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# CHICAGO PUBLIC SCHOOLS

Chicago Board of Education  
Chicago, Illinois

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2010

*Prepared by the  
Office of School Financial Services*

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Richard M. Daley, Mayor, City of Chicago  
Mary B. Richardson-Lowry, Board President  
Terry Mazany, Chief Executive Officer



Board of Education  
CITY OF CHICAGO

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**PEGGY A. DAVIS**  
**ROXANNE WARD**

December 10, 2010

Dear Stakeholders,

Chicago Public Schools (CPS) is committed to ensuring that all students graduate prepared to succeed in their communities and in the global economy. That means success in college, at work, and in life. Over the last year, our elementary school students continued to make gains in both reading and math — with 68% of students meeting or exceeding state standards in reading and 76% meeting or exceeding standards in math. Our high school students achieved the largest-ever year-over-year gains on the Prairie State Achievement Exam, and the second-highest growth ever in ACT composite scores. While we are on track to achieve our goals, we still have a long way to go.

Test scores, of course, are just one of many measures of the success of our schools. Over the last year, we have increased the number of National Board Certified teachers in our schools, improved our efforts to recruit and retain the very best teachers and principals, introduced a series of tools and systems to better measure our performance, and collaborated with community groups and the city to reduce violence and help make our students safer. To build on our progress, we continue to invest resources in maintaining and enhancing classroom resources and enrichment opportunities, ensuring the safety of our students, and measuring the performance of our programs. Every day, we are making improvements to streamline the organization and make it more efficient.

CPS must continue to improve student achievement despite an extraordinarily difficult economic climate. Although the U.S. economy is slowly recovering from the largest economic downturn since the Great Depression, recent forecasts project only modest economic growth for the remainder of 2010 and throughout 2011. As a result, adequate funding for public schools will continue to be threatened. Further compounding this challenge, a number of one-time federal funding sources, such as stimulus funding from the American Recovery and Reinvestment Act (ARRA), will come to an end in fiscal year 2011 while the district's costs continue to rise, driven primarily by contractual salary increases.

In response to these ongoing budget pressures, in fiscal year 2010, we made very difficult budget cuts within our central office and citywide departments in order to minimize the impact of budget cuts on our schools. We cut more than \$160 million in operational and staff costs including more than 1,000 staff positions on a net basis. Non-union central office employees were required to take 15 unpaid furlough days (through March 2011) and they received no merit increases for the second year in a row, while principals and assistant principals were required to take six unpaid days and they received no merit increases.

To ensure the district spends carefully and wisely, we strengthened spending oversight by creating two oversight committees: the Non-Competitive Procurement Review Committee, which reviews all non-

competitive purchasing requests; and the Finance and Audit Committee, which reviews the status of the Board's budget and expenditures and reviews all expenses of the Office of the Board.

In fiscal year 2011, we have been forced to balance our budget using short-term measures: ARRA funding, Education Jobs funding, temporary pension relief, and drawing down the district's fund balance. The drawdown of our reserves in fiscal year 2011 creates the risk of CPS having no cushion to protect daily operational funding at a time when the State of Illinois continues to fall behind in making its payments to the district. To counter cash flow fluctuations due to these late State payments and delayed property tax receipts, CPS secured a \$500 million line of credit in fall 2010. This line of credit is not new revenue to the district — it is temporary, short-term borrowing that can be used only to protect the district's cash flow and may not be used to replenish the fund balance.

To restore the fund balance, CPS is depositing late State payments from 2010 as we receive them, and the district has restructured a portion of its outstanding debt to reduce our debt service payments. Despite the district's current financial challenges and the State's fiscal distress, CPS has maintained its credit ratings of Aa2 from Moody's Investor Services and AA- from Standard & Poor's. Only Fitch Ratings downgraded its bond rating to A+ from AA-.


Finally, the district was able to further reduce the projected budget deficit as a result of short-term pension relief provided by the State legislature. In part because CPS is the only school district in the state that is required to make an additional contribution to its pension fund when the funded ratio is below 90%, the legislature reduced the district's contributions by approximately \$400 million annually through fiscal year 2013. However, CPS continues to make contributions to the pension fund during this relief period. This relief is temporary; mandated payments to the pension fund will increase dramatically in fiscal year 2014.

Regardless of the financial outlook, we remain optimistic about the fundamental progress we are making in improving student achievement across the city. While we expect many difficult financial decisions ahead, we will continue to do what is required to ensure our students' success.

Respectfully submitted,



Mary B. Richardson-Lowry  
President  
Chicago Board of Education



Terry Mazany  
Chief Executive Officer  
Chicago Public Schools



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**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education  
**2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Principal Officials . . . . .	1
Organizational Chart . . . . .	2
GFOA Award . . . . .	3
ASBO Award . . . . .	5
Board Member Profiles . . . . .	6
Central Administration Profiles . . . . .	8
Letter of Transmittal . . . . .	10
 <b>II. FINANCIAL SECTION</b>	
<i>Independent Auditor's Report</i> . . . . .	16
<i>Management's Discussion and Analysis</i> . . . . .	19
 <b>Basic Financial Statements</b>	
Statement of Net Assets . . . . .	38
Statement of Activities . . . . .	39
Balance Sheet — Governmental Funds . . . . .	40
Reconciliation of the Balance Sheet — Governmental Funds to the Statement of Net Assets . . . . .	41
Statement of Revenues, Expenditures and Net Changes in Fund Balances — Governmental Funds . . . . .	42
Reconciliation of the Statement of Revenues, Expenditures and Net Changes in Fund Balances — Governmental Funds to the Statement of Activities . . . . .	43
Statement of Revenues, Expenditures by Object, Other Financing Sources and Net Changes in Fund Balance — Final Appropriations vs. Actual — General Operating Fund . . . . .	44
Notes to Basic Financial Statements . . . . .	45
 <b>Individual Schedules</b>	
<b>General Operating Fund</b>	
Schedule of Revenues, Expenditures and Net Changes in Fund Balance — Final Appropriations and Actual . . . . .	79
<b>Capital Projects Fund</b>	
Schedule of Revenues, Expenditures, Other Financing Sources and Net Changes in Fund Balances . . . . .	81
<b>Capital Asset Program</b>	
Schedule of Revenues, Expenditures and Net Change in Fund Balance — Final Appropriations vs. Actual . . . . .	82
<b>Capital Improvement Program</b>	
Schedule of Revenues, Expenditures by Object, Other Financing Sources (Uses) and Net Change in Fund Balance — Final Appropriations vs. Actual . . . . .	83



	<u>Page</u>
<b>Debt Service Fund</b>	
Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and Net Changes in Fund Balances . . . . .	85
Bond Redemption and Interest Program	
Schedule of Revenues, Expenditures by Object, Other Financing Sources (Uses) and Net Changes in Fund Balance — Final Appropriations vs. Actual . . . . .	86
Public Building Commission Leases Program	
Schedule of Revenues, Expenditures by Object, Other Financing Sources (Uses) and Net Changes in Fund Balance — Final Appropriations vs. Actual . . . . .	87
<b>III. STATISTICAL SECTION (Unaudited)</b>	
<b><i>Financial Trends</i></b>	
Components of Net Assets — Last Ten Fiscal Years . . . . .	90
Changes in Net Assets — Last Ten Fiscal Years . . . . .	92
Components of Fund Balance — Last Ten Fiscal Years . . . . .	94
Changes in Fund Balances of Governmental Funds — Last Ten Fiscal Years . . . . .	96
Revenues by Source — All Programs — Last Ten Fiscal Years . . . . .	98
Expenditures by Function — All Programs — Last Ten Fiscal Years . . . . .	100
General Operating Fund — Detailed Schedule of Revenue and Expenditures . . . . .	102
Other Financing Sources and (Uses) — Last Ten Fiscal Years . . . . .	106
Ratio of Debt Service to Non-Capital Expenditures — Last Ten Fiscal Years . . . . .	108
<b><i>Revenue Capacity</i></b>	
Direct and Overlapping Property Tax Rates — Last Ten Fiscal Years . . . . .	110
Property Tax Levies and Collections — Last Ten Fiscal Years . . . . .	112
Assessed Value and Estimated Value of Taxable Property — Last Ten Fiscal Years . . . . .	114
Principal Property Tax Payers, Based on Equalized Assessed Valuation — Last Ten Fiscal Years . . . . .	116
Schedule of Replacement Tax Data — Last Ten Fiscal Years . . . . .	118
City of Chicago Tax Increment Financing (TIF) Districts . . . . .	120
<b><i>Debt Capacity</i></b>	
Bond Issues Outstanding . . . . .	124
Total Authorized Bond Issuances . . . . .	127
Outstanding Debt Per Capita — Last Ten Fiscal Years . . . . .	130
Legal Debt Margin Information — Last Ten Fiscal Years . . . . .	132
Direct and Overlapping Governmental Activities Debt . . . . .	134
CPS' Debt Rating History . . . . .	135
<b><i>Demographic and Economic Information</i></b>	
Demographic and Economic Statistics — Last Ten Calendar Years . . . . .	138
City of Chicago Principal Employers — Non-Government— Last Four Fiscal Years . . . . .	140
Metropolitan Chicago Top Public Companies Ranked By 2009 Net Revenues . . . . .	142



	<u>Page</u>
<b>Operating Information</b>	
General Operating Fund — Schedule of Revenues and Expenditures — Current Appropriations and Actual . . . . .	144
General Operating Fund — Schedule of Revenue — by Program . . . . .	146
General Operating Fund — Schedule of Expenditures — by Program . . . . .	148
Analysis of Compounded Growth of Revenues — All Funds — Last Ten Fiscal Years . . . . .	150
Analysis of Compounded Growth of Expenditures — All Funds — Last Ten Fiscal Years . . . . .	152
Revenues, Expenditures and Other Financing Sources (Uses) — All Funds — Last Ten Fiscal Years . . . . .	154
Analysis of Compounded Growth of General Operating Fund Revenues — Last Ten Fiscal Years . . . . .	156
Analysis of Compounded Growth of General Operating Fund Expenditures — Last Ten Fiscal Years . . . . .	158
General Operating Fund Revenues, Expenditures and Other Financing Sources (Uses) — Last Ten Fiscal Years . . . . .	160
Schedule of Tort Expenditures . . . . .	162
Schedule of Student Activity Funds . . . . .	163
Schedule of Insurance and Insurance Services . . . . .	164
Schedule of Capital Improvement Program — by Activity . . . . .	170
School Food Service Program — Last Five Fiscal Years . . . . .	172
Analysis of Utility Consumption . . . . .	174
Property Sales and Purchases . . . . .	175
Teachers' Base Salaries — Last Ten Fiscal Years . . . . .	176
Teachers' Pension Funding Analysis — Last Five Fiscal Years . . . . .	177
Average Daily Attendance and Per Pupil Costs — Last Five Fiscal Years . . . . .	178
Total Student Membership — Last Ten Fiscal Years . . . . .	180
Teacher to Student Ratio — Last Nine Fiscal Years . . . . .	182
Schedule of Government Employees by Function — Last Three Fiscal Years . . . . .	183
Number of Schools, School Enrollment and High School Graduates — Last Ten Fiscal Years . . . . .	184
School Information Description . . . . .	186
General Information for High Schools . . . . .	187
General Information for Elementary Schools . . . . .	191

**IV. STATUTORY REPORTING SECTION**

**OMB Circular A-133**

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 . . . . .	202
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 . . . . .	204
Supplementary Schedule of Expenditures of Federal Awards . . . . .	206
Notes to the Schedule of Expenditures of Federal Awards . . . . .	226
Schedule of Findings and Questioned Costs . . . . .	229
Summary Schedule of Prior Audit Financial Statement Findings . . . . .	245
Summary Schedule of Prior Audit Findings for Federal Awards . . . . .	246



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**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

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**PRINCIPAL OFFICIALS**

**Mayor of the City of Chicago**  
Richard M. Daley

**Chicago Board of Education**  
Mary B. Richardson-Lowry, President  
Clare Muñana, Vice President

**Members**

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

**Statutory Officers**

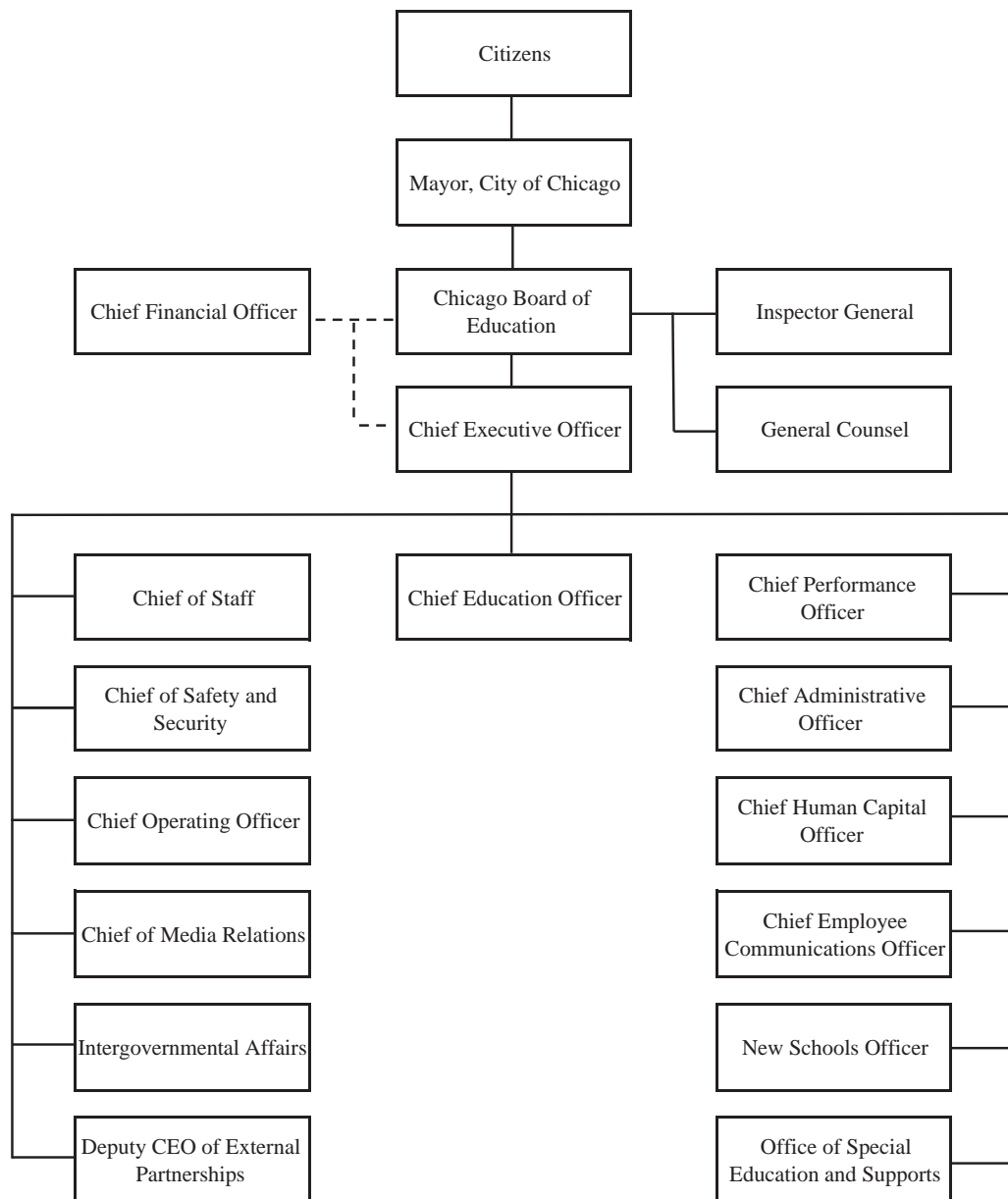
Terry Mazany, Chief Executive Officer  
Patricia L. Taylor, Chief Operating Officer  
Diana S. Ferguson, Chief Financial Officer  
Opal L. Walls, Chief Purchasing Officer  
Patrick J. Rocks, General Counsel



*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 409,000 students in 675 attendance centers with a staff of 43,000.



# 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, 2009

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





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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, 2009**

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

Executive Director



## Introductory Section

### CHICAGO PUBLIC SCHOOLS

#### Chicago Board of Education

##### Board Member Profiles

**Mary B. Richardson-Lowry** is the president of the Chicago Board of Education and was appointed to the Board in January 2010. Board members elected her president of the Board in February 2010. She is a partner at Mayer Brown LLP focusing primarily on public law. In her practice, she provides specific representation on the following areas of law: utilities, transportation, commercial transactions, finance and bonds. Ms. Richardson-Lowry joined Mayer Brown LLP in 2002 and is currently a member of the firm's Lateral Hiring Committee as well as its Diversity and Inclusion Committee. Previously, she served as commissioner for the City of Chicago's Department of Buildings (1998-2002) and in the Law Department of the City of Chicago as a contracts negotiator. Ms. Richardson-Lowry has received numerous awards and honors and is active in several civic organizations. She earned a bachelor's degree from San Francisco State University and a Juris Doctor degree from Texas Southern University School of Law.

**Clare Muñana** is vice president of the Board and a public sector, not-for-profit and management consultant operating her own firm. Ms. Muñana has performed numerous domestic and international engagements for public sector and private sector clients in the United States, Europe, Africa and Latin America. Ms. Muñana holds a bachelor's degree from Boston College, a master's degree in international relations from the School of Advanced International Studies at The Johns Hopkins University and a Master of Business Administration from the Kellogg Graduate School of Management at Northwestern University. Ms. Muñana also holds a certificate in French civilization and language from the Sorbonne. Ms. Muñana is a board member of The Aspen Institute, The Chicago Council on Global Affairs, The Field Museum, and a trustee of the National Museum of Mexican Arts. She serves with several other civic groups, including The Chicago Public Education Fund and Nuestro Futuro, an initiative of the Chicago Community Trust dedicated to enhancing philanthropy within the Latino community.

**Norman R. Bobins** is chairman of Norman Bobins Consulting, LLC (NBC), which provides financial consulting services to various clients. He also serves as the non-executive chairman of The PrivateBank and Trust Company. Prior to that, Mr. Bobins was the chairman 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. Mr. Bobins earned a bachelor's 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, chairman of the board of trustees of WTTW Communications, Inc., and member of the boards of trustees of the Field Museum, the Newberry Library and the Brain Research Foundation.

**Dr. Tariq Butt** is a board-certified family physician with teaching appointments at the University of Illinois College of Medicine, Rush University Medical School, and the faculty with Mt. Sinai Family Residency Program affiliated with the Chicago Medical School. Dr. Butt is also deputy medical director of the Access Community Health Network. As part of his medical practice, Dr. Butt provides a range of medical services to patients on the west side of the City, regardless of their ability to pay. Dr. Butt has also served as chairman of the Mayor's Asian-American Advisory Council. He serves as a member of the board of directors for the Illinois Association of School Boards and is a National School Board Association — Counsel of Urban Boards of Education (NSBA-CUBE) Steering Committee member.

**Alberto A. Carrero, Jr.** is president of CBSS, USA, a firm that provides financial, operational and business consulting, advice and services. Mr. Carrero retired from Banco Popular North America ("Banco Popular") as senior vice president at the end of 2008, after a 21-year career during which he held a variety of executive positions in several different states in the United States. Prior to joining Banco Popular, Mr. Carrero worked for the Federal Deposit Insurance Company (FDIC) in the New York Region. Mr. Carrero graduated from the University of Puerto Rico with a degree in business administration and



*Introductory Section*

finance. On November 19, 2008, he was reappointed by the Board to serve as a trustee of the Public School Teachers' Pension and Retirement Fund of Chicago. His affiliations include membership in the National Association of Latino Elected and Appointed Officials and the Institute of Puerto Rican Art and Culture, where he serves as a member of the Financial Committee. Mr. Carrero has been the recipient of numerous awards from Illinois and New York City and State agencies for excellence in business.

**Peggy A. Davis** is most recently the vice president of diversity and recruiting at Exelon Business Services Corporation. Ms. Davis also serves as a trustee of the Public School Teachers' Pension and Retirement Fund of Chicago. She was a former partner in the government relations and labor and employment practices at Winston & Strawn LLP, and she has extensive experience in the public sector, including her service as chief of staff to Arne Duncan at Chicago Public Schools. 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 received a bachelor's degree in social welfare and a Juris Doctor from the University of Wisconsin — Madison.

**Roxanne M. Ward** is the former vice president and Corporate Liaison of Ariel Investments, LLC ("Ariel"). Ms. Ward also developed and served as president of the Black Corporate Directors Conference. Prior to joining Ariel, Ms. Ward spent four years working for the Chicago Park District as the first assistant general counsel, board liaison and legislative liaison. Ms. Ward has 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 served as co-chair of the City of Chicago Mayoral Policy Caucus on Prisoner Reentry and serves on the boards of the Safer Foundation and the Federation for Community Schools. Ms. Ward is also a former member of the Desegregation Monitoring Commission and of the boards of the Illinois Facilities Fund, Congo Square Theater Company and WTTW. She graduated Phi Beta Kappa from the University of Chicago with a bachelor's degree in Social Service Administration (**SSA**), followed by a master's degree in SSA from the University of Chicago. She earned her Juris Doctor from Harvard Law School.

The members of the Board have been appointed to serve terms ending as follows:

<u>Member</u>	<u>Term Expires</u>
Mary B. Richardson-Lowry, President . . . . .	June 30, 2011
Clare Muñana, Vice President . . . . .	June 30, 2010 <sup>†</sup>
Norman R. Bobins . . . . .	June 30, 2010 <sup>†</sup>
Dr. Tariq Butt . . . . .	June 30, 2011
Alberto A. Carrero, Jr. . . . .	June 30, 2010 <sup>†</sup>
Peggy A. Davis . . . . .	June 30, 2011
Roxanne M. Ward . . . . .	June 30, 2011

<sup>†</sup> Pursuant to Section 34-3(b) of the School Code, 105 ILCS 5/1 *et seq.*, members continue to hold office until a successor is appointed.

At the expiration of the term of each member, the Mayor shall appoint a successor for a four-year term from July 1 of the year in which the term commences. Any vacancy shall be filled by appointment of the Mayor for the unexpired term.

The Board elects annually from its members a president and vice-president in such manner as the Board determines.



*Introductory Section***CHICAGO PUBLIC SCHOOLS****Chicago Board of Education****Central Administration Profiles**

**Terry Mazany** is the interim chief executive officer, on loan from his role as president and CEO of The Chicago Community Trust, one of the nation's largest community foundations with assets of more than \$1.5 billion and grant making exceeding \$100 million annually, benefiting more than 2,000 not-for-profit organizations. Mr. Mazany previously served as the Trust's Chief Operating Officer and as Director and Senior Program Officer for the Trust's \$50-million, five-year Education Initiative. He serves on the boards of the Federal Reserve Bank of Chicago, the Council on Foundations, Donors Forum and the Renaissance Schools Fund. Mr. Mazany earned a master's degree in Anthropology and a Master of Business Administration, with an emphasis on organizational change, from the University of Arizona; and was pursuing a Ph.D. in Education Leadership at the University of Illinois Chicago prior to his appointment as president of The Chicago Community Trust. He provided state-wide principal leadership training at the California School Leadership Academy, and he has led school improvement efforts in districts across the country including Baltimore, Chicago, Detroit, San Francisco, and Oakland, where he served as Associate Superintendent for Curriculum and Instruction at Oakland Public Schools.

**Patricia L. Taylor** is the chief operating officer. Ms. Taylor has more than 20 years of experience in city government. Prior to joining Chicago Public Schools, Ms. Taylor was the vice president of facility maintenance, construction and engineering for the Chicago Transit Authority. In this role, she oversaw maintenance of more than 150 facilities and numerous capital improvement projects including the renovation of the Brown Line elevated train system. Prior to that, Ms. Taylor served in government in an executive management capacity for the City of Chicago. Her positions included serving as the director of administration (Law Department), director of operations (Law-Investigations), and assistant budget director (Office of Budget and Management). Prior to that, she was an executive in the private sector for a large manufacturing corporation. Ms. Taylor holds an associate's degree in liberal arts and attended Northeastern University majoring in elementary education and business administration.

**Diana S. Ferguson** is the chief financial officer. Before joining the Board, Ms. Ferguson served as senior vice president and chief financial officer of The Folgers Coffee Company. Earlier, she held financial management roles at Merisant Worldwide, Sara Lee Corporation and Fort James Corporation. Ms. Ferguson holds a B.A. from Yale University and a master's degree from Northwestern University's Kellogg School of Management.

**Opal L. Walls** is the chief purchasing officer. Ms. Walls previously served as the Board's deputy purchasing officer and director of finance and administration for the Department of Procurement and Contracts. Ms. Walls also served in the capacity of project manager for the controller's office. Prior to joining the Board, Ms. Walls worked for Allstate Insurance Company in Northbrook, Illinois and served in the capacity of benefits consultant, pension analyst and senior portfolio manager. Ms. Walls holds a Bachelor of Science in Business Administration from Elmhurst College of Illinois.





**Introductory Section**

**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 an assistant corporation counsel in the General Litigation and Labor Divisions. Prior to his service with the City of Chicago, Mr. Rocks served as a 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.



**Introductory Section****Office of Finance**

125 South Clark Street • Chicago, Illinois 60603  
 Telephone: 773/553-2700 • Fax: 773/553-2701

December 10, 2010

Mary Richardson-Lowry, President,  
 Members of the Chicago Board of Education,  
 And Residents of the City of Chicago:

The Comprehensive Annual Financial Report (CAFR) of Chicago Public Schools (CPS) for the fiscal year ended June 30, 2010, 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.

Illinois School Code (105 ILCS 5/34-9) requires CPS 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 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 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 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.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

**PROFILE OF CHICAGO PUBLIC SCHOOLS**

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 CPS is financially accountable.



## Introductory Section

CPS is governed by a seven-member Board of Education appointed by the Mayor of the City of Chicago. 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, most notably the selection of principals.

As a large urban school district, our schools and students reflect the broad diversity of our city. CPS operated 675 schools in fiscal year 2010 (FY2010). At the elementary level CPS has gifted centers (known as selective enrollment elementary schools), magnet schools, middle schools, special schools and neighborhood schools. At the high school level, CPS offers small schools, vocational schools, general/technical/academic preparatory high schools, magnet programs and alternative programs. As of FY2010, CPS operated 71 charter schools with more planned to open in FY2011.

Student enrollment in September 2009 was 409,000, increasing from 408,000 in September 2008. About 87% of our students come from low-income families and 12% speak English as a second language. CPS had 43,000 employee positions in FY 2010, including more than 26,000 teaching positions, with an annual operating budget of \$5.3 billion in FY2010.

### LOCAL ECONOMIC OUTLOOK

Chicago is a national center for manufacturing, transportation, and tourism. More than 45 million domestic and overseas visitors came to the city in 2008, including 32 million domestic leisure travelers and 11.7 million domestic business travelers, contributing nearly \$12 billion to Chicago's economy. The area is home to several of the world's largest corporations, and top employers include city, state and county governments, universities, airports and banks. However, the overall economic status of the nation has impacted Chicago locally in terms of both revenue and expenditures. The amount of revenue the City can collect from sales, income, and entertainment taxes is reduced during difficult economic times, and residents are more reliant on City services.

This economic downturn has been reflected in Chicago's job market. The average annual unemployment rate of the city, as tracked by the U.S. Bureau of Labor Statistics, was 10.9% in 2009, up from 7% in 2008. As of September 2010, Illinois has experienced seven consecutive months of positive trends in unemployment. At 9.9%, the seasonally adjusted Illinois unemployment rate is below 10 percent for the first time since April 2009. The unemployment rate has decreased 0.9% from September 2009 (10.8%) to September 2010 (9.9%). Illinois' historical high for unemployment was 12.9% in February 1983. The historical low of 4.2% occurred in February 1999. In September 2010, the Chicago unemployment rate was higher than the national rate of 9.6%. Despite the high rates of unemployment, Chicago's diverse economy protects the city from the severity of boom-bust cycles that can impact areas that are more dependent on specific or cyclical industries.

### LONG-TERM FINANCIAL PLANNING

**Current Condition:** Due to the State's delayed payments of \$236 million, general operating fund revenues were less than expenditures by \$102 million. The unreserved fund balance declined from \$311 million in FY2009 to \$198 million at the end of FY2010. The current unreserved fund balance represents 4.0% of general operating fund expenditures. In spite of the significant decline in fund balance, CPS was able to end the fiscal year with a healthy general operating fund cash balance of \$755 million. CPS' total net assets are a deficit of \$918 million, a decrease of approximately \$427 million from FY2009.

**One-Time Federal Resources:** CPS has continued to cut central administrative costs and shift those resources directly to schools. The majority of federal stimulus and state funds received are applied at the school level in order to save teaching positions and restore and maintain programs and class sizes.

In FY2010, CPS received a one-time funding supplement via the American Recovery and Reinvestment Act (ARRA). CPS expects a funding cliff for FY2012 as its ARRA Title I Part A and ARRA IDEA Part B



### Introductory Section

(federal stimulus) supplement of approximately \$250 million expires in FY2011. Approximately \$150 million of these funds will be used in FY2011 to maintain supplemental programs at schools and cover cost increases as approved by ISBE. The remaining \$100 million supports critical programs to improve school and student achievement and to create a safer environment for our students to learn. All of these valuable programs are at risk as these funds expire at the end of FY2011. Continuing to cover these costs beyond FY2011 will contribute further to the district's fundamental structural deficit.

As a result of the Education Jobs Fund Program, passed by Congress in August 2010, there will be one-time federal funds available to school districts for the purpose of saving or creating education jobs. The allocation for CPS is \$104 million and must be used to fund compensation and benefits and other related support service expenses.

**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"). As of June 30, 2009, the funded ratio of the Pension Fund was 73.3% and CPS has recorded an estimated pension liability of \$1.97 billion in the accompanying financial statements, as determined under the Generally Accepted Accounting Principles (GAAP). Because the funded ratio was below 90%, CPS was required to make a \$318.2 million contribution to the Pension Fund under the statutory requirements during FY2010. State law requires the Pension Fund to reach 90% funding by the year 2045.

In April 2010, the Governor signed into law a bill passed by the General Assembly that provided short-term pension funding relief for CPS. Under this legislation — Public Act 96-0889 — CPS will make pension contributions to the Pension Fund in the amount of the "employer's normal cost" in FY2011 through FY2013. As a result, the legislation reduced CPS' FY2011 contribution to the Pension Fund by approximately \$400 million, from \$587 million to \$187 million. While this relief allows CPS to maintain vital resources in the classroom, it is only temporary. Under state law, CPS is the only school district in Illinois that is required to make an additional employer contribution to its teacher pension fund, when the funded ratio falls below 90%. In three years, or by FY2014, the district's contribution level will return to an amount necessary to bring the Pension Fund's funded ratio to 90% by FY2059, most recently estimated at approximately \$600 million.

The state FY2010 budget reduced the state contribution to the Pension Fund by 50%. State aid to the Pension Fund declined from \$74.8 million in FY2009 to \$37.5 million in FY2010. The state again failed to meet the P.A. 88-593 commitment, which stated the Illinois legislature's intention to fund the Pension Fund at 20% of downstate teachers' pension funding. Had the state funded the Pension Fund at 20% of what it provides to the downstate pension fund, CPS would have received \$482 million in FY2010.

As of December 31, 2009, the date of the latest available report, the Annuity Fund had net assets of approximately \$5.2 billion and an unfunded accrued actuarial liability for all covered employees, including CPS employees, of approximately \$4.8 billion. CPS employs approximately 16,481 of the 31,586 active participants in the Annuity Fund. CPS, in the opinion of its legal counsel, has no duty to contribute to the Annuity Fund.

**Debt Ratings:** Investors who purchase municipal bonds use debt ratings as an indicator of the financial stability of an organization and consequently the safety and security of the debt sold by that organization. In general, higher credit ratings often result in lower borrowing costs via reduced interest rates paid on municipal bonds and also a wider market and more buyers of municipal bonds. There are three major rating agencies that assign ratings to municipal debt, including the debt issued by CPS. As of fall 2010, CPS' current ratings are AA-, Aa2, and A+ by Standard and Poor's, Moody's Investor's Service, and Fitch Ratings, respectively. These ratings are considered relatively strong, helping to attract investors looking to buy high-quality municipal bonds.

CPS ratings fluctuated in the spring and fall of 2010 compared to 2009. In spring 2010, two of the three major rating agencies changed their municipal ratings scale, recalibrating it to align more closely with the



## Introductory Section

corporate rating scale. Many organizations, including CPS, experienced a strengthening in their ratings as a result. Moody's Investor's Service and Fitch Ratings raised CPS' rating to Aa2 and AA-, respectively, while its rating from Standard and Poor's remained the same as 2009 at AA-. Subsequently, however, in fall 2010, Fitch Ratings downgraded CPS' rating to the current A+ level, from AA-. Standard and Poor's and Moody's maintained their ratings of AA- and Aa2, respectively.

**General Fund Reserve:** For the past several years, CPS has sought to insulate our financial position by making use of a general reserve fund to cover unexpected expenses related to capital spending, funding short-falls and unforeseen emergencies. In 2009, we adopted a new policy formally requiring the Board to maintain an unreserved, designated fund balance of a minimum of 5% and a maximum of 10% of the operating and debt service budget for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5% is the estimated historical minimum cash requirement to provide sufficient cash flow for stable financial operations. Because the stabilization fund will be lower than the target at the end of FY2010, primarily because of the State's payment delay, the CFO has submitted a plan to restore the minimum requirements for the stabilization fund in the subsequent budget year. Refer to the FY2011 budget book (pages 32 and 33) for more information on plans to restore the fiscal stabilization fund.

## RELEVANT FINANCIAL POLICIES

**Fund Accounting:** 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:** CPS financial management officials are responsible for implementing and enforcing a system of internal controls to protect the assets of 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.

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.

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.





## Introductory Section

### MAJOR INITIATIVES

#### *Education Programs*

CPS continues to invest resources in maintaining and enhancing classroom resources; offering a variety of instruction and enrichment opportunities; ensuring the safety of our students; and measuring the performance of our programs.

To meet these goals, CPS continues to support teachers in achieving National Board Certification, a widely recognized measure of high-quality teaching. In addition to focusing on teacher quality, CPS is investing in efforts to increase student performance through the Response to Intervention Framework (RtI). RtI identifies students at risk of falling behind so that teachers can intervene early. The district also continues to invest significant dollars in early childhood education, as well as special education and supports designed to meet the needs of all learners, including students with disabilities.

The district also seeks to extend the traditional school day through a wide variety of high-quality after-school programs including tutoring services; enrichment, sports and health programs; and piloting additional learning opportunities designed to provide students with more time on task using technology linked to classroom curriculum.

#### *Capital Improvement Program*

Since the start of the Capital Improvement Program (CIP) in 1996, nearly every elementary and high school has benefited from some kind of capital improvement. More than \$5.7 billion has already been committed over 14 years 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.

CPS continues to make significant accomplishments toward its three primary goals: reducing overcrowding, achieving a minimum standard of physical condition, and improving achievement through educational enhancements. The American Recovery and Reinvestment Act (ARRA) created several new types of tax-exempt bonds and tax credit bonds under the Internal Revenue Code. The Build America and Qualified School Construction bonds take advantage of opportunities created by Federal stimulus to lower the cost of funding the CIP. CPS issued its Series 2009E Build America bonds for \$518.2 million, Series 2009F bonds for \$29.1 million and Series 2009G Qualified School Construction bonds for \$254.2 million to finance the CIP. The revenue source pledged for the repayment of these bonds is General State Aid.

To date, CPS has completed 35 new schools; 16 replacement schools; 87 additions, annexes, links and modular units; 475 new roofs; 831 windows, doors and masonry repairs; 70 state of the art science labs; 259 Americans with Disabilities projects; 333 renovations and 378 gymnasiums and play lots. 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.

### AWARDS AND ACKNOWLEDGEMENTS

**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, 2009. 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



**Introductory Section**

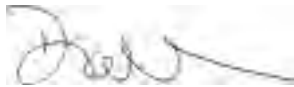
only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are again submitting it to GFOA.

In 2009, CPS submitted a popular annual financial report (PAFR) to GFOA and was awarded the Certificate of Achievement for the ninth 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 with summary financial information only, and it is distributed to a broader audience.

CPS also received the Certificate of Excellence for Financial Reporting from the Association of School Business Officials International for the tenth 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 staff of the Office of Finance, the Chief Executive Office and the Office of the Board. We wish to express our gratitude and appreciation to them for their dedicated efforts and professionalism.

Respectfully submitted,



Diana S. Ferguson  
Chief Financial Officer



Daryl J. Okrzesik  
Controller





## 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, 2010, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CPS' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Chicago Public Schools as of June 30, 2010, 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 10, 2010, on our consideration of the CPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 19 through 36 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 basic financial statements of the CPS. 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 for the year ended June 30, 2010, 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 10, 2010





Educate • Inspire • Transform



**CHICAGO PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Our discussion and analysis of the financial performance of Chicago Public Schools (CPS) provides an overview of financial activities for the fiscal year ended June 30, 2010. Because the intent of this management discussion and analysis is to look at 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 the end of the fiscal year, CPS' total fund balance was \$1.19 billion, an increase of \$133 million in comparison with the prior year. The increase is mainly due to the issuance of \$802 million in debt offerings to fund the Capital Improvement Program. Total expenditures in the capital projects fund for FY2010 were \$692 million.

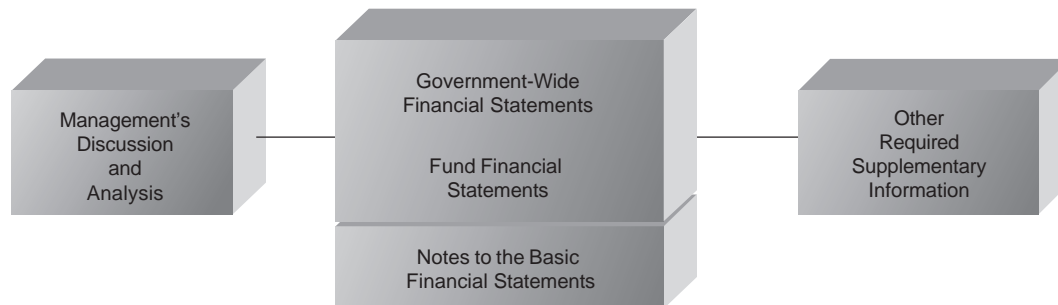
In the General Operating Fund, unreserved funds decreased from \$311 million to \$198 million, a decrease of \$113 million. The decline is the direct result of the delay of State aid payments. The amount owed CPS from the State increased by \$63 million, from \$173 million in FY2009 to \$236 million in FY2010. Of the \$236 million due to CPS, \$99 million was budgeted as revenue in FY2010. The current unreserved fund balance represents 4% of general operating fund expenditures.

In October 2010, Fitch downgraded its rating on CPS' outstanding general obligation bonds to "A+" from "AA-". This downgrade reflects CPS' weakened financial position as a result of the continued delay in state aid payments. Standard and Poor's and Moody's maintained their ratings of AA- and Aa2, respectively.

During fiscal year 2010, CPS implemented GASB 51 "Accounting and Financial Reporting for Intangible Assets" and GASB 53 "Accounting and Financial Reporting for Derivative Instruments". In connection with the adoption of GASB 53, net assets at June 30, 2009 were restated to a deficit of \$491 million from a deficit of \$446 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Comprehensive Annual Financial Report (CAFR) consists of Management's Discussion and Analysis and a series of financial statements and accompanying notes, both primarily focusing on the school district as a whole. The following graphic summarizes the components of the CAFR:



Government-wide financial statements including the Statement of Net Assets and the Statement of Activities provide both short-term and long-term information about 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 unused vacation leave).

Both of the government-wide financial statements distinguish functions of CPS that are principally supported by taxes and inter-governmental 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, capital assets and debt-financing activities are reported here.

**Condensed Statement of Net Assets  
(Millions of dollars)**

	Governmental Activities			
	2010	2009 (as restated)	Difference	% Change
Current assets . . . . .	\$ 3,809	\$ 3,702	\$ 107	2.9%
Non-Current assets . . . . .	5,640	5,149	491	9.5%
Total Assets . . . . .	<u>\$ 9,449</u>	<u>\$ 8,851</u>	<u>\$ 598</u>	6.8%
Current liabilities . . . . .	\$ 1,179	\$ 1,153	\$ 26	2.3%
Long-term liabilities . . . . .	9,188	8,189	999	12.2%
Total Liabilities . . . . .	<u>\$10,367</u>	<u>\$ 9,342</u>	<u>\$1,025</u>	11.0%
Net Assets:				
Invested in capital assets net of related debt . . . . .	\$ 137	\$ 30	\$ 107	356.7%
Restricted for:				
Debt service . . . . .	447	391	56	14.3%
Specific purposes . . . . .	115	105	10	9.5%
Unrestricted . . . . .	<u>(1,617)</u>	<u>(1,017)</u>	<u>(600)</u>	59.0%
Total Net Assets . . . . .	<u>\$ (918)</u>	<u>\$ (491)</u>	<u>\$ (427)</u>	87.0%

**Total assets** of \$9.45 billion increased \$598 million or 6.8% primarily due to larger accounts receivable balances and new school construction.

**Non-current assets**, increased \$491 million primarily due to the increase of capital assets.

**Long-term debt** increased \$683 million or 13.9%, due to the issuance of new debt to fund the capital improvement program. The total long-term portion of debt outstanding and capitalized leases was \$4.9 billion in fiscal year 2009 and \$5.6 billion in fiscal year 2010.

**Accrued pension** increased to \$1.97 billion in fiscal year 2010 from \$1.93 billion in fiscal year 2009, an increase of \$38.8 million or 2%. 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 benefits (OPEB) liability** increased to \$949.4 million in fiscal year 2010 from \$756.7 million in fiscal year 2009, an increase of \$192.7 million, or 25.5%. The year-end balance reflects the increase in net OPEB related to healthcare costs associated with the Public School Teachers' Pension and Retirement Fund of Chicago.

**Other long-term liabilities** including the current portion increased to \$522.2 million in fiscal year 2010 from \$472.4 million in fiscal year 2009, an increase of \$49.8 million or 10.5%. The year-end balance reflects increases in accrued sick pay, vacation pay, tort liabilities, and workers' compensation, of \$39.7 million, \$1.2 million, \$0.5 million and \$11.9 million respectively, and a decrease of \$3.5 million in auto and general liability.

**CPS' net assets** decreased \$427 million to (\$918) million. Of this amount, \$137 million represents CPS' investment in capital assets net of depreciation and related debt. Restricted net assets of \$562 million are reported separately to present legal constraints from debt covenants and enabling legislation. The (\$1,617) 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, 2010.



The following table presents the changes in net assets from fiscal year 2009 to 2010:

**Changes in Net Assets  
(In Millions)**

	Governmental Activities			
	2010	2009 (as restated)	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services . . . . .	\$ 11	\$ 13	\$ (2)	-15.4%
Operating grants and contributions . . . . .	1,377	1,251	126	10.1%
Capital grants and contributions . . . . .	99	151	(52)	-34.4%
Total Program Revenues . . . . .	<u>\$1,487</u>	<u>\$1,415</u>	<u>\$ 72</u>	5.1%
General Revenues:				
Property taxes . . . . .	\$1,896	\$1,937	\$ (41)	-2.1%
Replacement taxes . . . . .	152	188	(36)	-19.1%
State aid . . . . .	1,533	1,604	(71)	-4.4%
Interest and investment earnings . . . . .	13	44	(31)	-70.5%
Other . . . . .	173	56	117	208.9%
Total General Revenues . . . . .	<u>\$3,767</u>	<u>\$3,829</u>	<u>\$ (62)</u>	-1.6%
Total Revenues . . . . .	<u>\$5,254</u>	<u>\$5,244</u>	<u>\$ 10</u>	0.2%
Expenses:				
Instruction . . . . .	\$3,507	\$3,325	\$ 182	5.5%
Support services:				
Pupil support services . . . . .	438	409	29	7.1%
Administrative support services . . . . .	202	233	(31)	-13.3%
Facilities support services . . . . .	481	582	(101)	-17.4%
Instructional support services . . . . .	524	512	12	2.3%
Food services . . . . .	207	204	3	1.5%
Community services . . . . .	51	56	(5)	-8.9%
Interest expense . . . . .	258	258	—	0.0%
Other . . . . .	13	9	4	44.4%
Total Expenses . . . . .	<u>\$5,681</u>	<u>\$5,588</u>	<u>\$ 93</u>	1.7%
Total Revenues under expenses . . . . .	<u>\$ (427)</u>	<u>\$ (344)</u>	<u>\$ (83)</u>	24.1%
Extraordinary item . . . . .	\$ —	\$ 1	\$ (1)	-100%
Change in Net Assets . . . . .	\$ (427)	\$ (343)	\$ (84)	24.5%
Beginning Net Assets . . . . .	(491)	(148)	(343)	231.8%
Ending Net Assets . . . . .	<u>\$ (918)</u>	<u>\$ (491)</u>	<u>\$ (427)</u>	87.0%

Net Assets at June 30, 2010 reflect a decrease of \$427 million from the prior year or 87%. Revenues increased 0.2% or \$10 million in FY2010 while expenses increased 1.7% or \$93 million. The increases in expenses are primarily due to higher sick and vacation, pension and other postemployment costs.

**Capital Assets**

At June 30, 2010, CPS had \$5.5 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 \$438 million or 8.7% over the prior fiscal year.

(In millions)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>% Change</u>
Land . . . . .	\$ 298	\$ 284	\$ 14	4.9%
Buildings . . . . .	7,111	6,398	713	11.1%
Construction in progress . . . . .	648	811	(163)	-20.1%
Equipment . . . . .	157	159	(2)	-1.3%
Internally developed software . . . . .	3	—	3	100.0%
Total Capital Assets . . . . .	<u>\$ 8,217</u>	<u>\$ 7,652</u>	<u>\$ 565</u>	7.4%
Less: Accumulated depreciation . . . . .	<u>(2,742)</u>	<u>(2,615)</u>	<u>(127)</u>	4.9%
Total Capital Assets, net . . . . .	<u>\$ 5,475</u>	<u>\$ 5,037</u>	<u>\$ 438</u>	8.7%

Capital assets increased due to 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 July 2009, CPS issued \$75,720,000 in Unlimited Tax General Obligation Refunding Bonds (Series 2009D) at a premium of \$4,238,498. The proceeds from these bonds were used to refund the Series 2004DE bonds. The Board contributed \$917,872 to pay for costs of issuance. As a result of the issuance, \$82,482,920 was deposited in a trust with an escrow agent to purchase the Series 2004DE bonds upon the next remarketing. On July 30, 2009, the bonds were repurchased in full and are considered fully refunded. The debt service on this issuance will be paid by revenues received from Pledged State Aid revenues.

In September 2009, CPS issued \$518,210,000 in Unlimited Tax General Obligation Taxable Build America Bonds (Series 2009E). 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 \$470,423,849 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues and Federal subsidy payments.

In September 2009, CPS issued \$29,125,000 in Unlimited Tax General Obligation Bonds (Series 2009F) at a premium of \$2,221,004. 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 \$28,589,164 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues.

In December 2009, CPS issued \$254,240,000 in Unlimited Tax General Obligation Bonds Qualified School Construction Bonds (Series 2009G). 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 \$251,721,700 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues.

In February 2010, CPS issued \$205,965,000 in Unlimited Tax General Obligation Refunding Bonds (Series 2010AB). CPS contributed \$777,087 to pay for costs of issuance. The proceeds from these bonds were used to refund the Series 2004C-2 and Series 2005D-2 bonds. As a result of the issuance, \$48,952,880 was deposited in a trust with an escrow agent to purchase the Series 2004C-2 bonds upon the next remarketing. CPS deposited \$157,268,423 in a trust with an escrow agent to purchase the

## **Financial Section**

Series 2005D-2 bonds upon its next remarketing. In February 2010, the bonds were repurchased in full and are considered fully refunded. The debt service on this issuance will be paid from General State Aid revenues.

As of June 30, 2010, CPS had \$5.7 billion in total debt, including accreted interest and capitalized lease obligations outstanding versus \$5.08 billion last year, an increase of 12%. For more detailed information, please refer to Notes 8 through 10 to the basic financial statements.

### **Pension Funding**

Employees of CPS participate in either the Public School Teachers' Pension and Retirement Fund of Chicago ("the Teachers' Pension Fund") or the Municipal Employees Annuity and Benefit Fund of Chicago ("the Municipal Fund"). All certified teachers and administrators employed by CPS or Charter Schools are members of the Teachers' Pension Fund. Educational support personnel who do not belong to the Teachers' Pension Fund participate in the Municipal Fund.

State statutes determine CPS' employer-required contribution to the Teachers' Pension Fund. As of June 30, 2009, the funded ratio of the Teachers' Pension Fund was 73.3%. CPS has recorded an estimated liability of \$1.97 billion in the accompanying financial statements, as determined under generally accepted accounting principles. Because the funded ratio was below 90%, CPS was required to make a \$318.2 million employer contribution to the Teachers' Pension Fund in FY2010; of this amount, a total of \$61.3 was funded by federal grants.

By law, the City of Chicago is required to contribute all employer pension costs on behalf of CPS educational support personnel. The statutorily established rate for employer contribution to the Municipal Fund is 10.625% of actual salaries paid two years ago. Covered employees are required by state statute to contribute 8.5% of their salary. In fiscal year 2010, as in previous fiscal years, CPS paid a portion, 7%, or \$38.5 million of the required employees' contribution for most employees. Governmental Accounting Standards Board Statement No. 24 requires that on-behalf payments made by other governments should be included as revenues and expenditures as long as they are for employee benefits. CPS has been reporting on-behalf pension costs and revenues since FY1998. For detailed information, please refer to Note 12 to the basic financial statements.

### **Short-Term Pension Funding Relief**

In April 2010, the Governor signed into law a bill passed by the General Assembly that provides short-term pension funding relief for CPS. Under this legislation (Public Act 96-0889), CPS will make pension contributions to the Teachers' Pension Fund in the amount of the "employer's normal cost" in FY2011 through FY2013 instead of required pension contributions to bring the Teachers' Pension Fund's funded ratio to 90% by FY2045. This resulted in a significant reduction of the FY2011 required pension contribution from \$587 million to \$187 million. Beginning in FY2014, CPS will be required to make contributions to the Teachers' Pension Fund to bring the funded ratio to 90% by FY2059.

### **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. Governmental-fund financial 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.

CPS' fund financial statements provide detailed information about the most significant funds — not CPS as a whole. CPS' governmental funds use the modified accrual basis of accounting. All of CPS' services are reported in governmental funds, 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 CPS' operations and the services it provides.

CPS maintains three governmental funds: General Operating, Capital Projects, and Debt Service. The following schedules present 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, 2010, as compared with June 30, 2009. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.



**Financial Section**

**Total Revenues, Other Financing Sources and Expenditures  
(Millions of Dollars)**

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>2010 Percent Of Total</u>	<u>Increase (Decrease) From 2009</u>	<u>Percent Increase (Decrease) from 2009</u>
<b>Revenues:</b>					
Property taxes . . . . .	\$2,047	\$1,897	33.5%	\$ 150	7.9%
Replacement taxes . . . . .	153	188	2.6%	(35)	-18.6%
State aid . . . . .	1,552	1,512	25.4%	40	2.6%
Federal aid . . . . .	1,180	1,125	19.3%	55	4.9%
Investment earnings . . . . .	12	44	0.2%	(32)	-72.7%
Other . . . . .	<u>360</u>	<u>253</u>	<u>5.9%</u>	<u>107</u>	<u>42.3%</u>
Subtotal . . . . .	\$5,304	\$5,019	86.9%	\$ 285	5.7%
Other financing sources . . . . .	<u>801</u>	<u>1</u>	<u>13.1%</u>	<u>800</u>	<u>80000.0%</u>
Total . . . . .	<u>\$6,105</u>	<u>\$5,020</u>	<u>100.0%</u>	<u>\$1,085</u>	<u>21.6%</u>
<b>Expenditures:</b>					
Instruction . . . . .	\$2,899	\$2,773	48.5%	\$ 126	4.5%
Pupil support services . . . . .	416	390	7.0%	26	6.7%
General support services . . . . .	1,011	1,058	17.0%	(47)	-4.4%
Food services . . . . .	197	195	3.3%	2	1.0%
Community services . . . . .	50	56	0.8%	(6)	-10.7%
Teachers' pension . . . . .	294	237	4.9%	57	24.1%
Capital outlay . . . . .	706	672	11.8%	34	5.1%
Debt service . . . . .	387	302	6.5%	85	28.1%
Other . . . . .	<u>12</u>	<u>9</u>	<u>0.2%</u>	<u>3</u>	<u>33.3%</u>
Total . . . . .	<u>\$5,972</u>	<u>\$5,692</u>	<u>100.0%</u>	<u>\$ 280</u>	<u>4.9%</u>
Change in Fund Balance . . . . .	<u>\$ 133</u>	<u>\$ (672)</u>			



**General Operating Fund**

The general operating fund supports day-to day operation of educational and related activities. As of June 30, 2010, the general operating fund ended with expenditures exceeding revenues and transfers by \$102 million. For the last fiscal year, expenditures exceeded revenues and transfers by \$143 million. The main driver of the operating deficit for two consecutive years is the delay in State aid payments. At the end of June 30, 2010, CPS was due \$236 million compared to \$173 million last year. Total operating revenues for FY2010 were higher than the prior year by \$194 million, while total expenditures increased by \$153 million over FY2010.

**Revenues:**

**Revenues and Other Financing Sources  
(Millions of Dollars)**

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>2010 Percent of Total</u>	<u>Increase (Decrease) From 2009</u>	<u>Percent Increase (Decrease) from 2009</u>
Property taxes . . . . .	\$2,036	\$1,867	42.5%	\$169	9.1%
Replacement taxes . . . . .	97	133	2.0%	(36)	-27.1%
State aid . . . . .	1,368	1,333	28.5%	35	2.6%
Federal aid . . . . .	1,160	1,123	24.2%	37	3.3%
Investment earnings . . . . .	3	22	0.1%	(19)	-86.4%
Other . . . . .	<u>112</u>	<u>102</u>	<u>2.3%</u>	<u>10</u>	9.8%
Subtotal . . . . .	\$4,776	\$4,580	99.6%	\$196	4.3%
Other financing sources . . . . .	<u>18</u>	<u>20</u>	<u>0.4%</u>	<u>(2)</u>	-10.0%
Total . . . . .	<u>\$4,794</u>	<u>\$4,600</u>	<u>100.0%</u>	<u>\$194</u>	4.2%

**Property tax revenues**

Property tax revenues increased by \$169 million over the prior year for two reasons. First a new state law (PA96-0490) changed the amount of the 2010 first installment property tax bills from the historical 50% to 55% of prior-year total taxes. This change resulted in a one-time acceleration of revenues of \$96 million. Second, CPS increased property taxes by 0.7% and captured all property tax growth from new property, which contributed to an increase of \$73 million.

**Personal property replacement taxes (PPRT)**

PPRT derives its revenues from an additional State income tax on corporations and partnerships. Corporate income-tax receipts are closely tied to corporate profits. The recession in 2008 and 2009 depressed corporate profits significantly and the decrease of \$36 million in PPRT receipts reflects this economic condition.

**State revenues**

The increase of \$35 million in State Aid combined several factors. General state aid (GSA) increased by \$115 million for two reasons. First, the State substituted less GSA with federal stimulus funds. In FY2010 the State replaced GSA \$167 million compared to \$260 million last year, resulting in an increase of \$93 million. Second, GSA grew by \$22 million over FY2009 due to increases in poverty counts. These increases were offset by reductions and elimination of various state grants and programs which amounted to a total of \$80 million. Included in these reductions were state teacher pension by \$38 million, ADA block grant by \$10 million and bilingual education by \$19 million. State programs eliminated in FY10 were Class-Size Reduction, Healthy Kids/Healthy Minds and Charter School Transition Impact aid, reducing revenue by \$9 million.

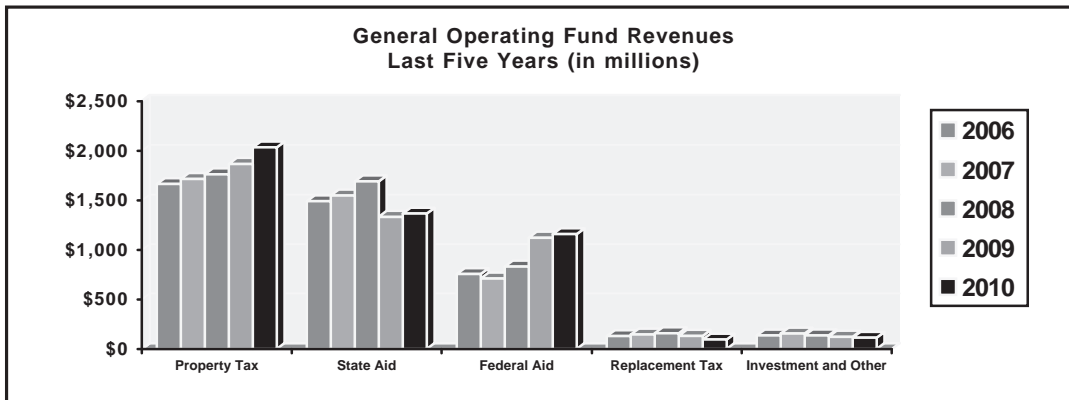
**Federal revenues**

The increase of \$37 million in federal revenues is primarily due to the following reasons. In FY2010, CPS received \$117 million of stimulus categorical grants and \$279 million of federal State Fiscal Stabilization funds (SFSF), compared to \$260 million of SFSF in FY2009; in addition, a combined increase of \$15 million

occurred in various small grants. This increase of \$151 million in federal stimulus revenues in FY2010 was offset by decreases in other grants. Compared with the FY2009 level, federal Title I experienced a decrease of \$58 million; revenues from the Headstart programs declined by \$20 million; Improving Teacher Quality grant generated only \$31 million, \$20 million less than the FY2009 amount; and Medicaid revenues declined by \$16 million.

**Investment earnings**

Income from investing operating cash declined from \$22 million in FY2009 to \$3 million in FY2010. This \$19 million reduction results from the Federal Reserve’s continued policy of maintaining interest rates at its historical low of 0% to 0.25% to boost the economic recovery. The recession ended in June 2009 but the U.S. economic growth has been sluggish. Consequently, the Federal Reserve is expected to keep the interest rate close to zero percent for another year. In addition, CPS maintained lower cash balances in FY2010 due to the delay in State aid payments.



**Expenditures:**  
(Millions of Dollars)

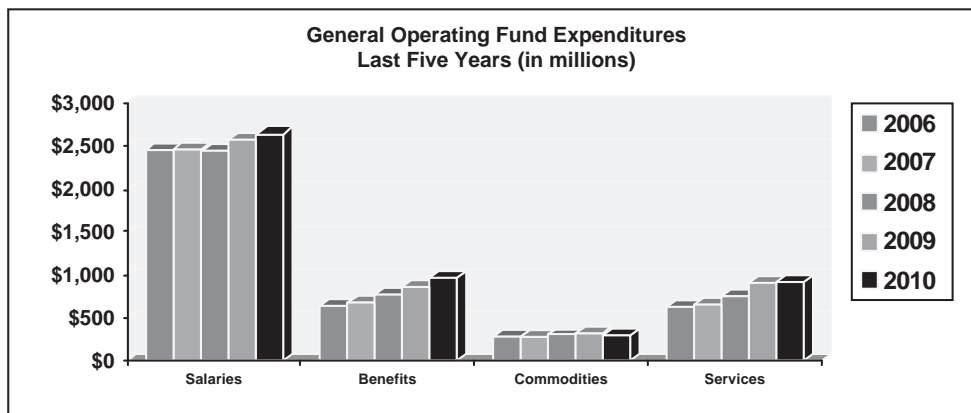
	2010 Amount	2009 Amount	2010 Percent Of Total	Increase (Decrease) From 2009	Percent Increase (Decrease) from 2009
Salaries . . . . .	\$2,630	\$2,573	53.7%	\$ 57	2.2%
Benefits . . . . .	963	856	19.7%	107	12.5%
Services . . . . .	914	904	18.7%	10	1.1%
Commodities . . . . .	291	314	5.9%	(23)	-7.3%
Other . . . . .	98	96	2.0%	2	2.1%
Total . . . . .	<u>\$4,896</u>	<u>\$4,743</u>	<u>100.0%</u>	<u>\$153</u>	3.2%

**Salaries** increased by \$57 million, a direct result of the 4% contractual salary increase and normal step increases, offset partially by a reduction in workforce.

**Benefit costs** grew by \$107 million over the previous year primarily because of \$86 million increases in pension obligations, \$12 million in healthcare costs and \$7 million in unemployment costs.

**Services** were \$10 million higher than last year. The increase in expenditures is a combination of higher tuition payments to Charter schools of \$70 million due to increased student enrollment and a reduction in professional services and tuition of \$59 million and \$1 million, respectively.

**Commodities** were \$23 million lower than last year primarily due to a decrease in both energy costs and textbooks of \$14 million and \$16 million, respectively. This decrease was offset by higher supplies and food costs of \$3.5 million each.



**Capital Projects Fund**

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The use of capital projects funds is required for major capital acquisition and construction activities financed through borrowing or other financing agreements. In fiscal year 2010, CPS issued Series 2009E, 2009F and 2009G bonds generating \$757 million of net proceeds to fund the capital improvement program.

**Revenues and Other Financing Sources**  
(Millions of Dollars)

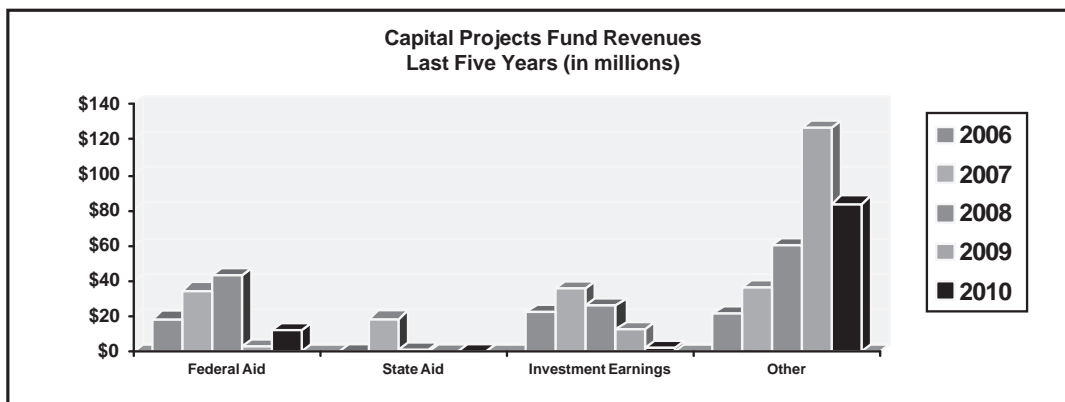
	2010 Amount	2009 Amount	2010 Percent Of Total	Increase (Decrease) From 2009	Percent Increase (Decrease) from 2009
Federal aid . . . . .	\$ 12	\$ 3	1.4%	\$ 9	300.0%
Investment earnings . . . . .	2	13	0.2%	(11)	-84.6%
Other . . . . .	83	126	9.8%	(43)	-34.1%
Subtotal . . . . .	\$ 97	\$142	11.4%	\$ (45)	-31.7%
Other financing sources . . . . .	757	1	88.6%	756	75600.0%
Total . . . . .	<u>\$854</u>	<u>\$143</u>	<u>100.0%</u>	<u>\$711</u>	497.2%

**Federal aid** was \$9 million higher than last year due to an increase in E-rate revenue.

**Investment earnings** declined by \$11 million, a direct result of the low interest-rate environment.

**Other revenues** decreased \$43 million over fiscal year 2009. One of the main factors accounting for the reduction in revenue is that fewer Modern Schools Across Chicago (MSAC) projects were completed during fiscal year 2010 and timing of expenditure reimbursements.

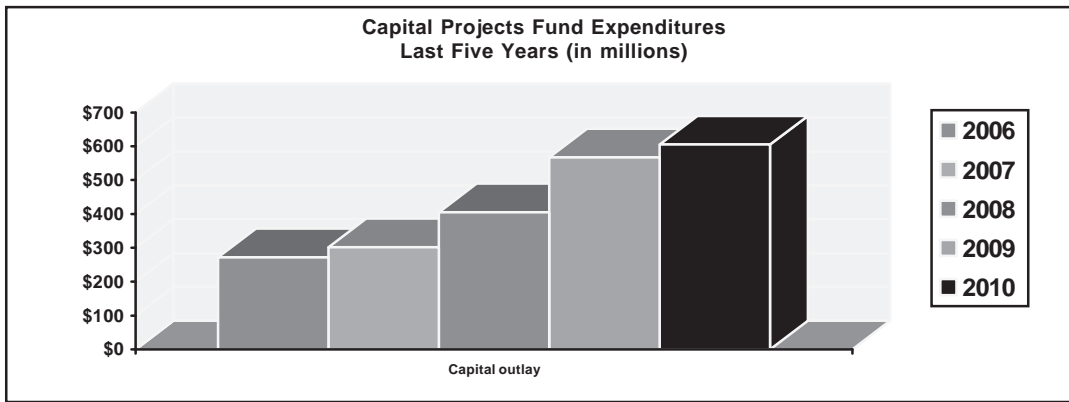
**Other financing sources** reflects a net increase of \$756 million due to the issuance of bonds Series 2009E, 2009F and 2009G in the amount of \$802 million, and an operating transfer of \$46 million from the capital projects fund to the debt service fund for capitalized interest.



**Expenditures:**  
(Millions of Dollars)

	2010 Amount	2009 Amount	Increase (Decrease) From 2009	Percent Increase (Decrease) from 2009
Capital Outlay . . . . .	\$692	\$648	\$44	6.8%

**Capital Outlay** increased by \$44 million due to the continuation of the Capital Improvement Program. In FY2010, CPS completed four new schools, one replacement school, four additions, and one hundred seventeen renovation projects.



**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 lease obligations.

**Revenues and Other Financing Sources  
(Millions of Dollars)**

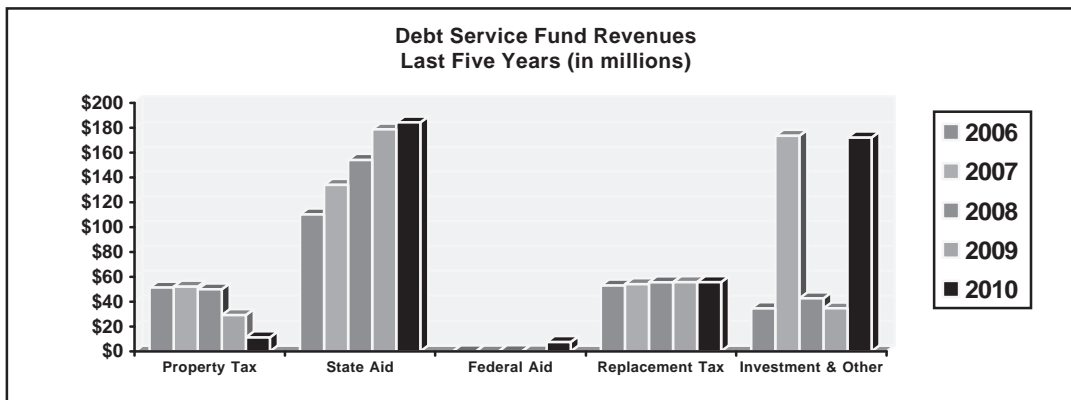
	2010 Amount	2009 Amount	2010 Percent Of Total	Increase (Decrease) From 2009	Percent Increase (Decrease) from 2009
Property taxes . . . . .	\$ 11	\$ 29	2.4%	\$ (18)	-62.1%
Replacement taxes . . . . .	56	55	12.2%	1	1.8%
State aid . . . . .	184	179	40.3%	5	2.8%
Federal aid . . . . .	8	—	1.8%	8	100.0%
Investment earnings . . . . .	7	10	1.5%	(3)	-30.0%
Other . . . . .	165	25	36.1%	140	560.0%
Subtotal . . . . .	\$431	\$298	94.3%	\$133	44.6%
Other financing sources (uses) . . . . .	26	(21)	5.7%	47	223.8%
Total . . . . .	<u>\$457</u>	<u>\$277</u>	<u>100.0%</u>	<u>\$180</u>	65.0%

**Property tax revenues** used for the PBC lease payments decreased by \$18 million from the prior year because of the timing of the tax abatement. To reduce the tax burden on property owners, CPS abated \$40 million of the property tax levy for the PBC leases in fall 2008 and 2009 each, while the third abatement was done in spring 2010. Consequently, the FY2010 property tax allocation for PBC payments was adjusted for both fall and spring receipts, while the FY2009 tax allocation was adjusted only for the fall collections.

**State aid** reflects General State Aid amounts required to service alternate bonds. The increase was only \$5 million over FY2009 because CPS utilized capitalized interest from new bond issues to reduce debt service payments.

**Other revenue** accounts for revenues from the City of Chicago based on the inter-governmental agreements (IGA) to pay for capital bonds issued in the late 1990s. The large increase in this source reflects primarily the first full year's tax collection because of the expiration of the School Finance Authority in 2010 and receipts of prior-year's IGA revenues in FY2010. Additionally, there was a transfer of \$27.8 million of residual balance to this account when the School Finance Authority expired at June 1, 2010.

**Other financing sources** increased by \$47 million primarily due to an operating transfer from the capital projects fund to the debt service fund for capitalized interest.



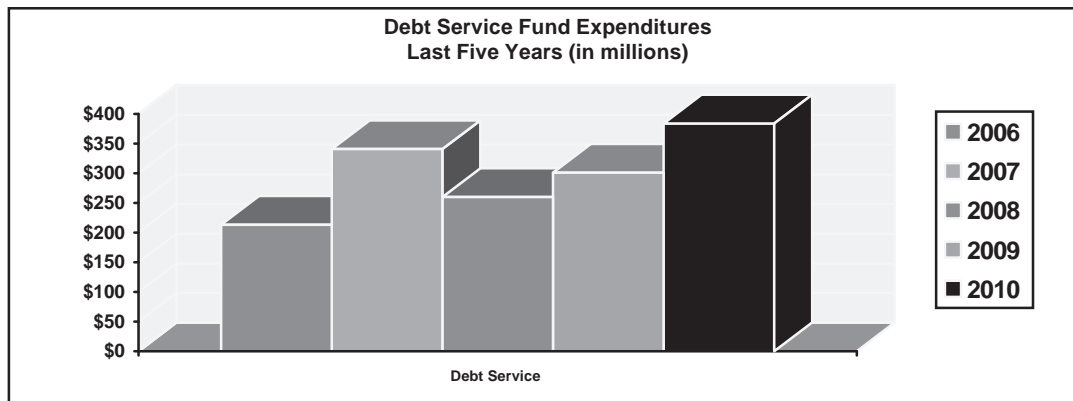


**Expenditures:**  
(Millions of Dollars)

	2010 Amount	2009 Amount	Increase (Decrease) From 2009	Percent Increase (Decrease) from 2009
Debt service . . . . .	\$384	\$301	\$83	27.6%

**Debt Service costs**

Principal payments were \$59 million higher than last year and interest payments increased by \$24 million.



**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.



**General Operating Fund Budget and Actual**

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

The budget is prepared by unit, fund, account, program and grant. 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. These transfers are reflected in the schedule shown below. During fiscal year 2010 there were no amendments to the original budget.

The following schedule presents a summary of the operating fund revenues, expenditures, and other financing sources in comparison with the final budget for the period ending June 30, 2010.

**Revenues, Other Financing Sources and Expenditures  
General Operating Fund  
Budget to Actual Comparison  
(Millions of Dollars)**

	<u>FY 2010 Approved Budget</u>	<u>Transfers In/(Out)</u>	<u>Final Appropriations</u>	<u>FY 2010 Actual</u>	<u>Variance</u>
Revenues:					
Property taxes . . . . .	\$2,065	\$ —	\$2,065	\$2,036	\$ (29)
Replacement taxes . . . . .	106	—	106	97	(9)
State aid . . . . .	1,467	—	1,467	1,368	(99)
Federal aid . . . . .	1,472	—	1,472	1,160	(312)
Investment earnings . . . . .	6	—	6	3	(3)
Other . . . . .	106	—	106	112	6
Subtotal . . . . .	<u>\$5,222</u>	<u>\$ —</u>	<u>\$5,222</u>	<u>\$4,776</u>	<u>\$(446)</u>
Other financing sources . . . . .	—	—	—	18	18
Total . . . . .	<u>\$5,222</u>	<u>\$ —</u>	<u>\$5,222</u>	<u>\$4,794</u>	<u>\$(428)</u>
Expenditures:					
Salaries . . . . .	\$2,637	\$ 75	\$2,712	\$2,630	\$ (82)
Benefits . . . . .	1,013	(1)	1,012	963	(49)
Services . . . . .	807	128	935	914	(21)
Commodities . . . . .	365	(14)	351	291	(60)
Other fixed charges . . . . .	506	(188)	318	98	(220)
Total . . . . .	<u>\$5,328</u>	<u>\$ —</u>	<u>\$5,328</u>	<u>\$4,896</u>	<u>\$(432)</u>
Change in Fund Balance . . . . .	<u>\$ (106)</u>			<u>\$ (102)</u>	

The General Operating Fund ended FY2010 with a deficit of \$102 million which is very close to the budgeted deficit of \$106 million. The macro-economic conditions in FY2010 were similar to what the budget assumed and there were no unusual events that negatively affected CPS' financial performance other than the State's dire fiscal situation. Local revenues were on par with budget. State revenues were lower than the budget by \$99 million because of a five month lag in state aid payments. At year end, the State owed CPS \$236 million compared with \$173 million in FY2009. Federal revenues were much lower

than the budget primarily because CPS was required to budget the full amount of the federal stimulus grants, although CPS planned to use the funds over two years. Major budget-to-actual variances are described below:

**Property tax revenues** were \$29 million lower than the budget because collection rates in spring 2010 were slightly lower than last year's. Property tax receipts have not shown any negative effect of the depressed real estate market and high foreclosures in Chicago.

**Replacement tax** revenue was \$9 million lower than budget. The budget assumed a decline of 20% from the prior year but the actual receipts decreased by 27% as a result of the recession and its effect on corporate income taxes.

**State revenues** were \$99 million lower than budget for the following two primary reasons. First, the State could not pay its FY2010 obligations of \$236 million to CPS, which was \$63 million higher than \$173 million that the State owed CPS in the previous year; the State paid \$173 million of prior-year obligations to CPS in FY2010. Second, the FY2010 budget assumed that the State would replace the General State Aid with \$234 million of federal stimulus funds, instead, the State replaced \$167 million of the General State Aid to CPS and \$112 million for State Pre-School with federal stimulus funding, resulting in a net decrease in state revenues of \$45 million compared with the budget. This decrease is offset by a combined increase of \$9 million in other smaller state grants.

**Federal revenues** were \$312 million lower than the budget for several reasons. First, CPS budgeted \$262 million for the two-year stimulus ARRA Title I, but spent \$73 million in the first year, which was \$189 million lower than the budget. Second, several grant applications were budgeted but not awarded, including the ARRA School Improvement, ARRA Education Technology and the Race to the Top grants. Third, several programs had lower grant amounts or spending than was budgeted including Head-start, the regular Title I afterschool and summer programs and Improving Teacher Quality (Title IIA). Fourth, Medicaid reimbursement revenues were below budget due to late payments. These decreases are partially offset by federal State Fiscal Stabilization funds that the State disbursed instead of General State Aid and Preschool.

**Investment earnings and other revenue** were \$3 million higher than budget. The average investment earnings on money market funds, agency notes, and commercial paper were budgeted at 0.5% per annum but actual interest rates were about 0.3% because the Federal Reserve kept the interest rates close to zero percent. As a result, investment earnings were lower than the budget by \$3 million. Offsetting this decrease was the one-time revenue of \$12.6 million from seven tax increment financing districts that expired in December, 2008.

Actual General Operating Fund expenditures were \$432 million under budget. The variance is primarily due to:

**Salary** expenditure was under budget by \$82 million or 3% due to staff reduction and lower costs in grant funded activities such as summer and afterschool programs.

**Benefit costs** were under budget by \$49 million. Favorable variances occurred in Teachers pension, career service pension, hospitalization costs, and Medicare of \$34 million, \$2 million, \$9 million and \$4 million, respectively

**Services expenditure** was under budget by \$21 million. The variance is primarily attributed to a decrease in SES tutoring services and transportation costs.

**Commodities** expenditure was lower than budget by \$60 million due to savings in energy costs of \$6 million and less spending on supplies, food and textbooks of \$30 million, \$14 million and \$10 million, respectively.

**Other fixed charges** expenditure was under budget by \$220 million because the contingency budget set aside for grants was not required, primarily because of \$189 million of stimulus ARRA Title I grant that is

now appropriated for the second year of the grant for FY2011 programs. In addition, other potential federal grants were not received.

In August 2009, the Board adopted a balanced budget for fiscal year 2010 that reflected total resources, including \$106.4 million of available fund balances, and appropriations of \$5.33 billion for the General Operating Fund.

In August 2010, the Board adopted a balanced budget for fiscal year 2011 that reflected total resources, including \$244.6 million of available fund balances, and appropriations of \$5.28 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 CPS' finances and to show 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.edu> 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.)*





Educate • Inspire • Transform



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**STATEMENT OF NET ASSETS**  
**June 30, 2010**  
**(Thousands of Dollars)**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and investments . . . . .	\$ 857,002
Cash and investments in escrow . . . . .	951,546
Cash and investments held in school internal accounts . . . . .	31,647
Property taxes receivable, net of allowance . . . . .	906,944
Other receivables:	
Replacement taxes . . . . .	22,829
State aid, net of allowance . . . . .	807,665
Federal aid . . . . .	156,023
Other, net of allowance . . . . .	40,209
Other assets . . . . .	34,971
Total Current Assets: . . . . .	<u>\$ 3,808,836</u>
Non-current Assets:	
Land and construction in progress . . . . .	946,375
Buildings and improvements, equipment, and software, net of accumulated depreciation . . . . .	4,528,357
Deferred outflow of resources . . . . .	164,977
Total Non-current Assets: . . . . .	<u>\$ 5,639,709</u>
Total Assets . . . . .	<u>\$ 9,448,545</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable . . . . .	\$ 347,225
Accrued payroll and benefits . . . . .	582,653
Amount held for student activities . . . . .	31,647
Other accrued liabilities . . . . .	9,124
Unearned revenue . . . . .	26,254
Interest payable . . . . .	20,158
Current portion of long-term debt and capitalized lease obligations . . . . .	162,188
Total Current Liabilities: . . . . .	<u>\$ 1,179,249</u>
Long-term liabilities, net of current portion:	
Debt, net of premiums and discounts . . . . .	5,269,344
Capitalized lease obligations . . . . .	332,475
Derivative instrument liability . . . . .	169,059
Swaption borrowing payable . . . . .	38,143
Other accrued liabilities . . . . .	189
Pension . . . . .	1,968,685
Other postemployment benefits . . . . .	949,371
Other benefits and claims . . . . .	460,299
Total Long-term liabilities: . . . . .	<u>\$ 9,187,565</u>
Total Liabilities . . . . .	<u>\$10,366,814</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt . . . . .	\$ 137,353
Restricted for:	
Debt service . . . . .	446,933
Donations . . . . .	5,825
Enabling legislation . . . . .	109,163
Unrestricted . . . . .	<u>(1,617,543)</u>
Total Net Assets . . . . .	<u>\$ (918,269)</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 Year Ended June 30, 2010  
(Thousands of Dollars)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>					
<i>Governmental activities:</i>					
Instruction . . . . .	\$3,507,221	\$ 4,308	\$ 643,628	\$63,687	\$(2,795,598)
Support services:					
Pupil support services . . . . .	438,164	—	47,659	9,150	(381,355)
Administrative support services . . . . .	201,908	—	83,201	4,217	(114,490)
Facilities support services . . . . .	481,245	—	178,713	8,474	(294,058)
Instructional support services . . . . .	523,851	—	203,340	9,513	(310,998)
Food services . . . . .	207,127	6,881	172,345	3,196	(24,705)
Community services . . . . .	50,879	—	47,858	817	(2,204)
Interest expense . . . . .	258,360	—	—	—	(258,360)
Other . . . . .	12,919	—	—	—	(12,919)
Total Governmental Activities . . . . .	<u>\$5,681,674</u>	<u>\$11,189</u>	<u>\$1,376,744</u>	<u>\$99,054</u>	<u>\$(4,194,687)</u>
General revenues:					
Taxes:					
Property taxes . . . . .					\$1,896,265
Replacement taxes . . . . .					152,497
Non-program state aid . . . . .					1,532,679
Interest and investment earnings . . . . .					12,734
Other . . . . .					173,130
Total general revenues . . . . .					<u>\$3,767,305</u>
Change in net assets . . . . .					\$ (427,382)
Net assets — beginning (restated) . . . . .					<u>(490,887)</u>
Net assets — ending . . . . .					<u>\$ (918,269)</u>

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



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**BALANCE SHEET — GOVERNMENTAL FUNDS**

June 30, 2010

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Totals
<b>ASSETS:</b>				
Cash and investments . . . . .	\$ 754,727	\$ —	\$102,275	\$ 857,002
Cash and investments in escrow . . . . .	5,901	538,063	407,582	951,546
Cash and investments held in school internal accounts . . . . .	31,647	—	—	31,647
Receivables:				
Property taxes, net of allowance . . . . .	901,451	—	5,493	906,944
Replacement taxes . . . . .	22,829	—	—	22,829
State aid, net of allowance . . . . .	807,645	20	—	807,665
Federal aid . . . . .	154,833	1,190	—	156,023
Other, net of allowance . . . . .	9,224	28,801	2,184	40,209
Due from other funds . . . . .	278,509	1,133	39,982	319,624
Other assets . . . . .	4,595	—	—	4,595
Total Assets . . . . .	<u>\$2,971,361</u>	<u>\$569,207</u>	<u>\$557,516</u>	<u>\$4,098,084</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 280,197	\$ 55,633	\$ 11,395	\$ 347,225
Accrued payroll and benefits . . . . .	520,769	—	—	520,769
Amount held for student activities . . . . .	31,647	—	—	31,647
Due to other funds . . . . .	41,115	237,622	40,887	319,624
Deferred property tax revenue . . . . .	893,286	—	5,467	898,753
Other deferred/unearned revenue . . . . .	779,732	12,584	—	792,316
Total Liabilities . . . . .	<u>\$2,546,746</u>	<u>\$305,839</u>	<u>\$ 57,749</u>	<u>\$2,910,334</u>
<b>FUND BALANCES:</b>				
Reserved:				
Reserved for encumbrances . . . . .	\$ 111,166	\$229,522	\$ —	\$ 340,688
Reserved for restricted donations . . . . .	5,825	—	—	5,825
Reserved for specific purposes . . . . .	109,163	—	—	109,163
Reserved for debt service . . . . .	—	—	375,211	375,211
Unreserved . . . . .	198,461	33,846	124,556	356,863
Total Fund Balances . . . . .	<u>\$ 424,615</u>	<u>\$263,368</u>	<u>\$499,767</u>	<u>\$1,187,750</u>
Total Liabilities and Fund Balances . . . . .	<u>\$2,971,361</u>	<u>\$569,207</u>	<u>\$557,516</u>	<u>\$4,098,084</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 BALANCE SHEET — GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

June 30, 2010

(Thousands of Dollars)

Total fund balances — governmental funds . . . . .	\$ 1,187,750
Certain costs are an expenditure in the fund financial statements in the year of issuance, but are an asset that is amortized over the life of the bonds in the government-wide financial statements. The Statement of Net Assets includes these amounts as other assets.	
Deferred charges — bond issuance costs . . . . .	30,376
Certain differences arise in the government-wide financial statements when accounting for derivatives. The Statement of Net Assets includes these amounts as other assets.	
Deferred outflow of resources . . . . .	164,977
The cost of capital assets (land, buildings and improvements, equipment and software) 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 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.	
Cost of capital assets . . . . .	8,216,931
Accumulated depreciation . . . . .	(2,742,199)
Liabilities applicable to the CPS' governmental activities that are not due and payable in the current period and are not reported as fund liabilities. Debt, interest payable on debt and other long-term obligations not recorded in the governmental funds but reported in the Statement of Net Assets include the following:	
Other accrued liabilities . . . . .	\$ (9,124)
Debt, net of premiums and discounts . . . . .	(5,402,517)
Capitalized lease obligations . . . . .	(361,490)
Pension . . . . .	(1,968,685)
Other postemployment benefits . . . . .	(949,371)
Other benefits and claims . . . . .	<u>(522,183)</u>
	(9,213,370)
Interest payable . . . . .	(20,158)
Arbitrage liability — long term . . . . .	(189)
Swaption borrowing payable . . . . .	(38,143)
Derivative instrument liability . . . . .	(169,059)
Revenues that have been deferred in the governmental funds because they are not available but are recognized as revenue in the government-wide financial statements.	
Deferred property tax revenue . . . . .	898,753
Other deferred revenue . . . . .	<u>766,062</u>
Net Assets . . . . .	<u>\$ (918,269)</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, 2010

With Comparative Amounts for the Fiscal Year Ended June 30, 2009

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fiscal Year Ended June 30, 2010	Total Fiscal Year Ended June 30, 2009
<b>REVENUES:</b>					
Property taxes . . . . .	\$2,035,938	\$ —	\$ 11,225	\$2,047,163	\$1,896,540
Replacement taxes . . . . .	96,816	—	55,681	152,497	188,503
State aid . . . . .	1,367,797	—	184,279	1,552,076	1,511,886
Federal aid . . . . .	1,160,412	12,275	7,461	1,180,148	1,125,580
Interest and investment earnings . . . . .	3,084	1,978	7,421	12,483	43,693
Other . . . . .	111,985	83,106	164,570	359,661	253,376
Total Revenues . . . . .	<u>\$4,776,032</u>	<u>\$ 97,359</u>	<u>\$ 430,637</u>	<u>\$5,304,028</u>	<u>\$5,019,578</u>
<b>EXPENDITURES:</b>					
Instruction . . . . .	\$2,898,855	\$ —	\$ —	\$2,898,855	\$2,773,440
Pupil support services . . . . .	416,502	—	—	416,502	390,399
Administrative support services . . . . .	191,927	—	—	191,927	222,908
Facilities support services . . . . .	385,726	—	—	385,726	407,332
Instructional support services . . . . .	432,984	—	—	432,984	427,432
Food services . . . . .	196,828	—	—	196,828	194,603
Community services . . . . .	50,331	—	—	50,331	56,003
Teacher's pension and retirement benefits . . . . .	294,424	—	—	294,424	237,011
Capital outlay . . . . .	13,927	691,764	—	705,691	672,412
Debt service . . . . .	2,710	—	383,887	386,597	302,206
Other . . . . .	11,928	—	—	11,928	8,504
Total Expenditures . . . . .	<u>\$4,896,142</u>	<u>\$ 691,764</u>	<u>\$ 383,887</u>	<u>\$5,971,793</u>	<u>\$5,692,250</u>
REVENUES IN EXCESS OF/(LESS THAN) EXPENDITURES . . . . .	<u>\$ (120,110)</u>	<u>\$ (594,405)</u>	<u>\$ 46,750</u>	<u>\$ (667,765)</u>	<u>\$ (672,672)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Gross amounts from debt issuances . . . . .	\$ —	\$ 801,575	\$ 281,685	\$1,083,260	\$ 225,675
Premiums . . . . .	—	2,221	4,238	6,459	—
Insurance proceeds . . . . .	—	—	—	—	1,155
Sales of general capital assets . . . . .	—	—	—	—	91
Payment to refunded bond escrow agent . . . . .	—	—	(288,704)	(288,704)	(226,408)
Transfers in/(out) . . . . .	17,851	(46,760)	28,909	—	—
Total other financing sources (uses) . . . . .	<u>\$ 17,851</u>	<u>\$ 757,036</u>	<u>\$ 26,128</u>	<u>\$ 801,015</u>	<u>\$ 513</u>
NET CHANGE IN FUND BALANCES . . . . .	<u>\$ (102,259)</u>	<u>\$ 162,631</u>	<u>\$ 72,878</u>	<u>\$ 133,250</u>	<u>\$ (672,159)</u>
Fund Balances, beginning of period . . . . .	526,874	100,737	426,889	1,054,500	1,726,659
Fund Balances, end of period . . . . .	<u>\$ 424,615</u>	<u>\$ 263,368</u>	<u>\$ 499,767</u>	<u>\$1,187,750</u>	<u>\$1,054,500</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 STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES  
 IN FUND BALANCES — GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2010

(Thousands of Dollars)

Total net change in fund balances — governmental funds . . . . .	\$ 133,250
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 . . . . .	\$ 625,159
Depreciation expense . . . . .	<u>(187,104)</u>
	438,055
Proceeds from sales of bonds 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 . . . . .	(1,083,260)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets . . . . .	431,620
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds 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 . . . . .	(22,493)
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 . . . . .	1,645
Since some property taxes and grants will not be collected for several months after 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. The following represents the change in related deferred revenue balances.	
Property taxes . . . . .	(150,897)
Grants . . . . .	100,873
In the Statement of Activities, pollution remediation obligation, legal settlements, sick pay, vacation pay, workers' compensation, general and automobile liability, 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 paid measured by the amount actually paid. The following represents the change during the year for these obligations.	
Pollution remediation obligation . . . . .	6,118
Legal settlements . . . . .	(500)
Sick pay . . . . .	(39,666)
Vacation pay . . . . .	(1,201)
Workers' compensation . . . . .	(11,886)
General and automobile liability . . . . .	3,468
Net pension obligation . . . . .	(38,800)
Other postemployment benefits — Teacher . . . . .	(192,718)
In the Statement of Activities, gain or loss on disposal of capital assets is reported, whereas in the government funds, the entire proceeds are recorded. . . . .	<u>(990)</u>
Change in Net Assets . . . . .	<u>\$ (427,382)</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 BALANCE  
FINAL APPROPRIATIONS VS. ACTUAL — GENERAL OPERATING FUND  
For the Fiscal Year Ended June 30, 2010  
(Thousands of Dollars)**

	Approved Budget	Transfers In/(Out)	Final Appropriations	Fiscal Year Actual	Variance
<b>REVENUES:</b>					
Property taxes . . . . .	\$2,065,070	\$ —	\$2,065,070	\$2,035,938	\$ (29,132)
Replacement taxes . . . . .	105,820	—	105,820	96,816	(9,004)
State aid . . . . .	1,466,617	—	1,466,617	1,367,797	(98,820)
Federal aid . . . . .	1,472,185	—	1,472,185	1,160,412	(311,773)
Interest and investment income . . . . .	5,600	—	5,600	3,084	(2,516)
Other . . . . .	106,150	—	106,150	111,985	5,835
Total Revenues . . . . .	<u>\$5,221,442</u>	<u>\$ —</u>	<u>\$5,221,442</u>	<u>\$4,776,032</u>	<u>\$(445,410)</u>
<b>EXPENDITURES:</b>					
<b>Salaries —</b>					
Teachers . . . . .	\$2,028,831	\$ 76,591	\$2,105,422	\$2,026,257	\$ 79,165
Career services . . . . .	608,081	(1,639)	606,442	604,042	2,400
<b>Commodities —</b>					
Energy . . . . .	90,978	(6,525)	84,453	78,682	5,771
Food . . . . .	106,930	325	107,255	93,088	14,167
Textbooks . . . . .	99,532	(18,996)	80,536	70,596	9,940
Supplies . . . . .	66,521	11,765	78,286	48,046	30,240
Other . . . . .	676	—	676	948	(272)
<b>Services —</b>					
Professional fees . . . . .	345,309	67,502	412,811	381,851	30,960
Charter schools . . . . .	270,000	49,116	319,116	326,322	(7,206)
Transportation . . . . .	100,968	16,262	117,230	109,349	7,881
Tuition . . . . .	73,980	(12,679)	61,301	62,568	(1,267)
Telephone and telecommunications . . . . .	4,596	660	5,256	18,199	(12,943)
Other . . . . .	11,663	8,008	19,671	15,688	3,983
Equipment — Educational . . . . .	16,965	22,901	39,866	33,661	6,205
<b>Building and sites —</b>					
Repairs and replacements . . . . .	33,121	2,005	35,126	31,854	3,272
Capital outlay . . . . .	—	12	12	10	2
<b>Fixed charges —</b>					
Teachers' pension . . . . .	510,923	(1,576)	509,347	475,628	33,719
Career service pension . . . . .	97,853	944	98,797	96,913	1,884
Hospitalization and dental insurance . . . . .	329,981	(9,470)	320,511	311,048	9,463
Medicare . . . . .	37,337	1,103	38,440	34,826	3,614
Unemployment compensation . . . . .	10,351	5,833	16,184	16,000	184
Workers compensation . . . . .	26,954	1,923	28,877	28,244	633
Rent . . . . .	12,970	(942)	12,028	12,093	(65)
Debt service . . . . .	2,710	—	2,710	2,710	—
Other . . . . .	440,641	(213,123)	227,518	17,519	209,999
Total Expenditures . . . . .	<u>\$5,327,871</u>	<u>\$ —</u>	<u>\$5,327,871</u>	<u>\$4,896,142</u>	<u>\$ 431,729</u>
REVENUES (LESS THAN) EXPENDITURES . . . . .	<u>\$ (106,429)</u>	<u>\$ —</u>	<u>\$ (106,429)</u>	<u>\$ (120,110)</u>	<u>\$ (13,681)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in . . . . .	\$ —	\$ —	\$ —	\$ 17,851	\$ 17,851
Total other financing sources . . . . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 17,851</u>	<u>\$ 17,851</u>
NET CHANGE IN FUND BALANCE . . . . .	<u>\$ (106,429)</u>	<u>\$ —</u>	<u>\$ (106,429)</u>	<u>\$ (102,259)</u>	<u>\$ 4,170</u>
Fund Balance, beginning of period . . . . .	526,874	—	526,874	526,874	—
Fund Balance, end of period . . . . .	<u>\$ 420,445</u>	<u>\$ —</u>	<u>\$ 420,445</u>	<u>\$ 424,615</u>	<u>\$ 4,170</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, 2010

**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 2010, CPS adopted the following GASB Statements:

- GASB 51, *Accounting and Financial Reporting for Intangible Assets*. Please refer to the Capital Assets section of Note 1 and Note 6 for required disclosures. This statement established accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby, enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.
- GASB 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addressed the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. In connection with adoption of this statement, net assets at June 30, 2009, have been reduced by \$44.5 million. Refer to Notes 10 and 15 for required disclosures.

Other accounting standards that CPS is currently reviewing for applicability include:

- GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for CPS with its year ended June 30, 2011. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.
- GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, will be effective for CPS with its year ended June 30, 2012. This statement addresses issues related to the use of the alternative measure method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- GASB 59, *Financial Instruments Omnibus*, will be effective for CPS with its year ended June 30, 2011. This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

**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' taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

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





**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

if collected within 30 days of fiscal year end. For this purpose, the CPS also considers State aid, Federal aid and replacement tax revenues that are susceptible to accrual to be available if they are collected within 30 days of fiscal year end. 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, claims and judgments, other postemployment benefits, net pension obligations, and pollution remediation obligations, 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 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
- Elementary and Secondary Education Act (ESEA) Program
- Individuals with Disabilities Education Act (IDEA) Program
- American Recovery and Reinvestment Act of 2009 (ARRA)
- 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.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***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.

**Assets, Liabilities, and Net Assets or Equity***Deposits and Investments*

CPS' cash and cash equivalents consist 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, based on quoted market prices.

*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 2009 property taxes were levied for fiscal year 2010 in December 2009, and were billed in fiscal year 2010. In 2010, the installment due dates were March 2 and December 13. 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, construction in progress, buildings, building improvements and equipment are reported in the governmental activities columns in the government-wide financial





**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. In FY2010, CPS implemented GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets* reporting internally developed software with a capitalization threshold of \$75,000 or more.

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. There were no capital asset impairments during fiscal year 2010.

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
Internally developed software. . . . .	3
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 was computed using the employee's actual daily wage. Please refer to Note 11 for accruals.

*Long-term Obligations*

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Swaps*

CPS enters into interest rate swap agreements to modify interest rates on outstanding debt. CPS reported the swaps according with GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". Please refer to Notes 10 and 15 for required disclosures.

*Fund Balances and Net Assets*

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 includes the following:

*Invested 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.

*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.

*Restricted for Donations and by Enabling Legislation* — 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.

*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*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CPS' financial statements for the year ended June 30, 2009, from which the summarized information was derived.

*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



**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

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.

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 2010. 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*—CPS levies property taxes using tax levy rates established by statute and an equalized assessed valuation (EAV) estimated by 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.

As part of the annual budgetary process, CPS adopts a resolution each December in which it is determined to levy real estate taxes. This tax levy resolution imposes property taxes in terms of a dollar amount. The Truth in Taxation Law requires that notice in prescribed form must be published and a public hearing must be held if the aggregate annual levy exceeds 105% of the levy of the preceding year.

Since the 1994 levy year, CPS has been subject to the Property Tax Extension Limitation Law (PTELL). The PTELL, commonly known as the property-tax cap, is designed to limit the increases in property taxes billed for non-home rule taxing districts. The growth in a taxing district's aggregate extension base is limited to the lesser of 5% or the increase in the national Consumer Price Index (CPI) for the year preceding the levy year. The CPI used is for all urban consumers for all items as published by the U.S. Department of Labor, Bureau of Labor Statistics. This limitation can be increased for a taxing body with voter approval. The PTELL allows a taxing district to receive a limited annual increase in tax extensions on existing property, plus an additional amount for new construction. This limit slows the growth of revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation.

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 are 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.



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

Legal limitations on tax rates and the rates extended in calendar years 2010 and 2009 are shown below.

	Maximum 2010 Legal Limit	Tax Rates Extended Per \$100 of EAV	
		2010	2009
<b>General Operating Fund:</b>			
Educational . . . . .	(A)	\$2.204	\$2.426
Workers' and Unemployment Compensation/Tort Immunity . . . . .	(B)	.148	.031
<b>Debt Service Fund:</b>			
Public Building Commission Leases Program . . . . .	(C)	.014	.015
		<u>\$2.366</u>	<u>\$2.472</u>

- A. The maximum legal limit for educational purposes cannot exceed \$4.00 per \$100 of EAV (105 ILCS 5/34-53), and the total amount billed under General Operating Fund is subject to the PTELL as described above.
- B. These tax rates are not limited by law, but are subject to the tax cap as described above.
- C. The tax cap limitation contained in the PTELL does not apply to the taxes levied by CPS to make its lease payments.

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

	Fund Financial Statements	Government Wide- Financial Statements
<b>Revenues:</b>		
General State Aid Unrestricted . . . . .	\$ 783,177	\$ 783,177
Supplementary General State Aid . . . . .	218,600	218,600
General Education Block Grant . . . . .	68,753	48,972
Educational Services Block Grant . . . . .	421,346	478,773
Other Restricted State Revenue . . . . .	60,200	86,058
Total State Aid . . . . .	<u>\$1,552,076</u>	\$1,615,580
<b>Program Revenues:</b>		
Operating Grants and Contributions . . . . .		(82,901)
Non-Program General State Aid . . . . .		<u>\$1,532,679</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.

**NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)****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 CPS. Collateral shall be only those securities authorized as allowable investments.

As of June 30, 2010, the book amount of the CPS' deposit accounts was \$35.4 million. The bank balances totaled \$36.8 million as of June 30, 2010. The difference between the book and bank balances primarily represents checks that have been issued but have not yet cleared as of June 30, 2010. The bank balance was covered by Federal Depository Insurance and by collateral held by third-party custodians.

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**

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 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.
- **Diversification.** The investment portfolio shall be diversified to avoid incurring unreasonable risks associated with specific securities or financial institutions.



**NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)**

At June 30, 2010, CPS had the following investments (\$000's) and maturities:

<u>Investment Type</u>	<u>Ratings</u>	<u>Carrying Amount</u>	<u>Maturities Less Than 1 Year</u>	<u>Maturities 1-5 Years</u>
Repurchase Agreements . . . . .	AAA	\$ 83,148	\$ 83,148	\$ —
U.S. Government Agency Securities . . . . .	AAA	652,858	437,503	215,355
U.S. Treasury Notes . . . . .	AAA	954	—	954
Commercial Paper . . . . .	A1 or A1+/P-1	139,932	139,932	—
Money Market Mutual Funds . . . . .	AAA	927,898	927,898	—
Total Investments . . . . .		<u>\$1,804,790</u>	<u>\$1,588,481</u>	<u>\$216,309</u>
Cash . . . . .		35,405		
Total Cash and Investments . . . . .		<u>\$1,840,195</u>		

*Credit Risk* — State law and the CPS Investment Policy limit 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 limit investment in commercial paper to the top two ratings issued by at least two standard rating services. As of June 30, 2010, CPS' investments in commercial paper were rated A1+ or A1 by Moody's Investment Service and P-1 by Standard and Poor's. As of June 30, 2010, Standard and Poor's rated CPS' investments in money market mutual funds AAA as required by the CPS Investment Policy.

*Concentration of Credit Risk* — As of June 30, 2010, there were no investments in any one issuer that represent 5% or more of the total investments. Investments issued by the U.S. government and investment in mutual funds are excluded from the concentration of credit risk.

*Custodial Risk* — During the fiscal year ended June 30, 2010, all of CPS' investments 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.

*Interest Rate Risk* — The CPS Investment Policy requires maintenance of a two-tiered portfolio which limits the average maturity of the Liquidity Cash Management tier of the portfolio to six months, limits the average maturity of the Enhanced Cash Management tier of the portfolio to five years and limits the maturity of any single issue in the Enhanced Cash Management tier of the portfolio to 10 years.

The following table provides a summary of CPS' total cash and investments as of June 30, 2010 (\$000's):

<u>Fund:</u>	<u>Amount</u>
General Operating Fund . . . . .	\$ 792,275
Capital Projects Fund . . . . .	538,063
Debt Service Fund . . . . .	509,857
Total Cash and Investments . . . . .	<u>\$1,840,195</u>



**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2010 for CPS, net of the applicable allowance for uncollectible accounts, are as follows (\$000's):

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fund Financial Statements	Government- Wide Financial Statements
Property taxes . . . . .	\$ 971,084	\$ —	\$5,905	\$ 976,989	\$ 976,989
Replacement taxes . . . . .	22,829	—	—	22,829	22,829
State aid . . . . .	811,487	20	—	811,507	811,507
Federal aid . . . . .	154,833	1,190	—	156,023	156,023
Other . . . . .	10,900	28,801	2,184	41,885	41,885
Total Receivables . . . . .	<u>\$1,971,133</u>	<u>\$30,011</u>	<u>\$8,089</u>	<u>\$2,009,233</u>	<u>\$2,009,233</u>
Less: Allowance for uncollectibles — property tax . . . . .	(69,633)	—	(412)	(70,045)	(70,045)
Less: Allowance for uncollectibles — state aid . . . . .	(3,842)	—	—	(3,842)	(3,842)
Less: Allowance for uncollectibles — other . . . . .	(1,676)	—	—	(1,676)	(1,676)
Total Receivables, net . . . . .	<u>\$1,895,982</u>	<u>\$30,011</u>	<u>\$7,677</u>	<u>\$1,933,670</u>	<u>\$1,933,670</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, 2010, the components of deferred revenue reported in the fund financial statements are as follows (\$000's):

Deferred property taxes . . . . .	\$ 898,753
Other deferred revenue . . . . .	766,062
Unearned revenue . . . . .	26,254
Total Deferred Revenue . . . . .	<u>\$1,691,069</u>



**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows (\$000's):

<b>Government-wide activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Transfers to In-service</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land . . . . .	\$ 284,230	\$ 14,218	\$ (239)	\$ 298,209
Construction in progress . . . . .	<u>811,154</u>	<u>489,855</u>	<u>(652,843)</u>	<u>648,166</u>
Total capital assets not being depreciated . . . . .	<u>\$ 1,095,384</u>	<u>\$ 504,073</u>	<u>\$(653,082)</u>	<u>\$ 946,375</u>
Capital assets being depreciated:				
Buildings and improvements . . . . .	\$ 6,398,000	\$ 762,376	\$ (49,860)	\$ 7,110,516
Equipment and administrative software . . . . .	159,229	9,201	(11,796)	156,634
Internally developed software . . . . .	<u>—</u>	<u>3,406</u>	<u>—</u>	<u>3,406</u>
Total capital assets being depreciated . . . . .	<u>\$ 6,557,229</u>	<u>\$ 774,983</u>	<u>\$ (61,656)</u>	<u>\$ 7,270,556</u>
Total Capital Assets . . . . .	<u>\$ 7,652,613</u>	<u>\$ 1,279,056</u>	<u>\$(714,738)</u>	<u>\$ 8,216,931</u>
Less accumulated depreciation for:				
Buildings and improvements . . . . .	\$(2,569,690)	\$ (179,775)	\$ 48,246	\$(2,701,219)
Equipment and administrative software . . . . .	<u>(45,257)</u>	<u>(7,329)</u>	<u>11,606</u>	<u>(40,980)</u>
Total accumulated depreciation . . . . .	<u>\$(2,614,947)</u>	<u>\$ (187,104)</u>	<u>\$ 59,852</u>	<u>\$(2,742,199)</u>
Capital Assets, net of depreciation . . . . .	<u>\$ 5,037,666</u>	<u>\$ 1,091,952</u>	<u>\$(654,886)</u>	<u>\$ 5,474,732</u>

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

Governmental activities:	
Instruction . . . . .	\$120,128
Pupil support services . . . . .	17,259
Administrative support services . . . . .	7,953
Facilities support services . . . . .	15,665
Instructional support services . . . . .	17,943
Food services . . . . .	<u>8,156</u>
Total Depreciation . . . . .	<u>\$187,104</u>

**Construction Commitments**

CPS had active construction projects as of June 30, 2010. These projects include new construction and renovations of schools. At year-end, CPS had approximately \$229.5 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 . . . . .	\$ 237,622
Due to Capital Asset Program . . . . .	(1,133)
Due to Public Building Commission Leases Program . . . . .	(39,982)
Due from Bond Redemption and Interest Program . . . . .	40,887
Total — Due from other Funds . . . . .	<u>\$ 237,394</u>
Capital Projects Fund:	
Capital Assets Program — Due from General Operating Fund . . . . .	\$ 1,133
Capital Improvement Program — Due to General Operating Fund . . . . .	<u>(237,622)</u>
Total — Due to other Funds . . . . .	<u>\$(236,489)</u>
Debt Service Fund:	
Public Building Commission Leases Program — Due from General Operating Fund . . . . .	\$ 39,982
Bond Redemption and Interest Program — Due to General Operating Fund . . . . .	<u>(40,887)</u>
Total — Due to other Funds . . . . .	<u>\$ (905)</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**

To reduce the tax burden for taxpayers, CPS decided to abate Public Building Commission (PBC) tax levies in the amount of \$40 million in fiscal year 2010, by transferring \$40 million from the Bond Redemption and Interest Program to the PBC Leases Program. Because the decision was made in July 2009, the PBC lease fund had already received its 2009 spring allocation based on the assumption that the PBC levy would be a full \$52 million. To true-up this over-allocation of property tax revenues that occurred in the prior fiscal year, CPS made an operating transfer of \$18.1 million from the PBC Lease Program to the General Operating Fund.

In fiscal year 2010, CPS transferred \$0.7 million of interest earnings and unspent issuance costs from the Debt Service Fund to the General Operating Fund and \$0.9 million from the General Operating Fund to Bond Redemption and Interest Program for the insurance substitution cost. In addition, CPS also made an operating transfer of \$46.8 million from the Capital Projects Fund to the Debt Service Fund for capitalized interest.



**NOTE 8. LONG-TERM DEBT**

**General Obligation Bonds**

CPS issued the following bonds in fiscal year 2010:

Unlimited Tax General Obligation Refunding Bonds (Series 2009D)

In July 2009, CPS issued \$75,720,000 in Unlimited Tax General Obligation Refunding Bonds (Series 2009D) at a premium of \$4,238,498. The proceeds from these bonds were used to refund the Series 2004DE bonds. The Board contributed \$917,872 to pay for costs of issuance. As a result of the issuance, \$82,482,920 was deposited in a trust with an escrow agent to purchase the Series 2004DE bonds upon the next remarketing. On July 30, 2009, the bonds were repurchased in full and are considered fully refunded. The debt service on this issuance will be paid by revenues received from Pledged State Aid revenues.

The following table details the payments to the refunded bond escrow agent (\$000's):

<u>Description</u>	<u>Amount</u>
Net proceeds . . . . .	\$79,959
Amounts on hand related to refunded debt. . . . .	<u>2,524</u>
Total . . . . .	<u>\$82,483</u>

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.04 million. This difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through the year 2023. Because the refunded bonds are variable rate, the calculation of an economic gain disclosure is not meaningful as there is an uncertainty of future debt service requirements. Accordingly, no economic gain has been made for this refunding.

Unlimited Tax General Obligation Bonds Taxable Build America Bonds (Series 2009E)

In September 2009, CPS issued \$518,210,000 in Unlimited Tax General Obligation Taxable Build America Bonds (Series 2009E). 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 \$470,423,849 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues and Federal interest subsidy payments.

Unlimited Tax General Obligation Bonds (Series 2009F)

In September 2009, CPS issued \$29,125,000 in Unlimited Tax General Obligation Bonds (Series 2009F) at a premium of \$2,221,004. 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 \$28,589,164 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues.

Unlimited Tax General Obligation Bonds Qualified School Construction Bonds (Series 2009G)

In December 2009, CPS issued \$254,240,000 in Unlimited Tax General Obligation Bonds Qualified School Construction Bonds (Series 2009G). 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 \$251,721,700 in the Capital Improvement Fund. The debt service on this issuance will be paid from General State Aid revenues.

**NOTE 8. LONG-TERM DEBT (continued)**

Unlimited Tax General Obligation Refunding Bonds (Series 2010AB)

In February 2010, CPS issued \$205,965,000 in Unlimited Tax General Obligation Refunding Bonds (Series 2010AB). CPS contributed \$777,087 to pay for costs of issuance. The proceeds from these bonds were used to refund the Series 2004C-2 and Series 2005D-2 bonds. As a result of the issuance, \$48,952,880 was deposited in a trust with an escrow agent to purchase the Series 2004C-2 bonds upon the next remarketing. CPS deposited \$157,268,423 in a trust with an escrow agent to purchase the Series 2005D-2 bonds upon its next remarketing. In February 2010, the bonds were repurchased in full and are considered fully refunded. The debt service on this issuance will be paid from General State Aid revenues.

The following table details the payments to the refunded bond escrow agent (\$000's):

<u>Description</u>	<u>Amount</u>
Net proceeds . . . . .	\$205,965
Amounts on hand related to refunded debt. . . . .	<u>256</u>
Total . . . . .	<u>\$206,221</u>

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2.5 million. This difference reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2035. Because the refunded bonds are variable rate, the calculation of an economic gain disclosure is not meaningful as there is an uncertainty of future debt service requirements. Accordingly, no economic gain has been made for this refunding.



**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, 2009	Issuances	Retirements	Principal Outstanding June 30, 2010	Accreted Interest	Principal and Accreted Interest June 30, 2010
2010B	\$ —	\$ 157,055	\$ —	\$ 157,055	\$ —	\$ 157,055
2010A	—	48,910	—	48,910	—	48,910
2009G	—	254,240	—	254,240	—	254,240
2009F	—	29,125	—	29,125	—	29,125
2009E	—	518,210	—	518,210	—	518,210
2009D	—	75,720	(4,340)	71,380	—	71,380
2009C	20,265	—	(6,450)	13,815	—	13,815
2009B	75,410	—	—	75,410	—	75,410
2009A	130,000	—	—	130,000	—	130,000
2008C	464,655	—	—	464,655	—	464,655
2008B	236,150	—	(5,100)	231,050	—	231,050
2008A	262,785	—	—	262,785	—	262,785
2007D	233,065	—	(6,875)	226,190	—	226,190
2007BC	204,340	—	(305)	204,035	—	204,035
2006B	347,145	—	(6,170)	340,975	—	340,975
2006A	6,853	—	—	6,853	—	6,853
2005DE	157,055	—	(157,055)	—	—	—
2005B	52,595	—	—	52,595	—	52,595
2005A	193,585	—	—	193,585	—	193,585
2004G	12,500	—	—	12,500	—	12,500
2004E	29,155	—	(29,155)	—	—	—
2004D	53,030	—	(53,030)	—	—	—
2004C-2	48,910	—	(48,910)	—	—	—
2004A	205,410	—	—	205,410	—	205,410
2003C	4,585	—	—	4,585	—	4,585
2003A	53,585	—	(5,640)	47,945	—	47,945
2002A	46,040	—	(1,675)	44,365	—	44,365
2001C	19,620	—	(4,545)	15,075	—	15,075
2001B	9,440	—	—	9,440	—	9,440
2001A	3,895	—	(905)	2,990	—	2,990
2000E	13,390	—	—	13,390	—	13,390
2000B,C,D	303,000	—	(3,600)	299,400	—	299,400
2000A	16,525	—	(2,365)	14,160	—	14,160
IDFA 1999A	12,000	—	—	12,000	—	12,000
1999A	529,030	—	(24,342)	504,688	210,007	714,695
1998B-1	328,714	—	(17,825)	310,889	251,113	562,002
1998	14,000	—	—	14,000	—	14,000
1997A	37,985	—	—	37,985	36,415	74,400
1997	50,710	—	(11,465)	39,245	—	39,245
1996	46,070	—	(10,495)	35,575	—	35,575
Total Bonds	\$4,221,497	\$1,083,260	\$(400,247)	\$4,904,510	\$497,535	\$5,402,045
Note Payable	1,318	—	(1,318)	—	—	—
Asbestos Abatement Loans	2,710	—	(2,710)	—	—	—
Total Long-Term Debt	<u>\$4,225,525</u>	<u>\$1,083,260</u>	<u>\$(404,275)</u>	<u>\$4,904,510</u>	<u>\$497,535</u>	<u>\$5,402,045</u>
Less Current Portion						(133,173)
Deferred Amounts:						
On Refunding						(95,871)
For Net Premium/(Discount)						96,343
Total Long-term Debt, net of Refunding, Current Portion and Premium/(Discount)						<u>\$5,269,344</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 . . . . .	\$(109,688)
Accreted Interest . . . . .	(28,812)
Refunding . . . . .	<u>5,327</u>
Subtotal . . . . .	\$(133,173)
Lease obligations . . . . .	<u>(29,015)</u>
Total Current Portion . . . . .	<u><u>\$(162,188)</u></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 an irrevocable trust that, together with interest earned, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at June 30, 2010 are as follows (\$000's):

<u>Description</u>	<u>Amount Defeased</u>	<u>Amount Outstanding</u>
Unlimited Tax General Obligation Bonds Series 2005C . . . . .	\$ 53,750	\$ 49,750
Unlimited Tax General Obligation Bonds Series 2004H . . . . .	18,500	18,500
Unlimited Tax General Obligation Bonds Series 2004F . . . . .	25,000	25,000
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 . . . . .	<u>90,435</u>	<u>90,435</u>
Total . . . . .	<u><u>\$398,070</u></u>	<u><u>\$394,070</u></u>

*Future debt and associated swap payments* (see Note 10). Interest rates on fixed rate bonds range from 1.75% to 6.75%, except that CPS does not pay or accrue interest on the Series 2006A Bonds, Series 2003C Bonds, 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 these bonds will be entitled to a credit against taxable income. Interest rates on unhedged variable rate bonds assume the debt service deposit requirement rate and net swap payments assume that variable rates as of June 30, 2010 remain the same through their term. Debt



**NOTE 8. LONG-TERM DEBT (continued)**

service requirements for the Unlimited Tax General Obligation Bonds and net swap payments are scheduled as follows (\$000's):

Fiscal Year(s)	Fixed Rate Bonds		Variable Rate Bonds			Total
	Principal	Interest	Principal	Interest*	Interest Rate Swaps, Net**	
2011 .....	\$ 93,087	\$ 176,329	\$ 16,600	\$ 21,172	\$ 35,327	\$ 342,515
2012 .....	114,891	170,230	17,365	20,571	35,327	358,384
2013 .....	101,113	171,668	18,320	19,944	35,327	346,372
2014 .....	119,932	173,769	19,360	19,549	35,074	367,684
2015 .....	110,572	172,026	21,015	19,122	34,811	357,546
2016-2020 .....	650,432	798,634	131,265	87,337	168,903	1,836,571
2021-2025 .....	866,186	778,332	195,075	66,235	153,416	2,059,244
2026-2030 .....	998,792	698,799	488,010	37,147	105,133	2,327,881
2031-2035 .....	404,135	409,340	293,400	4,901	26,069	1,137,845
2036-2040 .....	226,945	31,143	18,015	639	—	276,742
<b>Total</b> .....	<b>\$3,686,085</b>	<b>\$3,580,270</b>	<b>\$1,218,425</b>	<b>\$296,617</b>	<b>\$629,387</b>	<b>\$9,410,784</b>

\* Interest on Series 2000BCD unhedged variable rate demand notes was calculated at an assumed rate of 6.0% per annum, interest on unhedged Series 2009C variable rate demand notes calculated at an assumed rate of 4.5% per annum (equals annual debt service deposit requirements). Interest on variable rate demand notes assumes current interest rates remain the same as of June 30, 2010, and was calculated as follows:

Series 2000C — 0.3900%  
 Series 2008A — 1.1100%  
 Series 2008B — 1.1100%  
 Series 2009A — 0.3000%  
 Series 2009B — 0.1300%  
 Series 2010A — 0.1300%  
 Series 2010B — 0.1300%

\*\* Series 2000C computed: (3.823% — 0.243908%) x Outstanding Principal  
 Series 2008A computed: (5.2500% — 0.523908%) x Outstanding Principal  
 Series 2008B computed: (3.771% — 0.243908%) x Outstanding Principal  
 Series 2009A computed: (3.6617% — 0.243908%) x Outstanding Principal  
 Series 2009B computed: (3.825% — 0.243908%) x Outstanding Principal  
 Series 2010A computed: (3.825% — 0.243908%) x Outstanding Principal  
 Series 2010B computed: (3.6617% — 0.243908%) x Outstanding Principal

Variable rate bonds are demand obligations that allow bondholders to demand repayment on a weekly basis. The \$303,000,000 Series 2000BCD bonds are supported by Standby Bond Purchase Agreements with Dexia Credit Locale which expire on December 8, 2012. Under the Standby Bond Purchase Agreements, any bonds put to the bank would incur an interest rate equal to the Prime Rate as listed in the Wall Street Journal through December 8, 2012, at the Prime Rate plus 1.0% thereafter, and at the Prime Rate plus 2.0% in the event of a default, but in no case may the rate exceed 15%. The commitment fee is 0.125% per annum for the Series 2000BCD bonds and at June 30, 2010 there were no bonds drawn under the Standby Bond Purchase Agreement. The scheduled maturity of the bonds will not change if the Standby Purchase Agreements are not renewed.



**NOTE 8. LONG-TERM DEBT (continued)**

The \$65,000,000 Series 2009A-1 are supported by a Letter of Credit Facility with Harris Bank NA and the \$65,000,000 Series 2009A-2 are supported by The Northern Trust Company, both expire on March 17, 2012. Under the Letter of Credit Agreements, any bonds put to the bank would incur an interest rate equal to the greater of the Prime Rate, Federal Funds Rate plus ½ of 1%, and LIBOR Quoted Rate plus 1% (the Base Rate) for the first 7 days. For the 8th through 90th day interest would incur at the Base Rate plus 1.0%, for the 91st through 180th day interest would incur at the Base Rate plus 2.0% and thereafter, or in the event of default, the interest rate is the greater of the Prime Rate, Federal Funds Rate plus ½ of 1%, and LIBOR Quoted Rate plus 1%, plus 3.00% for the first 180 days, thereafter at the maximum rate allowed under Illinois law not to exceed 15% per annum. The commitment fee is 0.85% per annum for the Series 2009A bonds and at June 30, 2010 there were no bonds drawn under the Letter of Credit Agreements. The scheduled maturity of the bonds will not change if the Letter of Credit Agreements are not renewed.

The \$75,410,000 Series 2009B and \$20,265,000 Series 2009C are supported by a Letter of Credit Facility with US Bank which expires on June 24, 2012 for Series 2009B and March 8, 2012 for Series 2009C. Under the Letter of Credit Agreements, any bonds put to the bank would incur an interest rate equal to the greater of the Prime Rate and LIBOR Quoted Rate plus 2% (the Base Rate) for the first 89 days. For the 90th through 179th day interest would incur at the Base rate plus 3.5%, and for the 180th day and thereafter at the maximum rate allowed under Illinois law, not to exceed 15% per annum. In the event of default, the interest rate would be the Base Rate, plus 5.5% for the first 180 days; thereafter at the maximum rate allowed under Illinois law, not to exceed 15% per annum. The commitment fee is 1.55% per annum for the Series 2009B bonds, and 1.0% per annum for the Series 2009C and at June 30, 2010 there were no bonds drawn under the Letter of Credit Agreements. The scheduled maturity of the bonds will not change if the Letter of Credit Agreements are not renewed.

The \$48,910,000 Series 2010A and \$157,055,000 Series 2010B are supported by a Letter of Credit Facility with JP Morgan Bank which expires on February 17, 2013 for Series 2010AB. Under the Letter of Credit Agreements, any bonds put to the bank would incur an interest rate equal to the greater of the Prime Rate plus 1.50%, the Federal Funds Rate plus 2.0% or 5.0% for the first 90 days. For the 91st day and thereafter interest would incur at the greater of the Prime Rate plus 2.5%, the Federal Funds Rate plus 3.0% or 7.50%. In the event of default, the interest rate would be the greater of the Prime Rate, plus 2.50%, Federal Funds rate plus 3.00% or 7.50% and in each case plus 3.00%; but in no case may the rate exceed the maximum rate allowed under Illinois law, not to exceed 15% per annum. The commitment fee is 1.25% per annum for the Series 2010AB bonds and at June 30, 2010 there were no bonds drawn under the Letter of Credit Agreements. The scheduled maturity of the bonds will not change if the Letter of Credit Agreements are not renewed.

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

<u>Series</u>	<u>Accreted Interest June 30, 2009</u>	<u>Increase</u>	<u>Payment</u>	<u>Accreted Interest June 30, 2010</u>
1997A. . . . .	\$ 32,543	\$ 3,872	\$ —	\$ 36,415
1998B-1 . . . . .	234,309	28,339	(11,535)	251,113
1999A. . . . .	200,538	24,432	(14,963)	210,007
	<u>\$467,390</u>	<u>\$56,643</u>	<u>\$(26,498)</u>	<u>\$497,535</u>

The loans with the EPA to fund specific asbestos abatement projects were non-interest bearing and were paid off in fiscal year 2010.





**NOTE 9. LEASE OBLIGATIONS**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 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 a \$3.7 million lease with an option to purchase with the Teachers Academy of Math and Science. The assets acquired under this lease are land and building at a cost of \$0.7 million and \$3 million, respectively. 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, 2010, are as follows (\$000's):

<u>Fiscal Year(s)</u>	<u>PBC Lease Rentals</u>	<u>Other</u>	<u>Total</u>
2011 .....	\$ 51,874	\$ 424	\$ 52,298
2012 .....	51,926	424	52,350
2013 .....	51,963	424	52,387
2014 .....	51,981	424	52,405
2015 .....	52,029	424	52,453
2016-2020 .....	238,825	2,118	240,943
2021 .....	—	295	295
Total Rentals .....	\$ 498,598	\$ 4,533	\$ 503,131
Less — Interest and other costs .....	(139,383)	(2,258)	(141,641)
Principal amount of rental due .....	<u>\$ 359,215</u>	<u>\$ 2,275</u>	<u>\$ 361,490</u>

Following is a summary of changes in PBC leases and other capitalized leases outstanding (\$000's):

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
PBC Leases .....	\$386,385	\$—	\$(27,170)	\$359,215
Other Capitalized Leases .....	2,450	—	(175)	2,275
	<u>\$388,835</u>	<u>\$—</u>	<u>\$(27,345)</u>	<u>\$361,490</u>
Less: Current Portion PBC Leases .....				(28,840)
Current Portion Other Capitalized Leases .....				(175)
Total Long-Term Leases Outstanding .....				<u>\$332,475</u>

Operating Leases

CPS is a lessee in numerous operating leases associated with the rental of trucks, automobiles, various office equipment and real property. 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.





**NOTE 9. LEASE OBLIGATIONS (continued)**

Total expenditures for operating leases for the fiscal year ending June 30, 2010 were \$20.2 million. Following is a summary of operating lease commitments as of June 30, 2010 (000's):

<u>Fiscal Year(s)</u>	<u>Non-Real property leases</u>	<u>Real Property leases</u>	<u>Total</u>
2011 .....	\$ 9,072	\$10,362	\$19,434
2012 .....	7,394	9,173	16,567
2013 .....	3,938	8,960	12,898
2014 .....	1,510	8,962	10,472
2015 .....	114	7,938	8,052
2016-2020 .....	79	12,023	12,102
2021-2025 .....	—	6,462	6,462
Total Operating Lease Commitments .....	<u>\$22,107</u>	<u>\$63,880</u>	<u>\$85,987</u>

**NOTE 10. DERIVATIVE INSTRUMENTS****Interest Rate Swaps**

GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. The guidance in GASB 53 improves financial reporting by requiring governments to measure derivative instruments at fair value in their economic resources measurement focus financial statements. These improvements should allow users of those financial statements to more fully understand a government's resources available to provide services. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. On the other hand, the changes in fair value of investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period. CPS implemented GASB 53 for the fiscal year ended June 30, 2010.

**Interest Rate Derivatives**

CPS has ten interest rate swaps as of June 30, 2010. Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria of paragraph 27 a and b of GASB 53, or are classified as investment derivative instruments. The following table summarizes the interest rate swaps outstanding as of the end of the period.

<u>Potential Hedging Derivative</u>	<u>Trade Date</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Counterparty</u>
\$61.1MM Pay Fixed Swap .....	02/13/2007	03/01/2007	03/01/2032	Royal Bank of Canada
\$100MM Pay Fixed Swap .....	08/18/2005	12/01/2007	12/01/2030	Bank of America, N.A.
\$162.785MM Pay Fixed Swap ..	11/16/2006	12/01/2007	12/01/2028	Royal Bank of Canada
\$90MM Pay Fixed Swap .....	12/08/2003	12/12/2003	03/01/2034	Goldman Sachs Capital Markets, L.P.
\$95.35MM Pay Fixed Swap .....	12/08/2003	12/12/2003	03/01/2034	Goldman Sachs Bank USA
\$130MM Pay Fixed Swap .....	11/30/2005	12/08/2005	03/01/2026	Loop Financial Products I LLC
\$124.32MM Pay Fixed Swap ..	02/13/2007	03/01/2007	03/01/2035	Royal Bank of Canada
\$157.055MM Pay Fixed Swap ..	11/30/2005	12/08/2005	03/01/2036	Loop Financial Products I LLC
\$116.151MM Basis Swap .....	10/05/2005	11/01/2005	12/01/2031	Loop Financial Products I LLC
\$77.434MM Basis Swap .....	10/05/2005	11/01/2005	12/01/2031	Merrill Lynch Capital Services, Inc.



**NOTE 10. DERIVATIVE INSTRUMENTS (continued)**

**Evaluation of Hedge Effectiveness**

GASB 53 includes four methods for evaluating hedge effectiveness. A governmental entity can use any evaluation method outlined in the Statement and is not limited to using the same method from period to period. The four methods described in GASB 53 are consistent critical terms, synthetic instrument, dollar-offset, and regression analysis. In addition, GASB 53 allows a governmental entity to use other quantitative methods that are based on “established principles of financial economic theory”. CPS’ derivatives have been evaluated by an independent third-party vendor, using the four methods mentioned in the Statement and the results are summarized below:

**Hedging Derivative Instruments**

Consistent Critical Terms Method: . . . No derivatives pass  
 Synthetic Instrument Method: . . . . . \$61.1MM Swap  
 Dollar-Offset Method: . . . . . No derivatives pass  
 Regression Analysis Method: . . . . . \$100MM Swap, \$162.785MM Swap, \$90MM Swap, \$95.35MM Swap, \$130MM Swap, \$124.32MM Swap, \$157.055MM Swap

As of June 30, 2010, eight of ten potential hedging derivatives are effective hedges under GASB 53. The Basis Swaps do not meet the criteria of paragraph 27 b and are classified according to GASB 53 as investment derivatives.

The table below summarizes derivative instrument activity during the reporting period and balances at the end of the period (debit / (credit)): (\$000's)

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
<b>Governmental activities</b>					
Cash flow hedges:					
Pay-fixed interest rate swaps . . . . .	Deferred outflow	\$52,181	Debt	\$165,022	\$920,610
Investment derivatives:					
Basis swaps . . . . .	Interest and investment earnings	\$ (251)	Debt	\$ (4,037)	\$193,585

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

**NOTE 10. DERIVATIVE INSTRUMENTS (continued)**

The objectives and terms of CPS' eight hedging derivatives outstanding at the end of the period are below:

<u>Type</u>	<u>Objective</u>	<u>Notional Amount (000's)</u>	<u>Trade Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge a portion of changes in cash flows on 2000C bonds	\$ 61,100	02/13/2007	03/01/2032	Pay 3.823% Receive 1ML x 70%	Aaa/AA-
Pay-fixed interest rate swap	Hedge a portion of changes in cash flows on 2008A bonds	\$100,000	08/18/2005	12/01/2030	Pay 5.25% Receive 1ML x 70% + 0.28%	Aa3/A+
Pay-fixed interest rate swap	Hedge a portion of changes in cash flows on 2008A bonds	\$162,785	11/16/2006	12/01/2028	Pay 5.25% Receive 1ML x 70% + 0.28%	Aaa/AA-
Pay-fixed interest rate swap	Hedge a portion of changes in cash flows on 2008B bonds	\$ 90,000	12/08/2003	03/01/2034	Pay 3.771% Receive 1ML x 70%	Aa3/NR
Pay-fixed interest rate swap	Hedge a portion of changes in cash flows on 2008B bonds	\$ 95,350	12/08/2003	03/01/2034	Pay 3.771% Receive 1ML x 70%	Aa3/NR
Pay-fixed interest rate swap	Hedge interest rate risk on 2009A-1 and 2009A-2 bonds	\$130,000	11/30/2005	03/01/2026	Pay 3.6617% Receive 1ML x 70%	Aa3/A+
Pay-fixed interest rate swap	Hedge interest rate risk on 2009B and 2010A bonds	\$124,320	02/13/2007	03/01/2035	Pay 3.825% Receive 1ML x 70%	Aaa/AA-
Pay-fixed interest rate swap	Hedge interest rate risk on 2010B bonds	\$157,055	11/30/2005	03/01/2036	Pay 3.6617% Receive 1ML x 70%	Aa3/A+

**Credit Risk**

As of June 30, 2010, all hedging derivatives are liabilities and associated credit risk is not considered material. All of CPS' interest rate swap counterparties are currently rated A or higher by Fitch and/or S&P, and A2 or higher by Moody's. CPS manages credit risk by requiring its counterparties to post collateral in certain events. CPS is entitled to collateral from its counterparties if a net position with a counterparty is an asset of \$25M or more and the counterparty is rated below AA by Fitch and/or S&P, or Aa3 by Moody's; CPS is not required to post collateral. CPS enters into derivative agreements with multiple counterparties to limit concentration of credit risk. Currently, CPS has interest rate swaps with five different counterparties and no counterparty accounts for more than 37% of outstanding notional. CPS monitors counterparty credit risk on an ongoing basis.

**Interest Rate Risk**

All hedging derivatives are pay-fixed, receive-variable, cash flow hedges hedging a portion of CPS' variable rate debt. CPS believes it has significantly reduced interest rate risk attributable to the principal amount being hedged by entering into interest rate swaps.

**Basis Risk**

With the exception of Series 2008A and Series 2008B indexed bonds (private placements), the variable rate debt hedged by CPS's derivatives are variable rate demand obligation (VRDO) bonds that are remarketed daily or weekly. With the exception of the Series 2008 indexed bonds, CPS is exposed to basis risk because the variable rate receipts from the hedging derivatives are based on a rate or index other than the interest rates CPS pays on the VRDO bonds. CPS is exposed to basis risk to the degree that variable



**NOTE 10. DERIVATIVE INSTRUMENTS (continued)**

payments on the hedged item are not offset by the variable receipts from the hedging derivative. There is little basis risk on the hedged portion of the 2008 indexed bonds because the hedged variable payments are based on the same index, 1-Month LIBOR, as the variable receipts from the hedging derivative. For the period, the weighted average interest rate on CPS' variable rate debt is 0.71%, SIFMA is 0.28%, and 70% of 1-Month LIBOR is 0.17%.

**Termination Risk**

CPS or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, CPS' swap counterparties have the right to terminate a derivative if the credit rating of CPS's unenhanced, unlimited tax general obligation bonds is withdrawn or reduced by any two of Fitch, Moody's, and S&P below BBB in the case of Fitch or S&P, or Baa2 in the case of Moody's. If such an event occurs, CPS could be forced to terminate a derivative in a liability position. As of the date of this report, CPS' unenhanced, unlimited tax general obligation bonds are rated AA- by Fitch and S&P, and Aa2 by Moody's.

**Rollover Risk**

Rollover risk is the risk that a hedging derivative instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. As of June 30, 2010, rollover risk is not considered material.

**Foreign Currency Risk**

All hedging derivatives are denominated in US Dollars and therefore CPS is not exposed to foreign currency risk.

**Other Investment Derivatives**

As of June 30, 2010, CPS had investments with the following maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than 1 Year</u>	<u>Maturities 1-5 Years</u>	<u>Maturities 6-10 Years</u>	<u>Maturities More Than 10 Years</u>
Investment Derivative Instrument . . . . .	\$(1,496)	—	\$7,500	\$22,452	\$86,199
Investment Derivative Instrument . . . . .	\$(2,541)	—	\$5,000	\$14,968	\$57,466

The objectives and terms of CPS' two investment derivatives outstanding at the end of the period are below:

<u>Type</u>	<u>Objective</u>	<u>Notional Amount (000's)</u>	<u>Trade Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Basis Swap . . . . .	Reduce interest expense and change cash flows on 2005A fixed rate bonds	\$116,151	10/5/2005	12/1/2031	Pay SIFMA Receive 1ML x 70% + .00054%	Aa3A+
Basis Swap . . . . .	Reduce interest expense and change cash flows on 2005A fixed rate bonds	\$ 77,434	10/5/2005	12/1/2031	Pay SIFMA Receive 1ML x 80.76%	A2/A

**NOTE 11. OTHER LONG-TERM LIABILITIES**

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

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2010</u>
Accrued Sick Pay Benefits . . . . .	\$295,302	\$ 80,708	\$(41,042)	\$334,968
Accrued Vacation Pay Benefits . . . . .	74,306	15,000	(13,798)	75,508
Accrued Workers' Compensation Claims . . . . .	91,791	36,676	(24,791)	103,676
Accrued General and Automobile Claims . . . . .	9,000	—	(3,469)	5,531
Tort Liabilities and Other Claims . . . . .	2,000	500	—	2,500
Total . . . . .	<u>\$472,399</u>	<u>\$132,884</u>	<u>\$(83,100)</u>	<u>\$522,183</u>
Less: Current Portion of Accrued Sick Pay Benefits . . . . .				(52,087)
Less: Current Portion of Accrued Vacation Pay Benefits . . . . .				<u>(9,797)</u>
Total Other Long-term Liabilities . . . . .				<u>\$460,299</u>

The following is activity related to workers' compensation claims and general and automobile claims:

<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2010</u>
<u>\$96,967</u>	<u>\$30,956</u>	<u>\$(27,132)</u>	<u>\$100,791</u>	<u>\$36,676</u>	<u>\$(28,260)</u>	<u>\$109,207</u>

Sick Pay Benefits

CPS provides sick pay benefits for substantially all of its employees. Eligible employees can accumulate a maximum of 320 days. If an employee either reaches age 65; has a minimum of 20 years of service at the time of resignation or retirement, 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 11 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.

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

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

CPS maintains commercial excess property insurance for "all risks" of physical loss or damage with limits of \$250,000,000 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 2010, 2009 and 2008 there were no claims made in excess of the self-insured amount and there has been no significant reduction in insurance coverage over the past three fiscal years.

**NOTE 11. OTHER LONG-TERM LIABILITIES (continued)**

The CPS maintains commercial excess liability insurance with limits of \$75,000,000 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.

As discussed in Note 14, 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.

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.

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 \$55 million has been recorded for health insurance costs as a part of accrued payroll in the General Operating Fund, which includes \$31 million for estimated medical claims incurred but not reported as of June 30, 2010. Following is the activity related to medical claims for which the CPS is self-insured (\$000's):

<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>\$48,464</u>	<u>\$333,514</u>	<u>\$(327,938)</u>	<u>\$54,040</u>	<u>\$347,719</u>	<u>\$(346,842)</u>	<u>\$54,917</u>

**NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS****Pension — Certified Teachers and Administrators**

Pension benefits for certified teachers and administrators are provided under a defined benefit cost-sharing multiple employer plan administered by the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund") in which the CPS is the sole contributor. 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, 2009, the most recent report, there were 31,095 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 2010, as in previous fiscal years, CPS paid a portion (7% — \$125.4 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.

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





**NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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 . . . . .	\$ 37,551
A contribution to increase funded ratio to 90% . . . . .	256,877
A portion of grant funds from the Federal government for teachers paid from certain Federally-funded programs . . . . .	61,331
A contribution to Early Retirement Option Plan . . . . .	5,837
A 20% deficiency payment . . . . .	607
Total contributions . . . . .	<u>\$362,203</u>

For the fiscal year ended June 30, 2010, employee contributions are \$161.2 million which is 9% of covered payroll. Employer contributions for the year are \$362.2 million which is approximately 19% 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 CPS' employer share of pension expenditures of \$350.2 million and amounts incurred by CPS for a portion of the required employees' pension contribution of \$125.4 million, which total \$475.6 million. For functional reporting purposes, all teachers' pension expenditures, except that portion funded by the Federal grants, 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 costs for fiscal years 2010, 2009 and 2008 are as follows (\$000's):

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual required contribution (ARC) . . . . .	\$ 355,846	\$ 292,146	\$ 290,073
Interest on Net Pension Obligation (NPO) . . . . .	154,391	148,588	140,114
Adjustment to annual required contribution . . . . .	<u>(109,234)</u>	<u>(105,127)</u>	<u>(99,133)</u>
Annual Pension Cost (APC) . . . . .	\$ 401,003	\$ 335,607	\$ 331,054
Less: Contributions made . . . . .	<u>(362,203)</u>	<u>(263,069)</u>	<u>(225,134)</u>
Increase in NPO . . . . .	\$ 38,800	\$ 72,538	\$ 105,920
Add NPO, beginning of year . . . . .	<u>1,929,885</u>	<u>1,857,347</u>	<u>1,751,427</u>
NPO, end of year . . . . .	<u>\$1,968,685</u>	<u>\$1,929,885</u>	<u>\$1,857,347</u>

Actuarial valuation date . . . . .	June 30, 2009
Actuarial cost method . . . . .	Projected Unit Credit
Amortization method . . . . .	Level percent, open
Remaining amortization period . . . . .	30 years
Asset valuation method . . . . .	4 year smoothed market
Actuarial assumptions:	
Investment rate of return . . . . .	8%
Projected salary increases . . . . .	Average of 4% per year
Inflation . . . . .	3%

**NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

At June 30, 2009, 2008 and 2007 (the actuarial valuation dates), the Schedule of Funding Progress and other trend information are as follows (\$000's):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial value of assets . . . . .	\$ 11,493,256	\$ 12,069,417	\$ 11,759,699
Less: Actuarial Accrued Liability (AAL) . . . . .	<u>(15,683,242)</u>	<u>(15,203,741)</u>	<u>(14,677,184)</u>
AAL unfunded (liability) / surplus . . . . .	<u>\$ (4,189,986)</u>	<u>\$ (3,134,324)</u>	<u>\$ (2,917,485)</u>
Funded ratio. . . . .	73.3%	79.4%	80.1%
Covered payroll . . . . .	\$ 1,996,194	\$ 1,914,559	\$ 1,863,182
Unfunded AAL as a percentage of covered payroll . . .	209.9%	163.7%	156.6%

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual pension cost . . . . .	\$ 401,003	\$ 335,607	\$ 331,054
Percentage of annual pension cost contributed . . . . .	90.3%	78.4%	68.0%
Net Pension Obligation . . . . .	\$1,968,685	\$1,929,885	\$1,857,347

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, 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 \$318.2 million in fiscal year 2010 to increase the funded ratio to 90%. In April 2010, the General Assembly passed bill SB1946 which provides short-term pension relief to CPS. Under this legislation, CPS is required to make pension contributions in the amount of the "normal cost" of benefits beginning in fiscal year 2011 through fiscal year 2014, resulting in significantly lower pension contributions. However, beginning in fiscal year 2015, CPS will be required to make pension contributions to increase the funded ratio to 90%. During fiscal year 2010 CPS did not offer an early retirement incentive program.

**Pension — Other Personnel**

All career service employees of 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 cost-sharing defined benefit 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, 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 2010, as in previous fiscal years, CPS agreed to pay a portion (7% — \$38.5 million) of the required employees' contribution for most employees. 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 \$96.9 million, \$38.5 million of this amount represents the required employees' contribution paid by CPS on behalf of its employees; \$50.8 million is contributed by the City of Chicago through its specific



**NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

tax levies for pension plans and the remaining \$7.6 million is funded under Federally-funded 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 for fiscal year 2010 is \$96.9 million. For fiscal years 2009 and 2008, the career service pension expense was \$93.8 million and \$91.1 million, respectively.

As of December 31, 2009, the date of the latest available report, the Annuity Fund had net assets of approximately \$5.2 billion and an unfunded accrued actuarial liability for all covered employees, including CPS employees, of approximately \$4.8 billion. The CPS employs approximately 16,481 of the 31,586 active participants in the Annuity Fund. 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 cost sharing 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 70% of the individual member's cost for fiscal years 2009 and 2008. 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. As of June 30, 2009, the most recent available data, there were 16,495 active participants in the Chicago Teachers' Pension Fund Retiree Health Insurance Program.

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 costs for fiscal year 2010, 2009 and 2008 are as follows (\$000's):

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual required contribution . . . . .	\$ 186,232	\$ 171,880	\$ 150,033
Interest on net OPEB obligation . . . . .	34,049	26,091	21,255
Adjustment to annual required contribution . . . . .	<u>( 27,563)</u>	<u>( 21,121)</u>	<u>( 16,589)</u>
Annual OPEB cost . . . . .	\$ 192,718	\$ 176,850	\$ 154,699
Less: Contributions made . . . . .	<u>—</u>	<u>—</u>	<u>—</u>
Increase in OPEB . . . . .	\$ 192,718	\$ 176,850	\$ 154,699
Add OPEB, beginning of year . . . . .	<u>756,653</u>	<u>579,803</u>	<u>425,104</u>
OPEB, end of year . . . . .	<u>\$949,371</u>	<u>\$756,653</u>	<u>\$579,803</u>

Actuarial valuation date . . . . .	June 30, 2009
Actuarial cost method . . . . .	Projected Unit Credit
Amortization method . . . . .	Level percent of payroll
Remaining amortization period . . . . .	30 years
Actuarial assumptions:	
Discount rate . . . . .	4.5%
Medical trend rate . . . . .	5%
Inflation . . . . .	3%

At June 30, 2009, 2008 and 2007 (the actuarial valuation dates), the Schedule of Funding Progress and other trend information is as follows (\$000's):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial value of assets . . . . .	\$ 49,692	\$ 44,989	\$ 47,402
Less: Actuarial Accrued Liability (AAL) . . . . .	<u>(2,670,283)</u>	<u>(2,407,122)</u>	<u>(2,022,008)</u>
AAL unfunded (liability) / surplus . . . . .	<u>\$(2,620,591)</u>	<u>\$(2,362,133)</u>	<u>\$( 1,974,606)</u>
Funded ratio . . . . .	1.9%	1.9%	2.3%
Covered payroll. . . . .	\$ 1,996,194	\$ 1,914,559	\$ 1,863,182
Unfunded AAL as a percentage of covered payroll . . . . .	131.3%	123.4%	105.9%
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual OPEB cost . . . . .	\$192,718	\$176,850	\$154,699
Percentage of annual pension cost contributed . . . . .	0%	0%	0%
Net OPEB obligation . . . . .	\$949,371	\$756,653	\$579,803

Other Personnel

Actuarial studies on other personnel determined that no OPEB liability exists for those employees as of June 30, 2010.

**NOTE 13. 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 . . . . .	\$ 53,937
Supplementary General State Aid . . . . .	55,226
Total . . . . .	<u>\$109,163</u>

The amounts reserved for Workers' Compensation/Tort Immunity and Supplementary General State Aid represent unexpended and unencumbered funds.

In its fiscal year 2010 budget, CPS appropriated in its General Operating Fund \$45.6 million of fund balances from amounts reserved for specific purposes and \$60.8 million of general fund balance.

In its fiscal year 2011 budget, CPS appropriated in its General Operating Fund \$54.6 million of fund balances from amounts reserved for specific purposes and \$190 million of general fund balance.

In its fiscal year 2010 budget, CPS designated \$181.2 million to provide working capital. In its fiscal year 2011 budget, CPS did not designate an amount to provide working capital.

During fiscal year 2010, as a result of bond indentures CPS reserved \$375.2 million for Debt Service of which \$319.1 million was allocated to the Bond Redemption and Interest Program and the remaining \$56.1 million was allocated to the Public Building Commission Leases Program.

*b. Net Assets Restrictions*

The government-wide statement of net assets reports \$561.9 million of restricted net assets, of which \$446.9 is restricted for Debt service, \$5.8 million is restricted for Donations and \$109.2 is restricted by Enabling legislation.

**NOTE 14. LITIGATION AND CONTINGENCIES**

*a. 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, 2010, resulting from a review by a responsible government agency will not have a material effect on CPS' financial statements at June 30, 2010.

*b. Pollution remediation obligation.*

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The Statement establishes accounting and financial reporting standards for pollution remediation obligations which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. In fiscal year 2010 CPS recorded a pollution remediation obligation of \$8.7 million as current year expense in the Statement of Activities.

Several CPS facilities contain hazardous contaminants such as lead and asbestos, which is continually monitored by the school district. CPS' pollution remediation obligation is primarily related to the removal of

**NOTE 14. LITIGATION AND CONTINGENCIES (continued)**

lead and asbestos during the remodeling and/or expansion of CPS facilities. The pollution remediation obligation is derived from construction contracts and the amount assumes no unexpected change orders.

*c. 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, 2010, in excess of 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, 2010.

**NOTE 15. RESTATEMENT DUE TO ADOPTION OF NEW ACCOUNTING STANDARD**

In fiscal year 2010, CPS implemented GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addressed the recognition measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The following table shows beginning net assets restated for the effects of implementation of GASB 53 (\$000's):

Net Assets at June 30, 2009 — Government- Wide . . . . .	\$(446,427)
Deferred outflow of resources . . . . .	110,811
Derivative instrument liability . . . . .	(115,143)
Swaption borrowing payable . . . . .	<u>(40,128)</u>
Restated Net Assets as of July 1, 2009. . . . .	<u><u>\$(490,887)</u></u>

The effects of GASB 53 in the prior year statement of activities would have resulted in a reduction of \$2 million in interest expense.

**NOTE 16. SUBSEQUENT EVENTS**Unlimited Tax General Obligation (Series 2010C) Taxable Qualified School Construction Bonds — Direct Payment and (Series 2010D) Taxable Build America Bonds — Direct Payment

In November 2010, CPS issued \$257,125,000 in Unlimited Tax General Obligation Bonds (Series 2010C) Taxable Qualified School Construction Bonds, and \$125,000,000 in Unlimited Tax General Obligation Bonds (Series 2010D) Taxable Build America Bonds.

CPS has made the election to have Section 54F of the Internal Revenue Code of 1986, as amended (the "Code") apply to the Series 2010C Bonds so the Series 2010C Bonds may qualify as "qualified school construction bonds" under Code Section 54F, which was added to the Code by the provisions of the American Recovery and Reinvestment Act of 2009. CPS has also made the election to have Subsection 6431(f) of the Code apply to the Series 2010C Bonds in order to receive the refundable credits allowed to issuers pursuant to Subsection 6431(f) of the Code, which was added by the Hiring Incentives to Restore Employment Act of 2010. As a result of these elections, holders of the 2010C bonds will not receive any tax credits, and interest on the 2010C bonds will be included by the bondholder in their gross income for federal income tax purposes. CPS will be entitled to periodic cash subsidy payments from the federal government on each interest payment date at a rate equal to 5.1% per annum, provided that certain requirements, as described in the Code and related IRS pronouncements, as to the uses and investment of the bond proceeds and other matters, are continuously satisfied by such issuer.



**NOTE 16. SUBSEQUENT EVENTS (continued)**

CPS has made the election to have Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") apply to the Series 2010D Bonds so the Series 2010D Bonds may qualify as "build America bonds" under Code Section 54AA(d). CPS has also made the election to have Section 54AA(g) of the Code apply to the Series 2010D Bonds in order to receive the refundable credits allowed to issuers pursuant to Sections 54AA(g)(1) and 6431 of the Code with respect to "qualified bonds" (the "Federal Subsidy Payments"). Under current law, the Federal Subsidy Payments are to be paid by the United States directly to any issuer of bonds that qualify as "build America bonds" and as "qualified bonds" in an amount equal to 35% of the interest payable by such issuer on such bonds on each interest payment date, provided that certain requirements, as described in the Code and related IRS pronouncements, as to the uses and investment of the bond proceeds and other matters, are continuously satisfied by such issuer.

The proceeds from the Series 2010C and 2010D 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.

Tax-Exempt Unlimited Tax General Obligation Refunding Bonds (Series 2010F) and Taxable Unlimited Tax General Obligation Refunding Bonds (Series 2010G)

In November 2010, CPS issued \$183,750,000 in Tax-Exempt Unlimited Tax General Obligation Refunding Bonds (Series 2010F) and \$72,915,000 in Taxable Unlimited Tax General Obligation Refunding Bonds (Series 2010G).

The proceeds from these bonds are being used to refund outstanding Series 1996, 1997, 2000A, 2001A and 2001C bonds and a portion of Series 2000BCD, Series 2003A, Series 2004A, Series 2006B, Series 2007D, Series 08B, Series 2009C, Series 2009D and Series 2009F bonds, and to pay costs of issuance of the bonds. As a result of the issuance, net proceeds of \$269,482,559 were used to purchase U.S. Government Securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments the refunded bonds. As a result, these refunded bonds are considered to be either fully refunded or defeased. The debt service on the Series 2010FG bonds will be paid from General State Aid Revenues.



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**General Operating Fund**

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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; Supplementary General State Aid Program; School Food Service Program; Elementary and Secondary Education Act Program; Individuals with Disabilities Education Act 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, EXPENDITURES AND NET CHANGES IN FUND BALANCE

## FINAL APPROPRIATIONS AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Amounts for the Fiscal Year Ended June 30, 2009

(Thousands of Dollars)

	Final Appropriations	Fiscal Year 2010 Actual	Variance	Fiscal Year 2009 Actual	2010 Over (Under) 2009
<b>REVENUES:</b>					
Property taxes . . . . .	\$2,065,070	\$2,035,938	\$ (29,132)	\$1,867,350	\$ 168,588
Replacement taxes . . . . .	105,820	96,816	(9,004)	132,819	(36,003)
State aid . . . . .	1,466,617	1,367,797	(98,820)	1,333,182	34,615
Federal aid . . . . .	1,472,185	1,160,412	(311,773)	1,122,805	37,607
Interest and investment earnings . . . . .	5,600	3,084	(2,516)	21,405	(18,321)
Other . . . . .	106,150	111,985	5,835	102,107	9,878
Total Revenues . . . . .	<u>\$5,221,442</u>	<u>\$4,776,032</u>	<u>\$(445,410)</u>	<u>\$4,579,668</u>	<u>\$ 196,364</u>
<b>EXPENDITURES:</b>					
Teachers' salaries . . . . .	\$2,105,422	\$2,026,257	\$ 79,165	\$1,975,940	\$ 50,317
Career service salaries . . . . .	606,442	604,042	2,400	597,533	6,509
Energy . . . . .	84,453	78,682	5,771	92,354	(13,672)
Food . . . . .	107,255	93,088	14,167	89,592	3,496
Textbooks . . . . .	80,536	70,596	9,940	86,356	(15,760)
Supplies . . . . .	78,286	48,046	30,240	44,572	3,474
Other commodities . . . . .	676	948	(272)	998	(50)
Professional fees . . . . .	412,811	381,851	30,960	440,921	(59,070)
Charter schools . . . . .	319,116	326,322	(7,206)	256,154	70,168
Transportation . . . . .	117,230	109,349	7,881	109,351	(2)
Tuition . . . . .	61,301	62,568	(1,267)	63,858	(1,290)
Telephone and telecommunications . . . . .	5,256	18,199	(12,943)	19,426	(1,227)
Other services . . . . .	19,671	15,688	3,983	13,935	1,753
Equipment — Educational . . . . .	39,866	33,661	6,205	34,450	(789)
Repairs and replacements . . . . .	35,126	31,854	3,272	34,772	(2,918)
Capital outlay . . . . .	12	10	2	12	(2)
Teachers' pension . . . . .	509,347	475,628	33,719	392,801	82,827
Career service pension . . . . .	98,797	96,913	1,884	93,791	3,122
Hospitalization and dental insurance . . . . .	320,511	311,048	9,463	299,206	11,842
Medicare . . . . .	38,440	34,826	3,614	33,667	1,159
Unemployment compensation . . . . .	16,184	16,000	184	8,599	7,401
Workers' compensation . . . . .	28,877	28,244	633	28,148	96
Rent . . . . .	12,028	12,093	(65)	12,000	93
Debt service . . . . .	2,710	2,710	—	1,037	1,673
Other fixed charges . . . . .	227,518	17,519	209,999	13,306	4,213
Total Expenditures . . . . .	<u>\$5,327,871</u>	<u>\$4,896,142</u>	<u>\$ 431,729</u>	<u>\$4,742,779</u>	<u>\$ 153,363</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES . . . . .	<u>\$ (106,429)</u>	<u>\$ (120,110)</u>	<u>\$ (13,681)</u>	<u>\$ (163,111)</u>	<u>\$ 43,001</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in . . . . .	\$ —	\$ 17,851	\$ 17,851	\$ 20,389	\$ (2,538)
Total other financing sources . . . . .	<u>\$ —</u>	<u>\$ 17,851</u>	<u>\$ 17,851</u>	<u>\$ 20,389</u>	<u>\$ (2,538)</u>
NET CHANGE IN FUND BALANCE . . . . .	<u>\$ (106,429)</u>	<u>\$ (102,259)</u>	<u>\$ 4,170</u>	<u>\$ (142,722)</u>	<u>\$ 40,463</u>
Fund Balance, beginning of period . . . . .	526,874	526,874	—	669,596	(142,722)
Fund Balance, end of period . . . . .	<u>\$ 420,445</u>	<u>\$ 424,615</u>	<u>\$ 4,170</u>	<u>\$ 526,874</u>	<u>\$(102,259)</u>





**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Capital Projects Fund**

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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 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 PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2010  
(Thousands of dollars)

	<u>Capital Asset Program</u>	<u>Capital Improvement Program</u>	<u>Total</u>
Revenues:			
Federal aid . . . . .	\$ —	\$ 12,275	\$ 12,275
Interest and investment earnings . . . . .	—	1,978	1,978
Other . . . . .	—	83,106	83,106
Total Revenues . . . . .	<u>\$ —</u>	<u>\$ 97,359</u>	<u>\$ 97,359</u>
Expenditures:			
Capital outlays . . . . .	<u>\$ 25,108</u>	<u>\$ 666,656</u>	<u>\$ 691,764</u>
Total Expenditures . . . . .	<u>\$ 25,108</u>	<u>\$ 666,656</u>	<u>\$ 691,764</u>
REVENUES (LESS THAN) EXPENDITURES . . . . .	<u>\$(25,108)</u>	<u>\$(569,297)</u>	<u>\$(594,405)</u>
OTHER FINANCING SOURCES:			
Gross amounts from debt issuances . . . . .	\$ —	\$ 801,575	\$ 801,575
Premiums . . . . .	—	2,221	2,221
Transfers (out) . . . . .	—	(46,760)	(46,760)
Total other financing sources . . . . .	<u>\$ —</u>	<u>\$ 757,036</u>	<u>\$ 757,036</u>
NET CHANGE IN FUND BALANCES . . . . .	<u>\$(25,108)</u>	<u>\$ 187,739</u>	<u>\$ 162,631</u>
Fund Balances, beginning of period . . . . .	26,825	73,912	100,737
Fund Balances, end of period . . . . .	<u>\$ 1,717</u>	<u>\$ 261,651</u>	<u>\$ 263,368</u>



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**CAPITAL ASSET PROGRAM**  
**SCHEDULE OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE**  
**FINAL APPROPRIATIONS VS. ACTUAL**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	<u>Final Appropriations</u>	<u>Fiscal Year 2010</u>	<u>Variance</u>	<u>Fiscal Year 2009</u>	<u>2010 Over (Under) 2009</u>
<b>REVENUES:</b>					
State aid . . . . .	\$ —	\$ —	\$ —	\$ —	\$ —
Other . . . . .	—	—	—	—	—
Total Revenues . . . . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>EXPENDITURES:</b>					
Capital outlay . . . . .	\$ 5,448	\$ 25,108	\$(19,660)	\$ 13,706	\$ 11,402
Total Expenditures . . . . .	<u>\$ 5,448</u>	<u>\$ 25,108</u>	<u>\$(19,660)</u>	<u>\$ 13,706</u>	<u>\$ 11,402</u>
<b>REVENUES (LESS THAN)</b>					
EXPENDITURES . . . . .	<u>\$ (5,448)</u>	<u>\$(25,108)</u>	<u>\$(19,660)</u>	<u>\$(13,706)</u>	<u>\$(11,402)</u>
<b>OTHER FINANCING SOURCES:</b>					
Sales of general capital assets . .	\$ —	\$ —	\$ —	\$ 91	\$ (91)
Total other financing sources . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 91</u>	<u>\$ (91)</u>
NET CHANGE IN FUND BALANCE . .	<u>\$ (5,448)</u>	<u>\$(25,108)</u>	<u>\$(19,660)</u>	<u>\$(13,615)</u>	<u>\$(11,493)</u>
Fund Balances, beginning of period . .	<u>26,825</u>	<u>26,825</u>	<u>—</u>	<u>40,440</u>	<u>(13,615)</u>
Fund Balances, end of period . . . . .	<u><u>\$21,377</u></u>	<u><u>\$ 1,717</u></u>	<u><u>\$(19,660)</u></u>	<u><u>\$ 26,825</u></u>	<u><u>\$(25,108)</u></u>



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**CAPITAL IMPROVEMENT PROGRAM**  
**SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,**  
**OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCE**  
**FINAL APPROPRIATIONS VS. ACTUAL**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2010	Variance	Fiscal Year 2009	2010 Over (Under) 2009
<b>REVENUES:</b>					
State aid . . . . .	\$ 145,600	\$ —	\$(145,600)	\$ —	\$ —
Federal aid . . . . .	6,000	12,275	6,275	2,775	9,500
Interest and investment earnings . .	3,800	1,978	(1,822)	12,530	(10,552)
Other . . . . .	215,000	83,106	(131,894)	126,385	(43,279)
Total Revenues . . . . .	<u>\$ 370,400</u>	<u>\$ 97,359</u>	<u>\$(273,041)</u>	<u>\$ 141,690</u>	<u>\$ (44,331)</u>
<b>EXPENDITURES:</b>					
Salaries . . . . .	\$ 1,282	\$ 1,463	\$ (181)	\$ 1,083	\$ 380
Commodities . . . . .	114	1,132	(1,018)	4,387	(3,255)
Services . . . . .	270,351	418,334	(147,983)	440,283	(21,949)
Educational equipment . . . . .	17,888	27,654	(9,766)	1,962	25,692
Capital outlay . . . . .	740,281	218,039	522,242	140,901	77,138
Pension . . . . .	7	7	—	2	5
Hospitalization and dental insurance . . . . .	4	4	—	—	4
Medicare . . . . .	24	23	1	13	10
Other . . . . .	—	—	—	45,965	(45,965)
Total Expenditures . . . . .	<u>\$1,029,951</u>	<u>\$ 666,656</u>	<u>\$ 363,295</u>	<u>\$ 634,596</u>	<u>\$ 32,060</u>
REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES . . . . .	<u>\$ (659,551)</u>	<u>\$(569,297)</u>	<u>\$ 90,254</u>	<u>\$(492,906)</u>	<u>\$ (76,391)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Gross amounts from debt issuances . . . . .	\$ 665,000	\$ 801,575	\$ 136,575	\$ —	\$ 801,575
Insurance proceeds . . . . .	—	—	—	1,155	(1,155)
Premiums . . . . .	—	2,221	2,221	—	2,221
Transfers (out) . . . . .	—	(46,760)	(46,760)	—	(46,760)
Total other financing sources . . .	<u>\$ 665,000</u>	<u>\$ 757,036</u>	<u>\$ 92,036</u>	<u>\$ 1,155</u>	<u>\$ 755,881</u>
<b>NET CHANGE IN FUND BALANCE . . . . .</b>					
Fund Balances, beginning of period . . . . .	73,912	73,912	—	565,663	(491,751)
Fund Balances, end of period . . .	<u>\$ 79,361</u>	<u>\$ 261,651</u>	<u>\$ 182,290</u>	<u>\$ 73,912</u>	<u>\$ 187,739</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Debt Service Fund**

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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, 2010  
(Thousands of dollars)

	<u>Bond Redemption and Interest Program</u>	<u>Public Building Commission Leases Program</u>	<u>Total</u>
Revenues:			
Property taxes . . . . .	\$ —	\$ 11,225	\$ 11,225
Replacement taxes . . . . .	55,681	—	55,681
State aid . . . . .	184,279	—	184,279
Federal aid . . . . .	7,461	—	7,461
Interest and investment earnings . . . . .	7,387	34	7,421
Other . . . . .	<u>164,570</u>	<u>—</u>	<u>164,570</u>
Total Revenues . . . . .	<u>\$ 419,378</u>	<u>\$ 11,259</u>	<u>\$ 430,637</u>
Expenditures:			
Debt service . . . . .	<u>\$ 332,057</u>	<u>\$ 51,830</u>	<u>\$ 383,887</u>
Total Expenditures . . . . .	<u>\$ 332,057</u>	<u>\$ 51,830</u>	<u>\$ 383,887</u>
REVENUES IN EXCESS OF / (LESS THAN)			
EXPENDITURES . . . . .	<u>\$ 87,321</u>	<u>\$(40,571)</u>	<u>\$ 46,750</u>
OTHER FINANCING SOURCES (USES):			
Gross amounts from debt issuances . . . . .	\$ 281,685	\$ —	\$ 281,685
Premiums . . . . .	4,238	—	4,238
Payment to refunded bond escrow agent . . . . .	(288,704)	—	(288,704)
Transfers in / (out) . . . . .	<u>(32,898)</u>	<u>61,807</u>	<u>28,909</u>
Total other financing sources (uses) . . . . .	<u>\$ (35,679)</u>	<u>\$ 61,807</u>	<u>\$ 26,128</u>
NET CHANGE IN FUND BALANCES . . . . .	\$ 51,642	\$ 21,236	\$ 72,878
Fund Balances, beginning of period . . . . .	<u>392,063</u>	<u>34,826</u>	<u>426,889</u>
Fund Balances, end of period . . . . .	<u>\$ 443,705</u>	<u>\$ 56,062</u>	<u>\$ 499,767</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 BALANCE**  
**FINAL APPROPRIATIONS VS. ACTUAL**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2010 Actual	Variance	Fiscal Year 2009 Actual	2010 Over (Under) 2009
<b>REVENUES:</b>					
Replacement taxes . . . . .	\$ 55,681	\$ 55,681	\$ —	\$ 55,684	\$ (3)
State aid . . . . .	225,696	184,279	(41,417)	178,704	5,575
Federal aid . . . . .	—	7,461	7,461	—	7,461
Interest and investment earnings . .	—	7,387	7,387	9,175	(1,788)
Other . . . . .	124,494	164,570	40,076	24,884	139,686
Total Revenues . . . . .	<u>\$405,871</u>	<u>\$ 419,378</u>	<u>\$ 13,507</u>	<u>\$ 268,447</u>	<u>\$150,931</u>
<b>EXPENDITURES:</b>					
Debt service . . . . .	<u>\$447,871</u>	<u>\$ 332,057</u>	<u>\$ 115,814</u>	<u>\$ 249,331</u>	<u>\$ 82,726</u>
Total Expenditures . . . . .	<u>\$447,871</u>	<u>\$ 332,057</u>	<u>\$ 115,814</u>	<u>\$ 249,331</u>	<u>\$ 82,726</u>
REVENUES IN EXCESS OF/ (LESS THAN) EXPENDITURES . . . . .	<u>\$ (42,000)</u>	<u>\$ 87,321</u>	<u>\$ 129,321</u>	<u>\$ 19,116</u>	<u>\$ 68,205</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Gross amounts from debt issuances . . . . .	\$ —	\$ 281,685	\$ 281,685	\$ 225,675	\$ 56,010
Premiums . . . . .	—	4,238	4,238	—	4,238
Payment to refunded bond escrow agent . . . . .	—	(288,704)	(288,704)	(226,408)	(62,296)
Transfers in (out) . . . . .	—	(32,898)	(32,898)	(40,932)	8,034
Total other financing sources (uses) . . . . .	<u>\$ —</u>	<u>\$ (35,679)</u>	<u>\$ (35,679)</u>	<u>\$ (41,665)</u>	<u>\$ 5,986</u>
NET CHANGE IN FUND BALANCE . .	<u>\$ (42,000)</u>	<u>\$ 51,642</u>	<u>\$ 93,642</u>	<u>\$ (22,549)</u>	<u>\$ 74,191</u>
Fund Balance, beginning of period . .	392,063	392,063	—	414,612	(22,549)
Fund Balance, end of period . . . . .	<u>\$350,063</u>	<u>\$ 443,705</u>	<u>\$ 93,642</u>	<u>\$ 392,063</u>	<u>\$ 51,642</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**PUBLIC BUILDING COMMISSION LEASES PROGRAM**  
**SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,**  
**OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCE**  
**FINAL APPROPRIATIONS VS. ACTUAL**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	<u>Final</u> <u>Appropriations</u>	<u>Fiscal</u> <u>Year</u> <u>2010 Actual</u>	<u>Variance</u>	<u>Fiscal</u> <u>Year</u> <u>2009 Actual</u>	<u>2010</u> <u>Over (Under)</u> <u>2009</u>
<b>REVENUES:</b>					
Property taxes . . . . .	\$ 11,830	\$ 11,225	\$ (605)	\$ 29,190	\$(17,965)
Interest and investment earnings . .	<u>—</u>	<u>34</u>	<u>34</u>	<u>583</u>	<u>(549)</u>
Total Revenues . . . . .	<u>\$ 11,830</u>	<u>\$ 11,259</u>	<u>\$ (571)</u>	<u>\$ 29,773</u>	<u>\$(18,514)</u>
<b>EXPENDITURES:</b>					
Debt service . . . . .	<u>\$ 51,830</u>	<u>\$ 51,830</u>	<u>\$ —</u>	<u>\$ 51,838</u>	<u>\$ (8)</u>
Total Expenditures . . . . .	<u>\$ 51,830</u>	<u>\$ 51,830</u>	<u>\$ —</u>	<u>\$ 51,838</u>	<u>\$ (8)</u>
REVENUES (LESS THAN)					
EXPENDITURES . . . . .	<u>\$(40,000)</u>	<u>\$(40,571)</u>	<u>\$ (571)</u>	<u>\$(22,065)</u>	<u>\$(18,506)</u>
<b>OTHER FINANCING SOURCES</b>					
<b>(USES):</b>					
Transfer in . . . . .	\$ —	\$ 61,807	\$61,807	\$ 20,543	\$ 41,264
Total other financing sources . .	<u>\$ —</u>	<u>\$ 61,807</u>	<u>\$61,807</u>	<u>\$ 20,543</u>	<u>\$ 41,264</u>
NET CHANGE IN FUND BALANCE . .	\$(40,000)	\$ 21,236	\$61,236	\$ (1,522)	\$ 22,758
Fund Balance, beginning of period . .	<u>34,826</u>	<u>34,826</u>	<u>—</u>	<u>36,348</u>	<u>(1,522)</u>
Fund Balance, end of period . . . . .	<u>\$ (5,174)</u>	<u>\$ 56,062</u>	<u>\$61,236</u>	<u>\$ 34,826</u>	<u>\$ 21,236</u>



Educate • Inspire • Transform





**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 relates 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.



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**COMPONENTS OF NET ASSETS**

**Last Ten Fiscal Years**

**(Accrual Basis of Accounting)**

**(Thousands of dollars)**

	<u>2001(1)</u>	<u>2002(1)</u>	<u>2003(1)</u>	<u>2004</u>
Invested in capital assets, net of related debt . .	\$ 574,361	\$ 400,731	\$ 392,041	\$454,841
Restricted for:				
Debt service . . . . .	409,896	479,774	457,106	390,882
Reserve for specific purposes . . . . .	126,527	103,372	88,207	—
Donations . . . . .	—	—	—	1,439
Enabling legislation . . . . .	—	—	—	42,015
Unrestricted . . . . .	<u>245,203</u>	<u>176,312</u>	<u>67,064</u>	<u>(98,023)</u>
Total Net Assets . . . . .	<u>\$1,355,987</u>	<u>\$1,160,189</u>	<u>\$1,004,418</u>	<u>\$791,154</u>

- 1) Note: Prior to fiscal year 2004, Donations and Enabling legislation are reported as Reserve for specific purposes.
- 2) For fiscal year 2009, the amounts for net assets restricted for debt service and unrestricted net assets were restated to reflect the effects of GASB 53 adopted in FY10.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (2)</u> <u>(as restated)</u>	<u>2010</u>
\$ 413,077	\$ 268,190	\$ 267,249	\$ 133,440	\$ 30,202	\$ 137,353
298,538	357,409	413,747	445,782	391,392	446,933
—	—	—	—	—	—
1,459	1,503	1,765	1,826	3,695	5,825
43,675	84,388	129,597	102,695	101,072	109,163
<u>(225,335)</u>	<u>(538,879)</u>	<u>(698,809)</u>	<u>(784,702)</u>	<u>(1,017,248)</u>	<u>(1,617,543)</u>
<u>\$ 531,414</u>	<u>\$ 172,611</u>	<u>\$ 113,549</u>	<u>\$ (100,959)</u>	<u>\$ (490,887)</u>	<u>\$ (918,269)</u>



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Thousands of dollars)**

	<u>2001(1)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Governmental Activities:</b>				
EXPENSES:				
Instruction . . . . .	\$ 2,243,742	\$ 2,438,141	\$ 2,484,448	\$ 2,663,014
Pupil support services . . . . .	315,700	329,041	332,693	343,777
Administrative support services . . . . .	131,178	156,583	169,457	176,858
Facilities support services . . . . .	396,469	334,605	351,492	339,213
Instructional support services . . . . .	323,685	339,521	332,620	350,717
Food services . . . . .	173,297	169,006	177,526	189,475
Community services . . . . .	73,902	48,321	47,435	50,401
Interest expense . . . . .	172,436	183,443	186,141	187,646
Other . . . . .	17,495	21,253	5,297	8,128
Total Governmental Activities . . . . .	<u>\$ 3,847,904</u>	<u>\$ 4,019,914</u>	<u>\$ 4,087,109</u>	<u>\$ 4,309,229</u>
PROGRAM REVENUES:				
Charges for services				
Instruction . . . . .	\$ —	\$ —	\$ 1,553	\$ 210
Food services . . . . .	11,698	11,170	11,404	9,620
Operating Grants and Contributions . . . . .	702,509	687,937	764,750	791,309
Capital Grants and Contributions . . . . .	250,555	160,118	153,709	161,429
Total Program Revenues . . . . .	<u>\$ 964,762</u>	<u>\$ 859,225</u>	<u>\$ 931,416</u>	<u>\$ 962,568</u>
REVENUES IN EXCESS OF/(LESS THAN)				
EXPENDITURES . . . . .	<u>\$(2,883,142)</u>	<u>\$(3,160,689)</u>	<u>\$(3,155,693)</u>	<u>\$(3,346,661)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Taxes:				
Property taxes . . . . .	\$ 1,459,942	\$ 1,532,662	\$ 1,574,111	\$ 1,561,127
Replacement taxes . . . . .	137,744	114,313	105,960	120,427
Non-program state aid . . . . .	1,160,386	1,227,052	1,248,607	1,333,113
Interest and investment earnings . . . . .	103,520	68,050	49,161	39,501
Gain recognized from swaptions earnings . . . . .	—	—	—	—
Gain on sale of capital assets . . . . .	—	—	—	—
Other . . . . .	29,102	22,814	22,083	79,229
Extraordinary item — gain on impairment of capital assets . . . . .	—	—	—	—
Total general revenues and extraordinary item . . . . .	<u>\$ 2,890,694</u>	<u>\$ 2,964,891</u>	<u>\$ 2,999,922</u>	<u>\$ 3,133,397</u>
Change in net assets . . . . .	<u>\$ 7,552</u>	<u>\$ (195,798)</u>	<u>\$ (155,771)</u>	<u>\$ (213,264)</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 GASB 33, Accounting and Financial Reporting for Exchange Transactions.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,777,202	\$ 3,107,897	\$ 3,096,529	\$ 3,138,036	\$ 3,324,936	\$ 3,507,221
337,676	346,434	360,628	384,765	408,705	438,164
158,303	161,802	178,891	205,693	233,361	201,908
379,599	422,731	461,265	519,982	582,539	481,245
404,583	465,106	481,477	496,708	512,427	523,851
182,315	179,725	186,297	193,614	203,880	207,127
42,677	46,205	45,203	46,779	56,392	50,879
201,506	217,848	219,826	274,356	259,850	258,360
8,724	23,404	8,126	10,652	8,504	12,919
<u>\$ 4,492,585</u>	<u>\$ 4,971,152</u>	<u>\$ 5,038,242</u>	<u>\$ 5,270,585</u>	<u>\$ 5,590,594</u>	<u>\$ 5,681,674</u>
\$ 1,014	\$ 3,145	\$ 3,748	\$ 3,940	\$ 5,189	\$ 4,308
9,553	9,317	8,784	8,537	8,298	6,881
876,222	896,916	862,674	945,723	1,250,526	1,376,744
21,722	66,732	97,477	128,570	151,405	99,054
<u>\$ 908,511</u>	<u>\$ 976,110</u>	<u>\$ 972,683</u>	<u>\$ 1,086,770</u>	<u>\$ 1,415,418</u>	<u>\$ 1,486,987</u>
<u>\$(3,584,074)</u>	<u>\$(3,995,042)</u>	<u>\$(4,065,559)</u>	<u>\$(4,183,815)</u>	<u>\$(4,175,176)</u>	<u>\$(4,194,687)</u>
\$ 1,663,783	\$ 1,768,457	\$ 1,813,006	\$ 1,861,781	\$ 1,936,656	\$ 1,896,265
145,724	184,700	201,509	215,489	188,503	152,497
1,429,611	1,532,169	1,651,730	1,756,386	1,603,926	1,532,679
43,215	71,972	116,907	85,896	43,692	12,734
—	—	37,647	—	—	—
—	5,312	22,919	45,386	91	—
42,001	73,629	162,779	4,369	56,132	173,130
—	—	—	—	708	—
<u>\$ 3,324,334</u>	<u>\$ 3,636,239</u>	<u>\$ 4,006,497</u>	<u>\$ 3,969,307</u>	<u>\$ 3,829,708</u>	<u>\$ 3,767,305</u>
<u>\$ (259,740)</u>	<u>\$ (358,803)</u>	<u>\$ (59,062)</u>	<u>\$ (214,508)</u>	<u>\$ (345,468)</u>	<u>\$ (427,382)</u>



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**Components of Fund Balance**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Thousands of dollars)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>GENERAL OPERATING FUND</b>				
Reserved . . . . .	\$209,892	\$155,251	\$120,597	\$110,996
Unreserved . . . . .	<u>201,520</u>	<u>209,883</u>	<u>208,359</u>	<u>196,510</u>
Total General Operating Fund . . . . .	<u>\$411,412</u>	<u>\$365,134</u>	<u>\$328,956</u>	<u>\$307,506</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved . . . . .	\$672,851	\$721,138	\$604,734	\$609,203
Unreserved, reported in:				
Capital Projects Fund . . . . .	261,000	172,786	223,734	203,560
Debt Service Fund . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total All Other Governmental Funds . . . . .	<u>\$933,851</u>	<u>\$893,924</u>	<u>\$828,468</u>	<u>\$812,763</u>



<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$142,447	\$188,177	\$ 229,093	\$ 237,205	\$215,452	\$226,154
<u>248,546</u>	<u>307,720</u>	<u>404,843</u>	<u>432,391</u>	<u>311,422</u>	<u>198,461</u>
<u>\$390,993</u>	<u>\$495,897</u>	<u>\$ 633,936</u>	<u>\$ 669,596</u>	<u>\$526,874</u>	<u>\$424,615</u>
\$435,625	\$574,232	\$ 463,935	\$ 541,068	\$373,010	\$604,733
219,048	284,019	481,445	337,506	—	33,846
<u>—</u>	<u>—</u>	<u>158,480</u>	<u>178,489</u>	<u>154,616</u>	<u>124,556</u>
<u>\$654,673</u>	<u>\$858,251</u>	<u>\$1,103,860</u>	<u>\$1,057,063</u>	<u>\$527,626</u>	<u>\$763,135</u>





**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(Thousands of dollars)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>REVENUES:</b>				
Property Taxes . . . . .	\$1,429,871	\$1,479,968	\$1,546,335	\$1,571,065
Replacement Taxes . . . . .	137,744	114,313	105,960	120,427
State Aid . . . . .	1,431,777	1,467,914	1,469,567	1,481,448
Federal Aid . . . . .	634,094	554,750	608,693	730,504
Interest and investment earnings . . . . .	103,520	68,050	49,161	39,501
Other . . . . .	82,411	89,505	94,345	149,253
Total Revenues . . . . .	<u>\$3,819,417</u>	<u>\$3,774,500</u>	<u>\$3,874,061</u>	<u>\$4,092,198</u>
<b>EXPENDITURES:</b>				
Instruction . . . . .	\$1,995,423	\$2,152,958	\$2,214,781	\$2,355,114
Pupil Support Services . . . . .	303,071	311,628	320,380	327,653
General Support Services . . . . .	730,187	750,111	764,002	770,629
Food Services . . . . .	166,365	160,063	170,238	180,588
Community Services . . . . .	73,718	47,523	47,253	49,933
Capital Outlay . . . . .	527,902	381,038	443,873	365,336
Teacher's Pension and Retirement Benefits . . . . .	65,045	65,045	65,045	65,045
Debt Service . . . . .	195,310	219,894	255,239	259,590
Principal . . . . .	—	—	—	—
Interest . . . . .	—	—	—	—
Other Charges . . . . .	—	—	—	—
Other . . . . .	17,495	5,138	12,322	8,128
Total Expenditures . . . . .	<u>\$4,074,516</u>	<u>\$4,093,398</u>	<u>\$4,293,133</u>	<u>\$4,382,016</u>
REVENUES IN EXCESS OF/(LESS THAN) EXPENDITURES . . . . .	<u>\$ (255,099)</u>	<u>\$ (318,898)</u>	<u>\$ (419,072)</u>	<u>\$ (289,818)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gross amounts from debt issuances . . . . .	\$ 474,460	\$ 232,693	\$ 308,635	\$ 765,995
Premiums on bonds issued . . . . .	—	—	8,803	—
Insurance proceeds . . . . .	—	—	—	—
Sales of general capital assets . . . . .	—	—	—	—
Payment to refunded bond escrow agent . . . . .	—	—	—	(534,375)
Transfers in . . . . .	59,999	1,527	7,711	30,215
Transfers out . . . . .	(59,999)	(1,527)	(7,711)	(30,215)
Proceeds from notes . . . . .	—	—	—	21,043
Discounts on bonds issued . . . . .	(2,644)	(9)	—	—
Capital leases . . . . .	—	—	—	—
Total other financing sources (uses) . . . . .	<u>\$ 471,816</u>	<u>\$ 232,684</u>	<u>\$ 317,438</u>	<u>\$ 252,663</u>
ACCOUNTING ADJUSTMENT . . . . .	<u>\$ (152,490)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
NET CHANGE IN FUND BALANCES . . . . .	<u>\$ 64,227</u>	<u>\$ (86,214)</u>	<u>\$ (101,634)</u>	<u>\$ (37,155)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES . . . . .	5.41%	5.90%	6.59%	6.43%

**NOTES:**

1. This schedule was prepared using the modified accrual basis of accounting.
2. The principal and interest components of debt service expenditures are unavailable for years prior to fiscal year 2006.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$1,639,237	\$1,718,249	\$1,767,760	\$ 1,813,917	\$1,896,540	\$2,047,163
145,724	184,700	201,509	215,489	188,503	152,497
1,507,115	1,602,635	1,701,585	1,846,034	1,511,886	1,552,076
762,955	775,631	746,029	876,041	1,125,580	1,180,148
43,215	71,947	116,907	85,895	43,693	12,483
102,654	163,765	286,230	181,028	253,376	359,661
<u>\$4,200,900</u>	<u>\$4,516,927</u>	<u>\$4,820,020</u>	<u>\$ 5,018,404</u>	<u>\$5,019,578</u>	<u>\$5,304,028</u>
\$2,429,014	\$2,538,909	\$2,491,653	\$ 2,575,124	\$2,773,440	\$2,898,855
323,225	333,968	349,324	362,325	390,399	416,502
821,583	893,041	914,117	986,905	1,057,672	1,010,637
173,872	172,774	179,902	181,778	194,603	196,828
42,325	46,179	45,467	45,708	56,003	50,331
389,450	310,817	345,963	466,895	672,412	705,691
65,045	75,398	155,563	206,651	237,011	294,424
315,809	—	—	—	—	—
—	49,049	180,767	60,568	81,351	141,977
—	158,997	154,669	206,028	212,934	236,261
—	6,606	6,743	15,546	7,921	8,359
5,912	23,404	8,126	10,652	8,504	11,928
<u>\$4,566,235</u>	<u>\$4,609,142</u>	<u>\$4,832,294</u>	<u>\$ 5,118,180</u>	<u>\$5,692,250</u>	<u>\$5,971,793</u>
<u>\$ (365,335)</u>	<u>\$ (92,215)</u>	<u>\$ (12,274)</u>	<u>\$ (99,776)</u>	<u>\$ (672,672)</u>	<u>\$ (667,765)</u>
\$ 524,260	\$ 385,603	\$ 355,805	\$ 1,674,555	\$ 225,675	\$1,083,260
43,450	4,124	14,444	41,226	—	6,459
—	—	—	—	1,155	—
—	7,596	25,673	6,404	91	—
(282,478)	—	—	(1,474,081)	(226,408)	(288,704)
7,344	2,796	1,904	3,813	20,389	—
(7,344)	(2,796)	(1,904)	(3,813)	(20,389)	—
5,500	—	—	—	—	—
—	(326)	—	—	—	—
—	3,700	—	—	—	—
<u>\$ 290,732</u>	<u>\$ 400,697</u>	<u>\$ 395,922</u>	<u>\$ 248,104</u>	<u>\$ 513</u>	<u>\$ 801,015</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ (74,603)</u>	<u>\$ 308,482</u>	<u>\$ 383,648</u>	<u>\$ 148,328</u>	<u>\$ (672,159)</u>	<u>\$ 133,250</u>
7.50%	4.94%	7.50%	5.94%	5.86%	7.23%

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**REVENUES BY SOURCE — ALL PROGRAMS**  
Last Ten Fiscal Years  
(Thousands of dollars)

	2001		2002		2003	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>REVENUES:</b>						
Property Taxes . . . . .	\$1,429,871	37.4%	\$1,479,968	39.2%	\$1,546,335	40.0%
Replacement Taxes . . . . .	137,744	3.6%	114,313	3.0%	105,960	2.7%
State Aid . . . . .	1,431,777	37.5%	1,467,914	38.9%	1,469,567	37.9%
Federal Aid . . . . .	634,094	16.6%	554,750	14.7%	608,693	15.7%
Interest and Investment Income . . . . .	103,520	2.7%	68,050	1.8%	49,161	1.3%
Other . . . . .	82,411	2.2%	89,505	2.4%	94,345	2.4%
Total Revenues . . . . .	<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>
	2008		2009		2010	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>REVENUES:</b>						
Property Taxes . . . . .	\$1,813,917	36.1%	\$1,896,540	37.8%	\$2,047,163	38.6%
Replacement Taxes . . . . .	215,489	4.3%	188,503	3.8%	152,497	2.9%
State Aid . . . . .	1,846,034	36.8%	1,511,886	30.1%	1,552,076	29.3%
Federal Aid . . . . .	876,041	17.5%	1,125,580	22.4%	1,180,148	22.3%
Interest and Investment Income . . . . .	85,895	1.7%	43,693	0.9%	12,483	0.2%
Other . . . . .	181,028	3.6%	253,376	5.0%	359,661	6.7%
Total Revenues . . . . .	<u>\$5,018,404</u>	<u>100.0%</u>	<u>\$5,019,578</u>	<u>100.0%</u>	<u>\$5,304,028</u>	<u>100.0%</u>

**NOTES:**

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

2004		2005		2006		2007	
<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>
\$1,571,065	38.4%	\$1,639,237	39.0%	\$1,718,249	38.0%	\$1,767,760	36.7%
120,427	2.9%	145,724	3.5%	184,700	4.1%	201,509	4.2%
1,481,448	36.2%	1,507,115	35.9%	1,602,635	35.5%	1,701,585	35.3%
730,504	17.9%	762,955	18.2%	775,631	17.2%	746,029	15.5%
39,501	1.0%	43,215	1.0%	71,947	1.6%	116,907	2.4%
<u>149,253</u>	<u>3.6%</u>	<u>102,654</u>	<u>2.4%</u>	<u>163,765</u>	<u>3.6%</u>	<u>286,230</u>	<u>5.9%</u>
<u>\$4,092,198</u>	<u>100.0%</u>	<u>\$4,200,900</u>	<u>100.0%</u>	<u>\$4,516,927</u>	<u>100.0%</u>	<u>\$4,820,020</u>	<u>100.0%</u>





2004		2005		2006		2007	
<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>
\$2,355,114	53.8%	\$2,429,014	53.3%	\$2,538,909	55.2%	\$2,491,653	51.6%
327,653	7.5%	323,225	7.1%	333,968	7.2%	349,324	7.2%
770,629	17.6%	821,583	18.0%	893,041	19.4%	914,117	18.9%
180,588	4.1%	173,872	3.8%	172,774	3.7%	179,902	3.7%
49,933	1.1%	42,325	0.9%	46,179	1.0%	45,467	0.9%
65,045	1.5%	65,045	1.4%	75,398	1.6%	155,563	3.2%
365,336	8.3%	389,450	8.5%	310,817	6.7%	345,963	7.2%
259,590	5.9%	315,809	6.9%	214,652	4.7%	342,179	7.1%
8,128	0.2%	5,912	0.1%	23,404	0.5%	8,126	0.2%
<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>	<u>\$4,832,294</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, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>2010 Over/(Under) 2009</u>
<b>REVENUES:</b>			
Local Taxes:			
Property Taxes . . . . .	\$2,035,938	\$1,867,350	\$168,588
Replacement Taxes . . . . .	96,816	132,819	(36,003)
Total revenue from local taxes . . . . .	<u>\$2,132,754</u>	<u>\$2,000,169</u>	<u>\$132,585</u>
Local Nontax Revenue:			
Interest and investment earnings . . . . .	\$ 3,084	\$ 21,405	\$(18,321)
Lunchroom operations . . . . .	6,881	8,298	(1,417)
Other . . . . .	105,104	93,809	11,295
Total revenue from nontax revenue . . . . .	<u>\$ 115,069</u>	<u>\$ 123,512</u>	<u>\$ (8,443)</u>
Total Local Revenue . . . . .	<u>\$2,247,823</u>	<u>\$2,123,681</u>	<u>\$124,142</u>
State Grants and Subsidies:			
General state aid . . . . .	\$ 801,198	\$ 700,954	\$100,244
Block grants . . . . .	491,677	505,218	(13,541)
Other . . . . .	74,922	127,010	(52,088)
Total State Grants & Subsidies . . . . .	<u>\$1,367,797</u>	<u>\$1,333,182</u>	<u>\$ 34,615</u>
Federal Grants and Subsidies:			
Elementary and Secondary Education Act (ESEA) . . . . .	\$ 307,331	\$ 369,352	\$(62,021)
American Recovery and Reinvestment Act (ARRA)(1) . . . . .	\$ 117,446	\$ —	\$117,446
School lunch program . . . . .	178,764	139,096	39,668
Individuals with Disabilities Education Act (IDEA) . . . . .	96,240	95,230	1,010
Other . . . . .	460,631	519,127	(58,496)
Total Federal Grants and Subsidies . . . . .	<u>\$1,160,412</u>	<u>\$1,122,805</u>	<u>\$ 37,607</u>
Total Revenues . . . . .	<u>\$4,776,032</u>	<u>\$4,579,668</u>	<u>\$196,364</u>

(1) ARRA does not include General State Aid — Education SFSF, ARRA — Early Childhood, and General State Aid — Government SFSF



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**GENERAL OPERATING FUND**  
**DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	Fiscal Year 2010	Fiscal Year 2009	2010 Over/(Under) 2009
<b>EXPENDITURES:</b>			
Instruction:			
Salaries . . . . .	\$1,822,438	\$1,769,867	\$ 52,571
Commodities . . . . .	74,366	85,273	(10,907)
Services . . . . .	535,428	489,603	45,825
Equipment — Educational . . . . .	24,388	24,234	154
Building and Sites . . . . .	2,987	2,999	(12)
Fixed Charges . . . . .	439,248	401,464	37,784
Total Instruction . . . . .	<u>\$2,898,855</u>	<u>\$2,773,440</u>	<u>\$125,415</u>
Pupil Support Services:			
Salaries . . . . .	\$ 229,874	\$ 211,991	\$ 17,883
Commodities . . . . .	2,527	1,877	650
Services . . . . .	118,151	118,684	(533)
Equipment — Educational . . . . .	528	677	(149)
Building and Sites . . . . .	44	95	(51)
Fixed Charges . . . . .	65,378	57,075	8,303
Total Pupil Support Services . . . . .	<u>\$ 416,502</u>	<u>\$ 390,399</u>	<u>\$ 26,103</u>
Administrative Support Services:			
Salaries . . . . .	\$ 101,382	\$ 118,506	\$ (17,124)
Commodities . . . . .	11,215	14,427	(3,212)
Services . . . . .	47,953	55,302	(7,349)
Equipment — Educational . . . . .	2,176	4,204	(2,028)
Building and Sites . . . . .	1,034	1,782	(748)
Fixed Charges . . . . .	28,167	28,687	(520)
Total Administrative Support Services . . . . .	<u>\$ 191,927</u>	<u>\$ 222,908</u>	<u>\$ (30,981)</u>

**Statistical Section**

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**GENERAL OPERATING FUND**  
**DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)**  
For the Fiscal Year Ended June 30, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	Fiscal Year 2010	Fiscal Year 2009	2010 Over/(Under) 2009
Facilities Support Services:			
Salaries . . . . .	\$ 91,296	\$ 89,745	\$ 1,551
Commodities . . . . .	87,818	99,925	(12,107)
Services . . . . .	138,139	148,232	(10,093)
Equipment — Educational . . . . .	2,244	2,525	(281)
Building and sites . . . . .	25,838	28,062	(2,224)
Fixed Charges . . . . .	<u>40,391</u>	<u>38,843</u>	<u>1,548</u>
Total Facilities Support Services . . . . .	<u>\$385,726</u>	<u>\$407,332</u>	<u>\$(21,606)</u>
Instructional Support Services:			
Salaries . . . . .	\$297,356	\$291,115	\$ 6,241
Commodities . . . . .	17,717	18,233	(516)
Services . . . . .	42,295	48,979	(6,684)
Equipment — Educational . . . . .	2,074	2,361	(287)
Building and Sites . . . . .	1,102	1,231	(129)
Fixed Charges . . . . .	<u>72,440</u>	<u>65,513</u>	<u>6,927</u>
Total Instructional Support Services . . . . .	<u>\$432,984</u>	<u>\$427,432</u>	<u>\$ 5,552</u>
Food Services:			
Salaries . . . . .	\$ 65,941	\$ 65,914	\$ 27
Commodities . . . . .	92,013	88,119	3,894
Services . . . . .	3,811	3,488	323
Equipment — Educational . . . . .	1,529	7	1,522
Building and Sites . . . . .	—	9	(9)
Fixed Charges . . . . .	<u>33,534</u>	<u>37,066</u>	<u>(3,532)</u>
Total Food Services . . . . .	<u>\$196,828</u>	<u>\$194,603</u>	<u>\$ 2,225</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, 2010  
With Comparative Amounts for the Fiscal Year Ended June 30, 2009  
(Thousands of dollars)

	Fiscal Year 2010	Fiscal Year 2009	2010 Over/(Under) 2009
Community Services:			
Salaries . . . . .	\$ 16,277	\$ 17,952	\$ (1,675)
Commodities . . . . .	2,837	2,754	83
Services . . . . .	24,861	29,208	(4,347)
Equipment — Educational . . . . .	351	308	43
Building and sites . . . . .	494	237	257
Fixed charges . . . . .	5,511	5,544	(33)
Total Community Services . . . . .	<u>\$ 50,331</u>	<u>\$ 56,003</u>	<u>\$ (5,672)</u>
Teacher's Pension:			
Fixed Charges . . . . .	\$ 294,424	\$ 237,011	\$ 57,413
Total Teachers' Pension . . . . .	<u>\$ 294,424</u>	<u>\$ 237,011</u>	<u>\$ 57,413</u>
Capital Outlay:			
Salaries . . . . .	\$ 5,296	\$ 8,018	\$ (2,722)
Commodities . . . . .	2,869	3,253	(384)
Services . . . . .	3,334	10,118	(6,784)
Equipment — Educational . . . . .	370	130	240
Building and sites . . . . .	363	368	(5)
Fixed Charges . . . . .	1,695	2,223	(528)
Total Capital Outlay . . . . .	<u>\$ 13,927</u>	<u>\$ 24,110</u>	<u>\$ (10,183)</u>
Debt Service:			
Fixed Charges . . . . .	\$ 2,710	\$ 1,037	\$ 1,673
Total Debt Service . . . . .	<u>\$ 2,710</u>	<u>\$ 1,037</u>	<u>\$ 1,673</u>
Other:			
Salaries . . . . .	\$ 442	\$ 366	\$ 76
Commodities . . . . .	—	11	(11)
Services . . . . .	4	30	(26)
Equipment — Educational . . . . .	—	4	(4)
Building and Sites . . . . .	—	—	—
Fixed Charges . . . . .	11,482	8,093	3,389
Total Other . . . . .	<u>\$ 11,928</u>	<u>\$ 8,504</u>	<u>\$ 3,424</u>
Total Expenditures . . . . .	<u>\$4,896,142</u>	<u>\$4,742,779</u>	<u>\$153,363</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)

(Thousands of dollars)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>GENERAL OPERATING FUND:</b>				
Capital leases . . . . .	\$ —	\$ —	\$ —	\$ —
Transfers in/(out) . . . . .	<u>(46,797)</u>	<u>1,527</u>	<u>7,711</u>	<u>15,071</u>
Total General Operating Fund . . . . .	<u>\$ (46,797)</u>	<u>\$ 1,527</u>	<u>\$ 7,711</u>	<u>\$ 15,071</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>				
Gross amounts from debt issuances . . . . .	\$474,460	\$721,138	\$308,635	\$ 765,995
Premiums on bonds issued . . . . .	—	—	8,803	21,043
Insurance proceeds . . . . .	—	—	—	—
Sales of general capital assets . . . . .	—	—	—	—
Payment to refunded bond escrow agent . . . . .	—	—	—	(534,375)
Transfers in/(out) . . . . .	46,797	(1,527)	(7,711)	(15,071)
Amount from notes . . . . .	—	—	—	—
Discounts on bonds issued . . . . .	(2,644)	(8)	—	—
Proceeds from swaps . . . . .	—	—	—	—
Total All Other Governmental Funds . . . . .	<u>\$518,613</u>	<u>\$719,603</u>	<u>\$309,727</u>	<u>\$ 237,592</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ —	\$ 3,700	\$ —	\$ —	\$ —	\$ —
328	445	1,904	3,813	20,389	17,851
<u>\$ 328</u>	<u>\$ 4,145</u>	<u>\$ 1,904</u>	<u>\$ 3,813</u>	<u>\$ 20,389</u>	<u>\$ 17,851</u>
\$ 524,260	\$385,603	\$355,805	\$ 1,674,555	\$ 225,675	\$1,083,260
43,450	4,124	14,444	41,226	—	6,459
—	—	—	—	1,155	—
—	—	25,673	6,404	91	—
(282,478)	—	—	(1,474,081)	(226,408)	(288,704)
(328)	(445)	(1,904)	(3,813)	(20,389)	(17,851)
5,500	—	—	—	—	—
—	(326)	—	—	—	—
—	19,345	—	—	—	—
<u>\$ 290,404</u>	<u>\$408,301</u>	<u>\$394,018</u>	<u>\$ 244,291</u>	<u>\$ (19,876)</u>	<u>\$ 783,164</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)

(Thousands of dollars)

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Non-Capital</u>	<u>Ratio</u>
2001	\$195,310	\$3,546,614	0.06 : 1
2002	219,894	3,712,360	0.06 : 1
2003	255,239	3,849,260	0.07 : 1
2004	259,590	4,016,680	0.06 : 1
2005	315,809	4,176,785	0.08 : 1
2006	214,652	4,298,325	0.05 : 1
2007	342,179	4,486,331	0.08 : 1
2008	260,438	4,651,285	0.06 : 1
2009	301,169	5,019,838	0.06 : 1
2010	383,887	5,266,102	0.07 : 1



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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>2001</u>	<u>2002</u>	<u>2003</u>
Education . . . . .	\$2.756	\$2.712	\$2.670
Medicare . . . . .	0.047	0.031	0.017
Worker's and Unemployment Compensation/Tort Immunity . . . . .	0.141	0.191	0.150
PBC Operation & Maintenance . . . . .	0.640	0.685	0.609
Public Building Commission . . . . .	<u>0.130</u>	<u>0.125</u>	<u>0.116</u>
TOTAL DIRECT RATE: . . . . .	\$3.714	\$3.744	\$3.562
Chicago Finance Authority . . . . .	0.223	0.223	0.177
City of Chicago . . . . .	1.660	1.637	1.591
Chicago City Colleges . . . . .	0.311	0.307	0.280
Chicago Park District . . . . .	0.572	0.567	0.545
Metropolitan Water Reclamation District . . . . .	0.415	0.401	0.371
Cook County . . . . .	0.824	0.746	0.690
Cook County Forest Preserve . . . . .	<u>0.069</u>	<u>0.067</u>	<u>0.061</u>
TOTAL FOR ALL GOVERNMENTS: . . . . .	<u>\$7.788</u>	<u>\$7.692</u>	<u>\$7.277</u>

Source: Cook County Clerk's Office

Note:

- A — Beginning fiscal year 2004, the tax levy for Medicare has been consolidated with the Education tax rate.
- B — Beginning in fiscal year 2008, the tax levy for PBC Operations & Maintenance has been consolidated with the Education tax rate.
- C — Beginning fiscal year 2009, the tax levy for Chicago Finance Authority has been consolidated with the Education tax rate.

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



<u>2004 (A)</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (B)</u>	<u>2009 (C)</u>	<u>2010</u>
\$2.258	\$2.301	\$2.143	\$2.078	\$2.376	\$2.426	\$2.204
—	—	—	—	—	—	—
0.219	0.131	0.228	0.021	0.191	0.031	0.148
0.565	0.576	0.565	0.521	—	—	—
<u>0.100</u>	<u>0.096</u>	<u>0.090</u>	<u>0.077</u>	<u>0.016</u>	<u>0.015</u>	<u>0.014</u>
\$3.142	\$3.104	\$3.026	\$2.697	\$2.583	\$2.472	\$2.366
0.151	0.177	0.127	0.118	0.091	—	—
1.380	1.302	1.243	1.062	1.044	1.147	1.098
0.246	0.242	0.234	0.205	0.159	0.156	0.150
0.464	0.455	0.443	0.379	0.355	0.323	0.309
0.361	0.347	0.315	0.284	0.263	0.252	0.261
0.630	0.593	0.533	0.500	0.446	0.415	0.394
<u>0.059</u>	<u>0.060</u>	<u>0.060</u>	<u>0.057</u>	<u>0.053</u>	<u>0.051</u>	<u>0.049</u>
<u>\$6.433</u>	<u>\$6.280</u>	<u>\$5.981</u>	<u>\$5.302</u>	<u>\$4.994</u>	<u>\$4.816</u>	<u>\$4.627</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Fiscal Years  
(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 (B)	
			Amount	Percentage of Extension		Amount	Percentage of Extension
2000	2001	\$1,503,488	\$ 682,356	45.38%	\$ 784,146	\$1,466,502	97.54%
2001	2002	1,571,962	694,681	44.19%	853,120	1,547,801	98.46%
2002	2003	1,614,473	753,457	46.67%	825,200	1,578,657	97.78%
2003	2004	1,670,337	757,156	45.33%	866,835	1,623,991	97.23%
2004	2005	1,716,111	769,982	44.87%	914,295	1,684,277	98.14%
2005	2006	1,794,063	804,755	44.86%	942,826	1,747,581	97.41%
2006	2007	1,874,750	835,191	44.55%	988,883	1,824,074	97.30%
2007	2008	1,901,887	865,576	45.51%	1,010,148	1,875,724	98.62%
2008	2009	2,001,751	916,129	45.77%	1,025,892	1,942,021	97.02%
2009	2010	2,001,252	1,024,263	51.18%	—	—	—

Note:

- A. The amount does not represent a full year's tax collection.
- B. The total amount collected to date is net of refunds.



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**ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
Last Ten Fiscal Years  
(Thousands of dollars)

Tax Year Levy	Fiscal Year	Assessed Values (A)				Total
		Class 2 (B)	Class 3 (C)	Class 5 (D)	Other (E)	
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
2006	2007	18,521,873	2,006,898	12,157,149	688,868	33,374,788
2007	2008	18,937,256	1,768,927	12,239,086	678,196	33,623,465
2008	2009	19,339,573	1,602,768	12,359,537	693,239	33,995,117
2009	2010	18,311,981	1,812,850	10,720,244	592,364	31,437,439

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>
2.2235	\$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	3.026	286,354,518	20.71%
2.7076	69,511,192	2.697	329,770,733	21.08%
2.8439	73,645,316	2.583	320,503,503	22.98%
2.9786	80,977,543	2.472	310,888,609	26.05%
3.3701	84,586,808	2.366	N/A	N/A

Statistical Section

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**PRINCIPAL PROPERTY TAX PAYERS, BASED ON EQUALIZED ASSESSED VALUATION**  
Last Ten Fiscal Years  
(Thousands of dollars)

Property	2009			2008		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower . . . . .	\$ 505,515	1	0.60%	\$ 540,074	1	0.67%
AON Building . . . . .	375,441	2	0.44%	392,192	2	0.48%
Prudential Plaza . . . . .	318,635	3	0.38%	307,510	3	0.38%
AT&T Corporate Center 1 . . . . .	256,590	4	0.30%	294,569	4	0.36%
Water Tower Place . . . . .	235,907	5	0.28%	242,014	6	0.30%
Chase Tower . . . . .	231,694	6	0.27%	262,114	5	0.32%
Three First National Plaza . . . . .	231,028	7	0.27%	215,666	10	0.27%
131 S. Dearborn . . . . .	212,725	8	0.25%	218,722	9	0.27%
One North Wacker . . . . .	211,526	9	0.25%	—	—	—
Leo Burnett Building . . . . .	208,973	10	0.25%	221,846	8	0.27%
Northwestern Atrium . . . . .	—	—	—	226,458	7	0.28%
Equity Office Properties . . . . .	—	—	—	—	—	—
Lakeside Tech Ct. . . . .	—	—	—	—	—	—
Chicago Mercantile Exchange . . . . .	—	—	—	—	—	—
Citicorp Plaza . . . . .	—	—	—	—	—	—
Hyatt Regency Hotel . . . . .	—	—	—	—	—	—
900 North Michigan . . . . .	—	—	—	—	—	—
Amoco Building . . . . .	—	—	—	—	—	—
Bank One Plaza . . . . .	—	—	—	—	—	—
Cigna . . . . .	—	—	—	—	—	—
	<u>\$2,788,034</u>		<u>3.29%</u>	<u>\$2,921,165</u>		<u>3.60%</u>

Property	2004			2003		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower . . . . .	\$ 489,383	1	0.89%	\$ 467,362	1	0.88%
AON Building . . . . .	322,214	2	0.58%	307,715	2	0.58%
Prudential Plaza . . . . .	279,002	3	0.50%	241,765	4	0.45%
AT&T Corporate Center 1 . . . . .	253,156	4	0.46%	233,214	5	0.44%
Water Tower Place . . . . .	172,706	9	0.31%	171,376	7	0.32%
Chase Tower . . . . .	244,202	5	0.44%	266,448	3	0.50%
Three First National Plaza . . . . .	179,451	7	0.32%	169,466	8	0.32%
131 S. Dearborn . . . . .	—	—	—	—	—	—
One North Wacker . . . . .	—	—	—	—	—	—
Leo Burnett Building . . . . .	177,450	8	0.32%	—	—	—
Northwestern Atrium . . . . .	193,957	6	0.35%	185,230	6	0.35%
Equity Office Properties . . . . .	168,886	10	0.31%	—	—	—
Lakeside Tech Ct. . . . .	—	—	—	164,935	9	0.31%
Chicago Mercantile Exchange . . . . .	—	—	—	161,286	10	0.30%
Citicorp Plaza . . . . .	—	—	—	—	—	—
Hyatt Regency Hotel . . . . .	—	—	—	—	—	—
900 North Michigan . . . . .	—	—	—	—	—	—
Amoco Building . . . . .	—	—	—	—	—	—
Bank One Plaza . . . . .	—	—	—	—	—	—
Cigna . . . . .	—	—	—	—	—	—
	<u>\$2,480,407</u>		<u>4.48%</u>	<u>\$2,368,797</u>		<u>4.45%</u>

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

N/A — Not available



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**SCHEDULE OF REPLACEMENT TAX DATA**  
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)
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	227,423,096	1,016,872,677	39,747,236	1,284,043,009	14.00%
2007	211,708,013	1,220,116,567	86,763,391	1,518,587,971	14.00%
2008	212,367,886	1,196,441,849	87,136,806	1,495,946,541	14.00%
2009	205,330,651	987,176,180	69,521,623	1,262,028,454	14.00%
2010(G)	188,303,160	791,357,908	127,757,895	1,107,418,963	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 Statute 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, 2010 — October, 2010 only.
- H. Percentage rounded.
- I. Estimated.



**Board Replacement Tax Data (B)**

<b>Statutory Claims (B)</b>					
<u>Allocations to Board</u>	<u>Allocations for Prior Debt Service (D)</u>	<u>Allocations for Pension Obligations (E)</u>	<u>Remainder after Allocations for Statutory Claims</u>	<u>Pro-Forma Pledged Revenues (F)</u>	<u>Fiscal Year Recorded Revenues</u>
134,954,126	—	—	134,954,126	134,954,126	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
167,525,745	—	—	167,525,745	167,525,745	145,724,052
179,817,446	—	—	179,817,446	179,817,446	184,699,266
212,663,134	—	—	212,663,134	212,663,134	201,509,427
209,492,428	—	—	209,492,428	209,492,428	215,488,652
176,734,528	—	—	176,734,528	176,734,528	188,503,101
162,165,666	—	—	162,165,666	162,165,666	152,497,491

**Monthly Summary of the Total Allocations to the Board of Education**

<u>Calendar Year</u>	<u>January</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>July</u>	<u>August</u>	<u>October</u>	<u>December</u>	<u>Total</u>
2001	19,256,949	9,853,297	25,623,017	18,352,614	25,636,258	3,148,346	24,440,723	8,642,922	134,954,126
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	20,284,121	27,393,274	8,208,848	167,525,745
2006	24,520,445	8,553,752	38,608,787	24,789,508	32,340,532	10,213,846	32,635,826	8,154,750	179,817,446
2007	23,706,088	12,541,684	42,960,330	35,720,916	35,575,987	15,691,722	32,603,768	13,862,639	212,663,134
2008	28,898,261	13,371,613	37,943,940	40,606,164	32,510,546	17,770,472	29,019,609	9,371,823	209,492,428
2009	21,095,325	7,777,403	37,489,531	36,561,422	29,417,516	3,022,112	33,592,731	7,778,488	176,734,528
2010	22,103,156	8,619,712	32,076,622	22,475,680	22,828,990	2,997,879	43,980,968	7,082,659(l)	162,165,666

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS**

For the Fiscal Year Ended June 30, 2010

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2009 EAV \$</u>	<u>% Change in EAV (for 2009)</u>
Addison Corridor North	6/4/1997	2020	\$ 14,400,224	\$ 49,590,219	244.4%
Addison South	5/9/2007	2031	70,940,232	127,068,480	79.1%
Addison/Kimball	1/12/2000	2023	883,731	Terminated	—
Archer Courts	5/12/1999	2023	85,326	6,442,903	7450.9%
Archer/Central	5/17/2000	2024	37,646,911	59,170,104	57.2%
Archer/Western	2/11/2009	2033	117,506,250	128,830,191	9.6%
Armitage Pulaski	2/13/2007	2031	17,643,508	26,976,617	52.9%
Austin Commercial	9/27/2007	2031	72,287,864	110,657,295	53.1%
Avalon Park/South Shore	7/31/2002	2026	22,180,151	47,158,038	112.6%
Avondale	7/29/2009	2033	40,426,760	46,582,208	15.2%
Belmont/Central	1/12/2000	2024	74,974,945	155,968,244	108.0%
Belmont/Cicero	1/12/2000	2024	33,673,880	71,313,651	111.8%
Bloomington/Laramie	9/15/1993	2016	1,206,101	Terminated	—
Bronzeville	11/4/1998	2022	46,166,304	146,754,364	217.9%
Bryn Mawr /Broadway	12/11/1996	2019	17,682,409	62,835,439	255.4%
Calumet/Cermak	7/29/1998	2021	3,219,685	177,991,372	5428.2%
Calumet River	2/10/2010	2034	TBD	NA	NA
Canal/Congress	11/12/1998	2022	36,872,487	436,099,862	1082.7%
Central Loop	2/7/1997	2008	985,292,154	Expired	—
Central West	2/16/2000	2024	85,481,254	407,483,208	376.7%
Chatham Ridge	12/18/1986	2010	2,623,722	38,315,922	1360.4%
Chicago/CentralPark	2/27/2002	2026	84,789,947	234,892,976	177.0%
Chicago/Kingsbury	4/12/2000	2024	38,520,706	376,582,348	877.6%
Chinatown	12/18/1986	2010	131,657	68,073,215	51605.0%
Cicero/Archer	5/17/2000	2024	19,629,324	38,477,603	96.0%
Clark/Montrose	7/7/1999	2022	23,433,096	78,154,385	233.5%
Clark/Ridge	9/29/1999	2022	39,619,368	94,123,284	137.6%
Commercial Ave.	11/13/2002	2026	40,748,652	77,822,084	91.0%
Devon/Sheridan	3/31/2004	2028	46,265,220	60,730,285	31.3%
Devon/Western	11/3/1999	2023	71,430,503	144,291,279	102.0%
Diversey/Narragansett	2/5/2003	2027	34,746,231	84,427,123	143.0%
Division/Homan	6/27/2001	2025	24,683,716	59,231,008	140.0%
Division/Hooker	7/10/1996	2019	380,624	4,047,089	963.3%
Division/North Branch	3/15/1991	2014	482,150	5,702,452	1082.7%
Drexel Blvd.	7/10/2002	2026	127,408	7,626,347	5885.8%
Eastman/North Branch	10/7/1993	2016	2,222,210	6,601,092	197.1%
Edgewater	12/18/1986	2009	479,172	6,213,608	1196.7%
Edgewater/Ashland	10/1/2003	2027	1,875,282	14,129,783	653.5%
Elston Armstrong	7/19/2007	2031	45,742,226	55,731,027	21.8%
Englewood Mall	11/29/1989	2012	3,868,736	14,052,334	263.2%
Englewood Neighborhood	6/27/2001	2025	56,079,946	194,740,730	247.3%
Ewing Avenue	4/14/2010	2034	TBD	NA	NA
Fullerton/Milwaukee	2/16/2000	2024	85,157,390	248,633,393	192.0%
Fullerton/Normandy	10/7/1993	2016	2,031,931	Terminated	—
Galewood/Armitage Industrial	7/7/1999	2022	48,056,697	110,570,153	130.1%
Goose Island	7/10/1996	2019	13,676,187	102,344,763	648.3%
Greater Southwest (West)	4/12/2000	2024	115,603,413	138,457,522	19.8%

## CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV \$	2009 EAV \$	% Change in EAV (for 2009)
Harlem Industrial Park	3/14/2007	2031	\$ 45,981,764	\$ 50,795,939	10.5%
Harrison Central	7/26/2006	2030	43,430,700	62,169,039	43.1%
Hollywood Sheridan	11/7/2007	2031	158,696,916	189,830,070	19.6%
Homan/Grand Trunk	12/15/1993	2016	35,753	5,439,254	15113.4%
Homan/Arthington	2/5/1998	2021	2,658,362	14,771,531	455.7%
Howard/Paulina	10/14/1988	2011	10,081,104	37,233,212	269.3%
Humbolt Park Commercial	6/27/2001	2025	32,161,252	102,517,754	218.8%
Irving Park/Cicero	6/10/1996	2020	8,150,631	20,867,887	156.0%
Irving Park/Elston	5/13/2009	2033	44,853,282	56,230,609	25.4%
Jefferson Park	9/9/1998	2021	23,970,085	49,275,118	105.6%
Jefferson/Roosevelt	8/30/2000	2024	52,292,656	158,219,352	202.6%
Kennedy Kimball	3/12/2008	2032	72,841,679	81,594,522	12.0%
Kinzie Industrial Corridor	6/10/1998	2021	144,961,719	556,796,759	284.1%
Kostner Ave.	11/5/2008	2031	2,794,764	1,829,397	-34.5%
Lake Calumet	12/13/2000	2024	176,186,639	267,067,423	51.6%
Lakefront	3/27/2002	2026	—	6,008,507	—
Lakeside/Clarendon	7/21/2004	2028	3,091,585	9,508,300	207.6%
LaSalle Central	11/15/2006	2030	4,192,597,468	4,617,238,877	10.1%
Lawrence/Broadway	6/27/2001	2025	38,603,611	120,064,852	211.0%
Lawrence/Kedzie	2/16/2000	2024	110,395,843	288,022,301	160.9%
Lawrence/Pulaski	2/27/2002	2026	43,705,743	85,621,247	95.9%
Lincoln Avenue	11/3/1999	2023	63,741,191	125,792,379	97.3%
Lincoln/Belmont/Ashland	11/2/1994	2017	2,457,347	24,894,744	913.1%
Little Village East	4/22/2009	2033	44,751,945	48,487,600	8.3%
Little Village Ind	6/13/2007	2031	88,054,895	96,992,075	10.1%
Madden/Wells	11/6/2002	2026	1,333,582	25,379,546	1803.1%
Madison/Austin Corridor	9/29/1999	2023	48,748,259	104,798,790	115.0%
Michigan/Cermak	9/13/1989	2012	5,858,634	25,097,500	328.4%
Midway Ind. Corridor	2/16/2000	2024	48,652,950	79,173,467	62.7%
Midwest	5/17/2000	2024	98,090,835	455,504,752	364.4%
Montclare	8/30/2000	2024	792,770	9,631,870	1115.0%
Montrose/Clarendon	6/9/2010	2034	TBD	NA	NA
Near North	7/30/1997	2020	41,671,541	422,963,437	915.0%
Near South	8/3/1994	2014	128,549,547	1,472,854,091	1045.7%
Near West	6/10/1996	2024	36,805,658	330,725,429	798.6%
North Ave./Cicero	7/30/1997	2020	5,658,542	31,244,841	452.2%
North Branch North	7/2/1997	2021	29,574,537	119,870,273	305.3%
North Branch South	2/5/1998	2021	44,361,677	176,226,781	297.3%
North Pullman	6/2/2009	2033	44,582,869	51,256,676	15.0%
NW Industrial Corridor	12/2/1998	2021	146,115,991	304,090,893	108.1%
Ogden Pulaski	4/9/2008	2032	221,709,034	280,845,268	26.7%
Ohio/Wabash	6/7/2000	2024	1,278,143	27,517,180	2052.9%
Pershing King	9/5/2007	2031	12,948,117	15,628,869	20.7%
Peterson/Cicero	2/16/2000	2024	1,116,653	11,195,380	902.6%
Peterson/Pulaski	2/16/2000	2023	40,112,395	62,623,594	56.1%
Pilsen Industrial Corridor	6/10/1998	2022	111,394,217	329,782,475	196.0%
Portage Park	9/9/1998	2028	65,084,552	134,159,104	106.1%
Pratt Ridge	6/23/2004	2028	16,414,897	24,430,465	48.8%
Pulaski Corridor	6/9/1999	2022	82,778,075	162,061,904	95.8%
Randolph/Wells	4/14/2010	2034	TBD	NA	NA
Ravenswood Corridor	10/15/2005	2029	44,169,275	69,280,741	56.9%
Read/Dunning	1/11/1991	2015	6,382,072	67,209,727	953.1%
River South	7/30/1997	2020	65,930,580	330,763,311	401.7%
River West	1/10/2001	2025	50,463,240	312,239,392	518.7%
Roosevelt/Canal	3/19/1997	2021	1,276,969	22,432,960	1656.7%
Roosevelt/Cicero Corridor	2/5/1998	2021	45,179,428	101,937,135	125.6%

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV \$	2009 EAV \$	% Change in EAV (for 2009)
Roosevelt/Homan	12/5/1990	2013	\$ 3,539,018	\$ 31,153,034	780.3%
Roosevelt/Racine (DOH)	11/4/1998	2021	6,992,428	51,405,401	635.2%
Roosevelt/Union	5/12/1999	2022	4,369,258	101,544,310	2224.1%
Roseland/Michigan	1/16/2002	2026	29,627,768	49,972,806	68.7%
Ryan/Garfield	12/18/1986	2009	166,083	Terminated	—
Sanitary & Ship Canal	7/24/1991	2014	10,722,329	30,921,134	188.4%
South Chicago	4/12/2000	2024	14,775,992	41,456,810	180.6%
South Works	11/3/1999	2022	3,823,633	5,977,785	56.3%
Stevenson Brighton Park	4/11/2007	2031	216,330,994	238,769,269	10.4%
Stockyards Annex	12/11/1996	2020	38,650,631	73,264,416	89.6%
Stockyards-Industrial	3/8/1989	2012	11,178,459	47,097,135	321.3%
Stockyards-Southeast Quad	2/26/1992	2015	21,527,824	54,705,756	154.1%
Stony Island Com/Burnside	6/10/1998	2021	46,058,038	109,185,711	137.1%
Southwest Ind. Corridor	3/10/1999	2022	17,662,923	39,278,612	122.4%
Touhy Western	9/13/2006	2030	55,187,828	74,010,830	34.1%
Weed Fremont	1/9/2008	2032	6,430,360	9,281,515	44.3%
West Grand	6/10/1996	2019	465,129	1,983,631	326.5%
West Irving Park	1/12/2000	2024	36,446,831	64,726,087	77.6%
West Pullman Ind. Park	3/11/1998	2021	7,050,845	7,014,162	—0.5%
West Ridge/Peterson	10/27/1986	2010	1,617,926	11,299,347	598.4%
West Woodlawn TIF	4/14/2010	2034	TBD	NA	NA
Western Ave. North	1/12/2000	2024	71,260,546	206,937,137	190.4%
Western Ave. South	1/12/2000	2024	69,504,372	215,749,253	210.4%
Western/Ogden Ind. Corridor	2/5/1998	2021	41,536,306	211,250,443	408.6%
Western Rock Island	2/8/2006	2030	102,358,411	154,414,703	50.9%
Wilson Yard	6/27/2001	2025	56,194,225	208,053,466	270.2%
Woodlawn	1/20/1999	2022	28,865,833	101,753,066	252.5%
105th Vincennes	10/3/2001	2025	1,268,074	7,813,517	516.2%
111th St./Kedzie	9/29/1999	2022	14,456,141	30,141,826	108.5%
119th/ I-57	11/6/2002	2026	16,097,672	52,168,128	224.1%
119th Halsted	2/6/2002	2026	18,853,913	36,781,079	95.1%
126th/Torrence	12/21/1994	2017	1,224,731	19,294,130	1475.4%
134th Avenue K	3/12/2008	2032	6,732,703	7,283,609	8.2%
24th/Michigan	7/21/1999	2022	15,874,286	48,079,777	202.9%
26th King Drive	1/11/2006	2030	—	17,255,527	—
26th/Kostner	4/29/1998	2021	2,834,583	Terminated	—
35th/Halsted	1/14/1997	2021	81,196,655	186,971,615	130.3%
35th/State	1/14/2004	2028	3,978,955	32,782,273	723.9%
35th/Wallace	12/15/1999	2023	9,047,402	25,957,550	186.9%
40th State	3/10/2004	2028	NA	NA	NA
41st/King Drive	7/13/1994	2017	129,892	4,603,996	3444.5%
43rd/Cottage Grove	7/8/1998	2021	13,728,931	76,734,310	458.9%
43rd/Damen	8/3/1994	2017	5,596,786	Terminated	—
45th/Western Industrial	3/27/2002	2026	1,984,412	3,522,649	77.5%
47th /Ashland	3/27/2002	2026	53,606,185	112,119,947	109.2%
47th /Halsted	5/29/2002	2026	39,164,012	118,894,415	203.6%
47th/ King Drive	3/27/2002	2026	61,269,066	252,106,684	311.5%
47th/State	7/21/2004	2028	19,279,360	61,287,589	217.9%
49th/St. Lawrence	1/10/1996	2020	683,377	11,621,099	1600.5%
51st/Archer	5/17/2000	2024	29,522,751	47,763,819	61.8%
53rd St.	1/10/2001	2025	23,168,822	45,080,607	94.6%
60th/Western	5/9/1996	2019	2,464,026	8,718,137	253.8%
63rd Ashland	3/29/2006	2030	NA	NA	NA
63rd/Pulaski	5/17/2000	2024	56,171,856	110,535,172	96.8%
67th/Cicero	10/2/2002	2026	—	7,756,313	—
69th/Ashland	3/29/2006	2030	813,600	12,342,482	1417.0%



## CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2009 EAV \$</u>	<u>% Change in EAV (for 2009)</u>
71st/Stony Island	3/4/2005	2021	\$ 53,506,755	\$ 138,619,389	159.1%
72nd/Cicero	11/17/1993	2016	6,531,993	12,767,991	95.5%
73rd/Kedzie	11/17/1993	2016	14,587,780	9,537,588	-34.6%
73rd University	9/13/2006	2030	16,998,947	36,461,727	114.5%
79th Street Corridor	7/8/1998	2021	21,576,305	44,123,789	104.5%
79th/SW Highway	10/3/2001	2025	36,347,823	77,427,496	113.0%
79th Cicero	6/8/2005	2029	8,018,405	19,395,333	141.9%
79th Vincennes	9/27/2007	2031	32,132,472	46,928,449	46.0%
83rd/Stewart	3/21/2004	2028	10,618,689	20,137,129	89.6%
87th/Cottage Grove	11/13/2002	2026	53,959,824	108,624,352	101.3%
89th/State	4/1/1998	2021	3,827,328	12,368,610	223.2%
95th/Stony Island	5/16/1990	2013	2,622,436	23,188,944	784.3%
95th/Western	7/13/1995	2018	16,035,773	36,760,440	129.2%
			<u>\$10,992,764,374</u>	<u>\$21,028,251,905</u>	

## 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.

Source: Office of the Cook County Clerk Tax Increment Agency

Total 2009 EAV for the City of Chicago is \$84,592,286,342

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS**

For the fiscal year ended June 30, 2010

(Thousands of dollars)

	Date		Interest Rate	Outstanding at June 30, 2009	Issue or (Redeemed)	Outstanding at June 30, 2010
	Issued	Maturity				
<b>Direct Debt (A):</b>						
PBC GO Lease Certificate 1992 Series A	1/1/1992	1/1/2020	6.00% to 6.50%	\$ 238,800	\$ (16,375)	\$ 222,425
PBC Building Revenue Bonds 1993 Series A	4/1/1993	12/1/2018	3.00% to 5.75%	33,105	(10,420)	22,685
PBC Building Revenue Refunding Bonds 1999 Series B	3/11/1999	12/1/2018	5.00% to 5.25%	114,480	(375)	114,105
Unlimited Tax G.O. Bonds Series 1996	4/1/1996	12/1/2026	4.80% to 6.25%	46,070	(10,495)	35,575
Unlimited Tax G.O. Bonds Series 1997	5/7/1997	12/1/2027	5.08% to 6.75%	50,710	(11,465)	39,245
Unlimited Tax G.O. Bonds Series 1997A	12/3/1997	12/1/2030	5.30% to 5.55%	37,985	—	37,985
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	(17,825)	310,889
Unlimited Tax G.O. Bonds Series 1999A	2/25/1999	12/1/2031	4.30% to 5.30%	529,030	(24,342)	504,688
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	(2,365)	14,160
Unlimited Tax G.O. Bonds Series 2000B,C,D	9/7/2000	3/1/2032	Variable	303,000	(3,600)	299,400
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%	3,895	(905)	2,990
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%	19,620	(4,545)	15,075
Unlimited Tax G.O. Bonds Series 2002A	9/24/2002	12/1/2022	3.00% to 5.25%	46,040	(1,675)	44,365



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS (continued)**  
**For the fiscal year ended June 30, 2010**  
**(Thousands of dollars)**

	Date		Interest Rate	Outstanding at June 30, 2009	Issue or (Redeemed)	Outstanding at June 30, 2010
	Issued	Maturity				
Unlimited Tax G.O. Bonds Series 2003A	2/13/2003	12/1/2016	2.50% to 5.25%	\$ 53,585	\$ (5,640)	\$ 47,945
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 2004A	4/6/2004	12/1/2020	4.00% to 5.00%	205,410	—	205,410
Unlimited Tax G.O. Bonds Series 2004CDE	11/10/2004	3/1/2035	Variable	131,095	(131,095)	—
Unlimited Tax G.O. Bonds Series 2004FGH	12/10/2004	3/1/2032	4.00% to 6.00%	12,500	—	12,500
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 2005DE	12/8/2005	3/1/2036	Variable	157,055	(157,055)	—
Qualified Zone Academy G.O. Bonds Series 2006A	6/7/2006	6/1/2021	0.00%	6,853	—	6,853
Unlimited Tax G.O. Bonds Series 2006B	9/27/2006	12/1/2036	4.25% to 5.00%	347,145	(6,170)	340,975
Unlimited Tax G.O. Bonds Series 2007BC	9/5/2007	12/1/2024	4.125% to 5.00%	204,340	(305)	204,035
Unlimited Tax G.O. Bonds Series 2007D	12/13/2007	12/1/2029	4.00% to 5.00%	233,065	(6,875)	226,190
Unlimited Tax G.O. Bonds Series 2008A	5/13/2008	12/1/2030	Variable	262,785	—	262,785
Unlimited Tax G.O. Bonds Series 2008B	5/13/2008	3/1/2034	Variable	236,150	(5,100)	231,050
Unlimited Tax G.O. Bonds Series 2008C	5/1/2008	12/1/2032	4.25% to 5.00%	464,655	—	464,655
Unlimited Tax G.O. Bonds Series 2009A	3/18/2009	3/1/2026	Variable	130,000	—	130,000
Unlimited Tax G.O. Bonds Series 2009BC	6/25/2009	3/1/2031	Variable	95,675	(6,450)	89,225
Unlimited Tax G.O. Bonds Series 2009D	7/30/2009	12/1/2023	1.00% to 5.00%	—	71,380	71,380
Unlimited Tax G.O. Bonds Series 2009E	9/24/2009	12/1/2039	4.68% to 6.14%	—	518,210	518,210

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS (continued)**  
For the fiscal year ended June 30, 2010  
(Thousands of dollars)

	Date		Interest Rate	Outstanding at June 30, 2009	Issue or (Redeemed)	Outstanding at June 30, 2010
	Issued	Maturity				
Unlimited Tax G.O. Bonds Series 2009F	9/24/2009	12/1/2016	2.50% to 5.00%	\$ —	\$ 29,125	\$ 29,125
Unlimited Tax G.O. Bonds Series 2009G	12/17/2009	12/15/2025	1.75%	—	254,240	254,240
Unlimited Tax G.O. Bonds Series 2010A	2/17/2010	3/1/2035	Variable	—	48,910	48,910
Unlimited Tax G.O. Bonds Series 2010B	2/17/2010	3/1/2036	Variable	—	157,055	157,055
Total Direct Debt . . . . .				<u>\$ 4,607,882</u>	<u>\$ 655,843</u>	<u>\$ 5,263,725</u>

NOTES:

- A. Excludes total accreted interest of \$497,535,532 on Series 1997A, Series 1998B-1, and Series 1999A bonds (\$36,415,122, \$262,648,497 and \$210,006,869, respectively).



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**TOTAL AUTHORIZED BOND ISSUANCES**  
**As of June 30, 2010**  
**(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, 2010</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	658,975	74,820 (A)	—
1997 Alternate Bond Authorization . . . . .	1,500,000	1,497,703 (B)	—	462,010	988,802 (B)	2,297
1998 Alternate Bond Authorization . . . . .	900,000	870,195 (C)	—	308,140	234,725 (C)	29,805
2001 Alternate Bond Authorization . . . . .	500,000	500,000 (D)	—	381,425	63,020 (D)	—
2002 Alternate Bond Authorization . . . . .	500,000	500,000 (E)	—	434,080	44,365 (E)	—
2004 Alternate Bond Authorization . . . . .	965,000	965,000 (F)	—	611,075	308,111 (F)	—
2006 Alternate Bond Authorization . . . . .	750,000	634,258 (G)	—	162,785	444,282 (G)	115,742
2008 Alternate Bond Authorization . . . . .	1,900,000	1,899,990 (H)	—	—	1,890,065 (H)	10
2009 Alternate Bond Authorization . . . . .	<u>2,300,000</u>	<u>205,965 (I)</u>	<u>—</u>	<u>—</u>	<u>205,965 (I)</u>	<u>2,094,035</u>
<b>TOTAL . . . . .</b>	<b><u>\$10,510,000</u></b>	<b><u>\$7,968,111</u></b>	<b><u>\$300,000</u></b>	<b><u>\$3,018,490</u></b>	<b><u>\$4,254,155</u></b>	<b><u>\$2,241,889</u></b>

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 four series of refunding bonds which met these requirements: \$205,410,000 Series 2004A, \$193,585,000 Series 2005A, \$52,595,000 Series 2005B and \$197,765,000 Series 2007B which are not included in the authorization table. Total principal amount outstanding including these series is \$4,904,510.

**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	\$35,575
Unlimited Tax GO Bonds Series 1997 . . . . .	5/7/1997	500,000	39,245
		<u>\$850,000</u>	<u>\$74,820</u>

**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**TOTAL AUTHORIZED BOND ISSUANCES (continued)**  
**As of June 30, 2010**  
**(Thousands of dollars)**

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	\$ 37,985
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	310,889
Unlimited Tax GO Bonds Series 1999A .....	2/25/1999	532,554	504,688
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	99,800
Unlimited Tax GO Bonds, Series 2001B .....	12/21/2001	9,440	9,440
		<u>\$1,497,703</u>	<u>\$988,802</u>

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	14,160
Unlimited Tax GO Bonds, Series 2000B,C .....	9/7/2000	202,000	199,600
Unlimited Tax GO Bonds, Series 2000E .....	12/19/2000	13,390	13,390
Unlimited Tax GO Bonds, Series 2001A .....	3/1/2001	45,110	2,990
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	—
Unlimited Tax GO Refunding Bonds, Series 2007A .....	9/5/2007	100,000	—
Total issued and outstanding debt: .....		<u>\$870,195</u>	<u>\$234,725</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	\$15,075
Unlimited Tax GO Bonds, Series 2003A .....	2/13/2003	75,890	47,945
Unlimited Tax GO Bonds, Series 2003B .....	2/13/2003	183,775	—
Unlimited Tax GO Refunding Bonds, Series 2004B .....	4/6/2004	23,075	—
		<u>\$500,000</u>	<u>\$63,020</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	\$44,365
Unlimited Tax GO Bonds, Series 2003D .....	12/12/2003	257,925	—
Unlimited Tax GO Refunding Bonds, Series 2004B .....	4/6/2004	193,105	—
		<u>\$500,000</u>	<u>\$44,365</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**TOTAL AUTHORIZED BOND ISSUANCES (continued)**

As of June 30, 2010

(Thousands of dollars)

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	\$ —
Unlimited Tax GO Bonds, Series 2004FGH .....	12/2/2004	56,000	12,500
Unlimited Tax GO Bonds, Series 2005C .....	11/15/2005	53,750	—
Unlimited Tax GO Bonds, Series 2005DE .....	12/8/2005	325,000	—
Unlimited Tax GO Bonds, Series 2006A .....	6/7/2006	6,853	6,853
Unlimited Tax GO Bonds, Series 2006B .....	9/27/2006	301,317	288,758
		<u>\$965,000</u>	<u>\$308,111</u>

G. The total issued and outstanding debt for the 2006 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Bonds, Series 2006B .....	9/27/2006	\$ 54,488	\$ 52,217
Unlimited Tax GO Refunding Bonds, Series 2007A .....	9/5/2007	162,785	—
Unlimited Tax GO Refunding Bonds, Series 2007C .....	9/5/2007	6,870	6,270
Unlimited Tax GO Bonds, Series 2007D .....	12/13/2007	238,720	226,190
Unlimited Tax GO Refunding Bonds, Series 2009B .....	6/25/2009	75,410	75,410
Unlimited Tax GO Refunding Bonds, Series 2009C .....	6/25/2009	20,265	13,815
Unlimited Tax GO Refunding Bonds, Series 2009D .....	7/30/2009	75,720	71,380
		<u>\$634,258</u>	<u>\$445,282</u>

H. The total issued and outstanding debt for the 2008 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Refunding Bonds, Series 2008A .....	5/13/2008	\$ 262,785	\$ 262,785
Unlimited Tax GO Refunding Bonds, Series 2008B .....	5/13/2008	240,975	231,050
Unlimited Tax GO Refunding Bonds, Series 2008C .....	5/1/2008	464,655	464,655
Unlimited Tax GO Refunding Bonds, Series 2009A .....	3/18/2009	130,000	130,000
Unlimited Tax GO Bonds, Series 2009E .....	9/24/2009	518,210	518,210
Unlimited Tax GO Bonds, Series 2009F .....	9/24/2009	29,125	29,125
Unlimited Tax GO Bonds, Series 2009G .....	12/17/2009	254,240	254,240
		<u>\$1,899,990</u>	<u>\$1,890,065</u>

I. The total issued and outstanding debt for the 2009 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
Unlimited Tax GO Refunding Bonds, Series 2010A .....	2/17/2010	48,910	48,910
Unlimited Tax GO Refunding Bonds, Series 2010B .....	2/17/2010	157,055	157,055
		<u>205,965</u>	<u>205,965</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**OUTSTANDING DEBT PER CAPITA**  
Last Ten Fiscal Years  
(Thousands of dollars, except per capita)  
As of June 30, 2010

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Leases Securing PBC Bonds</u>	<u>Asbestos Abatement Loan</u>	<u>Capital Leases</u>	<u>Note Payable</u>	<u>Total Primary Government</u>
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	—	5,500	4,000,086
2006	3,866,956	458,030	6,154	2,975	4,598	4,338,713
2007	4,091,856	435,535	4,885	2,800	3,606	4,538,682
2008	4,276,507	411,690	3,747	2,625	2,516	4,697,085
2009	4,221,497	386,385	2,710	2,450	1,317	4,614,359
2010	4,904,510	359,215	—	2,275	—	5,266,000

<u>Percentage of Personal Income</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Total Outstanding Debt Per Capita</u>	<u>Total General Obligation Debt Per Capita</u>
3.32%	16.71%	2,896,016	\$1,154.31	\$ 854.59
3.42%	17.19%	2,896,016	1,206.07	929.55
3.62%	14.42%	2,896,016	1,279.79	1,032.40
3.63%	15.12%	2,896,016	1,343.67	1,130.93
3.50%	15.25%	2,896,016	1,381.24	1,212.34
3.57%	13.00%	2,896,016	1,498.17	1,335.27
3.46%	13.50%	2,896,016	1,567.22	1,412.93
3.49%	13.82%	2,896,016	1,621.91	1,476.69
n/a	14.68%	2,896,016	1,593.35	1,457.69
n/a	n/a	2,851,268	1,846.90	1,720.12

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

As of June 30, 2010

(Thousands of dollars)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit . . . . .	\$5,587,224	\$5,794,463	\$6,256,611	\$7,338,200
General obligation . . . . .	1,161,290	1,069,366	979,083	917,855
Less: Amount set aside for repayment of bonds . . . . .	<u>(38,379)</u>	<u>(37,965)</u>	<u>(37,486)</u>	<u>(36,226)</u>
Total Net Debt applicable to Limit (A) . . . . .	<u>\$1,122,911</u>	<u>\$1,031,401</u>	<u>\$ 941,597</u>	<u>\$ 881,629</u>
Legal debt margin . . . . .	<u>\$4,464,313</u>	<u>\$4,763,062</u>	<u>\$5,315,014</u>	<u>\$6,456,571</u>
Total net debt applicable to the limit as a percentage of debt limit . . . .	20.10%	17.80%	15.05%	12.01%

(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	\$205.4 million Series 2004A
\$500.0 million Series 1997	\$56.0 million Series 2004FGH
\$499.9 million Series 1997A	\$246.2 million Series 2005AB
\$14.0 million Series 1998	\$6.9 million Series 2006A
\$328.7 million Series 1998B-1	\$355.8 million Series 2006B
\$532.6 million Series 1999A	\$204.6 million Series 2007BC
\$12.0 million IDFA Series 1999A	\$238.7 million Series 2007D
\$106.9 million Series 2000A	\$262.8 million Series 2008A
\$303.0 million Series 2000B,C,D	\$240.9 million Series 2008B
\$13.4 million Series 2000E	\$464.7 million Series 2008C
\$45.1 million Series 2001A	\$130.0 million Series 2009A
\$9.4 million Series 2001B	\$95.7 million Series 2009BC
\$217.3 million Series 2001C	\$75.7 million Series 2009D
\$49.0 million Series 2002A	\$547.3 million Series 2009EF
\$75.9 million Series 2003A	\$254.2 million Series 2009G
\$4.6 million Series 2003C	\$206.0 million Series 2010AB

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$7,629,142	\$8,184,894	\$9,593,382	\$10,163,860	\$11,175,687	\$11,673,736
764,761	711,982	658,947	606,009	553,134	498,593
<u>(38,913)</u>	<u>(39,984)</u>	<u>(37,322)</u>	<u>(36,238)</u>	<u>(34,719)</u>	<u>(16,042)</u>
<u>\$ 725,848</u>	<u>\$ 671,998</u>	<u>\$ 621,625</u>	<u>\$ 569,771</u>	<u>\$ 518,415</u>	<u>\$ 482,551</u>
<u>\$6,903,294</u>	<u>\$7,512,896</u>	<u>\$8,971,757</u>	<u>\$ 9,594,089</u>	<u>\$10,657,272</u>	<u>\$11,191,185</u>
9.51%	8.21%	6.48%	5.61%	4.64%	4.13%

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2010**  
(Thousands of dollars)

<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 . . . . .	\$6,803,161	100.00%	\$ 6,803,161
Chicago Park District . . . . .	771,405	100.00%	771,405
Water Reclamation District . . . . .	1,960,541	48.48%	950,470
County . . . . .	3,583,275	46.21%	1,655,831
Forest Preserve District . . . . .	108,665	47.50%	<u>51,616</u>
Subtotal, overlapping debt . . . . .			\$10,232,483
Chicago Public Schools Direct Debt . . . . .			<u>4,904,510</u>
Total Direct and Overlapping Debt . . . . .			<u>\$15,136,993</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 \$8.6 billion of general obligation bonds to date, of which \$4.9 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 \$359 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	02/13/03	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	04/06/04	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	06/27/05	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	06/27/06	State Aid	Unlimited Tax Levy
2006B	09/27/06	State Aid	Unlimited Tax Levy
2007A	09/05/07	PPRT/IGA	Unlimited Tax Levy
2007B,C	09/05/07	State Aid	Unlimited Tax Levy
2007D	12/13/07	State Aid	Unlimited Tax Levy
2008A	05/13/08	PPRT/IGA	Unlimited Tax Levy
2008B	05/13/08	State Aid	Unlimited Tax Levy
2008C	05/01/08	State Aid	Unlimited Tax Levy
2009A	03/18/09	State Aid	Unlimited Tax Levy
2009B,C	06/25/09	State Aid	Unlimited Tax Levy
2009D	07/30/09	State Aid	Unlimited Tax Levy
2009E,F	09/24/09	State Aid	Unlimited Tax Levy
2009G	12/17/09	State Aid	Unlimited Tax Levy
2010A,B	02/17/10	State Aid	Unlimited Tax Levy

**CPS Debt Rating History:** The following table presents the debt ratings for CPS since 2003. Investors who purchase municipal bonds use debt ratings as an indicator of the financial stability of an organization and consequently the safety and security of the debt sold by that organization. In general, higher credit ratings often result in lower borrowing costs via reduced interest rates paid on municipal bonds and also a wider market and more buyers of municipal bonds. There are three major rating agencies that assign ratings to municipal debt, including the debt issued by Chicago Public Schools. As of the fall of 2010, CPS' current ratings are AA-, Aa2, and A+ by Standard and Poor's, Moody's Investor's Service, and Fitch ratings, respectively. These ratings are considered relatively strong by investors, helping to attract investors looking to buy high-quality municipal bonds.

CPS' ratings fluctuated in the spring and fall of 2010 compared to 2009. In the spring of 2010, two of the three major rating agencies changed their municipal ratings scale, recalibrating it to align more closely with the corporate rating scale. Many organizations, including CPS, experienced a strengthening in their ratings as a result. In the spring of 2010, CPS' rating was raised to Aa2 and AA- by Moody's Investor's Service and Fitch Ratings, respectively, while its rating from Standard and Poor's remained the same as 2009 at AA-. Subsequently, however, when CPS sold bonds in the fall of 2010, Fitch Ratings downgraded CPS' rating to the current A+ level, from AA-. Standard and Poor's and Moody's maintained their ratings of AA- and Aa2, respectively.

CPS' Rating History 2003 – 2010

<u>Name of Agency</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>June 2010</u>	<u>October 2010</u>
Standard & Poor's Rating Services . . . . .	A+	A+	A+	A+	AA-	AA-	AA-	AA-	AA-
Moody's Investor Services . . . . .	A2	A2	A2	A2	A1	A1	A1	Aa2	Aa2
Fitch Investor Services, L.P. . . . .	A+	A+	A+	A+	A+	A+	A+	AA-	A+



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**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Calendar Years

<u>Year</u>	<u>City of Chicago Population (A)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Income (B)</u>	<u>Median Age (C)</u>	<u>Number of Households (C)</u>
2000	2,896,016	\$ 98,232,863	\$33,920	31.50	1,061,928
2001	2,896,016	100,735,021	34,784	34.80	1,074,200
2002	2,896,016	102,009,268	35,224	31.90	1,059,960
2003	2,896,016	102,298,869	35,324	32.60	1,067,823
2004	2,896,016	107,239,472	37,030	32.60	1,051,018
2005	2,896,016	114,169,639	39,423	33.14	1,045,282
2006	2,896,016	121,612,400	41,993	33.48	1,042,014
2007	2,896,016	130,986,804	45,230	33.75	1,033,328
2008	2,896,016	134,592,344	46,475	34.13	1,032,746
2009	2,896,016	N/A	N/A	34.50	1,037,069

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
- D. Source: Illinois Workforce Info Center Website

Civilian Labor Force (D)		Employment (D)		
Number	Percent of Population	Number	Percent of Population	Unemployment Rate
1,383,496	47.77%	1,307,918	45.16%	5.50%
1,377,439	47.56%	1,284,252	44.35%	6.80%
1,347,074	46.51%	1,235,053	42.65%	8.30%
1,322,712	45.67%	1,214,943	41.95%	8.10%
1,309,514	45.22%	1,211,707	41.84%	7.50%
1,290,020	44.54%	1,198,659	41.39%	7.10%
1,296,045	44.75%	1,227,320	42.38%	5.30%
1,321,924	45.65%	1,245,876	43.02%	5.80%
1,328,413	45.87%	1,235,459	42.66%	7.00%
1,318,491	45.53%	1,174,785	40.57%	10.90%

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**CITY OF CHICAGO PRINCIPAL EMPLOYERS (NON-GOVERNMENT)**  
Last Four Fiscal Years

<u>Employer</u>	2009		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
J.P. Morgan Chase . . . . .	8,431	1	0.81%
United Airlines . . . . .	6,019	2	0.58%
Jewel Food Stores, Inc. . . . .	5,833	3	0.56%
Northern Trust . . . . .	5,394	4	0.52%
Bank of America . . . . .	4,631	5	0.44%
American Airlines . . . . .	3,394	6	0.33%
Accenture LLP . . . . .	3,341	7	0.32%
SBC/AT&T . . . . .	3,136	8	0.30%
CVS Corporation . . . . .	3,120	9	0.30%
Ford Motor Company . . . . .	2,764	10	0.27%
Bonded Maintenance Company . . . . .	—	—	—
Deloitte & Touche . . . . .	—	—	—

NOTES:

- (1) Source: City of Chicago, Department of Revenue, Employers Expense Tax Return, June 30, 2009.
- (2) J.P. Morgan Chase formerly known as Bank One.
- (3) SBC/AT&T formerly known as Ameritech.
- (4) Beginning with fiscal year 2007, the Chicago Board of Education will accumulate 10 years of data.

2008			2007			2006		
Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
8,865	1	0.81%	9,114	1	0.73%	8,979	1	0.82%
6,403	2	0.58%	6,102	2	0.49%	5,944	2	0.55%
5,977	3	0.55%	5,424	3	0.43%	5,453	3	0.50%
5,084	4	0.46%	4,787	4	0.38%	4,610	4	0.42%
—	—	—	—	—	—	3,108	10	0.29%
3,582	6	0.33%	3,645	7	0.29%	3,750	7	0.34%
4,532	5	0.41%	4,283	5	0.34%	4,470	5	0.41%
3,459	7	0.32%	4,002	6	0.32%	3,834	6	0.35%
3,161	9	0.29%	3,120	9	0.25%	—	—	—
3,325	8	0.30%	3,367	8	0.27%	3,480	8	0.32%
2,955	10	0.27%	—	—	—	3,298	9	0.30%
—	—	—	2,988	10	0.24%	—	—	—

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**METROPOLITAN CHICAGO TOP PUBLIC COMPANIES RANKED BY 2009 NET REVENUES**

(Millions of dollars)

<u>Company Name</u>	<u>2009 Net Revenues</u>	<u>Number of Employees (1)</u>
Archer Daniels Midland Co. (2) . . . . .	\$69,207.0	28,200
Boeing Co. . . . .	68,281.0	157,100
Walgreen Co. (3) . . . . .	63,335.0	238,000
Sears Holding Corp. (4) . . . . .	44,043.0	322,000
Kraft Foods Inc. . . . .	40,386.0	97,000
Caterpillar Inc. . . . .	32,396.0	93,813
Allstate Corp. . . . .	32,013.0	36,800
Abbott Laboratories . . . . .	30,764.7	73,000
Deere & Co. (5) . . . . .	23,112.4	51,262
McDonald's Corp. . . . .	22,744.7	385,000
Motorola Inc. . . . .	22,044.0	53,000
Exelon Corp. . . . .	17,318.0	19,329
UAL Corp. . . . .	16,335.0	47,000
Illinois Tool Works, Inc. . . . .	13,877.1	59,000
Sara Lee Corp. (2) . . . . .	12,881.0	41,000
Baxter International Inc. . . . .	12,562.0	49,700
Navistar International Corp. (5) . . . . .	11,569.0	15,100
R.R. Donnelley & Sons Co. . . . .	9,857.4	56,800
CNA Financial Services . . . . .	8,472.0	8,900
Discover Financial Services, Inc. (6) . . . . .	7,985.7	10,500

Source: **Crain's Chicago Business**, "Chicago's Largest Public Companies", from May 2010 issue. Copyright 2010 Crain Communications Inc.

1. Most recent employee count available
2. Fiscal year ends in June
3. Fiscal year ends in August
4. Fiscal year ends in January
5. Fiscal year ends in October
6. Fiscal year ends in November





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**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, 2010

With Comparative Amounts for the Fiscal Year Ended June 30, 2009

(Thousands of dollars)

	Approved Budget	Transfers In (Out)	Final Appropriations	Fiscal Year 2010 Actual	Variance	Fiscal Year 2009 Actual	2010 Over (Under) 2009
<b>REVENUES:</b>							
Property taxes . . . . .	\$2,065,070	\$ —	\$2,065,070	\$2,035,938	\$ (29,132)	\$1,867,350	\$168,588
Replacement taxes . . . . .	105,820	—	105,820	96,816	(9,004)	132,819	(36,003)
State aid . . . . .	1,466,617	—	1,466,617	1,367,797	(98,820)	1,333,182	34,615
Federal aid . . . . .	1,472,185	—	1,472,185	1,160,412	(311,773)	1,122,805	37,607
Interest and investment income . . . . .	5,600	—	5,600	3,084	(2,516)	21,405	(18,321)
Other . . . . .	106,150	—	106,150	111,985	5,835	102,107	9,878
Total Revenues . . . . .	<u>\$5,221,442</u>	<u>\$ —</u>	<u>\$5,221,442</u>	<u>\$4,776,032</u>	<u>\$(445,410)</u>	<u>\$4,579,668</u>	<u>\$196,364</u>
<b>EXPENDITURES:</b>							
Teachers' salaries . . . . .	\$2,028,831	\$ 76,591	\$2,105,422	\$2,026,257	\$ 79,165	\$1,975,940	\$ 50,317
Career service salaries . . . . .	608,081	(1,639)	606,442	604,042	2,400	597,533	6,509
Energy . . . . .	90,978	(6,525)	84,453	78,682	5,771	92,354	(13,672)
Food . . . . .	106,930	325	107,255	93,088	14,167	89,592	3,496
Textbooks . . . . .	99,532	(18,996)	80,536	70,596	9,940	86,356	(15,760)
Supplies . . . . .	66,521	11,765	78,286	48,046	30,240	44,572	3,474
Other commodities . . . . .	676	—	676	948	(272)	998	(50)
Professional fees . . . . .	345,309	67,502	412,811	381,851	30,960	440,921	(59,070)
Charter schools . . . . .	270,000	49,116	319,116	326,322	(7,206)	256,154	70,168
Transportation . . . . .	100,968	16,262	117,230	109,349	7,881	109,351	(2)
Tuition . . . . .	73,980	(12,679)	61,301	62,568	(1,267)	63,858	(1,290)
Telephone and telecommunications . . . . .	4,596	660	5,256	18,199	(12,943)	19,426	(1,227)
Other services . . . . .	11,663	8,008	19,671	15,688	3,983	13,935	1,753
Equipment — Educational . . . . .	16,965	22,901	39,866	33,661	6,205	34,450	(789)
Repairs and replacements . . . . .	33,121	2,005	35,126	31,854	3,272	34,772	(2,918)
Capital outlay . . . . .	—	12	12	10	2	12	(2)
Teachers' pension . . . . .	510,923	(1,576)	509,347	475,628	33,719	392,801	82,827
Career service pension . . . . .	97,853	944	98,797	96,913	1,884	93,791	3,122
Hospitalization and dental insurance . . . . .	329,981	(9,470)	320,511	311,048	9,463	299,206	11,842
Medicare . . . . .	37,337	1,103	38,440	34,826	3,614	33,667	1,159
Unemployment compensation . . . . .	10,351	5,833	16,184	16,000	184	8,599	7,401
Workers' compensation . . . . .	26,954	1,923	28,877	28,244	633	28,148	96
Rent . . . . .	12,970	(942)	12,028	12,093	(65)	12,000	93
Debt service . . . . .	2,710	—	2,710	2,710	—	1,037	1,673
Other fixed charges . . . . .	440,641	(213,123)	227,518	17,519	209,999	13,306	4,213
Total Expenditures . . . . .	<u>\$5,327,871</u>	<u>\$ —</u>	<u>\$5,327,871</u>	<u>\$4,896,142</u>	<u>\$ 431,729</u>	<u>\$4,742,779</u>	<u>\$153,363</u>



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**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**GENERAL OPERATING FUND**  
**SCHEDULE OF REVENUE — BY PROGRAM**  
For the Fiscal Year Ended June 30, 2010  
(Thousands of dollars)

	<u>Educational Program</u>	<u>Individuals with Disabilities Education Act (IDEA) Program</u>	<u>Other Government Funded Program</u>
REVENUES:			
Property taxes . . . . .	\$1,959,802	\$ —	\$ —
Replacement taxes . . . . .	92,674	—	—
State aid . . . . .	823,345	—	14,237
Federal aid . . . . .	204,149	96,240	125,688
Interest and investment income . . . . .	2,949	—	—
Other . . . . .	78,795	—	126
Total Revenues . . . . .	<u>\$3,161,714</u>	<u>\$96,240</u>	<u>\$140,051</u>

NOTE:

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

- (1) ARRA does not include \$133M General State Aid — Education SFSF, \$112M ARRA — Early Childhood, and \$33.6M General State Aid — Government SFSF.

**Operating Information**

<u>Supplementary General State Aid</u>	<u>Elementary and Secondary Education Act (ESEA) Program</u>	<u>School Lunch Program</u>	<u>Workers' and Unemployment Compensation/ Tort Immunity Program</u>	<u>Public Building Commission Operations and Maintenance Program</u>	<u>ARRA (1) American Recovery and Reinvestment Act Program</u>	<u>Total</u>
\$ —	\$ —	\$ —	\$76,136	\$ —	\$ —	\$2,035,938
—	—	4,142	—	—	—	96,816
219,905	—	13,559	—	296,751	—	1,367,797
42,400	307,331	178,764	—	88,394	117,446	1,160,412
—	—	—	135	—	—	3,084
6,429	189	13,632	3,840	8,974	—	111,985
<u>\$268,734</u>	<u>\$307,520</u>	<u>\$210,097</u>	<u>\$80,111</u>	<u>\$394,119</u>	<u>\$117,446</u>	<u>\$4,776,032</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**GENERAL OPERATING FUND**  
**SCHEDULE OF EXPENDITURES — BY PROGRAM**  
For the Fiscal Year Ended June 30, 2010  
(Thousands of dollars)

	Educational Program	Individuals with Disabilities Education Act (IDEA) Program	Other Government Funded Program
Teachers' salaries . . . . .	\$1,642,614	\$58,343	\$ 67,660
Career service salaries . . . . .	257,371	9,541	26,687
Energy . . . . .	596	—	—
Food . . . . .	755	53	474
Textbooks . . . . .	32,593	206	8,870
Supplies . . . . .	14,063	273	3,094
Other commodities . . . . .	293	3	20
Professional fees . . . . .	116,598	1,053	25,790
Charter Schools . . . . .	289,249	—	2,711
Transportation . . . . .	94,923	556	4,060
Tuition . . . . .	56,396	1,952	2,703
Telephone and telecommunications . . . . .	942	—	—
Other services . . . . .	6,008	321	2,331
Equipment — Educational . . . . .	14,243	685	5,028
Repairs and replacements . . . . .	2,614	17	99
Capital outlay . . . . .	10	—	—
Teachers' pension . . . . .	397,681	13,712	13,764
Career service pension . . . . .	41,292	1,594	4,086
Hospitalization and dental insurance . . . . .	210,527	7,619	9,241
Medicare . . . . .	24,742	879	1,344
Unemployment compensation . . . . .	11,877	431	483
Workers' compensation . . . . .	20,627	745	852
Rent . . . . .	1,632	35	147
Debt service . . . . .	—	—	—
Other fixed charges . . . . .	(11,740)	(755)	643
Total Expenditures . . . . .	<u>\$3,225,906</u>	<u>\$97,263</u>	<u>\$180,087</u>

NOTE:

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

Operating Information

Supplementary General State Aid	Elementary and Secondary Education Act (ESEA) Program	School Lunch Program	Workers' and Unemployment Compensation/ Tort Immunity Program	Public Building Commission Operations and Maintenance Program	ARRA American Recovery and Reinvestment Act Program	Total
\$ 84,001	\$107,942	\$ 9	\$ 3	\$ 6	\$ 65,679	\$2,026,257
67,225	26,166	66,600	41,274	89,251	19,927	604,042
—	—	—	—	78,086	—	78,682
20	232	91,496	—	—	58	93,088
7,281	14,075	—	12	5,137	2,422	70,596
9,398	10,474	485	274	8,904	1,081	48,046
142	89	—	1	400	—	948
9,575	86,496	3,240	9,003	124,425	5,671	381,851
23,306	10,951	105	—	—	—	326,322
2,123	7,534	23	43	87	—	109,349
2	4	—	—	—	1,511	62,568
—	—	—	—	17,257	—	18,199
1,443	1,982	754	13	258	2,578	15,688
6,925	3,424	—	236	988	2,132	33,661
1,945	520	—	16	26,643	—	31,854
—	—	—	—	—	—	10
17,867	18,447	—	1	—	14,156	475,628
10,619	3,849	11,140	6,091	14,879	3,363	96,913
20,887	11,595	20,597	8,460	12,228	9,894	311,048
2,227	1,816	883	852	958	1,125	34,826
875	620	417	235	538	524	16,000
1,515	1,085	719	829	983	889	28,244
2	12	—	—	10,261	4	12,093
—	—	—	—	2,710	—	2,710
95	1,177	13,629	11,352	120	2,998	17,519
<u>\$267,473</u>	<u>\$308,490</u>	<u>\$210,097</u>	<u>\$78,695</u>	<u>\$394,119</u>	<u>\$134,012</u>	<u>\$4,896,142</u>

**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**  
**ANALYSIS OF COMPOUNDED GROWTH OF REVENUES — ALL FUNDS**

**Last Ten Fiscal Years and 2011 Budget**  
**(Modified Accrual Basis of Accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Local Revenue:					
Property Taxes . . . . .	\$1,429,871	\$1,479,968	\$1,546,335	\$1,571,065	\$1,639,237
Replacement Taxes . . . . .	137,744	114,313	105,960	120,427	145,724
Investment Income . . . . .	103,520	68,050	49,161	39,501	43,215
Other . . . . .	<u>82,411</u>	<u>89,505</u>	<u>94,345</u>	<u>149,253</u>	<u>102,654</u>
Total Local . . . . .	<u>\$1,753,546</u>	<u>\$1,751,836</u>	<u>\$1,795,801</u>	<u>\$1,880,246</u>	<u>\$1,930,830</u>
State Revenue:					
General State Aid . . . . .	\$ 730,359	\$ 806,640	\$ 786,950	\$ 853,533	\$ 908,330
Teacher Pension . . . . .	65,045	65,045	65,045	—	65,045
Capital . . . . .	134,070	99,004	141,127	127,682	3,061
Other . . . . .	<u>502,303</u>	<u>497,225</u>	<u>476,445</u>	<u>500,233</u>	<u>530,679</u>
Total State . . . . .	<u>\$1,431,777</u>	<u>\$1,467,914</u>	<u>\$1,469,567</u>	<u>\$1,481,448</u>	<u>\$1,507,115</u>
Federal Revenue:					
Elementary and Secondary Education Act (ESEA) . . . . .	\$ 172,943	\$ 177,841	\$ 209,971	\$ 244,118	\$ 277,610
Individuals with Disabilities Education Act (IDEA) . . . . .	56,056	62,850	71,477	86,289	105,835
School Lunchroom . . . . .	138,958	142,057	146,247	151,207	145,668
Medicaid . . . . .	70,297	38,200	31,765	35,772	26,000
Other . . . . .	<u>195,840</u>	<u>133,802</u>	<u>149,233</u>	<u>213,118</u>	<u>207,842</u>
Total Federal . . . . .	<u>\$ 634,094</u>	<u>\$ 554,750</u>	<u>\$ 608,693</u>	<u>\$ 730,504</u>	<u>\$ 762,955</u>
Total Revenue . . . . .	<u>\$3,819,417</u>	<u>\$3,774,500</u>	<u>\$3,874,061</u>	<u>\$4,092,198</u>	<u>\$4,200,900</u>
Change in Revenue from Previous Year . .	\$ 183,247	\$ (44,917)	\$ 99,561	\$ 218,137	\$ 108,702
Percent Change in Revenue . . . . .	5.0%	-1.2%	2.6%	5.6%	2.7%



**Operating Information**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>	<u>Ten year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,718,249	\$1,767,760	\$1,813,917	\$1,896,540	\$2,047,163	\$1,931,974	3.1%	2.4%
184,700	201,509	215,489	188,503	152,497	152,498	1.0%	-3.8%
71,947	116,907	85,895	43,693	12,483	4,100	-27.6%	-43.6%
<u>163,765</u>	<u>286,230</u>	<u>181,028</u>	<u>253,376</u>	<u>359,661</u>	<u>345,903</u>	15.4%	16.1%
<u>\$2,138,661</u>	<u>\$2,372,406</u>	<u>\$2,296,329</u>	<u>\$2,382,112</u>	<u>\$2,571,804</u>	<u>\$2,434,475</u>	3.3%	2.6%
\$ 978,672	\$1,040,241	\$1,107,408	\$ 879,658	\$ 985,478	\$1,141,591	4.6%	3.1%
74,922	75,242	75,218	74,845	37,551	42,971	-4.1%	-10.5%
—	—	—	—	—	—	0.0%	0.0%
<u>549,041</u>	<u>586,102</u>	<u>663,408</u>	<u>557,383</u>	<u>529,047</u>	<u>746,268</u>	4.0%	6.3%
<u>\$1,602,635</u>	<u>\$1,701,585</u>	<u>\$1,846,034</u>	<u>\$1,511,886</u>	<u>\$1,552,076</u>	<u>\$1,930,830</u>	3.0%	3.8%
\$ 273,900	\$ 269,446	\$ 350,515	\$ 369,352	\$ 307,331	\$ 327,100	6.6%	3.6%
99,908	81,721	106,051	95,230	96,240	112,600	7.2%	2.4%
147,899	147,407	150,394	139,096	178,764	172,666	2.2%	3.1%
33,422	24,257	31,671	50,758	34,937	49,500	-3.4%	8.2%
<u>220,502</u>	<u>223,198</u>	<u>237,410</u>	<u>471,144</u>	<u>562,876</u>	<u>642,997</u>	12.6%	23.9%
<u>\$ 775,631</u>	<u>\$ 746,029</u>	<u>\$ 876,041</u>	<u>\$1,125,580</u>	<u>\$1,180,148</u>	<u>\$1,304,863</u>	7.5%	11.0%
<u>\$4,516,927</u>	<u>\$4,820,020</u>	<u>\$5,018,404</u>	<u>\$5,019,578</u>	<u>\$5,304,028</u>	<u>\$5,670,168</u>	4.0%	4.7%
\$ 316,027	\$ 303,093	\$ 198,384	\$ 1,174	\$ 284,450	\$ 366,140		
7.5%	6.7%	4.1%	0.0%	5.7%	6.9%		

**CHICAGO PUBLIC SCHOOLS**

**Chicago Board of Education**

**ANALYSIS OF COMPOUNDED GROWTH OF EXPENDITURES — ALL FUNDS**

**Last Ten Fiscal Years and 2011 Budget**

**(Modified Accrual Basis of Accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Compensation:						
Teacher Salaries . . . . .	\$1,639,064	\$1,690,449	\$1,749,974	\$1,820,063	\$1,850,403	\$1,916,378
ESP Salaries . . . . .	452,502	495,123	495,154	520,267	515,427	537,346
Total Salaries . . . . .	\$2,091,566	\$2,185,572	\$2,245,128	\$2,340,330	\$2,365,830	\$2,453,724
Teacher Pension . . . . .	181,775	179,011	190,259	194,511	198,065	247,585
ESP Pension . . . . .	64,104	70,843	73,754	79,498	81,560	87,530
Hospitalization . . . . .	161,192	192,342	196,457	229,045	230,204	243,003
Medicare . . . . .	20,261	22,212	23,358	25,480	26,719	29,989
Workers' Compensation . . . . .	8,312	14,690	13,806	16,997	17,953	21,004
Unemployment Insurance . . . . .	1,740	2,336	3,374	4,711	8,558	6,382
Total Benefits . . . . .	\$ 437,384	\$ 481,434	\$ 501,008	\$ 550,242	\$ 563,059	\$ 635,493
Total Compensation . . . . .	<u>\$2,528,950</u>	<u>\$2,667,006</u>	<u>\$2,746,136</u>	<u>\$2,890,572</u>	<u>\$2,928,889</u>	<u>\$3,089,217</u>
Non-Compensation:						
Energy . . . . .	\$ 71,234	\$ 53,453	\$ 62,388	\$ 63,233	\$ 64,647	\$ 70,760
Food . . . . .	90,691	86,145	92,539	96,712	89,628	85,815
Textbooks . . . . .	74,305	77,948	72,118	74,377	79,677	71,942
Supplies . . . . .	37,702	40,655	40,653	42,380	45,210	46,965
Commodities — Other . . . . .	1,091	949	1,155	1,306	1,314	1,135
Professional fees . . . . .	185,746	186,398	217,917	226,306	292,517	319,904
Charter schools . . . . .	38,898	46,951	54,444	66,643	82,537	118,445
Transportation . . . . .	105,373	95,502	98,901	96,775	93,639	92,589
Tuition . . . . .	68,593	73,172	67,779	78,582	66,854	62,890
Telephone and telecommunications . . . . .	24,543	24,880	13,981	6,208	8,635	16,944
Services — Other . . . . .	15,767	21,425	26,485	19,431	11,516	13,104
Equipment . . . . .	48,924	51,947	42,398	43,315	44,081	38,335
Repairs and Replacements . . . . .	52,112	58,707	48,739	45,353	35,224	35,556
Capital Outlays . . . . .	527,566	381,156	443,890	365,351	389,450	310,821
Rent . . . . .	7,283	8,104	9,468	7,974	10,393	14,174
Debt Service . . . . .	195,310	219,894	255,239	259,590	315,809	214,652
Other . . . . .	428	(894)	(1,097)	(2,092)	6,215	5,894
Unallocated Appropriations (budget only) . . . . .	—	—	—	—	—	—
Total Non-Compensation . . . . .	<u>\$1,545,566</u>	<u>\$1,426,392</u>	<u>\$1,546,997</u>	<u>\$1,491,444</u>	<u>\$1,637,346</u>	<u>\$1,519,925</u>
Total Expenditures . . . . .	<u>\$4,074,516</u>	<u>\$4,093,398</u>	<u>\$4,293,133</u>	<u>\$4,382,016</u>	<u>\$4,566,235</u>	<u>\$4,609,142</u>
Change in Expenditures from Previous Year . . . . .	\$ 196,063	\$ 18,882	\$ 199,735	\$ 88,883	\$ 184,219	\$ 42,907
Percent Change in Expenditures . . . . .	5.1%	0.5%	4.9%	2.1%	4.2%	0.9%

Operating Information

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>	<u>Ten Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,924,109	\$1,885,400	\$1,975,940	\$2,026,257	\$2,064,712	2.3%	1.5%
<u>535,148</u>	<u>559,741</u>	<u>597,533</u>	<u>604,042</u>	<u>619,382</u>	3.2%	2.9%
\$2,459,257	\$2,445,141	\$2,573,473	\$2,630,299	\$2,684,094	2.5%	1.8%
282,488	350,483	392,801	475,628	337,218	6.4%	6.4%
83,317	89,776	93,791	96,913	97,962	4.3%	2.3%
250,765	260,386	299,206	311,048	347,670	8.0%	7.4%
25,279	31,075	33,667	34,826	37,079	6.2%	4.3%
24,619	29,757	28,148	28,244	28,588	13.1%	6.4%
<u>8,236</u>	<u>5,764</u>	<u>8,599</u>	<u>16,000</u>	<u>23,868</u>	29.9%	30.2%
<u>\$ 674,704</u>	<u>\$ 767,241</u>	<u>\$ 856,212</u>	<u>\$ 962,659</u>	<u>\$ 872,385</u>	7.1%	6.5%
<u>\$3,133,961</u>	<u>\$3,212,382</u>	<u>\$3,429,685</u>	<u>\$3,592,958</u>	<u>\$3,556,479</u>	3.5%	2.9%
\$ 77,133	\$ 86,759	\$ 92,354	\$ 78,682	\$ 83,448	1.6%	3.4%
83,798	83,326	89,592	93,088	107,294	1.7%	4.6%
65,772	89,514	86,356	70,596	80,499	0.8%	2.3%
45,945	46,030	44,572	48,046	58,967	4.6%	4.7%
1,072	910	998	948	674	-4.7%	-9.9%
322,252	360,277	440,921	381,851	354,263	6.7%	2.1%
141,030	189,006	256,154	326,322	321,662	23.5%	22.1%
97,076	102,828	109,351	109,349	112,732	0.7%	4.0%
63,103	65,105	63,858	62,568	54,618	-2.3%	-2.8%
13,701	17,671	19,426	18,199	19,575	-2.2%	2.9%
13,271	13,253	13,935	15,688	19,767	2.3%	8.6%
34,614	39,003	34,450	33,661	30,225	-4.7%	-4.6%
32,973	36,999	34,772	31,854	38,044	-3.1%	1.4%
345,020	463,067	648,314	691,774	806,700	4.3%	21.0%
12,965	11,020	12,000	12,093	11,884	5.0%	-3.5%
342,179	282,142	302,206	386,597	468,595	9.1%	16.9%
6,429	18,888	13,306	17,519	441,341	100.1%	137.1%
—	—	—	—	—		
<u>\$1,698,333</u>	<u>\$1,905,798</u>	<u>\$2,262,565</u>	<u>\$2,378,835</u>	<u>\$3,010,288</u>	6.9%	14.6%
<u>\$4,832,294</u>	<u>\$5,118,180</u>	<u>\$5,692,250</u>	<u>\$5,971,793</u>	<u>\$6,566,767</u>	4.9%	7.3%
\$ 223,152	\$ 285,886	\$ 574,070	\$ 279,543	\$ 594,974		
4.8%	5.9%	11.2%	4.9%	10.0%		

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) — ALL FUNDS**  
**Last Ten Fiscal Years and 2011 Budget**  
**(Modified Accrual Basis of Accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues:			
Local . . . . .	\$1,753,546	\$1,751,836	\$1,795,801
State . . . . .	1,431,777	1,467,914	1,469,567
Federal . . . . .	634,094	554,750	608,693
Total Revenues . . . . .	<u>\$3,819,417</u>	<u>\$3,774,500</u>	<u>\$3,874,061</u>
Total Expenditures . . . . .	<u>4,074,516</u>	<u>4,093,398</u>	<u>4,293,133</u>
Revenues less Expenditures . . . . .	<u>\$ (255,099)</u>	<u>\$ (318,898)</u>	<u>\$ (419,072)</u>
Other Financing Sources:			
Bond Proceeds . . . . .	\$ 474,460	\$ 232,693	\$ 308,635
Net premiums/discounts . . . . .	(2,644)	(9)	8,803
Proceeds from Swaps . . . . .	—	—	—
Capital Leases . . . . .	—	—	—
Insurance Proceeds . . . . .	—	—	—
Sales of general capital assets . . . . .	—	—	—
Payment to Bond Escrow Agent . . . . .	—	—	—
Total Other Financing Sources . . . . .	<u>\$ 471,816</u>	<u>\$ 232,684</u>	<u>\$ 317,438</u>
Revenues and Other Financing Sources			
Less Expenditures . . . . .	\$ 216,717	\$ (86,214)	\$ (101,634)
Accounting Adjustment . . . . .	(152,490)	—	—
Change in Fund Balance . . . . .	\$ 64,227	\$ (86,214)	\$ (101,634)
Fund Balance — Beginning of Period . . . . .	<u>1,281,045</u>	<u>1,345,272</u>	<u>1,259,058</u>
Fund Balance — End of Period . . . . .	<u>\$1,345,272</u>	<u>\$1,259,058</u>	<u>\$1,157,424</u>
Revenues as a Percent of Expenditures . . . . .	93.7%	92.2%	90.2%
Composition of Fund Balance			
Reserved:			
Reserved for Encumbrances . . . . .	\$ 415,068	\$ 380,340	\$ 245,902
Reserved for restricted donations . . . . .	3,638	429	429
Reserved for specific purposes . . . . .	56,579	36,096	41,289
Reserved for debt services . . . . .	407,458	459,524	437,711
Unreserved:			
Designated to Provide Operating Capital . . . . .	201,520	201,500	161,233
Undesignated . . . . .	<u>261,009</u>	<u>181,169</u>	<u>270,860</u>
Total Fund Balance . . . . .	<u>\$1,345,272</u>	<u>\$1,259,058</u>	<u>\$1,157,424</u>
Unreserved Fund Balance as a Percent of Revenues . . . . .	12.1%	10.1%	11.2%
Total Fund Balance as a Percent of Revenues . . . . .	35.2%	33.4%	29.9%

**Operating Information**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>
\$1,880,246	\$1,930,830	\$2,138,661	\$2,372,406	\$ 2,296,329	\$2,382,112	\$2,571,804	\$2,434,474
1,481,448	1,507,115	1,602,635	1,701,585	1,846,034	1,511,886	1,552,076	1,930,830
<u>730,504</u>	<u>762,955</u>	<u>775,631</u>	<u>746,029</u>	<u>876,041</u>	<u>1,125,580</u>	<u>1,180,148</u>	<u>1,304,863</u>
\$4,092,198	\$4,200,900	\$4,516,927	\$4,820,020	\$ 5,018,404	\$5,019,578	\$5,304,028	\$5,670,167
4,382,016	4,566,235	4,609,142	4,832,294	5,118,180	5,692,250	5,971,793	6,566,767
<u>\$ (289,818)</u>	<u>\$ (365,335)</u>	<u>\$ (92,215)</u>	<u>\$ (12,274)</u>	<u>\$ (99,776)</u>	<u>\$ (672,672)</u>	<u>\$ (667,765)</u>	<u>\$ (896,600)</u>
\$ 765,995	\$ 529,760	\$ 385,603	\$ 355,805	\$ 1,674,555	\$ 225,675	\$1,083,260	
21,043	43,450	3,798	14,444	41,226	—	6,459	
—	—	—	—	—	—	—	
—	—	3,700	—	—	—	—	
—	—	—	—	—	1,155	—	
—	—	7,596	25,673	6,404	91	—	
<u>(534,375)</u>	<u>(282,478)</u>	<u>—</u>	<u>—</u>	<u>(1,474,081)</u>	<u>(226,408)</u>	<u>(288,704)</u>	
<u>\$ 252,663</u>	<u>\$ 290,732</u>	<u>\$ 400,697</u>	<u>\$ 395,922</u>	<u>\$ 248,104</u>	<u>\$ 513</u>	<u>\$ 801,015</u>	
\$ (37,155)	\$ (74,603)	\$ 308,482	\$ 383,648	\$ 148,328	\$ (672,159)	\$ 133,250	
—	—	—	—	—	—	—	
\$ (37,155)	\$ (74,603)	\$ 308,482	\$ 383,648	\$ 148,328	\$ (672,159)	\$ 133,250	
1,157,424	1,120,269	1,045,666	1,354,148	1,578,331	1,726,659	1,054,500	
<u>\$1,120,269</u>	<u>\$1,045,666</u>	<u>\$1,354,148</u>	<u>\$1,737,796</u>	<u>\$ 1,726,659</u>	<u>\$1,054,500</u>	<u>\$1,187,750</u>	
93.4%	92.0%	98.0%	99.7%	98.1%	88.2%	88.8%	
\$ 291,730	\$ 238,238	\$ 323,251	\$ 296,799	\$ 401,281	\$ 211,422	\$ 340,688	
1,439	1,459	1,503	1,765	1,826	3,695	5,825	
42,015	43,675	84,388	129,597	102,695	101,072	109,163	
385,015	294,700	353,267	264,867	272,471	272,273	375,211	
171,300	190,000	218,400	233,200	258,000	181,200	—	
<u>228,770</u>	<u>277,594</u>	<u>373,339</u>	<u>811,568</u>	<u>690,386</u>	<u>284,838</u>	<u>356,863</u>	
<u>\$1,120,269</u>	<u>\$1,045,666</u>	<u>\$1,354,148</u>	<u>\$1,737,796</u>	<u>\$ 1,726,659</u>	<u>\$1,054,500</u>	<u>\$1,187,750</u>	
9.8%	11.1%	13.1%	21.7%	18.9%	9.3%	6.7%	
27.4%	24.9%	30.0%	36.1%	34.4%	21.0%	22.4%	

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND REVENUES**  
**Last Ten Fiscal Years and 2011 Budget**  
**(Modified Accrual Basis of Accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Local Revenue:					
Property Taxes . . . . .	\$1,379,010	\$1,429,307	\$1,495,382	\$1,520,557	\$1,587,803
Replacement Taxes . . . . .	71,230	57,193	48,852	61,897	94,546
Investment Income . . . . .	42,501	16,505	20,803	18,779	14,003
Other . . . . .	<u>78,107</u>	<u>66,917</u>	<u>76,609</u>	<u>87,545</u>	<u>85,377</u>
Total Local . . . . .	<u>\$1,570,848</u>	<u>\$1,569,922</u>	<u>\$1,641,646</u>	<u>\$1,688,778</u>	<u>\$1,781,729</u>
State Revenue:					
General State Aid . . . . .	\$ 708,359	\$ 774,316	\$ 765,739	\$ 829,157	\$ 821,699
Teacher Pension . . . . .	65,045	65,045	65,045	—	65,045
Other . . . . .	<u>502,303</u>	<u>497,225</u>	<u>476,445</u>	<u>500,233</u>	<u>530,679</u>
Total State . . . . .	<u>\$1,275,707</u>	<u>\$1,336,586</u>	<u>\$1,307,229</u>	<u>\$1,329,390</u>	<u>\$1,417,423</u>
Federal Revenue:					
Elementary and Secondary Education Act (ESEA) . . .	\$ 172,943	\$ 177,841	\$ 209,971	\$ 244,118	\$ 277,610
Individuals with Disabilities Education Act (IDEA) . . . .	56,056	62,850	71,477	86,289	105,835
School Lunch Program . . . . .	138,958	142,057	146,247	151,207	145,668
Medicaid . . . . .	70,297	38,200	31,765	35,772	26,000
Other . . . . .	<u>114,057</u>	<u>118,625</u>	<u>143,217</u>	<u>186,435</u>	<u>191,290</u>
Total Federal . . . . .	<u>\$ 552,311</u>	<u>\$ 539,573</u>	<u>\$ 602,677</u>	<u>\$ 703,821</u>	<u>\$ 746,403</u>
Total Revenue . . . . .	<u>\$3,398,866</u>	<u>\$3,446,081</u>	<u>\$3,551,552</u>	<u>\$3,721,989</u>	<u>\$3,945,555</u>
Change in Revenue from Previous Year . . . . .	\$ 110,641	\$ 47,215	\$ 105,471	\$ 170,437	\$ 223,566
Percent Change in Revenue . . . . .	3.36%	1.39%	3.06%	4.80%	6.01%

**Operating Information**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>	<u>Ten year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,666,118	\$1,716,516	\$1,763,282	\$1,867,350	\$2,035,938	\$1,920,100	3.37%	2.88%
131,639	147,403	159,805	132,819	96,816	98,730	3.32%	-5.59%
36,874	61,595	40,905	21,405	3,084	2,600	-24.38%	-41.16%
<u>101,129</u>	<u>95,534</u>	<u>96,816</u>	<u>102,107</u>	<u>111,985</u>	<u>99,239</u>	2.42%	-0.38%
<u>\$1,935,760</u>	<u>\$2,021,048</u>	<u>\$2,060,808</u>	<u>\$2,123,681</u>	<u>\$2,247,823</u>	<u>\$2,120,669</u>	3.05%	1.84%
\$ 868,398	\$ 888,220	\$ 953,783	\$ 700,954	\$ 801,198	\$ 923,389	2.69%	1.24%
74,922	75,233	75,210	74,845	74,922	42,971	-4.06%	-10.52%
<u>549,041</u>	<u>586,040</u>	<u>663,358</u>	<u>557,383</u>	<u>491,677</u>	<u>662,067</u>	2.80%	3.81%
<u>\$1,492,361</u>	<u>\$1,549,493</u>	<u>\$1,692,351</u>	<u>\$1,333,182</u>	<u>\$1,367,797</u>	<u>\$1,628,427</u>	2.47%	1.76%
\$ 273,900	\$ 269,446	\$ 350,515	\$ 369,352	\$ 307,331	\$ 327,100	6.58%	3.61%
99,908	81,721	106,051	95,230	96,240	112,600	7.22%	2.42%
147,899	147,407	150,394	139,096	178,764	172,666	2.20%	3.15%
33,422	24,257	31,671	50,758	34,937	49,500	-3.45%	8.17%
<u>202,602</u>	<u>189,132</u>	<u>193,895</u>	<u>468,369</u>	<u>543,140</u>	<u>627,122</u>	18.58%	25.36%
<u>\$ 757,731</u>	<u>\$ 711,963</u>	<u>\$ 832,526</u>	<u>\$1,122,805</u>	<u>\$1,160,412</u>	<u>\$1,288,988</u>	8.84%	11.21%
<u>\$4,185,852</u>	<u>\$4,282,504</u>	<u>\$4,585,685</u>	<u>\$4,579,668</u>	<u>\$4,776,032</u>	<u>\$5,038,084</u>	4.01%	3.78%
\$ 240,297	\$ 96,652	\$ 303,181	\$ (6,017)	\$ 196,364	\$ 262,052		
6.09%	2.31%	7.08%	-0.13%	4.29%	5.49%		

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND EXPENDITURES**  
Last Ten Fiscal Years and 2011 Budget  
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Compensation:						
Teacher Salaries . . . . .	\$1,639,064	\$1,690,449	\$1,749,974	\$1,820,063	\$1,850,403	\$1,916,378
ESP Salaries . . . . .	<u>452,502</u>	<u>495,123</u>	<u>495,154</u>	<u>520,267</u>	<u>515,427</u>	<u>537,346</u>
Total Salaries . . . . .	\$2,091,566	\$2,185,572	\$2,245,128	\$2,340,330	\$2,365,830	\$2,453,724
Teacher Pension . . . . .	181,775	179,011	190,259	194,511	198,065	247,585
ESP Pension . . . . .	64,104	70,843	73,754	79,498	81,560	87,530
Hospitalization . . . . .	161,192	192,342	196,457	229,045	230,204	243,003
Medicare . . . . .	20,261	22,212	23,358	25,480	26,719	29,989
Workers' Compensation . . . . .	8,312	14,690	13,806	16,997	17,953	21,004
Unemployment Insurance . . . . .	<u>1,740</u>	<u>2,336</u>	<u>3,374</u>	<u>4,711</u>	<u>8,558</u>	<u>6,382</u>
Total Benefits . . . . .	<u>\$ 437,384</u>	<u>\$ 481,434</u>	<u>\$ 501,008</u>	<u>\$ 550,242</u>	<u>\$ 563,059</u>	<u>\$ 635,493</u>
Total Compensation . . . . .	<u>\$2,528,950</u>	<u>\$2,667,006</u>	<u>\$2,746,136</u>	<u>\$2,890,572</u>	<u>\$2,928,889</u>	<u>\$3,089,217</u>
Non-Compensation:						
Energy . . . . .	\$ 71,234	\$ 53,453	\$ 62,388	\$ 63,233	\$ 64,647	\$ 70,760
Food . . . . .	90,691	86,145	92,539	96,712	89,628	85,815
Textbooks . . . . .	74,305	77,948	72,118	74,377	79,677	71,942
Supplies . . . . .	37,702	40,655	40,653	42,380	45,210	46,965
Commodities — Other . . . . .	1,091	949	1,155	1,306	1,314	1,135
Professional fees . . . . .	185,746	186,398	217,917	226,306	292,517	319,904
Charter schools . . . . .	38,898	46,951	54,444	66,643	82,537	118,445
Transportation . . . . .	105,373	95,502	98,901	96,775	93,639	92,589
Tuition . . . . .	68,593	73,172	67,779	78,582	66,854	62,890
Telephone and telecommunications . . . . .	24,543	24,880	13,981	6,208	8,635	16,944
Services — Other . . . . .	15,767	21,425	26,485	19,431	11,516	13,104
Equipment . . . . .	48,924	51,947	42,398	43,315	44,081	38,335
Repairs and replacements . . . . .	52,112	58,707	48,739	45,353	35,224	35,556
Capital Outlays . . . . .	58	118	17	15	—	4
Rent . . . . .	7,283	8,104	9,468	7,974	10,393	14,174
Debt Service . . . . .	1,421	1,420	1,420	1,420	1,420	1,420
Other . . . . .	428	(894)	(1,097)	(2,092)	6,215	5,894
Unallocated Appropriations (budget only) . . . . .	—	—	—	—	—	—
Total Non-Compensation . . . . .	<u>\$ 824,169</u>	<u>\$ 826,880</u>	<u>\$ 849,305</u>	<u>\$ 867,938</u>	<u>\$ 933,507</u>	<u>\$ 995,876</u>
Total Expenditures . . . . .	<u>\$3,353,119</u>	<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>
Change in Expenditures from Previous						
Year . . . . .	\$ 168,617	\$ 140,767	\$ 101,555	\$ 163,069	\$ 103,886	\$ 222,697
Percent Change in Expenditures . . . . .	5.29%	4.20%	2.91%	4.54%	2.76%	5.77%



Operating Information

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>	<u>Ten Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,924,109	\$1,885,400	\$1,975,940	\$2,026,257	\$2,064,712	2.34%	1.50%
<u>535,148</u>	<u>559,741</u>	<u>597,533</u>	<u>604,042</u>	<u>619,382</u>	3.19%	2.88%
\$2,459,257	\$2,445,141	\$2,573,473	\$2,630,299	\$2,684,094	2.53%	1.81%
282,488	350,483	392,801	475,628	337,218	6.37%	6.37%
83,317	89,776	93,791	96,913	97,963	4.33%	2.28%
250,765	260,386	299,206	311,048	347,670	7.99%	7.43%
25,279	31,075	33,667	34,826	37,080	6.23%	4.34%
24,619	29,757	28,148	28,244	28,588	13.15%	6.36%
<u>8,236</u>	<u>5,764</u>	<u>8,599</u>	<u>16,000</u>	<u>23,868</u>	29.94%	30.19%
<u>\$ 674,704</u>	<u>\$ 767,241</u>	<u>\$ 856,212</u>	<u>\$ 962,659</u>	<u>\$ 872,387</u>	7.15%	6.54%
<u>\$3,133,961</u>	<u>\$3,212,382</u>	<u>\$3,429,685</u>	<u>\$3,592,958</u>	<u>\$3,556,481</u>	3.47%	2.86%
\$ 77,133	\$ 86,759	\$ 92,354	\$ 78,682	\$ 83,448	1.60%	3.35%
83,798	83,326	89,592	93,088	107,294	1.70%	4.57%
65,772	89,514	86,356	70,596	80,499	0.80%	2.27%
45,945	46,030	44,572	48,046	58,967	4.57%	4.66%
1,072	910	998	948	674	-4.70%	-9.90%
322,252	360,277	440,921	381,851	354,263	6.67%	2.06%
141,030	189,006	256,154	326,322	321,662	23.52%	22.12%
97,076	102,828	109,351	109,349	112,732	0.68%	4.02%
63,103	65,105	63,858	62,568	54,618	-2.25%	-2.78%
13,701	17,671	19,426	18,199	19,575	-2.24%	2.93%
13,271	13,253	13,935	15,688	10,979	-3.55%	-3.48%
34,614	39,003	34,450	33,661	30,225	-4.70%	-4.64%
32,973	36,999	34,772	31,854	38,043	-3.10%	1.36%
5	10	12	10	—	-100.00%	0.00%
12,965	11,020	12,000	12,093	11,884	5.02%	-3.46%
1,269	21,704	1,037	2,710	—	-100.00%	-100.00%
6,429	18,888	13,306	17,519	441,341	100.14%	137.07%
—	—	—	—	—		
<u>\$1,012,408</u>	<u>\$1,182,303</u>	<u>\$1,313,094</u>	<u>\$1,303,184</u>	<u>\$1,726,204</u>	7.67%	11.63%
<u>\$4,146,369</u>	<u>\$4,394,685</u>	<u>\$4,742,779</u>	<u>\$4,896,142</u>	<u>\$5,282,685</u>	4.65%	5.28%
\$ 61,276	\$ 248,316	\$ 348,094	\$ 153,363	\$ 386,543		
1.50%	5.99%	7.92%	3.23%	7.89%		

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

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

Last Ten Fiscal Years and 2011 Budget  
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues:				
Local . . . . .	\$1,570,848	\$1,569,922	\$1,641,646	\$1,688,778
State . . . . .	1,275,707	1,336,586	1,307,229	1,329,390
Federal . . . . .	<u>552,311</u>	<u>539,573</u>	<u>602,677</u>	<u>703,821</u>
Total Revenues . . . . .	\$3,398,866	\$3,446,081	\$3,551,552	\$3,721,989
Total Expenditures . . . . .	<u>3,353,119</u>	<u>3,493,886</u>	<u>3,595,441</u>	<u>3,758,510</u>
Revenues — Expenditures . . . . .	\$ 45,747	\$ (47,805)	\$ (43,889)	\$ (36,521)
Other Financing Sources — Transfers . . . . .	<u>(46,797)</u>	<u>1,527</u>	<u>7,711</u>	<u>15,071</u>
Revenues and Other Financing Sources				
Less Expenditures . . . . .	\$ (1,050)	\$ (46,278)	\$ (36,178)	\$ (21,450)
Equity Transfer . . . . .	—	—	—	—
Accounting Adjustment . . . . .	<u>(152,490)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in Fund Balance . . . . .	\$ (153,540)	\$ (46,278)	\$ (36,178)	\$ (21,450)
Fund Balance — Beginning of Period . . . . .	<u>564,952</u>	<u>411,412</u>	<u>365,134</u>	<u>328,956</u>
Fund Balance — End of Period . . . . .	<u>\$ 411,412</u>	<u>\$ 365,134</u>	<u>\$ 328,956</u>	<u>\$ 307,506</u>
Revenues as a Percent of Expenditures . . . . .	101.4%	98.6%	98.8%	99.0%
Composition of Fund Balance				
Reserved:				
Reserved for Encumbrances . . . . .	\$ 149,675	\$ 118,726	\$ 78,879	\$ 67,542
Reserved for restricted donations . . . . .	3,638	429	429	1,439
Reserved by law for specific purposes . . . . .	56,579	36,096	41,289	42,015
Unreserved:				
Designated to Provide Operating				
Capital . . . . .	201,520	201,500	161,233	171,300
Undesignated . . . . .	<u>—</u>	<u>8,383</u>	<u>47,126</u>	<u>25,210</u>
Total Fund Balance . . . . .	<u>\$ 411,412</u>	<u>\$ 365,134</u>	<u>\$ 328,956</u>	<u>\$ 307,506</u>
Unreserved Fund Balance as a Percent of				
Revenues . . . . .	5.9%	6.1%	5.9%	5.3%
Total Fund Balance as a Percent of				
Revenues . . . . .	12.1%	10.6%	9.3%	8.3%

Operating Information

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Budget 2011</u>
\$1,781,729	\$1,935,760	\$2,021,048	\$2,060,808	\$2,123,681	\$2,247,823	\$2,120,669
1,417,423	1,492,361	1,549,493	1,692,351	1,333,182	1,367,797	1,628,428
<u>746,403</u>	<u>757,731</u>	<u>711,963</u>	<u>832,526</u>	<u>1,122,805</u>	<u>1,160,412</u>	<u>1,182,888</u>
\$3,945,555	\$4,185,852	\$4,282,504	\$4,585,685	\$4,579,668	\$4,776,032	\$4,931,985
<u>3,862,396</u>	<u>4,085,093</u>	<u>4,146,369</u>	<u>4,394,685</u>	<u>4,742,779</u>	<u>4,896,142</u>	<u>5,282,685</u>
\$ 83,159	\$ 100,759	\$ 136,135	\$ 191,000	\$ (163,111)	\$ (120,110)	\$ (350,700)
<u>328</u>	<u>4,145</u>	<u>1,904</u>	<u>3,813</u>	<u>20,389</u>	<u>17,851</u>	
\$ 83,487	\$ 104,904	\$ 138,039	\$ 194,813	\$ (142,722)	\$ (102,259)	
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
\$ 83,487	\$ 104,904	\$ 138,039	\$ 194,813	\$ (142,722)	\$ (102,259)	
<u>307,506</u>	<u>390,993</u>	<u>495,897</u>	<u>474,783</u>	<u>669,596</u>	<u>526,874</u>	
<u>\$ 390,993</u>	<u>\$ 495,897</u>	<u>\$ 633,936</u>	<u>\$ 669,596</u>	<u>\$ 526,874</u>	<u>\$ 424,615</u>	
102.2%	102.5%	103.3%	104.3%	96.6%	97.5%	
\$ 97,313	\$ 102,286	\$ 97,731	\$ 132,684	\$ 110,685	\$ 111,166	
1,459	1,503	1,765	1,826	3,695	5,825	
43,675	84,388	129,597	102,695	101,072	109,163	
190,000	218,400	233,200	258,000	181,200	—	
<u>58,546</u>	<u>89,320</u>	<u>171,643</u>	<u>174,391</u>	<u>130,222</u>	<u>198,461</u>	
<u>\$ 390,993</u>	<u>\$ 495,897</u>	<u>\$ 633,936</u>	<u>\$ 669,596</u>	<u>\$ 526,874</u>	<u>\$ 424,615</u>	
6.3%	7.4%	9.5%	9.4%	6.8%	4.2%	
9.9%	11.8%	14.8%	14.6%	11.5%	8.9%	

**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, 2010**

<b>Eligible Expenditures:</b>	
Other General Charges . . . . .	\$ 421,888
Physical Education — Athletic Claims . . . . .	103,248
Tort Claims — Administration Fee . . . . .	600,746
Tort Claims — Major Settlements . . . . .	437,303
Tort Claims — Casualty . . . . .	5,810,304
General Liability Insurance . . . . .	1,444,509
Property Damage Insurance . . . . .	2,501,025
Property Loss Reserve Fund . . . . .	299,031
Compensation and Benefits Management . . . . .	183,994
Property Loss . . . . .	16,384
Life Safety . . . . .	793,817
School Safety Administration . . . . .	409,815
School Safety Services . . . . .	2,497,762
Student Identification Cards . . . . .	219,799
Personnel Security Services . . . . .	50,448,254
Security Police Officers . . . . .	8,057,807
Central Service Security . . . . .	3,896,422
Risk Management Administration . . . . .	<u>552,962</u>
Total Eligible Expenditures . . . . .	<u>\$78,695,070</u>

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**SCHEDULE OF STUDENT ACTIVITY FUNDS**

For the fiscal year ended June 30, 2010

**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 . . . . .	\$14,566,036	\$29,682,596	\$28,991,074	\$15,257,558
Child Parent Centers . . . . .	96,210	119,149	103,901	111,458
Alternative Schools . . . . .	31,146	15,007	23,864	22,289
Middle Schools . . . . .	637,635	872,230	732,374	777,491
High Schools . . . . .	11,164,704	29,134,354	28,738,003	11,561,055
	<u>\$26,495,731</u>	<u>\$59,823,336</u>	<u>\$58,589,216</u>	27,729,851
Investments:				
Elementary Schools . . . . .				\$ 554,793
Middle Schools . . . . .				\$ —
High Schools . . . . .				<u>\$ 3,362,163</u>
Total Cash and Investments Held for Student Activities . . . . .				<u>\$31,646,807</u>

**STUDENT FEES**

	<u>Graduation Fees (A)</u>	<u>Student Activity Fees (B)</u>	<u>Total</u>
Total Elementary School Fees . . . . .	\$1,486,596	\$1,399,603	\$2,886,200
Total Elementary Students . . . . .	<u>272,308</u>	<u>272,308</u>	<u>272,308</u>
Average Fee per Student . . . . .	<u>\$ 5.46</u>	<u>\$ 5.14</u>	<u>\$ 10.60</u>
Total High School Fees . . . . .	\$ 994,720	\$5,762,289	\$6,757,009
Total High School Students . . . . .	<u>91,390</u>	<u>91,390</u>	<u>91,390</u>
Average Fee per Student . . . . .	<u>\$ 10.88</u>	<u>\$ 63.05</u>	<u>\$ 73.94</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.

**Statistical Section**

**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>
<b>Broker Services</b>	Mesirow Financial	07/01/09 — 06/30/10	\$ 108,000	Insurance placement and consultation. The contract with Mesirow for these services has been extended and continues.
<b>Property Insurance</b>				
All Risk-Property Insurance				
1st Layer of Property Insurance	Lexington Insurance	07/01/09 — 06/30/10	1,872,393	\$50 million subject to \$500,000 deductible
2nd Layer of Property Insurance	Travelers	07/01/09 — 06/30/10	330,000	\$150 million excess of \$50 million
Boiler & Machinery Insurance	Federal Chubb	07/01/09 — 06/30/10	118,648	\$100 million subject \$50,000 deductible
Commercial Crime Insurance				\$50 million subject to \$500,000 deductible Coverage including fidelity
1st Layer of Crime Insurance	Great American	07/01/09 — 06/30/10	40,991	\$10 million excess of \$500,000 deductible
2nd Layer of Crime Insurance	Zurich-American Insurance	07/01/09 — 06/30/10	35,627	\$10 million excess of \$10 million
3rd Layer of Crime Insurance	Travelers Casualty & Surety	07/01/09 — 06/30/10	29,640	\$10 million excess of \$20 million
4th Layer of Crime Insurance	Great American	07/01/09 — 06/30/10	31,341	\$10 million excess of \$30 million
5th Layer of Crime Insurance	Hanover	07/01/09 — 06/30/10	16,300	\$10 million excess of \$40 million
			\$ 2,474,940	Total Property, Boiler & Machinery and Crime for year ending 6/30/10
Property Loss Reserve Fund			202,792	
Total Property Program			\$ 2,677,732	

(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>
<b>Liability Insurance</b>				
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. Liability coverage effective 07/01/09 to 6/30/10. Policies were short-termed to move the expiration date.
1st Layer Liability Insurance	Princeton E&S	07/01/09 — 06/30/10	\$ 446,044	\$10 million per loss excess \$10 million self-insured retention
2nd Layer Liability Insurance	Westchester	07/01/09 — 06/30/10	202,287	\$15 million excess \$10 million
3rd Layer Liability Insurance	Great American Assurance	07/01/09 — 06/30/10	245,500	\$15 million excess \$25 million
4th Layer Liability Insurance	Lexington Insurance	07/01/09 — 06/30/10	298,575	\$15 million excess \$40 million
5th Layer Liability Insurance	Firemans Fund	07/01/09 — 06/30/10	140,896	\$20 million excess \$55 million
Special Events	Great American Insurance	07/01/09 — 06/30/10	15,347	\$1 million, no deductible
Excess Special Events	Great American Insurance	07/01/09 — 06/30/10	5,000	\$5 million, no deductible
Workfare Insurance	Liberty Mutual	12/13/09 — 12/13/10	4,061	Statutory Workers Compensation/ \$1,000,000. Employers Liability for non-compensated students in intern and job shadow programs
Environmental/Pollution	Pollution Legal Liability	10/31/07 — 10/31/10	238,581	\$10 million subject to \$250,000 deductible
Fiduciary	Fiduciary Liability	07/01/09 — 06/30/10	90,699	\$10 million
			<u>\$ 1,686,990</u>	Total Liability Insurance Premiums and Related Expenses
Total Insurance Cost			<u>\$ 4,472,722</u>	
<b>Self Insurance Programs</b>				
<b>General Liability Claims</b>	Cannon Cochran Management Services, Inc.	07/01/09 — 07/01/10	\$ 14,503,303	Claim administration services including investigation and adjustment of liability claims; pay medical costs, legal expense and settlements.
			443,944	Amounts paid through escrow accounts to claimants, attorneys and expenses.
			—	Law department settlements
			<u>92,466</u>	Amounts paid through escrow accounts for medical and other related claims and expenses for Interscholastic & Extracurricular Activity Claims payments
			<u>\$ 15,039,713</u>	Total General Liability 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>
Workers Compensation Claims	Sedgwick Claims Management Services, Inc.	07/01/09 — 06/30/10	\$ 1,372,594	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 claim statistics and establish safety initiatives. Escrow funding for claims authorized up to \$14,000,000.
			<u>24,528,166</u>	Amounts paid through escrow accounts to claimants, attorneys and expenses.
			<u>\$ 25,900,760</u>	Total Workers' Compensation Claims and Expenses
Risk Management	Various		<u>\$ 191,695</u>	Consulting, printing, temporary services and other
Life Safety	Various		<u>\$ 793,817</u>	Promotes safety programs
Total Self Insured Programs			<u>\$ 41,925,985</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>
<b>Health Insurance/HMO/PPO</b>				
Medical-Administrative Services	Blue Cross/Blue Shield of Illinois	07/01/09 — 06/30/10	\$ 3,735,855	PPO Health care for eligible employees and dependents
	United Healthcare PPO	07/01/09 — 06/30/10	1,379,355	PPO Health care for eligible employees and dependents
	United Healthcare PPO w/HRA	07/01/09 — 06/30/10	359,902	PPO and Health Reimbursement Account for eligible employees and dependents
	Blue Cross HMO Illinois	07/01/09 — 06/30/10	4,903,924	HMO Health care for eligible employees and dependents
	United Healthcare HMO (EPO)	07/01/09 — 06/30/10	<u>1,031,073</u>	HMO Health care for eligible employees and dependents
Medical Total Admin. Fees			<u>\$ 11,410,109</u>	
Medical PPO Claim	Blue Cross/Blue Shield of Illinois	07/01/09 — 06/30/10	\$ 76,241,725	PPO Health care for eligible employees and dependents and retirees
	United Healthcare PPO	07/01/09 — 06/30/10	24,115,129	PPO Health care of eligible employees, dependents & retirees
	United Healthcare PPO w/HRA	07/01/09 — 06/30/10	<u>4,770,656</u>	PPO and Health Reimbursement Account for eligible employees and dependents
Medical Total PPO Claims			<u>\$105,127,510</u>	
Medical HMO Claims	Blue Cross HMO Illinois	07/01/09 — 06/30/10	\$152,674,449	HMO Healthcare for eligible employees and dependents and Claims and Physician Service Fees
	United Healthcare HMO	07/01/09 — 06/30/10	<u>24,726,976</u>	HMO Healthcare for eligible employees and dependents
Medical Total HMO Claims			<u>\$177,401,425</u>	
Medical Claims Total		07/01/09 — 06/30/10	<u>\$282,528,935</u>	
Medical Claims and Administration		07/01/09 — 06/30/10	<u>\$293,939,044</u>	
Managed Mental Health Service	United Behavioral Health	07/01/09 — 06/30/10	\$ 729,387	Mental health care for PPO eligible employees and dependents
Utilization Review and Case Management	Encompass	07/01/09 — 06/30/10	<u>\$ 787,809</u>	Pre-certification, utilization review and case management for PPO eligible employees and dependents
Prescription Drugs	Caremark	07/01/09 — 06/30/10	<u>\$ 48,827,891</u>	Pharmaceutical services for PPO and HMO eligible employees and dependents
Total Medical Expenses		07/01/09 — 06/30/10	<u>\$344,284,131</u>	

(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>
<b>Other Insurance</b>				
Dental Insurance	Delta Dental HMO	07/01/09 — 06/30/10	\$ 3,567,547	Dental HMO for eligible employees and dependents
	Delta Dental	07/01/09 — 06/30/10	<u>7,580,906</u>	Dental PPO for eligible employees and dependents
Dental Insurance Total			<u>\$ 11,148,453</u>	
Vision Plan	Vision Service Plan (VSP)	07/01/09 — 06/30/10	<u>\$ 279,247</u>	Vision services for eligible employees and dependents
Term Life Insurance	Prudential Life Insurance	07/01/09 — 06/30/10	<u>\$ 2,399,570</u>	Life insurance policy at \$10,000 per eligible employee
Total Dental/Vision/Life			<u>\$ 11,427,700</u>	
Total Health/Life Benefit Expenses			<u>\$355,711,831</u>	



Educate • Inspire • Transform

**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**SCHEDULE OF CAPITAL IMPROVEMENT PROGRAM — BY ACTIVITY**  
**For the fiscal year ended June 30, 2010**  
**(Millions of dollars)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Unexpended . . . . .	\$ 449.2	\$514.3	\$433.1
Proceeds Available from Bond Issuance . . . . .	469.2	232.7	313.6
State Aid . . . . .	—	—	58.1
Federal Aid . . . . .	81.8	15.2	6.0
Investment Income . . . . .	42.8	33.1	13.3
Other Income . . . . .	<u>4.3</u>	<u>1.1</u>	<u>9.6</u>
Total . . . . .	\$1,047.3	\$796.4	\$833.7
Expenditures . . . . .	519.8	363.3	441.6
Operating Transfers In/(Out) . . . . .	<u>(13.2)</u>	<u>—</u>	<u>(6.0)</u>
Unexpended . . . . .	\$ 514.3	\$433.1	\$386.1
Encumbrances . . . . .	<u>265.4</u>	<u>261.6</u>	<u>175.2</u>
Available Balance . . . . .	<u>\$ 248.9</u>	<u>\$171.5</u>	<u>\$210.9</u>

Note:

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

**Operating Information**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Program to Date as of June 30, 2010</u>
\$386.1	\$426.5	\$359.3	\$496.8	\$ 646.4	\$565.7	\$ 73.9	\$ —
257.3	284.0	389.4	370.2	252.5	—	803.8	3,372.7
82.2	3.1	—	18.1	0.1	—	—	161.6
26.7	16.6	17.9	34.1	43.5	2.8	12.3	256.9
8.1	13.2	22.4	35.6	25.9	12.5	2.0	208.9
<u>11.8</u>	<u>12.2</u>	<u>21.4</u>	<u>36.6</u>	<u>60.4</u>	<u>127.5</u>	<u>83.1</u>	<u>368.0</u>
\$772.2	\$755.6	\$810.4	\$991.4	\$1,028.8	\$708.5	\$975.1	\$4,368.1
360.8	389.0	310.8	345.0	463.1	634.6	666.7	4,494.7
<u>15.1</u>	<u>(7.3)</u>	<u>(2.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(46.8)</u>	<u>(61.0)</u>
\$426.5	\$359.3	\$496.8	\$646.4	\$ 565.7	\$ 73.9	\$261.6	\$ (187.6)
223.6	140.8	220.2	199.1	268.6	73.9	229.5	229.5
<u>\$202.9</u>	<u>\$218.5</u>	<u>\$276.6</u>	<u>\$447.3</u>	<u>\$ 297.1</u>	<u>\$ —</u>	<u>\$ 32.1</u>	<u>\$ (417.1)</u>



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**SCHOOL FOOD SERVICE PROGRAM**  
Last five fiscal years  
(Thousands of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
DAYS MEALS SERVED:					
National School Lunch Program . . . . .	173	173	173	173	173
PUPIL LUNCHES SERVED:					
Paid lunches (regular) . . . . .	3,332,446	2,827,976	3,057,617	2,596,483	2,285,279
Reduced lunches (regular) . . . . .	3,646,341	3,480,051	3,390,609	3,198,477	2,971,564
Free lunches (regular) . . . . .	<u>45,029,271</u>	<u>43,011,934</u>	<u>42,203,781</u>	<u>41,759,323</u>	<u>41,870,094</u>
TOTAL PUPIL LUNCHES SERVED . . . . .	<u>52,008,058</u>	<u>49,319,961</u>	<u>48,652,007</u>	<u>47,554,283</u>	<u>47,126,937</u>
DAILY AVERAGE . . . . .	300,625	285,086	281,225	274,880	272,410
Change from Previous Year . . . . .	(1,116,853)	(2,688,097)	(667,954)	(1,097,724)	(427,346)
DAILY PERCENTAGE CHANGE . . . . .	-2.1%	-5.2%	-1.4%	-2.3%	-0.9%
PUPIL BREAKFASTS SERVED:					
Paid breakfasts (regular) . . . . .	455,803	312,752	306,185	302,130	982,044
Reduced breakfasts (regular) . . . . .	486,385	451,567	413,987	453,628	972,893
Free breakfasts (regular) . . . . .	<u>13,504,698</u>	<u>12,962,522</u>	<u>12,681,324</u>	<u>13,432,581</u>	<u>18,289,117</u>
TOTAL PUPIL BREAKFASTS SERVED . . . . .	<u>14,446,886</u>	<u>13,726,841</u>	<u>13,401,496</u>	<u>14,188,339</u>	<u>20,244,054</u>
DAILY AVERAGE . . . . .	83,508	79,346	77,465	82,014	117,018
Change from Previous Year . . . . .	(104,456)	(720,045)	(325,345)	786,843	6,055,715
DAILY PERCENTAGE CHANGE . . . . .	-0.7%	-5.0%	-2.4%	5.9%	42.7%
TOTAL MEALS SERVED . . . . .	<u>66,454,944</u>	<u>63,046,802</u>	<u>62,053,503</u>	<u>61,742,622</u>	<u>67,370,991</u>
DAILY AVERAGE . . . . .	384,133	364,432	358,691	356,894	389,428
TOTAL CHANGE FROM PREVIOUS YEAR . . . . .	(1,221,309)	(3,408,142)	(993,299)	(310,881)	5,628,369
DAILY PERCENTAGE CHANGE . . . . .	-1.8%	-5.1%	-1.6%	-0.5%	9.1%
NUMBER OF ADULT LUNCHES (REGULAR) . . . . .	<u>387,624</u>	<u>301,213</u>	<u>262,999</u>	<u>205,062</u>	<u>172,624</u>
DAILY AVERAGE . . . . .	2,241	1,741	1,520	1,185	998
TOTAL CHANGE FROM PREVIOUS YEAR . . . . .	(144,845)	(86,411)	(38,214)	(57,937)	(32,438)
DAILY PERCENTAGE CHANGE . . . . .	-27.2%	-22.3%	-12.7%	-22.0%	-15.8%

**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**SCHOOL FOOD SERVICE PROGRAM (continued)**  
**Last five fiscal years**  
**(Thousands of dollars)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUE:</b>					
Federal and State Sources . . . . .	\$180,175	\$158,166	\$161,174	\$152,556	\$192,323
Local Sources . . . . .	9,317	35,303	40,889	56,767	17,774
Total Revenue . . . . .	<u>\$189,492</u>	<u>\$193,469</u>	<u>\$202,063</u>	<u>\$209,323</u>	<u>\$210,097</u>
<b>EXPENDITURES:</b>					
Career Service Salaries . . . . .	\$ 59,199	\$ 61,025	\$ 63,501	\$ 65,941	\$ 66,600
Career Service Pension . . . . .	4,310	10,255	10,733	10,769	11,140
Hospitalization . . . . .	19,501	20,897	21,737	24,528	20,597
Food . . . . .	84,634	82,331	81,539	87,821	91,496
Professional and Special Services . . . . .	2,910	2,748	2,650	3,037	3,240
Administrative Allocation . . . . .	15,456	12,270	13,141	14,677	13,629
Other . . . . .	3,467	3,946	2,687	2,549	3,395
Total Expenditures . . . . .	<u>\$189,477</u>	<u>\$193,472</u>	<u>\$195,988</u>	<u>\$209,322</u>	<u>\$210,097</u>
Revenues Less Than Expenditures . . . . .	<u>\$ 15</u>	<u>\$ (3)</u>	<u>\$ 6,075</u>	<u>\$ 1</u>	<u>\$ —</u>
<b>DAILY AVERAGE</b>					
Revenues . . . . .	\$ 1,095	\$ 1,118	\$ 1,168	\$ 1,210	\$ 1,214
Expenditures . . . . .	\$ 1,095	\$ 1,118	\$ 1,133	\$ 1,210	\$ 1,214
<b>PERCENTAGE CHANGE</b>					
Revenues . . . . .	14.4%	2.1%	4.4%	3.6%	0.4%
Expenditures . . . . .	1.3%	2.1%	1.3%	6.8%	0.4%

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**ANALYSIS OF UTILITY CONSUMPTION**  
For the fiscal year ended June 30, 2010  
With Comparative Amounts for the Period Ended June 2009

	<u>2010 Schools</u>	<u>2010 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Commonwealth Edison			
Total Electricity Charges (A) . . . . .	\$ 50,438,440	\$ 645,069	\$ 51,083,509
Kilowatt Hours . . . . .	<u>511,030,505</u>	<u>10,733,265</u>	<u>521,763,770</u>
Charge per Kilowatt Hour . . . . .	<u>\$ 0.09870</u>	<u>\$ 0.06010</u>	<u>\$ 0.09791</u>
<u>Gas</u>			
Total Gas Charges . . . . .	\$ 27,359,929	\$ 238,873	\$ 27,598,801
Therms . . . . .	<u>34,060,084</u>	<u>292,736</u>	<u>34,352,820</u>
Charge per Therm . . . . .	<u>\$ 0.80328</u>	<u>\$ 0.81600</u>	<u>\$ 0.80339</u>
	<u>2009 Schools</u>	<u>2009 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Commonwealth Edison			
Total Electricity Charges (B) . . . . .	\$ 52,677,963	\$ 636,935	\$ 53,314,898
Kilowatt Hours . . . . .	<u>533,174,060</u>	<u>10,273,147</u>	<u>543,447,207</u>
Charge per Kilowatt Hour . . . . .	<u>\$ 0.09880</u>	<u>\$ 0.06200</u>	<u>\$ 0.09811</u>
<u>Gas</u>			
Total Gas Charges . . . . .	\$ 38,411,370	\$ 627,634	\$ 39,039,004
Therms . . . . .	<u>39,890,730</u>	<u>669,557</u>	<u>40,560,287</u>
Charge per Therm . . . . .	<u>\$ 0.96291</u>	<u>\$ 0.93739</u>	<u>\$ 0.96249</u>

NOTES:

- A. Fiscal year 2010 electricity and consumption amounts represent amounts that have been billed for service during fiscal year 2010 and have been paid to Commonwealth Edison as of July 31, 2010.
- B. Fiscal year 2009 electricity and consumption amounts represent amounts that have been billed for service during fiscal year 2009 and have been paid to Commonwealth Edison as of July 31, 2009.



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**PROPERTY SALES AND PURCHASES**  
For the Fiscal Year Ending June 30, 2010

Sales				
<u>Unit Location</u>	<u>Date Acquired</u>	<u>Net Book Value</u>	<u>Gross/Sales Proceeds</u>	<u>Gain/(Loss) on Sale</u>
363 W. Hill Street . . . . .	N/A*	\$798,070	\$ —	\$(798,070)
		<u>\$798,070</u>	<u>\$ —</u>	<u>\$(798,070)</u>
Purchases				
<u>Unit Location</u>	<u>Date Acquired</u>	<u>School</u>	<u>Purchase Cost</u>	
3000-3058 N. Mango Ave . . . . .	12/15/2009	Camras	\$8,988,000	
2633-35 W. 48th St; 4850 S. Rockwell . . . . .	7/29/2009	Brighton Park II	1	
			<u>\$8,988,001</u>	

\* Historical records related to the acquisition date are not available.

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**TEACHERS' BASE SALARIES**  
(Annual School Year Salary)  
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>
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	52,898	68,439	4.00%
2006 . . . . .	38,851	55,014	71,177	4.00%
2007 . . . . .	40,405	57,215	74,025	4.00%
2008 . . . . .	42,021	59,504	76,986	4.00%
2009 . . . . .	43,702	62,384	81,065	4.00%
2010 . . . . .	45,450	64,879	84,308	4.00%

NOTES:

- A. The minimum salary represents the minimum amount a CPS teacher with a bachelors 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 education attainment and years of service. The majority of the Chicago Public Schools Teaching Staff receives the maximum salary due to the 14 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**

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>
2005 .....	\$198,065	\$10,506,471	\$2,789,405	79.0%	21.0%
2006 .....	247,585	10,947,998	3,087,629	78.0%	22.0%
2007 .....	282,488	11,759,699	2,917,485	80.1%	19.9%
2008 .....	350,483	12,069,417	3,134,324	79.4%	20.6%
2009 .....	392,801	11,493,256	4,189,986	73.3%	26.7%

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**AVERAGE DAILY ATTENDANCE AND PER PUPIL COSTS**  
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>
2006 .....	2005-06	380,288	\$10,409	\$7,482
2007 .....	2006-07	370,500	11,033	8,009
2008 .....	2007-08	364,088	11,536	7,957
2009 .....	2008-09	362,618	12,880	9,519
2010 .....	2009-10	366,851	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.



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**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**TOTAL STUDENT MEMBERSHIP**  
Last ten fiscal years

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Elementary			
Pre-Kindergarten . . . . .	21,793	21,109	21,788
Kindergarten . . . . .	33,733	32,458	31,655
Grades 1-3 . . . . .	118,739	117,181	114,470
Grades 4-6 . . . . .	106,587	107,091	107,575
Grades 7-8 . . . . .	58,429	60,606	62,037
Total Elementary . . . . .	<u>339,281</u>	<u>338,445</u>	<u>337,525</u>
Secondary			
9th Grade . . . . .	34,258	34,116	33,895
10th Grade . . . . .	27,491	28,186	28,780
11th Grade . . . . .	20,008	20,755	21,519
12th Grade . . . . .	14,432	16,116	16,870
Total Secondary . . . . .	<u>96,189</u>	<u>99,173</u>	<u>101,064</u>
Grand Total . . . . .	<u>435,470</u>	<u>437,618</u>	<u>438,589</u>

NOTES:

Source: Department of Compliance — Office of REA

**Operating Information**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
22,085	21,417	21,205	21,363	21,388	23,325	24,370
31,539	29,986	29,502	28,403	27,901	28,975	29,632
107,677	101,944	98,157	95,744	93,853	93,416	92,581
105,633	103,005	100,065	94,235	90,701	89,234	88,695
<u>63,262</u>	<u>64,205</u>	<u>62,921</u>	<u>62,385</u>	<u>62,217</u>	<u>59,839</u>	<u>58,231</u>
<u>330,196</u>	<u>320,557</u>	<u>311,850</u>	<u>302,130</u>	<u>296,060</u>	<u>294,789</u>	<u>293,509</u>
35,813	35,529	36,735	37,514	35,151	34,233	32,877
27,925	29,218	29,555	30,286	31,994	32,177	34,659
22,347	22,711	23,764	23,871	24,608	25,292	25,436
<u>18,138</u>	<u>18,797</u>	<u>19,078</u>	<u>19,893</u>	<u>20,788</u>	<u>21,464</u>	<u>22,798</u>
<u>104,223</u>	<u>106,255</u>	<u>109,132</u>	<u>111,564</u>	<u>112,541</u>	<u>113,166</u>	<u>115,770</u>
<u>434,419</u>	<u>426,812</u>	<u>420,982</u>	<u>413,694</u>	<u>408,601</u>	<u>407,955</u>	<u>409,279</u>



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**TEACHER - TO - STUDENT - RATIO**  
**Last nine fiscal years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Elementary . . . . .	22.6	19.3	22.7	20.2	21.7	21.1	20.0	23.5	21.3
Secondary . . . . .	20.0	19.0	19.6	16.9	19.3	19.6	16.3	19.5	19.7

Source: Illinois State Board of Education

Note:

Information is not available prior to fiscal year 2002.

Starting in 2009, the ratio includes Charter Schools



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**SCHEDULE OF GOVERNMENT EMPLOYEES BY FUNCTION**

Last three fiscal years

As of June 30, 2010

<u>Functions</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction . . . . .	27,612	28,184	28,917
Support services:			
Pupil support services . . . . .	4,879	4,535	4,428
Administrative support services . . . . .	1,154	1,418	1,351
Facilities support services . . . . .	1,698	1,789	1,781
Instructional support services . . . . .	3,642	3,807	3,883
Food services . . . . .	3,630	3,901	4,009
Community services . . . . .	327	387	437
Total government employees . . . . .	<u>42,942</u>	<u>44,021</u>	<u>44,806</u>

Note:

Information is not available prior to fiscal year 2008

**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**NUMBER OF SCHOOLS, SCHOOL ENROLLMENT AND HIGH SCHOOL GRADUATES**  
Last ten fiscal years

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>
Number of Schools			
Elementary (A) . . . . .	478	480	479
Special . . . . .	26	28	27
High School . . . . .	72	70	75
Vocational/Technical . . . . .	7	7	7
Charter Schools . . . . .	13	15	14
Total Schools . . . . .	<u>596</u>	<u>600</u>	<u>602</u>
School Enrollment (B)			
Elementary (A) . . . . .	332,811	331,385	328,261
Special . . . . .	4,996	6,348	5,111
High School . . . . .	81,516	84,759	87,740
Vocational/Technical . . . . .	9,414	9,042	8,633
Charter Schools . . . . .	6,733	6,084	8,844
Total School Enrollment . . . . .	<u>435,470</u>	<u>437,618</u>	<u>438,589</u>
Number of High School Graduates . . . . .	<u>14,091</u>	<u>15,752</u>	<u>15,753</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>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
482	475	475	472	474	474	474
25	19	18	18	17	17	13
82	93	98	93	98	98	109
6	6	12	12	10	10	8
18	20	22	27	28	67	71
<u>613</u>	<u>613</u>	<u>625</u>	<u>622</u>	<u>627</u>	<u>666</u>	<u>675</u>
319,966	309,818	298,030	287,252	279,823	274,875	272,308
4,937	3,730	3,076	3,222	2,846	2,762	2,073
90,888	92,787	88,490	88,487	88,936	90,055	91,390
8,135	8,203	15,970	15,313	14,219	11,251	9,956
10,493	12,274	15,416	19,420	22,777	29,012	33,552
<u>434,419</u>	<u>426,812</u>	<u>420,982</u>	<u>413,694</u>	<u>408,601</u>	<u>407,955</u>	<u>409,279</u>
<u>16,057</u>	<u>16,487</u>	<u>16,898</u>	<u>18,235</u>	<u>20,285</u>	<u>18,972</u>	<u>22,245</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, 2010. 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, 2009
Per Pupil Regular Expenditures	Total Fiscal Year 2010 school expenses per student
Per Pupil Capital Expenditures	Total Fiscal Year 2010 capital expenses per student
Per Pupil Supplementary Expenditures	Total Fiscal Year 2010 State, Federal Chapter 1, PL94-142 and desegregation expenses per student at the school (included in Per Pupil Regular Expenditures).

## 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	783	\$11,182	\$ 1,539	\$ 985
ACE TECH CHRTR HS	507	\$10,903	\$ 3,249	\$ 888
ACT CHRTR HS	324	10,778	—	1,300
AIR FORCE ACAD HS	126	12,887	2,414	765
ALCOTT HS HUMANITIES	83	5,596	—	—
ALTERNATIVE SAFE SCHOOLS HS	337	1,435	50	889
AMANDLA CHRTR HS	216	8,443	—	950
AMUNDSEN HS	1,630	8,425	666	825
ASPIRA CHRTR — EARLY COLLEGE	414	11,078	—	1,211
ASPIRA CHRTR — RAMIREZ	436	10,208	—	1,066
AUSTIN BUS & ENTRP HS	486	10,735	5,096	978
AUSTIN POLYTECH HS	330	11,217	7,848	1,006
BEST HS	350	11,377	114	1,366
BEST PRACTICE HS	144	18,230	2,000	1,441
BOGAN TECH HS	1,938	8,256	17	976
BRONZEVILLE HS	549	8,805	98	1,240
BROOKS CPHS	749	9,878	11,038	1,250
CARVER MIL ACAD HS	520	12,564	533	886
CHGO INTL CHRT — NORTHTOWN	836	10,358	1	873
CHGO INTL CHRTR — ELLISON	576	10,338	—	566
CHGO MATH/SCI CHRTR	599	10,293	—	819
CHGO VOC AA HS	294	8,675	—	1,178
CHICAGO ACAD ADV TECH HS	146	13,490	14,014	747
CHICAGO ACAD HS	497	9,908	—	1,004
CHICAGO AGR SCI HS	595	13,564	—	1,135
CHICAGO DISCOVERY HS	397	10,711	100	981
CHICAGO HS ARTS	146	11,250	2,119	720
CHICAGO MIL ACAD HS	501	11,567	91	894
CHICAGO TALENT DEV HS	94	13,702	3,209	1,118
CHICAGO VOC HS	1,438	11,402	137	1,470
CLARK MAGNET HS	1,021	8,461	10	852
CLEMENTE AA HS	220	10,299	—	1,257
CLEMENTE HS	1,588	10,656	3,806	1,277
COLLINS ACAD HS	349	10,543	3,743	943
COMM SERVICES WEST	151	10,390	—	327
CORLISS HS	908	10,560	2,386	1,170
CRANE AA HS	257	13,224	—	1,608
CRANE TECH HS	720	13,938	411	1,176
CURIE HS	3,578	7,996	26	971
DEVRY ADVANTAGE HS	218	5,620	44	499
DOUGLASS HS	498	12,123	33	1,545

## 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	783	\$11,182	\$ 1,539	\$ 985
DUNBAR VOC HS	1,612	\$ 8,237	\$ 1,087	\$1,059
DYETT HS	530	11,485	522	1,028
ENTREPRENEURSHIP HS	349	12,328	—	1,516
EPIC ACAD HS	119	12,502	3,426	793
FARRAGUT HS	1,771	9,436	3,402	1,255
FENGER HS	1,190	10,146	5,158	1,221
FENGER AA HS	128	10,545	1,471	980
FORD ACAD — POWER HSE CHRTR HS	260	10,530	—	848
FOREMAN HS	1,931	8,343	82	728
GAGE PARK HS	1,619	9,021	23	1,196
GLOBAL VISIONS HS	215	14,790	185	1,440
GRAHAM, R. TRNG CTR	171	29,738	2,372	1,066
HANCOCK HS	997	7,465	961	712
HARLAN HS	1,353	8,791	3,814	1,261
HARPER HS	771	13,892	3,950	1,338
HIRSCH HS	673	12,049	43	1,496
HOPE CPHS	807	9,852	106	1,310
HUBBARD HS	1,795	7,932	693	1,052
HYDE PARK HS	1,836	8,552	37	996
IDOC/HEALY SOUTH HS	212	9,848	—	259
INFINITY HS	355	9,780	96	827
JEFFERSON, N	360	22,033	2	399
JONES CPHS	827	9,821	316	548
JUAREZ HS	1,564	9,121	9,622	1,077
JULIAN HS	1,420	10,239	111	1,362
KELLY HS	3,186	8,054	299	1,136
KELVYN PARK HS	1,455	9,096	128	1,073
KENNEDY HS	1,665	9,161	105	951
KENWOOD HS	1,791	7,922	709	962
KING CPHS	926	10,425	780	853
LAKE VIEW HS	1,560	8,576	24	1,004
LANE TECH HS	4,183	7,271	1,231	506
LAS CASAS HS	70	45,016	471	1,088
LINC ALT HS	798	675	—	503
LINCOLN PARK HS	2,150	7,927	52	639
LINDBLOM MSHS	724	10,783	43	866
MANLEY HS	881	10,262	543	1,208
MARINE MIL ACAD HS	321	10,578	12,013	508
MARSHALL HS	998	11,289	4,587	1,175
MATHER HS	1,636	8,584	11,242	1,031

## 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	783	\$11,182	\$ 1,539	\$ 985
MORGAN PARK HS	1,684	\$ 9,026	\$ 39	\$ 920
MULTICULTURAL ARTS HS	353	10,092	97	1,332
NEW MILLNM HS	228	12,669	174	1,668
NOBLE ST. CHRTR HS	550	11,050	—	1,089
NOBLE ST. CHRTR HS — CHICAGO BULLS	229	11,183	5,944	689
NOBLE ST. CHRTR HS — COMER	294	10,502	—	843
NOBLE ST. CHRTR HS — GOLDER	422	10,559	—	873
NOBLE ST. CHRTR HS — MUCHIN	255	10,019	1,645	583
NOBLE ST. CHRTR HS — PRTIZKER	595	10,211	—	943
NOBLE ST. CHRTR HS — RAUNER	513	10,463	—	935
NOBLE ST. CHRTR HS — ROWE-CLARK	426	10,639	—	879
NOBLE ST. CHRTR HS — UIC HS	399	9,791	1,675	686
NORTH-GRAND HS	899	9,228	18	1,346
NORTHSIDE CPHS	1,074	8,757	490	332
NORTHSIDE LRN CTR HS	301	26,276	22	1,062
NTH LAWNSDALE CHRTR — CHRISTIANA	409	11,627	—	1,139
NTH LAWNSDALE CHRTR — COLLINS	332	11,403	3,486	1,112
OGDEN INT HS	444	993	244	—
ORR ACAD HS	1,140	10,670	269	1,284
PAYTON CPHS	908	9,546	153	414
PEACE & EDUCATION ALT HS	118	22,241	—	1,060
PERSPECTIVES CHARTER — JOSLIN	351	11,306	—	820
PERSPECTIVES CHRTR — CAL TECH	447	10,483	8	724
PERSPECTIVES CHRTR — CALUMET HS	485	9,923	—	666
PERSPECTIVES CHRTR — IIT	520	10,218	1,108	588
PHILLIPS AA HS	103	14,701	—	918
PHILLIPS HS	746	10,677	509	1,225
PHOENIX MIL ACAD HS	404	11,215	9,336	1,071
PROLOGUE EARLY COLLEGE HS	247	8,552	—	321
PROSSER HS	1,417	9,316	78	894
RABY HS	561	9,862	38	1,067
RICHARDS HS	600	8,972	1,218	861
RICKOVER NAVAL HS	397	10,141	5	1,060
ROBESON AA HS	213	8,746	442	882
ROBESON HS	1,265	8,883	52	1,294
ROOSEVELT HS	1,453	9,660	231	1,182
SCH OF LEADRSHS HS	334	13,014	166	1,734
SCH OF SOC JUST HS	356	10,775	96	1,356
SCH OF TECH HS	324	10,088	—	1,156
SCH OF THE ARTS HS	384	10,797	—	1,324

## 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	783	\$11,182	\$ 1,539	\$ 985
SCHURZ HS	2,187	\$ 8,903	\$ 2,611	\$ 889
SENN AA HS	93	14,961	—	620
SENN HS	1,067	10,861	6,666	1,201
SHABAZZ CHRTR — DUSABLE	372	11,202	145	1,343
SIMEON HS	1,557	9,303	87	1,063
SIMPSON HS	110	22,079	—	1,670
SOUTHSIDE OCCP HS	183	30,474	50	1,311
SPRY COMM LINKS HS	159	10,971	316	967
STEINMETZ HS	1,959	8,760	3,183	917
SULLIVAN HS	797	11,539	876	1,211
TAFT HS	2,677	7,753	47	382
TEAM ENGLEWOOD HS	364	11,894	3,483	1,161
TILDEN AA HS	227	9,958	—	1,240
TILDEN HS	680	13,019	415	1,449
U OF C CHRTR — WOODLAWN	521	11,384	—	1,225
UNO CHARTER SCHOOL — GARCIA	284	10,576	810	920
UPLIFT COMMUNITY HS	546	11,144	786	1,335
URBAN PREP ACAD YNG MEN — E. GARFIELD PK	125	11,114	2,727	903
URBAN PREP CHTR HS	565	9,839	1,970	634
VAUGHN OCCP HS	230	22,353	363	1,121
VOISE ACAD HS	273	10,746	492	949
VON STEUBEN HS	1,630	8,429	1,880	958
WASHINGTON, G. HS	1,450	8,823	1,490	917
WELLS HS	665	10,641	39	736
WESTINGHOUSE CP	280	13,476	40,180	750
WILLIAMS HS — PREP MED	324	9,824	167	1,181
WORLD LANGUAGE HS	363	10,574	94	1,232
YOUNG WOMEN LDRSHP CHRTR	334	10,786	13	1,092
YORK ALT HS	329	22,547	1	202
YOUNG MAGNET HS	2,244	7,997	3,045	380
YOUTH CONNECTIONS CHRTR	3,408	10,292	—	1,032



## 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	558	\$ 9,224	\$ 1,143	\$1,262
ADDAMS	912	\$ 6,981	\$ 722	\$ 932
AGASSIZ	397	10,822	179	1,310
ALBANY PARK	267	10,381	509	1,251
ALCOTT	500	11,214	3,067	216
ALDRIDGE	293	8,771	144	1,481
ALTGELD	614	7,897	630	1,253
AMES	637	7,834	18	1,145
ANDERSEN	171	17,602	3,132	4,498
ARIEL	462	7,590	14	1,195
ARMOUR	346	9,503	148	1,212
ARMSTRONG, G.	1,374	6,956	57	1,185
ARMSTRONG, L.	133	14,782	132	2,951
ASHBURN	514	8,286	24	942
ASHE	518	7,646	54	1,323
ASPIRA CHRTR — HAUGAN	483	9,493	—	1,179
ATTUCKS	282	11,867	1,904	1,761
AUDUBON	508	9,378	40	532
AVALON PARK	467	9,464	29	2,049
AVONDALE	723	5,929	—	927
BANNEKER	356	9,680	3	1,462
BARNARD	288	10,395	159	1,066
BARRY	885	6,767	233	994
BARTON	630	7,827	504	1,081
BASS	410	9,127	89	1,613
BATEMAN	1,009	7,000	27	1,004
BEARD	161	33,015	—	921
BEASLEY MAGNET	1,434	6,431	132	1,365
BEAUBIEN	1,178	6,479	14	843
BEETHOVEN	374	10,242	10,409	1,868
BEIDLER	491	8,665	719	1,270
BELDING	596	7,136	16	665
BELL	951	9,403	38	398
BELMONT-CRAGIN	632	7,047	55	662
BENNETT	619	7,556	2,276	1,018
BETHUNE	377	8,661	5,465	1,105
BLACK MAGNET	486	8,395	1,415	858
BLAINE	834	6,461	263	165
BLAIR	128	35,855	159	1,021
BOND	403	10,537	506	1,462
BONTEMPS	359	7,890	15	1,306
BOONE	1,073	7,512	42	876
BOUCHET	785	8,387	51	1,290
BRADWELL	612	8,165	5,269	1,351
BRENNEMANN	332	11,322	3,183	1,555
BRENTANO	511	7,995	4	1,031
BRIDGE	887	6,370	55	682
BRIGHT	376	8,701	109	1,143
BRIGHTON PARK	891	7,248	390	1,295
BRONZEVILLE LH CHRTR	457	8,899	4,034	984
BROWN, R.	331	8,632	204	1,205

## 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	558	\$ 9,224	\$ 1,143	\$1,262
BROWN, W.	213	\$15,909	\$ 3,120	\$2,302
BROWNELL	295	8,816	12	951
BRUNSON	686	8,247	44	1,392
BUCKINGHAM	34	57,941	579	1,176
BUDLONG	828	7,494	391	809
BURBANK	1,284	7,088	95	1,378
BURKE	248	10,369	15	1,092
BURLEY	536	7,665	131	216
BURNHAM	266	9,966	140	1,712
BURNSIDE	755	7,979	70	1,619
BURR	329	8,421	154	1,438
BURROUGHS	511	8,340	197	1,605
BYRNE	714	7,005	12	300
CALDWELL	389	9,408	1,885	1,597
CALHOUN NORTH	383	8,981	48	1,614
CAMERON	971	7,340	316	1,413
CANTER MID	221	11,825	1,411	1,861
CANTY	732	6,907	827	352
CARDENAS	612	7,652	420	1,205
CARNEGIE	705	6,625	9	781
CARPENTER	210	16,737	9,340	2,396
CARROLL-ROSENWALD	632	8,061	180	1,029
CARSON	1,330	6,594	—	1,332
CARTER	419	8,965	—	1,278
CARVER PRIMARY	442	11,689	1,439	2,935
CASALS	488	8,401	44	1,241
CASSELL	334	10,596	132	275
CASTELLANOS	580	7,620	159	1,473
CATALYST CHRTR- HOWLAND	389	8,643	409	999
CATALYST CHRTR-CIRCLE ROCK	336	8,257	—	747
CATHER	235	11,091	3,757	1,648
CHALMERS	255	10,836	383	2,090
CHAPPELL	438	9,551	362	875
CHASE	497	9,150	1,686	1,589
CHAVEZ	861	8,197	7	1,184
CHGO INTL CHRTR — BASIL	730	8,173	—	1,095
CHGO INTL CHRTR — BUCKTOWN	628	8,619	—	1,007
CHGO INTL CHRTR — IRVING PK	408	9,015	—	966
CHGO INTL CHRTR — LONGWOOD	1,473	9,511	181	986
CHGO INTL CHRTR — SOUTH SHORE	420	8,800	—	1,129
CHGO INTL CHRTR — W. BELDEN	501	9,707	—	1,228
CHGO INTL CHRTR — WASHINGTON	427	9,206	—	1,346
CHICAGO ACAD	590	7,727	143	480
CHGO INTL CHRTR — PRAIRIE	425	8,937	—	1,250
CHGO INTL CHRTR — WRIGHTWOOD	722	8,515	1	1,025
CHGO INTL CHRTR — BOND	342	8,173	1,736	889
CHICAGO VIRTUAL CHRTR	553	8,480	6	435
CHOPIN	296	10,135	—	1,315
CHRISTOPHER	264	28,793	799	1,148
CLAREMONT	596	9,272	46	1,737

## 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	558	\$ 9,224	\$ 1,143	\$1,262
CLARK, G. R.	324	\$10,112	\$ 59	\$1,631
CLAY	708	7,709	194	937
CLEVELAND	670	8,213	155	1,024
CLINTON	1,273	6,276	134	1,119
CLISSOLD	610	8,249	16	1,043
COLEMON, J.	280	8,728	125	862
COLES	585	8,751	68	1,733
COLUMBIA EXPLORERS	1,106	6,507	26	969
COLUMBUS	332	7,796	11	798
COOK	611	8,385	59	1,383
COONLEY	517	9,232	2,301	471
COOPER	740	7,760	2	1,109
COPERNICUS	353	10,338	541	1,183
CORKERY	670	6,476	18	1,061
COURTENAY	215	14,285	93	725
CROWN	390	8,784	8	1,850
CUFFE	565	7,147	28	1,109
CULLEN	284	9,239	189	1,244
CURTIS	464	8,883	3,273	1,262
DALEY	855	7,010	501	1,552
DARWIN	697	8,267	3,654	1,347
DAVIS, MILES	503	9,830	1,580	1,536
DAVIS, N.	1,502	6,361	4	1,085
DAWES	1,159	7,340	191	1,225
DE DIEGO	945	7,690	88	1,417
DECATUR CLASSICAL	288	8,258	29	1,705
DELANO	465	9,069	658	2,244
DENEEN	492	8,246	595	1,320
DEPRIEST	604	8,707	22	1,281
DETT	253	10,559	—	1,281
DEVER	817	6,435	443	311
DEWEY	424	9,481	54	2,402
DIRKSEN	722	6,896	55	418
DISNEY II	262	9,010	2,784	1,002
DISNEY MAGNET	1,633	7,047	1,866	1,230
DIXON	668	6,770	5,359	1,074
DODGE	471	7,500	1,497	1,266
DOOLITTLE	347	10,643	121	1,427
DORE	619	7,030	9	448
DRAKE	234	12,652	—	1,825
DRUMMOND	310	9,361	25	2,576
DUBOIS	243	9,323	1,781	1,602
DULLES	444	8,665	5,490	1,201
DUMAS	387	8,981	1,730	1,537
DUNNE	401	9,019	259	1,651
DURKIN PARK	535	7,048	55	935
DVORAK	623	7,339	2,014	1,400
EARHART	286	9,350	86	667
EARLE	377	9,213	318	1,159
EBERHART	1,801	6,755	17	1,374

## 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	558	\$ 9,224	\$ 1,143	\$1,262
EBINGER	607	\$ 7,338	\$ 3,771	\$ 64
EDGEBROOK	458	7,305	2,272	91
EDISON	266	8,237	—	1,544
EDISON PARK	342	6,587	17	70
EDWARDS	1,415	6,772	6	1,017
ELLINGTON	467	8,676	—	1,261
EMMET	526	7,592	302	1,614
EMMETT TILL	560	9,087	60	1,812
ERICSON	564	7,892	34	1,672
ERIE CHARTER	247	9,235	—	1,139
ESMOND	396	9,094	244	1,164
EVERETT	346	7,844	223	884
EVERGREEN	392	9,836	20	1,232
EVERS	376	8,554	1,034	1,535
FAIRFIELD	651	7,192	5	1,242
FALCONER	1,601	6,234	56	1,087
FARADAY	208	10,439	6,209	1,406
FARNSWORTH	587	9,985	108	430
FERMI	245	10,137	6,508	1,049
FERNWOOD	355	10,312	118	1,763
FIELD	372	8,843	2,276	1,577
FINKL	598	8,175	184	1,494
FISKE	343	9,148	2,830	1,754
FORT DEARBORN	593	7,545	103	1,234
FOSTER PARK	508	10,972	128	1,616
FRANKLIN FINE ART	361	9,645	36	1,537
FRAZIER INTL MAGNET	189	13,823	1,318	2,880
FRAZIER PREP ACAD	486	7,510	—	829
FULLER	245	10,947	—	2,151
FULTON	529	9,659	256	1,397
FUNSTON	592	7,728	24	1,145
GALAPAGOS CHARTER	316	9,015	—	1,002
GALE	513	10,074	43	1,664
GALILEO	628	7,583	231	1,546
GALLISTEL	1,433	6,618	1,572	1,291
GARFIELD PARK	118	8,630	3,001	—
GARVEY, M.	376	9,487	20	1,562
GARVY, J.	659	6,715	1,340	295
GARY	1,185	7,132	54	1,112
GILLESPIE	543	7,900	119	1,289
GLOBAL CITIZENSHIP	150	9,286	22	698
GOETHE	749	7,399	84	946
GOLDBLATT	275	10,083	53	1,965
GOMPERS	312	9,752	14,804	1,913
GOODLOW MAGNET	523	7,834	28	1,470
GOUDY	728	7,664	17	1,136
GRAHAM, A.	517	8,808	14	1,126
GRAY	1,265	7,251	6	1,123
GREELEY	546	8,805	65	1,644
GREEN, W.	270	9,443	218	1,364

## 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	558	\$ 9,224	\$ 1,143	\$1,262
GREENE, N.	642	\$ 7,341	\$ 70	\$1,053
GREGORY	373	8,431	194	1,954
GRESHAM	443	9,330	42	1,455
GRIMES	490	8,986	99	933
GRISSOM	322	8,789	29	784
GUGGENHEIM	263	9,842	67	1,325
GUNSAULUS	851	6,859	340	1,491
HAINES	707	7,312	131	1,267
HALE	879	7,031	7	704
HALEY	553	8,094	1,415	1,801
HAMILTON	243	13,544	862	768
HAMLIN	781	7,185	887	1,202
HAMMOND	496	8,106	25	1,119
HAMPTON	725	7,365	9	1,259
HANSON PARK	1,402	9,096	82	1,226
HARTE	368	9,536	—	1,248
HARVARD	463	8,722	2,755	1,287
HAUGAN	1,261	6,845	171	1,064
HAWTHORNE	564	7,114	61	960
HAY	640	7,037	58	1,093
HAYT	978	6,666	312	854
HEALY	1,355	6,735	18	985
HEARST	344	12,604	29	1,444
HEDGES	889	7,666	—	1,327
HEFFERAN	333	10,517	206	1,432
HENDERSON	457	8,271	374	1,111
HENDRICKS	319	10,139	147	1,851
HENRY	681	7,315	61	1,218
HENSON	309	11,227	11	1,721
HERBERT	396	11,350	41	1,092
HERNANDEZ MIDDLE	886	6,213	7,671	818
HERZL	591	9,965	116	2,479
HIBBARD	1,190	7,506	77	1,162
HIGGINS	398	8,980	42	1,784
HINTON	384	8,514	15	1,664
HITCH	477	7,542	8,469	732
HOLDEN	637	8,025	30	1,068
HOLMES	404	8,943	6,579	1,453
HOPE INSTITUTE	210	13,947	59,665	797
HOWE	548	7,875	6,201	1,220
HOYNE	331	8,643	160	1,483
HUGHES, C.	348	7,741	—	1,362
HUGHES, L.	507	10,870	10,072	715
HURLEY	1,037	7,096	31	1,197
INTER-AMERICAN	695	6,906	80	1,108
IRVING	502	7,759	15	899
JACKSON, A.	545	8,056	11	1,435
JACKSON, M.	316	13,372	92	1,000
JAHN	433	8,854	335	1,348
JAMIESON	819	7,952	915	765

## 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	558	\$ 9,224	\$ 1,143	\$1,262
JENNER	482	\$ 9,637	\$ 194	\$1,765
JENSEN	438	7,845	53	1,521
JOHNSON	297	8,908	3,235	819
JOPLIN	575	7,556	534	1,250
JORDAN	719	7,232	24	1,429
JUNGMAN	323	9,796	67	1,261
KANOON MAGNET	682	7,421	197	1,586
KELLER MAGNET	235	9,032	93	1,342
KELLMAN	298	9,364	134	1,996
KELLOGG	283	10,090	357	966
KERSHAW	227	14,275	1,725	1,809
KEY	363	8,754	179	1,469
KILMER	850	7,486	20	1,359
KING EL	312	9,611	29	1,068
KINZIE	736	10,320	—	621
KIPLING	437	8,709	117	1,371
KIPP ASCEND CHRTR	320	9,443	—	1,219
KOHN	484	9,180	145	1,534
KOZMINSKI	467	8,264	—	1,465
KWAME NKURMAH	109	8,878	34	330
LAFAYETTE	505	11,643	847	1,544
LARA	582	6,910	88	1,225
LASALLE	577	7,701	71	1,270
LASALLE II	402	10,930	583	1,102
LATHROP	164	14,315	10,591	3,338
LAVIZZO	487	7,697	16	1,374
LAWNDALE	589	8,520	8,965	1,785
LAWRENCE	436	9,257	236	1,885
LEARN CHARTER ES — BUTLER	491	8,432	—	1,138
LEARN CHARTER ES — EXCEL	244	8,756	4	891
LEARN CHRTR — NORTH LAWNDALE	222	8,659	1,709	806
LEE	1,082	7,432	5	1,423
LEGACY CHARTER	368	8,107	—	1,134
LELAND	216	11,473	654	1,773
LENART	328	7,973	14	1,064
LEWIS	674	7,500	112	1,157
LIBBY	582	8,190	1,283	1,241
LINCOLN	706	6,505	1,431	459
LINNE	624	8,317	19	1,067
LITTLE VILLAGE	801	6,668	19	1,156
LLOYD	1,296	6,729	51	1,184
LOCKE, A. CHARTER	511	7,535	—	1,061
LOCKE, J	1,309	6,481	19	951
LOGANDALE MID	276	10,102	—	1,390
LOVETT	461	8,799	127	1,120
LOWELL	687	8,319	18	1,361
LOZANO BILINGUAL	374	11,261	4,006	1,572
LYON	1,380	6,366	84	1,040
MADERO MID	326	9,556	42	1,142
MADISON	350	9,291	1,478	1,713

## 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	558	\$ 9,224	\$ 1,143	\$1,262
MANIERRE	513	\$ 9,408	\$ 355	\$2,384
MANN	582	7,855	88	1,270
MARCONI	251	9,391	5,245	1,913
MARQUETTE	1,511	7,802	174	1,146
MARSH	851	7,865	13	1,262
MARSHALL MID	648	8,270	455	1,249
MASON	540	10,858	3,373	1,568
MAY	500	9,832	1,079	2,219
MAYER	603	9,185	1,477	951
MAYO	453	8,478	3,699	1,282
MAYS	345	8,366	780	1,560
MCAULIFFE	849	6,951	477	1,236
MCCLELLAN	287	11,136	23	1,255
MCCORKLE	306	8,430	—	1,487
MCCORMICK	898	7,477	180	1,082
MCCUTCHEON	366	9,253	105	1,514
MCDADE CLASSICAL	190	10,565	76	2,894
MCDOWELL	190	10,396	247	1,304
MCKAY	1,045	7,708	189	1,303
MCKINLEY PARK	307	8,353	—	1,091
MCNAIR	535	9,063	24	1,256
MCPHERSON	685	9,272	160	936
MELODY	387	8,934	50	1,267
METCALFE	692	7,521	—	1,448
MIRELES	1,006	7,305	967	1,429
MITCHELL	290	10,703	76	1,876
MOLLISON	228	10,072	13,744	1,272
MONROE	1,227	6,932	104	1,219
MONTEFIORE	52	69,066	—	1,595
MOOS	501	9,294	—	1,498
MORGAN	301	12,176	173	1,163
MORRILL	917	7,160	3,007	1,157
MORTON	278	9,858	1,433	1,069
MOZART	865	6,403	—	1,137
MT GREENWOOD	766	6,255	76	217
MT VERNON	318	10,642	212	909
MURPHY	523	8,111	1,955	1,158
MURRAY	460	8,736	—	1,559
NAMASTE CHARTER	370	9,753	1,341	1,079
NASH	485	8,857	126	1,457
NATL TEACHERS ACAD	424	8,871	4	1,076
NEIL	355	17,099	961	1,235
NETTELHORST	631	7,833	263	233
NEW FIELD	733	7,405	—	1,307
NEWBERRY MAGNET	586	7,414	13	904
NICHOLSON	474	8,619	1,219	1,544
NIGHTINGALE	1,420	6,563	18	976
NINOS HEROES	530	8,252	190	1,614
NIXON	1,061	6,226	28	1,142
NOBEL	817	6,637	156	1,118

## 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	558	\$ 9,224	\$ 1,143	\$1,262
NORTH RIVER	273	\$ 9,917	\$ 40	\$1,124
NORTHWEST MID	908	7,349	—	1,223
NORWOOD PARK	380	9,137	3,318	90
NR NORTH SPED CTR	89	41,911	562	1,883
OGDEN	389	18,601	37,291	1,706
OGLESBY	521	8,522	212	1,499
O'KEEFFE	643	7,487	60	1,233
ONAHAN	633	6,598	7	313
ORIOLE PARK	656	6,761	12	142
OROZCO	620	8,475	403	1,912
ORTIZ DE DOMINGUEZ	771	7,295	—	1,062
OTIS	438	11,557	45	1,600
O'TOOLE	669	7,782	72	1,406
OVERTON	433	8,887	26	2,369
OWEN	249	10,309	1,700	1,842
OWENS	388	8,465	10	1,654
PADEREWSKI	142	12,882	132	2,810
PALMER	926	6,704	644	879
PARK MANOR	375	8,667	332	1,004
PARKER	686	9,854	1,476	2,224
PARKMAN	226	9,766	252	1,112
PARKSIDE	371	8,790	1,070	1,582
PASSAGES CHRTR	291	8,444	—	656
PASTEUR	1,469	6,582	468	1,001
PEABODY	250	10,229	26	1,282
PECK	1,569	6,082	1,100	1,043
PEIRCE	871	7,367	4	1,095
PENN	376	11,799	1,828	1,649
PEREZ	485	8,734	208	1,260
PERSHING WEST	276	10,187	5,836	500
PERSHING, J. MAGNET	251	7,775	63	1,711
PERSPECTIVES CHRTR — CALUMET MS	398	8,595	—	739
PETERSON	909	6,735	3,172	799
PICCOLO	667	7,495	14	1,003
PICKARD	687	7,154	5	1,092
PILSEN	441	9,842	114	1,528
PIRIE	470	7,671	123	1,405
PLAMONDON	179	11,771	69	1,609
PLATO	322	7,897	—	601
POE CLASSICAL	197	9,054	2,384	2,286
POLARIS CHARTER ACAD	244	8,879	944	915
POPE	176	12,824	34	2,344
PORTAGE PARK	1,150	7,036	52	825
POWELL	560	7,531	—	1,280
PRESCOTT	197	10,271	490	1,888
PRICE	185	11,508	43	2,046
PRIETO	799	6,348	14,065	623
PRITZKER	625	7,530	28	1,258
PROVIDENCE-ENGLEWOOD CHRTR — BUNCHE	415	7,772	14	946
PRUSSING	664	7,602	33	1,074



## 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	558	\$ 9,224	\$ 1,143	\$1,262
PULASKI	811	\$ 7,453	\$ 318	\$1,681
PULLMAN	298	9,641	43	1,481
RANDOLPH	680	7,283	727	1,922
RAVENSWOOD	484	8,483	177	995
RAY	642	8,930	415	424
REAVIS	379	8,715	87	1,204
REED	216	11,662	4,583	2,582
REILLY	1,528	6,737	390	1,056
REINBERG	1,312	8,126	214	908
REVERE	405	9,063	44	1,873
ROBINSON	260	7,119	189	853
ROGERS	724	7,426	541	713
ROQUE DE DUPREY	158	15,656	—	3,104
ROSS	375	9,662	—	1,229
ROWE	149	8,643	2,221	852
RUDOLPH LRNG CTR	111	36,195	—	1,105
RUGGLES	433	8,830	609	1,080
RUIZ	975	6,886	97	1,283
RYDER	326	12,282	633	1,632
RYERSON	515	7,427	1,431	1,477
SABIN MAGNET	601	7,907	3,132	1,767
SALAZAR BILINGUAL	430	6,414	62	702
SANDOVAL	1,181	6,009	4	914
SAUCEDO	1,305	6,623	140	1,403
SAUGANASH	535	7,064	2,159	208
SAWYER	2,081	6,018	127	1,207
SAYRE	625	6,777	—	1,091
SCAMMON	1,069	6,281	66	1,213
SCHMID	225	11,299	255	1,279
SCHNEIDER	114	15,227	41,857	1,367
SCHUBERT	1,155	6,903	52	1,172
SEWARD	888	7,741	650	1,412
SEXTON	399	9,232	104	1,228
SHABAZZ CHARTER	304	8,927	—	1,174
SHABAZZ CHRTR — SIZMORE	203	9,135	—	1,815
SHERIDAN MAGNET	543	7,695	17	1,491
SHERMAN	520	8,173	6	1,100
SHERWOOD	405	7,966	3	1,256
SHIELDS	1,885	6,347	17	1,106
SHOESMITH	378	8,123	38	1,271
SHOOP	680	7,976	140	1,561
SKINNER	679	8,580	3,944	919
SKINNER NORTH	105	14,796	26,309	2,955
SMITH, W.	401	9,223	275	1,254
SMYSER	987	6,548	49	741
SMYTH, J.	662	9,485	164	2,068
SOLOMON	377	10,557	—	492
SONGHAI	407	8,569	185	1,192
SOUTH LOOP	640	7,554	124	646
SOUTH SHORE FINE ART	156	9,720	2,953	614

## 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	558	\$ 9,224	\$ 1,143	\$1,262
SPENCER	857	\$ 7,435	\$ 2,172	\$1,423
SPRY	860	7,119	72	1,379
STAGG	561	8,438	216	1,240
STEVENSON	1,318	7,400	1,688	922
STEWART	367	10,915	—	1,751
STOCK	284	11,984	662	58
STOCKTON	481	10,588	420	1,553
STONE	631	8,133	104	1,250
STOWE	957	8,425	110	1,454
SUDER MONTESSORI	262	9,408	3,780	697
SULLIVAN	544	9,136	18	1,240
SUMNER	467	9,128	1,722	1,439
SUTHERLAND	748	6,798	24	285
SWIFT	679	7,685	243	988
TALCOTT	516	10,024	—	1,395
TALMAN	336	8,214	11	1,108
TANNER	549	7,642	21	1,254
TARKINGTON	1,106	6,540	—	935
TAYLOR	669	7,785	7	1,355
TELPOCHCALLI	249	11,239	—	1,868
THORP, J. N.	541	9,697	13,035	1,187
THORP, O. A.	831	6,586	5	1,105
TILTON	368	9,544	6,995	1,669
TONTI	897	7,285	5	1,213
TRUMBULL	484	10,391	406	1,567
TURNER-DREW	364	8,991	28	2,215
TWAIN	1,124	6,404	247	967
U OF C CHRTR — DONOGHUE	382	9,438	10	1,004
U OF C CHRTR — NTH KENWOOD	307	8,275	—	1,140
U OF C CHRTR — WOODSON SOUTH	353	8,892	—	408
UNO CHARTER — FUENTES	526	8,693	—	1,054
UNO CHARTER — LAS CASAS	266	9,059	—	1,135
UNO CHARTER — MARQUEZ	539	9,058	—	1,151
UNO CHARTER — PAZ	374	9,659	—	1,093
UNO CHARTER — TAMAYO	269	8,827	—	1,114
UNO CHARTER — ZIZUMBO	583	8,504	—	888
UNO CHARTER SCHOOL — TORRES	587	8,434	—	877
VANDERPOEL MAGNET	330	7,969	219	1,360
VELMA THOMAS EC CTR	175	11,211	—	324
VICK EC CTR	259	10,765	85	125
VOLTA	1,011	6,776	5	1,135
VON HUMBOLDT	529	8,877	754	1,936
WACKER	248	8,841	309	1,720
WADSWORTH	288	10,717	382	2,022
WALSH	489	8,715	29	1,600
WARD, J.	444	9,320	121	1,490
WARD, L.	451	7,020	285	1,056
WARREN	340	9,183	522	1,645
WASHINGTON, G.	790	7,282	929	868
WASHINGTON, H.	600	8,294	2,061	1,303

## 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	558	\$ 9,224	\$ 1,143	\$1,262
WATERS	472	\$ 8,379	\$ 5,201	\$ 776
WEBSTER	434	9,011	9	2,229
WELLS PREP	168	9,278	—	1,115
WENTWORTH	405	8,422	125	1,190
WEST PARK	772	6,654	3	1,032
WEST PULLMAN	370	9,571	1,294	1,595
WESTCOTT	532	7,925	2	1,246
WHISTLER	433	9,372	53	1,353
WHITE	164	11,421	48	1,351
WHITNEY	1,128	6,742	49	1,192
WHITTIER	405	8,337	517	1,368
WILDWOOD	374	9,521	3,094	1,015
WILLIAMS MIDDLE	112	12,665	—	1,163
WILLIAMS MULTIPLEX	276	11,149	250	764
WOODLAWN	222	10,062	113	1,630
WOODS	485	7,998	288	1,524
WOODSON SOUTH	388	11,350	3,018	2,077
YALE	248	12,471	8,053	1,151
YATES	768	9,439	1,879	871
YOUNG	1,341	7,273	578	1,270
ZAPATA	988	6,715	9	1,009



**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 governmental activities and each major fund 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, 2010, which collectively comprise CPS' basic financial statements and have issued our report thereon dated December 10, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CPS' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CPS' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Questioned Costs* that we considered to be significant deficiencies in internal control over financial reporting (see findings FS10-01, FS10-02, FS10-03, and FS10-04). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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,

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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*.

We noted certain matters that we reported to management of CPS in a separate letter dated December 10, 2010.

CPS's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit CPS's responses and, accordingly, we express no opinion on them.

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, the 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.



Chicago, Illinois  
December 10, 2010



**Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on 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 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 could have a direct and material effect on each of CPS' major federal programs for the year ended June 30, 2010. 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.

In our opinion, CPS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items SA10-01, SA10-02, SA10-03 and SA10-04.

**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 with requirements that could have a direct and material effect on a major federal program in order to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CPS' internal control over compliance.

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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

CPS' responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit CPS' responses and, accordingly, we express no opinion on the responses.

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, the 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 10, 2010

**Statutory Reporting Section**

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

**For the Year Ended June 30, 2010**

<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>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<b>Direct Funding</b>					
Impact Aid	Federal Impact Aid Grant	N/A	84.041	23-IL-2008-1711	07/01/09-06/30/10
Indian Education — Grants to Local Education Agencies	Indian Elementary/Secondary School Assistance Program	N/A	84.060A	S060A080666	07/01/08-06/30/09
	Indian Elementary/Secondary School Assistance Program	N/A	84.060A	S060A080666	07/01/09-06/30/10
Women's Educational Equity Program	Women's Educational Equity	N/A	84.083A	U083A090088	10/01/09-09/30/11
Magnet Schools Assistance	Magnet Schools Assistance Program	N/A	84.165A	U165A070070	10/01/07-09/30/10
Safe and Drug-Free Schools and Communities	Readiness Emergency	N/A	84.184E	Q184E070333	09/01/07-12/31/10
	SDFS Project Serv School Emergency Response to Violence	N/A	84.184S	Q184S100003	10/28/09-12/01/10
	Healthy Students	N/A	84.184L	Q184L070255-01	09/01/07-08/31/11
Fund for the Improvement of Education	Elementary and Secondary School Counseling	N/A	84.215E	Q215E080384	07/01/08-06/30/11
	Carol White Physical Education Program	N/A	84.215F	Q215F070096	06/01/07-05/31/11
		N/A	84.215F	Q215F070003	06/01/08-05/31/10
	CPS Community Schools Initiative	N/A	84.215K	U215K050113	09/08/06-08/31/08
	Senn HS Science Laboratory Improvements	N/A	84.215K	U215K090109	09/18/09-09/30/10
	Bobby Rush Earmark Grant	N/A	84.215K	U215K090073	09/01/09-08/31/10
	Smaller Learning Communities in CPS High School	N/A	84.215L	V215L032222	09/01/07-09/30/10
	Smaller Learning Communities	N/A	84.215L	S215L080581	07/10/08-07/09/13
	Smaller Learning Communities in CPS High School — Oval	N/A	84.215L	S215L060071	10/01/07-09/30/10
	Teaching American History Grant	N/A	84.215X	U215X040022	10/01/07-09/30/08
		N/A	84.215X	U215X060094	07/01/06-06/30/09
		N/A	84.215X	U215X070140	07/01/07-06/30/10
	Foreign Language Assistance Program — LEA Klace	N/A	84.293B	T393B060037	09/15/07-09/14/09
Advanced Placement Program	Advanced Placement Incentive Program	N/A	84.330C	S330C060067-01	10/01/06-09/30/10
		N/A	84.330C	S330C090185	01/07/09-06/30/11
Transition to Teaching	Teacher for Special Education (T-SPED) Project Transition to Teaching BETP	N/A	84.350A	U350A070066	10/01/07-09/30/12
		N/A	84.350A	U350A090042	10/01/09-09/30/11
Arts in Education	Partnership For Arts Integration	N/A	84.351D	U351D060110	07/01/07-06/30/10
	ELE and SEC Arts in Education	N/A	84.351D	U351D090039	07/01/09-06/30/11



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
N/A	\$ —	\$ (101,735)	\$ 101,735	\$ 101,735	\$ —	\$ —	\$ —	\$ 101,735
120,039	22,764	(22,764)	—	—	—	—	120,039	120,039
129,843	—	(105,234)	124,847	124,847	—	19,613	—	124,847
213,437	—	(2,474)	7,402	7,402	—	4,928	—	7,402
10,288,693	613,361	(4,295,648)	3,973,969	3,973,969	—	291,682	4,111,646	8,085,615
927,370	42,707	(432,836)	390,129	390,129	—	—	534,527	924,656
500,000	—	(208,330)	345,790	345,790	—	137,460	—	345,790
8,462,276	352,863	(2,086,299)	2,002,195	2,002,195	—	268,759	2,286,311	4,288,506
1,197,318	16,347	(391,510)	414,801	414,801	—	39,638	235,352	650,153
1,207,343	21,278	(281,543)	50,697	50,697	—	(209,568)	399,410	450,107
1,347,448	48,707	(407,291)	425,482	425,482	—	66,898	921,966	1,347,448
337,280	18,832	(44,057)	25,225	25,225	—	—	277,056	302,281
381,000	—	(82,180)	278,949	278,949	—	196,769	—	278,949
190,000	—	(45,316)	151,818	151,818	—	106,502	—	151,818
3,801,968	171,838	(1,309,839)	1,613,328	1,613,328	—	475,327	1,851,248	3,464,576
5,186,222	175,074	(955,546)	1,018,173	1,018,173	—	237,701	820,088	1,838,261
4,150,192	211,327	(996,329)	975,940	975,940	—	190,938	2,819,899	3,795,839
1,213,290	5,188	(5,151)	(37)	(37)	—	—	1,206,436	1,206,399
1,705,755	171,372	(399,011)	338,553	338,553	—	110,914	970,500	1,309,053
1,557,815	76,547	(599,028)	593,525	593,525	—	71,044	691,610	1,285,135
529,867	6,370	(7,005)	635	635	—	—	433,714	434,349
2,851,267	225,627	(597,950)	393,578	393,578	—	21,255	2,025,608	2,419,186
950,739	—	(109,359)	143,785	143,785	—	34,426	—	143,785
2,279,140	124,830	(523,523)	401,736	401,736	—	3,043	834,502	1,236,238
229,365	—	(10,143)	15,214	15,214	—	5,071	—	15,214
1,084,077	28,946	(229,910)	201,405	201,405	—	441	736,490	937,895
245,000	—	(168)	196,420	196,420	—	196,252	—	196,420

**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>
Early Reading First	Chicago Early Readers	N/A	84.359B	S359B050093	10/01/07-09/30/08
		N/A	84.359B	S359B090079	10/01/09-09/30/11
Chicago Comprehensive Choice Initiative	Voluntary School Choice Program	N/A	84.361A	U361A070036	08/01/07-07/31/12
School Leadership	Effective Leaders Improve Schools — Elis	N/A	84.363A	U363A080120	10/01/08-09/30/13
Improving Literacy Through School Libraries	The ABC's Library Literacy Program	N/A	84.364A	S364A070372-01	09/01/08-08/31/09
		N/A	84.364A	S364A090382	09/01/09-10/01/10
Striving Readers	Striving Readers Program	N/A	84.371A	S371A060097	03/01/08-02/28/09
		N/A	84.371A	S371A060097	03/01/10-02/28/11
Teacher Incentive Fund	Teachers Incentive Fund Program	N/A	84.374A	S374A070047-01	11/01/07-09/30/11
Teacher Incentive Fund, Recovery Act	Teachers Incentive Fund Program ARRA	N/A	84.385	S374A070047-09A	10/01/09-09/30/10
<b>Total U.S. Department of Education — Direct Funding</b>					
<b>Passed Through Loyola University</b>					
Teacher Quality Partnership Grants	Chicago High Need Area Partnership for Teachers — Gray School	N/A	84.336C	P336C050062	10/01/07-06/30/09
	Chicago High Need Area Partnership for Teachers — Greeley School	N/A	84.336C	P336C050062	10/01/07-06/30/09
	Chicago High Need Area Partnership for Teachers — Hayt School	N/A	84.336C	P336C050062	10/01/07-06/30/09
	Chicago High Need Area Partnership for Teachers — Senn School	N/A	84.336C	P336C050062	10/01/07-06/30/09
	Chicago High Need Area Partnership for Teachers — Uplift School	N/A	84.336C	P336C050062	10/01/07-06/30/09
<b>Total U.S. Department of Education — Passed Through Loyola University</b>					
<b>Passed Through Illinois Department of Human Services (IDHS)</b>					
Rehabilitation Service Vocational Rehabilitation Grants to States	Secondary Transitional Experience Program (STEP)	N/A	84.126A	40C6001797	07/01/08-06/30/09
		N/A	84.126A	40CL001797	07/01/09-06/30/10
<b>Total U.S. Department of Education Passed Through IDHS</b>					
<b>Passed Through University of Illinois at Chicago</b>					
Teacher Quality Partnership Grants	Increase Teacher Quality	N/A	84.336S	U336S090013	10/01/09-09/30/10
<b>Total U.S. Department of Education Passed Through University of Illinois at Chicago</b>					

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
1,694,078	109,695	(42,959)	2,380	2,380	—	69,116	1,689,104	1,691,484
4,044,066	—	(212,384)	366,631	366,631	—	154,247	—	366,631
11,729,261	393,791	(3,167,387)	3,198,255	3,198,255	—	424,659	3,414,294	6,612,549
6,857,362	90,298	(719,045)	1,161,980	1,161,980	—	533,233	403,788	1,565,768
478,621	61,297	(154,980)	130,160	130,160	—	36,477	348,461	478,621
498,034	—	(298,602)	439,529	439,529	—	140,927	—	439,529
5,418,165	1,199,870	(3,749,933)	2,539,927	2,539,927	—	(10,136)	1,199,870	3,739,797
N/A	—	(934,994)	1,225,420	1,225,420	—	290,426	—	1,225,420
17,224,234	212,768	(3,256,776)	4,098,423	4,098,423	—	1,054,415	6,658,384	10,756,807
8,146,293	—	(4,788,940)	3,839,407	3,839,407	—	(949,533)	—	3,839,407
<b>\$107,176,858</b>	<b>\$4,401,697</b>	<b>\$(31,576,179)</b>	<b>\$31,187,406</b>	<b>\$31,187,406</b>	<b>\$ —</b>	<b>\$4,012,924</b>	<b>\$34,990,303</b>	<b>\$66,177,709</b>

\$ 28,500	\$ 2,435	\$ (2,435)	\$ —	\$ —	\$ —	\$ —	\$ 27,175	\$ 27,175
28,500	5,518	(5,518)	—	—	—	—	24,967	24,967
28,500	4,929	(4,929)	—	—	—	—	23,956	23,956
28,500	5,111	(5,111)	—	—	—	—	25,850	25,850
28,500	1,250	(1,250)	—	—	—	—	27,722	27,722
<b>\$ 142,500</b>	<b>\$ 19,243</b>	<b>\$ (19,243)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 129,670</b>	<b>\$ 129,670</b>

\$ 775,498	\$ 386,795	\$ (367,341)	\$ (19,454)	\$ (19,454)	\$ —	\$ —	\$ 766,505	\$ 747,051
775,498	—	(498,487)	695,888	695,888	—	197,401	—	695,888
<b>\$ 1,550,996</b>	<b>\$ 386,795</b>	<b>\$ (865,828)</b>	<b>\$ 676,434</b>	<b>\$ 676,434</b>	<b>\$ —</b>	<b>\$ 197,401</b>	<b>\$ 766,505</b>	<b>\$ 1,442,939</b>

\$ 101,595	\$ —	\$ —	\$ 35,063	\$ 35,063	\$ —	\$ 35,063	\$ —	\$ 35,063
<b>\$ 101,595</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 35,063</b>	<b>\$ 35,063</b>	<b>\$ —</b>	<b>\$ 35,063</b>	<b>\$ —</b>	<b>\$ 35,063</b>

**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>	
<b>Passed Through Illinois Board of Higher Education</b>						
Improving Teacher Quality State Grants	Bilingual Summer Math Lab — Columbia	N/A	84.367B	AGREEMENT	02/05/08-09/30/09	
		N/A	84.367B	AGREEMENT	02/05/09-09/30/10	
	Developing Models and Tools for PD and Teachers	N/A	84.367B	N/A	07/01/08-09/30/09	
		N/A	84.367B	07NCLB10	05/01/09-09/30/10	
<b>Total U.S. Department of Education Passed Through Illinois Board Higher Education</b>						
<b>Passed Through Northeastern Illinois University</b>						
Gaining Early Awareness and Readiness for Undergraduate Program	Gear — Up Grant/(NEIU)	N/A	84.334A	PO#44449	09/01/08-08/31/09	
	Gear — Up Grant/(NEIU)	N/A	84.334A	PO#44449	09/01/09-08/31/10	
	Gear — Up-Kelvyn Park High School/(NEIU)	N/A	84.334A	PO#7366	02/01/09-6/30/09	
	Gear — Up-Wells High School/(NEIU)	N/A	84.334A	PO#6305	10/01/08-06/30/09	
	Gear — Up-Roosevelt High School/(NEIU)	N/A	84.334A	PO#6598	10/01/08-06/30/09	
	Gear — Up-Curie High School/(NEIU)	N/A	84.334A	PO#6537	10/01/08-06/30/09	
			N/A	84.334A	PO#11545	06/30/10-08/31/10
	Gear — Up-Foreman High School/(NEIU)	N/A	84.334A	PO#6594	10/01/08-06/30/09	
	Gear — Up-Kelly High School/(NEIU)	N/A	84.334A	PO#6520	10/01/08-06/30/09	
	Gear — Up-Social Justice /(NEIU)	N/A	84.334A	PO#6522	10/01/08-06/30/09	
Twenty-First Century Community Learning Centers	Gear — Up Grant — Transition Program	N/A	84.334A	PO#3566	05/15/08-08/15/08	
	21st Century — Saucedo	N/A	84.287	PO#11121	11/01/09-06/15/10	
	21st Century — Curie	N/A	84.287	PO#10611	10/01/09-05/30/10	
<b>Total U.S. Department of Education Passed Through Northeastern Illinois University</b>						
<b>Passed Through Mexican Fine Arts Museum</b>						
Twenty-First Century Community Learning Centers	21st Century Mexican Fine Arts Museum	N/A	84.287	DISTRICT 201	07/01/08-06/30/09	
		N/A	84.287	DISTRICT 201	07/01/09-06/30/10	
<b>Total U.S. Department of Education Passed Through Mexican Fine Arts Museum</b>						
<b>Passed Through Illinois State Board of Education</b>						
Improving Teacher Quality State Grants	Class Size Reduction (NCLB)	4932	84.367A	09-4932-00	07/01/08-08/31/09	
		4932	84.367A	10-4932-00	07/01/09-08/31/10	
Career and Technical Education — Basic Grants to States	V.E. — Perkins — Title IIC — Secondary	4745	84.048A	09-4745-00	07/01/08-08/31/09	
		4745	84.048A	10-4745-00	07/01/09-08/31/10	

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
\$ 126,165	\$ (67,150)	\$ 15,525	\$ 51,625	\$ 51,625	\$ —	\$ —	\$ 74,540	\$ 126,165
154,298	—	(67,836)	67,836	67,836	—	—	—	67,836
69,419	—	(69,419)	69,419	69,419	—	—	—	69,419
58,235	—	—	58,235	58,235	—	58,235	—	58,235
<b>\$ 408,117</b>	<b>\$ (67,150)</b>	<b>\$ (121,730)</b>	<b>\$ 247,115</b>	<b>\$ 247,115</b>	<b>\$ —</b>	<b>\$ 58,235</b>	<b>\$ 74,540</b>	<b>\$ 321,655</b>
\$ 1,390,224	\$ 1,051,380	\$ (1,268,245)	\$ 216,865	\$ 216,865	\$ —	\$ —	\$ 1,051,380	\$ 1,268,245
1,389,033	—	—	1,046,723	1,046,723	—	1,046,723	—	1,046,723
9,315	9,247	(9,247)	—	—	—	—	9,247	9,247
9,892	2,752	(2,525)	(227)	(227)	—	—	2,752	2,525
4,545	3,761	—	(3,761)	(3,761)	—	—	3,761	—
4,566	3,010	(3,010)	—	—	—	—	3,010	3,010
4,383	—	(4,383)	4,383	4,383	—	—	—	4,383
5,681	5,681	(5,681)	—	—	—	—	5,681	5,681
9,374	6,554	(6,554)	—	—	—	—	6,554	6,554
3,196	2,405	(2,405)	—	—	—	—	2,405	2,405
253,097	186,489	—	—	—	—	186,489	186,489	186,489
31,889	—	—	31,707	31,707	—	31,707	—	31,707
35,548	—	(13,854)	35,548	35,548	—	21,694	—	35,548
<b>\$ 3,150,743</b>	<b>\$ 1,271,279</b>	<b>\$ (1,315,904)</b>	<b>\$ 1,331,238</b>	<b>\$ 1,331,238</b>	<b>\$ —</b>	<b>\$ 1,286,613</b>	<b>\$ 1,271,279</b>	<b>\$ 2,602,517</b>
\$ 77,360	\$ 29,794	\$ (29,664)	\$ (130)	\$ (130)	\$ —	\$ —	\$ 77,490	\$ 77,360
13,992	—	—	13,992	13,992	—	13,992	—	13,992
<b>\$ 91,352</b>	<b>\$ 29,794</b>	<b>\$ (29,664)</b>	<b>\$ 13,862</b>	<b>\$ 13,862</b>	<b>\$ —</b>	<b>\$ 13,992</b>	<b>\$ 77,490</b>	<b>\$ 91,352</b>
\$53,682,416	\$(4,754,368)	\$ 3,331,837	\$ 1,422,531	\$ 1,422,531	\$ —	\$ —	\$36,639,648	\$38,062,179
43,434,688	—	(37,175,963)	29,959,479	29,959,479	—	(7,216,484)	—	29,959,479
8,362,737	(282,904)	(1,017,727)	1,300,631	1,300,631	—	—	7,062,106	8,362,737
8,246,886	—	(7,673,019)	6,013,092	6,013,092	—	(1,659,927)	—	6,013,092

**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>
	V.E. — Perkins — State Leadership — Clemente	4720 4720	84.048A 84.048A	09-4720-00 10-4720-00	08/01/08-07/31/09 08/01/09-07/31/10
	V.E. — Perkins — State Leadership — Chgo Agricultural	4720 4720	84.048A 84.048A	09-4720-01 10-4720-01	08/01/08-07/31/09 08/01/09-07/31/10
	V.E. — Perkins — State Leadership — Marshall	4720 4720	84.048A 84.048A	09-4720-02 10-4720-02	08/01/08-07/31/09 07/01/09-06/30/10
	V.E. — Perkins — State Leadership — Corliss	4720 4720	84.048A 84.048A	09-4720-03 10-4720-03	08/01/08-07/31/09 08/01/09-07/31/10
Reading First State Grants	Title 1 — Reading First 11	4334 4334	84.357 84.357	09-4334-07 10-4334-07	07/01/08-08/31/09 09/01/09-08/31/10
	Reading First — School Assistance Part B	4337 4337	84.357 84.357	09-4337-00 10-4337-00	07/01/08-08/31/09 07/01/09-08/31/10
	Reading First — Technical Assistance	4337	84.357	09-4337-04	07/01/08-08/31/09
Title I Grants to Local Education Agencies	Title I — Low Income	4300 4300	84.010A 84.010A	09-4300-00 10-4300-00	07/01/08-08/31/09 07/01/09-08/31/10
	ESEA — School Improvement	4331 4331	84.010A 84.010A	09-4331-SS 10-4331-SS	09/01/08-08/31/09 07/05/09-08/26/10
	ESEA — Title I — Low Income — Neglected Private	4305 4305	84.010A 84.010A	09-4305-00 10-4305-00	07/01/08-08/31/09 07/01/09-08/31/10
	ESEA — Title I — Low Income — Delinquent Private	4306 4306	84.010A 84.010A	09-4306-00 10-4306-00	07/01/08-08/31/09 07/01/09-08/31/10
Special Education — Preschool Grants	IDEA — Pre-School Flow Through	4600 4600	84.173A 84.173A	09-4600-00 10-4600-00	07/01/08-08/31/09 07/01/09-08/31/10
	IDEA — Pre-School Discretionary	4605 4605	84.173A 84.173A	09-4605-01 10-4605-01	07/01/08-06/30/09 07/01/09-06/30/10
Special Education Grants to State	IDEA — Flow Through/Low Incidence	4620 4620	84.027A 84.027	09-4620-00 10-4620-00	07/01/08-08/31/09 07/01/09-06/30/10
	Room and Board	4625	84.027	09-4525-00	09/01/08-08/31/09
	IDEA — Discretionary — Corey H Training Tech	4630 4630	84.027A 84.027A	09-4630-04 10-4630-04	07/01/08-06/30/09 07/01/09-06/30/10
	IDEA — Parent Mentor	4630 4630	84.027A 84.027A	09-4630-05 10-4630-05	07/01/08-06/30/09 07/01/09-06/30/10
Special Education — State Personnel Development	IDEA — Regional Professional Development Center	4631 4631	84.323A 84.323A	09-4631-RC 10-4631-RC	10/01/08-09/30/09 10/01/09-09/30/10
		4100	84.298	09-4100-00	03/30/09-08/31/09
Twenty-First Century Community Learning Centers	Title IV — 21st Century Comm Learning Centers	4421 4421	84.287C 84.287C	10-4421-01 10-4421-02	07/01/09-08/31/10 07/01/09-08/31/10

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
10,000	(4,701)	282	4,419	4,419	—	—	3,060	7,479
10,000	—	(8,600)	5,116	5,116	—	(3,484)	—	5,116
10,000	(2,207)	1,355	852	852	—	—	4,993	5,845
10,000	—	(8,807)	5,354	5,354	—	(3,453)	—	5,354
15,000	(2,871)	2,871	—	—	—	—	11,778	11,778
—	—	(2,871)	—	—	—	(2,871)	—	—
15,000	(3,041)	3,031	10	10	—	—	7,332	7,342
10,000	—	(8,502)	4,365	4,365	—	(4,137)	—	4,365
17,282,265	1,728,588	(2,818,554)	1,089,966	1,089,966	—	—	13,227,088	14,317,054
6,248,179	—	(2,800,000)	4,607,624	4,607,624	—	1,807,624	—	4,607,624
1,415,078	238,475	(695,766)	457,291	457,291	—	—	878,966	1,336,257
8,900,887	—	(9,460)	262,102	262,102	—	252,642	—	262,102
261,254	(59,112)	(72,829)	131,941	131,941	—	—	90,888	222,829
353,145,200	(18,663,006)	(1,401,974)	20,064,980	20,064,980	—	—	314,384,242	334,449,222
303,461,562	—	(264,352,013)	281,593,216	281,593,216	—	17,241,203	—	281,593,216
9,200,000	(1,596,166)	492,585	1,103,581	1,103,581	—	—	7,603,834	8,707,415
9,200,000	—	(8,504,902)	8,615,996	8,615,996	—	111,094	—	8,615,996
822,756	(109,467)	56,216	53,251	53,251	—	—	577,078	630,329
686,545	—	(576,664)	580,437	580,437	—	3,773	—	580,437
1,011,217	120,009	(294,599)	174,590	174,590	—	—	795,766	970,356
738,833	—	(698,907)	521,029	521,029	—	(177,878)	—	521,029
1,529,107	(241,295)	73,434	167,861	167,861	—	—	1,287,812	1,455,673
1,251,218	—	(1,113,909)	1,092,577	1,092,577	—	(21,332)	—	1,092,577
475,000	(4,531)	3,724	807	807	—	—	470,469	471,276
489,250	—	(489,250)	467,236	467,236	—	(22,014)	—	467,236
95,085,571	(637,946)	428,690	209,256	209,256	—	—	88,952,441	89,161,697
96,011,080	—	(95,879,297)	92,256,750	92,256,750	—	(3,622,547)	—	92,256,750
N/A	—	(1,467,032)	1,467,032	1,467,032	—	—	—	1,467,032
2,796,545	(358,898)	354,472	4,426	4,426	—	—	604,314	608,740
2,750,000	—	(1,367,149)	165,731	165,731	—	(1,201,418)	—	165,731
61,961	20,895	(20,895)	—	—	—	—	61,909	61,909
60,000	—	(60,000)	58,448	58,448	—	(1,552)	—	58,448
453,000	(120,413)	(24,610)	145,023	145,023	—	—	214,328	359,351
453,000	—	(337,199)	183,713	183,713	—	(153,486)	—	183,713
681,512	(233)	233	—	—	—	—	681,279	681,279
1,350,000	—	(1,061,361)	707,300	707,300	—	(354,061)	—	707,300
2,604,700	—	(2,354,700)	2,073,663	2,073,663	—	(281,037)	—	2,073,663

**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>
		4421	84.287C	09-4421-05	07/23/08-08/31/09
		4421	84.287C	09-4421-07	07/23/08-08/31/09
		4421	84.287C	10-4421-07	07/01/09-08/31/10
		4421	84.287C	09-4421-08	07/23/08-08/31/09
		4421	84.287C	10-4421-08	07/01/09-08/31/10
Safe and Drug-Free Schools and Communities State Grants	Title IV — Safe & Drug-Free School Formula	4400	84.186A	09-4400-00	07/01/08-08/31/09
		4400	84.186A	10-4400-00	07/01/09-08/31/10
Education for Homeless Children and Youth	McKinney Education for Homeless Children	4920	84.196A	09-4920-00	07/01/08-08/31/09
		4920	84.196A	10-4920-00	07/01/09-09/30/10
English Language Acquisition Grants	Title III — Lang Inst Prog — Limited Eng LIPLEP	4909	84.365A	09-4909-00	09/01/08-08/31/09
		4909	84.365A	10-4909-00	09/01/09-08/31/10
Education Technology State Grants	Technology — Enhancing Education — Formula	4971	84.318X	09-4971-00	01/23/09-08/31/09
		4971	84.318X	10-4971-00	07/01/09-08/31/10
Advanced Placement Program	Advanced Placement Program	4999	84.330B	09-4999-1B	07/01/08-06/30/09
		4999	84.330B	10-4999-1B	07/01/09-06/30/10
School Improvement Grants	School Improvement Grant — Harper	4339	84.377A	09-4339-90	08/15/08-09/30/09
		4339	84.377A	10-4339-90	08/15/09-09/30/10
	School Improvement Grant — Fulton	4339	84.377A	09-4339-91	08/15/08-09/30/09
		4339	84.377A	10-4339-91	08/15/09-09/30/10
	School Improvement Grant — Fenger	4339	84.377A	10-4339-01	07/01/09-09/30/10
	School Improvement Grant — Julian	4339	84.377A	10-4339-02	07/01/09-09/30/10
	School Improvement Grant — Jackson	4339	84.377A	10-4339-03	07/01/09-09/30/10
	School Improvement Grant — Brundon	4339	84.377A	10-4339-04	07/01/09-09/30/10
	School Improvement Grant — Earle	4339	84.377A	10-4339-05	07/01/09-09/30/10
	School Improvement Grant — Yale	4339	84.377A	10-4339-06	07/01/09-09/30/10
	School Improvement Grant — Copernicus	4339	84.377A	10-4339-07	07/01/09-09/30/10
	School Improvement Grant — Youth Connections	4339	84.377A	10-4339-08	07/01/09-08/30/10
Education for Homeless Children and Youth, Recovery Act	McKinney Vento Education for Homeless ARRA	4862	84.387A	10-4862-00	07/01/09-06/30/10
Title I Grants to Local Education Agencies, Recovery Act	Title I — Public Instruction & Support Services ARRA	4851	84.389A	10-4851-00	07/01/09-08/31/11
	Title I — Part D Neglected Program ARRA	4582	84.389A	10-4852-00	07/01/09-08/31/11
	Title I — Part D Delinquent Programs ARRA	4853	84.389A	10-4853-00	07/01/09-08/31/11
Special Education Grants to States, Recovery Act	Federal Special Education IDEA Flow Through ARRA	4857	84.391A	10-4857-00	07/01/09-08/31/11



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
2,604,700	216,213	(491,025)	274,812	274,812	—	—	2,329,888	2,604,700
1,236,400	41,706	(140,590)	98,884	98,884	—	—	1,040,806	1,139,690
1,112,800	—	(910,000)	974,442	974,442	—	64,442	—	974,442
2,562,500	(480,849)	229,161	251,688	251,688	—	—	1,967,276	2,218,964
2,562,500	—	(2,326,545)	1,716,864	1,716,864	—	(609,681)	—	1,716,864
3,564,335	972,106	(972,106)	—	—	—	—	3,564,335	3,564,335
3,681,743	—	(3,460,835)	2,359,870	2,359,870	—	(1,100,965)	—	2,359,870
780,295	7,577	(12,308)	4,731	4,731	—	—	775,564	780,295
804,450	—	(804,450)	804,450	804,450	—	—	—	804,450
10,191,639	(3,368,303)	647,858	2,720,445	2,720,445	—	—	6,823,336	9,543,781
9,681,423	—	(9,170,383)	7,406,650	7,406,650	—	(1,763,733)	—	7,406,650
3,438,717	25,766	(329,500)	303,734	303,734	—	—	2,555,766	2,859,500
2,674,227	—	(1,967,536)	1,426,618	1,426,618	—	(540,918)	—	1,426,618
217,642	217,942	(217,642)	(217,942)	(217,942)	—	(217,642)	217,942	—
188,535	—	(188,535)	188,535	188,535	—	—	—	188,535
285,000	(49,707)	(93,866)	143,573	143,573	—	—	140,293	283,866
285,000	—	(253,334)	165,403	165,403	—	(87,931)	—	165,403
345,000	(165,000)	5,833	159,167	159,167	—	—	157,461	316,628
345,000	—	(301,000)	253,142	253,142	—	(47,858)	—	253,142
475,000	—	(433,000)	200,224	200,224	—	(232,776)	—	200,224
475,000	—	(368,736)	313,322	313,322	—	(55,414)	—	313,322
426,000	—	(365,000)	170,921	170,921	—	(194,079)	—	170,921
195,000	—	(183,568)	114,081	114,081	—	(69,487)	—	114,081
426,000	—	(356,000)	197,532	197,532	—	(158,468)	—	197,532
426,000	—	(376,000)	300,025	300,025	—	(75,975)	—	300,025
475,000	—	(412,000)	234,329	234,329	—	(177,671)	—	234,329
475,000	—	(396,979)	367,756	367,756	—	(29,223)	—	367,756
1,122,615	—	(1,052,190)	1,122,615	1,122,615	—	70,425	—	1,122,615
132,135,264	—	(51,288,000)	71,367,715	71,367,715	—	20,079,715	—	71,367,715
584,446	—	(417,190)	256,142	256,142	—	(161,048)	—	256,142
331,549	—	(297,297)	263,090	263,090	—	(34,207)	—	263,090
57,502,674	—	(37,671,341)	50,891,451	50,891,451	—	13,220,110	—	50,891,451

**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>
Special Education — Preschool Grants, Recovery Act	Preschool Incentive Grant ARRA	4856	84.392A	10-4856-00	07/12/09-06/30/11
State Fiscal Stabilization Fund (SFSF) — Education State Grants, Recovery Act	ARRA General State Aid — Education Stabilization Fund	4850	84.394A	09-4850-00	04/01/09-06/30/09
State Fiscal Stabilization Fund (SFSF) — Government Services, Recovery Act	ARRA General State Aid — Government SFSF	4870	84.397A	10-4870-00	08/10/09-09/30/10
	Early Childhood ARRA	4875	84.397A	10-4875-00	07/01/09-06/30/10
<b>Total U.S. Department of Education Passed Through Illinois State Board of Education</b>					
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>					
<b>NATIONAL SECURITY AGENCY Direct Funding</b>					
Mathematical Science Grants Program	Startalk Arabic Language Institute	N/A	12.901	H98230-08-1-0266	01/09/08-04/30/09
		N/A	12.901	H98230-09-1-0265	06/05/09-02/28/10
		N/A	12.901	H98230-10-1-0003	04/02/10-02/28/11
	Startalk Chinese Language Institute	N/A	12.901	H98230-08-1-0267	01/09/08-04/30/09
		N/A	12.901	H98230-09-1-0264	06/01/09-02/28/10
		N/A	12.901	H98230-10-1-0002	04/02/10-02/28/11
<b>TOTAL NATIONAL SECURITY AGENCY</b>					
<b>U.S. DEPARTMENT OF STATE Passed Through American Councils for International Education</b>					
Summer Language Institute	Summer Language Institute for American Youth	N/A	19.415	S-ECAPY-08-GR-196-(MA)	03/01/09-12/31/09
<b>TOTAL U.S. DEPARTMENT OF STATE</b>					
<b>U.S. DEPARTMENT OF AGRICULTURE Passed Through Illinois State Board of Education (ISBE)</b>					
National School Lunch Program	Lunch Program	4210	10.555	08-4210-00	07/01/08-09/30/09
		4210	10.555	08-4210-00	07/01/09-09/30/10
	Federal Snacks	4210	10.555	08-4210-00	07/01/08-09/30/09
		4210	10.555	08-4210-00	07/01/09-09/30/10
School Breakfast Program	Breakfast Program	4220	10.553	08-4220-00	07/01/08-09/30/09
		4220	10.553	08-4220-00	07/01/09-09/30/10
	Breakfast Program (Needy)	4220	10.553	08-4220-00	07/01/08-09/30/09
		4220	10.553	08-4220-00	07/01/09-09/30/10
Child and Adult Care Food Program	Child & Adult Care Food Program	4226	10.558	09-4226-00	09/01/08-09/30/09
		4226	10.558	09-4226-00	07/01/09-09/30/10
Child Nutrition Discretionary Grant Limited Availability	Food Service Equipment ARRA	4863	10.579	10-4863-01	07/01/08-08/30/09

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
4,202,738	—	(1,467,807)	1,759,555	1,759,555	—	291,748	—	1,759,555
N/A	—	(133,127,489)	133,127,489	133,127,489	—	—	—	133,127,489
33,590,824	—	(33,590,625)	33,590,625	33,590,625	—	—	—	33,590,625
111,997,901	—	(94,140,456)	111,997,901	111,997,901	—	17,857,445	—	111,997,901
<b>\$1,423,635,364</b>	<b>\$(27,315,741)</b>	<b>\$(804,248,310)</b>	<b>\$882,281,515</b>	<b>\$882,281,515</b>	<b>\$ —</b>	<b>\$50,717,464</b>	<b>\$493,131,998</b>	<b>\$1,375,413,513</b>
<b>\$1,536,257,525</b>	<b>\$(21,274,083)</b>	<b>\$(838,176,858)</b>	<b>\$915,772,633</b>	<b>\$915,772,633</b>	<b>\$ —</b>	<b>\$56,321,692</b>	<b>\$530,441,785</b>	<b>\$1,446,179,355</b>

\$ 117,999	\$ 17,529	\$ (17,529)	\$ —	\$ —	\$ —	\$ —	\$ 117,999	\$ 117,999
115,000	—	(115,000)	115,000	115,000	—	—	—	115,000
99,904	—	—	4,914	4,914	—	4,914	—	4,914
117,999	78,549	(78,549)	—	—	—	—	117,994	117,994
114,999	—	(114,989)	114,989	114,989	—	—	—	114,989
99,055	—	—	2,695	2,695	—	2,695	—	2,695
<b>\$ 664,956</b>	<b>\$ 96,078</b>	<b>\$ (326,067)</b>	<b>\$ 237,598</b>	<b>\$ 237,598</b>	<b>\$ —</b>	<b>\$ 7,609</b>	<b>\$ 235,993</b>	<b>\$ 473,591</b>

\$ 199,234	\$ 32,492	\$ (185,625)	\$ 153,133	\$ 153,133	\$ —	\$ —	\$ 32,492	\$ 185,625
<b>\$ 199,234</b>	<b>\$ 32,492</b>	<b>\$ (185,625)</b>	<b>\$ 153,133</b>	<b>\$ 153,133</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 32,492</b>	<b>\$ 185,625</b>

N/A	\$ 18,670,021	\$ (34,520,553)	\$ 15,850,532	\$ 15,850,532	\$ —	\$ —	\$ 99,364,631	\$ 115,215,163
N/A	—	(82,915,023)	104,361,711	104,361,711	—	21,446,688	—	104,361,711
N/A	46,152	(58,601)	12,449	12,449	—	—	776,828	789,277
N/A	—	(625,586)	686,404	686,404	—	60,818	—	686,404
N/A	47,789	(138,774)	90,985	90,985	—	—	241,680	332,665
N/A	—	(530,716)	666,220	666,220	—	135,504	—	666,220
N/A	4,105,293	(8,101,194)	3,995,901	3,995,901	—	—	19,913,712	23,909,613
N/A	—	(22,573,886)	28,623,697	28,623,697	—	6,049,811	—	28,623,697
N/A	11,957	(142,804)	130,847	130,847	—	—	5,045,449	5,176,296
N/A	—	(4,722,400)	4,771,973	4,771,973	—	49,573	—	4,771,973
1,530,986	—	(1,528,645)	1,528,645	1,528,645	—	—	—	1,528,645

**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>
Food Donation Program	Food Donation Program	4228	10.558	03-4228-00	07/01/08-06/30/09
Fresh Fruit and Vegetable Program	Fresh Fruits and Vegetables — Morrill	4240	10.582	09-4240-09	10/01/08-06/30/09
	Fresh Fruits and Vegetables — Interamerican Magnet	4240	10.582	09-4240-09	10/01/08-06/30/09
	Fresh Fruits and Vegetables — Woodlawn	4240	10.582	10-4240-00	10/01/09-06/30/10
	Fresh Fruits and Vegetables — McKay	4240	10.582	10-4240-00	10/01/09-09/30/10
	Fresh Fruits and Vegetables — Mitchell	4240	10.582	10-4240-00	10/01/09-06/30/10
<b>Total U.S. Department of Agriculture Passed Through Illinois State Board of Education</b>					
<b>Passed Through Illinois Department of Human Services</b>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Homeless Services and Supportive Housing — Refugee & Immigrant Services	N/A	10.561	81X8116000-H	07/01/09-06/30/10
<b>Total U.S. Department of Agriculture Passed Through Illinois Department of Human Services</b>					
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					
<b>HOUSING URBAN DEVELOPMENT</b>					
<b>Passed Through Chicago Housing Authority</b>					
Economic Development Initiative — Special Project, Neighborhood Initiative and Miscellaneous Grants	U.S. Department of Housing and Urban Development	N/A	14.251	B-05-SP-IL-0793	03/15/07-06/30/09
Distressed Public Housing	Employability Plus	N/A	14.866	Agreement	07/01/08-06/30/10
	Employability Plus	N/A	14.866	AB-0809-001	07/01/09-06/30/10
<b>TOTAL HOUSING URBAN DEVELOPMENT</b>					
<b>U.S. DEPARTMENT OF ENERGY</b>					
<b>Direct Funding</b>					
State Energy Program Special Projects	CPS School Laboratory Enhancement	N/A	81.119	DEFG0208ER67414	09/15/08-09/14/09
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>					
<b>OFFICE OF JUSTICE PROGRAMS</b>					
<b>Direct Funding</b>					
Juvenile Justice and Delinquency Prevention — Allocation to States	OJJDP Academic After school Program	N/A	16.540	2008JLFX0164	07/01/08-06/30/09
	Juvenile Justice and Delinquency Program	N/A	16.540	2009JLFX0229	08/01/09-07/31/10
Project Safe Neighborhoods	Project Safe Neighborhoods Youth Services	N/A	16.609	107095	06/01/09-12/31/09
Congressionally Recommended Awards	DOJ Bryne Disc After School Counts	N/A	16.753	2008DDBX0589	09/01/08-08/31/09
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>					

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
N/A	—	(6,934,371)	6,934,371	6,934,371	—	—	—	6,934,371
N/A	39,826	(39,826)	—	—	—	—	51,004	51,004
N/A	13,955	(13,955)	—	—	—	—	17,944	17,944
N/A	—	(11,426)	11,426	11,426	—	—	—	11,426
N/A	—	(17,310)	33,230	33,230	—	15,920	—	33,230
N/A	—	(11,668)	21,982	21,982	—	10,314	—	21,982
<b>\$1,530,986</b>	<b>\$22,934,993</b>	<b>\$(162,886,738)</b>	<b>\$167,720,373</b>	<b>\$167,720,373</b>	<b>\$ —</b>	<b>\$27,768,628</b>	<b>\$125,411,248</b>	<b>\$293,131,621</b>
N/A	\$ 108,530	\$ (108,530)	\$ —	\$ —	\$ —	\$ —	\$ 386,511	\$ 386,511
N/A	—	(338,826)	447,096	447,096	—	108,270	—	447,096
<b>\$ —</b>	<b>\$ 108,530</b>	<b>\$ (447,356)</b>	<b>\$ 447,096</b>	<b>\$ 447,096</b>	<b>\$ —</b>	<b>\$ 108,270</b>	<b>\$ 386,511</b>	<b>\$ 833,607</b>
<b>\$1,530,986</b>	<b>\$23,043,523</b>	<b>\$(163,334,094)</b>	<b>\$168,167,469</b>	<b>\$168,167,469</b>	<b>\$ —</b>	<b>\$27,876,898</b>	<b>\$125,797,759</b>	<b>\$293,965,228</b>
\$ 72,168	\$ 72,168	\$ (72,168)	\$ —	\$ —	\$ —	\$ —	\$ 72,168	\$ 72,168
85,775	40	—	(40)	(40)	—	—	85,775	85,735
86,000	—	—	86,000	86,000	—	86,000	—	86,000
<b>\$ 243,943</b>	<b>\$ 72,208</b>	<b>\$ (72,168)</b>	<b>\$ 85,960</b>	<b>\$ 85,960</b>	<b>\$ —</b>	<b>\$ 86,000</b>	<b>\$ 157,943</b>	<b>\$ 243,903</b>
\$ 956,000	\$ 47,962	\$ (172,682)	\$ 201,463	\$ 201,463	\$ —	\$ 76,743	\$ 154,161	\$ 355,624
<b>\$ 956,000</b>	<b>\$ 47,962</b>	<b>\$ (172,682)</b>	<b>\$ 201,463</b>	<b>\$ 201,463</b>	<b>\$ —</b>	<b>\$ 76,743</b>	<b>\$ 154,161</b>	<b>\$ 355,624</b>
\$ 983,783	\$ 54,940	\$ (272,755)	\$ 489,204	\$ 489,204	\$ —	\$ 271,389	\$ 338,777	\$ 827,981
1,200,000	—	—	25,805	25,805	—	25,805	—	25,805
52,000	—	(47,206)	47,206	47,206	—	—	—	47,206
178,869	12,107	(19,412)	37,724	37,724	—	30,419	16,689	54,413
<b>\$2,414,652</b>	<b>\$ 67,047</b>	<b>\$ (339,373)</b>	<b>\$ 599,939</b>	<b>\$ 599,939</b>	<b>\$ —</b>	<b>\$ 327,613</b>	<b>\$ 355,466</b>	<b>\$ 955,405</b>

**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>
<b>U.S. DEPARTMENT OF LABOR</b>					
<b>Direct Funding</b>					
WIA Pilots, Demonstrations, and Research Projects	WIA Youth Young Offenders	N/A	17.261	YE163290760A-17	07/01/07-08/31/08
<b>Total U.S. Department of Labor — Direct Funding</b>					
<b>Passed Through Mayors' Office of Workforce Development</b>					
WIA Youth Activities	WIA In School Youth (MOWD) FY2008	N/A	17.259	AA17119855A-17	05/22/09-11/20/09
WIA Youth Activities, Recovery Act	WIA Stimulus Summer Employment	NA	17.259	AA17119855/08-762009	6/1/2010-10/28/10
<b>Total U.S. Department of Labor Passed Through Mayor's Office of Workforce Development</b>					
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>					
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>					
<b>Passed Through Illinois State Board of Education</b>					
Learn and Serve America — School and Community Based Programs	Learn and Serve America	4910 4910	94.004 94.004	09-4910-00 10-4910-00	09/01/08-07/10/09 12/23/09-08/31/10
	Generator Go Green Initiative G3	N/A	94.004	N/A	08/01/09-08/31/11
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>					
<b>INSTITUTE OF MUSEUM AND LIBRARY</b>					
<b>Pass Through Illinois State Library</b>					
Laura Bush 21st Century Librarian Program	Chicago Teacher-Librarians for the 21st Century	N/A	45.313	RE0106006706	10/01/06-09/30/09
<b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY</b>					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Direct Funding</b>					
Cooperative Agreements to Support Comprehensive School Health Programs	Comprehensive School Health	N/A	93.938	1U87DP001234-01	03/01/08-02/28/09
Refugee and Entrant Assistance Discretionary Grants	Refugee Children Impact Grant	N/A	93.576	81X8116000K	07/01/08-06/30/09
	Supplemental Services for Recently Arrived Refugees	N/A	93.576	81X8116000K	07/01/09-06/30/10
Children's Health Insurance Program		N/A	93.576	90RU0156/01	08/15/08-06/18/10
	Children's Health Insurance Rehabilitation Act	N/A	93.767	1Z0/CMS/0304991/01	09/30/09-09/29/11
<b>Total U.S. Department of Health &amp; Human Services — Direct Funding</b>					

Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
\$4,800,000	\$224,381	\$(2,257,061)	\$1,872,073	\$1,872,073	\$ —	\$(160,607)	\$1,949,369	\$3,821,442
<b>\$4,800,000</b>	<b>\$224,381</b>	<b>\$(2,257,061)</b>	<b>\$1,872,073</b>	<b>\$1,872,073</b>	<b>\$ —</b>	<b>\$(160,607)</b>	<b>\$1,949,369</b>	<b>\$3,821,442</b>
\$2,100,000	\$ —	\$(1,942,931)	\$1,942,931	\$1,942,931	\$ —	\$ —	\$ —	\$1,942,931
218,400	—	—	8,940	8,940	—	8,940	—	8,940
<b>\$2,318,400</b>	<b>\$ —</b>	<b>\$(1,942,931)</b>	<b>\$1,951,871</b>	<b>\$1,951,871</b>	<b>\$ —</b>	<b>\$ 8,940</b>	<b>\$ —</b>	<b>\$1,951,871</b>
<b>\$7,118,400</b>	<b>\$224,381</b>	<b>\$(4,199,992)</b>	<b>\$3,823,944</b>	<b>\$3,823,944</b>	<b>\$ —</b>	<b>\$(151,667)</b>	<b>\$1,949,369</b>	<b>\$5,773,313</b>
\$ 167,381	\$(37,856)	\$(2,634)	\$ 40,490	\$ 40,490	\$ —	\$ —	\$ 84,602	\$ 125,092
208,125	—	(96,780)	97,710	97,710	—	930	—	97,710
90,000	—	—	63,491	63,491	—	63,491	—	63,491
<b>\$ 465,506</b>	<b>\$(37,856)</b>	<b>\$(99,414)</b>	<b>\$ 201,691</b>	<b>\$ 201,691</b>	<b>\$ —</b>	<b>\$ 64,421</b>	<b>\$ 84,602</b>	<b>\$ 286,293</b>
\$ 310,769	\$ 41,489	\$(166,312)	\$ 124,823	\$ 124,823	\$ —	\$ —	\$ 129,747	\$ 254,570
<b>\$ 310,769</b>	<b>\$ 41,489</b>	<b>\$(166,312)</b>	<b>\$ 124,823</b>	<b>\$ 124,823</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 129,747</b>	<b>\$ 254,570</b>
\$ 555,000	\$ 53,454	\$(538,128)	\$ 33,511	\$ 33,511	\$ —	\$(451,163)	\$ 471,191	\$ 504,702
150,000	62,849	(62,849)	—	—	—	—	114,590	114,590
150,000	—	(55,544)	145,637	145,637	—	90,093	—	145,637
250,000	2,103	(146,153)	163,307	163,307	—	19,257	55,459	218,766
235,173	—	(46,754)	56,883	56,883	—	10,129	—	56,883
<b>\$1,340,173</b>	<b>\$118,406</b>	<b>\$(849,428)</b>	<b>\$ 399,338</b>	<b>\$ 399,338</b>	<b>\$ —</b>	<b>\$(331,684)</b>	<b>\$ 641,240</b>	<b>\$1,040,578</b>

**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>
<b>Passed Through City of Chicago</b>					
Head Start	Pre-Kindergarten-Child Development	N/A	93.600	PO#18117	12/01/08-11/30/09
		N/A	93.600	PO#18117-2	12/01/09-11/30/10
	Headstart — Supp Dis SP Initiative	N/A	93.600	PO#10752-3	12/01/07-11/30/08
		N/A	93.600	PO#18395-1	12/01/08-11/30/09
ARRA — Head Start	Headstart COLA ARRA	N/A	93.708		08/01/09-09/30/10
	Headstart Quality Improvement ARRA	N/A	93.708		08/01/09-09/30/10
<b>Total U.S. Department of Health &amp; Human Services Passed Through City of Chicago</b>					
<b>Passed through Illinois Department of Healthcare and Family Services (IDHFS)</b>					
Medical Assistance Program	Medicaid — Administrative Services	N/A	93.778	95-4900-00	07/01/08-06/30/09
<b>Total U.S. Department of Health &amp; Human Services Passed Through IDHFS</b>					
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICE</b>					
<b>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY Direct Funding</b>					
Brownfields Assessment and Cleanup	CPS-Marshall Faraday Campus PK	N/A	66.818	BF96568101	01/01/06-03/31/07
Cooperative Agreements					
Environmental Education Grants	Adopt an Ecosystem	N/A	66.951	NE-83361601-0	08/01/07-11/30/08
		N/A	66.951	NE-83447501-0	07/01/09-06/30/10
<b>TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>					
<b>U.S. DEPARTMENT OF TRANSPORTATION Passed Through Illinois Department of Aviation</b>					
Airport Improvement Program	Noise Abatement — Hancock	N/A	20.106	3-17-0025-62	07/07/05-06/30/10
	Noise Abatement — Dore	N/A	20.106	3-17-0025-64	07/07/05-06/30/10
	Noise Abatement — Hitch	N/A	20.106	3-17-0022-97	09/15/08-02/01/11
	Noise Abatement — Tonti Branch	N/A	20.106	3-17-0025-54	07/01/04-06/16/08
Noise Program Implementation Hitch ARRA	Noise Program — Hitch ARRA	N/A	20.106	3-17-022-104-2009	06/17/09-02/16/11
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>U.S. DEPARTMENT OF DEFENSE Direct Funding</b>					
U.S. Army	R.O.T.C. Salaries: Army	N/A	NA	Agreement	07/01/08-06/30/09
		N/A	NA	Agreement	07/01/02-06/30/10





Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
\$38,417,803	\$ 5,620,335	\$(22,717,409)	\$17,097,074	\$17,097,074	\$ —	\$ —	\$ 21,320,729	\$ 38,417,803
37,698,124	—	—	25,593,847	25,593,847	—	25,593,847	—	25,593,847
867,864	—	—	(358,889)	(358,889)	—	(358,889)	861,770	502,881
970,001	140,497	(466,295)	297,103	297,103	—	(28,695)	590,818	887,921
1,100,923	—	(530,710)	699,465	699,465	—	168,755	—	699,465
672,336	—	—	386,859	386,859	—	386,859	—	386,859
180,000	—	—	7,500	7,500	—	7,500	—	7,500
<b>\$79,907,051</b>	<b>\$ 5,760,832</b>	<b>\$(23,714,414)</b>	<b>\$43,722,959</b>	<b>\$43,722,959</b>	<b>\$ —</b>	<b>\$25,769,377</b>	<b>\$ 22,773,317</b>	<b>\$ 66,496,276</b>
N/A	\$ 3,449,055	\$ —	\$13,940,309	\$13,940,309	\$ —	\$17,389,364	\$ 11,356,113	\$ 25,296,422
<b>\$ —</b>	<b>\$ 3,449,055</b>	<b>\$ —</b>	<b>\$13,940,309</b>	<b>\$13,940,309</b>	<b>\$ —</b>	<b>\$17,389,364</b>	<b>\$ 11,356,113</b>	<b>\$ 25,296,422</b>
<b>\$81,247,224</b>	<b>\$ 9,328,293</b>	<b>\$(24,563,842)</b>	<b>\$58,062,606</b>	<b>\$58,062,606</b>	<b>\$ —</b>	<b>\$42,827,057</b>	<b>\$ 34,770,670</b>	<b>\$ 92,833,276</b>
\$ 134,483	\$ 4,668	\$ (4,668)	\$ —	\$ —	\$ —	\$ —	\$ 73,141	\$ 73,141
86,303	4,007	(4,007)	—	—	—	—	84,071	84,071
126,732	—	(26,090)	40,382	40,382	—	14,292	—	40,382
<b>\$ 347,518</b>	<b>\$ 8,675</b>	<b>\$ (34,765)</b>	<b>\$ 40,382</b>	<b>\$ 40,382</b>	<b>\$ —</b>	<b>\$ 14,292</b>	<b>\$ 157,212</b>	<b>\$ 197,594</b>
\$ 6,376,446	\$ 1,685,600	\$ (1,018,986)	\$ —	\$ —	\$ —	\$ 666,614	\$ 6,376,446	\$ 6,376,446
1,420,000	19,190	(125,119)	—	—	—	(105,929)	19,190	19,190
168,648	—	(151,774)	168,648	168,648	—	16,874	—	168,648
1,165,135	—	(70,943)	70,943	70,943	—	—	—	70,943
5,000,000	—	(2,099,017)	2,605,889	2,605,889	—	506,872	—	2,605,889
<b>\$14,130,229</b>	<b>\$ 1,704,790</b>	<b>\$ (3,465,839)</b>	<b>\$ 2,845,480</b>	<b>\$ 2,845,480</b>	<b>\$ —</b>	<b>\$ 1,084,431</b>	<b>\$ 6,395,636</b>	<b>\$ 9,241,116</b>
N/A	\$243,242.00	\$(243,242.00)	\$ —	\$ —	\$ —	\$ —	\$3,265,055.00	\$3,265,055.00
N/A	—	(3,038,341)	3,366,958	3,366,958	—	328,617	—	3,366,958

**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>
U.S. Navy	Navy Salaries — W. Young HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Navy Salaries — Simeon HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Navy Salaries — Taft HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Navy JROTC — Corliss HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Navy JROTC — Rickover HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Marine Salaries — Juarez HS	N/A N/A	NA NA	Agreement Agreement	07/01/08-06/30/09 07/01/02-06/30/10
	Marine Salaries — Curie HS	N/A	NA	Agreement	07/01/02-06/30/10
U.S. Air Force	Air Force — Air Force Academy High School	N/A	NA	Agreement	07/01/02-06/30/10
	Air Force — Phillips	N/A	NA	Agreement	07/01/02-06/30/10
U.S. Navy	Navy JROTC HS CPS — Rickover Academy	N/A	NA	N00014-05-1-0815	06/03/08-06/02/09
		N/A	NA	N00014-05-1-0815	06/03/08-06/02/09
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>					
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Direct Funding</b>					
Aerospace Education Services Program	NASA Explorer School Barton	N/A	43.001	AGREEMENT	10/06/05-10/05/08
	NASA Explorer School Harlan	N/A	43.001	AGREEMENT	10/13/05-10/12/08
NASA NRA K-12 Competitive Grant Opportunity	NASA NRA K-12 Competitive Grant Opportunity	N/A	43.001	NNX09AH88A	04/09/09-04/08/11
<b>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>					
<b>GRAND TOTAL</b>					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2009	Cash (Received) Refunded July 1, 2009 June 30, 2010	Revenue Recognized July 1, 2009 June 30, 2010	Expenditure July 1, 2009 June 30, 2010	Adjustments to Grant Revenue July 1, 2009 June 30, 2010	Accrued (Deferred) Grant Revenue June 30, 2010	Prior Years' Expenditures Through June 30, 2009	Final Status Cumulative Expenditures Through June 30, 2010
N/A	12,801	(12,801)	—	—	—	—	52,897	52,897
N/A	—	(31,212)	45,140	45,140	—	13,928	—	45,140
N/A	26,052	(26,052)	—	—	—	—	94,472	94,472
N/A	—	(68,082)	96,230	96,230	—	28,148	—	—
N/A	22,253	(22,253)	—	—	—	—	80,810	80,810
N/A	—	(58,663)	83,129	83,129	—	24,466	—	83,129
N/A	14,936	(14,936)	—	—	—	—	54,203	54,203
N/A	—	(34,881)	49,051	49,051	—	14,170	—	49,051
N/A	41,825	(41,825)	—	—	—	—	151,778	151,778
N/A	—	(113,215)	158,097	158,097	—	44,882	—	158,097
N/A	2,570	(2,570)	—	—	—	—	56,590	56,590
N/A	—	(57,080)	62,926	62,926	—	5,846	—	62,926
N/A	—	(55,846)	61,441	61,441	—	5,595	—	61,441
N/A	—	(60,340)	66,180	66,180	—	5,840	—	66,180
N/A	—	(49,212)	54,060	54,060	—	4,848	—	54,060
N/A	213,593	(99,531)	—	—	—	114,062	506,041	506,041
N/A	—	—	49,181	49,181	—	49,181	506,041	555,222
<b>\$ —</b>	<b>\$ 577,272</b>	<b>\$ (4,030,082)</b>	<b>\$ 4,092,393</b>	<b>\$ 4,092,393</b>	<b>\$ —</b>	<b>\$ 639,583</b>	<b>\$ 4,767,887</b>	<b>\$ 8,764,050</b>
<b>\$ 1,499,964</b>	<b>\$ —</b>	<b>\$ (22,327)</b>	<b>\$ 101,492</b>	<b>\$ 101,492</b>	<b>\$ —</b>	<b>\$ 79,165</b>	<b>\$ —</b>	<b>\$ 101,492</b>
<b>\$ 1,534,666</b>	<b>\$ (298)</b>	<b>\$ (22,327)</b>	<b>\$ 101,492</b>	<b>\$ 101,492</b>	<b>\$ —</b>	<b>\$ 78,867</b>	<b>\$ 34,702</b>	<b>\$ 136,194</b>
<b>\$1,647,421,608</b>	<b>\$13,931,973</b>	<b>\$(1,039,189,440)</b>	<b>\$1,154,511,006</b>	<b>\$1,154,511,006</b>	<b>\$ —</b>	<b>\$129,253,539</b>	<b>\$705,465,424</b>	<b>\$1,859,845,137</b>
\$ 17,341	\$ (159)	\$ —	\$ —	\$ —	\$ —	\$ (159)	\$ 17,341	\$ 17,341
17,361	(139)	—	—	—	—	(139)	17,361	17,361

**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, 2010**

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**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, 2010.

**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 SCHEDULE OF GRANT ACTIVITY**

**General** — All federal programs considered active during the year ended June 30, 2010, 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 expenditure incurred during the fiscal year. Grant revenues for formula-driven federal programs are recognized based on units of services provided as of June 30, 2010.

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, expenditure included on the Schedule represent actual expenditures incurred during the fiscal year ended June 30, 2010.

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

- The expenditures for the National School Lunch and Breakfast Program in the Schedule only reflected the portion funded by the Program.

- Expenditures for the Food Donation Program represent commodities received 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 and (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 balances 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 . . . . .	\$1,154,511,006
E-Rate program revenues not included in the Schedule . . . . .	24,807,597
Medicare Part D Revenue not included in the Schedule . . . . .	937,430
Medicaid Fee for Service Revenue not in the Schedule . . . . .	38,720,458
Build America Bonds (BABS) revenue not in the Schedule . . . . .	7,461,196
Adjustments to record revenue not collected within 30 days (“available”) . . . . .	<u>(46,289,837)</u>
Federal revenues per the CPS’ Comprehensive Annual Financial Report . . . . .	<u>\$1,180,147,850</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, 2010, 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. SUBRECIPIENTS**

Included in the total federal expenditure of \$1,154,511,006 presented on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2010 is \$15,149,336 of federal awards provided to subrecipients. The following is a summary of the subrecipient amounts passed through CPS for the fiscal year ended June 30, 2010.

<u>Program Name</u>	<u>Name of Grant</u>	<u>CFDA</u>	<u>Amount</u>
Title I Grants to Local Education Agencies	Title I — Low Income	84.010A	\$12,223,590
Fund for the Improvement of Education	Teaching American History Grant	84.215X	8,000
Twenty-First Century Community Learning Centers	Title IV — 21st Century Comm Learning Centers	84.287C	212,800
Improving Teacher Quality State Grants	Class Size Reduction (NCLB)	84.367A	1,807,575
Teacher Incentive Fund	Teacher Incentive Fund Program	84.374A	514,642
School Improvement Grants	School Improvement Grant	84.377A	367,756
Title I Grants to Local Education Agencies, Recovery Act (ARRA)	Title I — Part D Neglected Program ARRA	84.389A	<u>14,973</u>
	Total Awards to Subrecipients		<u>\$15,149,336</u>

**7. FINDINGS AND QUESTIONED COSTS**

The findings and questioned costs identified in connection with the fiscal year ended June 30, 2010, Single Audit are disclosed in the accompanying Schedule of Findings and Questioned Costs 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, 2010**

**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
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>  X  </u>	Yes	<u>      </u>	None Reported
Noncompliance material to financial statements noted?	<u>      </u>	Yes	<u>  X  </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>      </u>	Yes	<u>  X  </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>
17.259	WIA Youth Activities, Recovery Act	\$ 1,951,871
20.106	Airport Improvement Program, Recovery Act	2,845,480
84.010	Title I — Grants to Local Education Agencies	312,707,080 (1)
84.027	Special Education Grants to States	94,161,643 (2)
84.048	Career and Technical Education — Basic Grants	7,333,839
84.173	Special Education — Preschool Grants	1,728,481 (2)
84.186	Safe and Drug Free Schools and Communities	2,359,870
84.215	Fund for the Improvement of Education	5,886,454
84.287	Twenty-First Century Community Learning Centers	6,178,770
84.367	Improving Teacher Quality State Grants	31,629,125
84.374	Teacher Incentive Fund	4,098,423 (3)
84.385	Teacher Incentive Fund, Recovery Act	3,839,407 (3)
84.389	Title I Grants, Recovery Act	71,886,947 (1)
84.391	Special Education Grants to States, Recovery Act	50,891,451 (2)
84.392	Special Education — Preschool Grants, Recovery Act	1,759,555 (2)
84.394	State Fiscal Stabilization Fund — Education State Grants, Recovery Act	133,127,489 (4)
84.397	State Fiscal Stabilization Fund — Government Services, Recovery Act	145,588,526 (4)
93.600	Head Start	43,328,600 (5)
93.708	Head Start, Recovery Act	394,359 (5)
		<u>\$921,697,370</u>

Notes:

- (1) Part of Title I cluster
- (2) Part of Special Education cluster
- (3) Part of Teacher Incentive Fund cluster
- (4) Part of State Fiscal Stabilization Fund cluster
- (5) Part of Head Start cluster

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

\$3,451,256

Auditee qualified as low-risk auditee?

Yes  No





## II. FINANCIAL STATEMENT FINDINGS

### Finding FS10-01: Local School Council Relations Department — Inadequate Documentation on Vendor Invoices

**Criteria:**

The District should have adequate documentation for payment of vendor invoices.

**Condition:**

The documentation on certain vendor invoices needs improvement. The District's policies do not require a contract for vendor arrangements under \$25,000, so in many cases the only documentation available is the vendor invoice.

#### *a. Inadequate Documentation*

While reviewing invoices from vendors without contracts, we noted that in certain instances the descriptions of services performed were not sufficiently detailed to support the approval of payment. Per the District's procurement policy, all invoices must contain the purchase order number, invoice number, supplier number, unit of measure, price and date. We identified multiple instances where the vendor invoice did not meet this established criteria and no contract existed because the disbursement amount fell below contractual threshold requirements. Specifically, vendors did not include purchase order numbers associated with the invoice, date of transaction/services and unit of measure. We also noted that the District paid invoices that were addressed to a different business entity.

There is currently a step within the procurement process where an individual verifies the receipt of goods and services using the Oracle system. This step of authorization is crucial to provide assurance that goods have been delivered and service rendered. We found that the underlying documentation supporting this verification did not meet the District's guidelines or, in some cases, was missing all together. In particular, we noted that many of invoices paid with inadequate documentation originated from the Local School Council & Community Relations Department. Specific programs noted were school council relations (251002) and reform-LSC elections (231401). The following are examples of the types of deficiencies we noted relating to payments where no contract or agreement exists:

- Instances of invoices for services were routinely submitted without detailed descriptions of the services dates, who performed the services, and how many hours were spent on various services.
- Payment was made to vendors who submitted vague documentation of the services performed.
- No documentation existed to substantiate deliverables cited in invoices (i.e. — reports created by vendors or contractors).
- Multiple invoices associated with a chief purchasing officer report or board report did not reference the controlling contract.

We also believe the current District requirements are only tailored toward to receipt of tangible goods. A broader statement is needed or a specific set of criteria should be established to standardize the invoicing related to all vendors, especially when no contract exists.

#### *b. Multiple Agreements Just Below Purchasing Limits*

While reviewing expenses for fiscal year 2010 we noted that the Local School Counsel Relations (LSC) Department entered into a number of arrangements with vendors where they would be receiving compensation just below the threshold necessary to engage into a contract. Per District procurement policies, all non-biddable items between \$25,001 and \$75,000 may be purchased only after a Chief Purchasing Officer Report (CPOR) has been obtained by the department seeking to obtain the non-biddable item. We

### Statutory Reporting Section

noted that a significant number of transactions near the purchasing threshold of \$25,000 were performed by the LSC department during fiscal year 2010, for example:

<u>Vend Num</u>	<u>Vendor Name</u>	<u>Amount</u>
35932	VALERIE DENNEY COMMUNICATIONS	\$24,999
35932	VALERIE DENNEY COMMUNICATIONS	24,999
24434	GREEN-MAZUR ASSOCIATES	24,950
24434	GREEN-MAZUR ASSOCIATES	24,999
61596	PROMONTORY CONSULTING	24,999
35577	TATE, DESIREE L	24,900
14169	PEACE & EDUC COALITION OF BACK OF THE YARDS, NEW CITY	24,499
37159	DEPAUL UNIVERSITY	24,999
39326	NEW LIFE FAMILY SERVICES	24,999
12124	MIKVA CHALLENGE GRANT FOUNDATION, INC.	24,500
36033	BLACK STAR PROJECT, THE	24,999
45716	CHINESE AMERICAN SERVICE LEAGUE	24,999
62274	ANDERSON PRODUCTIONS	23,550
68385	SPC CONSULTING, LLC	20,165
21503	AMER-I-CAN ENTERPRISE II, INC	24,999

We noted that the first four payments made during 2010 were strung across fiscal years to avoid the need to obtain a CPOR. We noted that it is likely that the prices agreed upon by a number of vendors may have been due to the requirement for the LSC Relations department to obtain a CPOR and therefore should be more transparent in their vendor selection process. We also noted that a number of the vendor arrangements above did not have adequate documentation, as discussed in point a. above.

#### *c. Record Retention*

When we were auditing certain expenditures made in fiscal year 2010, the District was unable to locate records on a timely basis. We found that while the District does have a record retention policy as to how to maintain records when employees transfer, retire, or are otherwise separated from employment, the policy has not been adhered to. Due to recent reductions in force, the District should ensure that departments have continuity and records are maintained in an organized fashion.

#### Context:

The District paid numerous invoices which did not have adequate supporting documentation.

#### Cause and Effect:

The District does not have a comprehensive policy regarding required documentation on vendor invoices. Inadequate documentation on vendor invoices may lead to payment to vendors when the work was not actually performed. Vendors need to be made aware of CPS documentation requirements.

#### Recommendation

We recommend that the District establish a policy which details a comprehensive set of required criteria that must be included within the supporting documentation prior to payment for services that are not supported by a written contract or agreement. Operating units should not enter into contracts below the purchasing threshold for the purpose of avoiding established Board policies. The purchasing website should be updated to inform vendors of the specific details required to have invoices paid by the District.

## Corrective Action Plan

### *a. Inadequate Documentation*

The Office of Local School Council Relations (Office) will request that all vendors provide:

1. Written details on the pricing structure and services and/or materials to be provided in compliance with Board requirements before a purchase order is generated for payment.
2. Written detail on the services and/or materials being billed on an invoice in compliance with Board requirements before the invoice is paid.

Additionally, all Office personnel who have a role in processing purchase orders and invoices will be informed of the Board requirements regarding the contents of purchase orders and invoices.

### *b. Multiple Agreements Just Below Purchasing Limits*

Several of the cited agreements falling just below the purchasing limits were for services performed in FY 2009 and FY 2010 in connection with the biennial LSC elections.

In connection with such future services, the Office will prepare RFPs to capture the work of advising and assisting the Office in conducting the 2012 Local School Council election. The services let out for bid will include: the preparation of printed election materials; the advertisement of the election; the recruitment of candidates; the placement and training of election judges; and the provision of support to schools on election days.

Several others of the cited agreements falling just below the purchasing limits were for services performed in FY 2009 and FY 2010 in connection with parental involvement activities provided by the District. In connection with such future services, the Office will issue a Request for Qualifications (RFQ) related to parent training. The RFQ is being developed so that the Office and schools will have a list of prequalified vendors to provide parent training.

Both of these actions should eliminate the necessity of contracting with consultants in amounts near the \$25,000 limit.

### *c. Record Retention*

The Office will develop a system for filing expenditure-related documents in a centralized location. While there is a process to capture the work files and papers of staff that leave the office, a revised plan will be put into place to better capture the files of the top leadership of the office on their departure.

## **Finding FS10-02: Purchasing — Purchase Orders Issued After Invoices**

### Criteria:

The District does not have sufficient controls in place for purchase order approval.

### Condition:

We noted during fiscal year 2010 that approximately 47,000 purchase orders were issued and approved subsequent to the invoice date, circumventing standard controls in the purchasing process.

According to District policy, an individual requesting to purchase goods or services must first obtain pre-approval from a manager. The requester enters the required information for procurement into the purchasing system and the manager completes an online approval form. The pre-approved purchase order is submitted to an automatic system check to ensure proper funding and spending limit requirements are met. If the pre-approval for the purchase order passes all system requirements it will be processed into an actual purchase order.

The approved purchase order is delivered to the supplier and the goods or services will be rendered to the District. The requester enters the receiving documentation into the purchasing system and the system

**Statutory Reporting Section**

performs a check to ensure the purchase order is in the system. If the match is successful, the invoice will be processed and paid.

Our audit procedures revealed that purchase orders can be entered into the purchasing system after the related invoice has been received and the associated goods delivered or services rendered. This creates a break-down in the control process as goods or services can be purchased or rendered and invoiced prior to obtaining the proper approvals. Without proper approvals, the potential exists for purchases to occur without an appropriate budget. In turn, budgetary amounts may be exceeded for individual line items, resulting in unnecessary expenditures.

During fiscal year 2010, a monthly report was run to show the volume purchase orders issued subsequent to the invoice date. This report indicated that approximately 25% of purchase orders (47,000 out of approximately 200,000) were obtained after the expense had been incurred, which is a violation of District policy.

<u>Invoice Date Preceding Purchase Order</u>	<u>Count</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Less Than or Equal to One Month . . . . .	25,199	54%	\$247,547,382	64%
One to Three Months . . . . .	13,244	28%	101,954,572	26%
Four to Six Months . . . . .	4,918	10%	29,588,850	8%
Six to Twelve Months . . . . .	2,866	6%	6,341,503	2%
Over One Year . . . . .	780	2%	1,645,332	0%
<b>Total . . . . .</b>	<b><u>47,007</u></b>		<b><u>\$387,077,641</u></b>	

The issuance of purchase orders after the receipt of an invoice appears to be a common problem at the school level, where 60% of the volume occurred. The remaining 40% of the volume occurred within the administrative units. However, we did find that the 60% of the dollar amount of these invoices was attributed to administrative units whereas the remaining 40% is attributed to the school level. We also found that the largest category of expenses where this occurred is between \$1 and \$1,500.

<u>Stratification</u>	<u>Total</u>	<u>Count</u>	<u>% of Counts</u>
\$1 — \$1,500 . . . . .	\$ 13,743,428	34,132	73.03%
1,500 — \$10,000 . . . . .	36,619,240	9,375	20.06%
10,001 — \$1,000,000 . . . . .	238,754,733	3,178	6.80%
1,000,000 & above . . . . .	99,237,451	52	0.11%

At the \$1-\$1,500 level, schools and administrative units could avoid having to submit a purchase order if they purchase the item with their purchasing card (p-card) or using a school’s internal account. This would significantly reduce the amount of purchase orders created, approved and reviewed.

**Context:**

We noted that approximately 47,000 purchase orders were issued and approved subsequent to the invoice date.

**Cause and Effect:**

Standard controls in the purchasing process are able to be circumvented as the system does not prevent payment of when the invoice date is earlier than the purchase order date, allowing for purchases to be made without first obtaining proper approvals.

**Recommendation**

The District should develop a process to monitor compliance with established policies that require a purchase order to be issued before services are rendered. Individuals responsible for purchasing goods and services should receive training on the established policy and repeat violators should receive disciplinary action. In addition, the District should attempt to reduce the amount of purchase orders by

utilizing the purchasing-card process for purchases within the \$1 — \$1,500 range. We found that a majority of purchase orders created after the invoice date were due to small purchases that would be better handled within the purchasing-card system.

#### **Corrective Action Plan**

In response to the Auditor's recommendation, the p-card program was instituted to provide added flexibility for emergency/one-off purchases. It was not meant to be the primary channel for procuring goods and services. We have strategic sourcing contracts for commodities that are purchased across the district.

We have developed a monthly report that identifies purchase orders issued after the invoice date. We have sent out letters to departments and vendors reminding them of the Board Policies and the need to adhere to these policies. Going forward, we will meet the individual department heads and principals to deliver this message face-to-face. We will also escalate to the CFO, CAO, and CEO as necessary.

#### **Finding FS10-03: Operations — Correspondence to Departments Regarding Stringing**

##### **Criteria:**

The District does not have adequate controls in place to prevent contract stringing.

##### **Condition:**

Stringing occurs when a department/school chooses to circumvent the established board expenditure approval policy and divides expenditures across several purchase orders, fiscal years, or various units so that additional approvals are not necessary. Individually, each amount falls below the dollar threshold which requires obtaining board approval, but the payments in aggregate exceed that level.

The District's purchasing policy allows for expenditures of up to \$25,000 per purchase order, per vendor, per unit, and per fiscal year to be paid without any additional approvals.

While reviewing payments to vendors, we noted that there were multiple instances of schools and departments where the vendor payment was "strung" in an attempt to avoid the chief purchasing officer report (CPOR) approval process. The most common methods of stringing noted was to break-up a purchase order which would have been above \$25,000 in aggregate into two smaller purchase orders and also to spread those purchase orders across two different fiscal years, even though the work was clearly performed in one fiscal year. It was also common for payment to be split among various unit numbers for amounts less than \$25,000 when in total the invoice was greater than \$25,000. Certain departments/schools have successfully circumvented this internal control to purchase in excess of approved limits.

## Statutory Reporting Section

We tested 62 expenditures and noted in 11 instances that stringing was used to circumvent the intended controls. This is a rate of approximately 18% of items reviewed. The following are examples stringing found:

<u>Vendor</u>	<u># of PO Strings</u>	<u>Gross Invoice Amount</u>	<u>Limit</u>	<u>Issue</u>
Grand Geneva Resort (WI)	2	\$26,619	\$25,000	Strung over two fiscal years
Hilton Hotels	2	27,960	25,000	Strung over two fiscal years
Valerie Denney Communications	2	50,000	25,000	Strung over two fiscal years
Fitness Factory Outlet	2	19,953	10,000	Strung over departments
Helen G. Johnson	5	37,097	25,000	Strung through two units
Elory Ann Rozner	7	42,625	25,000	Strung over two fiscal years
Calvin Dixon	4	49,997	25,000	Strung over two fiscal years
Green-Mazur Associates	2	49,900	25,000	Strung over two fiscal years
The Support Group	2	40,000	25,000	Strung through two units
Hyatt Hotels	2	33,075	25,000	Strung through duplicate vendors

### Context:

We noted that there were multiple instances of schools and departments where the vendor payment was “strung” in an attempt to avoid the chief purchasing officer report (CPOR) approval process.

### Cause and Effect:

Inadequate controls allow policies and procedures in the purchasing process to be circumvented, allowing payments to be made to vendors without all proper approvals.

### Recommendation

We recommend that the Chief Purchasing Officer draft a letter to all departments to inform them that attempting to bypass established controls and policies is unacceptable. The letter should remind employees that stringing of payments is considered a violation of District policy and could result in disciplinary action.

### Corrective Action Plan

The Board’s Purchasing Policy allows expenditures for biddable items up to \$10K and non-biddable items up to \$25K per unit, per vendor, per fiscal year. Before a purchase order is created and approved, the system validates the aggregate spending of goods and services per unit, per vendor, per fiscal year against the Board’s spend limits (\$10K and \$25K). If the aggregate spend amount is in excess of the Board’s spend limits, a PO will not be generated. Instead the requisition will be assigned to a CA/CM for further review (i.e., Board Report or CPOR). The eleven instances mentioned all fall within the limits of the Board approved expenditures. Letters will be sent to all departments that violate the District policy in regards to stringing.

### Finding FS10-04: Information Technology — Attendance Records Lack Proper Controls — System Enhancement Required (Recurring — 2009)

#### Criteria:

The District should have adequate controls over attendance record adjustments.

#### Condition:

The documentation and control over changes to classroom attendance records needs improvement.



Attendance records are extremely important to the District not only from an academic standpoint, but from a financial one as well. The following is a table showing average daily attendance figures and related revenue generated for the past three fiscal years.

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>General State Aid Received Related to Student Attendance</u>	<u>Total Amount of General State Aid Received Annually</u>
2008	350,000	\$677 million	\$1.11 billion
2009	347,000	643 million	1.16 billion
2010	349,000	580 million	1.18 billion

Since the prior years' average daily attendance is used to calculate the General State Aid claim, for fiscal year 2011 CPS will receive \$1.16 billion, of which \$580 million will relate directly to student attendance. Because of the significance of attendance in the amount of General State Aid receipts, we placed a heavy emphasis on testing the attendance system in the current and prior year's audit.

In fiscal year 2007, the District implemented a new computerized attendance and student record keeping system called Instructional Management Program and Academic Communication Tool (IMPACT). This system replaced the old manual record keeping systems that were used for student attendance and grading in previous years. Except for certain charter schools, all schools used IMPACT to record attendance during fiscal year 2010.

The IMPACT system enables each teacher to report exceptions to attendance on a computer at the start of each day for elementary schools and at the start of each period for high schools. The reporting is on an exception basis. In other words, the default is "all present" and if a child is not present, the teacher is required to make an entry to record the child's absence. There are approximately 1.1 million transactions daily in the IMPACT system (200 million transactions annually). During our audit, we observed several teachers in the classroom using the system and they appeared to use it appropriately.

After data is entered into the system by the teachers at the start of class, information is summarized daily, then monthly. The summarized data is utilized by the District to calculate the amount of General State Aid. There is a direct connection between the attendance figures and the General State Aid. The higher the level of attendance reported, the greater the amount of General State Aid received. Student attendance also affects the school's budget and the number of teaching positions.

In our testing of the data used in the calculation of the General State Aid, we found numerous adjustments that were made after the initial entries by the teacher. Some of the adjustments were to change students reported by the teacher as present to absent and vice versa. We tested several schools covering 20,000 high school students and 7,000 elementary school students. Some of these adjustments took place the same day as the initial attendance and some adjustments were made weeks and even months later.

During 2010 CPS took some steps to improve the data quality within the IMPACT System. These steps included additional training for employees and limiting access to the system. As a result of the adjustments, there was a 40% decrease in the total number of adjustments made during the first three months of the 2010 school year compared to 2009. For the adjustments occurring a month or later, there was a 65% decrease in the total number of adjustments made during the first three months of the 2010 school year compared to 2009.

In both 2009 and 2010, we noticed inconsistent use of the absent to school function adjustments. These adjustments were more prevalent in certain schools affecting some individual student attendance records almost daily. These adjustments, along with absent to present adjustments, increase the amount of General State Aid claimed, while adjustments from present to absent reduce the amount of General State Aid claimed. Although there is a field within IMPACT to record a detailed explanation of the adjustment, the field is not used. The lack of documentation and control associated with these adjustments is a control deficiency.

The weaknesses associated with IMPACT are as follows:

- There is no review of edit or change reports

## **Statutory Reporting Section**

- Reasons for adjustments are not documented even though a field for this exists
- Adjustments are not approved by an independent reviewer
- The audit trail for adjustments is not used consistently
- The system contains specific adjustment codes, but they should be expanded to incorporate all of the various types of adjustments
- Multiple adjustments can be made for the same person for the same day
- There are no flags to indicate excessive adjustments of a specified type for a particular location

The weaknesses associated with IMPACT could have a financial effect on direct funding and school budgets.

### **Context:**

Numerous adjustments were made to the IMPACT system which did not have adequate supporting documentation.

### **Cause and Effect:**

Inadequate controls over IMPACT attendance adjustments may lead to either increased or decreased amounts of General State Aid received by the District as adjustments can be made to the system without proper support and review.

The District has increased training, limited access and they have more experience with recording attendance in IMPACT and as a result the attendance data has improved. However numerous adjustments were still made into the IMPACT system which did not have adequate supporting documentation. Inadequate controls over IMPACT attendance adjustments may lead to either increased or decreased amounts of General State Aid received by the District.

### **Recommendation**

We recommend the District obtain appropriate documentation for each adjustment made to IMPACT. The IMPACT System needs a modification to require better tracking of adjustments. A notation should be made in the system documenting the nature of each adjustment, reason, person making the adjustment and reference to any supporting information kept in a separate file. Periodically representatives from student records should review the adjustments to ensure they are proper and adequately documented and supported.

The District should be preparing routine edit reports of adjustments by type and by location. The District should monitor adjustments by school and investigate those schools where attendance adjustments are above the normal range. At least monthly, an attendance summary should be prepared and discussed with school officials to highlight any unusual trends in attendance.

### **Corrective Action Plan**

We agree. Information & Technology Services (ITS) is building an attendance change monitoring tool on the Enterprise Dashboard. The design requirements for the required Dashboard solution are complete. The completion of this item will address the most critical oversight components and aligns to the tool used by internal auditors to track such changes.

ITS is also looking at a programmatic control in SIM that requires clerks to add a reason before they affected a change in an attendance value along with a control that prohibits multiple edits to a student attendance record for the same day of attendance. The current version of the IMPACT SIM software does not support either requirement as they constitute a change to core (vendor controlled) code.

The CPS IMPACT team currently has an upgrade planned for December of 2010. The upgrade will provide CPS added flexibility to make local changes to the software, but testing has yet to determine the feasibility of incorporating either measure mentioned above.



### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

#### Finding SA10-01: Eligibility

Questioned Costs: N/A

Federal Agency: US Department of Labor

Federal Program Title, Pass-Through Entity (if applicable), CFDA Number, Award Number, Award Year:

WIA Youth Activities, Recovery Act; The City of Chicago Department of Family and Support Services; CFDA Number 17.259; Contract Number 20272; May 1, 2009 through June 30, 2011

#### Criteria:

Under the City of Chicago Grant conditions and per the Eligibility provisions of OMB Circular A-133 Compliance Supplement, Summer Youth Contractors are required to perform eligibility determinations in accordance with the program's eligibility guidelines and maintain the documentation related to such eligibility determinations.

#### Condition:

Chicago Public Schools failed to maintain documentation of eligibility determinations as required by the contract with the City of Chicago. As a result, CPS could not substantiate that a number of participants were eligible under the provisions of the program included in the Compliance Supplement and the contract with the City of Chicago.

Out of 60 WIA Youth Program participant files selected for eligibility testing, CPS did not have appropriate records to support the eligibility determination for five of the participants.

#### Context:

Out of 60 program participants selected for eligibility testing, CPS lacked appropriate records to substantiate eligibility determinations for 5 of the participants. In total, the program included 979 participants.

#### Cause and Effect:

- Systems were inadequate to ensure that there are back-ups of applicant documentation.
- Eligibility applications were sent to the City of Chicago Department of Family and Support Services (DFSS) for entry into the eligibility database system.
- Documentation was not maintained to support eligibility requirements for youth participants.
- Lack of proper eligibility determinations and documentation could lead to Federal funds being disbursed to ineligible participants. This may result in unallowable costs.

#### Recommendation

Improve eligibility documentation procedures by requiring that:

- Electronic back-ups are made and maintained for each application.
- Train CPS staff to perform eligibility verification and data entry tasks, instead of sending files offsite for DFSS staff to perform these tasks.

#### Corrective Action Plan

Based on the WIA 2009 experience, a corrective action plan has already been put into place for administration of the current WIA grant. This includes the following:

- Files are not passed to DFSS for entry into the state system. For WIA Summer, 2009 all files were handed over to the agency for verification and entry into the state system. At least 40 files were not returned, and several other agencies' files became mixed with the CPS files. This is no longer the practice.

## Statutory Reporting Section

- CPS staff have been trained by DFSS on data entry into state system, resulting in maintenance of files solely at CPS
- Regular internal auditing to assure accurate eligibility determination and billing.

### **Finding SA10-02: Equipment And Real Property Management (Recurring — 2009)**

Questioned costs: \$1,244,161

Federal Agency: US Department of Education

Federal Program Title, Pass-Through Entity (if applicable), CFDA Number, Award Number, Award Year:

Title I Grants to Local Education Agencies (Low Income); Illinois State Board of Education; CFDA number 84.010; ISBE project number 2010-4300-00-15016299025; award year July 14, 2009 through August 31, 2010

Title I Grants to Local Education Agencies, Recovery Act (Low Income); Illinois State Board of Education; CFDA number 84.389; ISBE project number 2010-4851-00-15016299025; award year September 2, 2009 through August 31, 2010

Title I Grants to Local Education Agencies, Recovery Act (Delinquent); Illinois State Board of Education; CFDA number 84.389; ISBE project number 2010-4853-00-15016299025; award year July 1, 2009 through August 31, 2010

Career and Technical Education — Basic Grants to States; Illinois State Board of Education; CFDA number 84.048; ISBE project number 2010-4745-00-15016299025; award year July 1, 2009 through August 31, 2010

Fund for the Improvement of Education (Carol M. White Physical Education Program); CFDA number 84.215F; award number Q215F070003; award period June 1, 2009 through May 31, 2010

Fund for the Improvement of Education (Having a Ball); CFDA number 84.215F; award number Q215F070096-09; award period June 1, 2009 through May 31, 2010

Fund for the Improvement of Education (Smaller Learning Communities); CFDA number 84.215L; award number S215L070494; award period October 1, 2007 through September 30, 2010

State Fiscal Stabilization Fund (SFSF) — Government Services, Recovery Act; Illinois State Board of Education; CFDA number 84.397; ISBE project number 2010-4875-00-15016299025; award year July 1, 2009 through June 30, 2010

#### Criteria:

Subrecipients of States who are local governments must follow State laws and procedures for equipment acquired under a subgrant from the state. Local governments which receive federal awards directly from the awarding agency must follow the provisions of the A-102 Common Rule for equipment acquired under Federal Awards.

#### Condition:

The following conditions were noted during testing for Fiscal year 2010:

- 4 out of 122 equipment purchases tested met the State or Federal, as appropriate, definition for equipment, but are not tracked on CPS equipment registers.
- 12 out of 122 equipment purchases tested were recorded in the CPS asset registers, but did not meet the State or Federal, as appropriate, definition for equipment and should not have been included in asset registers.
- 20 out of 122 equipment purchases tested were recorded in the CPS asset registers, but were missing required information as to the unique identification number assigned to the property.

**Context:**

The total combined expenditures in fiscal year 2010 for the affected grant programs were approximately \$679 million. Equipment purchases do not represent a significant portion of the total expenditures of the affected grant programs.

**Cause and Effect:**

- Individual schools are required to maintain their equipment listing. A number of schools failed to properly update their registers or had errors in their registers.
- Central Office staff did not follow up on incomplete or erroneous asset registers to ensure proper updates and corrections were made.
- CPS requires individual schools to track equipment in registers that are designed to comply with State and Federal laws and procedures.
- Some pieces of equipment lacked all data required to be tracked in the CPS asset registers.
- Some pieces of equipment were not properly identified as equipment required to be tracked under State and Federal laws and procedures, and other items were improperly identified as equipment and added to asset registers.
- By not following up on improperly submitted equipment registers from individual schools, CPS is unable to ensure that it is properly tracking all equipment purchased with Federal funds.
- By not properly tracking all equipment purchased with Federal funds, CPS may be unable to location certain pieces of equipment that were purchased with Federal funds.
- Recipients that do not comply with all the requirements related to a particular grant risk future reductions in funding from the grantor agency.

**Recommendation**

Improve equipment management practices and procedures by including the following:

- Improve training for staff with equipment tracking responsibilities to ensure that they are aware of what types of items are required to be tracked, and what items are not required to be tracked, as well as the information that is required to be included in the equipment registers.
- Review equipment registers to determine if there are any items that are improperly included and remove them from the register.
- Establish procedures to follow-up with individual schools that submit deficient equipment registers and require that they properly complete the registers.

**Corrective Action Plan**

The Office of Grants Management and Administration (GMA) will continue to participate in the Chicago Public Schools Legal Conference as it did in August and October 2010 whereby mandatory principal training sessions are conducted concerning equipment management practices and procedures required per state and federal regulations.

As for follow-up and compliance, GMA conducts random on-site school based testing of equipment items and fixed asset registers as part of federal compliance reviews conducted at a sample of schools each year. When there are compliance issues, GMA cites the school for irregularities and requests corrective action and evidence of compliance.

**Finding SA10-03: Subrecipient Monitoring (Recurring — 2009)**

Questioned costs: N/A

Federal Agency: US Department of Education

Federal Program Title, Pass-Through Entity (if applicable), CFDA Number, Award Number, Award Year:

Title I Grants to Local Education Agencies (Low Income); Illinois State Board of Education; CFDA number 84.010; ISBE project numbers 2009-4300-00-15016299025 and 2010-4300-00-15016299025; award years July 1, 2008 through August 31, 2009 and July 14, 2009 through August 31, 2010

Fund for the Improvement of Education (Smaller Learning Communities); CFDA number 84.215L; award numbers S215L080581A, S215L070494, S215L060071-09; award periods July 10, 2008 through July 9, 2011, October 1, 2007 through September 30, 2010, and October 1, 2009 through September 30, 2011

Twenty-First Century Community Learning Centers; Illinois State Board of Education; CFDA number 84.287; ISBE project numbers 2009-4421-05-15016299025, 2010-4421-07-15016299025, 2010-4421-08-15016299025; award years July 23, 2008 through August 31, 2009, July 1, 2009 through August 31, 2010, and July 1, 2009 through August 31, 2010

Improving Teacher Quality State Grants; Illinois State Board of Education; CFDA number 84.367; ISBE project number 2010 — 4932-00-15016299025; award year July 14, 2009 through August 31, 2010

**Criteria:**

At the time of an award, a pass-through grantor is required to identify to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

**Condition:**

In 13 out of 13 subrecipient contracts reviewed, the contract was missing required disclosures related to the Federal Funding source including, but not limited to, the CFDA title and number, the name of the Federal awarding agency, and applicable compliance requirements.

**Context:**

The amount of grant funds passing through to subrecipients is not a significant portion of total grant expenditures.

**Cause and Effect:**

- CPS staff did not revise contractual language for subrecipients to ensure that all language required by the Federal compliance standards is included in subrecipient contracts. Instead, CPS used standard vendor contract language for subrecipient contracts.
- CPS may not properly identify subrecipients at the time of award, which may cause it to be deficient in performing appropriate monitoring.
- Subrecipients may not be aware of Federal compliance requirements at the time of an award and may be deficient in complying with Federal laws and regulations and in reporting on compliance with Federal requirements. Such failure to comply with Federal requirements may cause CPS to be deficient in its' own compliance.

**Recommendation**

Improve subrecipient monitoring procedures by including the following:

- A process to assess whether a contractor qualifies as a subrecipient or vendor prior to awarding a new contract.
- Implement changes in systems to include the appropriate language in contracts with subrecipients at the time of award.

**Corrective Action Plan**

Beginning in July 2010, current year contracts with charter schools include the appropriate language concerning single audits as per OMB Circular A-133. Process changes were also made to ensure that subrecipient relationships are identified prior to contract award. The Office of Grants Management and Administration will follow-up with the Law Department, the Office of Procurement and Contracts and other departments to ensure that user units are following these processes correctly.

**Finding SA10-04: Reporting**

Questioned costs: N/A

Federal Agency: US Department of Education

Federal Program Title, Pass-Through Entity (if applicable), CFDA Number, Award Number, Award Year:

Title I Grants to Local Education Agencies (Reading First); Illinois State Board of Education; CFDA Number 84.010; ISBE project number 2010-4334-07-15016299025; award year July 14, 2009 through August 31, 2010

Title I Grants to Local Education Agencies, Recovery Act (Low Income); Illinois State Board of Education; CFDA number 84.389; ISBE project number 2010-4851-00-15016299025; award year September 2, 2009 through August 31, 2010

Career and Technical Education — Basic Grants to States; Illinois State Board of Education; CFDA number 84.048; ISBE project number 2009-4745-00-15016299025; award year July 1, 2008 through August 31, 2009

Safe and Drug Free Schools and Communities State Grants; Illinois State Board of Education; CFDA number 84.186; ISBE project number 2010-4400-00-15016299025; award year July 1, 2008 through August 31, 2009

Twenty-First Century Community Learning Centers; Illinois State Board of Education; CFDA number 84.287; ISBE project number 2010-4421-02-15016299025; award year July 1, 2009 through August 31, 2010

Improving Teacher Quality State Grants; Illinois State Board of Education; CFDA number 84.367; ISBE project numbers 2009-4932-00-15016299025 and 2010 — 4932-00-15016299025; award years July 1, 2008 through August 31, 2009 and July 14, 2009 through August 31, 2010

**Criteria:**

Recipients of federal awards from a pass-through entity must follow the procedures required by the pass-through entity for preparing and submitting reports.

**Condition:**

Certain grant programs had periodic expenditure reports, project completion reports, and/or final expenditure reports that were filed after the due date promulgated by the Illinois State Board of Education (30 days after the “expenditure through” date for periodic expenditure reports and project completion reports, and 90 days after the “expenditure through” date for the final expenditure report).

**Context:**

The following programs had one or more period expenditure reports filed more than 30 days after the “expenditure through” date:

CFDA 84.010 Title I Grants to Local Education Agencies (Reading First)

CFDA 84.287 Twenty-First Century Community Learning Centers

CFDA 84.367 Improving Teacher Quality State Grants

CFDA 84.389 Title I Grants to Local Education Agencies, Recovery Act

In total, 4 out of 36 periodic expenditure reports reviewed were submitted to ISBE more than 30 days after the “expenditure through” date.

## **Statutory Reporting Section**

The following programs had Project Completion Reports submitted more than 30 days after the project ending (final “expenditure through”) date:

CFDA 84.048 Career and Technical Education — Basic Grants to States

CFDA 84.186 Safe and Drug Free Schools and Communities State Grants

CFDA 84.367 Improving Teacher Quality State Grants

In total, 3 out of 5 Project Completion Reports reviewed were submitted more than 30 days after the project ending (the final “expenditure through”) date.

The following programs had Final Expenditure Reports submitted more than 90 days after the project ending (final “expenditure through”) date:

CFDA 84.048 Career and Technical Education — Basic Grants to States

CFDA 84.367 Title II — Teacher Quality

In total, 2 out of 2 Final Expenditure Reports reviewed were submitted more than 90 days after the project ending date (final “expenditure through”) date.

### **Cause and Effect:**

- The cause appears to be an inadequate number of staff dedicated to preparing reports for Federal programs passed through by ISBE, as well as inadequate training for staff working in on preparing such reports.
- Late submission of reports is grounds for ISBE to “freeze” funding for a grant contract, which results in delays in CPS receiving funds due to be paid from the affected grant programs.

### **Recommendation**

- Assign additional staff to assist in the Federal program reporting process.
- Additional training for staff assigned to prepare reports for Federal programs.

### **Corrective Action Plan**

The Office of Grants Management and Administration (GMA) will work with Senior Leadership and review staff levels and responsibilities to ensure that expenditure reports are submitted in a timely manner. As is currently the practice, GMA will continue to secure funding agency approvals for extensions when reports are expected to be submitted late.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINANCIAL STATEMENT FINDINGS  
YEAR ENDED JUNE 30, 2010**

- I. Finding FS09-01: School Operations — Attendance Records Lack Proper Controls, System Enhancement Required

Corrective Action Plan — See Finding FS10-04

Current Status — See Finding FS10-04

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

- I. Finding SA09-01: Cash Management- several programs (recurring)  
Corrective Action Plan — See prior year report  
Current Status — No exceptions were noted in FY 2010.
- II. Finding SA09-02: Equipment and Real Property Management  
Corrective Action Plan — See Finding SA10-02  
Current Status — See Finding SA10-02
- III. Finding SA09-03: Subrecipient Monitoring  
Corrective Action Plan — See Finding SA10-03  
Current Status — See Finding SA10-03

