Local	\$1,466,604	\$1,497,994	\$1,543,378	\$1,570,848
State	994,160	1,190,289	1,247,174	1,275,707
Federal	415,081	460,343	497,673	552,311
Total All Revenue	\$2,875,845	\$3,148,626	\$3,288,225	\$3,398,866
Total Expenditures	2,914,667	3,060,728	3,184,502	3,353,119
Revenue — Expenditures	\$ (38,822)	\$ 87,898	\$ 103,723	\$ 45,747
Other Financing Sources — Transfers	(12,015)	—	11,436	(46,797)
Revenues and Other Financing Sources				
Less Expenditures	\$ (50,837)	\$ 87,898	\$ 115,159	\$ (1,050)
Equity Transfer	(91,379)	—	—	—
Accounting Adjustment	—	—	—	(152,490)
Change in Fund Balance	\$ (142,216)	\$ 87,898	\$ 115,159	\$ (153,540)
Fund Balances — Beginning of Period	504,111	361,895	449,793	564,952
Fund Balances — End of Period	\$ 361,895	\$ 449,793	\$ 564,952	\$ 411,412
Revenues as a Percent of Expenditures	98.7%	102.9%	103.3%	101.4%
Composition of Fund Balance				
Reserved:				
Reserved for Encumbrances	\$ 80,130	\$ 107,951	\$ 102,623	\$ 149,675
Reserved for restricted donations	429	429	2,836	3,638
Reserved by law for specific purposes	59,339	53,158	66,436	56,579
Unreserved:				
Designated to Provide Operating Capital	196,300	231,300	295,900	201,520
Undesignated	25,697	56,955	97,157	—
Total Fund Balance	\$ 361,895	\$ 449,793	\$ 564,952	\$ 411,412
Unreserved Fund Balance as a Percent of				
Revenues	7.7%	9.2%	12.0%	5.9%
Total Fund Balance as a Percent of Revenues	12.6%	14.3%	17.2%	12.1%



<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Budget 2007</u>
\$1,569,922	\$1,641,646	\$1,688,778	\$1,781,729	\$1,935,760	\$1,881,783
1,336,586	1,307,229	1,329,390	1,417,423	1,492,361	1,584,030
<u>539,573</u>	<u>602,677</u>	<u>703,821</u>	<u>746,403</u>	<u>757,731</u>	<u>834,910</u>
\$3,446,081	\$3,551,552	\$3,721,989	\$3,945,555	\$4,185,852	\$4,300,723
<u>3,493,886</u>	<u>3,595,441</u>	<u>3,758,510</u>	<u>3,862,396</u>	<u>4,085,093</u>	<u>4,405,723</u>
\$ (47,805)	\$ (43,889)	\$ (36,521)	\$ 83,159	\$ 100,759	<u>\$ (105,000)</u>
<u>1,527</u>	<u>7,711</u>	<u>15,071</u>	<u>328</u>	<u>4,145</u>	
\$ (46,278)	\$ (36,178)	\$ (21,450)	\$ 83,487	\$ 104,904	
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
\$ (46,278)	\$ (36,178)	\$ (21,450)	\$ 83,487	\$ 104,904	
<u>411,412</u>	<u>365,134</u>	<u>328,956</u>	<u>307,506</u>	<u>390,993</u>	
<u>\$ 365,134</u>	<u>\$ 328,956</u>	<u>\$ 307,506</u>	<u>\$ 390,993</u>	<u>\$ 495,897</u>	
98.6%	98.8%	99.0%	102.2%	102.5%	
\$ 118,726	\$ 78,879	\$ 67,542	\$ 97,313	\$ 102,286	
429	429	1,439	1,459	1,503	
36,096	41,289	42,015	43,675	84,338	
201,500	161,233	171,300	190,000	218,400	
<u>8,383</u>	<u>47,126</u>	<u>25,210</u>	<u>58,546</u>	<u>89,049</u>	
<u>\$ 365,134</u>	<u>\$ 328,956</u>	<u>\$ 307,506</u>	<u>\$ 390,993</u>	<u>\$ 495,576</u>	
6.1%	5.9%	5.3%	6.3%	7.3%	
10.6%	9.3%	8.3%	9.9%	11.8%	



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF TORT EXPENDITURES

As Required Under Section 9-103 (a-5) of the Tort Immunity Act

For the Fiscal Year Ended June 30, 2006

Eligible Expenditures:

Workers' & Unemployment Compensation	\$ 7,507,789
Physical Education — Athletic Claims	213,498
Litigation	1,962,424
Workers' Compensation — Legal	765,994
Tort Claims — Administration Fee	482,896
Tort Claims — Major Settlements	516,359
Tort Claims — Casualty	1,032,446
General Liability Insurance	2,087,955
Property Damage Insurance	1,988,044
Property Loss Reserve Fund	203,806
Investigations — Administration	110,828
Life Safety	748,638
School Safety Administration	501,551
School Safety Services	2,281,550
Student Identification Cards	249,315
Personnel Security Services	32,399,205
Security Police Officers	9,492,773
Central Service Security	4,204,909
Bureau Of Risk & Benefits Management	304,008
Children's Welfare Attendant Program	4,212,556
School Bus Aides-Special Education	8,076,473
Employee Health Services	81,081
Interfund Allocation — Workers' Compensation	81,100
Interfund Allocation — School Bus Aides	555,000
Total Eligible Expenditures	<u>\$80,060,198</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF STUDENT ACTIVITY FUNDS

For the Fiscal Year Ended June 30, 2006

CASH AND INVESTMENTS HELD FOR STUDENT ACTIVITIES

	<u>Beginning Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Amounts Held for Student Activities</u>
Checking:				
Elementary Schools	\$12,098,876	\$33,546,583	\$32,868,856	\$12,776,603
Child Parent Centers	52,585	180,648	173,784	59,449
Alternative Schools	32,595	25,203	28,909	28,889
Middle Schools	458,495	780,162	830,217	408,440
High Schools	9,516,667	34,843,040	33,537,496	10,822,211
	<u>\$22,159,218</u>	<u>\$69,375,636</u>	<u>\$67,439,262</u>	<u>\$24,095,592</u>
Investments:				
Elementary Schools				730,903
Middle Schools				101,877
High Schools				3,593,356
Total Cash and Investments Held for Student Activities				<u>\$28,521,728</u>

STUDENT FEES

	<u>Graduation Fees (A)</u>	<u>Student Activity Fees (B)</u>	<u>Total</u>
Total Elementary School Fees	\$2,476,838	\$2,116,023	\$4,592,861
Total Elementary Students	311,850	311,850	311,850
Average Fee per Student	<u>\$ 7.94</u>	<u>\$ 6.79</u>	<u>\$ 14.73</u>
Total High School Fees	\$1,177,693	\$7,672,145	\$8,849,838
Total High School Students	109,132	109,132	109,132
Average Fee per Student	<u>\$ 10.79</u>	<u>\$ 70.30</u>	<u>\$ 81.09</u>

NOTES:

- A. Graduation fees are defined as all mandatory graduation fees, including cap and gown.
- B. Student activity fees are defined as fees collected from students to cover activities and items necessary to complete a given curriculum and fees collected from students to cover the cost of extra-curricular activities and items.





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS
Board of Education of the City of Chicago

SCHEDULE OF INSURANCE AND INSURANCE SERVICES

<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
Property Insurance				
Insurance Brokerage	Arthur J. Gallagher & Co.	07/01/05 — 07/01/06	\$ 70,000	Insurance placement/ consultation.
All Risk-Property Insurance				
1st Layer of Property Insurance	Lexington Insurance	07/01/05 — 07/01/06	2,294,600	\$200 Million blanket with \$500,000 Deductible for Board property as well as property under construction.
2nd Layer of Property Insurance	Commonwealth	07/01/05 — 07/01/06	105,000	\$25 million part of \$50,000,000
3rd Layer of Property Insurance	Westchester Surplus Lines	07/01/05 — 07/01/06	111,601	\$25 million part of \$50,000,000
4th Layer of Property Insurance	RSUI Indemnity	07/01/05 — 07/01/06	105,000	\$100,000,000 excess of \$100 million
Boiler & Machinery Insurance	Hartford Steam Boiler Group	07/01/05 — 07/01/06	99,969	\$50 Million blanket with \$50,000 deductible. Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment.
Commercial Blanket Crime Insurance				\$50 Million subject to \$500,000 deductible. Blanket coverage including fidelity.
1st Layer of Crime Insurance	Great American	07/01/05 — 07/01/06	39,498	\$10 million excess of \$500,000 deductible
2nd Layer of Crime Insurance	Zurich-American Insurance	07/01/05 — 07/01/06	25,078	\$10 million excess of \$10 million
3rd Layer of Crime Insurance	Travelers Casualty & Surety	07/01/05 — 07/01/06	29,640	\$10 million excess of \$20 million
4th Layer of Crime Insurance	Great American	07/01/05 — 07/01/06	21,341	\$10 million excess of \$30 million
5th Layer of Crime Insurance	Hanover	07/01/05 — 07/01/06	16,300	\$10 million excess of \$40 million
			<u>\$ 2,918,027</u>	Total Property, Boiler & Machinery and Crime for year ending 7/1/2005
Liability Insurance				
Insurance Brokerage	Meisrow Financial Services	10/31/05-10/31/06	\$ 64,000	Insurance placement/ consultation.
General Liability and School Board Legal Liability Insurance				\$75 million in excess of \$10 million Self-Insured Retention for General and School Board Legal Liability for Personal Injury, Property Damage, Employers Liability, Discrimination and other "Wrongful Acts." Includes Terrorism Coverage and Surplus Lines Tax and Fees.
1st Layer Liability Insurance	Princeton E&S	10/31/05 — 10/31/06	272,786	\$10 million per loss excess \$10 million self-insured retention



Statistical Section

<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
2nd Layer Liability Insurance	Westchester	10/31/05 — 10/31/06	280,260	\$15 million excess \$20 million
3rd Layer Liability Insurance	Great American Assurance	10/31/05 — 10/31/06	257,575	\$15 million excess \$35 million
4th Layer Liability Insurance	Lexington Insurance	10/31/05 — 10/31/06	213,345	\$15 million excess \$50 million
5th Layer Liability Insurance	St. Paul Insurance Company	10/31/05 — 10/31/06	162,841	\$20 million excess \$65 million
Workfare Insurance	Liberty Mutual	12/13/05 — 12/13/06	2,495	Statutory Workers Compensation/\$1,000,000. Employers Liability for non- compensated students in intern and job shadow programs
			<u>\$ 1,253,302</u>	Total Liability Insurance Premiums and Related Expenses
Total Insurance Cost			<u><u>\$ 4,171,329</u></u>	
Self Insurance Programs				
General Liability Claims	Martin Boyer Company/Cambridge	07/01/05 — 07/01/06	\$ 402,413	Claim administration services including investigation and adjustment of liability claims; pay medical costs, legal expense and settlements; Escrow funding for claims authorized up to \$2,000,000
			<u>1,132,446</u>	Amounts paid through escrow accounts to claimants, attorneys and expenses.
			<u><u>\$ 1,534,859</u></u>	Total General Liability Claims and Expenses
Workers Compensation Claims	Martin Boyer Company/Cambridge	07/01/05 — 07/01/06	\$ 689,550	Claim administration services including receive and review for compensability all employee accident claims. Review and apply PPO discount to medical claims. Pay indemnity costs for compensable claims. Determine case management needs. Provide clam statistics and establish safety initiatives. Escrow funding for claims authorized up to \$14,000,000.
			<u>20,847,114</u>	Amounts paid through escrow accounts to claimants, attorneys and expenses.
			<u><u>\$ 21,536,664</u></u>	Total Workers' Compensation Claims and Expenses

(continued)

Operating Information

<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
Interscholastic Athletic and Extracurricular Activity Injury Claims	Martin Boyer Company/Cambridge	07/01/05 — 07/01/06	\$ 57,487	Investigate eligibility for student coverage for incidents arising out of interscholastic athletic and extracurricular activities, including ROTC and student travel. Benefits include medical expense, disability income and accidental death benefits of up to \$1,000,000 per student in exchange for a waiver of all liability claims against the Board of Education. Investigate and obtain offsets from insurance and subrogation. Escrow funding for claims authorized up to \$300,000.
			294,789	Interscholastic Claims Payments
			<u>\$ 352,276</u>	Total Interscholastic Claims and Expenses
Life Safety	Various		<u>\$ 710,461</u>	Promotes safety programs
Total Self Insured Programs			<u>\$ 24,134,260</u>	
Capital Program				
Owner Controlled Insurance Program (OCIP)	AON Risk Services of Illinois	07/01/05 — 07/01/06	\$ 165,000	OCIP Administrative, Brokerage, and Claims Management Services Includes contractor enrollment, tracking bid credits, preparing close outs and all necessary reports for the BOE and insurance carriers; safety consultants to 04/01/05; broker services (including placement environmental insurance); claim admin. services for run-off claims prior to 4/1/02 and escrow management services.
OCIP Paid Claims	General & Workers' Compensation Claims	07/01/05 — 07/01/06	2,228,949	OCIP General Liability and Workers Compensation Claims
OCIP Surety Bond	Aon/Safeco	07/01/05 — 07/01/06	18,562	Secure outstanding liability for TIG policy year losses.
OCIP Safety Services	Solutions & Savings and SOL Consultants	07/01/05 — 07/01/06	<u>37,044</u>	Provide on-site safety services for OCIP.
			<u>\$ 2,449,555</u>	Total OCIP Insurance, Claims and Expenses

(continued)



Statistical Section

<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
Health Insurance/HMO/PPO				
Medical-Administrative Services	Blue Cross/Blue Shield of Illinois	07/01/05 — 06/30/06	\$ 3,856,020	PPO Health care for eligible employees and dependents.
	UnitedHealthcare PPO	07/01/05-06/30/06	1,222,665	PPO Health care for eligible employees and dependents.
	UnitedHealthcare PPO w/HRA	07/01/05-06/30/06	601,103	PPO and Health Reimbursement Account for eligible employees and dependents.
	Blue Cross HMO Illinois	07/01/05 — 06/30/06	7,019,649	HMO Health care for eligible employees and dependents.
	UnitedHealthcare HMO (EPO)	07/01/05 — 06/30/06	955,435	HMO Health care for eligible employees and dependents.
Medical Total Admin. Fees			<u>\$ 13,654,872</u>	
Medical PPO Claim	Blue Cross/Blue Shield of Illinois	07/01/05 — 06/30/06	\$ 53,947,061	PPO Health care for eligible employees and dependents and retirees.
	UnitedHealthcare PPO	07/01/05-06/30/06	18,369,217	PPO Health care of eligible employees, dependents & retirees.
	United Healthcare PPO w/HRA	07/01/05 — 06/30/06	7,304,756	PPO and Health Reimbursement Account for eligible employees and dependents.
Medical Total PPO Claims			<u>\$ 79,621,034</u>	
Medical HMO Claims	Blue Cross HMO Illinois	07/01/05 — 06/30/06	\$ 74,041,419	HMO Healthcare for eligible employees and dependents. Claims and Physician Service Fees.
	United Healthcare HMO	07/1/05 — 06/30/06	7,304,756	HMO Healthcare for eligible employees and dependents.
Medical Total HMO Claims			<u>\$ 81,346,175</u>	
Medical Claims Total		07/01/05 — 06/30/06	<u>\$160,967,209</u>	
Medical Claims and Expenses		07/01/05 — 06/30/06	<u>\$174,622,081</u>	
Managed Mental Health Service	United Behavioral Health	07/01/05 — 06/30/06	\$ 569,372	Mental health care for PPO eligible employees and dependents.
Utilization Review and Case Management	Encompass		\$ 583,383	Pre-certification, utilization review and case management for PPO eligible employees and dependents.
Prescription Drugs	Caremark	07/01/05 — 06/30/06	\$ 40,436,688	Pharmaceutical services for PPO and HMO eligible employees and dependents.
Total Medical Expenses		07/01/05 — 06/30/06	<u>\$216,211,524</u>	

(continued)

Operating Information

<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
Other Insurance				
Dental Insurance	CompBenefits of Illinois	07/01/05 — 06/30/06	\$ 4,898,799	Dental HMO for eligible employees and dependents.
	Delta Dental	07/01/05 — 06/30/06	<u>7,867,011</u>	Dental PPO for eligible employees and dependents.
Dental Insurance Total			<u>\$ 12,765,810</u>	
Vision Plan	Vision Service Plan (VSP)	07/01/05 — 06/30/06	<u>\$ 248,715</u>	Vision services for eligible employees and dependents.
Term Life Insurance	Prudential Life Insurance	07/01/05 — 06/30/06	<u>\$ 2,540,883</u>	Life insurance policy at \$10,000 per eligible employee.
Total Dental/Vision/Life			<u>\$ 15,555,408</u>	
Total Health/Life Benefit Expenses			<u>\$231,766,932</u>	



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF CAPITAL IMPROVEMENT PROGRAM — BY ACTIVITY

For the fiscal year ended June 30, 2006

(Millions of dollars — except for project summary)

	<u>1996</u>	<u>1997 (A)</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Unexpended	\$ —	\$ 295.0	\$ 456.7	\$ 446.3	\$ 531.5	\$ 468.2
Proceeds Available from						
Bond Issuance	364.1	458.0	387.5	634.2	331.3	464.7
State Aid	—	6.6	3.1	48.5	59.1	—
Federal Aid	—	—	—	10.6	41.9	81.8
Investment Income	6.5	19.0	41.8	29.4	37.2	42.8
Other Income	1.5	8.9	3.4	13.6	20.1	4.3
Total	\$ 372.1	\$ 787.5	\$ 892.5	\$ 1,182.6	\$ 1,021.1	\$ 1,061.8
Expenditures	77.1	330.8	446.2	651.1	547.4	523.1
Operating Transfers	—	—	—	—	(5.5)	(13.2)
Unexpended	\$ 295.0	\$ 456.7	\$ 446.3	\$ 531.5	\$ 468.2	\$ 525.5
Encumbrances	143.4	184.7	316.5	351.1	288.2	265.4
Available Balance	<u>\$ 151.6</u>	<u>\$ 272.0</u>	<u>\$ 129.8</u>	<u>\$ 180.4</u>	<u>\$ 180.0</u>	<u>\$ 260.1</u>

Project Summary (September 30, 2006)

<u>Project Type</u>	<u>Complete</u>	<u>In-Process</u>	<u>Total</u>
Renovation	1,188	50	1,238
New Construction	186	258	444
Total	<u>1,374</u>	<u>308</u>	<u>1,682</u>

NOTE:

The above amounts do not include construction expenditures made by the Public Building Commission.

A. Fiscal year 1997 was a ten month period.



<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Program to Date as of June 30, 2006</u>
\$ 525.5	\$ 429.3	\$ 382.3	\$ 422.7	\$ 355.5	\$ —
232.9	313.6	257.3	284.0	389.4	3,186.3
—	58.1	82.2	3.1	—	175.4
15.2	6.0	26.7	16.6	17.9	155.5
28.6	13.3	8.1	13.2	22.4	218.6
8.1	9.6	11.8	12.2	21.4	69.5
\$ 810.3	\$ 829.9	\$ 768.4	\$ 751.8	\$ 806.6	\$ 3,805.3
381.0	441.6	360.8	389.0	310.8	3,398.3
—	(6.0)	15.1	(7.3)	(2.8)	(24.7)
\$ 429.3	\$ 382.3	\$ 422.7	\$ 355.5	\$ 493.0	\$ 382.3
261.6	175.2	223.6	140.8	220.2	220.2
<u>\$ 167.7</u>	<u>\$ 207.1</u>	<u>\$ 199.1</u>	<u>\$ 214.7</u>	<u>\$ 272.8</u>	<u>\$ 162.1</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM

For the last five fiscal years

(Thousands of dollars)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
DAYS MEALS SERVED:					
National School Lunch Program	179	179	179	173	173
PUPIL LUNCHES SERVED:					
Paid lunches (regular)	3,742,501	3,798,931	3,847,219	3,648,536	3,332,446
Reduced lunches (regular)	3,956,346	3,950,416	3,923,832	3,577,319	3,646,341
Free lunches (regular)	<u>49,060,728</u>	<u>48,517,899</u>	<u>48,224,045</u>	<u>45,899,056</u>	<u>45,029,271</u>
TOTAL PUPIL LUNCHES SERVED	<u>56,759,575</u>	<u>56,267,246</u>	<u>55,995,096</u>	<u>53,124,911</u>	<u>52,008,058</u>
DAILY AVERAGE	317,093	314,342	312,822	307,080	300,625
Change from Previous Year	1,064,394	(492,329)	(272,150)	(2,870,185)	(1,116,853)
DAILY PERCENTAGE CHANGE	1.9%	-0.9%	-0.5%	-5.1%	-2.1%
PUPIL BREAKFASTS SERVED:					
Paid breakfasts (regular)	504,570	540,538	583,102	521,750	455,803
Reduced breakfasts (regular)	501,032	494,298	512,863	467,460	486,385
Free breakfasts (regular)	<u>14,738,156</u>	<u>14,857,461</u>	<u>14,623,404</u>	<u>13,562,132</u>	<u>13,504,698</u>
TOTAL PUPIL BREAKFASTS SERVED	<u>15,743,758</u>	<u>15,892,297</u>	<u>15,719,369</u>	<u>14,551,342</u>	<u>14,446,886</u>
DAILY AVERAGE	87,954	88,784	87,818	84,112	83,508
Change from Previous Year	111,031	148,539	(172,928)	(1,168,027)	(104,456)
DAILY PERCENTAGE CHANGE	0.7%	0.9%	-1.1%	-7.4%	-0.7%
TOTAL MEALS SERVED	<u>72,503,333</u>	<u>72,159,543</u>	<u>71,714,465</u>	<u>67,676,253</u>	<u>66,454,944</u>
DAILY AVERAGE	405,047	403,126	400,639	391,192	384,133
TOTAL CHANGE FROM PREVIOUS YEAR	1,175,425	(343,790)	(445,078)	(4,038,212)	(1,221,309)
DAILY PERCENTAGE CHANGE	1.6%	-0.5%	-0.6%	-5.6%	-1.8%
NUMBER OF ADULT LUNCHES (REGULAR) ..	<u>714,598</u>	<u>713,248</u>	<u>667,865</u>	<u>532,469</u>	<u>387,624</u>
DAILY AVERAGE	3,992	3,985	3,731	3,078	2,241
TOTAL CHANGE FROM PREVIOUS YEAR	(12,584)	(1,350)	(45,383)	(135,396)	(144,845)
DAILY PERCENTAGE CHANGE	-1.7%	-0.2%	-6.4%	-20.3%	-27.2%



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM (continued)

For the last five fiscal years

(Thousands of dollars)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
REVENUE:					
Federal and State Sources	\$ 152,957	\$ 156,763	\$ 161,127	\$ 156,062	\$ 180,175
Local Sources	11,170	13,404	11,620	9,553	9,317
Total Revenue	<u>\$ 164,127</u>	<u>\$ 170,167</u>	<u>\$ 172,747</u>	<u>\$ 165,615</u>	<u>\$ 189,492</u>
EXPENDITURES:					
Career Service Salaries	\$ 51,023	\$ 53,248	\$ 56,936	\$ 57,543	\$ 59,199
Career Service Pension	3,489	3,633	3,841	3,853	4,310
Hospitalization	15,643	16,254	19,383	19,130	19,501
Food	85,487	91,683	95,795	88,606	84,634
Professional and Special Services	2,230	3,327	3,492	3,256	2,910
Administrative Allocation	10,809	11,639	12,142	12,163	15,456
Other	5,082	3,030	2,420	2,562	3,467
Total Expenditures	<u>\$ 173,763</u>	<u>\$ 182,814</u>	<u>\$ 194,009</u>	<u>\$ 187,113</u>	<u>\$ 189,477</u>
Revenues Less Than Expenditures	<u>\$ (9,636)</u>	<u>\$ (12,647)</u>	<u>\$ (21,262)</u>	<u>\$ (21,498)</u>	<u>\$ 15</u>
DAILY AVERAGE Revenues	\$ 917	\$ 951	\$ 965	\$ 957	\$ 1,095
Expenditures	\$ 971	\$ 1,021	\$ 1,084	\$ 1,082	\$ 1,095
PERCENTAGE CHANGE Revenues	2.4%	2.5%	2.8%	-3.1%	14.4%
Expenditures	4.4%	5.2%	6.1%	-3.6%	1.3%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF UTILITY CONSUMPTION
For Fiscal Year Ended June 30, 2006
With Comparative Amounts for the Period Ended June 30, 2005

	<u>2006 Schools</u>	<u>2006 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Commonwealth Edison			
Total Electricity Charges (A)	\$ 39,039,507	\$ 898,890	\$ 39,938,397
Kilowatt Hours	531,983,176	12,832,125	544,815,301
Charge per Kilowatt Hour	<u>\$ 0.07338</u>	<u>\$ 0.07005</u>	<u>\$ 0.07331</u>
<u>Gas</u>			
Total Gas Charges	\$ 32,224,276	\$ 65,946	\$ 32,290,222
Therms	34,120,849	558,573	34,679,422
Charge per Therm	<u>\$ 0.94442</u>	<u>\$ 0.11806</u>	<u>\$ 0.93111</u>

	<u>2005 Schools</u>	<u>2005 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Commonwealth Edison			
Total Electricity Charges (A)	\$ 39,080,283	\$ 756,496	\$ 39,836,779
Kilowatt Hours	526,988,775	12,471,159	539,459,934
Charge per Kilowatt Hour	<u>\$ 0.07416</u>	<u>\$ 0.06066</u>	<u>\$ 0.07385</u>
<u>Gas</u>			
Total Gas Charges	\$ 24,752,701	\$ 57,304	\$ 24,810,005
Therms	36,704,584	572,453	37,277,037
Charge per Therm	<u>\$ 0.67438</u>	<u>\$ 0.10010</u>	<u>\$ 0.66556</u>

NOTES:

- A. Fiscal year 2006 electricity and consumption amounts represent amounts that have been billed for service during fiscal year 2006 and have been paid to Commonwealth Edison as of July 31, 2006.
- A. Fiscal year 2005 electricity and consumption amounts represent amounts that have been billed for service during fiscal year 2005 and have been paid to Commonwealth Edison as of July 31, 2005.

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

PROPERTY SALES AND PURCHASES

For the Fiscal Year Ending June 30, 2006

Sales

<u>Unit Location</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Cost Basis(A)</u>	<u>Gross/Sales Proceeds</u>
1111 West Diversey	Land	07/15/1889	\$12,469	\$5,555,600
2001 East 71st (Jeffrey)	Land	—	—	800,000
533 W. 78th Street	Land	06/19/1899	4,302	15,000
2747 N. California	Land	03/05/1883	3,600	1,205,000
1300 W. Erie	Land	12/08/54	—	20,000
			<u>\$20,371</u>	<u>\$7,595,600</u>

Purchases

<u>Unit Location</u>	<u>Type</u>	<u>Date Acquired</u>	<u>School</u>	<u>Purchase Cost</u>
644-658 S. State	Land	06/28/06	Jones	\$13,000,000(1)
3223-25 W. Franklin	Land	11/18/05	Westinghouse	1
421 N. Sawyer	Land	11/18/05	Westinghouse	—
428 N. Kedzie	Land	11/18/05	Westinghouse	—
				<u>\$13,000,001</u>

Summary of Owned Properties

<u>Type</u>	<u>Total at June 30, 2005</u>	<u>Sales</u>	<u>Purchases</u>	<u>Total at June 30, 2006</u>
Commercial Properties	1	—	—	1
School Properties	1,001	—	4	1,005
Land and Land Leases Properties	38	5	—	33
Totals	<u>1,040</u>	<u>5</u>	<u>4</u>	<u>1,039</u>

(1) \$12,000,000 paid to date with remaining \$1,000,000 to be paid when the former owner vacates the property in January 2008.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL STUDENT MEMBERSHIP

For the last ten fiscal years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Elementary					
Pre-Kindergarten	16,368	19,266	21,835	19,891	21,793
Kindergarten	35,155	35,506	36,673	35,221	33,733
Grades 1-3	106,715	114,624	121,956	122,098	118,739
Grades 4-6	90,281	89,332	96,148	100,249	106,587
Grades 7-8	56,018	54,540	58,927	59,172	58,429
Special Education (A)	15,207	16,306	—	—	—
Total Elementary	<u>319,744</u>	<u>329,574</u>	<u>335,539</u>	<u>336,631</u>	<u>339,281</u>
Secondary					
9th Grade	33,285	32,271	34,042	34,472	34,258
10th Grade	27,813	25,810	25,739	27,010	27,491
11th Grade	20,425	19,921	19,593	18,498	20,008
12th Grade	15,578	15,826	16,172	15,139	14,432
Special Education (A)	4,489	4,782	—	—	—
Total Secondary	<u>101,590</u>	<u>98,610</u>	<u>95,546</u>	<u>95,119</u>	<u>96,189</u>
Grand Total	<u>421,334</u>	<u>428,184</u>	<u>431,085</u>	<u>431,750</u>	<u>435,470</u>

NOTES:

- A. In 1998, the courts mandated the State to assign all special education students a grade level according to their biological age.

Source: Department of Compliance — Office of REA



<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
21,109	21,788	22,085	21,417	21,205
32,458	31,655	31,539	29,986	29,502
117,181	114,470	107,677	101,944	98,157
107,091	107,575	105,633	103,005	100,065
60,606	62,037	63,262	64,205	62,921
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>338,445</u>	<u>337,525</u>	<u>330,196</u>	<u>320,557</u>	<u>311,850</u>
34,116	33,895	35,813	35,529	36,735
28,186	28,780	27,925	29,218	29,555
20,755	21,519	22,347	22,711	23,764
16,116	16,870	18,138	18,797	19,078
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>99,173</u>	<u>101,064</u>	<u>104,223</u>	<u>106,255</u>	<u>109,132</u>
<u>437,618</u>	<u>438,589</u>	<u>434,419</u>	<u>426,812</u>	<u>420,982</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TEACHERS' BASE SALARIES

(Annual School Year Salary)

For the last ten fiscal years

<u>Fiscal Year</u>	<u>Minimum Salary (A)</u>	<u>Median Salary</u>	<u>Maximum Salary (B)</u>	<u>Percent Change (C)</u>
1997	\$29,604	\$41,139	\$52,673	3.00%
1998	30,567	42,476	54,385	3.25%
1999	31,598	43,909	56,220	3.37%
2000	32,546	45,227	57,907	3.00%
2001	33,197	46,421	59,644	2.00%
2002	33,861	47,647	61,433	2.00%
2003	34,538	48,907	63,276	2.00%
2004	35,920	50,864	65,807	4.00%
2005	37,357	52,899	68,439	4.00%
2006	38,851	55,015	71,177	4.00%

NOTES:

- A. The minimum salary represents the minimum amount a CPS teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on education attainment and years of service. Minimum salary excludes pension and hospitalization benefits.
- B. The maximum salary represents the maximum amount a CPS teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on educational attainment and years of service. The majority of the Chicago Public Schools Teaching Staff receive the maximum salary due to the 12 year minimum needed to reach the highest pay scale dependent on years of service only. Maximum salary excludes pension and hospitalization benefits.
- C. The percent change is the official CTU (Chicago Teachers Union) agreed to minimum salary increase for that year, net of any changes to the salary schedule or step advances on the pay schedule.

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TEACHERS' PENSION FUNDING ANALYSIS

For the last five fiscal years

(Thousands of dollars)

<u>Fiscal Year</u>	<u>Employer and Employee Contribution</u>	<u>Net Assets of Plan (Fair Market Value)</u>	<u>Unfunded Obligation (Assets at Fair Market Value)</u>	<u>% Funded of Pension Obligation Fund at Year End (Assets at Fair Market Value)</u>	<u>% Unfunded (Assets at Fair Market)</u>
2001.....	\$181,775	\$10,387,569	\$ 5,135	99.9%	0.1%
2002.....	179,011	10,619,061	406,421	96.3%	3.7%
2003.....	190,259	10,494,755	916,773	92.0%	8.0%
2004.....	194,511	10,392,193	1,713,488	85.8%	14.2%
2005.....	198,065	10,506,471	2,789,405	79.0%	21.0%



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

AVERAGE DAILY ATTENDANCE AND PER PUPIL COSTS

For the last five fiscal years

<u>Fiscal Year</u>	<u>School Year</u>	<u>Average Daily Attendance (A)</u>	<u>Operating Expenses Per Pupil (B)</u>	<u>Per Capita Tuition Charge (C)</u>
2002	2001-02	395,661	\$ 8,482	\$5,882
2003	2002-03	395,884	8,786	6,157
2004	2003-04	392,570	9,564	6,682
2005	2004-05	385,461	10,555	9,488
2006	2005-06	380,205	n/a	n/a

NOTES:

- A. *Source:* Office of Accountability, Department of Compliance.
- B. *Source:* Illinois State Board of Education — Operating Expense Pupil is the total operating cost of regular K-12 programs divided by nine-month average daily attendance. This measure excludes expenditures related to Preschool, Summer School, Adult Education, Capital Expenditures, and Board Principal and Interest.
- C. *Source:* Illinois State Board of Education — Per Capita Tuition Charge is the amount a local school district charges as tuition for nonresident students per Section 18-3 of the School Code. It is a reasonable measure of basic education program costs. Per Capita Tuition is calculated by deducting the costs of supplemental programs from operating expenses and dividing the result by nine-month average daily attendance.





Chicago Public Schools
Every Child, Every School



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

NUMBER OF SCHOOLS, SCHOOL ENROLLMENT AND HIGH SCHOOL GRADUATES

For the last ten fiscal years

	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001
Number of Schools					
Elementary (A)	475	475	476	478	478
Special	26	24	27	27	26
High School	59	69	69	71	72
Vocational/Technical	7	7	7	7	7
Charter Schools	N/A	8	12	14	13
Total Schools	<u>567</u>	<u>583</u>	<u>591</u>	<u>597</u>	<u>596</u>
School Enrollment (B)					
Elementary (A)	316,854	325,159	329,334	330,588	332,811
Special	6,071	5,763	6,533	5,491	4,996
High School	88,281	84,152	81,475	80,712	81,516
Vocational/Technical	10,128	9,913	9,428	9,424	9,414
Charter Schools	N/A	3,197	4,315	5,535	6,733
Total School Enrollment	<u>421,334</u>	<u>428,184</u>	<u>431,085</u>	<u>431,750</u>	<u>435,470</u>
Number of High School Graduates	<u>15,733</u>	<u>16,567</u>	<u>16,195</u>	<u>14,875</u>	<u>14,091</u>

NOTES:

Source: Department of Compliance — Office of REA

A. Elementary schools include the traditional classification of middle schools.

B. School enrollment includes the number of students in each type of school regardless of the students' grades.

<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
480	479	482	475	475
28	27	25	19	18
70	75	82	93	98
7	7	6	6	12
15	14	18	20	22
<u>600</u>	<u>602</u>	<u>613</u>	<u>613</u>	<u>625</u>
331,385	328,261	319,966	309,818	298,030
6,348	5,111	4,937	3,730	3,076
84,759	87,740	90,888	92,787	88,490
9,042	8,633	8,135	8,203	15,970
6,084	8,844	10,493	12,274	15,416
<u>437,618</u>	<u>438,589</u>	<u>434,419</u>	<u>426,812</u>	<u>420,982</u>
<u>15,752</u>	<u>15,753</u>	<u>16,057</u>	<u>16,487</u>	<u>16,898</u>



CHICAGO PUBLIC SCHOOLS**Chicago Board of Education****SCHOOL INFORMATION DESCRIPTION**

The school general information tables contain student and financial data as of June 30, 2006. The following is an explanation of each data element.

<u>COLUMN Name</u>	<u>DESCRIPTION</u>
Unit Name	School Name
Student Membership	Total membership as of September 30, 2005
Per Pupil Expenditures	Total Fiscal Year 2006 school expenses per student including capital spending
Per Pupil Capital Expenditures	Total Fiscal Year 2006 capital expenses per student
Per Pupil Supplementary Expenditures	Total Fiscal Year 2006 Federal, State Supplementary State Aid, PL94-142 and desegregation expenses per student at the school



General Information For High Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for High Schools	919	\$ 7,433	\$ 787	\$ 987
AASTA — ORR HS	495	\$ 6,317	\$ 9	\$1,059
ACE TECH CHTR HS	272	7,836	5,132	814
ACT CHTR HS	321	8,016	7	960
ALT LEARNING COMMNTY HS	271	469	—	469
AMUNDSEN HS	1,500	7,018	1,805	1,126
ASPIRA CHRTR — RAMIREZ	341	7,844	—	764
AUSTIN HS	580	12,326	1,939	1,920
BEST HS	331	6,799	—	939
BEST PRACTICE HS	374	6,468	2	838
BIG PICT HS — METRO	84	10,601	205	657
BIG PICT HS — YARDS	77	14,465	133	652
BOGAN TECH HS	2,119	6,449	61	951
BOWEN HS	77	41,906	18,941	5,920
BRONZEVILLE HS	126	8,359	872	679
BROOKS COLLEGE PREP HS	781	6,983	312	477
CALUMET HS	499	11,929	4,716	1,324
CARVER MIL ACAD HS	624	12,074	210	1,539
CHGO INTL CHRT — LONGWOOD	1,439	6,545	—	665
CHGO INTL CHRT — NORTH TOWN	590	7,775	—	334
CHGO VOC AA HS	345	6,546	—	994
CHICAGO ACAD HS	251	8,249	2,663	1,668
CHICAGO AGR SCI HS	592	10,137	884	750
CHICAGO DISCOVERY HS	382	8,242	85	1,133
CHICAGO MIL ACAD HS	487	9,729	38	863
CHICAGO VOC HS	2,030	7,770	1,754	1,168
CLARK MAGNET HS	912	8,084	403	1,106
CLEMENTE AA HS	169	5,898	—	191
CLEMENTE HS	2,384	6,872	73	1,188
COLLINS HS	852	8,819	708	1,804
CORLISS HS	1,427	7,162	85	1,242
CRANE AA HS	320	5,679	—	570
CRANE TECH HS	1,038	9,849	446	1,483
CURIE HS	3,062	7,288	54	1,234
DEVRY ADVANTAGE HS	223	2,728	—	1
DOUGLASS HS	737	8,653	173	1,637
DUNBAR VOC HS	1,627	7,175	579	1,011
DUSABLE HS	86	34,133	20,228	3,996
DYETT HS	563	8,084	338	1,132
ENGLEWOOD AA HS	212	6,386	33	683
ENGLEWOOD HS	637	9,987	495	1,497



General Information For High Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for High Schools	919	\$ 7,433	\$ 787	\$ 987
ENTREPRENEURSHIP HS	448	\$ 7,601	\$ 43	\$1,066
EXCEL — ORR HS	443	6,471	244	831
FARRAGUT HS	2,429	6,562	200	1,194
FENGER HS	1,126	7,567	623	1,025
FENGER AA HS	208	5,554	—	330
FOREMAN HS	1,738	7,341	641	1,080
GAGE PARK HS	1,501	8,024	64	1,352
GLOBAL VISIONS HS	306	8,490	285	880
HANCOCK HS	815	5,955	2,331	831
HARLAN HS	1,381	6,624	84	1,062
HARPER HS	1,261	7,633	200	1,157
HIRSCH HS	898	6,803	318	1,011
HOPE CPHS	989	7,125	100	1,453
HUBBARD HS	1,672	6,687	151	1,060
HYDE PARK HS	1,997	6,449	1,149	950
IDOC/HEALY SOUTH HS	35	34,832	—	1,723
INFINITY HS	100	8,574	43,651	164
JEFFERSON, N	412	19,096	—	661
JONES CPHS	734	8,201	16,334	626
JUAREZ HS	1,690	7,091	532	1,207
JULIAN HS	1,951	6,560	183	1,123
KELLY HS	3,155	6,040	16	1,009
KELVYN PARK HS	1,694	7,473	29	1,248
KENNEDY HS	1,682	6,718	655	748
KENWOOD HS	1,634	6,353	29	669
KING COLLEGE PREP HS	885	6,842	181	410
LAKE VIEW HS	1,439	6,510	3	996
LANE TECH HS	4,278	5,740	49	452
LAS CASAS HS	93	30,134	8,729	1,694
LINCOLN PARK HS	2,249	5,946	782	499
LINDBLOM CPHS	53	45,315	75,583	2,353
LINDBLOM MSHS	114	13,114	1,604	1,509
MANLEY HS	962	7,557	46	1,557
MARSHALL HS	1,157	8,822	1,175	1,559
MATHER HS	1,936	6,636	3	1,003
MORGAN PARK HS	2,252	5,974	902	411
MULTICULTURAL ARTS HS	100	10,677	44,151	456
NEW MILLNM HS	254	7,539	459	794
NOBLE ST. CHRTR HS	480	8,272	—	884
NORTH LAWNDALE CHRTR	389	7,606	—	1,032

General Information For High Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for High Schools	919	\$ 7,433	\$ 787	\$ 987
NORTH-GRAND HS	508	\$ 7,701	\$ 644	\$ 536
NORTHSIDE CPHS	1,042	6,551	—	266
NORTHSIDE LRN CTR HS	259	19,844	365	733
PAYTON COLLEGE PREP HS	835	7,353	159	325
PERSPECTIVES CHRTR HS	322	7,896	3	842
PHILLIPS HS	830	9,185	2,066	1,602
PHOENIX MIL ACAD HS	173	16,523	635	2,327
PROSSER HS	1,383	7,798	72	1,111
RICHARDS HS	474	9,365	4	1,247
RICKOVER NAVAL HS	110	16,416	15,476	696
ROBESON AA HS	249	5,681	—	846
ROBESON HS	1,258	7,380	255	1,187
ROOSEVELT HS	1,659	7,309	522	1,040
SCH OF LEADRSHP HS	398	7,368	140	851
SCH OF SOC JUST HS	100	10,660	43,809	599
SCH OF TECH HS	391	6,871	—	808
SCH OF THE ARTS HS	498	6,751	—	929
SCHURZ HS	2,417	6,726	51	1,064
SENN AA HS	142	9,792	—	1,229
SENN HS	1,492	8,148	925	1,344
SIMEON HS	1,638	7,482	998	1,164
SIMPSON HS	202	9,931	37	1,467
SOUTHSIDE OCCP HS	232	17,515	172	1,146
SPRY COMM LINKS HS	93	8,015	—	700
STEINMETZ HS	2,157	7,074	486	1,030
SULLIVAN HS	1,093	7,980	295	1,232
TAFT HS	2,578	6,113	151	446
TILDEN AA HS	250	6,098	—	873
TILDEN HS	1,429	7,528	5	1,245
VINES PREP HS	473	5,754	139	1,083
VON STEUBEN HS	1,531	6,343	41	634
WASHINGTON, G. HS	1,529	6,745	61	964
WELLS HS	1,112	7,640	2,391	1,244
WESTINGHOUSE AA HS	163	8,235	52	1,242
WESTINGHOUSE HS	455	10,708	7,041	1,792
WILLIAMS HS — PREP MED	83	9,992	766	376
WORLD LANGUAGE HS	104	8,987	44,100	483
YORK ALT HS	354	20,535	—	804
YOUNG MAGNET HS	2,119	6,465	220	449
YOUNG WOMEN LDRSHP CHRT	333	7,623	10	795
YOUTH CONNCTNS CHRTR	2,507	7,602	3	883



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
ABBOTT	120	\$ 18,016	\$ 10	\$ 2,877
ADDAMS	849	5,331	11	1,083
AGASSIZ	388	8,706	51	1,373
ALAIN LOCKE CHARTER	454	6,463	1	940
ALBANY PARK	265	6,375	49,338	1,344
ALCOTT	466	6,895	—	333
ALDRIDGE	261	8,430	123	1,647
ALTGELD	712	5,523	130	1,062
AMES	762	5,948	—	1,283
ANDERSEN	572	8,240	755	1,586
ARAI MID	36	55,426	56,473	9,176
ARIEL	411	6,521	520	984
ARMOUR	276	11,062	4,105	1,836
ARMOUR BR	206	113	49	—
ARMSTRONG, G.	1,316	5,548	18	939
ARMSTRONG, L.	193	9,234	143	1,918
ASHBURN	446	5,802	90	388
ASHE	758	4,771	85	976
ASPIRA CHRTR — HAUGAN	522	6,276	290	720
ATTUCKS	409	8,022	10	1,179
AUDUBON	441	6,789	173	652
AVALON PARK	751	5,842	29	1,150
AVONDALE	726	5,580	258	1,085
BANNEKER	472	7,724	16	1,766
BARNARD	297	8,054	263	1,383
BARRY	881	5,072	77	869
BARTON	791	5,547	408	1,052
BASS	714	5,275	41	1,159
BATEMAN	996	5,441	44	798
BEARD	173	21,235	—	299
BEASLEY CPC	170	5,112	—	4,461
BEASLEY MAGNET	1,343	4,803	83	937
BEAUBIEN	1,030	5,358	17	895
BEETHOVEN	506	6,808	—	1,583
BEIDLER	555	5,904	—	1,242
BELDING	524	5,575	10	679
BELL	832	7,437	1,183	363
BELMONT-CRAGIN	254	6,509	15	1,236
BELMONT-CRAGIN EC	338	3,880	—	250
BENNETT	496	6,102	1,150	1,361



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
BETHUNE	364	\$ 7,785	\$ 550	\$ 1,702
BLACK BR	191	5,117	264	—
BLACK MAGNET	288	7,272	526	1,362
BLAINE	716	6,111	191	254
BLAIR	84	43,063	213	690
BOND	667	5,906	145	1,097
BONTEMPS	519	6,197	—	1,335
BOONE	1,061	6,077	47	767
BOUCHET	1,228	4,692	23	901
BRADWELL	1,012	4,938	130	957
BRENNEMANN	307	8,192	87	1,899
BRENTANO	769	5,854	3	1,043
BRIDGE	717	4,979	4	471
BRIGHT	380	6,203	465	1,243
BRIGHTON PARK	907	5,096	11	854
BROWN, R.	366	5,715	95	1,162
BROWN, W.	290	10,325	301	1,827
BROWNELL	375	5,337	43	909
BRUNSON	806	5,542	105	1,146
BUCKINGHAM	41	40,570	3,950	951
BUDLONG	812	5,877	391	889
BURBANK	1,313	5,304	2	1,074
BURKE	252	7,570	4,544	1,263
BURLEY	438	6,115	65	413
BURNHAM — ANTHONY BR	129	785	—	—
BURNHAM ACAD	148	17,607	243	3,498
BURNHAM-GOLDSMITH BR	56	93	61	—
BURNSIDE	773	6,335	1,788	1,564
BURR	338	7,343	75	1,622
BURROUGHS	550	5,921	227	1,234
BYRNE	676	5,819	295	370
CALDWELL	558	6,335	689	1,012
CALHOUN NORTH	525	6,415	21	1,107
CAMERON	1,153	4,985	13	937
CANTER MID	282	6,909	1,572	893
CANTY	633	5,627	36	284
CARDENAS	490	6,457	6	1,750
CARDENAS BR	236	2,299	—	—
CARNEGIE	654	6,226	566	1,427
CARPENTER	354	9,724	80	1,709
CARROLL	319	5,371	3,858	1,812
CARROLL ANNEX	266	6,112	—	—
CARSON	1,292	4,944	386	1,118
CARTER	522	6,279	39	1,269
CARVER MID	387	8,767	—	1,793



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
CARVER PRIMARY	310	\$ 10,326	\$ 937	\$ 2,946
CASALS	609	6,334	—	1,118
CASELL	312	7,842	23	279
CASTELLANOS	641	6,054	46	1,491
CATHER	253	7,360	40	1,579
CHALMERS	306	8,292	1,413	1,655
CHAPPELL	417	8,466	148	1,128
CHASE	632	6,553	6	1,383
CHAVEZ	1,004	6,364	490	1,316
CHGO CHILD CHOIR CHTR	196	8,843	158	736
CHGO INTL CHRT — BASIL	673	6,294	—	893
CHGO INTL CHRT — BUCKTOWN	627	6,471	—	470
CHGO INTL CHRT — PRAIRIE	415	6,912	—	966
CHGO INTL CHRT — SOUTH SHORE	271	7,312	—	748
CHGO INTL CHRT — W. BELDEN	511	7,166	—	1,018
CHGO INTL CHRT — WASHINGTON	448	7,238	—	1,028
CHGO INTL CHRT — WRIGHTWOOD	478	6,514	1,259	469
CHGO MATH/SCI CHTR	304	6,830	—	523
CHICAGO ACAD	574	6,643	104	1,008
CHOPIN	292	8,951	78	1,309
CHRISTOPHER	242	23,087	—	714
CLAREMONT	670	6,171	32	1,321
CLARK, G. R.	384	7,313	43	1,435
CLAY	800	6,433	114	862
CLEVELAND	702	5,355	9	868
CLINTON	1,332	4,746	237	884
CLISSOLD	646	5,962	243	812
COCKRELL CPC	98	5,687	3	267
COLE CPC	78	9,430	—	8,429
COLEMON, J.	282	5,464	56	769
COLES	781	5,248	121	1,026
COLUMBIA EXPLORERS	1,075	4,473	1	1,064
COLUMBUS	273	6,780	40	718
COOK	793	5,705	91	1,091
COONLEY	311	9,364	237	933
COOPER	883	5,428	23	1,137
COPERNICUS	496	6,557	1,563	1,252
CORKERY	679	5,460	—	1,350
COURTENAY	204	11,390	71	611
CROWN	362	8,452	369	2,194
CUFFE	810	5,727	28	1,020



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
CULLEN	399	\$ 5,778	\$ 25	\$ 1,325
CURTIS	607	6,124	—	1,212
DALEY	952	5,079	3	1,155
DARWIN	872	6,319	115	1,287
DAVIS DEV CTR	76	22,140	214	37
DAVIS, MILES	345	6,776	93	1,492
DAVIS, NATHAN	1,763	4,781	—	1,062
DAWES	1,107	5,216	208	1,036
DE DIEGO	1,275	5,576	4	1,242
DE LA CRUZ	244	6,672	793	1,322
DECATUR CLASSICAL	250	6,482	15	1,246
DELANO	445	6,910	2,856	1,320
DELANO CPC	110	6,833	—	5,452
DENEEN	622	6,060	2,214	1,291
DEPRIEST	706	5,853	16	1,039
DETT	447	6,451	—	1,116
DEVER	816	4,514	14	257
DEWEY	435	6,574	1,117	1,671
DEWEY CPC	118	7,266	—	5,194
DIRKSEN	645	5,725	21	404
DISNEY MAGNET	1,539	5,544	—	1,464
DIXON	700	5,377	238	1,105
DODGE	417	7,930	11	1,659
DOOLITTLE	600	6,297	35	1,147
DORE	562	5,288	1,226	397
DRAKE	408	7,162	12	1,619
DRUMMOND	246	9,801	15	1,608
DUBOIS	339	7,265	240	1,576
DULLES	571	6,218	26	1,357
DUMAS	429	7,484	7	1,629
DUMAS CPC	69	3,851	—	4
DUNNE	535	5,826	238	1,319
DURKIN PARK	384	5,372	1,671	631
DVORAK	675	5,749	23	1,137
EARHART	300	6,365	447	1,201
EARLE	565	5,266	236	1,033
EBERHART	1,830	4,954	17	1,202
EBINGER	585	5,526	2	101
EDGEBROOK	315	6,304	51	63
EDISON	269	6,228	96	1,190
EDWARDS	1,200	5,098	14	1,031
ELLINGTON	598	5,143	3,022	1,077
EMMET	611	5,338	90	1,202
ERICSON	698	5,496	388	1,511
ERIE CHARTER	80	7,460	—	816



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
ESMOND	563	\$ 6,280	\$ 483	\$ 1,303
EVERETT	364	6,724	12	1,274
EVERGREEN	451	6,112	—	1,189
EVERS	415	6,628	—	1,390
FAIRFIELD	690	5,486	1,854	1,223
FALCONER	1,460	5,395	5	1,110
FARADAY	457	5,713	159	1,182
FARNSWORTH	553	7,573	3,538	376
FARREN	150	11,160	304	2,386
FERGUSON CPC	126	7,349	—	5,915
FERMI	366	7,289	46	1,133
FERNWOOD	467	5,547	3,054	1,236
FIELD	529	7,024	18	1,438
FINKL	634	6,196	—	1,672
FISKE	484	5,994	132	1,454
FLEMING — GRIMES BR	304	4,054	41	—
FORT DEARBORN	788	5,400	97	1,193
FOSTER PARK	630	7,074	407	1,328
FOUNDATIONS	130	6,141	—	938
FRANKLIN MAGNET	364	6,808	17	1,220
FRAZIER	473	6,627	—	1,426
FULLER	369	7,715	68	1,682
FULTON	672	5,987	—	1,241
FUNSTON	641	6,211	—	1,154
GALAPAGOS CHARTER	194	7,126	—	793
GALE	664	7,060	5	1,354
GALILEO	611	5,722	126	1,465
GALLISTEL	789	8,249	26	2,027
GALLISTEL BR	487	850	11	—
GARVEY, M.	579	6,280	—	1,497
GARVY, J.	596	4,913	—	231
GARY	1,286	5,337	3	996
GILLESPIE	695	5,312	348	991
GLADSTONE	417	8,508	24	1,562
GOETHE	675	6,398	6	1,020
GOLDBLATT	488	5,926	22	1,418
GOMPERS	420	6,593	72	1,361
GOODLOW MAGNET	566	6,068	17	1,282
GOUDY	826	5,297	148	1,037
GRAHAM, A.	691	6,692	70	1,109
GRAHAM, R. TRNG CTR	186	18,556	5	985
GRAY	1,348	4,976	—	878
GREELEY	508	7,354	1,033	1,441
GREEN, W.	318	6,663	180	1,244
GREENE, N.	639	5,823	—	1,076



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
GREGORY	550	\$ 5,755	\$ 40	\$ 1,411
GRESHAM	573	6,281	24	1,229
GRIMES	187	11,544	89	1,912
GRISSOM	355	5,923	32	443
GUGGENHEIM	383	5,560	64	1,031
GUNSAULUS	691	5,868	88	1,514
HAINES	752	5,565	2	1,074
HALE	884	5,070	54	421
HALEY	804	5,377	104	1,394
HAMILTON	240	9,793	1,699	875
HAMLIN	435	9,058	3,751	2,224
HAMLIN BR	457	1,438	—	—
HAMMOND	446	6,229	54	1,359
HAMPTON	765	5,557	12	1,066
HANSBERRY CPC	105	8,225	—	5,772
HANSON PARK	1,422	7,067	194	942
HARTE	431	6,364	368	997
HARVARD	544	5,678	121	1,188
HAUGAN	1,025	6,050	114	1,103
HAWTHORNE	549	5,322	66	752
HAY	588	5,937	2,947	1,340
HAYT	918	5,391	14	973
HEALY	839	7,383	75	1,508
HEALY BR	480	1,420	—	—
HEARST	775	6,658	3,120	1,412
HEDGES	908	4,954	—	1,357
HEDGES BR	134	5,900	—	—
HEFFERAN	471	6,095	202	1,294
HENDERSON	643	5,528	735	1,280
HENDRICKS	363	7,745	3,457	1,852
HENRY	813	5,468	15	1,034
HENSON	276	7,811	357	1,183
HERBERT	419	8,914	112	1,204
HERZL	702	6,936	419	1,549
HERZL CPC	124	6,480	—	5,431
HIBBARD	1,231	5,572	4	1,038
HIGGINS	498	6,144	105	1,744
HINTON	591	5,411	22	1,128
HITCH	403	6,836	—	631
HOLDEN	665	6,155	—	1,018
HOLMES	616	5,818	239	1,316
HOWE	696	6,037	42	1,301
HOYNE	345	826	1,180	44
HUGHES, C.	409	4,994	677	891
HUGHES, L.	417	6,042	169	1,149



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
HURLEY	932	\$ 5,693	\$ 73	\$ 1,607
INTER-AMERICAN	667	5,450	17	1,283
IRVING	520	5,720	112	943
IRVING PARK MID	327	6,925	511	1,342
JACKSON, A.	542	5,969	—	1,047
JACKSON, M.	392	8,441	611	766
JAHN	481	6,890	544	1,286
JAMIESON	800	6,162	297	757
JENNER	496	8,456	23	1,898
JENSEN	459	6,612	970	2,175
JOHNS	388	6,083	—	1,131
JOHNSON	465	7,422	276	1,559
JOHNSON CPC	75	5,033	110	—
JOPLIN	673	4,996	8	1,076
JORDAN	641	5,931	6	1,265
JOYNER CPC	85	9,100	—	8,518
JUNGMAN	459	5,894	248	770
KANOON MAGNET	739	5,507	55	1,361
KELLER MAGNET	228	6,770	100	1,209
KELLMAN	306	7,964	323	1,843
KELLOGG	294	7,673	—	1,092
KERSHAW	261	6,503	76	999
KEY	496	5,161	780	1,034
KILMER	944	5,270	110	1,248
KING EL	336	7,347	10	1,419
KINZIE	675	8,373	1,048	285
KIPLING	502	6,061	3	1,275
KIPP — CYVA	76	11,114	—	1,323
KIPP ASCEND CHRTR	238	6,733	21	954
KOHN	807	5,440	104	979
KOZMINSKI	517	6,110	46	1,706
LAFAYETTE	668	7,320	20	1,228
LARA	568	5,471	15	1,127
LASALLE	577	6,028	—	1,270
LATHROP	442	5,227	44	1,351
LAVIZZO	639	5,851	109	1,200
LAWNDALE	591	6,698	1,027	1,728
LAWRENCE	622	6,181	196	1,515
LEARN CHARTER	334	6,179	—	886
LEE	1,102	5,281	113	950
LEGACY CHARTER	98	5,980	22	719
LELAND	237	7,415	—	1,412
LEMOYNE	125	21,651	6,153	2,841
LENART	289	6,166	16	953
LEWIS	1,066	4,865	1	944

General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
LIBBY	720	\$ 6,002	\$ 18	\$ 1,216
LINCOLN	645	5,146	7	381
LINNE	807	5,049	9	977
LITTLE VILLAGE	795	4,741	136	953
LLOYD	1,341	5,146	10	1,010
LOCKE, J	1,310	4,779	—	657
LOGANDALE MID	363	7,067	—	1,335
LOVETT	624	5,573	—	834
LOWELL	837	6,305	40	1,035
LOZANO BILINGUAL	484	7,633	10	1,641
LYON	1,243	5,165	78	866
MADERO MID	370	8,212	532	1,324
MADISON	529	6,828	1,235	1,638
MANIERRE	563	6,995	—	1,983
MANN	845	5,613	27	1,212
MARCONI	346	7,292	363	2,143
MARQUETTE	1,774	5,688	71	1,091
MARSH	697	5,737	19,321	1,019
MARSHALL MID	432	7,989	—	1,059
MASON	838	7,189	252	1,505
MAY	751	6,149	—	1,645
MAYER	607	5,956	2	1,132
MAYO	530	5,487	43	1,185
MAYS	429	5,742	56	1,147
MCAULIFFE	828	5,299	9	1,038
MCCLELLAN	279	7,813	376	1,129
MCCORKLE	311	5,544	—	1,344
MCCORMICK	927	5,320	537	965
MCCOSH	886	6,581	78	1,672
MCCUTCHEON	247	9,202	571	2,110
MCCUTCHEON BR	106	6,632	—	—
MCDADE CLASSICAL	182	7,732	787	2,312
MCDOWELL	202	6,720	1,210	768
MCKAY	1,574	4,629	5	937
MCKINLEY PARK	309	5,814	24	967
MCNAIR	678	5,771	31	963
MCPHERSON	729	6,867	396	938
MEDILL	248	8,728	4	1,621
MELODY	470	6,941	4	1,571
METCALFE	809	6,469	359	1,482
MIDWAY	222	5,702	1,352	175
MILLER CPC	91	5,424	—	5,410
MIRELES	1,233	5,408	128	1,321
MITCHELL	254	8,936	60	1,430



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
MOLLISON	381	\$ 6,677	\$ 90	\$ 1,287
MONROE	1,278	5,294	163	1,064
MONTEFIORE	105	34,578	452	1,376
MOOS	726	6,987	2	1,251
MORGAN	400	10,208	155	1,190
MORRILL	1,063	5,309	32	923
MORSE	386	7,181	8	1,692
MORTON	262	8,620	86	1,710
MOZART	994	4,721	117	907
MT GREENWOOD	604	6,060	1	297
MT VERNON	365	8,363	925	1,322
MURPHY	581	6,013	—	1,044
MURRAY	395	6,618	160	1,246
NAMASTE CHARTER	145	7,399	—	796
NASH	730	6,024	181	1,088
NATL TEACHERS ACAD	666	11,402	148	1,603
NEIL	399	13,002	936	810
NETTELHORST	384	7,838	5	347
NEW FIELD	655	5,833	—	1,278
NEWBERRY MAGNET	573	5,766	95	797
NIA	65	9,341	—	972
NICHOLSON	617	5,985	192	1,460
NIGHTINGALE	1,314	5,090	2,298	975
NINOS HEROES	791	5,032	150	1,246
NIXON	1,053	4,625	4	972
NOBEL	868	4,628	1	877
NORTH RIVER	299	6,586	580	937
NORTHWEST MID	1,135	4,887	227	1,181
NORWOOD PARK	363	8,735	179	84
NEAR NORTH SPED CTR	111	28,334	558	1,031
OGDEN	611	5,904	—	595
OGLESBY	758	4,993	193	777
O'KEEFFE	758	5,219	691	1,066
ONAHAN	516	5,700	1,164	167
ORIOLE PARK	544	4,882	28	155
OROZCO	776	6,273	151	1,480
ORR CAMPUS PRE-K	39	50,060	20,624	3,351
ORTIZ DE DOMINGUEZ	779	4,873	—	951
OTIS	588	7,417	29	1,400
O'TOOLE	789	4,747	153	823
OVERTON	396	6,418	27	1,184
OVERTON CPC	63	11,465	1,398	9,782
OWEN	251	8,403	99	1,664
OWENS	472	6,373	—	1,676
PADEREWSKI	357	6,744	13	1,425

General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
PALMER	910	\$ 4,688	\$ 154	\$ 640
PARK MANOR	409	5,979	94	1,080
PARKER	611	8,468	137	1,819
PARKER CPC	128	5,552	—	4,793
PARKMAN	319	8,046	11	1,174
PARKSIDE	382	6,810	60	1,332
PASSAGES CHRTR	226	6,579	22	942
PASTEUR	1,326	4,727	207	762
PEABODY	313	8,500	1,241	1,394
PECK	1,385	4,802	27	1,000
PEIRCE	960	5,832	3	1,164
PENN	549	7,265	276	1,223
PEREZ	575	6,810		1,181
PERSHING E. MAGNET	222	7,603	481	1,676
PERSHING W. MAGNET	231	6,775	481	377
PETERSON	919	5,217	13	795
PICCOLO	888	5,521	2	955
PICKARD	685	6,552	14	1,435
PILSEN	566	6,093	90	1,448
PIRIE	556	5,104	108	1,195
PLAMONDON	216	8,414	—	1,521
POE CLASSICAL	166	8,909	1,393	2,285
POPE	221	8,744	—	1,897
PORTAGE PARK	1,060	5,203	10	671
POWELL	526	5,045	1,838	1,001
PRESCOTT	219	9,111	5	1,840
PRICE	345	7,821	—	1,772
PRINCETON A C	264	6,452	37	1,734
PRITZKER	631	5,623	156	1,098
PRUSSING	686	5,195	106	355
PULASKI	910	6,048	21	1,554
PULLMAN	501	5,744	283	1,272
RABY HS	262	7,514	403	720
RANDOLPH	756	5,272	169	1,337
RAVENSWOOD	478	6,667	—	1,282
RAY	677	6,743	115	231
REAVIS	467	7,308	127	1,298
REED	368	7,451	565	1,762
REILLY	1,581	4,819	—	913
REINBERG	1,220	6,303	520	749
REVERE	587	6,625	36	1,342
ROBINSON	256	8,152	—	1,315
ROGERS	589	6,276	—	482
ROQUE DE DUPREY	322	6,176	10	1,331
ROSENWALD — CARROL BR	167	4,215	159	345



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
ROSS	604	\$ 5,362	\$ 86	\$ 973
RUDOLPH LRNG CTR	86	33,830	101	511
RUGGLES	485	5,833	69	953
RUIZ	1,023	5,104	22	1,119
RYDER	456	7,101	485	1,177
RYERSON	547	6,771	115	1,507
SABIN MAGNET	548	6,242	331	1,606
SALAZAR BILINGUAL	372	6,309	5	1,129
SANDOVAL	1,285	4,449	12	903
SAUCEDO	1,284	5,600	—	1,371
SAUGANASH	418	5,734	37	189
SAWYER	1,967	4,460	132	1,097
SAYRE	513	6,474	655	1,310
SCAMMON	1,082	4,740	18	962
SCHILLER	396	7,125	90	2,002
SCHILLER CPC	38	20,188		14,096
SCHMID	299	6,558	1,635	1,063
SCHNEIDER	205	8,985	298	1,267
SCHUBERT	1,362	4,916	7	1,091
SEWARD	721	6,593	41	1,649
SEWARD BR	285	2,745	—	—
SEXTON	597	6,539	214	1,427
SHABAZZ CHARTER	291	6,766	—	527
SHABAZZ CHRTR — DUSABLE	116	8,999	98	802
SHABAZZ CHRTR — SIZEMORE	145	6,815	2,106	1,421
SHERIDAN MAGNET	510	5,945	—	1,352
SHERMAN	584	5,262	57	1,250
SHERWOOD	444	5,658	18	1,207
SHIELDS	1,858	4,864	697	1,208
SHOESMITH	357	6,354	221	1,107
SHOOP	839	5,180	3,889	1,181
SKINNER CLASSICAL	596	7,865	4,239	708
SMITH, W	568	5,670	395	1,047
SMYSER	920	5,004	46	474
SMYTH, J	510	7,766	96	1,637
SOLOMON	383	8,498	38	365
SONGHAI	734	5,140	122	1,132
SOUTH CHICAGO	185	8,777	520	1,274
SOUTH LOOP	347	8,672	76	1,573
SOUTH LOOP BR	65	8,548	12,545	—
SPENCER	1,078	4,968	39	1,210
SPRY	883	5,695	61	1,174
STAGG	627	5,941	7	1,057
STEVENSON	1,153	5,795	20	759
STEWART	396	8,391	184	1,507

General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
STOCK	161	\$ 16,062	\$ 1,109	\$ 141
STOCKTON	523	7,306	74	1,178
STOCKTON BR	66	8,199	—	—
STONE	632	5,928	12	1,029
STOWE	1,181	5,989	2	1,191
SUDER MONTESSORI	72	12,369	1,422	1,987
SULLIVAN	781	5,685	4	1,333
SUMNER	541	6,795	159	1,501
SUTHERLAND	811	4,853	374	295
SWIFT	707	6,076	3	1,000
TALCOTT	526	8,758	474	1,094
TALMAN	316	5,908	8	1,194
TANNER	606	5,157	—	1,040
TARKINGTON	928	4,677	6,190	610
TAYLOR	768	5,252	237	1,013
TELPOCHCALLI	289	7,563	480	1,223
THOMAS EC — GREENE BR	179	5,867	23	291
THORP, J. N.	629	6,802	74	1,218
THORP, O. A.	820	4,914	236	1,059
TILTON	568	5,551	1,103	1,238
TONTI	865	4,968	1,895	1,226
TONTI BR	194	4,299	4,232	—
TRUMBULL	549	6,865	10	1,079
TURNER-DREW	379	6,699	24	1,905
TWAIN	1,012	4,591	3,806	697
U OF C CHRT — DONOGHUE	186	6,595	14	751
U OF C CHRT — NTH KENWOOD	416	6,447	7	766
UNO CHARTER — PAZ	792	7,004	—	984
UNO CHARTER — TAMAYO	262	6,503	1,369	623
UPLIFT COMMUNITY HS	312	7,898	439	805
VANDERPOEL MAGNET	310	5,931	293	1,174
VAUGHN OCCP HS	215	14,001	17	833
VICK EC CTR	197	10,791	108	333
VOLTA	925	5,243	40	953
VON HUMBOLDT	705	5,824	10	1,147
VON HUMBOLDT CPC	118	9,496	—	6,895
WACKER	283	6,472	643	1,647
WADSWORTH	338	8,510	2,576	2,334
WADSWORTH CPC	37	6,388	22	—
WALSH	572	6,083	1	1,179
WARD, J.	502	7,357	170	1,264
WARD, L.	513	6,533	78	1,283
WARREN	484	5,408	1,348	1,010
WASHINGTON, G.	724	5,374	111	978
WASHINGTON, H.	678	5,438	71	1,381



General Information for Elementary Schools

Unit Name	Student Memb	Per Pupil Regular Exp	Per Pupil Capital Exp	Per Pupil Suppl Exp
Average for Elementary Schools	559	\$ 6,121	\$ 401	\$ 1,131
WATERS	421	\$ 7,167	\$ 61	\$ 1,237
WEBSTER	482	6,932	31	1,575
WELLS PREP	181	5,467	—	919
WENTWORTH	568	5,968	200	1,193
WEST PARK	770	5,095	—	1,119
WEST PULLMAN	542	6,521	58	1,412
WESTCOTT	574	5,738	166	1,112
WHEATLEY CPC	95	10,866	—	7,151
WHISTLER	524	6,830	159	1,580
WHITE	214	8,134	833	1,401
WHITNEY	1,079	5,063	190	1,035
WHITTIER	416	6,179	515	1,219
WILDWOOD	344	7,792	1,013	672
WILLIAMS MIDDLE	108	8,492	—	1,444
WILLIAMS MULTIPLEX	284	10,559	90	1,298
WOODLAWN	215	7,144	5,432	972
WOODS	597	6,120	38	1,340
WOODSON SOUTH	510	7,854	2,620	1,452
WOODSON SOUTH CPC	86	8,682	—	8,449
YALE	400	6,000	88	1,353
YATES	904	6,849	51	1,102
YOUNG	1,503	5,319	75	1,103
ZAPATA	833	5,546	668	1,350



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**Independent Auditor's Report on Internal Control Over Financial Reporting
 and on Compliance and Other Matters Based on an Audit of
 Financial Statements Performed In Accordance With
 Government Auditing Standards**

To the Board of Education of the City of Chicago
 Chicago Public Schools
 Chicago, Illinois

We have audited the financial statements of the Chicago Public Schools (Board of Education of the City of Chicago, the "CPS", a body politic and corporate of the State of Illinois), as of and for the year ended June 30, 2006, and have issued our report thereon dated December 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CPS' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we have reported to management of CPS in a separate letter dated December 1, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CPS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of CPS in a separate letter dated December 1, 2006.

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

McGladrey & Pullen, LLP

Chicago, Illinois
 December 1, 2006

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Statutory Reporting Section

McGladrey & Pullen
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Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133

To the Board of Education of the City of Chicago
Chicago Public Schools
Chicago, Illinois

Compliance

We have audited the compliance of the Chicago Public Schools (Board of Education of the City of Chicago, the "CPS", a body politic and corporate of the State of Illinois) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. CPS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CPS' management. Our responsibility is to express an opinion on CPS' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CPS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CPS' compliance with those requirements.

As described in items 06-01, 06-02, 06-03 and 06-05 in the accompanying schedule of findings and questioned costs, CPS did not comply with requirements regarding eligibility applicable to its National School Lunch and Breakfast programs, cash management applicable to its Title I, Title IID, 21st Century Community Learning Centers, Vocational Education and Innovative Programs grant programs, Period of Availability/Allowable Costs and Cost Principles applicable to its Title IV Safe and Drug Free grant program, special tests and provisions (comparability of services) applicable to its Title I grant program. Compliance with such requirements is necessary, in our opinion, for CPS to comply with requirements applicable to that program. comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, CPS complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of CPS is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CPS' internal control over compliance



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with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect CPS' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-01, 06-02, 06-03, 06-04 and 06-05.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

McGladrey & Pullen, LLP

Chicago, Illinois
 December 1, 2006

Statutory Reporting Section

BOARD OF EDUCATION OF THE CITY OF CHICAGO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
U.S. DEPARTMENT OF EDUCATION					
Direct Funding					
Public Law (P.L.) 81-874	Federal Impact Aid Grant	N/A	84.041	23-IL-2005-1711	07/01/05-06/30/06
Indian Education Act	Indian Elementary/Secondary School Assistance Program	N/A	84.060A	E060A040666	09/01/04-08/31/05
		N/A	84.060A	B060A050666	09/01/05-08/31/06
Magnet Schools Assistance	Magnet Schools Assistance Program	N/A	84.165A	U165A040101	08/01/04-07/31/05
		N/A	84.165A	U165A040101	08/01/05-07/31/06
Safe and Drug-Free Schools and Communities — National Programs	Alcohol Abuse Reduction Grant	N/A	84.184A	Q184A050172	08/15/05-08/14/06
		N/A	84.184A	S184A020112	10/01/04-09/30/05
		N/A	84.184A	S184A020112	10/01/05-08/31/06
Safe and Drug-Free Schools and Communities — National Programs	National Coordinator Program	N/A	84.184K	S184K020103	10/01/04-06/30/05
Training for All Teachers	Title VII Training for All Teachers	N/A	84.195B	T195B010121-01	10/01/04-09/30/05
	Title VII Training for All Teachers	N/A	84.195B	T195B010121	10/01/05-09/30/06
Fund for the Improvement of Education	Elementary & Secondary School Counseling Demonstration Program	N/A	84.215E	Q215E030338-A	05/01/04-04/30/05
	Elementary & Secondary School Counseling Demonstration Program	N/A	84.215E	Q215E030338	05/01/05-04/30/07
Fund for the Improvement of Education	Carol White Physical Education Program	N/A	84.215F	Q215F040798	09/01/04-09/30/05
	Carol White Physical Education Program	N/A	84.215F	Q215F040798	10/01/05-09/30/06
Fund for the Improvement of Education	Funds for the Improvement of Education	N/A	84.215K	U215K032290	10/01/04-06/30/05
	Funds for the Improvement of Education	N/A	84.215K	U215K050111	06/01/05-05/31/06
	Funds for the Improvement of Education	N/A	84.215K	U215K050546	09/20/05-07/30/06
	Funds for the Improvement of Education	N/A	84.215K	U215K050709	10/01/05-06/30/06
	Funds for the Improvement of Education	N/A	84.215K	U215K030108	09/01/04-06/30/05
	Funds for the Improvement of Education	N/A	84.215K	U215K050113	09/08/05-08/31/06
Fund for the Improvement of Education	Smaller Learning Communities in CPS High School	N/A	84.215L	V215L032222	09/01/04-08/31/05
	Smaller Learning Communities in CPS High School	N/A	84.215L	V215L032222	09/01/05-08/31/06
	Smaller Learning Communities in CPS High School	N/A	84.215L	S215L022196	07/15/04-07/01/06
	Smaller Learning Communities in CPS High School — CRANE FENDER	N/A	84.215L	V215L040055	07/01/04-06/30/05
	Smaller Learning Communities in CPS High School — Washington	N/A	84.215L	V215L042072	07/01/04-06/30/05
	Smaller Learning Communities in CPS High School — Washington	N/A	84.215L	V215L042072	07/01/05-06/30/06
	Smaller Learning Communities in CPS High School	N/A	84.215L	V215L032222	09/01/05-08/31/06
	Smaller Learning Communities in CPS High School	N/A	84.215L	S215L022196	07/15/04-07/01/06

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005- June 30, 2006	Revenue Recognized July 1, 2005- June 30, 2006	Expenditure July 1, 2005- June 30, 2006	Adjustments to Grant Revenue July 1, 2005- June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ N/A	\$ —	\$ (161,452)	\$ 161,452	\$ 161,452	\$ —	\$ —	\$ —	\$ 161,452
134,095	27,586	(27,586)	—	—	—	—	134,095	134,095
82,557	—	(46,251)	51,883	51,883	—	5,632	—	51,883
3,042,934	950,002	(1,106,545)	156,543	156,543	—	—	1,562,905	1,719,448
4,675,805	—	(1,294,449)	2,012,989	2,012,989	—	718,540	—	2,012,989
470,768	—	(69,128)	195,049	195,049	—	125,921	—	195,049
1,106,148	432,412	(387,638)	—	—	(44,774)	—	795,115	795,115
355,807	—	(334,724)	302,587	302,587	44,774	12,637	—	302,587
1,038,909	88,500	(639,919)	551,419	551,419	—	—	487,490	1,038,909
214,071	6,977	(45,922)	38,945	38,945	—	—	177,968	216,913
220,802	—	(173,756)	187,195	187,195	—	13,439	—	187,195
502,748	62,797	(62,797)	—	—	—	—	344,575	344,575
412,461	—	(332,097)	412,461	412,461	—	80,364	—	412,461
614,560	56,708	(45,748)	—	—	(10,960)	—	532,532	532,532
92,988	—	(61,079)	50,157	50,157	10,960	38	—	50,157
99,350	12,989	(27,396)	14,407	14,407	—	—	67,088	81,495
223,200	—	(120,428)	160,959	160,959	—	40,531	—	160,959
198,400	—	(120,081)	179,934	179,934	—	59,853	—	179,934
595,200	—	(510,620)	586,609	586,609	—	75,989	—	586,609
391,901	21,333	(21,599)	266	266	—	—	297,858	298,124
337,280	—	(9,749)	16,816	16,816	—	7,067	—	16,816
1,241,889	113,270	(129,978)	16,708	16,708	—	—	392,211	408,919
832,970	—	(373,841)	435,083	435,083	—	61,242	—	435,083
519,427	108,836	(136,043)	27,207	27,207	—	—	492,219	519,426
100,000	20,395	(24,114)	3,719	3,719	—	—	96,281	100,000
850,000	41,748	(87,418)	45,670	45,670	—	—	177,727	223,397
636,603	—	(209,793)	247,267	247,267	—	37,474	—	247,267



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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Fund for the Improvement of Education	Smaller Learning Communities in CPS High School — Oval	N/A	84.215L	V215L040246	10/01/04-09/30/05
	Teaching American History Grant	N/A	84.215X	S215X020433	10/01/04-09/30/05
	Teaching American History Grant	N/A	84.215X	U215X040022	10/01/04-09/30/05
	Teaching American History Grant	N/A	84.215X	U215X040022	10/01/05-09/30/06
21st Century Community Learning Centers	After School Learning Center	N/A	84.287B	S287A012630-03	06/01/03-05/31/05
21st Century Community Learning Centers	After School Learning Center/Columbia	N/A	84.287B	S287B011610-02	06/01/03-05/31/05
	After School Learning Center/Brento	N/A	84.287B	S287B011663-02	06/01/04-05/31/05
Comprehensive School Grants	Bilingual Education Comprehensive Grant — Pickard	N/A	84.290U	T290U010083-02	07/01/04-07/02/05
	Bilingual Education Comprehensive Grant — Pickard	N/A	84.290U	T290U010083-02	07/01/05-07/02/06
Foreign Language Assistance Program	Foreign Language Assistance Program — LEA SPANISH HERITAGE	N/A	84.293B	T293B040188	07/01/04-06/30/05
	Foreign Language Assistance Program — LEA SPANISH HERITAGE	N/A	84.293B	T293B040188	07/01/05-06/30/06
	Foreign Language Assistance Program — LEA Mandarin & Japanese	N/A	84.293B	T293B040158	07/01/04-06/30/05
	Foreign Language Assistance Program — LEA Mandarin & Japanese	N/A	84.293B	T293B040158	07/01/05-06/30/06
	Foreign Language Assistance Program — LEA Mandarin & Japanese	N/A	84.293B	T293B040158	07/01/05-06/30/06
Technology Innovation Challenge Grants	TECHNOLOGY Innov. Challenge Grant Reg. 3	N/A	84.303A	R303A990099-3	06/04/03-06/03/05
Advance Placement Incentive Program	Advanced Placement Incentive Program	N/A	84.330C	U330C050139	06/01/05-05/31/06
Transition to Teaching Program	Transition to Teaching	N/A	84.350A	S350A020044	10/01/04-09/30/05
	Transition to Teaching	N/A	84.350A	S350A020044	10/01/05-09/30/06
Golden Teachers Program	Golden Teachers	N/A	84.350A	U350A040016	10/01/04-09/30/05
	Golden Teachers	N/A	84.350A	U350A040016	10/01/05-09/30/06
Arts in Education	Comm. Arts Partnership	N/A	84.351B	S351B020080-03	10/01/04-09/30/05
	Comm. Arts Partnership	N/A	84.351B	S351B020080-03	10/01/05-09/30/06
Building Curriculum, Community & Leadership Through The Arts	BCCL Through The Arts Program	N/A	84.351C	U351C050095	10/01/05-09/30/06
Arts in Education	Comm. Arts Partnership	N/A	84.351D	U351D050101	10/10/05-09/30/06
	Title V Early Childhood Literacy Thru The Arts	N/A	84.351D	U351D030128	10/01/04-09/30/05
	Title V Early Childhood Literacy Thru The Arts	N/A	84.351D	U351D030128	10/01/04-09/30/05
	Title V Early Childhood Literacy Thru The Arts	N/A	84.351D	U351D030128	10/01/05-09/30/06



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
99,596	17,808	(63,177)	45,369	45,369	—	—	52,211	97,580
356,101	111,097	(206,408)	97,724	97,724	—	2,413	221,322	319,046
362,799	142,692	(255,117)	112,425	112,425	—	—	197,121	309,546
495,161	—	(225,504)	345,367	345,367	—	119,863	—	345,367
812,419	13,277	(13,277)	—	—	—	—	812,418	812,418
1,281,621	40,879	(40,879)	—	—	—	—	1,262,151	1,262,151
323,180	43,872	(43,872)	—	—	—	—	259,524	259,524
240,773	48,517	(48,919)	402	402	—	—	230,922	231,324
241,184	—	(200,065)	241,184	241,184	—	41,119	—	241,184
164,316	60,002	(104,015)	44,013	44,013	—	—	120,303	164,316
169,364	—	(99,630)	118,065	118,065	—	18,435	—	118,065
175,000	18,310	(47,795)	29,485	29,485	—	—	145,515	175,000
175,000	—	(86,654)	120,180	120,180	—	33,526	—	120,180
538,964	134,746	(148,993)	14,247	14,247	—	—	442,558	456,805
938,429	—	(544,477)	671,960	671,960	—	127,483	—	671,960
306,926	127,886	(127,886)	—	—	—	—	306,926	306,926
616,298	—	(305,372)	229,029	229,029	—	(76,343)	—	229,029
1,163,294	5,006	(50,460)	45,454	45,454	—	—	33,513	78,967
1,088,328	—	(241,055)	274,337	274,337	—	33,282	—	274,337
310,193	123,678	(148,127)	24,449	24,449	—	—	246,370	270,819
39,374	—	(14,686)	24,276	24,276	—	9,590	—	24,276
330,199	—	(248,554)	281,313	281,313	—	32,759	—	281,313
275,000	—	(97,145)	242,089	242,089	—	144,944	—	242,089
321,663	13,395	(17,485)	4,090	4,090	—	—	278,577	282,667
335,264	—	(291,629)	331,151	331,151	—	39,522	—	331,151



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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Chicago Early Readers	Early Reading First	N/A 84.359B		S359B050093	10/01/05-09/30/06
Dropout Prevention Program	School Dropout Prevention	N/A 84.360A	S360A020217-03	09/23/04-09/22/05	
	School Dropout Prevention	N/A 84.360A	S360A020217-03	09/23/05-09/22/06	
Voluntary School Choice	School Choice Program	N/A 84.361A	S361A020019-01	10/01/04-09/30/05	
	School Choice Program	N/A 84.361A	S361A020019-01	10/01/05-09/30/06	
Effective Leaders Improve Schools	Effective Leaders Improve Schools — Elis	N/A 84.363A	U363A050089	10/01/05-09/30/06	
Striving Readers Program	Striving Readers Program	N/A 84.371A	S371A060097	03/01/06-02/28/07	
U.S. v Board of Education /civ. No 80 C 5124	Creating a New Approach to Learning (Project Canal)	N/A 84.903A	S903A880001-00	10/01/04-09/30/05	
	Creating a New Approach to Learning (Project Canal)	N/A 84.903A	S903A880001-00	10/01/05-08/31/06	
Total U.S. Department of Education — Direct Funding					
Passed Through Illinois Department of Human Services(IDHS)					
Rehabilitation Grants to States — Education to Careers	Secondary Transitional Experience Program (STEP)	N/A 84.126	40C4001797	07/01/04-06/30/05	
	Secondary Transitional Experience Program (STEP)	N/A 84.126	40C6001797	07/01/05-06/30/06	
Total U.S. Department of Education Passed Through IDHS					
Passed Through Sangamon County					
NCLB Title IV Community Services	Title IV Community Services	N/A 84.184C	05-4420	04/15/05-09/30/05	
Total U.S. Department of Education Passed Through Sangamon County ROE					
Passed Through Illinois Board of Higher Education					
Teacher Quality Enhancement — DePaul University	Teachers Quality Education — DePaul	N/A 84.367A	500194SG014	01/19/04-09/30/05	
Teacher Quality Enhancement — Chicago State University	Teachers Quality Education — Chicago State University	N/A 84.367A	AGREEMENT	04/25/05-09/30/06	
Bilingual Summer Math Lab — Columbia	Bilingual Summer math Lab — Columbia	N/A 84.367B	AGREEMENT	04/05/05-09/30/06	
Chicago Teachers Project Grant	Chicago Teachers Project — University of Chicago	N/A 84.367B	30565	06/01/05-09/30/06	
Total U.S. Department of Education Passed Through Illinois Board Higher Education					

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
1,210,971	—	(405,324)	538,304	538,304	—	132,980	—	538,304
187,361	81,790	(86,361)	4,571	4,571	—	—	144,224	148,795
41,135	—	(20,410)	27,681	27,681	—	7,271	—	27,681
3,993,749	394,997	(762,488)	367,491	367,491	—	—	2,243,841	2,611,332
3,759,016	—	(2,248,243)	2,643,897	2,643,897	—	395,654	—	2,643,897
1,007,764	—	(425,251)	737,643	737,643	—	312,392	—	737,643
4,999,809	—	(229,100)	622,155	622,155	—	393,055	—	622,155
640,411	97,233	(142,857)	45,624	45,624	—	—	484,321	529,945
209,298	—	(121,779)	168,702	168,702	—	46,923	—	168,702
\$ 46,200,833	\$ 3,418,738	\$ (14,673,145)	\$ 14,308,002	\$ 14,308,002	\$ —	\$ 3,053,595	\$ 13,039,881	\$ 27,347,883
\$ 781,174	\$ 234,895	\$ (234,895)	\$ —	\$ —	\$ —	\$ —	\$ 781,174	\$ 781,174
781,174	—	(650,282)	775,498	775,498	—	125,216	—	775,498
\$ 1,562,348	\$ 234,895	\$ (885,177)	\$ 775,498	\$ 775,498	\$ —	\$ 125,216	\$ 781,174	\$ 1,556,672
\$ 90,000	\$ —	\$ (85,611)	\$ 85,611	\$ 85,611	\$ —	\$ —	\$ —	\$ 85,611
\$ 90,000	\$ —	\$ (85,611)	\$ 85,611	\$ 85,611	\$ —	\$ —	\$ —	\$ 85,611
\$ 27,000	\$ 10,192	\$ (11,698)	\$ 4,009	\$ 4,009	\$ —	\$ 2,503	\$ 22,991	\$ 27,000
15,000	—	(15,000)	12,592	12,592	—	(2,408)	—	12,592
106,250	—	(102,711)	105,821	105,821	—	3,110	—	105,821
25,000	—	(6,943)	13,144	13,144	—	6,201	—	13,144
\$ 173,250	\$ 10,192	\$ (136,352)	\$ 135,566	\$ 135,566	\$ —	\$ 9,406	\$ 22,991	\$ 158,557



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Passed Through University of Illinois at Chicago					
Teacher Quality Enhancement — UIC	Teacher Quality Enhancement — Supporting Teachers	N/A	84.336B	03-4-547-1	10/01/04-06/30/05
	Teacher Quality Enhancement — Supporting Teachers	N/A	84.336B	03-4-547-1	07/01/05-06/30/06
Total U.S. Department of Education Passed Through University of Illinois at Chicago					
Passed Through Illinois State University					
Teacher Quality Enhancement (ISU)	Title II — TQE (ISU)	N/A	84.336B	URO#00A059	07/01/00-05/30/05
Total U.S. Department of Education Passed Through Illinois State University					
Passed Through National Louis University					
Teacher Quality Enhancement (NLU)	Title II — TQE Alternative Certification (NLU)	N/A	84.336B	P336 B000017	10/01/04-09/30/05
Total U.S. Department of Education Passed Through National Louis University					
Passed Through Northeastern Illinois University					
What Works Office of High School Programs (NEIU)	Title II TQE — Knowing What Works	N/A	84.367B	PO#38599	12/14/04-08/15/05
Gaining Early Awareness and Readiness for Undergraduate Program	Gear-Up-High School Development Administration/(NEIU)	N/A	84.334A	PO#37038	09/01/04-08/31/05
	Gear-Up-Chase School/(NEIU)	N/A	84.334A	PO#37908	10/01/04-06/30/05
	Gear-Up-Jamieson/(NEIU)	N/A	84.334A	PO#39935	04/01/05-08/31/05
		N/A	84.334A	PO#43118	10/01/05-08/31/06
	Gear-Up-Otis School/(NEIU)	N/A	84.334A	PO#41891	07/01/05-08/31/05
	Gear-Up-Irving Park Middle School/(NEIU)	N/A	84.334A	PO#38571	09/01/04-08/31/05
	Gear-Up-Kelvyn Park High School/(NEIU)	N/A	84.334A	PO#38155	09/01/04-06/30/05
		N/A	84.334A	PO#43418	10/01/05-08/31/06

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 460,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 190,871	\$ 190,871
269,129	(39,129)	(230,000)	255,528	255,528	—	(13,601)	190,871	446,399
\$ 729,129	\$ (39,129)	\$ (230,000)	\$ 255,528	\$ 255,528	\$ —	\$ (13,601)	\$ 381,742	\$ 637,270
\$ 295,000	\$ 37,611	\$ (34,373)	\$ —	\$ —	\$ —	\$ 3,238	\$ 146,259	\$ 146,259
\$ 295,000	\$ 37,611	\$ (34,373)	\$ —	\$ —	\$ —	\$ 3,238	\$ 146,259	\$ 146,259
\$ 100,000	\$ (54,838)	\$ (25,000)	\$ 79,838	\$ 79,838	\$ —	\$ —	\$ 20,162	\$ 100,000
\$ 100,000	\$ (54,838)	\$ (25,000)	\$ 79,838	\$ 79,838	\$ —	\$ —	\$ 20,162	\$ 100,000
\$ 63,000	\$ 10,060	\$ (57,823)	\$ 47,763	\$ 47,763	\$ —	\$ —	\$ 10,060	\$ 57,823
180,000	18,793	(68,934)	50,141	50,141	—	—	99,611	149,752
1,244	1,244	(1,244)	—	—	—	—	1,244	1,244
6,800	6,695	(5,972)	—	—	(723)	—	6,695	6,695
5,083	—	(2,820)	5,083	5,083	—	2,263	—	5,083
5,800	—	(5,715)	5,715	5,715	—	—	—	5,715
5,124	852	(2,187)	1,335	1,335	—	—	3,769	5,104
24,576	20,068	(20,068)	—	—	—	—	21,068	21,068
32,926	—	(8,006)	23,599	23,599	—	15,593	—	23,599



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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Illinois 21st Century Community Learning Centers	Gear-Up-Wells High School/(NEIU)	N/A	84.334A	PO#43970	10/01/05-08/31/06
	Gear-Up-Roosevelt High School/(NEIU)	N/A	84.334A	PO#39996	09/01/04-08/31/05
	Gear-Up-Mather High School/(NEIU)	N/A	84.334A	PO#39065	01/31/05-08/31/05
		N/A	84.334A	PO#42874	10/01/05-08/31/06
	Gear-Up-Lozano School	N/A	84.334A	PO#41892	07/01/05-08/31/05
	Gear-Up Grant/(NEIU)	N/A	84.334A	PO#44449	09/01/05-08/31/06
	Gear-Up Grant	N/A	84.334A	N/A	09/01/01-08/31/02
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Anderson School	N/A	84.287	PO#37465	07/01/04-06/30/05
		N/A	84.287	PO#44370	10/01/05-05/31/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Otis School	N/A	84.287	PO#37165	07/01/04-06/30/05
		N/A	84.287	PO#44873	10/01/05-06/30/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Peabody School	N/A	84.287	PO#37420	07/01/04-06/30/05
		N/A	84.287	PO#43972	10/01/05-06/30/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Wells High School	N/A	84.287	PO#37037	07/01/04-06/30/05
		N/A	84.287	PO#38862	07/01/04-06/30/05
		N/A	84.287	PO#43971	10/01/05-06/30/06
		N/A	84.287	PO#43887	10/01/05-06/30/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Barton School	N/A	84.287	PO#38821	09/01/04-06/30/05
		N/A	84.287	PO#44479	10/01/05-06/30/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Cook Elem. School	N/A	84.287	PO#38497	07/01/04-06/30/05
		N/A	84.287	PO#43347	10/01/05-05/31/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Salazar Bil. School	N/A	84.287	PO#38312	07/01/04-06/30/05
		N/A	84.287	PO#43422	10/01/05-05/31/06



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
106,519	—	(69,304)	80,699	80,699	—	11,395	—	80,699
5,000	4,999	(4,999)	—	—	—	—	4,999	4,999
10,500	4,695	(10,291)	5,596	5,596	—	—	4,817	10,413
6,013	—	(3,163)	6,013	6,013	—	2,850	—	6,013
8,500	—	(6,708)	6,708	6,708	—	—	—	6,708
1,125,000	—	(151,503)	422,425	422,425	—	270,922	—	422,425
N/A	(2,145)	—	2,145	2,145	—	—	15,855	18,000
33,480	21,265	(21,265)	—	—	—	—	33,115	33,115
35,000	—	—	32,401	32,401	—	32,401	—	32,401
33,480	30,074	(30,074)	—	—	—	—	33,193	33,193
39,000	—	—	31,893	31,893	—	31,893	—	31,893
38,146	17,719	(17,719)	—	—	—	—	38,146	38,146
35,000	—	(2,206)	26,182	26,182	—	23,976	—	26,182
56,193	18,601	(17,703)	—	—	—	898	45,738	45,738
6,130	6,130	(6,130)	—	—	—	—	6,130	6,130
36,325	—	(14,212)	21,642	21,642	—	7,430	—	21,642
5,147	—	(1,040)	2,058	2,058	—	1,018	—	2,058
5,237	5,237	(5,237)	—	—	—	—	5,237	5,237
4,920	—	—	4,871	4,871	—	4,871	—	4,871
6,500	6,221	(6,221)	—	—	—	—	6,221	6,221
6,523	—	(3,620)	6,371	6,371	—	2,751	—	6,371
38,095	18,074	(18,074)	—	—	—	—	37,977	37,977
55,031	—	(25,261)	45,279	45,279	—	20,018	—	45,279



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Ames Middle School	N/A N/A	84.287 84.287	PO#39016 PO#43548	09/01/04-06/30/05 10/01/05-05/31/06
	Illinois 21st Century Community Learning Ctrs.(NEIU)/Kelvyn Park School	N/A N/A	84.287 84.387	PO#38156 PO#43545	09/01/04-06/30/05 10/01/05-06/30/06
Total U.S. Department of Education Passed Through Northeastern Illinois University					
Mexican Fine Arts Museum	21st Century Mexican Fine Arts Museum	N/A N/A	84.287 84.287	DISTRICT 201 DISTRICT 201	07/19/04-06/30/05 07/01/05-06/30/06
Total U.S. Department of Education Passed Through Mexican Fine Arts Museum					
Passed Through Illinois State Board of Education					
Class Size Reduction(NCLB)		4932 4932	84.367 84.367	05-4932-00 06-4932-00	07/01/04-08/31/05 07/01/05-08/31/06
Advance Placement Fee	Advance Placement Lane Tech	4904	84.330C	05-4904-00	04/04/05-08/31/05
	Advance Placement Kelvyn Park	4904	84.330C	05-4904-03	04/04/05-08/31/05
	Advance Placement North Lawndale	4904	84.330C	05-4904-02	04/04/05-08/31/05
	Advance Placement Lane Tech	4904	84.330C	06-4904-00	09/21/05-08/31/06
	Advance Placement Farragut	4904	84.330C	06-4904-01	07/01/05-08/31/06
	Advance Placement North Lawndale	4904	84.330C	06-4904-02	09/06/05-08/31/06
	Advance Placement Kelvyn Park	4904	84.330C	06-4904-03	09/06/05-08/31/06
	Advance Placement Chicago Vocational	4904	84.330C	06-4904-04	09/23/05-08/31/06
Vocational Education — Basic Grants to State	V.E. — Perkins — Title IIC — Secondary	4745 4745	84.048 84.048	05-4745-00 06-4745-00	09/01/04-08/31/05 7/1/2005-08/31/06
	V.E. — Perkins — State Leadership — Clemente	4720	84.048A	05-4720-00	08/01/04-07/31/05
	V.E. — Perkins — State Leadership — Clemente	4720	84.048A	05-4720-00	08/01/05-07/31/06
	V.E. — Perkins — State Leadership — Chgo Agricultural	4720	84.048A	05-4720-01	08/01/04-07/31/05
	V.E. — Perkins — State Leadership — Chgo Agricultural	4720	84.048A	05-4720-01	08/01/05-07/31/06
Title I Grants to Local Education Agencies	Title I — Reading First	4334 4334	84.357 84.357	05-4334-00 06-4334-00	07/01/04-08/31/05 07/01/05-08/31/06
	Title 1 — Reading First 11	4334	84.357	06-4334-07	02/01/06-08/31/06
	Reading First — School Assistance Part B	4337	84.357	05-4337-00	07/01/04-06/30/05
	Reading First — School Assistance Part B	4337	84.357	06-4337-00	07/01/05-08/31/06

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
7,524	2,308	(2,308)	—	—	—	—	2,308	2,308
6,910	—	(2,075)	6,661	6,661	—	4,586	—	6,661
13,176	2,755	(2,755)	—	—	—	—	12,144	12,144
14,609	—	(8,204)	15,720	15,720	—	7,516	—	15,720
\$ 2,062,511	\$ 193,645	\$ (602,841)	\$ 850,300	\$ 850,300	\$ (723)	\$ 440,381	\$ 388,327	\$ 1,238,627
\$ 96,840	\$ 23,935	\$ (22,151)	\$ —	\$ —	\$ —	\$ 1,784	\$ 96,824	\$ 96,824
96,840	—	(69,960)	96,834	96,834	—	26,874	—	96,834
\$ 193,680	\$ 23,935	\$ (92,111)	\$ 96,834	\$ 96,834	\$ —	\$ 28,658	\$ 96,824	\$ 193,658
\$ 50,514,836	\$ 2,528,131	\$ (1,717,122)	\$ —	\$ —	\$ (811,009)	\$ —	\$ 40,028,131	\$ 40,028,131
43,106,367	—	(34,556,816)	41,423,998	41,423,998	—	6,867,182	—	41,423,998
10,000	(10,000)	1,072	8,928	8,928	—	—	—	8,928
10,000	—	(10,000)	10,000	10,000	—	—	—	10,000
10,000	—	(10,000)	10,000	10,000	—	—	—	10,000
16,000	—	(14,000)	10,080	10,080	—	(3,920)	—	10,080
5,445	—	(5,445)	—	—	—	(5,445)	—	—
11,500	—	(11,500)	11,500	11,500	—	—	—	11,500
10,000	—	(10,000)	623	623	—	(9,377)	—	623
10,000	—	(10,000)	8,123	8,123	—	(1,877)	—	8,123
9,321,513	(269,645)	(1,511,836)	1,781,481	1,781,481	—	—	7,540,032	9,321,513
9,532,928	—	(8,633,331)	8,491,899	8,491,899	—	(141,432)	—	8,491,899
25,000	(2,846)	2,846	—	—	—	—	25,000	25,000
20,000	—	(13,827)	20,000	20,000	—	6,173	—	20,000
25,000	(322)	(1,822)	2,144	2,144	—	—	14,877	17,021
20,000	—	(16,456)	13,275	13,275	—	(3,181)	—	13,275
23,031,184	(8,924,476)	9,036,563	—	—	(112,087)	—	14,106,708	14,106,708
9,023,609	—	(6,698,505)	9,095,593	9,095,593	—	2,397,088	—	9,095,593
8,536,000	—	—	4,828,745	4,828,745	—	4,828,745	—	4,828,745
100,000	(55,593)	55,593	—	—	—	—	19,407	19,407
80,593	—	—	50,466	50,466	—	50,466	—	50,466

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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Title I Grants to Local Education Agencies	Reading First — Professional Development	4337	84.357	05-4337-01	07/01/04-06/30/05
	Reading First — Professional Development	4337	84.357	06-4337-01	07/01/05-08/31/06
	Reading First Academies	4337	84.357	05-4337-02	07/01/04-06/30/05
	Reading First Academies	4337	84.357	06-4337-02	07/01/05-06/30/06
	Reading First — Technical Assistance	4337	84.357	05-4337-04	07/01/04-06/30/05
	Reading First — Technical Assistance	4337	84.357	06-4337-04	07/01/05-08/31/06
	ESEA Title I — Low Income	4300	84.010	05-4300-00	07/01/04-08/31/05
Title I Grants to Local Education Agencies	ESEA — School Improvement	4300	84.010	06-4300-00	07/01/05-08/31/06
		4331	84.010A	05-4331-00	01/31/05-08/31/05
		4331	84.010	05-4331-SS	07/01/04-08/31/05
Title I Program for Neglected and Delinquent Children	ESEA — Title I — Low Income — Neglected Private	4331	84.010	06-4331-SS	07/01/05-08/31/06
		4305	84.010	05-4305-00	08/20/04-06/30/05
		4305	84.010	06-4305-00	07/27/05-08/31/06
Title I Program for Neglected and Delinquent Children	ESEA — Title I — Low Income — Delinquent Private	4306	84.010	05-4306-00	07/21/04-08/31/05
		4306	84.010	06-4306-00	07/27/05-08/31/06
		4306	84.010	06-4306-00	07/27/05-08/31/06
Comprehensive School Reform Demonstration	ESEA — Comprehensive School	4306	84.010	05-4306-00	07/21/04-08/31/05
		4306	84.010	06-4306-00	07/27/05-08/31/06
Even Start Literacy	ESEA — Comprehensive School	4332	84.332	05-4332-00	07/01/04-08/31/05
		4332	84.332	06-4332-00	10/13/05-08/31/06
Even Start Literacy	Even Start Family Literacy — Hansberry	4335	84.213C	05-4335-00	07/01/04-06/30/05
Special Education — Pre-School Incentives	IDEA — Pre-School Flow Through	4335	84.213C	05-4335-00	07/01/04-06/30/05
		4600	84.173A	05-4600-00	07/01/04-06/30/05
Special Education — Preschool Grants	IDEA — Pre-School Flow Through	4600	84.173A	06-4600-00	07/01/05-08/31/06
		4605	84.173	05-4605-01	07/01/04-06/30/05
		4605	84.173	06-4605-01	07/01/05-06/30/06
Special Education Grants to State	IDEA — Pre-School Discretionary	4620	84.027	05-4620-00	07/01/04-06/30/05
		4620	84.027	06-4620-00	07/01/05-06/30/06
	IDEA — Flow Through/Low Incidence	4620	84.027	05-4620-00	07/01/04-06/30/05
		4620	84.027	06-4620-00	07/01/05-06/30/06
	Room and Board	4625	84.027	05-4625-00	09/01/04-08/31/05
		4625	84.027	06-4625-00	09/01/05-08/31/06
	IDEA — Discretionary	4630	84.027	05-4630-00	07/01/04-06/30/05
		4630	84.027	05-4630-02	07/01/04-06/30/05



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
150,000	1,007	(630)	—	—	(377)	—	128,050	128,050
22,327	—	(4,623)	14,590	14,590	—	9,967	—	14,590
327,741	(189,082)	205,365	—	—	(16,283)	—	71,156	71,156
272,868	—	(47,594)	263,293	263,293	—	215,699	—	263,293
251,105	(91,725)	92,169	—	—	(444)	—	127,565	127,565
123,984	—	(7,000)	123,592	123,592	—	116,592	—	123,592
284,698,374	45,315,806	(57,286,564)	11,970,758	11,970,758	—	—	254,149,140	266,119,898
299,695,114	—	(167,546,370)	252,920,331	252,920,331	—	85,373,961	—	252,920,331
1,000,000	500,000	(500,000)	—	—	—	—	1,000,000	1,000,000
10,495,334	344,344	(378,242)	33,898	33,898	—	—	4,789,613	4,823,511
14,551,867	—	(8,351,867)	9,717,199	9,717,199	—	1,365,332	—	9,717,199
1,130,223	(491,619)	332,549	159,070	159,070	—	—	509,523	668,593
731,859	—	(590,733)	668,526	668,526	—	77,793	—	668,526
1,208,270	(363,436)	361,837	1,599	1,599	—	—	799,330	800,929
872,660	—	(713,149)	884,540	884,540	—	171,391	—	884,540
3,917,200	14,980	(155,673)	140,693	140,693	—	—	2,812,980	2,953,673
2,500,000	—	(1,000,000)	2,280,603	2,280,603	—	1,280,603	—	2,280,603
150,000	2,278	(1,703)	—	—	(575)	—	138,544	138,544
1,438,820	(133,924)	(3,662)	137,586	137,586	—	—	1,074,379	1,211,965
1,584,863	—	(1,275,722)	1,209,129	1,209,129	—	(66,593)	—	1,209,129
501,681	35,826	(38,407)	2,581	2,581	—	—	443,915	446,496
501,681	—	(464,432)	480,429	480,429	—	15,997	—	480,429
98,049,454	1,089,436	(1,089,436)	—	—	(366,554)	(366,554)	98,049,453	98,049,453
90,080,295	—	(77,746,823)	92,490,494	92,490,494	—	14,743,671	—	92,490,494
N/A	1,012,698	(1,012,698)	—	—	—	—	3,685,367	3,685,367
N/A	—	(2,066,369)	2,901,135	2,901,135	—	834,766	—	2,901,135
400,000	21,868	(24,551)	2,683	2,683	—	—	389,628	392,311
41,030	14,068	(14,068)	—	—	—	—	34,583	34,583



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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Sp. Ed. — State Prog. Improvement Grant for Children with Disabilities	IDEA — Discretionary — Corey H Training Tech	4630	84.027	05-4630-04	07/01/04-06/30/05
		4630	84.027	06-4630-04	07/01/05-06/30/06
	IDEA — Parent Mentor	4630	84.027	05-4630-05	02/09/05-06/30/05
		4630	84.027	06-4630-05	07/01/05-06/30/06
		4630	84.027	05-4630-10	07/01/04-06/30/05
	IDEA — Improvement Grant Par D — Educator Academy	4631	84.323	05-4631-EA	07/01/04-06/30/05
		4631	84.323	05-4631-PD	07/01/04-06/30/05
	IDEA — Professional Development Academy	4631	84.323	06-4631-PD	11/07/05-06/30/06
		4631	84.323	06-4631-PD	11/07/05-06/30/06
Innovative Education Program Strategies	IDEA — Regional Professional Development Center	4631	84.323A	06-4631-RC	02/01/06-09/30/06
21st Century Community Learning Centers	Title V — Innovative Programs — Formula	4100	84.298	05-4100-00	07/01/04-08/31/05
	Title V — Innovative Programs — Formula	4100	84.298	06-4100-00	07/01/05-08/31/06
Safe and Drug-Free School and Communities State Grants	Title IV — 21st Century Comm Learning Centers	4421	84.287A	05-4421-00	07/01/04-06/30/05
		4421	84.287C	06-4421-00	07/01/05-06/30/06
		4421	84.287C	05-4421-05	09/16/04-06/30/05
		4421	84.287C	06-4421-05	07/01/05-08/31/06
Education for Homeless Children and Youth	Title IV — Safe & Drug-Free School Formula	4400	84.186A	05-4400-00	07/28/04-08/31/05
		4400	84.186A	06-4400-00	07/01/05-08/31/06
English Language Acquisition Grants	McKinney Education for Homeless Children	4920	84.196	05-4920-00	07/01/04-06/30/05
		4920	84.196	06-4920-00	07/01/05-06/30/06
Emergency Immigrant Assistance	Title III — Lang Inst Prog — Limited Eng LIPLEP	4909	84.365A	05-4909-00	09/01/04-08/31/05
		4909	84.365A	06-4909-00	09/01/05-08/31/06
Education Technology State Grants	Title III — Emergency Immigrant Assistance	4905	84.365A	05-4905-00	03/25/05-08/31/05
	Technology — Enhancing Education — Formula	4971	84.318X	05-4971-00	07/28/04-06/30/05
		4971	84.318X	06-4971-00	12/12/05-08/31/06



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
2,750,000	695,126	(648,105)	—	—	(47,021)	—	1,762,541	1,762,541
2,750,000	—	(1,565,888)	2,649,767	2,649,767	—	1,083,879	—	2,649,767
30,000	(12,830)	4,021	8,809	8,809	—	—	17,170	25,979
30,000	—	(27,000)	29,460	29,460	—	2,460	—	29,460
10,000	(51)	151	—	—	(100)	—	7,549	7,549
30,000	8,435	(8,435)	—	—	—	—	29,270	29,270
375,000	(10,231)	15,279	—	—	(5,048)	—	359,854	359,854
235,000	—	(161,195)	229,728	229,728	—	68,533	—	229,728
293,000	—	(109,875)	42,829	42,829	—	(67,046)	—	42,829
4,646,447	153,443	(210,645)	57,202	57,202	—	—	3,253,443	3,310,645
3,356,251	—	(1,671,426)	3,257,516	3,257,516	—	1,586,090	—	3,257,516
4,100,000	(80,943)	90,395	—	—	(9,452)	—	3,932,939	3,932,939
3,690,000	—	(3,690,000)	3,690,000	3,690,000	—	—	—	3,690,000
3,150,000	405,094	(342,869)	—	—	(64,629)	(2,404)	2,998,593	2,998,593
3,307,500	—	(2,815,841)	2,995,900	2,995,900	—	180,059	—	2,995,900
6,626,059	(227,492)	(267,293)	494,785	494,785	—	—	4,576,982	5,071,767
5,280,768	—	(4,471,391)	4,809,871	4,809,871	—	338,480	—	4,809,871
718,286	68,475	(65,484)	—	—	(2,991)	—	710,969	710,969
653,905	—	(653,905)	652,389	652,389	—	(1,516)	—	652,389
11,767,139	(525,849)	(736,341)	1,262,190	1,262,190	—	—	9,740,983	11,003,173
8,425,901	—	(8,651,459)	8,496,059	8,496,059	—	(155,400)	—	8,496,059
34,743	(250)	—	250	250	—	—	34,493	34,743
7,642,890	135,133	(389,469)	254,336	254,336	—	—	6,773,622	7,027,958
5,857,632	—	(4,572,993)	4,219,117	4,219,117	—	(353,876)	—	4,219,117



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Education Technology State Grants	Technology — Enhancing Education — Competitive	4972	84.318X	05-4972-00	07/01/04-06/30/05
Fund for the Improvement of Education	International Baccalaureate	4999	84.365A	03-4999-01	07/01/02-06/30/03
		4999	84.365A	05-4999-00	07/01/04-06/30/05
		4999	84.365A	06-4999-00	07/01/05-06/30/06
Other Federal Programs — Altgeld	Federal Program — Altgeld	4999	84.298A	05-4999-GS	10/26/04-08/31/05
Other Federal Programs	Illinois Virtual School	4999	84.215	06-4999-00	09/01/05-09/30/06
Illinois Mathematics and Science Partnership Program	Mathematics and Science	4936	84.366	05-4936-00	09/01/04-08/31/05
Hurricane Emergency Relief Act (HERA) Program	Hurricane Emergency Relief Act	4995	84.938C	06-4995-00	07/01/05-07/31/06
Total U.S. Department of Education Passed Through Illinois State Board of Education					
TOTAL U.S. DEPARTMENT OF EDUCATION					
U.S. DEPARTMENT OF AGRICULTURE Passed Through Illinois State Board of Education (ISBE) National School Lunch and Breakfast Program					
Lunch Program		4210	10.555	05-4210-00	07/01/04-06/30/05
		4210	10.555	06-4210-00	07/01/05-06/30/06
Breakfast Program		4220	10.553	05-4220-00	07/01/04-06/30/05
		4220	10.553	06-4220-00	07/01/05-06/30/06
Breakfast Program (Needy)		4220	10.553	05-4220-00	07/01/04-06/30/05
		4220	10.553	06-4220-00	07/01/05-06/30/06
Child & Adult Care Food Program		4226	10.558	05-4226-00	07/01/04-06/30/05
		4226	10.558	06-4226-00	07/01/05-06/30/06
Federal Snacks		4210	10.555	05-4210-00	07/01/04-06/30/05
		4210	10.555	06-4210-00	07/01/05-06/30/06
Food Donation Program	Food Donation Program	4228	10.550	03-4228-00	07/01/05-06/30/06
TOTAL U.S. DEPARTMENT OF AGRICULTURE					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
2,980,132	(203,366)	167,178	36,188	36,188	—	—	2,776,766	2,812,954
85,260	(85,260)	—	85,260	85,260	—	—	(85,260)	—
103,985	(9,795)	9,795	—	—	—	—	93,310	93,310
121,213	—	(121,213)	121,213	121,213	—	—	—	121,213
50,000	(50,000)	—	50,000	50,000	—	—	—	50,000
200,000	—	(105,000)	106,084	106,084	—	1,084	—	106,084
192,289	42,526	(73,851)	31,325	31,325	—	—	134,915	166,240
1,532,625	—	(267,250)	1,532,625	1,532,625	—	1,265,375	—	1,532,625
\$1,049,142,750	\$40,649,939	\$(394,793,091)	\$477,282,487	\$477,282,487	\$(1,436,570)	\$121,702,765	\$467,055,520	\$ 944,338,007
\$1,100,549,501	\$44,474,988	\$(411,557,701)	\$493,869,664	\$493,869,664	\$(1,437,293)	\$125,349,658	\$481,932,880	\$ 975,802,544
N/A	\$18,774,028	\$ (18,774,028)	\$ —	\$ —	\$ —	\$ —	\$127,574,286	\$ 127,574,286
N/A	—	(92,698,458)	112,489,181	130,346,321	—	19,790,723	—	130,346,321
N/A	1,054,188	(1,054,188)	—	—	—	—	7,221,354	7,221,354
N/A	—	(993,492)	958,085	1,110,177	—	(35,407)	—	1,110,177
N/A	2,200,258	(2,200,258)	—	—	—	—	15,317,605	15,317,605
N/A	—	(16,214,981)	20,006,126	23,182,006	—	3,791,145	—	23,182,006
N/A	980	(980)	—	—	—	—	5,137,061	5,137,061
N/A	—	(3,217,431)	3,219,211	3,730,246	—	1,780	—	3,730,246
N/A	51,400	(51,400)	—	—	—	—	1,131,698	1,131,698
N/A	—	(756,430)	805,786	933,701	—	49,356	—	933,701
N/A	—	(10,421,376)	10,421,376	10,209,355	—	—	—	10,209,355
\$	—	\$22,080,854	\$(146,383,022)	\$147,899,765	\$	\$ 23,597,597	\$156,382,004	\$ 325,893,810



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
HOUSING URBAN DEVELOPMENT					
Passed Through Chicago Housing Authority					
Amer-I-Can Youthbuild	Amer-I-Can Youthbuild	N/A	14.243	IGA — Y01MIL0181	09/01/04-01/30/06
Employability Plus	Employability Plus	N/A	14.866	Agreement	01/01/04-06/30/05
		N/A	14.866	Agreement	07/01/05-06/30/06
TOTAL HOUSING URBAN DEVELOPMENT					
U.S. DEPARTMENT OF LABOR					
Passed Through Illinois Department of Commerce and Economic Opportunity					
Graduation Recovery and Aptitude Development (E-Grad)	Graduation Recovery and Aptitude	N/A	17.258	03-67628	07/01/04-08/31/05
E Learning Grant — IDOCEO	E Learning Grant	N/A	17.260	02-11309	01/01/05-06/30/05
Illinois Health Science Career	Illinois Health Science Career Grant	N/A	17.267	02-11304	07/01/04-06/30/05
Total U.S. Department of Labor Passed Through IDOCEO					
Passed Through Illinois State Board of Education					
MOWD — Jobs For Illinois Graduates	Jobs For Illinois Graduates	N/A	17.259	Agreement	07/01/04-06/30/05
		N/A	17.259	5210	07/01/04-06/30/05
Total U.S. Department of Labor Passed Through Illinois State Board of Education					
Passed Through Mayor's Office of Workforce Development					
WIA In School Youth (MOWD) FY2006	WIA In School Youth (MOWD) FY2006	N/A	17.259	9105	07/01/05-06/30/06
Total U.S. Department of Labor Passed Through Mayor's Office of Workforce Development					
TOTAL U.S. DEPARTMENT OF LABOR					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 225,000	\$ 84,805	\$ (108,058)	\$ —	\$ —	\$ (195,000)	\$ (218,253)	\$ —	\$ —
141,300	17,317	(17,093)	—	—	(224)	—	—	—
76,250	—	(55,023)	76,250	76,250	224	21,451	(224)	76,026
\$ 442,550	\$ 102,122	\$ (180,174)	\$ 76,250	\$ 76,250	\$ (195,000)	\$ (196,802)	\$ (224)	\$ 76,026
\$ 287,302	\$ 121,582	\$ —	\$ 676	\$ 676	\$ —	\$ 122,258	\$ 190,651	\$ 191,327
100,000	55,758	(55,758)	—	—	—	—	70,541	70,541
65,207	65,207	(65,207)	—	—	—	—	65,207	65,207
\$ 452,509	\$ 242,547	\$ (120,965)	\$ 676	\$ 676	\$ —	\$ 122,258	\$ 326,399	\$ 327,075
\$ 447,870	\$ 209,148	\$ (209,148)	\$ —	\$ —	\$ —	\$ —	\$ 447,442	\$ 447,442
69,900	45,295	(45,295)	—	—	—	—	45,295	45,295
\$ 517,770	\$ 254,443	\$ (254,443)	\$ —	\$ —	\$ —	\$ —	\$ 492,737	\$ 492,737
\$ 254,063	\$ —	\$ (60,836)	\$ 169,767	\$ 169,767	\$ —	\$ 108,931	\$ —	\$ 169,767
\$ 254,063	\$ —	\$ (60,836)	\$ 169,767	\$ 169,767	\$ —	\$ 108,931	\$ —	\$ 169,767
\$ 1,224,342	\$ 496,990	\$ (436,244)	\$ 170,443	\$ 170,443	\$ —	\$ 231,189	\$ 819,136	\$ 989,579



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE Passed Through Illinois State Board of Education					
Learn & Serve America	Learn and Serve America	4910	94.004	05-4910-00	11/30/04-08/31/05
		4910	94.004	06-4910-00	09/01/05-08/31/06
	Learn and Serve — Lane Tech — Foreign Language	4910	94.004	04-4910-00	07/01/03-08/31/04
Total Corporation for National and Community Service Passed Through Illinois State Board of Education					
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
INSTITUTE OF MUSEUM AND LIBRARY Passed Through Illinois State Library					
Librarians for the 21st Century	Librarians 21st Century	N/A	45.313	RE0104004704	10/01/04-09/30/05
		N/A	45.313	RE0104004704	10/01/05-09/30/06
Library Services & Technical Act	LIB Services and Technology Act	N/A	45.310	LSTA05-5177	10/01/04-06/30/05
TOTAL INSTITUTE OF MUSEUM AND LIBRARY					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Funding					
Health Program	Comprehensive School Health	N/A	93.938	U87/CCU5226581-03	03/01/05-02/28/06
		N/A	93.938	U87/CCU5226581-04	03/01/06-02/28/07
Early Head Start Program	Early Head Start Start-Up	N/A	93.600	05YC0110/01	05/01/04-04/30/05
		N/A	93.600	05YC0110/02	05/01/05-08/31/06
Ethic Community Organizations — Refugee	Refugee Program	N/A	93.576	G/90RE0105/01	09/30/05-09/30/06
Refugee Children School Impact Grant	Refugee Children Impact Grant	N/A	93.576	81X634000	03/07/05-09/30/06
Total U.S. Department of Health & Human Services — Direct Funding					
Passed Through Illinois State Board of Education					
Refugee and Entrant Assistance Discretionary Grant	Refugee Children School Impact Grant	4915	93.576	05-9415-00	08/15/04-08/14/05
Total U.S. Department of Health & Human Services Passed Through Illinois State Board of Education					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 152,695	\$ (36,715)	\$ (2,283)	\$ 38,998	\$ 38,998	\$ —	\$ —	\$ 100,711	\$ 139,709
140,339	—	(120,288)	50,442	50,442	—	(69,846)	—	50,442
5,509	(37)	—	—	—	—	(37)	5,472	5,472
\$ 298,543	\$ (36,752)	\$ (122,571)	\$ 89,440	\$ 89,440	\$ —	\$ (69,883)	\$ 106,183	\$ 195,623
\$ 298,543	\$ (36,752)	\$ (122,571)	\$ 89,440	\$ 89,440	\$ —	\$ (69,883)	\$ 106,183	\$ 195,623
\$ 319,501	\$ 47,214	\$ (47,214)	\$ —	\$ —	\$ —	\$ —	\$ 47,214	\$ 47,214
272,287	—	(22,820)	90,006	90,006	—	67,186	47,214	137,220
7,750	(256)	256	—	—	—	—	7,494	7,494
\$ 599,538	\$ 46,958	\$ (69,778)	\$ 90,006	\$ 90,006	\$ —	\$ 67,186	\$ 101,922	\$ 191,928
\$ 334,497	\$ 71,317	\$ (333,836)	\$ 262,519	\$ 262,519	\$ —	\$ —	\$ 71,978	\$ 334,497
251,799	—	(29,772)	61,930	61,930	—	32,158	—	61,930
668,773	41,190	(41,190)	—	—	—	—	322,962	322,962
546,215	32,001	(410,612)	461,092	461,092	—	82,481	32,001	493,093
204,058	—	(61,181)	112,856	112,856	—	51,675	—	112,856
50,000	—	—	18,976	18,976	—	18,976	—	18,976
\$ 1,801,284	\$ 144,508	\$ (876,591)	\$ 917,373	\$ 917,373	\$ —	\$ 185,290	\$ 426,941	\$ 1,344,314
\$ 355,661	\$ (28,769)	\$ (56,911)	\$ 85,680	\$ 85,680	\$ —	\$ —	\$ 269,981	\$ 355,661
\$ 355,661	\$ (28,769)	\$ (56,911)	\$ 85,680	\$ 85,680	\$ —	\$ —	\$ 269,981	\$ 355,661



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

FUNDING SOURCE Program Name	Name of Grant	ISBE Account Number	Federal Catalog Number	Contract Number	Contract Period
Passed Through University of Chicago					
CDC and Prevention Investigations and Technical Assistance	Controlling Asthma in American Cities	N/A	93.283	U59CCU520726-01	09/01/01-11/29/03
Total U.S. Department of Health & Human Services Passed Through University of Chicago					
Passed Through City of Chicago					
Head Start	Pre-Kindergarten-Child Development	N/A	93.600	PO#5418	12/01/04-11/30/05
		N/A	93.600	PO#9743/1	12/01/05-11/30/06
	Headstart — Supp Dis SP Initiative	N/A	93.600	PO#3588-2	12/01/04-11/30/05
		N/A	93.600	PO#10752	12/01/05-11/30/06
Total U.S. Department of Health & Human Services Passed Through City of Chicago					
Passed Through Illinois Department of Human Services (IDHS)					
Medicaid	Medicaid Fee For Services	N/A	93.778	Agreement	07/01/04-06/30/05
		N/A	93.778	Agreement	07/01/05-06/30/06
	Medicaid - Administrative Services	N/A	93.778	95-4900-00	07/01/94-06/30/95
		N/A	93.778	95-4900-00	07/01/04-06/30/05
		N/A	93.778	95-4900-00	07/01/05-06/30/06
		Total U.S. Department of Health & Human Services Passed Through IDHS			
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICE					
U.S. DEPARTMENT OF JUSTICE Direct Funding					
Juvenile Mentoring Program	JUMP - Juvenile Mentoring Program	N/A	16.726	2002JGFX0018	09/01/04-02/28/06
Juvenile Justice & Delinquency Prevention	Juvenile Justice & Delinquency Prevention	N/A	16.540	2004-JL-FX-0152	09/01/04-08/31/06
Total U.S. Department of Justice- Direct Funding					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 24,999	\$ (9,803)	\$ —	\$ —	\$ —	\$ —	\$ (9,803)	\$ 75,196	\$ 75,196
\$ 24,999	\$ (9,803)	\$ —	\$ —	\$ —	\$ —	\$ (9,803)	\$ 75,196	\$ 75,196
\$ 34,786,824	\$ 8,159,971	\$ (22,248,100)	\$ 14,088,129	\$ 14,088,129	\$ —	\$ —	\$ 20,698,695	\$ 34,786,824
36,000,000	—	(12,401,953)	22,196,893	22,196,893	—	9,794,940	—	22,196,893
762,478	220,004	(510,277)	290,273	290,273	—	—	451,866	742,139
824,883	—	(191,487)	501,049	501,049	—	309,562	—	501,049
\$ 72,374,185	\$ 8,379,975	\$ (35,351,817)	\$ 37,076,344	\$ 37,076,344	\$ —	\$ 10,104,502	\$ 21,150,561	\$ 58,226,905
N/A	\$ 4,753,676	\$ (4,753,676)	\$ —	\$ —	\$ —	\$ —	\$ 14,227,804	\$ 14,227,804
N/A	—	(14,784,843)	22,606,381	22,606,381	—	7,821,538	—	22,606,381
N/A	(3,839,022)					(3,839,022)		
N/A	10,461,747	(10,461,747)	—	—	—	—	12,818,831	12,818,831
N/A	—	(8,743,347)	11,678,460	11,678,460	—	2,935,113	—	11,678,460
\$ —	\$ 11,376,401	\$ (38,743,613)	\$ 34,284,841	\$ 34,284,841	\$ —	\$ 6,917,629	\$ 27,046,635	\$ 61,331,476
\$ 74,556,129	\$ 19,862,312	\$ (75,028,932)	\$ 72,364,238	\$ 72,364,238	\$ —	\$ 17,197,618	\$ 48,969,314	\$ 121,333,552
\$ 105,814	\$ 41,507	\$ (77,081)	\$ 35,574	\$ 35,574	\$ —	\$ —	\$ 70,240	\$ 105,814
543,362	—	(296,400)	419,349	419,349	—	122,949	—	419,349
649,176	41,507	(373,481)	454,923	454,923	—	122,949	70,240	525,163



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Passed Through Chicago Police Department					
Project Bridge Program	Juvenile Accountability Incentive Block Grant (JAIBG)	N/A	16.523	500091-1091	02/01/03-03/31/05
Total U.S. Department of Justice Passed Through Chicago Police Department					
TOTAL U.S. DEPARTMENT OF JUSTICE					
U.S. Environmental Protection Agency					
CPS-Marshall Faraday Campus — Brownfields Clean-Up	CPS-Marshall Faraday Campus PK	N/A	66.818	BF96568101	01/01/06-12/31/06
Total U.S. Environmental Protection Agency - Direct Funding					
Chicago School Bus Emission	IL Clean School Program — USEPA	N/A	66.036	XA-831-74801	06/18/04-06/17/06
Total U.S. Environmental Protection Agency passed Through Chicago Dept. of Environment					
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					
NATIONAL SCIENCE FOUNDATION Direct Funding					
Education and Human Resources	Chicago Systemic Initiative — NSF	N/A	47.076	ESR-0085115	09/01/04-08/30/06
TOTAL NATIONAL SCIENCE FOUNDATION					
DEPARTMENT OF TRANSPORTATION — FEDERAL AVIATION ADMINISTRATION Passed Through Illinois Department of Aviation					
Airport Improvement Program	Noise Abatement — Project Administration	N/A	20.106	Agreement	N/A
	Noise Abatement — Carroll	N/A	20.106	3-17-0025-56	N/A
	Noise Abatement — Hearst	N/A	20.106	3-17-0025-55	N/A
	Noise Abatement — Nightingale	N/A	20.106	3-17-0025-53	N/A
	Noise Abatement — Hurley Elementary School	N/A	20.106	3-17-0025-NN	09/01/98-00/00/00
	Noise Abatement — Tonti Branch	N/A	20.106	3-17-0025-54	07/01/04-06/30/07



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 411,234	\$ 411,234	\$ (411,234)	\$ —	\$ —	\$ —	\$ —	\$ 411,234	\$ 411,234
\$ 411,234	\$ 411,234	\$ (411,234)	\$ —	\$ —	\$ —	\$ —	\$ 411,234	\$ 411,234
\$ 1,060,410	\$ 452,741	\$ (784,715)	\$ 454,923	\$ 454,923	\$ —	\$ 122,949	\$ 481,474	\$ 936,397
\$ 168,181	\$ —	\$ —	\$ 4,715	\$ 4,715	\$ —	\$ 4,715	\$ —	\$ 4,715
\$ 168,181	\$ —	\$ —	\$ 4,715	\$ 4,715	\$ —	\$ 4,715	\$ —	\$ 4,715
\$ 283,500	\$ —	\$ (283,500)	\$ 283,500	\$ 283,500	\$ —	\$ —	\$ —	\$ 283,500
\$ 283,500	\$ —	\$ (283,500)	\$ 283,500	\$ 283,500	\$ —	\$ —	\$ —	\$ 283,500
\$ 451,681	\$ —	\$ (283,500)	\$ 288,215	\$ 288,215	\$ —	\$ 4,715	\$ —	\$ 288,215
\$ 2,823,314	\$ 1,058,891	\$ (1,506,853)	\$ 456,974	\$ 456,974	\$ —	\$ 9,012	\$ 2,203,666	\$ 2,660,640
\$ 2,823,314	\$ 1,058,891	\$ (1,506,853)	\$ 456,974	\$ 456,974	\$ —	\$ 9,012	\$ 2,203,666	\$ 2,660,640
N/A	\$ 90,561	\$ (97,486)	\$ 45,924	\$ 45,924	\$ —	\$ 38,999	\$ —	\$ 45,924
1,170,000	17,675	(685,753)	1,143,919	1,143,919	—	475,841	17,675	1,161,594
2,000,000	20,671	(1,188,392)	1,846,537	1,846,537	—	678,816	20,671	1,867,208
2,400,000	108,056	(108,056)	1,216,901	1,216,901	—	1,216,901	108,055	1,324,956
1,900,000	(40,623)	—	—	—	—	(40,623)	1,671,468	1,671,468
1,096,998	40,588	(686,723)	909,408	909,408	—	263,273	84,595	994,003



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
	Noise Abatement — Tonti	N/A	20.106	3-17-0025-54	07/01/04-06/30/07
	Noise Abatement — Hancock	N/A	20.106	3-17-0025-62	12/12/05-12/15/07
	Noise Abatement — Kennedy HS	N/A	20.106	3-17-0025-AD	N/A
	Noise Abatement — Byrne Schl	N/A	20.106	3-17-0025-51	N/A
	Noise Abatement — Dore School	N/A	20.106	3-17-0025-64	09/01/98-00/00/00
TOTAL FEDERAL AVIATION ADMINISTRATION					
U.S. DEPARTMENT OF DEFENSE DIRECT FUNDING:					
U.S. Army	R.O.T.C. Salaries: Army	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
U.S. Navy	Navy Salaries — W. Young HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
	Navy Salaries — Simeon HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
	Navy Salaries — Taft HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
U.S. Marines	Navy JROTC — Corliss HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
	Navy JROTC — Rickover HS	N/A	12.609	Agreement	07/01/05-06/30/06
		N/A	12.609	Agreement	07/01/05-06/30/06
	Marine Salaries — Curie HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
U.S. Air Force	Marine Salaries — Juarez HS	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
U.S. Navy	Air Force Junior Reserve-Phillips	N/A	12.609	Agreement	07/01/04-06/30/05
		N/A	12.609	Agreement	07/01/05-06/30/06
U.S. Navy	Navy JROTC HS CPS — Rickover Academy	N/A	12.300	N00014-05-1-0815	06/03/05-06/02/06
TOTAL U.S. DEPARTMENT OF DEFENSE					

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
1,200,000	348,959	(348,959)	1,509,176	1,509,176	—	1,509,176	348,959	1,858,135
5,837,000	—	(235,949)	710,428	710,428	—	474,479	3,044,213	3,754,641
3,949,867	(10,940)	(37,687)	96,649	96,649	—	48,022	—	96,649
1,928,000	(9,542)	—	83,524	83,524	—	73,982	1,614,331	1,697,855
1,420,000	—	—	173,739	173,739	—	173,739	—	173,739
\$ 21,481,865	\$ 565,405	\$ (3,389,005)	\$ 7,736,205	\$ 7,736,205	\$ —	\$ 4,912,605	\$ 6,909,967	\$ 14,646,172

N/A	\$ 308,596	\$ (308,596)	\$ —	\$ —	\$ —	\$ —	\$ 3,062,826	\$ 3,062,826
N/A		(2,863,386)	3,155,799	3,155,799	—	292,413	—	3,155,799
N/A	14,631	(14,631)	—	—	—	—	50,235	50,235
N/A	—	(21,947)	51,725	51,725	—	29,778	—	51,725
N/A	23,269	(23,269)	—	—	—	—	81,151	81,151
N/A	—	(30,735)	75,571	75,571	—	44,836	—	75,571
N/A	20,137	(20,137)	—	—	—	—	70,379	70,379
N/A	—	(33,194)	73,948	73,948	—	40,754	—	73,948
N/A	12,834	(12,834)	—	—	—	—	38,924	38,924
N/A	—	(20,953)	49,375	49,375	—	28,422	—	49,375
N/A	—	(19,970)	46,813	46,813	—	26,843	—	46,813
N/A	4,732	(4,732)	—	—	—	—	49,503	49,503
N/A	—	(45,853)	50,652	50,652	—	4,799	—	50,652
N/A	4,975	(4,975)	—	—	—	—	50,994	50,994
N/A	—	(48,230)	53,280	53,280	—	5,050	—	53,280
N/A	3,666	(3,666)	—	—	—	—	46,826	46,826
N/A	—	(25,621)	29,724	29,724	—	4,103	—	29,724
1,815,615	—	(562,175)	1,544,778	1,544,778	—	982,603	—	1,544,778
\$ 1,815,615	\$ 392,840	\$ (4,064,904)	\$ 5,131,665	\$ 5,131,665	\$ —	\$ 1,459,601	\$ 3,450,838	\$ 8,582,503



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
	Experimenting with Space	N/A	N/A	NNG04GE45G	02/15/04-04/14/05
	SEMAA-Fenger HS	N/A	43.000	NAS3-02123	09/01/04-12/31/05
		N/A	43.000	NAS3-02123	01/01/06-03/31/06
	NASA Explorer School	N/A	43.001	AGREEMENT	10/06/05-10/05/06
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
GRAND TOTAL					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2005	Cash (Received) Refunded July 1, 2005 June 30, 2006	Revenue Recognized July 1, 2005 June 30, 2006	Expenditure July 1, 2005 June 30, 2006	Adjustments to Grant Revenue July 1, 2005 June 30, 2006	Accrued (Deferred) Grant Revenue June 30, 2006	Prior Years' Expenditures and Encumbrances Through June 30, 2005	Final Status Cumulative Expenditures Through June 30, 2006
\$ 213,158	\$ 20,866	\$ (20,866)	\$ —	\$ —	\$ —	\$ —	\$ 143,525	\$ 143,525
107,132	(37,257)	—	37,257	37,257	—	—	25,243	62,500
63,577	—	(31,250)	31,250	31,250	—	—	62,500	93,750
10,000	—	(10,000)	—	—	—	(10,000)	—	—
\$ 393,867	\$ (16,391)	\$ (62,116)	\$ 68,507	\$ 68,507	\$ —	\$ (10,000)	\$ 231,268	\$ 299,775
\$1,205,697,355	\$89,480,958	\$ (643,869,515)	\$728,696,295	\$750,308,336	\$ (1,632,293)	\$172,675,445	\$701,588,428	\$1,451,896,764



BOARD OF EDUCATION OF THE CITY OF CHICAGO
OMB CIRCULAR A-133

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
As of and for the Year Ended June 30, 2006

1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

General — The Board of Education of the City of Chicago (the “CPS”) is a body politic and corporate of the State of Illinois. All significant federal financial and compliance operations of the CPS are included in the scope of the OMB Circular A-133 audit (the “single Audit”). The U.S. Department of Education (the “USDEd”) is the CPS’ cognizant federal agency for the single audit. Cognizant duties have been delegated to the Illinois State Board of Education (the “ISBE”) by the USDEd, which, in turn, oversees the performance of such duties.

Fiscal Period Audited — Contractual funding periods are indicated in the Schedule of Expenditures of Federal Award (the “Schedule”). Single Audit testing procedures were performed for federal financial assistance transactions occurring during the fiscal year ended June 30, 2006.

2. NATURE OF FEDERAL FINANCIAL ASSISTANCE

Generally, federal awards are granted for the purpose of providing specific services or aid to specific individuals. In addition to the purposes they serve, federal programs can be classified according to the basis under which the federal programs are funded. For certain federal programs, funds are received based upon actual qualified expenditures up to the total federal awards amount (expenditure-driven federal programs). For other federal programs, funds are received based on an approved formula such as a standard reimbursement rate applied to qualified unit of service provided (formula-driven federal program.)

The majority of the CPS’ federal awards are passed through and received from the ISBE. For those pass-through federal awards, the CPS’ direct reporting responsibility is to ISBE, which, in their capacity as sub-grantors, oversee and monitor the utilization of such federal awards by the CPS.

3. BASIS OF PRESENTATION IN THE STATEMENT OF GRANT ACTIVITY

General — All federal programs considered active during the year ended June 30, 2006, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year.

Revenues — Grant revenues for expenditure-driven federal programs and federal loans are recognized in the Schedule based on expenditures incurred during the fiscal year. Grant revenues for formula-driven federal programs are recognized based on units of services provided as of June 30, 2006 and actual reimbursement received for the programs.

Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”).

Expenditures — For all expenditure-driven federal programs, expenditures included on the schedules represent actual expenditures incurred during the fiscal year ended June 30, 2006.

For formula-driven federal programs, expenditures are presented on the Schedule as follows:

- Expenditures for the National School Lunch and Breakfast Program are accumulated together with other food service expenditures in the CPS' accounting records. The federal portion of the National School Lunch and Breakfast Program expenditures, reflected in the Schedule, was determined based on the percentage of federal lunch and breakfast revenues to the total lunch and breakfast revenues during the fiscal year ended June 30, 2006.
- Expenditures for the Food Donation Program represent commodities used at amounts per the USDA standard price listings.

Adjustments to Increase (Decrease) Accrued Grant Revenue — Adjustments reflected in the Schedule of Expenditures of Federal Awards represent (1) adjustments for recorded expenditures that have been determined to be unallowable by respective funding agencies, (2) corrections of prior year's estimated accruals.

Accrued and Deferred Grant Revenue — Various funding schedules are used for the federal awards received by the CPS. Consequently, timing differences between the recognition of revenues and related cash receipts can exist at the beginning and end of the fiscal year. Accrued grant revenue balance represent the excess of revenue recognized over cash received to date. Deferred grant revenue balances represent the excess of cash received over revenue recognized to date.

4. RELATIONSHIP TO THE FINANCIAL STATEMENTS INCLUDED IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The following is a reconciliation of federal grant revenues as reflected in the Schedule of Federal Grant Revenues reflected in the CPS' Comprehensive Annual Financial Reports:

"Revenue recognized" per the Schedule	\$728,696,295
"Adjustments to increase (decrease) accrued grant revenue" per the Schedule	(1,632,293)
Total revenues per the Schedule	\$727,064,002
E-Rate program revenues not included in the Schedule	54,922,555
Non federal revenues recorded as federal revenue in general ledger	224
Federal revenues recorded as other revenues in general ledger	(15,136)
Adjustments to record revenue not collected within 90 days ("available")	(6,340,334)
Federal revenues per the CPS' Comprehensive Annual Financial Report	<u>\$775,631,311</u>

Expenditures relating to individual federal programs are not represented separately from other CPS expenditures in the CPS' Comprehensive Annual Financial Report. Accordingly, a similar reconciliation of expenditures is not included herein.

5. FINAL CLAIMS

Some final claims for federal programs with contractual funding period ended June 30, 2006, were filed prior to recording certain year-end adjustments and, therefore, do not agree with the related amounts accrued and reported in the Schedule. The CPS plans to submit a program liquidation report to the respective grantor agencies, which will revise the outstanding obligation amounts per the final claim, thereby reflecting the appropriate year-end adjustments for these federal awards.



6. ILLINOIS STATE BOARD OF EDUCATION AUDIT

The Illinois State Board of Education (“ISBE”) issued an audit report in 2006 which included certain findings and questioned costs related to fiscal year 2006 federal funding. The CPS has provided a response to the ISBE, which detailed support and proposed resolution for certain of the findings and questioned costs identified by the ISBE. A final notice from the ISBE has not been received by CPS as of the date of this report. Management is unable to determine the impact at this time, including the determination of the amount, if any, of carryover of funds received in fiscal year 2006 to fiscal year 2007.

7. FINDINGS AND QUESTIONED COSTS

The findings and questioned costs identified in connection with the fiscal year ended June 30, 2006, single audit are disclosed in the accompanying Schedule of Findings and Questioned Cost and Auditee Corrective Action Plan. The presentation conforms to the formatting requirements of the ISBE. The questioned cost reflected in such schedule reflect the potential reimbursement effect of costs which were deemed as inappropriately allocated to a federal program or which could have been allocated to a federal program, but were not.



BOARD OF EDUCATION OF THE CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Reportable condition identified that is not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Reportable condition identified that is not considered to be material weakness(es)?	<u> X </u> Yes	<u> </u> None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> X </u> Yes	<u> </u> No
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Statutory Reporting Section

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
10.550	Food Donation Program	\$ 10,209,355
10.553	Breakfast Program	24,292,183(1)
10.555	National School Lunch Program	131,280,022(1)
84.010	Title I — Low Income	276,355,921
84.027	IDEA Flow-through	98,082,348(2)
84.048	Vocational Education Title IIC	10,308,799
84.165	Magnet Schools Assistance	2,169,532
84.173	IDEA Preschool	1,829,725(2)
84.184	Alcohol Abuse Reduction	1,134,666
84.186	Title IV — Safe and Drug Free Schools	5,304,656
84.287	Title IV — 21st Century Community Learning Centers	6,975,812
84.298	Innovative Programs	3,364,718
84.318	Technology Enhancing Education	4,509,641
84.357	Title I — Reading First	14,376,279
84.361	School Choice	3,011,388
84.365	Title III LIPLEP	9,964,972
84.365	Title II — Teacher Quality	41,485,327
84.371	Striving Readers	622,155
93.600	Headstart	37,076,344
		<u>\$682,353,843</u>

Notes:

- (1) Part of Nutrition cluster
- (2) Part of Special Education cluster

Dollar threshold used to distinguish between
type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

_____ Yes X No

II. FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statement audit.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 06-01: ELIGIBILITY/ADMINISTRATION OF THE LUNCH AND BREAKFAST PROGRAMS — Recurring (2003, 2004, 2005)

Questioned Costs: N/A

Federal Agency: US Department of Agriculture

CFDA 10.553 School Breakfast Program (Child Nutrition Cluster)

CFDA 10.555 National School Lunch Program (Child Nutrition Cluster)

Criteria: CPS is required to monitor the administration of the lunch and breakfast programs to ensure that the reimbursement received is for eligible meals.

Condition:

The following exceptions were noted during the current year of testing:

- 2 students out of 60 students selected for testing received a free meal but did not have an approved application on file with the Principal's Office. In 1 out of 6 schools, the Food service manager's meal count did not reconcile to the Daily Cashier's Report (LR33) for one day.
- In 5 out of 6 schools, the Principal's list of number of students eligible to receive free or reduced meals (Statistical Information Report) did not reconcile to the number of approved applications for free and reduced meals on file.
- In 5 out of 6 schools, lunchroom management did not use the ticket system properly to count the meals.

Context:

FY2006 expenditures for the National School Lunch and Breakfast Programs were approximately \$198 million.

Cause and Effect

- If CPS does not reconcile the physical count of applications to the information on the Principal's Report (Statistical Information Report), meal counts can be incorrectly reported and could affect the reimbursement formula of the lunch and breakfast programs.
- Not properly using the ticket system for identifying eligible students increases the risk that free lunches and breakfast are distributed to ineligible students.

Recommendation

Increase the monitoring at the schools over the administration of the lunch and breakfast programs to include the following:

- Continued reconciliation of the actual applications on file with the number of eligible student in the Principal's Report (Statistical Information Report) and timely follow up of discrepancies
- Ensure the proper use of the ticketing system to identify eligible students being served.

Corrective action plan

Person responsible: Director of Food Service and Warehousing, Principals of each school

Supervisory staff must visit each school before February 1st of each year. The review covers all compliance issues. Special emphasis will be placed on instructing food service personnel on the approved ticket and collection procedures. The principal is responsible for statistical information. In-service sessions are conducted annually for principals and/or their designees on all food services compliance issues including statistical information reports. CPS Food Service and Warehousing will continue to monitor schools to ensure that statistical information is compiled and entered correctly.

With nine FTE's to monitor the 634 sites having food services, CPS Food Service and Warehousing staff will visit each school two or three times a school year. CPS Food Service and Warehousing will continue to monitor those schools having problems with statistical information reports and other compliance issues more closely.



Finding 06-02: CASH MANAGEMENT (2004, 2005) — Recurring

Questioned costs: N/A

Federal Agency: US Department of Education

CFDA 84.173 Preschool Incentive

CFDA 84.010 Title I Neglected Program; Title I — Delinquent Program; Title I — School Improvements;

CFDA 84.287 21st Century Community Learning Centers

CFDA 84.318 Title IID Educational Technology

CFDA 84.048 Vocational Education

CFDA 84.298 Innovative Programs

Criteria: Recipients of federal awards must follow procedures to minimize the time elapsing between the transfer of funds from the US Treasury or pass-through entity and disbursement.

Condition:

Certain grant programs had quarterly cash balances exceeding the average quarterly expenditures for the next quarter for at least one quarter during the fiscal year. CPS's Revenue department sent out notices to grant administrators of unexpended balances but except for 2 large grants programs, no follow-up was noted and no changes to previously established payment requests were made to respond to these conditions.

Context:

FY2006 quarterly ending cash in excess of average quarterly expenditures were approximately as follows:

CFDA 84.173 Preschool Incentive — \$285,000 and \$330,000

CFDA 84.010 Title I — Neglected Program — \$293,000 and \$219,000

Title I — Delinquent Program — \$300,000

Title I — School Improvements; — \$5.0m and \$2.8m

CFDA 84.287 21st Century Community Learning Centers — \$3.3m; \$4.2m and \$2.1m

CFDA 84.318 Title IID Educational Technology — \$1.03m and \$925,000

CFDA 84.048 Vocational Education — \$3.5m and \$2.1m

CFDA 84.298 Innovative Programs — \$1.1m

Cause and Effect

Continued quarterly cash balances in excess of the average quarterly expenditures could cause the federal government or pass through grantor to reduce future budgeted amounts for these grants and frequency of cash funding to CPS. Consequently, this could result in possible cutbacks for special programs at CPS.

Recommendation

- Ensure that payment requests are scheduled based on historical patterns of spending
- Continue to monitor unusually large cash balances and inform grant administrators of these conditions
- Consider regular meetings to discuss these large balances and allow the revenue department to revise the payment schedule directly with the federal government or pass through grantor.



Corrective action plan

Person responsible: Director of Grants Administration and Coordinator, Department of Revenue

CPS will focus its cash management efforts on all grants, regardless of amount. Furthermore, CPS will also train program administrators and other CPS personnel with grant implementation responsibilities on using prior year expenditure patterns for scheduling payment requests and mid-year adjustments to grant budgets. CPS will also make necessary adjustments to grant payment schedules to reflect expenditure patterns.

Finding 06-03: PERIOD OF AVAILABILITY/ALLOWABLE COSTS AND COST PRINCIPLES

Questioned costs: N/A

Federal Agency: US Department of Education
CFDA 84.186 Title IV Safe and Drug Free Schools

Criteria: Recipients of federal awards are required to ensure that transactions are recorded during the period of availability and that the underlying obligations occurred within the period of availability. In addition, the grantor should consistently use the same basis of accounting for all expenditures as required under allowable costs and costs principles.

Condition:

\$18,000 of expenditures was not properly accrued for in the correct fiscal year.

Context:

Total expenditures for this grant were approximately \$5 million.

Cause and Effect

When improperly allocating expenditures by fiscal year, expenditures on the Schedule of Expenditures of Federal Awards (which should be reported on the same basis of accounting as the entity's financial statements) are improperly reported.

Recommendation

- Continue monitoring of expenditures particularly at year-end to ensure that payments are allocated to the correct period.

Corrective action plan

Person responsible: Director of General Accounting

CPS agrees with the finding. CPS will continue monitoring of expenditures particularly at year-end to ensure that payments are allocated to the correct period.

Finding 06-04: PROCUREMENT, SUSPENSION AND DEBARMENT

Questioned costs: N/A

Federal Agency: N/A

Criteria: Recipients of federal funds are required to monitor that vendors they contract with for goods and services are not suspended and/or debarred. The federal government publishes on its website the updated list of debarred vendors ("epls.arnet.gov") and OMB A-133 Compliance Supplement has identified this as the authoritative source for debarred vendor information.



Statutory Reporting Section

Condition:

CPS's Procurement and contracts department has a system for monitoring vendors by its sister agencies but it does not include a process of updating their list with those found in the federal government's website ("epls.arnet.gov").

Context:

None of the payments to vendors tested for major program testing were found in the federal government's debarred vendor list.

Cause and Effect

Recipients that do not have the procedures in place to monitor their list of qualified vendors against the federal website risk the possibility of awarding a contract to a debarred vendor that would result in disallowance of grant expenditures.

Recommendation

- Have procurement and contract department include as part of their vendor monitoring process the periodic update of the CPS list of qualified vendors and the exclusion of debarred vendors identified in the federal website for debarred vendors.

Corrective action plan

Person responsible: Chief Purchasing Officer

CPS agrees with the recommendation and will review and track the Federal website for debarred vendors as they relate to Federal funding received.

Finding 06-05: SPECIAL TESTS AND PROVISIONS (Comparability of services)

Questioned costs: N/A

Federal Agency: US Department of Education
CFDA 84.010 Title I Low Income

Criteria: Recipients of Title I grant funds are required to monitor compliance with Special Tests and Provisions related to Comparability of Services. An LEA is considered to have met the statutory comparability requirements if it has implemented (1) an LEA-wide salary schedule; (2) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and (3) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

Condition:

CPS has a policy to ensure compliance with the requirement for comparability of services and has established written procedures to implement the policy. The Illinois State Board of Education (ISBE), as pass through grantor, has required that Districts establish benchmarks to measure comparability of services and to document whether all schools within each District meet the comparability benchmark. CPS uses staff/student ratio as benchmark and its submission documentation indicated that 47 out of 505 Title I schools did not meet the staff/student ratio benchmarks. In response to the ISBE, CPS proposed hiring additional staff. However only 19 of the 63 budgeted positions were filled during the fiscal year.



Context:

Total expenditures for this grant were approximately \$271 million.

Cause and Effect

Recipients that do not comply with all the requirements related to a particular grant risk reduction in funding by the grantor agency.

Recommendation

- Measure compliance with comparability benchmarks more than once each year and estimate the number of comparability positions needed for the next fiscal year in advance of the current year-end. Pool a list of potential candidates (similar to a substitute teacher pool) to facilitate filling up the positions.

Corrective action plan

Person responsible: Director of Grants Administration

Currently, CPS budgets additional instructional positions at the school to meet comparability requirements. Schools are decentralized from central office and manage their own budgets. Since hiring practices are at the discretion of the building principal, it is the principal's responsibility to ensure these positions are filled.

CPS will measure compliance with comparability benchmarks on a quarterly basis. When positions are not filled, CPS will allow the school to use the budgeted dollars to support additional Title I supplemental activities to meet comparability requirements. CPS seeks further guidance from the Illinois State Board of Education on this issue.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2006

- I. Allowable Costs/Cost Principles — Title I (Closed)
Corrective Action Plan — See prior year report
Current Status — No exceptions were noted in FY2006
- II. Administration of the Lunch and Breakfast Programs (Recurring)
Corrective Action Plan — See Finding 06-01
Current Status — See Finding 06-01
- III. Allowable Costs/Program Income — Nutrition programs (Closed)
Corrective Action Plan — See prior year report
Current Status — No exceptions noted in FY2006
- IV. Cash management — Several programs (Recurring)
Corrective Action Plan — See Finding 06-02
Current Status — See Finding 06-02
- V. Program monitoring home visits — Headstart (closed)
Corrective Action Plan — See prior year report
Current Status — Corrective action plan implemented
- VI. Sub-recipient monitoring — 21st Century Community Learning Centers (closed)
Corrective Action Plan — See prior year report
Current Status — Corrective action plan implemented





Chicago Public Schools
Every Child, Every School





Chicago Public Schools
Every Child, Every School

