



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2014

*Prepared by the
Department of Finance*

Rahm Emanuel, Mayor, City of Chicago
David Vitale, Board President
Barbara Byrd-Bennett, Chief Executive Officer



Board of Education

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OFFICE OF THE BOARD

January 20, 2015

Dear Stakeholders,

We are pleased to present to you the Chicago Public Schools (CPS) fiscal year 2014 financial results. While we have made enormous strides in student achievement, we continue to be hampered by a structural deficit that threatens to turn back the academic progress we have made.

In fiscal year 2014, CPS ended the year with a \$513 million shortfall, relying on reserves to bridge that gap. The pension payment cost the District \$613 million, an increase of approximately \$400 million from fiscal year 2013. CPS has made a concerted effort to reduce spending away from the classroom, and we have successfully trimmed nearly \$700 million through fiscal year 2014 in central office, administrative and operating costs away from the classroom.

Yet it is no secret that we will continue to face funding shortfalls in the future. Illinois remains second to last in the percentage of K-12 education funding that comes from the state, and absolute state funding has been declining for years. For CPS, this means that the district receives state funding at levels below fiscal year 2008. Pension costs continue to escalate, and CPS remains the only district in Illinois that is responsible for supporting its teacher pension system. We continue to streamline our operations to make cuts away from the classroom, but without increases in state funding and a solution to the pension challenge, pressure to impact the classroom will only grow.

This would be a devastating outcome in light of our recent progress in improving student achievement. In the past year, CPS students have shown significant progress in areas that academic research suggests are crucial to their academic success. This year, CPS students achieved a record graduation rate (69.4 percent), a record rate of students on track for graduation (84.1 percent), a record composite ACT score (18.0) and an increased attendance rate (93.2 percent). In a recently released report entitled "The State We're In: A Report Card on Public Education in Illinois," Advance Illinois, an independent, nonpartisan research and advocacy organization, found that Chicago's gains have outpaced state gains. By supporting programs and initiatives that are closely linked to student achievement and success, CPS is showing positive trends that it intends to bolster in the coming years.

Data shows that CPS students have a higher likelihood for achievement if they receive high-quality pre-K instruction. In the past two years, CPS has made unparalleled investments in early childhood education, expanding pre-K and providing all CPS students with full-day kindergarten.

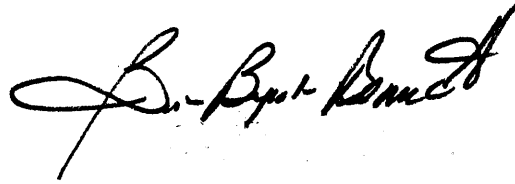
The District also continues to invest in programs that will prepare its students for success in the jobs of tomorrow. By 2018, one in five jobs in Cook County, Illinois is expected to be in a Science, Technology, Engineering and Math (STEM) field, and CPS has made a firm commitment to providing access to a high-quality education that will prepare students for success in these fields. We have implemented a new computer science curriculum that is being piloted by 46 District schools and represents the most comprehensive computer science curriculum offered by any major school district in the country. We have greatly increased access to the dual-credit, dual-enrollment program, adding 15 additional high schools to the program, which allows students to receive credit toward a college degree. Finally, we continue to expand access to challenging International Baccalaureate (IB) curriculum. CPS is now home to more IB schools than any district in the country, and we have expanded our IB offerings by bringing IB programmes to five additional elementary schools this year.

But we can only do this and continue to invest in our students if the District has adequate financial resources and sits on a sound financial footing. We are making the tough decisions that allow us to invest in the high-quality education every child in Chicago deserves. But we cannot do this alone. Support from CPS families and community as well as the state is necessary to ensure we have the financial resources necessary so that all of our students are prepared to succeed in college, career and life.

Respectfully submitted,



President
Chicago Board of Education



Chief Executive Officer
Chicago Public Schools



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PRINCIPAL OFFICIALS

Mayor of the City of Chicago
Rahm Emanuel

Chicago Board of Education
David J. Vitale, President
Jesse H. Ruiz, Vice President

Members

Dr. Carlos M. Azcoitia
Dr. Henry S. Bienen
Dr. Mahalia A. Hines
Deborah H. Quazzo
Andrea L. Zopp

Executive Officers

Barbara Byrd-Bennett, Chief Executive Officer
Timothy Cawley, Chief Administrative Officer
Tom Tyrrell, Chief Operating Officer
Patricia J. Taylor, Chief Facilities Officer
Ginger Ostro, Chief Financial Officer
Sebastien De Longeaux, Chief Procurement Officer
James Bebley, General Counsel





Government Finance Officers Association

Certificate of
Achievement
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Presented to

Chicago Public Schools
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2013

Executive Director/CEO



Association of School Business Officials International



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

Chicago Public Schools

For Its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2013

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



Terrie S. Simmons, RSBA, CSBO
President

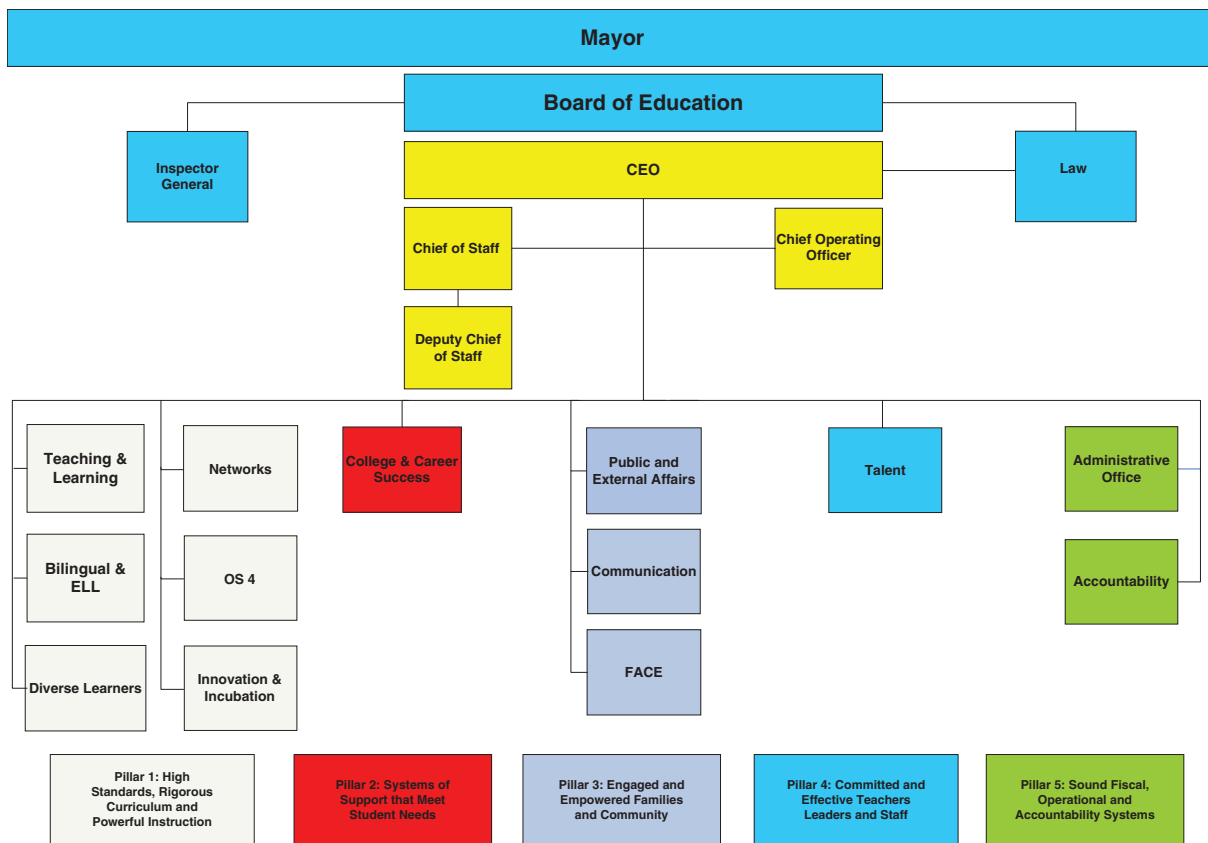
John D. Musso, CAE, RSBA
Executive Director



Introductory Section

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
Organizational Chart

Chicago Public Schools is the third largest school district in the nation. During the 2013-2014 school year, CPS' enrollment was 400,545 students in 667 attendance centers with a staff of 39,414.



CHICAGO PUBLIC SCHOOLS**Chicago Board of Education****Board Member Profiles****David J. Vitale**

David Vitale was appointed the president of the Chicago Board of Education on June 15, 2011. Previously, Mr. Vitale served as the chief administrative officer for the Chicago Public School system from 2003 through 2008. Mr. Vitale is the chairman of Urban Partnership Bank, a newly formed bank serving the financially underserved neighborhoods of Chicago, Cleveland and Detroit. From February of 2001 through November of 2002, Mr. Vitale served as president and chief executive officer of the Chicago Board of Trade (CBOT). In addition to serving as a member of the CBOT's Board of Directors and Executive Committee, Mr. Vitale also served as president and CEO of the MidAmerica Commodity Exchange, an affiliate of the CBOT. Mr. Vitale is a former vice chairman and director of Bank One Corporation, where he was responsible for Bank One's Commercial Banking, Real Estate, Private Banking, Investment Management and Corporate Investments businesses. Mr. Vitale serves on the Board of Directors of United Airlines, ISO New England (chairman), Wheels Inc., DNP Select Income Fund (chairman), Alion Science and Technology and Ariel Investments. He also serves on several civic and charitable boards including: The Visiting Committee of the Harvard Graduate School of Education; the Board of Trustees of the Museum of Science and Industry; The Art Institute of Chicago (vice chairman); the Board of Managers of the YMCA of Metropolitan Chicago (former chair); Member of the Advisory Council of the Graduate School of Business at the University of Chicago; the Advisory Committee of the Kellogg School of Management; Northwestern University; Illinois Institute of Technology (vice chairman); the Visiting Committee of The School for Social Service Administration at the University of Chicago (chairman); Leadership Greater Chicago (former president); The Partnership for New Communities (vice chairman); and The Chicago Council on Global Affairs. Mr. Vitale received his MBA from the University of Chicago and is a graduate of Harvard University.

Jesse H. Ruiz

Jesse Ruiz was appointed vice president of the Chicago Board of Education on June 15, 2011. Mr. Ruiz previously served as Chairman of the Illinois State Board of Education. He is a corporate and securities partner at the law firm of Drinker Biddle & Reath LLP and concentrates his practice on mergers and acquisitions, corporate finance and commercial transactions. Mr. Ruiz was appointed to the U.S. Department of Education Equity and Excellence Commission. In August 2010, Mr. Ruiz was appointed to the American Bar Association (ABA) Presidential Advisory Commission on Hispanic Legal Rights and Responsibilities by the President of the ABA. He also serves on the Board of Directors of Commonwealth Edison Company, an Exelon company, and on several other civic and charitable boards and committees. Previously, Mr. Ruiz was a management consultant with the international consulting firm of Booz Allen & Hamilton (n/k/a Booz & Co.). Mr. Ruiz received his JD from The University of Chicago Law School and his Bachelor's Degree in Economics and Business Administration from the University of Illinois at Urbana-Champaign.

Dr. Carlos M. Azcoitia

Dr. Carlos Azcoitia currently serves as Distinguished Professor of Practice in Educational Leadership at National Louis University. From 2011-2012, he oversaw and supported thirty-six schools in his role as interim chief of Midway Network in Chicago Public Schools. He also coached and mentored new principals and assessed candidates for the principalship. Previously, from 2003-2007, Dr. Azcoitia served as the founding principal of John Spry Elementary/ Community Links High School in the Little Village community, which is the first school in Chicago to include a pre-kindergarten through high



Introductory Section

school program in one building and sets high goals for student success; aiming for a 100% high school and college graduation. Before he founded John Spry Elementary/Community Links High School, Dr. Azcoitia served as the deputy chief of Education at Chicago Public Schools (1996-2003), where he was responsible for managing wide-ranging departments, programs and services. He began his career as a teacher at Kosciuszko School, teaching 7th and 8th grades (1974-1982). He also serves as the chair of the Board of Trustees at Northeastern Illinois University, as a Steering Committee Member of the Coalition of Community Schools, and a member of the Board of Directors of the Chicago High School for the Arts and Ignatian Spirituality Center in Miami, FL. Dr. Azcoitia received his Doctorate in Education from Northern Illinois University, his Master's of Education from National Louis University and his Bachelor's degree from the University of Puerto Rico.

Dr. Henry S. Bienen

Dr. Henry Bienen served as the 15th president of Northwestern University and currently serves as president emeritus of Northwestern University. He was the James S. McDonnell Distinguished University Professor and Dean of the Woodrow Wilson School of Public and International Affairs at Princeton University prior to his appointment at Northwestern. Dr. Bienen is one of the first three university presidents awarded the Carnegie Corporation Academic Leadership Award for innovative leadership in higher education. He is a member of the American Academy of Arts and Sciences. Dr. Bienen chairs the Northwestern Campaign for the Feinberg Medical School, the advisory committee for education of the Vistria private equity group, and the board of Ithaca Harbors and Rasmussen College. He is a member of the Board of Directors of the Chicago Council on Global Affairs and serves on its executive committee. He also serves on the board of Ryan Specialty Group and is on the executive committee of the Steppenwolf Theatre, Gleacher Investment Bank and Grosvenor Fund of Funds. He was a member of the Argonne National Laboratory's Board of Governors, and served on the board's executive, nominating and auditing committees. Dr. Bienen received his PhD and Master's degrees from the University of Chicago and a Bachelor's degree from Cornell University. Dr. Bienen was awarded an honorary Doctorate of Humane Letters from Northwestern University, received the University of Chicago Professional Achievement Alumni Award and the 2008 Niagara Peace & Dialogue Award from the Niagara Foundation in 2008.

Dr. Mahalia A. Hines

Dr. Mahalia Hines is the chief executive officer of Think COMMON Entertainment, president of the Common Ground Foundation and Hip Hop Schoolhouse Publishing Company. Dr. Hines has worked in the educational field for more than 35 years as a teacher and principal. For 15 of those years, Dr. Hines served as principal in the Chicagoland area for grade levels from elementary through high school. Dr. Hines also worked as a coach for first-year principals and a mentor for current principals and prospective principals in Chicago and continues to work with school leaders of public and charter schools in urban areas throughout the country. In addition to working with schools and school leaders, Dr. Hines travels the country speaking to single mothers on raising successful sons. Dr. Hines received her Doctorate from the University of Illinois, her Master's degree from Northeastern University and Bachelor's degree from Central State University.

Deborah H. Quazzo

Deborah Quazzo is the managing partner at GSV Advisors, which she founded in 2009 to support the development of innovative ideas in the education and business services sectors through advisory services, working with emerging companies, as well as sophisticated industry leaders. Prior to GSV Advisors, Ms. Quazzo co-founded ThinkEquity Partners, an investment bank with offices across the nation, and served as the company's president and head of Investment Banking. Previously, Ms. Quazzo was a managing director in Investment Banking and head of the Global Growth Group at Merrill Lynch & Co. and began her career at J.P. Morgan. Ms. Quazzo is Chairman of the Board of



Introductory Section

Marwen, a visual arts education provider for underserved Chicago youth and is a member of the board of Steppenwolf Theater Company. She is also ex officio board member of The Chicago Public Education Fund and previously served on the boards of America's Promise Alliance in Washington, D.C. (core advocates for underserved youth in America), KIPP Chicago (Knowledge is Power Program), New Schools for Chicago, Teach for America Chicago and the Network for Teaching Entrepreneurship in Chicago (NFTE). Ms. Quazzo earned her Bachelor's degree from Princeton University in 1982 and earned an MBA from Harvard University in 1987.

Andrea L. Zopp

Andrea Zopp is president and CEO of the Chicago Urban League, an organization that supports and advocates for economic, educational and social progress for African Americans and other minorities through an agenda focused on economic empowerment. Before her appointment to the Chicago Urban League, Ms. Zopp was executive vice president and general counsel at the Exelon Corporation. Prior to joining Exelon, Ms. Zopp served in similar roles at Sears Holdings Corporation and Sara Lee Corporation, and before then as a partner in the law firm of Sonnenschein Nath & Rosenthal. Ms. Zopp was also the first woman and African American to serve as First Assistant State's Attorney in the Cook County State's Attorney's office where she was responsible for the day-to-day operations of the nation's second largest prosecutor's office. Ms. Zopp has served as a member and president for many civic organizations and in 2004, she became chair of the Blue Ribbon Commission on Magnet and Selective Enrollment School Admissions for the Chicago Public Schools. Ms. Zopp received her JD and Bachelor's Degree in history and science from Harvard University.

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

<u>Member</u>	<u>Term Expires</u>
David J. Vitale, President	June 30, 2018
Jesse H. Ruiz, Vice President	June 30, 2018
Dr. Carlos M. Azcoitia	June 30, 2015
Dr. Henry S. Bienen	June 30, 2015
Dr. Mahalia A. Hines	June 30, 2018
Deborah H. Quazzo	June 30, 2015
Andrea L. Zopp	June 30, 2015

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

Barbara Byrd-Bennett is the chief executive officer of the Chicago Public Schools (CPS). A former teacher and principal with over 30 years experience, Ms. Byrd-Bennett is a lifelong educator with experience running schools and districts in New York City, Detroit and Cleveland. Ms. Byrd-Bennett has served as the CPS Chief Education Advisor, where she oversaw the development of curriculum and instructional policy for the Board and helped guide the Board's school and neighborhood administrators, from network chiefs to principals. She also played an integral role in guiding the Board during contract negotiations with the Chicago Teachers Union. As the chief executive officer of the Cleveland public school system, she successfully balanced the school district's budget each year of her tenure after inheriting a more than \$150 million deficit. In Detroit, as the District's chief academic and accountability auditor, she worked side-by-side with the district's emergency financial manager where she helped implement a plan to restore the District's financial and educational stability. Ms. Byrd-Bennett holds a Master's of Science from Pace University, a Master's of the Arts from New York University and a Bachelor's of the Arts from Long Island University. Ms. Byrd-Bennett also holds honorary doctorate degrees from Cleveland State University, Baldwin-Wallace College, John Carroll University, the University of Notre Dame, National Louis University and St. Xavier University.

Timothy Cawley is chief administrative officer of the Board. Previously, Mr. Cawley served as managing director for Finance and Administration at the Academy for Urban School Leadership (AUSL), which manages 32 schools within the School District. Mr. Cawley joined AUSL after a 30-year business career, serving in senior management positions at various Fortune 500 companies. Mr. Cawley began his career at Procter and Gamble in a series of brand management positions, and has served as senior vice president of Global Logistics for Motorola, president of SBC/Ameritech International, and chief executive officer for Revell Monogram. Mr. Cawley holds a Bachelor's in Business Administration from the University of Notre Dame.

Tom Tyrrell is the chief operating officer of the Board. He brings over 30 years experience in strategic development and operational management for large public sector organizations. His broad ranging career includes twenty six years in the US Marine Corps and ten years as an executive in the private sector. He began his military career as an infantry officer and was privileged to serve as a commanding officer at every organizational level from platoon through regiment. As a senior officer he was assigned as the director of Strategy for the United Nations Mission to Kosovo and special assistant to the chairman of the Joint Chiefs of Staff for Transformation. In the private sector, Tom was engaged as the CEO of the Intrepid Sea-Air Space Museum in New York City and as the Cantor-Fitzgerald CAO for Europe and Asia based in London. He holds a BBA from Texas A&M University (Kingsville), a MS in Contracting and Acquisition from the Naval Postgraduate School, and a MS in Strategic Resource Management from the National Defense University (Industrial College of the Armed Forces).

Patricia J. Taylor is chief facilities officer of the Board. 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.



Introductory Section

Ginger Ostro is chief financial officer of the Board. Ms. Ostro previously served as the CPS Budget Director. As budget director, she oversaw a team of professionals responsible for developing and managing the operating, capital, and debt service budgets. Prior to joining CPS in 2011, she maintained senior leadership roles at the Illinois Student Assistance Commission (ISAC) and served as director of Governor's Office of Management and Budget for the State of Illinois. With a career commitment to public service and education, Ms. Ostro has also served in policy and budget roles at Governor's State University, Chicago Metropolis 2020, and the Department of Children and Family Services, among others. Ms. Ostro has an A.B. from the University of Chicago and a Master's of Public Policy from the Kennedy School of Government at Harvard University.

Sebastien De Longeaux is chief procurement officer of the Board. A native of France, Sebastien previously worked at REXAM (an English packaging company with operations in Chicago) as the director of Group Supply Chain & Commodity Risk, where he improved procurement core processes, including category management, supplier relationship management and risk management. Prior to his role at REXAM, Sebastien worked as a consultant at McKinsey and then served as general manager for Renault-Nissan's purchasing organization, both in France and Japan. He graduated from l'Institut D'études Politiques de Paris in 1993 with a degree in economics and finance. He also received a Master's of Business Administration from the University of Chicago.

James Bebley is general counsel of the Board. Previously he served as first deputy general counsel and as deputy general counsel for Finance and Budget. Mr. Bebley's experience includes practice at Ice Miller LLP in Chicago where he concentrated on economic development and municipal finance and acted as bond counsel, issuer's counsel and underwriter's counsel for tax-exempt bond issues, and Carney & Brothers, where he handled transactional matters and assisted in developing the firm's municipal finance group. He also served at the City of Chicago's Law Department and the Office of the Mayor. Mr. Bebley is a graduate of Daniel Hale Williams Elementary School and Robert Lindblom Technical High School, both in the Chicago Public School system. He earned his Bachelor of Science in Finance from the University of Illinois (Urbana-Champaign) College of Commerce and Business Administration in 1982 and his Juris Doctorate from the College of Law in 1985.



Introductory Section



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January 20, 2015

David Vitale, President,
Members of the Chicago Board of Education,
And Citizens of the City of Chicago:

The Comprehensive Annual Financial Report (CAFR) of Chicago Public Schools (CPS) for the fiscal year ended June 30, 2014, 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 is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of CPS. Responsibility for the accuracy of the data presented as well as completeness and fairness of presentation of this report rests with CPS management.

CPS ended FY2014 with a deficit of \$513 million in the operating funds. This is better than our budget, which assumed a \$642 million deficit. However, it still reflects the significant financial challenges that CPS faces and has faced for the last several years as state revenues have declined, pension payments have dramatically increased, and federal and local revenues have been limited. We continued to decrease costs in our administration, operations, and central office, areas away from the classroom, and have even impacted the classroom, to help address our financial challenges.

The CAFR 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 organization chart. The Financial section includes the basic financial statements as well as the unmodified 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

CPS 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 (105 ILCS 5/34-9). The Chicago Board of Education is not a home-rule unit of government and operates a system of schools primarily for grades pre-kindergarten through twelve. CPS has no component units, which are legally separate organizations for which CPS is financially accountable.

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 Illinois School Code initially enacted in 1988, elected local school councils,





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composed of parents, teachers, principals and community representatives, exercise certain powers relating to the operation of individual schools, most notably the selection of principals. Refer to the CPS website for more information on local school councils.

As a large urban school district, our schools and students reflect the broad diversity of our city. In fiscal year 2014 (FY2014), CPS has 667 schools, including district-run traditional and options schools, charter and contract schools.

Student enrollment as of September 2013 was 400,545, a decrease of 2,916 from the September 2012 level (403,461). Approximately 85% of our students come from low-income families and 16% are English Language Learners. CPS employs 39,414 workers, including 26,123 teaching positions.

LOCAL ECONOMIC OUTLOOK

The Chicago economy continues to improve and grow. However, it is important to note that CPS revenues are not economically sensitive. Property tax increases are capped at the rate of inflation, Federal and State aid are allocated based on formulas and limited by federal and state appropriations. Therefore, our revenues are not directly affected by changes in the local economy. For more information regarding Chicago's local economy, refer to the City of Chicago budget book at http://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2015Budget/OV_book_2015_ver_11-24.pdf.

Local revenues included \$2.213 billion in property taxes and \$188 million in personal property replacement taxes in FY2014. Property taxes support the General Fund, Tort Fund and Debt Service Funds. Personal property replacement taxes support the General Fund and Debt Service Funds.

CURRENT CONDITION

Total operating revenues for FY2014 were \$4.937 billion, which were \$110 million higher than the prior year of \$4.826 billion. Total operating expenditures for FY2014 were \$5.450 billion, which were \$503 million higher than the prior year of \$4.946 billion. CPS ended FY2014 with a fund balance for its General Operating Fund of \$436 million, a decrease of \$513 million from FY2013. The entire General Operating Fund balance amount is restricted or assigned for specific uses.

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, 2013, the Pension Fund reported \$9.423 billion in actuarial assets and \$19.045 billion in actuarial liabilities, for a funded ratio of 49.4%. CPS recorded a net pension obligation of \$3.190 billion in the accompanying financial statements, as required by Governmental Accounting Standards Board Statement No. 27.

The Pension Fund's Board of Trustees sets the actuarial assumptions based upon recommendations made by the Fund's actuary. Several assumption changes were approved by the Trustees for the June 30, 2013 valuation, one of which was the lowering of the investment return assumption to 7.75% from 8.00%. According to the actuarial report, all changes in assumptions added approximately \$1.021 billion to the Fund's Unfunded Actuarial Accrued Liability for the year ending June 30, 2013 (when compared to the year ending June 30, 2012).



Introductory Section



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Debt Ratings: Investors who purchase municipal bonds use debt ratings as an indicator of the safety and security of the debt sold by that organization. CPS currently maintains credit ratings from Moody's Investor Service, Standard & Poor's and Fitch Ratings. In recent fiscal years, the rating agencies have made downgrades to their respective CPS' debt rating citing budget and pension concerns as rationale. During FY2014, CPS maintained a rating of A+ by Standard and Poor's and received a downgrade in ratings by Moody's and Fitch to Baa1 and A- respectively.

LONG-TERM FINANCIAL PLANNING

CPS continues to face structural budget challenges, with our major revenue sources flat or declining at the state and federal level and property taxes capped. In addition, CPS remains the only school district in the state that must fund the vast majority of its teacher pension costs.

The structural budget deficit is in-part due to the State being second to last in the nation in education funding and escalating teacher pension costs. In prior years, short term strategies have been used to balance the General Fund operating budget while simultaneously pursuing State action on funding increases and pension reform. However, as of the date of publication of these financial statements there has been no State action to increase funding of education or to reform Chicago teacher pensions, leaving no immediate solution to the projected future structural budget deficits.

MAJOR INITIATIVES

Despite our budget challenges, we maintain our focus on investing in critical areas to ensure every child graduates prepared for success in college, career, and life. We are guided by a five-year action plan, "The Next Generation: Chicago's Children" which outlines five pillars to achieve our vision:

- High standards, rigorous curriculum, and powerful instruction
- Systems of support that meet student needs
- Engaged and empowered families and communities
- Committed and effective teachers, leaders, and staff
- Sound fiscal, operational, and accountability systems

Educational Initiatives

During the past year, CPS has made numerous investments to promote access to high-quality education in every part of the city. For example, CPS and the City of Chicago have made an unprecedented investment to expand pre-kindergarten to all four-year-old children in low-income families. By ensuring children in Chicago have access to a valuable pre-kindergarten education, we are making investments that research shows lead to improved success in school and life.

CPS continues to invest in proven academic models. The International Baccalaureate (IB) Programme is a comprehensive and challenging pre-university program for academically advanced and highly motivated students in grades 11 and 12. More than 1,000 North American colleges and universities recognize the IB diploma and exams for advanced college credit and/or placement. According to the International Baccalaureate organization, research indicates that IB Diploma Programme graduates complete college faster than their peers, feel more prepared for college-level coursework involving research, and are better able to cope with demanding workloads and time-management challenges.





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The Early College STEM Schools program connects high school, college, and career. In addition to fulfilling high school graduation requirements, participating students have the opportunity to graduate with industry certifications, college credit, and an Associate's Degree. Students also receive practical work experience and mentoring from professionals in their field of study. In May 2014, CPS was awarded a competitive grant at the White House Science Fair for our STEM plan and will use the award to continue working towards our goal of providing high-impact STEM mentoring experiences and increased STEM opportunities for CPS students.

Eleven years ago, the graduation rate for CPS high school students was 44%. That number has climbed steadily since 2003 to 69.4% in 2014. This is a result of key investments such as the full school day and increased STEM and IB programs, as well as improved attendance rates and a concerted effort on the part of CPS to better engage with families and school communities.

Capital Improvement Program

The Capital budget plan includes improvement to school facilities as well as support for technology upgrades, major equipment replacement in schools and continuing CPS' efforts to make its facilities accessible to people with disabilities. The Capital budget reflects the funds for large construction, renovation, or investment projects with value that lasts for multiple years and are outside the scope of the District's day-to-day operations. Total expenditures in the Capital projects fund in FY2014 were \$487 million. The projects were funded by bond proceeds, state funds, and City of Chicago tax increment financing.

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 CAFR for the fiscal year ended June 30, 2013. CPS also received the Certificate of Excellence for Financial Reporting from the Association of School Business Officials International (ASBO).

Acknowledgments: This report could not have been prepared without the dedicated and effective help of the entire staff of the Department 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,

Ginger Ostro
Chief Financial Officer

Larry Fraze
Controller





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chicago Public Schools (the Board of Education of the City of Chicago, "CPS", a body politic and corporate of the State of Illinois), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise CPS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CPS, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters*Emphasis of Matter*

As disclosed in Note 15 to the financial statements, CPS is projecting revenue deficits for fiscal years 2015, 2016 and 2017 and management believes, absent State action, CPS would be left with limited options to resolve the structural budget deficit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18–33 and pension and other post-employment benefit (OPEB) information on pages 78-79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CPS' basic financial statements. The individual fund schedules for the year ended June 30, 2014 the schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2014, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2014.

We also previously audited, 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, the basic financial statements of CPS as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated February 4, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund schedules for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The individual



Independent Auditor's Report

fund schedules have been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of 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* in considering CPS' internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
January 20, 2015





CHICAGO PUBLIC SCHOOLS
Management's Discussion and Analysis (Unaudited)
June 30, 2014

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, 2014. 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

- The government-wide financial statements, Statement of Net Position shows liabilities and deferred inflows totaling \$13.233 billion, while assets and deferred outflows equaled \$9.274 billion, with decreases of \$172 million and \$1.326 billion, respectively. CPS ended FY2014 with a deficit of \$3.959 billion, an increase in the deficit of \$1.155 billion or 41.2% from the prior year.
- CPS ended FY2014 with a combined fund balance for its governmental funds of \$1.029 billion, a decrease of \$830 million or 44.6%, from FY2013. The fund balance decreased by \$513 million in the general operating fund, decreased by \$266 million in the capital project fund, and decreased by \$51 million in the debt service fund.
- The general operating fund ended FY2014 with a fund balance of \$436 million, \$268 million of which will be used to cover the FY2015 budget deficit.
- In December 2013, CPS entered into two lines of credit of \$150 million each to fund capital projects. As of June 30, 2014, CPS had borrowed \$132 million total from these lines of credit.
- In July 2013, Moody's Investors Service downgraded CPS' debt rating. In September 2013, Fitch Ratings downgraded CPS' debt rating. The rating agencies cited structural budget gaps, a sizable increase in pension contributions following a three-year relief period, and an overleveraged tax base.

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 government-wide financial statements including the Statement of Net Position 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 Position 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 Position** presents information on all of CPS' assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, for the resulting net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.



The **Statement of Activities** presents information showing the details of change in net position during the fiscal year. All changes in the net position 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, administrative support services, facility support services, instructional support services, food services and community 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 Position
(In Millions)

	Governmental Activities			
	2014	2013	Difference	% Change
Current Assets	\$ 2,748	\$ 3,898	\$(1,150)	- 29.5%
Capital Assets, net	6,175	6,170	5	0.1%
Non-current Assets	75	247	(172)	- 69.6%
Total Assets	<u>\$ 8,998</u>	<u>\$10,315</u>	<u>\$(1,317)</u>	- 12.8%
Total deferred outflows of resources ..	<u>\$ 275</u>	<u>\$ 285</u>	<u>\$ (10)</u>	- 3.5%
Current Liabilities	\$ 797	\$ 1,259	\$ (462)	- 36.7%
Long-term Liabilities	12,421	12,123	298	2.5%
Total Liabilities	<u>\$13,218</u>	<u>\$13,382</u>	<u>\$ (164)</u>	- 1.2%
Total deferred inflows of resources ...	<u>\$ 14</u>	<u>\$ 22</u>	<u>\$ (8)</u>	- 36.4%
Net Position:				
Net investment in capital assets	\$ (37)	\$ 80	\$ (117)	- 146.3%
Restricted for:				
Debt service	369	345	24	7.0%
Grants and donations	61	64	(3)	- 4.7%
Workers' comp/tort immunity	20	65	(45)	- 69.2%
Unrestricted	<u>(4,372)</u>	<u>(3,358)</u>	<u>(1,014)</u>	30.2%
Total net position (deficit)	<u>\$ (3,959)</u>	<u>\$ (2,804)</u>	<u>\$(1,155)</u>	41.2%

Current assets decreased primarily due to lower cash and investment balances as of June 30, 2014.

Capital assets, net of depreciation, increased due to the continued progress of the Capital Improvement Program. Refer to Note 6 in the basic financial statements for more detailed information.

Non-current assets decreased primarily due to cash and investments held in escrow and accumulated changes in the fair value of swaps. Refer to Note 10 for more information on derivatives.

Deferred outflows of resources decreased primarily due to the amortization of the deferred loss on bond refundings.



Current liabilities decreased primarily due to the deferred pay plan terminating beginning of FY2014.

Long-term liabilities increased due to the following:

- Accrued pension and Other Post Employment Benefits (OPEB) — refer to Note 12 in the basic financial statements for more detailed information
- Other benefits and claims — refer to Note 11 in the basic financial statements for more detailed information
- Long-term debt and line of credit — refer to Note 8 in the basic financial statements for more detailed information

Deferred inflows of resources decreased primarily due to the amortization to the interest rate swap premium balance related to derivative instruments.

Net position (deficit) increased \$1.155 billion to a \$3.959 billion deficit. Restricted net position of \$450 million is reported separately to present legal constraints from debt covenants and enabling legislation.



The following table presents the changes in net position to fiscal year 2014 from 2013:

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

	Governmental Activities			
	2014	2013	Difference	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 4	\$ 6	\$ (2)	– 33.3%
Operating grants and contributions	1,087	963	124	12.9%
Capital grants and contributions	162	186	(24)	– 12.9%
Total program revenues	\$ 1,253	\$ 1,155	\$ 98	8.5%
General revenues:				
Property taxes	\$ 2,218	\$ 2,157	\$ 61	2.8%
Replacement taxes (PPRT)	188	186	2	1.1%
Non-program state aid	1,573	1,689	(116)	– 6.9%
Interest and investment earnings	16	8	8	100.0%
Other	181	143	38	26.6%
Total general revenues	\$ 4,176	\$ 4,183	\$ (7)	– 0.2%
Total revenues	\$ 5,429	\$ 5,338	\$ 91	1.7%
Expenses:				
Instruction	\$ 4,140	\$ 4,040	\$ 100	2.5%
Support services:				
Pupil support services	487	494	(7)	– 1.4%
Administrative support services	242	211	31	14.7%
Facilities support services	655	490	165	33.7%
Instructional support services	475	491	(16)	– 3.3%
Food services	206	235	(29)	– 12.3%
Community services	38	40	(2)	– 5.0%
Interest expense	335	337	(2)	– 0.6%
Other	6	7	(1)	– 14.3%
Total expenses	\$ 6,584	\$ 6,345	\$ 239	3.8%
Change in net position	\$(1,155)	\$(1,007)	\$ (148)	14.7%
Beginning net position (deficit)	(2,804)	(1,797)	(1,007)	56.0%
Ending net position (deficit)	\$(3,959)	\$(2,804)	\$(1,155)	41.2%

Pension Funding

Employees of CPS participate in either the Chicago Teachers' Pension Fund ("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, 2013, the funded ratio of the Teachers' Pension Fund was 49.4%. CPS has recorded a net pension obligation of \$3.190 billion in the accompanying financial statements, as required by the Governmental Accounting Standards Board (GASB) Statement No. 27. CPS is required to make pension contributions to increase the funded ratio to 90% by FY2059. The CPS' required pension contribution for fiscal year 2014 was \$613 million, \$12 million of which was a State-funded pension contribution.

State statute requires the City of Chicago 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 FY2014, as in previous fiscal years, CPS paid 7.0%, or \$38.7 million of the required employees' contribution for most employees. GASB Statement No. 24 requires that certain on-behalf payments made by other governments should be included as revenues and expenditures. For detailed information, please refer to Note 12 to the basic financial statements.

Overview of Fund Financial Statements

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

Governmental Funds

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

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 CPS' 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. CPS' governmental funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. 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. 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, 2014, as compared with June 30, 2013. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.



Governmental Funds
Total Revenues, Other Financing Sources and Expenditures
(In Millions)

	2014	2013	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Revenues:					
Property taxes	\$2,213	\$2,212	39.6%	\$ 1	0.0%
Replacement taxes	188	186	3.4%	2	1.1%
State aid	1,843	1,816	33.1%	27	1.5%
Federal aid	904	846	16.2%	58	6.9%
Interest and investment earnings	15	7	0.3%	8	114.3%
Other	273	322	4.9%	(49)	- 15.2%
Subtotal	<u>\$5,436</u>	<u>\$5,389</u>	97.5%	\$ 47	0.9%
Other financing sources	139	550	2.5%	(411)	- 74.7%
Total	<u>\$5,575</u>	<u>\$5,939</u>	100.0%	<u>\$(364)</u>	- 6.1%
Expenditures:					
Current:					
Instruction	\$3,127	\$3,035	48.8%	\$ 92	3.0%
Pupil support services	458	454	7.2%	4	0.9%
General support services	987	941	15.4%	46	4.9%
Food services	194	216	3.0%	(22)	- 10.2%
Community services	37	40	0.6%	(3)	- 7.5%
Teachers' pension and retirement benefits	593	228	9.3%	365	160.1%
Other	6	7	0.0%	(1)	- 14.3%
Capital outlay	535	520	8.4%	15	2.9%
Debt service	468	390	7.3%	78	20.0%
Total	<u>\$6,405</u>	<u>\$5,831</u>	100.0%	<u>\$ 574</u>	9.8%
Net change in fund balance	<u>\$ (830)</u>	<u>\$ 108</u>			



General Operating Fund

The general operating fund supports the day-to-day operation of educational and related activities.

Revenues:

**Revenues and Other Financing Sources
(In Millions)**

	2014	2013	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Property taxes	\$2,161	\$2,158	43.8%	\$ 3	0.1%
Replacement taxes (PPRT)	131	128	2.7%	3	2.3%
State aid	1,632	1,599	33.1%	33	2.1%
Federal aid	864	806	17.5%	58	7.2%
Interest and investment earnings	4	2	0.0%	2	100.0%
Other	144	133	2.9%	11	8.3%
Subtotal	<u>\$4,936</u>	<u>\$4,826</u>	<u>100.0%</u>	<u>\$110</u>	<u>2.3%</u>
Other financing sources	—	1	0.0%	(1)	100.0%
Total	<u>\$4,936</u>	<u>\$4,827</u>	<u>100.0%</u>	<u>\$109</u>	<u>2.3%</u>

Property tax revenues increased due to the net impact of a \$4 million increase in total first year tax collections, a \$3 million decrease in total prior year tax collections, and a \$2 million increase due to a small increase in operating fund extensions between 2013 and 2014 with no change in the extensions for debt service.

Personal property replacement taxes (PPRT) derives its revenues primarily from an additional State income tax on corporations and partnerships. CPS used \$1 million of its debt service stabilization funds to support the debt service on Series 2008A, therefore releasing \$1 million of PPRT to be redistributed to the General Operating Fund.

State aid increased primarily as a result of General State Aid (GSA) allocated to support expenditures in the General Operating Fund (GOF). Overall, GSA revenue received by CPS decreased in FY2014, but an increase in the GOF is reflected because a portion of GSA is transferred to support the Debt Service Funds.

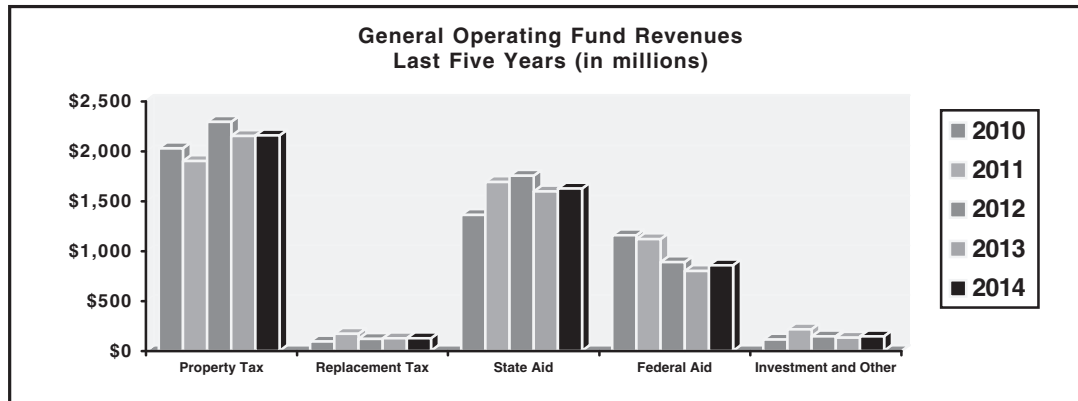
Federal aid increased primarily as a result of the timing of when the funding was received. Title I Low Income and Title II Teacher Quality funds increased by \$78 million and \$17 million, respectively, due to more frequent claiming of expenditures. Several smaller grants had reduced revenues of \$37 million due to decreased expenditures and timing of receiving payments.

Interest and investment earnings

Securities with maturities over one year are required to be reported based on market value, per GASB 31 reporting requirements. Reduced general operating fund balances in FY2014 reduced the securities with maturities over one year in the fund. In FY2014, fewer securities in the operating fund were subject to this GASB adjustment, which increased recognized income.

Other local revenues increased primarily due to the recording of charter schools employer pension reimbursement costs as both revenues and expenditures consistent with GAAP requirements. In prior years, CPS paid the charter school's employer pension costs directly and offset those costs with a lower tuition rate to charter schools.





Expenditures:
(In Millions)

	2014	2013	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Salaries	\$2,541	\$2,575	46.6%	\$(34)	– 1.3%
Benefits	1,264	866	23.2%	398	46.0%
Services	1,238	1,094	22.7%	144	13.2%
Commodities	293	306	5.4%	(13)	– 4.2%
Other	114	105	2.1%	9	8.6%
Total	\$5,450	\$4,946	100.0%	\$504	10.2%

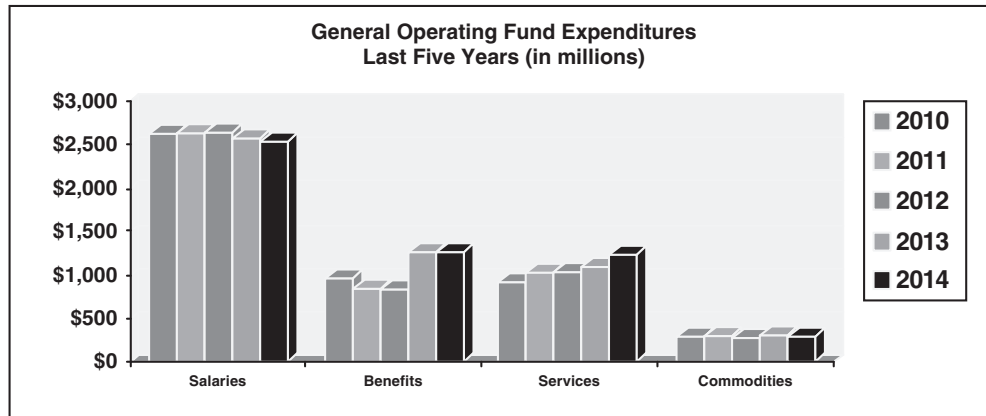
Salaries decreased due to the reduction of employees.

Benefits increased as a result of State Bill SB1946, passed by the General Assembly for pension relief, lapsing at the end of FY2013, which resulted in CPS' Teacher's Fund total pension contributions increasing by \$404 million. Employee benefits increased due to higher prescription costs in FY2014 and the closing of 47 schools in the prior fiscal year. These increases in expenditures are offset by a decrease in legal settlements due to a payment of the "required employer contribution" paid in FY2013, as there was no such payment paid in FY2014.

Services increased in FY2014 as a result of professional and technical services, such as, the transitioning of assets from schools closed in FY2013 to welcoming schools and the expansion of the Safe Passage program. Student tuition increased as a result of opening seven new charter schools and increased student enrollment. Telephone and telecommunications services increased due to the denial of E-Rate funding for ineligible services. The E-Rate program, administered by the Universal Service Administrative Company under the direction of the FCC, helps schools and libraries to obtain affordable broadband by reimbursing service providers for eligible telecommunication services.

Commodities decreased in FY2014 as a result of the timing of textbook purchases between fiscal years and lower food costs due to a change in vendor and reduction in meal consumption. These decreases in expenditures were offset by increases in utility expenditures as a result of record cold temperatures and an increase in delivery rates by service providers.





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.

**Revenues and Other Financing Sources
(In Millions)**

	2014	2013	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
State aid	\$ 38	\$ 7	17.1%	\$ 31	442.9%
Federal aid	15	13	6.7%	2	15.4%
Interest and investment earnings	1	2	0.5%	(1)	– 50.0%
Other	29	88	13.1%	(59)	– 67.0%
Subtotal	\$ 83	\$110	37.4%	\$ (27)	– 24.5%
Other financing sources	139	468	62.6%	(329)	– 70.3%
Total	<u>\$222</u>	<u>\$578</u>	<u>100.0%</u>	<u>\$(356)</u>	<u>– 61.6%</u>

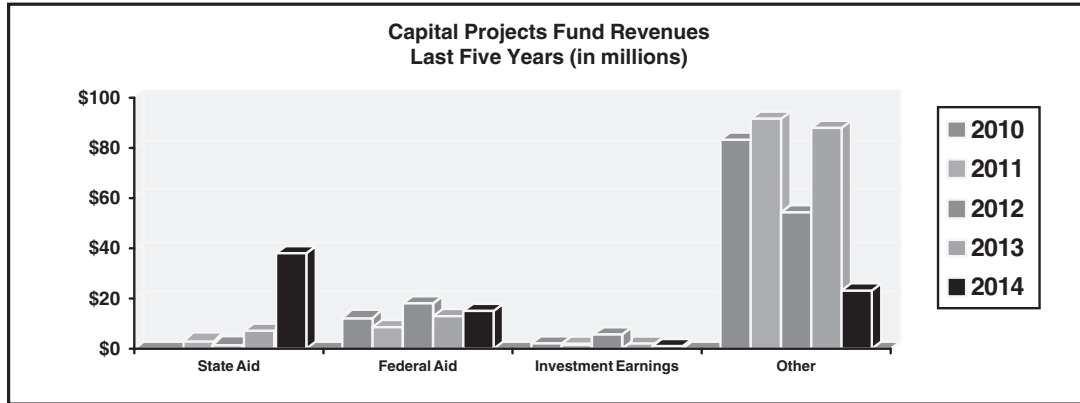
State aid increased due to the recording of State School Construction funds administered through the Capital Development Board (CDB) to the Capital Projects Fund, which was not received in FY2013.

Federal aid increased in funding for noise mitigation projects, which was offset by a decrease in approved funding for E-Rate projects.

Interest and investment earnings decreased as a result of lower rates prevailing the market in FY2014 compared to FY2013.

Other revenues decreased primarily due to the timing of billed reimbursable expenditures and revenue recognized by CPS on the Modern Schools Across Chicago Project which is supported by an Inter-governmental Agreement (IGA) with the City of Chicago.

Other financing sources reflect a decrease due to only \$132 million drawn on a \$300 million Unlimited Tax General Obligation Bonds as variable-rate, revolving lines of credit, Series 2013B and 2013C, as of June 30, 2014. This is significantly less than bonds issued in FY2013.

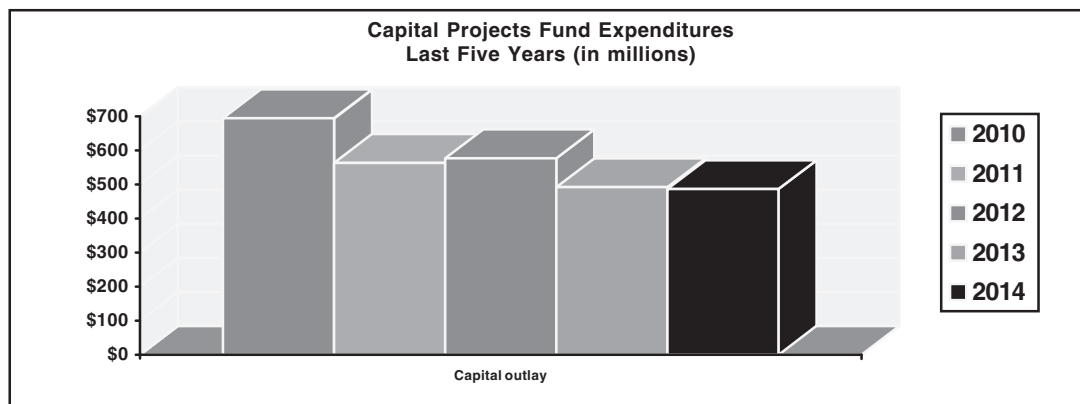


Expenditures:
(in Millions)

	2014	2013	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Capital outlay	\$487	\$493	\$(6)	- 1.2%

Capital outlay

The actual spending on capital outlay decreased due to fewer construction projects initiated in FY2014 than FY2013.



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 on bonds and lease obligations.

Revenues and Other Financing Sources (In Millions)

	2014	2013	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Property taxes	\$ 52	\$ 54	12.5%	\$ (2)	- 3.7%
Replacement taxes (PPRT)	57	58	13.6%	(1)	- 1.7%
State aid	173	209	41.5%	(36)	- 17.2%
Federal aid	25	26	6.0%	(1)	- 3.8%
Interest and investment earnings	10	3	2.4%	7	233.3%
Other	100	101	24.0%	(1)	- 1.0%
Subtotal	\$417	\$451	100.0%	\$ (34)	- 7.5%
Other financing sources	—	81	0.0%	(81)	100.0%
Total	\$417	\$532	100.0%	\$(115)	- 21.6%

Property tax revenue decreased by \$2 million due to an increase in the general operating fund extension between 2013 and 2014 with no change in the extension for debt service.

Personal property replacement taxes (PPRT) decreased due to the use of debt service stabilization funds to support the debt service on Series 2008A, resulting in less PPRT to support debt service.

State aid is comprised of two revenue sources, General State Aid (GSA) and State School Construction funds administered through the Capital Development Board (CDB). Several bond series supported by GSA revenue required an increase of \$25 million for higher debt obligations. An additional \$1.5 million was needed to cover reductions in federal subsidies due to sequestration. Also, \$47 million of the Debt Service Stabilization funds was used to offset the increase in the debt service obligations and reduce the need for GSA. Also, a reduction of \$8.5 million in debt service was due to the net effect of refundings, optional redemptions, and changes in variable interest rates.

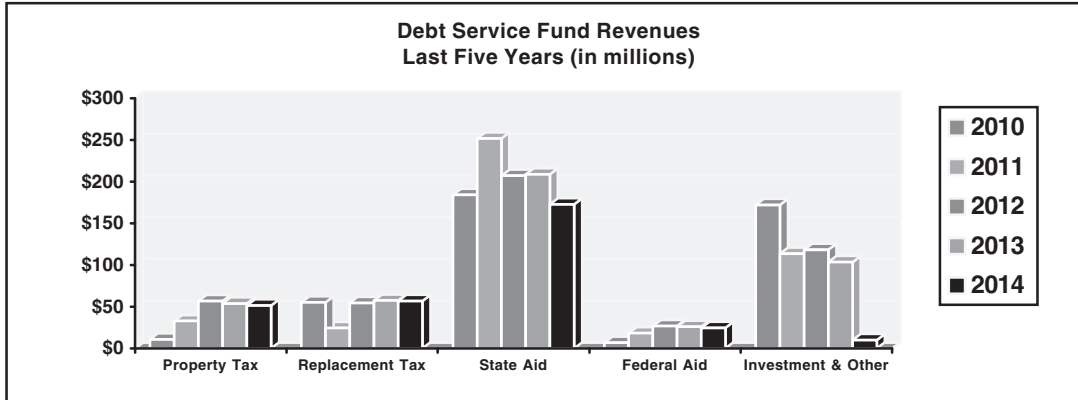
Federal aid decreased as a result of the 2013 Federal Budget Sequestration which became effective March 1, 2013. CPS receives interest subsidies from the federal government for Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs) that CPS issued in FY2009, FY2010 and FY2011. The FY2014 sequester percentage for QSCBs and BABs was 7.2, which resulted in lower interest subsidy payments to CPS as compared to FY2013.

Interest and investment earnings increased by \$3 million due to the increased allocation of long-dated higher yielding securities in the debt service stabilization fund, as well as the accreted interest on zero coupon bonds in one of the bond funds. The market value of the securities with maturities over one year increased by \$4 million, which increased income as adjusted GASB 31.

Other revenues account for any one-time local revenues or the disbursement of property tax revenues from the City of Chicago based on the Inter-Governmental Agreement (IGA) for debt service. The decrease is a result of lower IGA property tax revenues as compared to FY2013.

Other financing sources reflect a net decrease of \$81 million in FY2014 due to the transfer of cash and capitalized interest to the Debt Service Fund from the Capital Projects Fund. In FY2014, there was no debt restructuring.



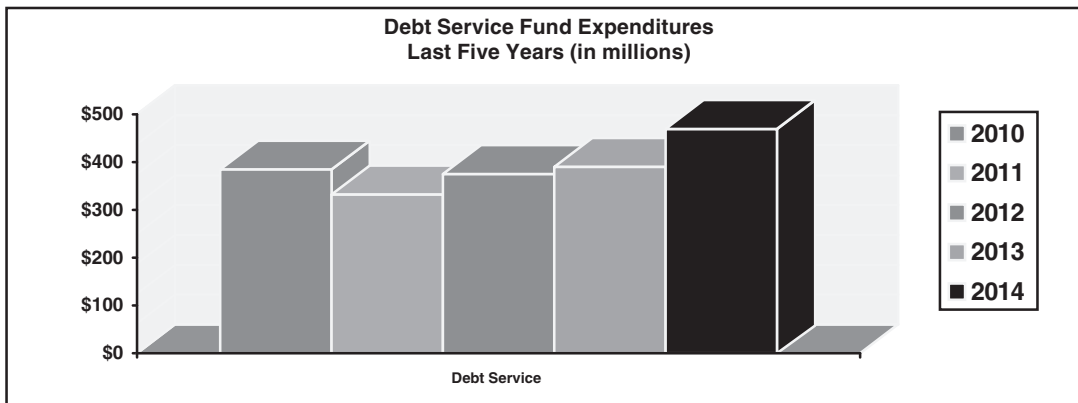


**Expenditures:
(In Millions)**

	2014	2013	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Debt service	\$468	\$390	\$78	20.0%

Debt service costs

The overall debt service cost for FY2014 increased by \$78 million due to an increase in principal redemption of \$75 million, as well as an increase in the interest expense of \$11 million. These costs were offset by a reduction in other fees of \$8 million as compared to FY2013.



Notes to the Basic Financial Statements

The notes to the basic financial statements follow the statements in the report and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

Comparative Budgets for General Operating Fund

In August 2012, the Board adopted a balanced budget for FY2013 that reflected total resources, including \$432 million of available fund balances, and appropriations of \$5.162 billion for the General Operating Fund.

In August 2013, the Board adopted a balanced budget for FY2014 that reflected total resources, including \$643 million of available fund balances, and appropriations of \$5.592 billion.



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 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, 2014.

The General Operating Fund ended FY2014 with a deficit of \$513 million, which compared favorably with the budgeted deficit of \$643 million. This financial performance reflects a combination of CPS' conscientious efforts to improve its financial position and revenues anticipated for the FY2015 budget that were received during the FY2014 revenue recognition period. Major budget-to-actual variances are described below:

Revenues, Other Financing Sources and Expenditures

General Operating Fund

Budget to Actual Comparison

(In Millions)

	<u>FY2014 Original Budget</u>	<u>Supplemental Appropriations & Transfers In/(Out)</u>	<u>Final Appropriations</u>	<u>FY2014 Actual</u>	<u>Variance</u>
Revenues:					
Property taxes	\$2,141	\$ —	\$2,141	\$2,161	\$ 20
Replacement taxes	106	—	106	131	25
State aid	1,621	—	1,621	1,632	11
Federal aid	908	—	908	864	(44)
Interest and investment earnings	3	—	3	4	1
Other	170	—	170	144	(26)
Subtotal	<u>\$4,949</u>	<u>\$ —</u>	<u>\$4,949</u>	<u>\$4,936</u>	<u>\$ (13)</u>
Other financing sources	—	—	—	1	1
Total	<u>\$4,949</u>	<u>\$ —</u>	<u>\$4,949</u>	<u>\$4,937</u>	<u>\$ (12)</u>
Expenditures:					
Current:					
Salaries	\$2,561	\$ —	\$2,561	\$2,541	\$ (20)
Benefits	1,251	4	1,255	1,264	9
Services	1,171	123	1,294	1,238	(56)
Commodities	257	63	320	293	(27)
Other	352	(190)	162	114	(48)
Total	<u>\$5,592</u>	<u>\$ —</u>	<u>\$5,592</u>	<u>\$5,450</u>	<u>\$(142)</u>
Change in fund balances	<u>\$ (643)</u>			<u>\$ (513)</u>	

Property tax revenues

The positive variance of \$20 million in property tax revenue was the result of three factors. An underestimate of 2013 property tax extensions caused \$3 million of the variance. This underestimate was caused by an underestimate of the amount of new property EAV that would be available under



PTELL for the 2013 extensions. Collections from first year taxes were \$5 million higher than expected due to small variances in first year collection assumptions. Collections from prior tax years were \$12 million more than expected.

Replacement tax

CPS budgeted conservatively for Replacement Taxes in FY2014 because the additional funding received in FY2013 was considered the result of a one-time change in federal tax policy. However, with improved state performance, CPS received an additional \$25 million beyond what was budgeted.

State revenues

State aid was \$11 million above budget. This was the result of \$21 million of prior year state block grant payments for early childhood education and reimbursement for English Language Learner services that was received in FY2014 because the claims were not reimbursed during the revenue recognition period. This increase is offset by General State Aid revenues \$10 million below budget. FY2014 was the first year of operation for two charter schools authorized by the State Charter Commission (all other charters operating in Chicago are authorized by CPS). For these state-approved charters, funding is diverted by the Illinois State Board of Education from CPS' General State Aid payment. At the time the budget was approved we did not anticipate this diversion of funds.

Federal revenues

Federal revenues were \$44 million below budget because of timing issues of receipt and slower expenditures. Lunchroom revenue was \$15 million below budget because fewer meals were served, reducing reimbursement (but with an associated cost reduction) and because nearly \$8 million of revenue was not received during the revenue recognition period. Medicaid revenue was below budget by \$7.5 million because of slower claiming. Other grant revenue—received based on reimbursement for expenditures—was below budget because spending was also below budget. On the other hand, reimbursement for Title I was \$13 million above budget, as prior year claim reimbursement was received in FY2014. These factors net to a \$44 million difference to budget.

Interest and investment earnings

Interest income was slightly better than budget by \$1 million.

Other revenues

Other local revenues comprise of miscellaneous or one-time receipts such as TIF surplus funds, rental income, daycare fees, private foundation grants, school internal account funds, and flow-through employer contributions to the Municipal Employees' Annuity and Benefit Fund of Chicago. Other local revenues were \$26 million below budget. This is the result of two major factors. CPS substantially increased the budgeted revenue for local school-generated funds because we saw a substantial increase in FY2013. However, CPS significantly over-budgeted this revenue by \$27 million. Lunchroom revenue for individual cash sales was nearly \$5 million below budget. Under new federal guidelines, more schools are eligible to have 100% free breakfast/lunch, reducing the cash collections more than we had anticipated. These are offset by other revenue which came in \$4.5 million better than budget.

Actual General Operating Fund expenditures were \$142 million under budget. This is a much smaller variance than in prior years and is a result of more conscientious budgeting in times of significant shortfalls to ensure that we are budgeting only the funds that are absolutely necessary.

The variance is primarily due to the following:

Salary

Salaries in total were \$20 million less than budget on a \$2.5 billion base; this represents a less than 1% variance. Savings of \$9 million in teacher salaries out of a total of \$1.9 billion budget (0.5%) was



the result of turnover slightly higher than budgeted and funding set aside for professional development and additional payments was more than was needed. Career services salaries were \$11 million below the \$630 million budget (1.8%) due to higher than anticipated turnover and lags in hiring.

Benefits

Benefit costs include health care, unemployment compensation, workers compensation, and pension costs. Benefit costs appear to be over budget by \$9 million. However, this is the result of an accounting adjustment. For budget purposes, all funding is paid to charters as a “charter tuition” expense (aggregated under Services, below). However, pension payments made on behalf of eligible charter schools teachers are recorded through an accounting adjustment as a pension expense, separate from the amount budgeted. Charter schools reimburse CPS for this expense and therefore there is an offsetting revenue, which was reflected in the budget. Therefore, there is a variance to budget, but no cost above what was anticipated.

Services

Expenditures for services include student transportation costs, tuition for charter schools and special education institutions, contractual and professional services, telephone, printing and equipment rental. FY2014 expenditures were \$56 million below budget in these categories. Professional services were \$42 million below budget, as a result of delayed implementation or less demand for professional development, curriculum/instructional support, attendance services, training, legal and banking services, among others. Contractual programs, such as community based early childhood, lunchroom repairs, and other services were \$4 million below budget. Efficiencies in transportation routing enabled the district to end the year \$7 million below budget, and enrollment below projections resulted in savings of \$21 million in charter, private special education, and option school tuition. This was offset by \$18 million in expenditures above budget for E-Rate services, which in the past were paid directly by the federal government.

Commodities

Major commodities categories include utilities, food for breakfast/lunch, textbooks, and general supplies. Spending on commodities was lower than budget by \$27 million. Utilities costs were higher than budgeted by \$6.4 million due to the extreme winter conditions. This was more than offset by savings in food costs, textbooks, and supplies. Savings of \$5.9 million in food costs was the result of fewer meals served than budgeted. Savings in textbooks and supplies totaled \$27.5 million. Much of this savings was at the school level, where it appears schools allocated funding to these accounts, but it went unspent. About \$11 million of this savings was in funding specifically designated to schools to serve low income students and will be returned to them in FY2015.

Other

Other includes equipment, facility rental, insurance, repairs, and for budget purposes, contingencies for new grants. In total, spending for these “other” categories was below budget by \$48 million. Equipment spending was below budget by \$21 million, primarily because of spending for new and expanding schools that did not take place and because schools budgeted their discretionary funds in equipment, but did not spend it. The other major category of savings is in contingency that had been set up for new/anticipated grants. While the original amount established as contingency was much higher in the budget, nearly \$24 million of appropriation remained at the end of the year because potential grants were not awarded. This is an annual practice to budget more for grants than we know we have secured so that should we receive funding during the year we have authority to spend it.



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
Department of Finance
42 West Madison Street, 2nd Floor
Chicago, Illinois 60602

Or visit our website at: http://cps.edu/About_CPS/Financial_information/Pages/Annualreport.aspx for a complete copy of this report and other financial information.

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



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
STATEMENT OF NET POSITION
June 30, 2014
(Thousands of Dollars)

	<u>GOVERNMENTAL ACTIVITIES</u>
Assets:	
Current Assets:	
Cash and investments	\$ 254,551
Cash and investments in escrow	520,214
Cash and investments held in school internal accounts	38,413
Property taxes receivable, net of allowance	1,064,710
Other receivables:	
Replacement taxes	31,920
State aid, net of allowance	516,147
Federal aid	211,090
Other, net of allowance	106,791
Other assets	3,699
Total current assets:	<u>\$ 2,747,535</u>
Non-current Assets:	
Cash and investments in escrow	\$ 60,244
Land and construction in progress	716,516
Buildings, improvements, equipment, and software, net of accumulated depreciation	5,458,665
Derivative instrument	15,300
Total non-current assets:	<u>\$ 6,250,725</u>
Total assets	<u>\$ 8,998,260</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	\$ 178,200
Accumulated decrease in fair value of hedging activities	97,134
Total deferred outflows of resources:	<u>\$ 275,334</u>
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 317,488
Accrued payroll and benefits	203,791
Amount held for student activities	38,413
Other accrued liabilities	8,171
Unearned revenue	6,339
Interest payable	24,245
Current portion of long-term debt and capitalized lease obligations	198,600
Total current liabilities:	<u>\$ 797,047</u>
Long-term liabilities, net of current portion:	
Debt, net of premiums and discounts	\$ 6,499,947
Line of credit	131,600
Capitalized lease obligations	197,870
Derivative instrument liability	98,072
Swaption borrowing payable	30,205
Swap implicit borrowing	102,062
Other accrued liabilities	18,650
Net pension obligation	3,190,380
Net other post-employment benefits obligation	1,680,247
Other benefits and claims	472,611
Arbitrage liability	73
Total long-term liabilities:	<u>\$12,421,717</u>
Total liabilities	<u>\$13,218,764</u>
Deferred Inflows of Resources:	
Accumulated increase in fair value of hedging activities	\$ 14,276
Total deferred inflows of resources:	<u>\$ 14,276</u>
Net Position:	
Net investment in capital assets	\$ (37,194)
Restricted for:	
Debt service	368,794
Grants and donations	61,451
Workers' comp/tort immunity	19,838
Unrestricted (deficit)	(4,372,335)
Total net position (deficit)	<u>\$ (3,959,446)</u>

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



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014
(Thousands of Dollars)

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
<i>Governmental activities:</i>					
Instruction	\$4,139,906	\$ 657	\$ 552,199	\$110,132	\$(3,476,918)
Support services:					
Pupil support services	487,139	—	61,485	16,130	(409,524)
Administrative support services	241,913	—	69,796	8,010	(164,107)
Facilities support services	654,971	—	72,411	14,123	(568,437)
Instructional support services	474,926	—	104,399	12,634	(357,893)
Food services	205,989	3,485	197,702	1,151	(3,651)
Community services	37,507	—	28,893	223	(8,391)
Interest expense	335,237	—	—	—	(335,237)
Other	6,134	—	—	—	(6,134)
Total governmental activities	<u>\$6,583,722</u>	<u>\$4,142</u>	<u>\$1,086,885</u>	<u>\$162,403</u>	<u>\$(5,330,292)</u>
General revenues:					
Taxes:					
Property taxes					\$ 2,218,033
Replacement taxes					188,040
Non-program state aid					1,572,564
Interest and investment earnings					15,563
Other					181,125
Total general revenues					<u>\$ 4,175,325</u>
Change in net position					\$(1,154,967)
Net position — beginning (deficit)					(2,804,479)
Net position — ending (deficit)					<u>\$(3,959,446)</u>

FINANCIAL SECTION

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



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BALANCE SHEET — GOVERNMENTAL FUNDS

June 30, 2014

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Totals
Assets:				
Cash and investments	\$ 70,792	\$ —	\$183,759	\$ 254,551
Cash and investments in escrow	4,921	86,355	489,181	580,457
Cash and investments held in school internal accounts	38,413	—	—	38,413
Receivables:				
Property taxes, net of allowance	1,039,965	—	24,745	1,064,710
Replacement taxes	31,920	—	—	31,920
State aid, net of allowance	512,395	3,752	—	516,147
Federal aid	207,974	30	3,086	211,090
Other, net of allowance	2,895	89,135	14,761	106,791
Due from other funds	189,748	3,309	—	193,057
Other assets	1	—	—	1
Total assets	<u>\$2,099,024</u>	<u>\$182,581</u>	<u>\$715,532</u>	<u>\$2,997,137</u>
Liabilities:				
Accounts payable	\$ 281,424	\$ 26,111	\$ 9,953	\$ 317,488
Accrued payroll and benefits	111,812	—	—	111,812
Amount held for student activities	38,413	—	—	38,413
Due to other funds	3,309	188,989	759	193,057
Unearned revenue	6,003	335	—	6,338
Total liabilities	<u>\$ 440,961</u>	<u>\$215,435</u>	<u>\$ 10,712</u>	<u>\$ 667,108</u>
Deferred inflows of resources:				
Unavailable property tax revenue	\$ 685,893	\$ —	\$ 16,305	\$ 702,198
Other unavailable revenue	536,162	59,099	3,086	598,347
Total deferred inflows of resources	<u>\$1,222,055</u>	<u>\$ 59,099</u>	<u>\$ 19,391</u>	<u>\$1,300,545</u>
Fund balances (deficit):				
Nonspendable	\$ 429	\$ —	\$ —	\$ 429
Restricted for grants and donations	61,022	—	—	61,022
Restricted for workers' comp/tort immunity	19,838	—	—	19,838
Restricted for debt service	—	—	491,552	491,552
Assigned for 2015 budget	267,652	—	—	267,652
Assigned for debt service	—	—	193,877	193,877
Assigned for commitments and contracts	87,067	—	—	87,067
Unassigned (deficit)	—	(91,953)	—	(91,953)
Total fund balances (deficit)	<u>\$ 436,008</u>	<u>\$ (91,953)</u>	<u>\$685,429</u>	<u>\$1,029,484</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$2,099,024</u>	<u>\$182,581</u>	<u>\$715,532</u>	<u>\$2,997,137</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 POSITION
June 30, 2014
(Thousands of Dollars)

Total fund balances — governmental funds	\$ 1,029,484
Certain items that are recorded as expenditures in the governmental funds are treated as assets in the Statement of Net Position. These items include:	
Prepaid bond insurance costs	3,698
Derivative instrument	15,300
Deferred outflows of resources applicable to CPS' governmental activities do not represent available financial resources and accordingly are not reported on the fund financial statements	275,334
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 Position 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	9,583,243
Accumulated depreciation	(3,408,062)
Liabilities applicable to CPS' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Debt, interest payable on debt and other long-term obligations are not recorded in the governmental funds but they are reported in the Statement of Net Position. All liabilities, both current and long-term, are reported in the Statement of Net Position.	
Other accrued liabilities	\$ (26,821)
Debt, net of premiums and discounts	(6,661,902)
Line of credit	(131,600)
Capitalized lease obligations	(234,515)
Net pension obligation	(3,190,380)
Net other post-employment benefits obligation	(1,680,247)
Other benefits and claims	(564,590)
	(12,490,055)
Interest payable	(24,245)
Swaption borrowing payable	(30,205)
Swap implicit borrowing	(102,062)
Arbitrage liability — long term	(73)
Derivative instrument liability	(98,072)
Certain revenues are deferred inflows of resources in the governmental funds because they are not available but are recognized as revenue in the government-wide financial statements.	
Unavailable property tax revenue	702,198
Other	598,347
Deferred inflows of resources applicable to CPS' governmental activities do not represent available financial resources and accordingly are not reported on the fund financial statements	(14,276)
Net position (deficit)	<u>\$ (3,959,446)</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fiscal Year Ended June 30, 2014	Total Fiscal Year Ended June 30, 2013
Revenues:					
Property taxes	\$2,161,204	\$ —	\$ 52,102	\$2,213,306	\$2,211,568
Replacement taxes	131,075	—	56,966	188,041	185,884
State aid	1,631,782	37,822	173,092	1,842,696	1,815,798
Federal aid	864,457	14,920	24,809	904,186	845,796
Interest and investment earnings	4,458	820	10,318	15,596	7,303
Other	143,859	29,109	99,779	272,747	322,128
Total revenues	<u>\$4,936,835</u>	<u>\$ 82,671</u>	<u>\$417,066</u>	<u>\$5,436,572</u>	<u>\$5,388,477</u>
Expenditures:					
Current:					
Instruction	\$3,126,689	\$ —	\$ —	\$3,126,689	\$3,034,509
Pupil support services	457,939	—	—	457,939	454,240
Administrative support services	227,412	—	—	227,412	194,259
Facilities support services	400,945	—	—	400,945	378,142
Instructional support services	358,691	—	—	358,691	368,869
Food services	193,642	—	—	193,642	215,739
Community services	37,460	—	—	37,460	39,656
Teachers' pension and retirement benefits	593,225	—	—	593,225	227,766
Other	6,134	—	—	6,134	7,043
Capital outlay	47,994	486,986	—	534,980	519,604
Debt service	—	—	467,904	467,904	390,409
Total expenditures	<u>\$5,450,131</u>	<u>\$ 486,986</u>	<u>\$467,904</u>	<u>\$6,405,021</u>	<u>\$5,830,236</u>
Revenues (less than) expenditures	<u>\$ (513,296)</u>	<u>\$(404,315)</u>	<u>\$ (50,838)</u>	<u>\$ (968,449)</u>	<u>\$ (441,759)</u>
Other financing sources (uses):					
Gross amounts from debt issuances	\$ —	\$ 131,305	\$ 295	\$ 131,600	\$ 982,720
Premiums	—	—	—	—	47,271
Sales of general capital assets	—	7,301	—	7,301	723
Payment to refunded bond escrow agent	—	—	—	—	(480,597)
Transfers in / (out)	161	—	(161)	—	—
Total other financing sources (uses)	<u>\$ 161</u>	<u>\$ 138,606</u>	<u>\$ 134</u>	<u>\$ 138,901</u>	<u>\$ 550,117</u>
Net change in fund balances	<u>\$ (513,135)</u>	<u>\$(265,709)</u>	<u>\$ (50,704)</u>	<u>\$ (829,548)</u>	<u>\$ 108,358</u>
Fund balances, beginning of period	949,143	173,756	736,133	1,859,032	1,750,674
Fund balances, end of period	<u>\$ 436,008</u>	<u>\$ (91,953)</u>	<u>\$685,429</u>	<u>\$1,029,484</u>	<u>\$1,859,032</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, 2014
(Thousands of Dollars)

Total net change in fund balances — governmental funds	\$(829,548)
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 Position 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	\$ 325,443
Depreciation expense	<u>(297,819)</u>
	27,624
In the Statement of Activities, gain or loss on disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded	(22,877)
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 Position	(131,600)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position	148,447
Changes in fair value of investment derivatives is reported as investment earnings on the Statement of Activities, but is not reported in the fund financial statements	(34)
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	(15,240)
Government funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities	(265)
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 unavailable revenues. They are, however, recorded as revenues in the Statement of Activities. The following represents the change in related unavailable revenue balances.	
Property taxes	4,728
Grants	(20,087)
In the Statement of Activities, pollution remediation obligation, legal settlements, sick pay, vacation pay, workers' compensation and unemployment insurance, general and automobile liability, net pension obligation, and other post-employment benefits are reported when a liability is incurred. In the governmental funds, expenditures for these items are reported only when amounts are paid (become due). The following represents the change during the year for these obligations.	
Pollution remediation obligation	3,953
Legal settlements	(7,500)
Sick pay	7,978
Vacation pay	8,861
Workers' compensation and unemployment insurance	(15,011)
General and automobile liability	(410)
Net pension obligation	(170,332)
Other post-employment benefits — teacher	<u>(143,654)</u>
Change in net position	<u>\$(1,154,967)</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, 2014
(Thousands of Dollars)**

	Original Budget	Supplemental Appropriations & Transfers In/ (Out)	Final Budget	Fiscal Year Actual	Over (Under) Budget
Revenues:					
Property taxes	\$2,141,418	\$ —	\$2,141,418	\$2,161,204	\$ 19,786
Replacement taxes	105,520	—	105,520	131,075	25,555
State aid	1,621,466	—	1,621,466	1,631,782	10,316
Federal aid	908,352	—	908,352	864,457	(43,895)
Interest and investment earnings	3,050	—	3,050	4,458	1,408
Other	169,659	—	169,659	143,859	(25,800)
Total revenues	\$4,949,465	\$ —	\$4,949,465	\$4,936,835	\$ (12,630)
Expenditures:					
Salaries —					
Teachers' salaries	\$1,940,215	\$ (9,374)	\$1,930,841	\$1,921,969	\$ (8,872)
Career service salaries	621,111	9,209	630,320	619,462	(10,858)
Commodities —					
Energy	74,360	6,777	81,137	87,547	6,410
Food	100,073	2,653	102,726	96,816	(5,910)
Textbooks	31,304	33,246	64,550	52,871	(11,679)
Supplies	50,678	20,373	71,051	55,223	(15,828)
Other	620	202	822	648	(174)
Services —					
Professional and special services	391,381	92,423	483,804	441,667	(42,137)
Charter schools	568,243	27,825	596,068	580,652	(15,416)
Transportation	111,776	(849)	110,927	104,430	(6,497)
Tuition	68,444	3,814	72,258	66,396	(5,862)
Telephone and telecommunications	19,959	(7,492)	12,467	30,297	17,830
Other	11,533	6,578	18,111	14,126	(3,985)
Equipment — educational	37,565	46,441	84,006	62,757	(21,249)
Building and sites —					
Repairs and replacements	20,116	10,633	30,749	31,679	930
Fixed charges —					
Teachers' pension	746,077	(20,868)	725,209	740,419	15,210
Career service pension	100,407	3,281	103,688	101,885	(1,803)
Hospitalization and dental insurance	330,346	16,216	346,562	343,308	(3,254)
Medicare	37,862	(1,036)	36,826	35,951	(875)
Unemployment compensation	12,424	4,098	16,522	16,426	(96)
Workers' compensation	23,893	2,190	26,083	25,646	(437)
Rent	12,697	(336)	12,361	12,164	(197)
Other	281,189	(246,004)	35,185	7,792	(27,393)
Total expenditures	\$5,592,273	\$ —	\$5,592,273	\$5,450,131	\$ (142,142)
Revenues in excess of (less than) expenditures	\$ (642,808)	\$ —	\$ (642,808)	\$ (513,296)	\$ 129,512
Other financing sources:					
Transfers in	\$ —	\$ —	\$ —	\$ 161	\$ 161
Total other financing sources	\$ —	\$ —	\$ —	\$ 161	\$ 161
Net change in fund balances	\$ (642,808)	\$ —	\$ (642,808)	\$ (513,135)	\$ 129,673
Fund balances, beginning of period	949,143	—	949,143	949,143	—
Fund balances, end of period	\$ 306,335	\$ —	\$ 306,335	\$ 436,008	\$ 129,673

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, 2014

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. 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 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 2014, CPS adopted the following GASB Statements:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, which had no impact on current year financial statements. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. See Note 14 for additional information on financial guarantees.

Other accounting standards that CPS is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective for CPS beginning with its year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The implementation of this standard will result in an unfunded pension liability to be recognized on the Statement of Net Position.

- GASB 69, *Government Combinations and Disposals of Government Operations*, will be effective for CPS beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, will be effective for CPS beginning with its year ending June 30, 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

Description of Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position 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 non-exchange transactions are recognized in accordance with the GASB requirements of accounting and financial reporting for non-exchange transactions. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods and will be reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods and will be reported in a separate section after liabilities.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside 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.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the activities of CPS. Interfund balances have been removed from these statements.

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. Measurable means that the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 30 days of fiscal year end. For this purpose, CPS also considers State aid, Federal aid, replacement taxes, IGA, and other revenue 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 derivatives, 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.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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
- 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 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 (PBC) Building Revenue Bonds, State of Illinois Construction Grants, Federal E-rate capital subsidies and other revenues for the purpose of building and improving schools as designated by the Board. The bonds are being repaid in the Debt Service Fund from Replacement Tax revenue, from an Intergovernmental Agreement with the City of Chicago, State of Illinois Construction Grants, General State Aid, other revenues as designated by the Board and from a separate tax levy associated with the bonds, if necessary.

c. Debt Service Fund

The Debt Service Fund includes the following programs:

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

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

Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Fund Balances*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.



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

Certain proceeds of 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.

Property Tax Receivable

CPS records its property tax receivable amounts equal to the current year tax levy 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 2013 property taxes were levied for fiscal year 2014 in December 2013 and were billed in fiscal year 2014. In 2014, the installment due dates were March 4 and August 1. Property taxes unpaid after these dates accrue interest at the rate of 1.5% per month. The treasurers of Cook and DuPage counties, who distribute such receipts to CPS, receive collections of property tax installments. CPS' property tax becomes a lien on real property on January 1 of the year for which it is levied. CPS does not record a receivable nor related deferred revenue until the Board passes the levy for the current fiscal year.

Interfund Activity

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 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. CPS also capitalizes internally developed software with a capitalization threshold of \$75,000 or more.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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. See Note 6 for additional information on impairments.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of buildings and building improvements of CPS is calculated using the straight-line method. Equipment is depreciated using the straight-line method. 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.

Vacation and Sick Pay

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 employees' actual daily wages. 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 Position. Bond premiums and discounts, as well as prepaid insurance, 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. Prepaid insurance costs are reported as other assets 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 insurance 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. Principal payments, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Swaps

CPS enters into interest rate swap agreements to modify interest rates on outstanding debt. CPS reported the swaps according to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Please refer to Note 10 for required disclosures. Swaps are reported at fair value and if they meet the definition of a hedge, then a like amount is reported as a deferred item in the Statement of Net Position. If the swaps are not effective, the change in fair value is reported in the Statement of Activities. Swaps are not reported in the fund financial statements.

Fund Balances

Within the governmental fund types, CPS' fund balances are reported in one of the following classifications:

Nonspendable — includes amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted — includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed — includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of CPS' highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless CPS removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. CPS' highest level of decision-making authority rests with CPS' Board of Education. CPS passes formal resolutions to commit their fund balances. There are no committed fund balances as of June 30, 2014.

Assigned — includes amounts that are constrained by CPS' *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) CPS' Board of Education itself or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. As of FY2014, CPS's Board has not delegated the authority to assign amounts to be used for specific purposes to a body or official. CPS' Board of Education assigns amounts for a specific purpose within the General Operating Fund. Within the other governmental fund types (debt service and capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

Unassigned — includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

In the General Operating Fund and other governmental funds (capital projects and debt service fund types), it is CPS' policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Net Position

The Statement of Net Position includes the following:

Net investment in capital assets — the component of net position 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted for debt service — the component of net position with constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Restricted for grants and donations — the component of net position that reports the difference between assets and liabilities of the certain programs that consists of assets with constraints placed on the use of resources are either: a) externally imposed by creditors, (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Restricted for workers' comp/tort immunity — the component of net position that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the use of resources are either: a) externally imposed by creditors, (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted — consists of net position that does not meet the criteria of the four preceding categories.

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 accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CPS' financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Management's Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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 of America for the General Operating, Capital Projects and Debt Service funds. All annual unencumbered appropriations lapse at fiscal year-end.

Certain funding allocations (primarily Federal and State programs, including Supplementary General State Aid) are made to schools but may not be 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 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. 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 2014. 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



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

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.

At the fund financial statement level, 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 unavailable revenue balances. CPS maintains the accounts receivable, allowance for uncollectible and unavailable revenue balance on the general ledger for three tax levy years. All refunds, regardless of the applicable tax year, are recorded against the property tax revenue and cash accounts in the period of occurrence or notification from the respective county treasurer.

The most recent levy, calendar year 2013, was intended to finance the fiscal year ended June 30, 2014.

Legal limitations on tax rates and the rates extended in calendar years 2014 and 2013 are shown below.

	<u>Maximum 2014 Legal Limit</u>	<u>Tax Rates Extended Per \$100 of EAV</u>	
		<u>2014</u>	<u>2013</u>
General Operating Fund:			
Educational	(A)	\$3.519	\$3.309
Workers' and Unemployment Compensation/Tort Immunity	(B)	0.067	0.031
Debt Service Fund:			
Public Building Commission Leases Program	(C)	<u>0.085</u>	<u>0.082</u>
		<u>\$3.671</u>	<u>\$3.422</u>

- A. The maximum legal limit for educational purposes under PTELL cannot exceed \$4.00 per \$100 of EAV (105 ILCS 5/34-53), and the total amount billed (extended) under the 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 PTELL as described above.



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

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 reported in the financial statements are as follows (\$000's):

	<u>Fund Financial Statements</u>	<u>Government Wide- Financial Statements</u>
Revenues:		
General state aid unrestricted	\$ 830,564	\$ 830,564
Supplementary general state aid	261,000	261,000
General education block grant	156,055	—
Educational services block grant	472,478	481,000
Other restricted state revenue	122,599	265,281
Total state aid	<u>\$1,842,696</u>	<u>\$1,837,845</u>
Program Revenues:		
Operating grants and contributions		(265,281)
Non-program general state aid		<u>\$1,572,564</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 and other revenues.

Cash

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

The CPS Investment Policy requires collateral with an aggregate market value of not less than 110% of the original acquisition price, including principal and accrued interest, on depository account balances, banker's acceptances and certificates of deposit unless the bank meets certain rating requirements and/or asset size unless either: 1) the bank has assets exceeding \$500,000,000; or 2) the applicable instrument is insured at the time of purchase by an entity with long-term ratings in one of the highest 2 classifications without regard to gradation, in which case collateralization is not required. Repurchase agreement collateral shall not be less than 102%. Collateral for the CPS' bank accounts are held by a third-party custodian in the name of the City of Chicago Treasurer for the benefit of the CPS. Collateral shall be only those securities authorized as allowable investments.

NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2014, the book amount of the CPS' deposit accounts was \$100.4 million. The bank balances totaled \$138.1 million as of June 30, 2014. The difference between the book and bank balances primarily represents checks that have been issued but have not yet cleared as of June 30, 2014. 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

The CPS' investments are authorized under the Illinois Compiled Statutes Finance Investment Act. The CPS' Investment Policy is derived from this Act. The CPS Investment Policy authorizes the CPS to invest in obligations guaranteed by the full faith and credit of the U.S. Government, certificates of deposit constituting direct obligations of banks, commercial paper, money market mutual funds, repurchase agreements that mature within 330 days, certain U.S. Government agency securities, and certain State and municipal securities that are rated at the time of purchase at A1/A+ or better by a rating service of nationally recognized expertise in rating bonds of states and their political subdivision. 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.

At June 30, 2014, the 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/AA+/AAA	\$ 89,453	\$ 89,453	\$ —
U.S. Government Agency Securities	Aaa/AA+/AAA	345,260	74,292	270,968
U.S. Treasury Notes	Aaa/AA+/AAA	58,065	9,317	48,748
Commercial Paper	A1/A1+/P1	158,778	158,778	—
Money Market Mutual Funds	AAA	121,431	121,431	—
Total Investments		<u>\$772,987</u>	<u>\$453,271</u>	<u>\$319,716</u>
Cash and CDs		100,434		
Total Cash and Investments		<u>\$873,421</u>		

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the CPS' Investment Policy limits investment in commercial paper to the top two ratings issued by at least two standard rating services. As of June 30, 2014, Moody's



NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

Investment Service rated the CPS' investments in banker's acceptances and commercial paper A1+ or A1 by Standard and Poor's, and P-1 by Moody's. As of June 30, 2014, Standard and Poor's rated the CPS' investments in money market mutual funds AAA and municipal securities as Aa3/AA- or better as required by the CPS' Investment Policy.

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2014, there were two issuers that each represented more than 5% of the total investments. Investments in Societe Generale North America commercial paper totaled \$84.6 million and represented 11% of the total portfolio. Investments in JP Morgan collateralized commercial paper totaled \$50.1 million and represented 6% of the total portfolio. These were extremely short dated securities in the debt service funds and were invested in accordance with the Investment Policy as well as the allowable investments in the bond documents. Investments issued by the U.S. government and investments in mutual funds are excluded from the concentration of credit risk.

Custodial Risk — The custodial risk for deposits or investments is the risk that, in the event of the failure of a depository financial institution or the counterparty to a transaction, a government will not be able to recover deposits, the value of investment, or collateral securities that are in the possession of an outside party. During the fiscal year ended June 30, 2014; of the CPS' Investments required to be supported by collateral, the aggregate market value was 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 the City of Chicago's name on behalf of CPS.

Interest Rate Risk — Interest rate risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. 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, 2014 (\$000's):

Fund Financial Statements:	Amount
General Operating Fund	\$114,126
Capital Projects Fund	86,355
Debt Service Fund	672,940
Total Cash and Investments	<u>\$873,421</u>



NOTE 5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables as of June 30, 2014 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	\$1,118,226	\$ —	\$26,607	\$1,144,833	\$1,144,833
Replacement taxes	31,920	—	—	31,920	31,920
State aid	516,237	3,752	—	519,989	519,989
Federal aid	207,974	30	3,086	211,090	211,090
Other	6,249	89,135	14,761	110,145	110,145
Total receivables	\$1,880,606	\$92,917	\$44,454	\$2,017,977	\$2,017,977
Less: Allowance for uncollectibles — property tax	(78,261)	—	(1,862)	(80,123)	(80,123)
Less: Allowance for uncollectibles — state aid	(3,842)	—	—	(3,842)	(3,842)
Less: Allowance for uncollectibles — other	(3,354)	—	—	(3,354)	(3,354)
Total receivables, net	\$1,795,149	\$92,917	\$42,592	\$1,930,658	\$1,930,658

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2014, the components of unavailable revenue reported in the fund financial statements are as follows (\$000's):

Unavailable property tax revenue	\$ 702,198
Other unavailable revenue	598,347
Total deferred inflows of resources	\$1,300,545

FINANCIAL SECTION



NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows (\$000's):

Government-wide activities:	Beginning Balance	Increases	Decreases and Transfers to In-service	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 314,617	\$ 276	\$ (371)	\$ 314,522
Construction in progress	536,280	265,009	(399,295)	401,994
Total capital assets not being depreciated	<u>\$ 850,897</u>	<u>\$ 265,285</u>	<u>\$(399,666)</u>	<u>\$ 716,516</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,281,129	\$ 442,744	\$ (70,629)	\$ 8,653,244
Equipment and administrative software	190,251	15,853	(321)	205,783
Internally developed software	6,878	822	—	7,700
Total capital assets being depreciated ...	<u>\$ 8,478,258</u>	<u>\$ 459,419</u>	<u>\$(70,950)</u>	<u>\$ 8,866,727</u>
Total capital assets	<u>\$ 9,329,155</u>	<u>\$ 724,704</u>	<u>\$(470,616)</u>	<u>\$ 9,583,243</u>
Less accumulated depreciation for:				
Buildings and improvements	\$(3,087,307)	\$(283,782)	\$ 48,157	\$(3,322,932)
Equipment and administrative software	(66,622)	(12,879)	321	(79,180)
Internally developed software	(4,792)	(1,158)	—	(5,950)
Total accumulated depreciation	<u>\$(3,158,721)</u>	<u>\$(297,819)</u>	<u>\$ 48,478</u>	<u>\$(3,408,062)</u>
Capital assets, net of depreciation	<u>\$ 6,170,434</u>	<u>\$ 426,885</u>	<u>\$(422,138)</u>	<u>\$ 6,175,181</u>

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

Governmental activities:	
Instruction	\$195,409
Pupil support services	28,620
Administrative support services	14,213
Facilities support services	25,058
Instructional support services	22,417
Food services	12,102
Total depreciation expense	<u>\$297,819</u>

Asset Impairment

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. In the absence of a property appraisal, the book values were adjusted to zero.

Construction Commitments

CPS had active construction projects as of June 30, 2014. These projects include new construction and renovations of schools. At year-end, CPS had approximately \$90.8 million in outstanding construction commitments.



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 to/from 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	\$ 188,989
Due to Capital Asset Program	(3,309)
Due from Bond Redemption and Interest Program	759
Total — Due from other funds	<u>\$ 186,439</u>
Capital Projects Fund:	
Capital Assets Program — Due from General Operating Fund	\$ 3,309
Capital Improvement Program — Due to General Operating Fund	(188,989)
Total — Due from other funds	<u>\$(185,680)</u>
Debt Service Fund:	
Bond Redemption and Interest Program — Due to General Operating Fund	\$ (759)

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.

The interfund balance due from the Capital Improvement Program to the General Operating Fund is expected to be resolved through a future bond issue.

Transfers

In fiscal year 2014, CPS transferred to the General Operating Fund \$0.2 million of interest earnings and unused cost of issuance funds from the Debt Service Fund.

NOTE 8. LONG-TERM DEBT**General Obligation Bonds**

CPS issued the following bonds in fiscal year 2014:

Unlimited Tax General Obligation Line of Credit Bonds (Series 2013BC)

In December 2013, the Board issued \$150.0 million (Series 2013B), and \$150.0 million (Series 2013C) in Unlimited Tax General Obligation Bonds as variable rate lines of credit in direct placements with BMO and PNC, respectively. The lines are structured as revolving floating rate notes that can be drawn and repaid until fiscal year 2017. The purpose of these lines of credit is to reduce interest expense by delaying the issuance of long-term debt to finance capital expenditures. Accordingly, CPS first pays capital expenditures out of operating funds, then reimburses the operating fund from the lines of credit on an as-needed basis to meet liquidity needs. Once the lines are fully drawn, CPS will issue long term debt to pay them down, and then repeat the process. As of June 30, 2014, \$65.8 million had been drawn on each line for a total of \$131.6 million. In neither series may the total interest rate exceed the maximum rate allowed under Illinois law or 15%. The total amount drawn on both series through June 30, 2014 is reported as a separate line item on the statement of net position and therefore, neither series is included in the following table summarizing the changes in long term debt.



NOTE 8. LONG-TERM DEBT (continued)

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

Series	Original Amount Issued	Debt Purpose	Interest Rate	Final Maturity	Principal Outstanding June 30, 2013	Accreted Interest
2013A-3	\$157,055	Refunding	Variable	3/1/2036	\$ 157,055	\$ —
2013A-2	124,320	Refunding	Variable	3/1/2035	124,320	—
2013A-1	122,605	Refunding	Variable	3/1/2026	122,605	—
2012B	109,825	Refunding	5.00%	12/1/2034	109,825	—
2012A	468,915	Capital Improvement	5.00%	12/1/2042	468,915	—
2011D	95,000	Refunding	Variable	3/1/2032	95,000	—
2011C-2	44,100	Refunding	Variable	3/1/2032	44,100	—
2011C-1	57,000	Refunding	Variable	3/1/2032	51,000	—
2011A	402,410	Capital Improvement	5.00% to 5.50%	12/1/2041	402,410	—
2010G	72,915	Refunding	2.77% to 4.18%	12/1/2017	72,915	—
2010F	183,750	Refunding	5.00%	12/1/2031	183,750	—
2010D	125,000	Capital Improvement	6.52%	3/1/2036	125,000	—
2010C	257,125	Capital Improvement	6.32%	11/1/2029	257,125	—
2009G	254,240	Capital Improvement	1.75%	12/15/2025	254,240	—
2009F	29,125	Capital Improvement	2.50% to 5.00%	12/1/2016	12,325	—
2009E	518,210	Capital Improvement	4.682% to 6.14%	12/1/2039	518,210	—
2009D	75,720	Refunding	1.00% to 5.00%	12/1/2023	52,465	—
2008C	464,655	Refunding	4.25% to 5.00%	12/1/2032	464,655	—
2008B	240,975	Refunding	Variable	3/1/2034	205,175	—
2008A	262,785	Refunding	Variable	12/1/2030	262,785	—
2007D	238,720	Capital Improvement	4.00% to 5.00%	12/1/2029	187,375	—
2007C	6,870	Refunding	4.00% to 4.375%	12/1/2021	5,275	—
2007B	197,765	Refunding	5.00%	12/1/2024	197,765	—
2006B	355,805	Capital Improvement	4.25% to 5.00%	12/1/2036	305,875	—
2006A	6,853	Capital Improvement	0.00%	6/1/2021	6,853	—
2005B	52,595	Refunding	5.00% to 5.50%	12/1/2021	52,595	—
2005A	193,585	Refunding	5.00% to 5.50%	12/1/2031	193,585	—
2004G	56,000	Capital Improvement	4.00% to 6.00%	12/1/2022	11,970	—
2004A	205,410	Refunding	4.00% to 5.00%	12/1/2020	202,420	—
2003C	4,585	Capital Improvement	0.00%	10/27/2017	4,585	—
2002A	48,970	Capital Improvement	3.00% to 5.25%	12/1/2022	37,820	—
2001B	9,440	Capital Improvement	0.00%	10/23/2015	9,440	—
2000E	13,390	Capital Improvement	0.00%	12/18/2013	13,390	—
2000B,C,D	303,000	Capital Improvement	Variable	3/1/2032	91,400	—
1999A	532,553	Capital Improvement/ Refunding	4.30% to 5.30%	12/1/2031	454,417	241,397
1998B-1	328,714	Capital Improvement	4.55% to 5.22%	12/1/2031	276,012	309,081
1997A	499,995	Capital Improvement	5.30% to 5.55%	12/1/2030	23,746	31,309
Total Bonds					\$6,058,398	\$581,787
Less Current Portion						
For Net Premium/ (Discount)						
Total Long-term Debt, net of Current Portion and Premium/Discount						



NOTE 8. LONG-TERM DEBT (continued)

Principal and Accreted Interest June 30, 2013	Issuances	Retirements	Principal Outstanding June 30, 2014	Accreted Interest	Principal and Accreted Interest June 30, 2014
\$ 157,055	\$ —	\$ —	\$ 157,055	\$ —	\$ 157,055
124,320	—	—	124,320	—	124,320
122,605	—	(7,685)	114,920	—	114,920
109,825	—	—	109,825	—	109,825
468,915	—	—	468,915	—	468,915
95,000	—	(3,800)	91,200	—	91,200
44,100	—	—	44,100	—	44,100
51,000	—	(1,800)	49,200	—	49,200
402,410	—	—	402,410	—	402,410
72,915	—	(8,340)	64,575	—	64,575
183,750	—	—	183,750	—	183,750
125,000	—	—	125,000	—	125,000
257,125	—	—	257,125	—	257,125
254,240	—	—	254,240	—	254,240
12,325	—	—	12,325	—	12,325
518,210	—	—	518,210	—	518,210
52,465	—	—	52,465	—	52,465
464,655	—	—	464,655	—	464,655
205,175	—	(4,400)	200,775	—	200,775
262,785	—	—	262,785	—	262,785
187,375	—	—	187,375	—	187,375
5,275	—	(360)	4,915	—	4,915
197,765	—	—	197,765	—	197,765
305,875	—	—	305,875	—	305,875
6,853	—	—	6,853	—	6,853
52,595	—	(14,565)	38,030	—	38,030
193,585	—	(6,095)	187,490	—	187,490
11,970	—	(775)	11,195	—	11,195
202,420	—	(15,840)	186,580	—	186,580
4,585	—	—	4,585	—	4,585
37,820	—	(3,000)	34,820	—	34,820
9,440	—	—	9,440	—	9,440
13,390	—	(13,390)	—	—	—
91,400	—	—	91,400	—	91,400
695,814	—	(17,578)	436,839	247,987	684,826
585,093	—	(9,753)	266,259	328,579	594,838
55,055	—	(6,501)	17,245	25,136	42,381
<u>\$6,640,185</u>	<u>\$ —</u>	<u>\$(113,882)</u>	<u>\$5,944,516</u>	<u>\$601,702</u>	<u>\$6,546,218</u>
(150,140)					(161,955)
125,768					115,684
<u>\$6,615,813</u>					<u>\$6,499,947</u>



NOTE 8. LONG-TERM DEBT (continued)

The current portion of long-term debt and long-term lease obligations is comprised of the following (\$000's):

Bonds	\$(123,772)
Accreted Interest	(38,183)
Subtotal	\$(161,955)
Lease Obligations	(36,645)
Total Current Portion	<u>\$(198,600)</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, subsidies from the federal government, General State Aid, and other State funding 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 Position because related assets have been placed in irrevocable trust that, together with interest earned, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at June 30, 2014 are as follows (\$000's):

<u>Description</u>	<u>Amount Defeased</u>	<u>Amount Outstanding</u>
Unlimited Tax General Obligation Bonds Series 2004F	\$ 25,000	\$ 22,030
Unlimited Tax General Obligation Bonds Series 2004H	18,500	16,215
Unlimited Tax General Obligation Bonds Series 2005C	53,750	36,550
Unlimited Tax General Obligation Refunding Bonds Series 2006B	28,670	7,595
Unlimited Tax General Obligation Bonds Series 2007D	31,665	8,445
Unlimited Tax General Obligation Refunding Bonds Series 2009D	18,915	5,465
Unlimited Tax General Obligation Refunding Bonds Series 2009F	16,800	5,785
	<u>\$193,300</u>	<u>\$102,085</u>



NOTE 8. LONG-TERM DEBT (continued)

Future debt and associated swap payments (see Note 10). Interest rates on fixed rate bonds range from 1.75% to 6.52%, except that CPS does not pay or accrue interest on the Series 2006A, Series 2003C Bonds, or the Series 2001B 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. “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 average monthly variable rate for June 30, 2014, and remain the same for the life of the bonds. Debt 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	Estimated Interest*	Interest Rate Swaps, Net**	
2015	\$ 109,282	\$ 254,595	\$ 14,490	\$ 11,039	\$ 34,459	\$ 423,865
2016	137,551	252,415	18,105	10,658	34,459	453,188
2017	133,258	249,276	24,260	10,204	34,458	451,456
2018	147,792	235,026	24,975	9,709	34,461	451,963
2019	150,320	229,813	28,555	9,191	34,174	452,053
2020	160,751	238,370	30,870	8,636	33,877	472,504
2021	184,445	247,693	32,505	8,052	33,566	506,261
2022	169,293	242,073	34,105	7,442	33,243	486,156
2023	176,508	236,269	35,590	6,806	32,904	488,077
2024	171,687	226,421	45,310	6,145	32,547	482,110
2025	177,918	219,923	47,565	5,454	31,625	482,485
2026	414,523	211,256	88,250	4,568	29,715	748,312
2027	166,215	202,539	92,700	3,676	26,561	491,691
2028	170,865	195,780	97,380	3,058	22,916	489,999
2029	125,397	242,952	102,270	2,408	19,093	492,120
2030	383,822	231,553	107,410	1,722	15,083	739,590
2031	157,304	219,161	112,820	1,002	10,877	501,164
2032	171,850	256,601	64,065	483	7,737	500,736
2033	64,020	78,636	42,185	229	5,737	190,807
2034	83,650	74,595	43,955	100	3,960	206,260
2035	88,300	70,005	30,375	—	2,105	190,785
2036	108,055	64,963	18,015	—	766	191,799
2037	124,600	58,913	—	—	—	183,513
2038	149,460	51,368	—	—	—	200,828
2039	157,890	42,697	—	—	—	200,587
2040	166,800	33,606	—	—	—	200,406
2041	176,070	24,076	—	—	—	200,146
2042	185,860	14,473	—	—	—	200,333
2043	195,275	4,882	—	—	—	200,157
2044	—	—	—	—	—	—
Total	<u>\$4,808,761</u>	<u>\$4,709,930</u>	<u>\$1,135,755</u>	<u>\$110,582</u>	<u>\$514,323</u>	<u>\$11,279,351</u>



NOTE 8. LONG-TERM DEBT (continued)

* Interest on variable rate demand notes assumes current interest rates remain the same as of June 30, 2014, calculated at:

Series 2000B — 0.06000% x outstanding principal
Series 2008A — 0.90100% x outstanding principal
Series 2008B — 0.90100% x outstanding principal
Series 2011C-1 — 1.01000% x outstanding principal
Series 2011C-2 — 1.16000% x outstanding principal
Series 2011D — 1.05570% x outstanding principal
Series 2013A-1 — 0.68570% x outstanding principal
Series 2013A-2 — 0.81000% x outstanding principal
Series 2013A-3 — 0.89000% x outstanding principal

** Swap interest assumes current LIBOR and SIFMA rates remain the same as of June 30, 2014, calculated at:

Series 2008A — (5.250%-0.38614%) x first swap principal + (5.250%-0.38651%) x second swap principal
Series 2008B — (3.771%-0.10570%) x swap principal
Series 2011D — (3.823%-0.10614%) x swap principal
Series 2013A-1 — (3.6617%-0.10614%) x swap principal
Series 2013A-2 — (3.825%-0.10614%) x swap principal
Series 2013A-3 — (3.6617%-0.10614%) x swap principal

*** Does not include debt backed by leases with the Public Building Commission, discussed in Note 9.

Liquidity Facility

Variable rate demand obligations are bonds that allow bondholders to demand repayment on a daily or weekly basis. The \$95.1 million Series 2000B bonds are supported by a Letter of Credit Agreement with Wells Fargo Bank, NA which expires on December 29, 2014 (see Note 15 for further information). Under the Letter of Credit Agreement, any liquidity advance would incur an interest rate equal to the greatest of the Prime Rate plus 1%, the Federal Funds Rate plus 2%, and 7% per annum for the first 180 days. Thereafter the advance would incur interest rate equal to the greater of 9% per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bond Index as published in the most recent edition of the Bond Buyer. The commitment fee is 1.00% per annum for the Series 2000B bonds and at June 30, 2014 there were no bonds drawn under the Letter of Credit Agreement. Even if the letter of credit is drawn upon, the scheduled maturity of the bonds will not change in any event.

Floating Rate Note Securities

In December, 2011 the Board issued \$51.0 million (Series 2011C-1) and \$44.1 million (Series 2011C-2) variable rate bonds with JP Morgan Chase Bank acting as placement agent. The bonds refunded the former Series 2000D. The interest rate for each series is reset monthly. For Series 2011C-1, the rate is equal to the SIFMA Index plus 95 basis points. For Series 2011C-2, the rate is equal to the SIFMA Index plus 110 basis points.

In May, 2013, the Board issued \$122.6 million (Series 2013A-1), \$124.3 million (Series 2013A-2), and \$157.1 million (Series 2013A-3) variable rate bonds. The bonds refunded the former Series 2009A, 2009B, 2010A, and 2010B. For Series 2013A-1, the rate is reset monthly and equal to 70% of One



NOTE 8. LONG-TERM DEBT (continued)

Month Libor plus 58 basis points. For Series 2013A-2, the rate is reset weekly and equal to the SIFMA Index plus 75 basis points. For Series 2013A-3, the rate is reset weekly and equal to the SIFMA Index plus 83 basis points.

Direct Placements

In May, 2008 the Board issued \$262.8 million (Series 2008A) and \$241.0 million (Series 2008B) variable rate bonds in direct placements with Dexia Credit Local. The interest rate for each series is reset monthly, and is equal to the one month LIBOR rate plus 75 basis points. The bonds are subject to optional redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination (\$100,000 and any integral multiple thereof of \$5,000 in excess thereof)) on any LIBOR Interest Payment Date (monthly), at a redemption price equal to 100% of the principal amount thereof and accrued interest, if any, to the redemption date.

In December, 2011, the Board issued \$95.0 million variable rate bonds (Series 2011D) in a direct placement with PNC Bank. The bonds refunded the former Series 2000C. The interest rate for each series is reset monthly, and is equal to 70% of the one month LIBOR rate plus 75 basis points for the first Index Rate Period, which terminates on December 1, 2014 (see Note 15 for further information). Each Bond is subject to mandatory purchase on the Index Rate Purchase Date for the current Index Rate Period at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon to the Purchase Date. Unremarketed Bonds shall bear interest at the Base Rate equal to the greater of the Prime Rate plus 1.5%, the Federal Funds rate plus 2%, the daily LIBOR rate plus 1%, and 7.5% for the first 30 days. For the 31st through 180th days, the interest rate is equal to the Base Rate plus 2%, thereafter at the maximum rate allowed under Illinois law not to exceed 15% per annum. The scheduled maturity of the bonds has been set by the private placement agreement and the maturity schedule will not change regardless of the renewal or replacement.

Accreted Interest

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

<u>Series</u>	<u>Accreted Interest June 30, 2013</u>	<u>Increase</u>	<u>Payment</u>	<u>Accreted Interest June 30, 2014</u>
1997A	\$ 31,309	\$ 2,571	\$ (8,744)	\$ 25,136
1998B-1	309,081	30,145	(10,647)	328,579
1999A	241,397	23,457	(16,867)	247,987
	<u>\$581,787</u>	<u>\$56,173</u>	<u>\$(36,258)</u>	<u>\$601,702</u>

NOTE 9. LEASE OBLIGATIONSCapitalized Leases

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



NOTE 9. LEASE OBLIGATIONS (continued)

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 \$3.0 million, respectively. The accumulated amortization as of June 30, 2014 amounted to \$0.5 million. 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, 2014, are as follows (\$000's):

<u>Fiscal Year(s)</u>	<u>PBC Lease Rentals</u>	<u>Teachers Academy</u>	<u>Total</u>
2015	\$ 52,029	\$ 424	\$ 52,453
2016	51,997	424	52,421
2017	52,020	424	52,444
2018	52,069	424	52,493
2019	52,099	424	52,523
2020	30,635	424	31,059
2021	—	646	646
Total rentals	\$290,849	\$ 3,190	\$294,039
Less — interest and other costs	(57,909)	(1,615)	(59,524)
Principal amount of rental due	<u>\$232,940</u>	<u>\$ 1,575</u>	<u>\$234,515</u>

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

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
PBC leases	\$267,330	\$—	\$(34,390)	\$232,940
Other capitalized leases	1,750	—	(175)	1,575
Total lease obligations	<u>\$269,080</u>	<u>\$—</u>	<u>\$(34,565)</u>	\$234,515
Less: Current portion PBC leases				(36,470)
Current portion other capitalized leases				(175)
Total long term leases outstanding				<u>\$197,870</u>

Operating Leases

CPS is a lessee in numerous operating leases associated with the rental of trucks, automobiles, 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, 2014 were \$15.4 million. The following is a summary of operating lease commitments as of June 30, 2014 (\$000's):

<u>Fiscal Year(s)</u>	<u>Non-Real Property Leases</u>	<u>Real Property Leases</u>	<u>Total</u>
2015	\$ 4,102	\$ 13,890	\$ 17,992
2016	2,734	10,507	13,241
2017	1,372	9,408	10,780
2018	416	9,068	9,484
2019	20	9,221	9,241
2020-2024	1	40,088	40,089
2025-2029	—	32,180	32,180
2030	—	2,733	2,733
Total operating lease commitments ...	<u>\$ 8,645</u>	<u>\$127,095</u>	<u>\$135,740</u>

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

Interest rate derivatives are financing structures which exchange (or “swap”) interest payments and are used as risk management or investment tools. Derivative instruments can expose governments to risks and liabilities, one of which is changes in fair market value of the derivative instruments. GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement and disclosure of derivative instruments entered into by state and local governments. The statement divides all derivatives into two types: 1) “hedging derivative instruments”, which are used to manage risk, and 2) “investment derivative instruments”, which are used for any other purpose or do not meet the requirements of an effective hedging derivative instrument. GASB Statement 53 also requires governments to measure derivative instruments at fair market value in their financial statements.



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

Breakdown of Outstanding Derivatives

CPS has ten interest rate swaps as of June 30, 2014. In order to protect against the potential of rising interest rates and/or changes in cash flows, the Board has entered into various pay-fixed, receive-variable interest rate swaps, known as “synthetic fixed”. Furthermore, the Board has entered into swaps that exchange two variable interest rate indices, known as “basis swaps”. The following table summarizes the interest rate swaps outstanding as of the end of the period:

Type	Current Notional Amount (\$000's)	Bond Series	Trade Date	Effective Date	End Date	Terms	Fair Values (\$000's)	Counterparty (Rating M/SP/F)
Effective Hedges:								
Synthetic Fixed	\$100,000	2008A	08/18/05	12/01/07	12/01/30	Pay 5.25% Receive 70% of 1ML* + 0.28%	\$(37,513)	Bank of America, N.A. (A2/A/A)
Synthetic Fixed	162,785	2008A	11/16/06	12/01/07	12/01/28	Pay 5.25% Receive 70% of 1ML* + 0.28%	(54,443)	Royal Bank of Canada (Aa3/AA-/AA)
Synthetic Fixed	90,000	2008B	12/08/03	12/12/03	03/01/34	Pay 3.771% Receive 70% of 1ML*	(17,181)	Goldman Sachs Capital Markets, L.P. (A2/A/A)
Synthetic Fixed	95,350	2008B	12/08/03	12/12/03	03/01/34	Pay 3.771% Receive 70% of 1ML*	(18,202)	Goldman Sachs Bank USA (A2/A/A)
Synthetic Fixed	61,100	2011D	02/13/07	03/01/07	03/01/32	Pay 3.823% Receive 70% of 1ML*	(12,859)	Royal Bank of Canada (Aa3/AA-/AA)
Synthetic Fixed	114,920	2013A-1	11/30/05	12/08/05	03/01/26	Pay 3.6617% Receive 70% of 1ML*	(14,640)	Loop Financial Products I LLC, Backed by Deutsche Bank AG (A2/A/A+)
Synthetic Fixed	124,320	2013A-2	02/13/07	03/01/07	03/01/35	Pay 3.825% Receive 70% of 1ML*	(27,477)	Royal Bank of Canada (Aa3/AA-/AA)
Synthetic Fixed	157,055	2013A-3	11/30/05	12/08/05	03/01/36	Pay 3.6617% Receive 70% of 1ML*	(32,811)	Loop Financial Products I LLC, Backed by Deutsche Bank AG (A2/A/A+)



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

Type	Current Notional Amount (\$000's)	Bond Series	Trade Date	Effective Date	End Date	Terms	Fair Value (\$000's)	Counterparty (Rating M/SP/F)
Investment Derivatives:								
Basis Swap . . .	74,996	2005A	10/05/05	11/01/05	12/01/31	Pay SIFMA Receive 80.76% of 1ML*	(938)	Merrill Lynch Capital Services, Inc. (Baa2/A-/A)
Basis Swap . . .	112,494	2005A	10/05/05	11/01/05	12/01/31	Pay SIFMA Receive 70% of 1ML* +0.524%	1,025	Loop Financial Products I LLC, Backed by Deutsche Bank AG (A2/A/A+)
TOTAL							\$(215,039)	

* 1ML — One month London Interbank Offered Rate (LIBOR)

Fair Value

The following table summarizes changes in fair value for Fiscal Year 2014 (\$000's):

Type	Current Notional Amount	Fair Value at June 30, 2013	Changes in Fair Values	Fair Value at June 30, 2014
Effective Hedges:				
Synthetic Fixed Swaps	\$ 905,530	\$(212,388)	\$(2,738)	\$(215,126)
Investment Derivatives:				
Basis Swaps	187,490	121	(34)	87
TOTAL	\$1,093,020	\$(212,267)	\$(2,772)	\$(215,039)

Credit Risk

As of June 30, 2014, CPS' hedging derivatives are all net liabilities. The associated credit risk for the hedging derivatives is not considered material. All of CPS' interest rate swap counterparties are currently rated A or higher by Fitch, A- or higher by S&P, and Baa2 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 \$25 million 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 36% 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

CPS is exposed to basis risk to the degree that variable payments on the hedged item are not offset by the variable receipts from the hedging derivative. Of CPS' variable rate bonds, the Series 2008A, 2008B, 2011D and 2013A-1, A-2 and A-3 are index variable rate bonds. The Series 2000B is a



NOTE 10. DERIVATIVE INSTRUMENTS (continued)

variable rate demand obligation (VRDO) bond series that is remarketed daily or weekly. In this series, 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. There is little basis risk on the hedged portion of the 2008AB, 2011D or 2013A-1 indexed bonds because the hedged variable payments are based on the same index, 1-Month LIBOR, as the variable receipts from the hedging derivative.

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' 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 A- by Fitch, A+ by S&P, and Baa1 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, 2014, 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.

NOTE 11. OTHER BENEFITS AND CLAIMS

Sick Pay Benefits

CPS provides sick pay benefits for substantially all of its employees. Eligible employees were able to accumulate a maximum of 325 sick days granted before July 1, 2012. 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. CPS budgets an amount each year in the General Operating Fund for these estimated payments to employees terminated in the current fiscal year.

Effective July 1, 2012 any sick days granted that remain unused at the end of the fiscal year will not be carried over to the next fiscal year. The Board shall not pay out to any employee the value or any part of the value of any sick days granted on and after July 1, 2012 that are unused at the time the employee separates from the Board employment for any reason.

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.



NOTE 11. OTHER BENEFITS AND CLAIMS (continued)

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 million and Boiler and Machinery Insurance with limits of \$100 million with the following deductibles:

Data processing equipment and media (property)	\$ 25,000
Mechanical breakdown	\$ 50,000
All other losses (property)	\$1,000,000

CPS maintains commercial excess liability insurance with limits of \$50 million in excess of a \$5 million self-insured retention per loss for claims arising from general, automobile, school board legal, employment practices, and miscellaneous professional liability; additional coverage includes special events, crime, fiduciary, special crime, pollution, and catastrophic student accident insurance (under Public Act 98-0166, also known as "Rocky's Law"). During fiscal years 2014, 2013, and 2012 there were no casualty claims made in excess of the self-insured retention.

As discussed in Note 14, there are pending workers' compensation and tort claims involving CPS which have arisen out of the ordinary conduct of business. 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 are actuarially determined based on reserves established by the respective claim administrators. Tort liabilities are based on reserves established by the respective trial attorneys. CPS accrues for the estimated workers' compensation, general and automobile claims and tort claims in the General Operating Fund where there is likelihood that an unfavorable outcome is probable and those expenditures will be liquidated with expendable available financial resources. Total expenditures reported in the fund financial statements amounted to \$33.4 million.

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

	<u>Balance June 30, 2013</u>	<u>Increase/ (Decrease)</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
Accrued sick pay benefits	\$365,299	\$14,601	\$(22,579)	\$357,321
Accrued vacation pay benefits	69,853	1,650	(10,511)	60,992
Accrued workers' compensation claims	114,268	39,606	(24,594)	129,280
Accrued general and automobile claims	5,808	1,456	(1,046)	6,218
Tort liabilities and other claims	3,278	7,500	—	10,778
Total	<u>\$558,506</u>	<u>\$64,813</u>	<u>\$(58,730)</u>	<u>\$564,589</u>
Less: Current portion of accrued sick pay benefits				(52,457)
Less: Current portion of accrued vacation pay benefits				(12,296)
Less: Current portion of accrued workers' compensation claims				(25,218)
Less: Current portion of accrued general and automobile claims				(2,007)
Total long-term other benefits and claims				<u>\$472,611</u>



NOTE 11. OTHER BENEFITS AND CLAIMS (continued)

The following is activity related to workers' compensation claims and general and automobile claims (\$000's):

<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
<u>\$120,694</u>	<u>\$22,657</u>	<u>\$(23,275)</u>	<u>\$120,076</u>	<u>\$41,062</u>	<u>\$(25,640)</u>	<u>\$135,498</u>

CPS is self-insured for certain employee health insurance costs (reimbursed to a provider on a cost plus fees basis). A liability of \$50 million has been recorded for health insurance costs and is reported as part of accrued payroll and benefits in the General Operating Fund, which includes \$30 million for estimated medical claims incurred but not reported as of June 30, 2014. The following is the activity related to medical claims for which CPS is self-insured (\$000's):

<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
<u>\$55,845</u>	<u>\$361,929</u>	<u>\$(367,818)</u>	<u>\$49,956</u>	<u>\$383,721</u>	<u>\$(385,516)</u>	<u>\$48,161</u>

NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Pension legislation (Public Act 96-0889) was approved in April 2010 and established two distinct classes of membership with different retirement eligibility conditions and benefit provisions. For convenience, the Illinois pension funds use a tier concept to distinguish these groups: Tier 1 members are participants that became members before January 1, 2011 and Tier 2 members are participants that became members on or after January 1, 2011.

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 major contributor. 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 certified members of the teaching force, including those employed by charter schools, and employees of the Pension Fund. As of the June 30, 2013 Pension Fund Annual report, there were 30,969 active participants in the Pension Fund, substantially all of whom were employees of CPS.

A member of the Pension Fund who became a participant prior to January 1, 2011 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.

Pension legislation (Public Act 96-0889) created a second tier of benefits for teachers who first become participants under the fund on or after January 1, 2011. Under this act, a member is entitled to a pension after attainment of age 67 with at least 10 years of service. However, a member can elect to retire at age 62 with at least 10 years of service and receive a retirement annuity reduced by 0.5% for each month that his or her age is under 67. In addition, the annual final average salary may not exceed the social security wage base of \$106,800 for 2011 and shall be increased by the lesser of 3% or 0.5% change in the Consumer Price Index-U during the preceding 12-month calendar year.

NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Participating members contribute 9% of salary, allocated as follows: 7.5% for retirement pension, 0.5% for automatic annual increases and 1% for survivor's pension. In fiscal year 2014, as in previous fiscal years, CPS paid a portion (7% — \$127.4 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.

State law requires statutorily determined CPS employer contributions. Under the Illinois Pension Code, CPS' required employer contributions – with the exception of federal funds — are calculated by the Pension Fund's actuary; however, the formula set forth in the Pension Code is not the same as the Annual Required Contribution or the Actuarially Determined Contribution as those terms are defined by GASB. CPS' employer contributions towards the cost of retirement benefits, and their related sources of funding, are as follows (\$000's):

Retirement benefit contribution:	
A contribution to increase funded ratio to 90%	\$581,322
A portion of grant funds from the Federal government for teachers paid from certain Federally-funded programs	19,475
Subtotal	\$600,797
A contribution from the State of Illinois	11,903
A 20% deficiency payment	271
Total contributions	<u>\$612,971</u>

For the fiscal year ended June 30, 2014, employee contributions are \$163.8 million which is 9% of pensionable salary (of which the employer paid 7%—\$127.4 million). Employer contributions for the year are \$613.0 million which is approximately 27.4% of covered payroll.

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 \$613.0 million and amounts incurred by CPS for a portion of the required employees' pension contribution of \$127.4 million, which total \$740.4 million. For functional reporting purposes, all teachers' pension expenditures, except the portion funded by the Federal grants, are reflected in the same functional classifications as the teachers' salaries.

The government-wide financial statements also reflect pension expense as a representation of the change in net pension obligation.

CPS' annual pension costs for fiscal year 2014 is as follows (\$000's):

Annual required contribution (ARC)	\$ 719,782
Interest on net pension obligation (NPO)	241,604
Adjustment to annual required contribution	<u>(178,083)</u>
Annual pension cost (APC)	\$ 783,303
Less: Contributions made	<u>(612,971)</u>
Increase in NPO	\$ 170,332
Add NPO, beginning of year	<u>3,020,048</u>
NPO, end of year	<u>\$3,190,380</u>



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

The three-year trend information for the fund is as follows (\$000's):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual pension cost	\$ 783,303	\$ 646,723	\$ 563,030
Percentage of annual pension cost contributed	78.3%	38.0%	36.6%
Net pension obligation	\$3,190,380	\$3,020,048	\$2,618,836

Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2013
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	7.75%
Projected salary increases	Average of 4.25% per year
Inflation	2.75%

As of the June 30, 2013 actuarial valuation date, actuarial accrued liability (AAL) for benefits was \$19.045 billion, and the actuarial value of assets was \$9.423 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.622 billion, and a funded ratio of 49.4%. The covered payroll (annual payroll of active employees covered by the plan) was \$2.239 billion, and the ratio of the UAAL to the covered payroll was 429.7%.

In the opinion of CPS' legal counsel, the unfunded actuarial liability of the Pension Fund is not a liability to be funded by 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%. In fiscal year 2014, CPS was required to make pension contributions to increase the funded ratio to 90% by FY2059. CPS' required pension contribution for fiscal year 2014 was \$600.8 million. During fiscal year 2014, CPS did not offer an early retirement incentive program.

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

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 multiple employer defined benefit plan.

If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest at 3% per annum, subject to certain exceptions.

Tier 1 employees age 55 or more with at least 10 years of service are entitled to receive an annuity. Employees age 60 or more with at least 10 years of service or age 55 with at least 25 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service times the final average salary. If the employee retires prior to age 60, the



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

annuity shall be reduced by 0.25% for each month the employee is under age 60 if the employee has less than 25 years of service. The annuity is not discounted if the employee is age 50 with at least 30 years of service.

Tier 2 employees age 67 or more with at least 10 years of service are entitled to receive an unreduced annuity benefit or a reduced annuity benefit at age 62 with 10 years of service. The annuity is discounted 0.5% for each full month the employee is under age 67. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service prior to retirement. The highest salary for annuity purposes may not exceed the base of \$106,800 and shall be adjusted annually by the lesser of a) 3% of that amount, including all prior adjustments, or b) ½ of the annual unadjusted percentage increase in the Consumer Price Index-U for the 12 months ending with the September preceding November 1, including all prior adjustments. The annual salary rate limitations for FY2013 and FY2014 were \$109,971 and \$110,631, respectively.

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.

Both Tier 1 and Tier 2 employees are required by Article 8, Chapter 40 of the Illinois Compiled Statutes to contribute a percentage of their salary (8.5%). The pensionable salary for Tier 1 members has no limitation while Tier 2 employees' pensionable salary may not exceed the social security wage base of \$106,800 adjusted by inflation. In fiscal year 2014, as in previous fiscal years, CPS agreed to pay a portion (7% — \$38.7 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 \$101.9 million, \$38.7 million of this amount represents the required employees' contribution paid by CPS on behalf of its employees; \$57.7 million is contributed by the City of Chicago through its specific tax levies for pension plans and the remaining \$5.5 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 2014 is \$101.9 million. For fiscal years 2013 and 2012, the career service pension expense was \$102.3 million and \$100.0 million, respectively.

As of December 31, 2013, CPS employed approximately 17,095 of the 30,647 active participants in the Annuity Fund. The annual report can be found at www.meabf.org. CPS, in the opinion of its legal counsel, has no duty to contribute any sum to the Annuity Fund. The Annuity Fund is funded by member and employer contribution rates that are established by state law and may be amended only by the Illinois State legislature. Active members are required to contribute to the Annuity Fund 8.5% of their salary. The City of Chicago is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the Annuity Fund. It is required to levy a tax at a rate not more than an amount equal to 1.25 times (current multiple) total amount of contributions by the employees to the Annuity Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied.

Other Post Employment Benefits (OPEB)

Healthcare benefits for certified teachers and administrators are provided under a cost sharing multiple employer plan administered by the Pension Fund. The actuarial analysis is contained Pension Fund Annual Report and is available by contacting the Public School Teachers' Pension & Retirement Fund of Chicago, 203 North LaSalle Street, Chicago, Illinois, 60601.



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 60% of the individual member's cost for calendar years 2014, 2013 and 2012. 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 \$65.0 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 GASB 45. The Pension Fund has total discretion over the program, and no direct contributions are made for the subsidy. Although CPS does not contribute directly to retirees' health care premiums, the impact does require increased contributions by CPS to build assets to the 90% requirement. As of June 30, 2013, there were 18,140 retirees and beneficiaries in the Chicago Teachers' Pension Fund Retiree Health Insurance Program. This provision reduces the net position of the Pension Fund.

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

CPS' annual OPEB costs for fiscal year 2014 are as follows (\$000's):

Annual required contribution	\$ 165,115
Interest on net OPEB obligation	69,147
Adjustment to annual required contribution	<u>(90,608)</u>
Annual OPEB cost	\$ 143,654
Less: Contributions made by the State of Illinois	<u>—</u>
Increase in Net OPEB obligation	\$ 143,654
Net OPEB obligation, beginning of year	<u>1,536,593</u>
Net OPEB obligation, end of year	<u><u>\$1,680,247</u></u>

The three-year trend information for the fund is as follows (amounts are in \$000's):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB cost	\$ 143,654	\$ 200,665	\$ 205,731
Percentage of annual pension cost contributed	0.0%	0.0%	0.0%
Net OPEB obligation	\$1,680,247	\$1,536,593	\$1,335,928



NOTE 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	4.5%
Medical trend rate	8.0%
Inflation	3.5%

As of the June 30, 2013 actuarial valuation date, actuarial accrued liability (AAL) for benefits was \$2.386 billion, and the actuarial value of assets was \$35.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.350 billion, and a funded ratio of 1.5%. The covered payroll (annual payroll of active employees covered by the plan) was \$2.239 billion, and the ratio of the UAAL to the covered payroll was 104.96%.

Other Personnel

Actuarial studies on other personnel (personnel other than teachers and administrators) determined that no OPEB liability exists for those employees as of June 30, 2014.

NOTE 13. FUND BALANCE CLASSIFICATIONS AND NET POSITION RESTRICTIONS

a. Fund Balance Classifications

On the fund financial statements, the Nonspendable Fund Balance consists of donations in which the principal may not be spent in the amount of \$429.0 thousand.

At the end of the fiscal year the total encumbrances for the general operating fund amounted to \$98.7 million.

b. Statement of Net Position

The Statement of Net Position reports \$450.1 million of restricted fund balance, of which \$368.8 million is restricted for debt service, \$61.5 million is restricted for programs funded by grants and donations, and \$19.8 million is restricted for workers' comp/tort immunity.

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 any potential adjustments to the Federal or State aid recorded by CPS through June 30, 2014, resulting from a review by a responsible government agency will not have a material effect on CPS' financial statements at June 30, 2014.



NOTE 14. LITIGATION AND CONTINGENCIES (continued)*b. Pollution Remediation Obligation*

In FY2014, CPS recorded a pollution remediation obligation of \$8.2 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 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. Vacant Property

In FY2013 CPS closed 47 schools of which some of the schools were identified to be demolished. In accordance with GASB 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," CPS recorded a liability for the estimated demolition cost of \$18.7 million at June 30, 2013. As of June 30, 2014 none of the closed schools have been demolished and the estimated demolition cost remains at \$18.7 million.

d. Financial Guarantees

As of June 30, 2014, CPS has entered into one nonexchange financial guarantee. The guarantee agreement is with Perspectives Charter Schools, effective July 1, 2003, which is a Charter School under the Chicago Board of Education. Perspectives Charter Schools has a Reimbursement Agreement with Harris Trust and Savings Bank and CPS has guaranteed to pay Harris Trust and Savings Bank all outstanding debt if Perspectives Charter Schools defaults in reimbursing the Bank according to the terms listed in the reimbursement agreement. This amount is not to exceed the lesser of \$4,500,000 (Principal Amount) or the carrying debt amount less \$1,000,000. The guarantee agreement shall be of no further force or effect as of July 1, 2033, or after the gross available amount of the letter of credit has been reduced to \$1,000,000 or less. The gross available amount is scheduled to be reduced to \$1,000,000 as of July 1, 2031. Per the June 30, 2014 audited financial statements of Perspectives Charter Schools, the most recent financial information available, the outstanding balance of the revenue bonds is \$4,500,000. This guarantee is still in place as of June 30, 2014, and CPS is not aware of any qualitative factors that would trigger an event of default. Therefore, CPS is not required to record a liability for this guarantee under GASB 70.

e. Other Litigation and Claims

There are two lawsuits and three union grievances that represent issues in which the financial loss to CPS has been determined to be a potential liability by CPS' law department. A liability of \$7.5 million has been record in FY2014.

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, 2014, 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, 2014.



NOTE 15. SUBSEQUENT EVENTS2013BC Interim Financing for Capital Expenditures

On December 20, 2013, CPS closed on two draw loans with BMO Harris Bank NA and PNC Bank NA, as disclosed in Note 8. As of December 31, 2014, CPS has drawn an additional \$83.4 million since June 30, 2014, increasing the total outstanding principal to \$215 million. CPS plans to issue a permanent financing to redeem the draws under the interim financing, after which the draw loans will revolve and be available to fund future capital expenditures.

2004G Defeasance

On November 5, 2014, the City of Chicago issued the Series 2014AB bonds, a portion of which defeased \$10,380,000 of the CPS Series 2004G bonds. These bonds have been redeemed and are no longer outstanding.

2000B and 2011D Variable Rate Extension

On December 1 and December 2, 2014, CPS extended the Wells Fargo Bank, National Association letter of credit supporting the 2000B bonds, as well as the 2011D private placement with PNC Bank NA. These variable rate bonds were extended to March 27, 2015.

Social Impact Bonds

On December 2, 2014, CPS closed on a \$17 million social impact bond financing. This financing provides funding for expanded early childhood educational programming for approximately 2,600 children over 4-years of age. As of January 5, 2015, CPS has received \$2.1 million in funding from this financing.

2014BC Working Capital Line of Credit

On December 19, 2014, CPS closed on two working capital lines of credit with PNC Bank NA (Series 2014A) and BMO Harris Bank NA (Series 2014B). The lines of credit provide liquidity support within the fiscal year due to the timing of the payment of property tax revenues. Property tax revenues are generally received twice a year and the lines of credit largely support cash flow expenditures shortly before the receipt of these revenues. The total capacity under the line as of December 19, 2014 is \$370 million.

The lines of credit will be repaid from tax year 2014 property tax receipts collectible in calendar year 2015. The lines of credit will be available through the earlier of 60 days after the second installment due date of tax year 2014 property tax revenues or December 18, 2015. As of December 19, 2014, \$7.4 million had been drawn on the lines of credit.

Change in Revenue Recognition in fiscal year 2015

Effective for fiscal year 2015, CPS is changing its revenue availability period from 30 days to 60 days. The change in availability period from 30 to 60 days is within the parameters established by generally accepted accounting principles. Management believes this change, which was also incorporated into the fiscal year 2015 CPS Budget Book is preferable as it more closely aligns CPS' governmental fund revenue recognition and the related assets to amounts used by CPS to pay liabilities at fiscal year-end in accordance with the modified accrual basis of accounting.

Future Sustainability

As of June 30, 2014 the General Fund fund balance was \$436 million. The fiscal year 2015 budget report was approved by the Board on July 24, 2014 and is available at <http://cps.edu/budget>. For fiscal



NOTE 15. SUBSEQUENT EVENTS (continued)

year 2015 the unaudited budget report (table 3) estimates General Fund fund balance of \$304 million which incorporates the fiscal year 2015 revenue deficit and fund balance adjustment for availability period revenue recognition change. The unaudited budget report Budget Overview (table 4) for fiscal year 2015, 2016 and 2017 generally reflects slight decreases in revenues and slight increases in expenditures. The resulting impact on annual General Fund revenue deficits is approximately \$862 million, \$1.1 billion and \$1.4 billion for fiscal year's 2015, 2016 and 2017, respectively.

As of June 30, 2014 the Net Position of CPS, as reported in the Government-Wide Financial Statements, is a deficit of \$3.959 billion. The teacher's pension liability reported under GASB standards in effect at June 30, 2014 is \$3.190 billion. As discussed in Note 12 the unfunded actuarial accrued teacher pension liability is \$9.622 billion. With the implementation of GASB Statement No. 68, effective July 1, 2014, approximately \$6 billion of incremental teacher pension liability will be added to the unfunded pension obligation and to the deficit net position.

Despite significant cuts to expenditures over the last few years and improved efficiencies CPS has grappled with growing annual budget deficits due in large part to escalating pension costs. Future projected deficits represent approximately 15% to 22% of the total annual CPS budget for the General Fund. Management believes, absent State action and with limited ability to affect funding, CPS would be left with limited options to resolve the structural budget deficit.



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required Supplementary Information



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF FUNDING PROGRESS

Net Pension Obligation — Certified Teachers and Administrators
(Thousands of dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
6/30/2013	\$ 9,422,519	\$19,044,533	\$9,622,014	49.48%	\$2,239,347	429.68%
6/30/2012	9,364,077	17,375,660	8,011,583	53.89%	2,224,903	360.09%
6/30/2011	10,109,314	16,940,626	6,831,312	59.67%	2,090,132	326.84%
6/30/2010	10,917,417	16,319,744	5,402,327	66.90%	2,107,934	256.29%
6/30/2009	11,493,256	15,683,241	4,189,985	73.28%	1,996,194	209.90%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF FUNDING PROGRESS

Other Post-employment Benefits

(Thousands of dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
6/30/2013	\$35,797	\$2,386,106	\$2,350,309	1.50%	\$2,239,347	104.96%
6/30/2012	34,125	3,110,316	3,076,191	1.10%	2,224,903	138.26%
6/30/2011	31,325	3,071,517	3,040,192	1.02%	2,090,132	145.45%
6/30/2010	34,858	2,864,877	2,830,019	1.22%	2,107,934	134.26%
6/30/2009	49,692	2,670,283	2,620,591	1.86%	1,996,194	131.28%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

General Operating Fund

The General Operating Fund is the primary operating fund of the Board. It was created in response to the provisions of P.A. 89-15 which consolidated all of the rate-limited tax levies into the Board's general education tax levy. All information in this fund is presented in accordance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. The General Operating Fund includes all the revenues and expenditures of the following programs: Educational Program; 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, 2014
With Comparative Amounts for the Fiscal Year Ended June 30, 2013
(Thousands of Dollars)

	<u>Final Budget</u>	<u>Fiscal Year 2014 Actual</u>	<u>Over (Under) Budget</u>	<u>Fiscal Year 2013 Actual</u>	<u>2014 Over (Under) 2013</u>
Revenues:					
Property taxes	\$2,141,418	\$2,161,204	\$ 19,786	\$2,157,777	\$ 3,427
Replacement taxes	105,520	131,075	25,555	128,212	2,863
State aid	1,621,466	1,631,782	10,316	1,599,424	32,358
Federal aid	908,352	864,457	(43,895)	805,983	58,474
Interest and investment earnings	3,050	4,458	1,408	2,207	2,251
Other	169,659	143,859	(25,800)	132,717	11,142
Total revenues	<u>\$4,949,465</u>	<u>\$4,936,835</u>	<u>\$ (12,630)</u>	<u>\$4,826,320</u>	<u>\$ 110,515</u>
Expenditures:					
Teachers' salaries	\$1,930,841	\$1,921,969	\$ (8,872)	\$1,942,007	\$ (20,038)
Career service salaries	630,320	619,462	(10,858)	633,489	(14,027)
Energy	81,137	87,547	6,410	76,559	10,988
Food	102,726	96,816	(5,910)	106,650	(9,834)
Textbooks	64,550	52,871	(11,679)	68,969	(16,098)
Supplies	71,051	55,223	(15,828)	52,925	2,298
Other commodities	822	648	(174)	408	240
Professional fees	483,804	441,667	(42,137)	398,064	43,603
Charter schools	596,068	580,652	(15,416)	498,162	82,490
Transportation	110,927	104,430	(6,497)	106,861	(2,431)
Tuition	72,258	66,396	(5,862)	54,626	11,770
Telephone and telecommunications	12,467	30,297	17,830	23,642	6,655
Other services	18,111	14,126	(3,985)	12,438	1,688
Equipment — educational	84,006	62,757	(21,249)	59,654	3,103
Repair and replacements	30,749	31,679	930	26,449	5,230
Capital outlay	—	—	—	75	(75)
Teachers' pension	725,209	740,419	15,210	374,567	365,852
Career service pension	103,688	101,885	(1,803)	102,342	(457)
Hospitalization and dental insurance	346,562	343,308	(3,254)	319,792	23,516
Medicare	36,826	35,951	(875)	36,404	(453)
Unemployment compensation	16,522	16,426	(96)	9,134	7,292
Workers' compensation	26,083	25,646	(437)	23,967	1,679
Rent	12,361	12,164	(197)	10,547	1,617
Other fixed charges	35,185	7,792	(27,393)	8,639	(847)
Total expenditures	<u>\$5,592,273</u>	<u>\$5,450,131</u>	<u>\$(142,142)</u>	<u>\$4,946,370</u>	<u>\$ 503,761</u>
Revenues in excess of (less than) expenditures ..	<u>\$ (642,808)</u>	<u>\$ (513,296)</u>	<u>\$ 129,512</u>	<u>\$ (120,050)</u>	<u>\$(393,246)</u>
Other financing sources:					
Transfers in	\$ —	\$ 161	\$ 161	\$ 439	\$ (278)
Total other financing sources	<u>\$ —</u>	<u>\$ 161</u>	<u>\$ 161</u>	<u>\$ 439</u>	<u>\$ (278)</u>
Net change in fund balances	<u>\$ (642,808)</u>	<u>\$ (513,135)</u>	<u>\$ 129,673</u>	<u>\$ (119,611)</u>	<u>\$(393,524)</u>
Fund balances, beginning of period	949,143	949,143	—	1,068,754	(119,611)
Fund balances, end of period	<u>\$ 306,335</u>	<u>\$ 436,008</u>	<u>\$ 129,673</u>	<u>\$ 949,143</u>	<u>\$(513,135)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Capital Projects Fund

The Capital Projects Fund is for the receipts 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 receipts and expenditures of proceeds from the sale of certain Board real estate, and other miscellaneous capital project revenues from various sources as designated by the Board.

Capital Improvement Program:

This program is for the receipts 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, 2014
(Thousands of dollars)

	<u>Capital Asset Program</u>	<u>Capital Improvement Program</u>	<u>Total</u>
Revenues:			
State aid	\$ —	\$ 37,822	\$ 37,822
Federal aid	—	14,920	14,920
Interest and investment earnings	—	820	820
Other	—	29,109	29,109
Total revenues	<u>\$ —</u>	<u>\$ 82,671</u>	<u>\$ 82,671</u>
Expenditures:			
Capital outlay	\$ 4,763	\$ 482,223	\$ 486,986
Total expenditures	<u>\$ 4,763</u>	<u>\$ 482,223</u>	<u>\$ 486,986</u>
Revenues (less than) expenditures	<u>\$(4,763)</u>	<u>\$(399,552)</u>	<u>\$(404,315)</u>
Other financing sources:			
Gross amounts from debt issuances	\$ —	\$ 131,305	\$ 131,305
Sales of general capital assets	7,301	—	7,301
Total other financing sources	<u>\$ 7,301</u>	<u>\$ 131,305</u>	<u>\$ 138,606</u>
Net change in fund balances	\$ 2,538	\$(268,247)	\$(265,709)
Fund balances, beginning of period	<u>1,370</u>	<u>172,386</u>	<u>173,756</u>
Fund balances, end of period	<u>\$ 3,908</u>	<u>\$ (95,861)</u>	<u>\$ (91,953)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CAPITAL ASSET PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES AND NET CHANGE IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Amounts for the Fiscal Year Ended June 30, 2013
(Thousands of dollars)

	<u>Final Appropriations</u>	<u>Fiscal Year 2014</u>	<u>Variance</u>	<u>Fiscal Year 2013</u>	<u>2014 Over (Under) 2013</u>
Revenues:					
Other	\$ —	\$ —	\$ —	\$ 51	\$ (51)
Total revenues	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 51</u>	<u>\$ (51)</u>
Expenditures:					
Capital outlay	\$ —	\$ 4,763	\$ 4,763	\$ 26	\$ 4,737
Total expenditures	<u>\$ —</u>	<u>\$ 4,763</u>	<u>\$ 4,763</u>	<u>\$ 26</u>	<u>\$ 4,737</u>
Revenues in excess of (less than) expenditures	<u>\$ —</u>	<u>\$(4,763)</u>	<u>\$(4,763)</u>	<u>\$ 25</u>	<u>\$(4,788)</u>
Other financing sources:					
Sales of general capital assets ...	\$ —	\$ 7,301	\$ 7,301	\$ 723	\$ 6,578
Total other financing sources ...	<u>\$ —</u>	<u>\$ 7,301</u>	<u>\$ 7,301</u>	<u>\$ 723</u>	<u>\$ 6,578</u>
Net change in fund balance	<u>\$ —</u>	<u>\$ 2,538</u>	<u>\$ 2,538</u>	<u>\$ 748</u>	<u>\$ 1,790</u>
Fund balance, beginning of period	1,370	1,370	—	622	748
Fund balance, end of period	<u>\$1,370</u>	<u>\$ 3,908</u>	<u>\$ 2,538</u>	<u>\$1,370</u>	<u>\$ 2,538</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, 2014
With Comparative Amounts for the Fiscal Year Ended June 30, 2013
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2014	Variance	Fiscal Year 2013	2014 Over (Under) 2013
Revenues:					
State aid	\$ 25,864	\$ 37,822	\$ 11,958	\$ 6,901	\$ 30,921
Federal aid	—	14,920	14,920	13,570	1,350
Interest and investment earnings	—	820	820	1,860	(1,040)
Other	182,920	29,109	(153,811)	88,025	(58,916)
Total revenues	<u>\$ 208,784</u>	<u>\$ 82,671</u>	<u>\$(126,113)</u>	<u>\$ 110,356</u>	<u>\$ (27,685)</u>
Expenditures:					
Salaries	\$ 1,526	\$ 364	\$ (1,162)	\$ —	\$ 364
Services	4,483	4,456	(27)	6,875	(2,419)
Educational equipment	—	11,147	11,147	13,586	(2,439)
Capital outlay	342,997	466,153	123,156	472,970	(6,817)
Career service pension	66	66	—	—	66
Hospitalization and dental insurance	25	25	—	—	25
Medicare	5	5	—	—	5
Unemployment compensation	3	3	—	—	3
Workers' compensation	4	4	—	—	4
Total expenditures	<u>\$ 349,109</u>	<u>\$ 482,223</u>	<u>\$ 133,114</u>	<u>\$ 493,431</u>	<u>\$ (11,208)</u>
Revenues less than expenditures	<u>\$(140,325)</u>	<u>\$(399,552)</u>	<u>\$(259,227)</u>	<u>\$(383,075)</u>	<u>\$ (16,477)</u>
Other financing sources (uses):					
Gross amounts from debt issuances	\$ 300,000	\$ 131,305	\$(168,695)	\$ 468,915	\$(337,610)
Premiums	—	—	—	39,994	(39,994)
Transfers out	—	—	—	(41,588)	41,588
Total other financing sources (uses) ..	<u>\$ 300,000</u>	<u>\$ 131,305</u>	<u>\$(168,695)</u>	<u>\$ 467,321</u>	<u>\$(336,016)</u>
Net change in fund balance	<u>\$ 159,675</u>	<u>\$(268,247)</u>	<u>\$(427,922)</u>	<u>\$ 84,246</u>	<u>\$(352,493)</u>
Fund balance, beginning of period	<u>172,386</u>	<u>172,386</u>	<u>—</u>	<u>88,140</u>	<u>84,246</u>
Fund balance, end of period	<u>\$ 332,061</u>	<u>\$ (95,861)</u>	<u>\$(427,922)</u>	<u>\$ 172,386</u>	<u>\$(268,247)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Debt Service Fund

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

Bond Redemption and Interest Program:

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

Public Building Commission Leases Program:

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



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES**

For the Fiscal Year Ended June 30, 2014

(Thousands of dollars)

	Bond Redemption and Interest Program	Public Building Commission Leases Program	Total
Revenues:			
Property taxes	\$ —	\$52,102	\$ 52,102
Replacement taxes	56,966	—	56,966
State aid	173,092	—	173,092
Federal aid	24,809	—	24,809
Interest and investment earnings	10,313	5	10,318
Other	99,779	—	99,779
Total revenues	<u>\$364,959</u>	<u>\$52,107</u>	<u>\$417,066</u>
Expenditures:			
Debt service	\$415,922	\$51,982	\$467,904
Total expenditures	<u>\$415,922</u>	<u>\$51,982</u>	<u>\$467,904</u>
Revenues in excess of (less than) expenditures	<u>\$ (50,963)</u>	<u>\$ 125</u>	<u>\$ (50,838)</u>
Other financing sources (uses):			
Gross amounts from debt issuances	\$ 295	\$ —	\$ 295
Transfers (out)	(157)	(4)	(161)
Total other financing sources (uses)	<u>\$ 138</u>	<u>\$ (4)</u>	<u>\$ 134</u>
Net change in fund balances	<u>\$ (50,825)</u>	<u>\$ 121</u>	<u>\$ (50,704)</u>
Fund balances, beginning of period	692,605	43,528	736,133
Fund balances, end of period	<u>\$641,780</u>	<u>\$43,649</u>	<u>\$685,429</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	Final Appropriations	Fiscal Year 2014 Actual	Variance	Fiscal Year 2013 Actual	2014 Over (Under) 2013
Revenues:					
Replacement taxes	\$ 56,966	\$ 56,966	\$ —	\$ 57,672	\$ (706)
State aid	195,881	173,092	(22,789)	209,473	(36,381)
Federal aid	24,505	24,809	304	26,243	(1,434)
Interest and investment earnings	—	10,313	10,313	3,230	7,083
Other	97,070	99,779	2,709	101,335	(1,556)
Total revenues	<u>\$ 374,422</u>	<u>\$364,959</u>	<u>\$ (9,463)</u>	<u>\$ 397,953</u>	<u>\$ (32,994)</u>
Expenditures:					
Debt service	\$ 561,173	\$415,922	\$(145,251)	\$ 338,445	\$ 77,477
Total expenditures	<u>\$ 561,173</u>	<u>\$415,922</u>	<u>\$(145,251)</u>	<u>\$ 338,445</u>	<u>\$ 77,477</u>
Revenues in excess of (less than) expenditures	<u>\$(186,751)</u>	<u>\$ (50,963)</u>	<u>\$ 135,788</u>	<u>\$ 59,508</u>	<u>\$(110,471)</u>
Other financing sources (uses):					
Gross amounts from debt issuances	\$ —	\$ 295	\$ 295	\$ 513,805	\$(513,510)
Premiums	—	—	—	7,277	(7,277)
Payment to refunded bond escrow agent	—	—	—	(480,597)	480,597
Transfers in (out)	—	(157)	(157)	41,157	(41,314)
Total other financing sources (uses)	<u>\$ —</u>	<u>\$ 138</u>	<u>\$ 138</u>	<u>\$ 81,642</u>	<u>\$ (81,504)</u>
Net change in fund balance	<u>\$(186,751)</u>	<u>\$ (50,825)</u>	<u>\$ 135,926</u>	<u>\$ 141,150</u>	<u>\$(191,975)</u>
Fund balance, beginning of period ..	692,605	692,605	—	551,455	141,150
Fund balance, end of period	<u>\$ 505,854</u>	<u>\$641,780</u>	<u>\$ 135,926</u>	<u>\$ 692,605</u>	<u>\$ (50,825)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PUBLIC BUILDING COMMISSION LEASES PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,
OTHER FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Amounts for the Fiscal Year Ended June 30, 2013
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2014 Actual	Variance	Fiscal Year 2013 Actual	2014 Over (Under) 2013
Revenues:					
Property taxes	\$51,982	\$52,102	\$120	\$53,791	\$(1,689)
Interest and investment earnings	—	5	5	6	(1)
Total revenues	<u>\$51,982</u>	<u>\$52,107</u>	<u>\$125</u>	<u>\$53,797</u>	<u>\$(1,690)</u>
Expenditures:					
Debt service	\$51,982	\$51,982	\$ —	\$51,964	\$ 18
Total expenditures	<u>\$51,982</u>	<u>\$51,982</u>	<u>\$ —</u>	<u>\$51,964</u>	<u>\$ 18</u>
Revenues in excess of (less than) expenditures	\$ —	\$ 125	\$125	\$ 1,833	\$(1,708)
Other financing uses:					
Transfers out	\$ —	\$ (4)	\$ (4)	\$ (8)	\$ 4
Total other financing uses	<u>\$ —</u>	<u>\$ (4)</u>	<u>\$ (4)</u>	<u>\$ (8)</u>	<u>\$ 4</u>
Net change in fund balance	\$ —	\$ 121	\$121	\$ 1,825	\$(1,704)
Fund balance, beginning of period	43,528	43,528	—	41,703	1,825
Fund balance, end of period	<u>\$43,528</u>	<u>\$43,649</u>	<u>\$121</u>	<u>\$43,528</u>	<u>\$ 121</u>



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.





CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPONENTS OF NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net investment in capital assets	\$ 413,077	\$ 268,190	\$ 267,249	\$ 133,440
Restricted for:				
Debt service	298,538	357,409	413,747	445,782
Donations	1,459	1,503	1,765	1,826
Enabling legislation	43,675	84,388	129,597	102,695
Grants and donations	—	—	—	—
Workers' comp/tort immunity	—	—	—	—
Unrestricted	<u>(225,335)</u>	<u>(538,879)</u>	<u>(698,809)</u>	<u>(784,702)</u>
Total net position	<u>\$ 531,414</u>	<u>\$ 172,611</u>	<u>\$ 113,549</u>	<u>\$ (100,959)</u>

- 1) For FY2009, the amounts for net position restricted for debt service and unrestricted net position were restated to reflect the effects of GASB 53 adopted in FY2010.
- 2) Certain items in the FY2010 financial statements were reclassified to conform with the FY2011 presentation. These reclassifications had no impact in the total net position as previously reported.
- 3) Certain items in the FY2011 financial statements were reclassified to conform with the FY2012 presentation. These reclassifications had no impact in the total net position as previously reported.
- 4) Certain items in the FY2012 financial statements were restated to reflect the effects of GASB 63 and GASB 65 adopted in FY2013.



<u>2009 (1)</u> <u>(as restated)</u>	<u>2010 (2)</u>	<u>2011 (3)</u>	<u>2012 (4)</u> <u>(as restated)</u>	<u>2013</u>	<u>2014</u>
\$ 30,202	\$ 440,099	\$ 370,159	\$ 310,028	\$ 80,009	\$ (37,194)
391,392	442,851	276,097	282,253	345,399	368,794
3,695	5,825	—	—	—	—
101,072	109,163	—	—	—	—
—	—	70,045	70,302	63,862	61,451
—	—	91,036	92,680	64,985	19,838
<u>(1,017,248)</u>	<u>(1,916,207)</u>	<u>(2,009,152)</u>	<u>(2,552,441)</u>	<u>(3,358,734)</u>	<u>(4,372,335)</u>
<u>\$ (490,887)</u>	<u>\$ (918,269)</u>	<u>\$ (1,201,815)</u>	<u>\$ (1,797,178)</u>	<u>\$ (2,804,479)</u>	<u>\$ (3,959,446)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:				
Expenses:				
Instruction	\$ 2,777,202	\$ 3,107,897	\$ 3,096,529	\$ 3,138,036
Pupil support services	337,676	346,434	360,628	384,765
Administrative support services	158,303	161,802	178,891	205,693
Facilities support services	379,599	422,731	461,265	519,982
Instructional support services	404,583	465,106	481,477	496,708
Food services	182,315	179,725	186,297	193,614
Community services	42,677	46,205	45,203	46,779
Interest expense	201,506	217,848	219,826	274,356
Other	8,724	23,404	8,126	10,652
Total governmental activities	<u>\$ 4,492,585</u>	<u>\$ 4,971,152</u>	<u>\$ 5,038,242</u>	<u>\$ 5,270,585</u>
Program revenues:				
Charges for services				
Instruction	\$ 1,014	\$ 3,145	\$ 3,748	\$ 3,940
Food services	9,553	9,317	8,784	8,537
Operating grants and contributions	876,222	896,916	862,674	945,723
Capital grants and contributions	21,722	66,732	97,477	128,570
Total program revenues	<u>\$ 908,511</u>	<u>\$ 976,110</u>	<u>\$ 972,683</u>	<u>\$ 1,086,770</u>
Revenues (less than) expenditures	<u>\$(3,584,074)</u>	<u>\$(3,995,042)</u>	<u>\$(4,065,559)</u>	<u>\$(4,183,815)</u>
General revenues and other changes in net position:				
Taxes:				
Property taxes.	\$ 1,663,783	\$ 1,768,457	\$ 1,813,006	\$ 1,861,781
Replacement taxes	145,724	184,700	201,509	215,489
Non-program state aid	1,429,611	1,532,169	1,651,730	1,756,386
Interest and investment earnings	43,215	71,972	116,907	85,896
Gain recognized from swaptions earnings	—	—	37,647	—
Gain on sale of capital assets	—	5,312	22,919	45,386
Other	42,001	73,629	162,779	4,369
Extraordinary item - gain on impairment of capital assets	—	—	—	—
Total general revenues and extraordinary item	<u>\$ 3,324,334</u>	<u>\$ 3,636,239</u>	<u>\$ 4,006,497</u>	<u>\$ 3,969,307</u>
Change in net position	<u>\$ (259,740)</u>	<u>\$ (358,803)</u>	<u>\$ (59,062)</u>	<u>\$ (214,508)</u>



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,324,936	\$ 3,507,221	\$ 3,712,681	\$ 3,742,788	\$ 4,040,352	\$ 4,139,906
408,705	438,164	545,428	483,167	494,076	487,139
233,361	201,908	187,559	192,605	211,294	241,913
582,539	481,245	499,093	455,342	490,381	654,971
512,427	523,851	541,714	473,202	491,137	474,926
203,880	207,127	215,609	219,382	234,659	205,989
56,392	50,879	47,021	38,941	39,946	37,507
259,850	258,360	285,577	310,452	337,053	335,237
8,504	12,919	8,845	8,115	7,043	6,134
<u>\$ 5,590,594</u>	<u>\$ 5,681,674</u>	<u>\$ 6,043,527</u>	<u>\$ 5,923,994</u>	<u>\$ 6,345,941</u>	<u>\$ 6,583,722</u>
\$ 5,189	\$ 4,308	\$ 692	\$ 727	\$ 700	\$ 657
8,298	6,881	6,404	6,083	5,554	3,485
1,250,526	1,376,744	1,368,118	1,196,073	963,325	1,086,885
151,405	99,054	184,837	112,914	186,394	162,403
<u>\$ 1,415,418</u>	<u>\$ 1,486,987</u>	<u>\$ 1,560,051</u>	<u>\$ 1,315,797</u>	<u>\$ 1,155,973</u>	<u>\$ 1,253,430</u>
<u>\$(4,175,176)</u>	<u>\$(4,194,687)</u>	<u>\$(4,483,476)</u>	<u>\$(4,608,197)</u>	<u>\$(5,189,968)</u>	<u>\$(5,330,292)</u>
\$ 1,936,656	\$ 1,896,265	\$ 2,053,119	\$ 2,089,016	\$ 2,156,943	\$ 2,218,033
188,503	152,497	197,762	181,927	185,884	188,040
1,603,926	1,532,679	1,792,747	1,611,726	1,688,611	1,572,564
43,692	12,734	17,101	20,683	7,879	15,563
—	—	—	—	—	—
91	—	—	—	—	—
56,132	173,130	139,201	147,550	143,350	181,125
708	—	—	—	—	—
<u>\$ 3,829,708</u>	<u>\$ 3,767,305</u>	<u>\$ 4,199,930</u>	<u>\$ 4,050,902</u>	<u>\$ 4,182,667</u>	<u>\$ 4,175,325</u>
<u>\$ (345,468)</u>	<u>\$ (427,382)</u>	<u>\$ (283,546)</u>	<u>\$ (557,295)</u>	<u>\$ (1,007,301)</u>	<u>\$ (1,154,967)</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General operating fund				
Reserved	\$142,447	\$188,177	\$ 229,093	\$ 237,205
Unreserved	248,546	307,720	404,843	432,391
Nonspendable	—	—	—	—
Restricted for grants and donations	—	—	—	—
Restricted for workers' comp/tort immunity	—	—	—	—
Assigned for educational services	—	—	—	—
Assigned for appropriated fund balance	—	—	—	—
Assigned for commitments and contracts	—	—	—	—
Unassigned	—	—	—	—
Total general operating fund	<u>\$390,993</u>	<u>\$495,897</u>	<u>\$ 633,936</u>	<u>\$ 669,596</u>
All other governmental funds				
Reserved	\$435,625	\$574,232	\$ 463,935	\$ 541,068
Unreserved, reported in:				
Capital projects fund	219,048	284,019	481,445	337,506
Debt service fund	—	—	158,480	178,489
Nonspendable	—	—	—	—
Restricted for capital improvement program	—	—	—	—
Restricted for debt service	—	—	—	—
Assigned for debt service	—	—	—	—
Unassigned (deficit)	—	—	—	—
Total all other governmental funds	<u>\$654,673</u>	<u>\$858,251</u>	<u>\$1,103,860</u>	<u>\$1,057,063</u>

1) Since FY2011 fund balances are classified to conform with GASB 54 adopted in July 2010.

<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$215,452	\$226,154	\$ —	\$ —	\$ —	\$ —
311,422	198,461	—	—	—	—
—	—	1,972	3,329	1,720	429
—	—	69,616	69,873	63,434	61,022
—	—	91,036	92,680	64,985	19,838
—	—	289,000	—	—	—
—	—	181,300	348,900	562,682	267,652
—	—	102,163	110,397	105,664	87,067
—	—	5,293	443,575	150,658	—
<u>\$526,874</u>	<u>\$424,615</u>	<u>\$740,380</u>	<u>\$1,068,754</u>	<u>\$949,143</u>	<u>\$436,008</u>
\$373,010	\$604,733	\$ —	\$ —	\$ —	\$ —
—	33,846	—	—	—	—
154,616	124,556	—	—	—	—
—	—	—	5,674	4,388	—
—	—	182,884	88,762	169,368	—
—	—	271,643	332,517	466,966	491,552
—	—	231,413	254,967	269,167	193,877
—	—	—	—	—	(91,953)
<u>\$527,626</u>	<u>\$763,135</u>	<u>\$685,940</u>	<u>\$ 681,920</u>	<u>\$909,889</u>	<u>\$593,476</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CHANGES IN FUND BALANCES

OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Property taxes	\$1,639,237	\$1,718,249	\$1,767,760	\$ 1,813,917
Replacement taxes	145,724	184,700	201,509	215,489
State aid	1,507,115	1,602,635	1,701,585	1,846,034
Federal aid	762,955	775,631	746,029	876,041
Interest and investment earnings	43,215	71,947	116,907	85,895
Other	102,654	163,765	286,230	181,028
Total revenues	<u>\$4,200,900</u>	<u>\$4,516,927</u>	<u>\$4,820,020</u>	<u>\$ 5,018,404</u>
Expenditures:				
Current:				
Instruction	\$2,429,014	\$2,538,909	\$2,491,653	\$ 2,575,124
Pupil support services	323,225	333,968	349,324	362,325
General support services	821,583	893,041	914,117	986,905
Food services	173,872	172,774	179,902	181,778
Community services	42,325	46,179	45,467	45,708
Teachers' pension and retirement benefits	65,045	75,398	155,563	206,651
Other	5,912	23,404	8,126	10,652
Capital outlay	389,450	310,817	345,963	466,895
Debt service	315,809	—	—	—
Principal	—	49,049	180,767	60,568
Interest	—	158,997	154,669	206,028
Other charges	—	6,606	6,743	15,546
Total expenditures	<u>\$4,566,235</u>	<u>\$4,609,142</u>	<u>\$4,832,294</u>	<u>\$ 5,118,180</u>
Revenues (less than) expenditures	<u>\$ (365,335)</u>	<u>\$ (92,215)</u>	<u>\$ (12,274)</u>	<u>\$ (99,776)</u>
Other financing sources (uses):				
Gross amounts from debt issuances	\$ 524,260	\$ 385,603	\$ 355,805	\$ 1,674,555
Premiums on bonds issued	43,450	4,124	14,444	41,226
Insurance proceeds	—	—	—	—
Sales of general capital assets	—	7,596	25,673	6,404
Payment to refunded bond escrow agent	(282,478)	—	—	(1,474,081)
Transfers in	7,344	2,796	1,904	3,813
Transfers out	(7,344)	(2,796)	(1,904)	(3,813)
Proceeds from notes	5,500	—	—	—
Discounts on bonds issued	—	(326)	—	—
Capital leases	—	3,700	—	—
Total other financing sources (uses)	<u>\$ 290,732</u>	<u>\$ 400,697</u>	<u>\$ 395,922</u>	<u>\$ 248,104</u>
Net changes in fund balances	<u>\$ (74,603)</u>	<u>\$ 308,482</u>	<u>\$ 383,648</u>	<u>\$ 148,328</u>
Debt service as a percentage of noncapital expenditures	7.50%	4.79%	7.35%	5.61%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$1,896,540	\$2,047,163	\$1,936,655	\$2,352,136	\$2,211,568	\$2,213,306
188,503	152,497	197,762	181,927	185,884	188,041
1,511,886	1,552,076	1,949,781	1,965,901	1,815,798	1,842,696
1,125,580	1,180,148	1,144,884	935,951	845,796	904,186
43,693	12,483	13,399	20,760	7,303	15,596
253,376	359,661	417,516	303,744	322,128	272,747
<u>\$5,019,578</u>	<u>\$5,304,028</u>	<u>\$5,659,997</u>	<u>\$5,760,419</u>	<u>\$5,388,477</u>	<u>\$5,436,572</u>
\$2,773,440	\$2,898,855	\$2,955,772	\$2,992,481	\$3,034,509	\$3,126,689
390,399	416,502	508,803	469,366	454,240	457,939
1,057,672	1,010,637	1,023,004	967,692	941,270	987,048
194,603	196,828	201,325	213,115	215,739	193,642
56,003	50,331	45,848	39,794	39,656	37,460
237,011	294,424	149,377	183,499	227,766	593,225
8,504	11,928	8,845	8,115	7,043	6,134
672,412	705,691	580,363	591,148	519,604	534,980
—	—	—	—	—	—
81,351	141,977	70,848	88,466	73,423	148,272
212,934	236,261	249,975	275,707	304,788	315,927
7,921	8,359	11,274	10,321	12,198	3,705
<u>\$5,692,250</u>	<u>\$5,971,793</u>	<u>\$5,805,434</u>	<u>\$5,839,704</u>	<u>\$5,830,236</u>	<u>\$6,405,021</u>
<u>\$ (672,672)</u>	<u>\$ (667,765)</u>	<u>\$ (145,437)</u>	<u>\$ (79,285)</u>	<u>\$ (441,759)</u>	<u>\$ (968,449)</u>
\$ 225,675	\$1,083,260	\$ 638,790	\$ 592,510	\$ 982,720	\$ 131,600
—	6,459	14,700	1,229	47,271	—
1,155	—	—	—	—	—
91	—	—	—	723	7,301
(226,408)	(288,704)	(269,483)	(190,100)	(480,597)	—
20,389	—	—	—	—	—
(20,389)	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ 513</u>	<u>\$ 801,015</u>	<u>\$ 384,007</u>	<u>\$ 403,639</u>	<u>\$ 550,117</u>	<u>\$ 138,901</u>
<u>\$ (672,159)</u>	<u>\$ 133,250</u>	<u>\$ 238,570</u>	<u>\$ 324,354</u>	<u>\$ 108,358</u>	<u>\$ (829,548)</u>
5.71%	7.07%	6.09%	6.89%	7.02%	7.64%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

	2005		2006		2007	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Revenues:						
Property taxes	\$1,639,237	39.0%	\$1,718,249	38.0%	\$1,767,760	36.7%
Replacement taxes	145,724	3.5%	184,700	4.1%	201,509	4.2%
State aid	1,507,115	35.9%	1,602,635	35.5%	1,701,585	35.3%
Federal aid	762,955	18.2%	775,631	17.2%	746,029	15.5%
Interest and investment earnings	43,215	1.0%	71,947	1.6%	116,907	2.4%
Other	102,654	2.4%	163,765	3.6%	286,230	5.9%
Total revenues	<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>

	2012		2013		2014	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Revenues:						
Property taxes	\$2,352,136	40.8%	\$2,211,568	41.1%	\$2,213,306	40.7%
Replacement taxes	181,927	3.2%	185,884	3.4%	188,041	3.5%
State aid	1,965,901	34.1%	1,815,798	33.7%	1,842,696	33.9%
Federal aid	935,951	16.2%	845,796	15.7%	904,186	16.6%
Interest and investment earnings	20,760	0.4%	7,303	0.1%	15,596	0.3%
Other	303,744	5.3%	322,128	6.0%	272,747	5.0%
Total revenues	<u>\$5,760,419</u>	<u>100.0%</u>	<u>\$5,388,477</u>	<u>100.0%</u>	<u>\$5,436,572</u>	<u>100.0%</u>

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

2008		2009		2010		2011	
<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>
\$1,813,917	36.1%	\$1,896,540	37.8%	\$2,047,163	38.6%	\$1,936,655	34.2%
215,489	4.3%	188,503	3.8%	152,497	2.9%	197,762	3.5%
1,846,034	36.8%	1,511,886	30.1%	1,552,076	29.3%	1,949,781	34.5%
876,041	17.5%	1,125,580	22.4%	1,180,148	22.3%	1,144,884	20.2%
85,895	1.7%	43,693	0.9%	12,483	0.2%	13,399	0.2%
181,028	3.6%	253,376	5.0%	359,661	6.7%	417,516	7.4%
<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>	<u>\$5,659,997</u>	<u>100.0%</u>



2008		2009		2010		2011	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
\$2,575,124	50.3%	\$2,773,440	48.7%	\$2,898,855	48.5%	\$2,955,772	50.9%
362,325	7.1%	390,399	6.9%	416,502	7.0%	508,803	8.8%
986,905	19.3%	1,057,672	18.6%	1,010,637	17.0%	1,023,004	17.6%
181,778	3.6%	194,603	3.4%	196,828	3.3%	201,325	3.5%
45,708	0.9%	56,003	1.0%	50,331	0.8%	45,848	0.8%
206,651	4.0%	237,011	4.2%	294,424	4.9%	149,377	2.6%
10,652	0.2%	8,504	0.1%	11,928	0.2%	8,845	0.1%
466,895	9.1%	672,412	11.8%	705,691	11.8%	580,363	10.0%
282,142	5.5%	302,206	5.3%	386,597	6.5%	332,097	5.7%
<u>\$5,118,180</u>	<u>100.0%</u>	<u>\$5,692,250</u>	<u>100.0%</u>	<u>\$5,971,793</u>	<u>100.0%</u>	<u>\$5,805,434</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>2014 Over (Under) 2013</u>
Revenues:			
Local taxes:			
Property taxes	\$2,161,204	\$2,157,777	\$ 3,427
Replacement taxes	131,075	128,212	2,863
Total revenue from local taxes	<u>\$2,292,279</u>	<u>\$2,285,989</u>	<u>\$ 6,290</u>
Local nontax revenue:			
Interest and investment earnings	\$ 4,458	\$ 2,207	\$ 2,251
Lunchroom operations	3,485	5,554	(2,069)
Other	140,374	127,163	13,211
Total revenue from nontax revenue	<u>\$ 148,317</u>	<u>\$ 134,924</u>	<u>\$ 13,393</u>
Total local revenue	<u>\$2,440,596</u>	<u>\$2,420,913</u>	<u>\$ 19,683</u>
State grants and subsidies:			
General state aid	\$ 972,572	\$ 945,652	\$ 26,920
Block grants	628,207	625,102	3,105
Other	31,003	28,670	2,333
Total state grants & subsidies	<u>\$1,631,782</u>	<u>\$1,599,424</u>	<u>\$ 32,358</u>
Federal grants and subsidies:			
Elementary and Secondary Education Act (ESEA)	\$ 342,915	\$ 264,600	\$ 78,315
American Recovery and Reinvestment Act (ARRA) (1) ...	36,283	48,385	(12,102)
School lunch program	181,902	190,093	(8,191)
Individuals with Disabilities Education Act (IDEA)	100,092	106,902	(6,810)
Other	203,265	196,003	7,262
Total federal grants and subsidies	<u>\$ 864,457</u>	<u>\$ 805,983</u>	<u>\$ 58,474</u>
Total revenues	<u>\$4,936,835</u>	<u>\$4,826,320</u>	<u>\$110,515</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	Fiscal Year 2014	Fiscal Year 2013	2014 Over (Under) 2013
Expenditures:			
Instruction:			
Salaries	\$1,805,207	\$1,803,397	\$ 1,810
Commodities	72,194	84,814	(12,620)
Services	765,519	689,435	76,084
Equipment — educational	43,884	42,085	1,799
Building and sites	2,750	3,340	(590)
Fixed charges	437,135	449,131	(11,996)
Total instruction	<u>\$3,126,689</u>	<u>\$3,072,202</u>	<u>\$ 54,487</u>
Pupil support services:			
Salaries	\$ 242,106	\$ 246,017	\$ (3,911)
Commodities	4,818	4,856	(38)
Services	136,881	132,441	4,440
Equipment — educational	1,122	662	460
Building and sites	66	65	1
Fixed charges	72,946	70,199	2,747
Total pupil support services	<u>\$ 457,939</u>	<u>\$ 454,240</u>	<u>\$ 3,699</u>
Administrative support services:			
Salaries	\$ 86,540	\$ 81,185	\$ 5,355
Commodities	8,757	10,000	(1,243)
Services	96,184	71,785	24,399
Equipment — educational	2,346	4,343	(1,997)
Building and sites	561	1,012	(451)
Fixed charges	33,024	25,934	7,090
Total administrative support services	<u>\$ 227,412</u>	<u>\$ 194,259</u>	<u>\$ 33,153</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	Fiscal Year 2014	Fiscal Year 2013	2014 Over/(Under) 2013
Facilities support services:			
Salaries	\$ 82,804	\$ 86,167	\$ (3,363)
Commodities	97,012	86,248	10,764
Services	151,710	143,584	8,126
Equipment — educational	1,692	2,574	(882)
Building and sites	26,420	20,476	5,944
Fixed charges	41,307	39,094	2,213
Total facilities support services	<u>\$400,945</u>	<u>\$378,143</u>	<u>\$ 22,802</u>
Instructional support services:			
Salaries	\$242,640	\$266,467	\$(23,827)
Commodities	9,559	8,467	1,092
Services	42,696	28,384	14,312
Equipment — educational	3,396	2,846	550
Building and sites	1,860	1,605	255
Fixed charges	58,540	61,076	(2,536)
Total instructional support services	<u>\$358,691</u>	<u>\$368,845</u>	<u>\$(10,154)</u>
Food services:			
Salaries	\$ 60,707	\$ 71,227	\$(10,520)
Commodities	94,035	105,614	(11,579)
Services	3,182	1,857	1,325
Equipment — educational	19	78	(59)
Building and sites	—	—	—
Fixed charges	35,699	36,963	(1,264)
Total food services	<u>\$193,642</u>	<u>\$215,739</u>	<u>\$(22,097)</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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	Fiscal Year 2014	Fiscal Year 2013	2014 Over/(Under) 2013
Community services:			
Salaries	\$ 12,952	\$ 16,975	\$ (4,023)
Commodities	1,417	1,715	(298)
Services	18,465	15,465	3,000
Equipment — educational	159	169	(10)
Building and sites	—	5	(5)
Fixed charges	4,467	5,327	(860)
Total community services	\$ 37,460	\$ 39,656	\$ (2,196)
Teacher's Pension:			
Fixed charges	\$ 593,225	\$ 190,050	\$403,175
Total teachers' pension	\$ 593,225	\$ 190,050	\$403,175
Capital outlay:			
Salaries	\$ 8,235	\$ 3,670	\$ 4,565
Commodities	5,303	3,767	1,536
Services	22,910	10,747	12,163
Equipment — educational	10,136	6,892	3,244
Building and sites	22	20	2
Fixed charges	1,388	1,045	343
Total capital outlay	\$ 47,994	\$ 26,141	\$ 21,853
Other:			
Salaries	\$ 239	\$ 389	\$ (150)
Commodities	10	30	(20)
Services	23	98	(75)
Equipment — educational	2	4	(2)
Building and sites	—	—	—
Fixed charges	5,860	6,574	(714)
Total other	\$ 6,134	\$ 7,095	\$ (961)
Total expenditures	\$5,450,131	\$4,946,370	\$503,761

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General operating fund:				
Capital leases	\$ —	\$ 3,700	\$ —	\$ —
Transfers in/(out)	328	445	1,904	3,813
Total general operating fund	<u>\$ 328</u>	<u>\$ 4,145</u>	<u>\$ 1,904</u>	<u>\$ 3,813</u>
All other governmental funds:				
Gross amounts from debt issuances	\$ 524,260	\$385,603	\$355,805	\$ 1,674,555
Premiums on bonds issued	43,450	4,124	14,444	41,226
Insurance proceeds	—	—	—	—
Sales of general capital assets	—	—	25,673	6,404
Payment to refunded bond escrow agent	(282,478)	—	—	(1,474,081)
Transfers in/(out)	(328)	(445)	(1,904)	(3,813)
Amount from notes	5,500	—	—	—
Discounts on bonds issued	—	(326)	—	—
Proceeds from swaps	—	19,345	—	—
Total all other governmental funds	<u>\$ 290,404</u>	<u>\$408,301</u>	<u>\$394,018</u>	<u>\$ 244,291</u>



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
20,389	17,851	109,830	62	439	161
<u>\$ 20,389</u>	<u>\$ 17,851</u>	<u>\$ 109,830</u>	<u>\$ 62</u>	<u>\$ 439</u>	<u>\$ 161</u>
\$ 225,675	\$1,083,260	\$ 638,790	\$ 592,510	\$ 982,720	\$131,600
—	6,459	14,700	1,229	47,271	—
1,155	—	—	—	—	—
91	—	—	—	723	7,301
(226,408)	(288,704)	(269,483)	(190,100)	(480,597)	—
(20,389)	(17,851)	(109,830)	(62)	(439)	(161)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ (19,876)</u>	<u>\$ 783,164</u>	<u>\$ 274,177</u>	<u>\$ 403,577</u>	<u>\$ 549,678</u>	<u>\$138,740</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>
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
2011	332,097	5,225,071	0.06 : 1
2012	374,494	5,248,556	0.07 : 1
2013	390,409	5,310,632	0.07 : 1
2014	467,904	5,870,041	0.08 : 1





CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Rate per \$100 of equalized assessed valuation)

<u>School Direct Rates</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Education	\$2.301	\$2.143	\$2.078
Worker's and Unemployment Compensation/Tort Immunity	0.131	0.228	0.021
PBC Operation & Maintenance	0.576	0.565	0.521
Public Building Commission	0.096	0.090	0.077
Total direct rate:	\$3.104	\$3.026	\$2.697
Chicago Finance Authority	0.177	0.127	0.118
City of Chicago	1.302	1.243	1.062
Chicago City Colleges	0.242	0.234	0.205
Chicago Park District	0.455	0.443	0.379
Metropolitan Water Reclamation District	0.347	0.315	0.284
Cook County	0.593	0.533	0.500
Cook County Forest Preserve	0.060	0.060	0.057
Total for all governments:	<u>\$6.280</u>	<u>\$5.981</u>	<u>\$5.302</u>

Source: Cook County Clerk's Office

Notes:

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



<u>2008 (A)</u>	<u>2009 (B)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$2.376	\$2.426	\$2.204	\$2.449	\$2.671	\$3.309	\$3.519
0.191	0.031	0.148	0.067	0.133	0.031	0.067
—	—	—	—	—	—	—
<u>0.016</u>	<u>0.015</u>	<u>0.014</u>	<u>0.065</u>	<u>0.071</u>	<u>0.082</u>	<u>0.085</u>
\$2.583	\$2.472	\$2.366	\$2.581	\$2.875	\$3.422	\$3.671
0.091	—	—	—	—	—	—
1.044	1.147	1.098	1.132	1.229	1.425	1.496
0.159	0.156	0.150	0.151	0.165	0.190	0.199
0.355	0.323	0.309	0.319	0.346	0.395	0.420
0.263	0.252	0.261	0.274	0.320	0.370	0.417
0.446	0.415	0.394	0.423	0.462	0.531	0.560
<u>0.053</u>	<u>0.051</u>	<u>0.049</u>	<u>0.051</u>	<u>0.058</u>	<u>0.063</u>	<u>0.069</u>
<u>\$4.994</u>	<u>\$4.816</u>	<u>\$4.627</u>	<u>\$4.931</u>	<u>\$5.455</u>	<u>\$6.396</u>	<u>\$6.832</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
2004	2005	\$1,716,111	\$ 769,982	44.87%	\$ 908,281	\$1,678,263	97.79%
2005	2006	1,794,063	804,755	44.86%	939,079	1,743,834	97.20%
2006	2007	1,874,750	835,191	44.55%	967,471	1,802,662	96.15%
2007	2008	1,901,887	865,576	45.51%	978,045	1,843,621	96.94%
2008	2009	2,001,751	916,129	45.77%	1,027,520	1,943,649	97.10%
2009	2010	2,001,252	1,024,263	51.18%	913,850	1,938,113	96.85%
2010	2011	2,118,541	1,021,564	48.22%	1,047,632	2,069,196	97.67%
2011	2012	2,159,586	1,333,480	61.75%	811,983	2,145,463	99.35%
2012	2013	2,232,684	1,457,645	65.29%	703,988	2,161,633	96.82%
2013	2014	2,289,250	1,508,642	65.90%	—	—	—

Notes:

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





CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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)	
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
2010	2011	18,120,678	1,476,291	10,407,012	561,682	30,565,663
2011	2012	17,976,208	1,161,634	10,411,363	544,416	30,093,621
2012	2013	15,560,876	1,252,635	10,201,554	454,593	27,469,658
2013	2014	15,440,622	1,282,342	10,137,795	453,201	27,313,960

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
- N/A: Not available at publishing.



State Equalization Factor (F)	Total Equalized Assessed Value (G)	Total Direct Tax Rate (H)	Total Estimated Fair Cash Value (I)	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value (%)
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	280,288,730	30.18%
3.3000	82,087,170	2.581	231,986,396	35.38%
2.9706	75,122,914	2.875	222,856,064	33.71%
2.8056	65,250,387	3.422	206,915,723	31.53%
2.6621	62,363,876	3.671	N/A	N/A



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

Property	2013			2012		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower	\$ 370,197	1	0.59%	\$ 386,266	1	0.59%
AON Building	248,906	2	0.40%	255,347	2	0.39%
HCSC Blue Cross	201,987	3	0.32%	205,275	4	0.31%
Prudential Plaza	193,495	4	0.31%	234,964	3	0.36%
Water Tower Place	190,953	5	0.31%	201,246	5	0.31%
Chase Tower	190,442	6	0.31%	200,708	6	0.31%
Franklin Center	183,114	7	0.29%	192,985	7	0.30%
Three First National Plaza	177,862	8	0.29%	187,449	8	0.29%
Mark Davids	177,008	9	0.28%	184,596	9	0.28%
300 LaSalle LLC	159,537	10	0.26%	179,804	10	0.28%
Northwestern Memorial Hospital	—	—	—	—	—	—
131 S. Dearborn	—	—	—	—	—	—
One North Wacker	—	—	—	—	—	—
Citigroup Center	—	—	—	—	—	—
Leo Burnett Building	—	—	—	—	—	—
Equity Office Properties	—	—	—	—	—	—
	<u>\$2,093,501</u>		<u>3.36%</u>	<u>\$2,228,640</u>		<u>3.42%</u>

Property	2008			2007		
	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower	\$ 540,074	1	0.67%	\$ 514,662	1	0.70%
AON Building	392,192	2	0.48%	374,456	2	0.51%
HCSC Blue Cross	—	—	—	—	—	—
Prudential Plaza	307,510	3	0.38%	293,604	4	0.40%
Water Tower Place	242,014	6	0.30%	231,069	6	0.31%
Chase Tower	262,114	5	0.32%	250,261	5	0.34%
Franklin Center	294,569	4	0.36%	297,653	3	0.40%
Three First National Plaza	215,666	10	0.27%	205,913	10	0.28%
Mark Davids	—	—	—	—	—	—
300 LaSalle LLC	—	—	—	—	—	—
Northwestern Memorial Hospital	—	—	—	—	—	—
131 S. Dearborn	218,722	9	0.27%	208,906	9	0.28%
One North Wacker	—	—	—	—	—	—
Citigroup Center	226,458	7	0.28%	216,217	7	0.29%
Leo Burnett Building	221,846	8	0.27%	211,813	8	0.29%
Equity Office Properties	—	—	—	—	—	—
	<u>\$2,921,165</u>		<u>3.60%</u>	<u>\$2,804,554</u>		<u>3.80%</u>

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



2011			2010			2009		
Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
\$ 445,590	1	0.59%	\$ 495,000	1	0.60%	\$ 505,515	1	0.60%
302,124	2	0.40%	335,454	2	0.41%	375,441	2	0.44%
206,343	6	0.27%	—	—	—	—	—	—
272,345	3	0.36%	305,026	3	0.37%	318,635	3	0.38%
207,942	5	0.28%	231,000	4	0.28%	235,907	5	0.28%
204,229	7	0.27%	226,875	5	0.28%	231,694	6	0.27%
197,944	8	0.26%	209,723	8	0.26%	256,590	4	0.30%
197,183	9	0.26%	226,222	6	0.28%	231,028	7	0.27%
—	—	—	—	—	—	—	—	—
190,005	10	0.25%	—	—	—	—	—	—
243,609	4	0.32%	—	—	—	—	—	—
—	—	—	210,502	7	0.26%	212,725	8	0.25%
—	—	—	207,127	9	0.25%	211,526	9	0.25%
—	—	—	191,070	10	0.23%	—	—	—
—	—	—	—	—	—	208,973	10	0.25%
—	—	—	—	—	—	—	—	—
<u>\$ 2,467,314</u>		<u>3.26%</u>	<u>\$2,637,999</u>		<u>3.22%</u>	<u>\$2,788,034</u>		<u>3.29%</u>
2006			2005			2004		
Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
\$ 493,803	1	0.71%	\$ 519,080	1	0.88%	\$ 489,383	1	0.89%
356,510	2	0.51%	341,767	2	0.58%	322,214	2	0.58%
—	—	—	—	—	—	—	—	—
279,532	4	0.40%	295,933	3	0.50%	279,002	3	0.50%
219,995	6	0.32%	183,187	9	0.31%	172,706	9	0.31%
238,266	5	0.34%	259,021	5	0.44%	244,202	5	0.44%
283,387	3	0.41%	268,519	4	0.45%	253,156	4	0.46%
196,044	9	0.28%	190,340	7	0.32%	179,451	7	0.32%
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
189,061	10	0.27%	—	—	—	—	—	—
205,854	7	0.30%	205,727	6	0.35%	193,957	6	0.35%
201,662	8	0.29%	188,219	8	0.32%	177,450	8	0.32%
—	—	—	179,134	10	0.30%	168,886	10	0.31%
<u>\$ 2,664,114</u>		<u>3.83%</u>	<u>\$2,630,927</u>		<u>4.45%</u>	<u>\$2,480,407</u>		<u>4.48%</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF REPLACEMENT TAX DATA
Last Ten Fiscal Years

Statewide Replacement Tax Data (A)

<u>Calendar Year</u>	<u>Invested Capital Tax Collections</u>	<u>Business Income Tax Collections (Net of Refunds)</u>	<u>Net Adjustments (C)</u>	<u>Total Replacement Tax Allocations to Local Govts.</u>	<u>Board Percent (E)</u>
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	203,650,450	978,009,221	179,094,552	1,360,754,223	14.00%
2011	200,629,609	936,788,640	61,689,732	1,199,107,981	14.00%
2012	203,045,899	1,091,345,367	(93,077,866)	1,201,313,400	14.00%
2013	210,557,060	1,293,732,061	(172,528,019)	1,331,761,102	14.00%
2014	208,039,618	1,243,163,624	(80,317,444)	1,370,885,798	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. Reflects reductions to pay applicable Statutory Claims. All Statutory Claims with respect to debt service have been paid and, under the Statue Revenue Sharing Act, no future Statutory Claims with respect to debt service will arise or need to be paid.
- E. Percentage rounded.



Board Replacement Tax Data (B)

<u>Allocations to Board</u>	<u>Pro-Forma Pledged Revenues (D)</u>	<u>Fiscal Year Recorded Revenues</u>
\$167,525,745	\$167,525,745	\$145,724,052
179,817,446	179,817,446	184,699,266
212,663,134	212,663,134	201,509,427
209,492,428	209,492,428	215,488,652
176,734,528	176,734,528	188,503,101
190,560,089	190,560,089	152,497,491
167,923,445	167,923,445	197,761,584
168,231,989	168,231,989	181,926,998
186,499,892	186,499,892	185,883,929
191,978,921	191,978,921	188,040,647

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>
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	35,477,082	190,560,089
2011	18,180,918	10,057,508	36,489,761	26,235,905	24,341,562	6,092,825	40,652,479	5,872,487	167,923,445
2012	25,024,841	6,995,224	38,430,380	25,676,518	33,182,244	4,009,471	25,251,856	9,661,455	168,231,989
2013	25,661,184	8,031,048	40,687,665	36,710,938	35,870,312	3,762,361	26,213,949	9,562,435	186,499,892
2014	32,365,778	9,605,194	42,927,880	31,682,731	31,920,320	3,433,503	31,625,454	8,418,061	191,978,921



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS

For the Fiscal Year Ended June 30, 2014

<u>TIF District</u>	<u>Date TIF Initiated</u>	<u>Date TIF Matures</u>	<u>Initial EAV \$</u>	<u>2013 EAV \$</u>	<u>% Change in EAV (for 2013)</u>
Addison Corridor North	6/4/1997	2020	\$ 14,400,224	\$ 33,929,937	135.6%
Addison South	5/9/2007	2031	70,940,232	96,714,600	36.3%
Archer Courts	5/12/1999	2023	85,326	5,201,422	5995.9%
Archer/Central	5/17/2000	2024	37,646,911	41,937,004	11.4%
Archer/Western	2/11/2009	2033	117,506,250	94,593,970	-19.5%
Armitage/Pulaski	6/13/2007	2031	17,643,508	17,442,642	-1.1%
Austin/Commercial	9/27/2007	2031	72,287,864	77,453,102	7.1%
Avalon Park/South Shore . . .	7/31/2002	2026	22,180,151	27,205,917	22.7%
Avondale	7/29/2009	2033	40,426,760	32,081,307	-20.6%
Belmont/Central	1/12/2000	2024	74,974,945	105,471,299	40.7%
Belmont/Cicero	1/12/2000	2024	33,673,880	46,536,010	38.2%
Bronzeville	11/4/1998	2022	46,166,304	91,460,526	98.1%
Bryn Mawr/Broadway	12/11/1996	2019	17,682,409	40,370,200	128.3%
Calumet/Cermak	7/29/1998	2021	3,219,685	134,006,607	4062.1%
Calumet River	3/10/2010	2034	14,220,381	7,268,089	-48.9%
Canal/Congress	11/12/1998	2022	36,872,487	328,832,337	791.8%
Central West	2/16/2000	2024	85,481,254	296,449,709	246.8%
Chicago/Central Park	2/27/2002	2026	84,789,947	157,165,323	85.4%
Chicago/Kingsbury	4/12/2000	2024	38,520,706	316,936,222	722.8%
Cicero/Archer	5/17/2000	2024	19,629,324	26,082,069	32.9%
Clark/Montrose	7/7/1999	2022	23,433,096	52,891,848	125.7%
Clark/Ridge	9/29/1999	2022	39,619,368	62,660,562	58.2%
Commercial Ave.	11/13/2002	2026	40,748,652	53,283,749	30.8%
Devon/Sheridan	3/31/2004	2028	46,265,220	37,213,312	-19.6%
Devon/Western	11/3/1999	2023	71,430,503	96,771,509	35.5%
Diversey/Narragansett	2/5/2003	2027	34,746,231	62,029,977	78.5%
Division/Homan	6/27/2001	2025	24,683,716	39,145,709	58.6%
Drexel Blvd.	7/10/2002	2026	127,408	4,998,540	3823.3%
Edgewater/Ashland	10/1/2003	2027	1,875,282	10,018,314	434.2%
Elston/Armstrong	7/19/2007	2031	45,742,226	47,689,806	4.3%
Englewood Mall	11/29/1989	2025	3,868,736	6,470,284	67.2%
Englewood Neighborhood . . .	6/27/2001	2025	56,079,946	127,606,630	127.5%
Ewing Avenue	3/10/2010	2034	52,994,264	42,068,540	-20.6%
Fullerton/Milwaukee	2/16/2000	2024	85,157,390	168,393,192	97.7%
Galewood/Armitage					
Industrial	7/7/1999	2022	48,056,697	96,227,053	100.2%
Goose Island	7/10/1996	2019	13,676,187	69,730,000	409.9%
Greater Southwest (West) . . .	4/12/2000	2024	115,603,413	85,625,917	-25.9%



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

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV \$	2013 EAV \$	% Change in EAV (for 2013)
Harlem Industrial Park	3/14/2007	2031	\$ 45,981,764	\$ 36,645,872	-20.3%
Harrison/Central	7/26/2006	2030	43,430,700	40,552,984	-6.6%
Hollywood/Sheridan	11/7/2007	2031	158,696,916	116,594,897	-26.5%
Homan/Arthington	2/5/1998	2021	2,658,362	9,639,530	262.6%
Humbolt Park Commercial	6/27/2001	2025	32,161,252	68,182,169	112.0%
Irving Park/Cicero	6/10/1996	2020	8,150,631	17,005,268	108.6%
Irving Park/Elston	5/13/2009	2033	44,853,282	36,270,288	-19.1%
Jefferson Park	9/9/1998	2021	23,970,085	32,055,014	33.7%
Jefferson/Roosevelt	8/30/2000	2024	52,292,656	118,458,845	126.5%
Kennedy/Kimball	3/12/2008	2032	72,841,679	59,257,080	-18.6%
Kinzie Conservation	6/10/1998	2021	144,961,719	417,914,031	188.3%
Kostner Ave.	11/5/2008	2032	2,794,764	2,394,790	-14.3%
Lake Calumet	12/13/2000	2024	176,186,639	174,568,813	-0.9%
Lakefront	3/27/2002	2026	—	3,840,088	—
Lakeside Dev Phase 1	5/12/2010	2034	3,489,242	294,844	-91.5%
LaSalle/Central	11/15/2006	2030	4,192,597,468	3,634,359,732	-13.3%
Lawrence/Broadway	6/27/2001	2025	38,603,611	76,857,547	99.1%
Lawrence/Kedzie	2/16/2000	2024	110,395,843	189,267,840	71.4%
Lawrence/Pulaski	2/27/2002	2026	43,705,743	57,906,293	32.5%
Lincoln Avenue	11/3/1999	2023	63,741,191	91,793,021	44.0%
Lincoln/Belmont/Ashland	11/2/1994	2018	2,457,347	16,516,333	572.1%
Little Village East	4/22/2009	2033	44,751,945	34,367,532	-23.2%
Little Village Ind	6/13/2007	2031	88,054,895	63,274,061	-28.1%
Madden/Wells	11/6/2002	2026	1,333,582	15,095,511	1032.0%
Madison/Austin Corridor	9/29/1999	2023	48,748,259	70,635,007	44.9%
Michigan/Cermak	9/13/1989	2025	5,858,634	26,289,494	348.7%
Midway Ind. Corridor	2/16/2000	2024	48,652,950	58,273,682	19.8%
Midwest	5/17/2000	2024	98,090,835	294,158,386	199.9%
Montclare	8/30/2000	2024	792,770	4,451,042	461.5%
Montrose/Clarendon	6/30/2010	2034	—	—	—
Near North	7/30/1997	2020	41,671,541	300,566,664	621.3%
Near South	11/28/1990	2014	128,549,547	1,073,331,360	735.0%
North Ave./Cicero	7/30/1997	2020	5,658,542	21,964,095	288.2%
North Branch/North	7/2/1997	2021	29,574,537	86,991,543	194.1%
North Branch/South	2/5/1998	2021	44,361,677	133,861,892	201.8%
North Pullman	6/30/2009	2033	44,582,869	39,019,561	-12.5%
NW Industrial Corridor	12/2/1998	2021	146,115,991	219,279,005	50.1%
Ogden/Pulaski	4/9/2008	2032	221,709,034	187,627,376	-15.4%
Ohio/Wabash	6/7/2000	2024	1,278,143	23,385,630	1729.7%
Pershing/King	9/5/2007	2031	12,948,117	10,217,226	-21.1%
Peterson/Cicero	2/16/2000	2024	1,116,653	7,770,966	595.9%



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

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV \$	2013 EAV \$	% Change in EAV (for 2013)
Peterson/Pulaski	2/16/2000	2024	\$ 40,112,395	\$ 43,827,432	9.3%
Pilsen Area	6/10/1998	2022	111,394,217	251,336,413	125.6%
Portage Park	9/9/1998	2021	65,084,552	89,054,280	36.8%
Pratt/Ridge	6/23/2004	2028	16,414,897	14,807,648	-9.8%
Pulaski Corridor	6/9/1999	2022	82,778,075	113,624,842	37.3%
Randolph/Wells	6/9/2010	2034	72,140,805	58,826,442	-18.5%
Ravenswood Corridor	3/9/2005	2029	44,169,275	45,420,425	2.8%
Read/Dunning	1/11/1991	2015	6,382,072	42,199,820	561.2%
River South	7/30/1997	2020	65,930,580	283,679,055	330.3%
River West	1/10/2001	2025	50,463,240	258,797,124	412.8%
Roosevelt/Canal	3/19/1997	2021	1,276,969	17,563,692	1275.4%
Roosevelt/Cicero Corridor	2/5/1998	2021	45,179,428	78,183,193	73.1%
Roosevelt/Homan	12/5/1990	2014	3,539,018	17,602,768	397.4%
Roosevelt/Racine (DOH)	11/4/1998	2034	6,992,428	32,501,599	364.8%
Roosevelt/Union	5/12/1999	2022	4,369,258	66,766,203	1428.1%
Roseland/Michigan	1/16/2002	2026	29,627,768	32,634,673	10.1%
Sanitary Draig & Ship	7/24/1991	2015	10,722,329	16,662,567	55.4%
South Chicago	4/12/2000	2024	14,775,992	31,283,302	111.7%
South Works	11/3/1999	2023	3,823,633	4,490,131	17.4%
Stevenson/Brighton Park	4/11/2007	2031	216,330,994	178,623,420	-17.4%
Stockyards Annex	12/11/1996	2020	38,650,631	49,828,738	28.9%
Stockyards-Southeast Quad	2/26/1992	2015	21,527,824	39,886,518	85.3%
Stony Island Com/Burnside	6/10/1998	2034	46,058,038	79,503,636	72.6%
Southwest Ind. Corridor	3/10/1999	2023	17,662,923	24,751,462	40.1%
Touhy/Western	9/13/2006	2030	55,187,828	48,325,189	-12.4%
Weed/Fremont	1/8/2008	2032	6,430,360	12,575,851	95.6%
West Irving Park	1/12/2000	2024	36,446,831	45,267,404	24.2%
West Pullman Ind. Park	3/11/1998	2021	7,050,845	5,118,187	-27.4%
West Woodlawn	5/12/2010	2034	127,750,505	88,609,990	-30.6%
Western Ave. South	1/12/2000	2024	69,504,372	148,717,998	114.0%
Western Ave. North	1/12/2000	2024	71,260,546	128,775,243	80.7%
Western/Ogden	2/5/1998	2021	41,536,306	144,661,012	248.3%
Western/Rock Island	2/8/2006	2030	102,358,411	105,751,986	3.3%
Wilson Yard	6/27/2001	2025	56,194,225	143,457,604	155.3%
Woodlawn	1/20/1999	2022	28,865,833	66,642,384	130.9%
105th/Vincennes	10/3/2001	2025	108,828,811	109,567,415	0.7%
111th/Kedzie	9/29/1999	2022	14,456,141	21,885,855	51.4%
119th/Halsted	2/6/2002	2026	18,853,913	25,997,263	37.9%
119th/I-57	11/6/2002	2026	16,097,672	52,231,993	224.5%



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

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV \$	2013 EAV \$	% Change in EAV (for 2013)
126th/Torrence	12/21/1994	2017	\$ 1,224,731	\$ 16,348,061	1234.8%
134th/Avenue K	3/12/2008	2032	6,732,703	3,062,681	-54.5%
24th/Michigan	7/21/1999	2022	15,874,286	30,394,459	91.5%
26th/King Drive	1/11/2006	2030	—	9,261,627	—
35th/Halsted	1/14/1997	2021	81,212,182	144,652,654	78.1%
35th/State	1/14/2004	2028	3,978,955	28,197,835	608.7%
35th/Wallace	12/15/1999	2023	9,047,402	18,394,898	103.3%
41st/King Drive	7/13/1994	2018	129,892	2,586,758	1891.5%
43rd/Cottage Grove	7/8/1998	2022	13,728,931	45,352,904	230.3%
45th/Western Industrial	3/27/2002	2026	1,984,412	2,802,243	41.2%
47th/Ashland	3/27/2002	2026	53,606,185	78,318,795	46.1%
47th/Halsted	5/29/2002	2026	39,164,012	78,229,446	99.7%
47th/King Drive	3/27/2002	2026	61,269,066	146,948,977	139.8%
47th/State	7/21/2004	2028	19,279,360	37,154,813	92.7%
49th/St. Lawrence	1/10/1996	2020	683,377	6,400,663	836.6%
51st/Archer	5/17/2000	2024	29,522,751	31,672,489	7.3%
51st/Lake Park	11/15/2012	2036	NA	NA	NA
53rd St.	1/10/2001	2025	23,168,822	36,490,632	57.5%
60th/Western	5/9/1996	2019	2,464,026	5,281,120	114.3%
63rd/Ashland	3/29/2006	2030	47,496,362	59,378,027	25.0%
63rd/Pulaski	5/17/2000	2024	56,171,856	74,667,056	32.9%
67th/Cicero	10/2/2002	2026	—	2,889,759	—
67th/Wentworth	5/4/2011	2035	210,005,927	139,384,755	-33.6%
69th/Ashland	11/3/2004	2028	813,600	8,632,198	961.0%
71st/Stony Island	10/7/1998	2021	53,506,755	89,487,489	67.2%
73rd/University	9/13/2006	2030	16,998,947	18,558,463	9.2%
79th Street Corridor	7/8/1998	2021	21,576,305	29,871,568	38.4%
79th/Cicero	6/8/2005	2029	8,018,405	15,701,420	95.8%
79th/SW Highway	10/3/2001	2025	36,347,823	52,862,007	45.4%
79th/Vincennes	9/27/2007	2031	32,132,472	29,039,258	-9.6%
83rd/Stewart	3/21/2004	2028	10,618,689	22,173,623	108.8%
87th/Cottage Grove	11/13/2002	2026	53,959,824	71,131,512	31.8%
95th/Stony Island	5/16/1990	2014	2,622,436	17,359,399	562.0%
95th/Western	7/13/1995	2018	16,035,773	24,360,076	51.9%
			<u>\$10,535,884,505</u>	<u>\$15,307,386,968</u>	



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

NOTE

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 replacements 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 County Clerk Tax Increment Agency

Total 2013 EAV for the City of Chicago is \$62,370,205,088 — Source of The Cook County Report



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF NEW PROPERTY EAV AS A PERCENTAGE OF OVERALL EAV

Last Ten Fiscal Years

(Thousands of dollars)

Tax Year Levy	Fiscal Year	Agency Overall Equalized Assessed Value (A)	Components of New Property by Tax Levy Year (B)						Total New Property (A)	New property percentage of overall EAV
			New Property	Annexed Property	Disconnected Property	Recovered Tax Increment Value	Expired Incentives			
2004	2005	\$55,283,639	\$ 518,653	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 518,653	0.94%
2005	2006	59,310,827	802,525	—	—	—	—	4,674	807,199	1.36%
2006	2007	69,517,264	786,042	—	—	—	—	8,980	795,022	1.14%
2007	2008	73,651,158	838,279	—	—	45,875	—	24,179	908,333	1.23%
2008	2009	80,983,239	1,073,096	—	—	2,318,769	—	—	3,391,865	4.19%
2009	2010	84,592,286	1,052,426	—	—	162	—	—	1,052,588	1.24%
2010	2011	82,092,476	727,019	—	—	104,289	—	18,790	850,098	1.04%
2011	2012	75,127,913	344,503	—	—	—	—	2,420	346,923	0.46%
2012	2013	65,257,093	213,120	—	—	41,499	—	19,845	274,464	0.42%
2013	2014	62,370,205	279,426	—	—	244,388	—	10,066	533,880	0.86%

Notes:

- A. Source: Cook County Clerk's Office—Agency Tax Rate Report, includes DuPage County Valuation.
 B. Source: Cook County Clerk's Office—PTELL New Property, Annexed Property, Disconnected Property, Recovered Tax Increment Report by Town Within Agency.



CHICAGO PUBLIC SCHOOLS

Tax Increment Financing (TIF) Agreements in Support of Chicago Public Schools

Capital Intergovernmental Agreements as of June 30, 2014

School	Total Benefit To CPS From IGA with Interest	Total Benefit Received By CPS	Amounts Pending To Be Paid To CPS	Parent TIF
Modern Schools Across Chicago (MSAC) Program Phase I				
Collins Renovation	\$ 30,300,000	\$ 26,905,058	\$ 3,394,942	Midwest
Mather Renovation	32,401,366	32,401,366	—	Lincon Avenue
Austin Renovation	32,203,759	32,203,759	—	Madison/ Austin
Southwest Elementary (Hernandez Middle School)	32,818,102	32,818,102	—	51st/ Archer
South Shore Replacement HS	72,164,382	72,164,382	—	71st/ Stony Island
Additional Westinghouse HS Funding and Refunding	17,752,030	17,752,030	—	Chicago/ Central Park
Skinner Replacement Elementary	36,418,205	36,418,205	—	Central/ West
Avondale Irving Park Elementary	10,766,724	10,766,724	—	Fullerton/ Milwaukee
Boone Clinton Elementary	8,142,740	8,142,740	—	Touhy/ Western
Belmont Cragin Elementary	8,097,471	8,097,471	—	Galewood/ Armitage
Peterson Addition	16,361,697	16,361,697	—	Lawrence/ Kedzie
Modern Schools Across Chicago Program Phase II				
Avondale Irving Park Elementary	25,452,297	25,452,297	—	Fullerton/ Milwaukee
Belmont Cragin Elementary	31,300,000	28,712,447	2,587,553	Galewood/ Armitage
Hernandez Middle School	9,540,000	6,382,816	3,157,184	51st/ Archer
Boone Clinton Elementary	18,655,000	18,767,428	(112,428)	Touhy/ Western
Chicago Ag West High School (Al Raby Horticultural)	22,000,000	—	22,000,000	Chicago/ Central Park
Westinghouse High School	32,920,000	31,560,329	1,359,671	Chicago/ Central Park
Back of the Yards HS	19,800,000	19,800,000	—	47th/ Ashland
Modern Schools Across Chicago Program Future Payments				
Austin Renovation Madison/Austin Corridor	5,570,000	—	5,570,000	Madison/ Austin
Skinner Replacement Elementary	6,120,000	—	6,120,000	Central/ West
Peterson Addition	2,900,000	—	2,900,000	Lawrence/ Kedzie
Brighton Park II Elementary	25,420,000	—	25,420,000	Stevenson/ Brighton
MSAC Subtotal	\$497,103,773	\$424,706,851	\$72,396,922	



**Tax Increment Financing (TIF) Agreements in Support of Chicago Public Schools
Capital Intergovernmental Agreements as of June 30, 2014**

School	Total Benefit To CPS From IGA with Interest	Total Benefit Received By CPS	Amounts Pending To Be Paid To CPS	Parent TIF
American Disabilities Act (ADA)				
ADA Accessibility -Year 1				
Beidler Elementary	\$ 750,000	\$ —	\$ 750,000	Kinzie Industrial
Brown Elementary	750,000	—	750,000	Central West
Creiger Campus	1,500,250	1,207,911	292,339	Central West
Dodge Elementary	750,000	—	750,000	Midwest
Fiske Elementary	1,500,000	—	1,500,000	Woodlawn
Holmes Elementary	750,000	—	750,000	Englewood Neighborhood
Manierre Elementary	750,000	750,000	—	Near North
Mays Elementary	750,000	—	750,000	Englewood Neighborhood
McAuliffe Elementary	750,000	—	750,000	Pulaski Corridor
Mollison Elementary	750,000	750,000	—	47th/ King Drive
Morton Elementary	750,000	—	750,000	Kinzie Industrial
Nicholson Elementary	750,000	—	750,000	Englewood Neighborhood
Ryerson Elementary	750,000	750,000	—	Chicago/Central Park
Schiller Elementary	1,500,000	—	1,500,000	Near North
Seward Elementary	1,500,000	1,500,000	—	47th/ Ashland
ADA Accessibility -Years 2-5				
Attucks-Farren Building	1,000,000	—	1,000,000	47th / King
Burke Elementary	1,000,000	—	1,000,000	47th / State
Banneker Elementary	2,000,000	—	2,000,000	Englewood Neighborhood
Armour Elementary	2,673,750	—	2,673,750	35th / Halsted
Hearst Elementary	2,219,500	—	2,219,500	Cicero/Archer
Lawndale Elementary	2,500,000	—	2,500,000	Midwest
Plamondon Elementary	1,748,000	—	1,748,000	Western /Ogden Industrial Corridor
Schurz High School	2,100,000	—	2,100,000	Portage Park
Hayt Elementary	670,000	—	670,000	Clark/Ridge
Peterson Elementary	500,000	—	500,000	Lawrence/Kedzie
Chappell Elementary	1,500,000	—	1,500,000	Western Ave. North
ADA Subtotal	\$32,161,500	\$4,957,911	\$27,203,589	



Tax Increment Financing (TIF) Agreements in Support of Chicago Public Schools

Capital Intergovernmental Agreements as of June 30, 2014 (continued)

School	Total Benefit To CPS From IGA with Interest	Total Benefit Received By CPS	Amounts Pending To Be Paid To CPS	Parent TIF
Other Capital Intergovernmental Agreements				
Walter Payton HS and Jenner School	\$ 11,125,000	\$ 11,125,000	\$ —	Near North
Walter Payton HS	20,000,000	—	20,000,000	Near North
Jones Academic High School Renovation/Addition (old)	42,315,243	32,119,344	10,195,899	Near South
Jones Academic High School Renovation/Addition (new)	114,641,656	77,977,470	36,664,186	Near South
Jones Academic High School #3	8,000,000	—	8,000,000	Near South
National Teachers Academy	61,948,864	43,400,000	18,548,864	24th/ Michigan
Simeon High School	22,184,925	18,381,140	3,803,785	Chatham Ridge
Albany Park Middle School	25,000,000	28,662,826	—	*Lawrence/Kedzie
Juarez High School Addition	15,500,000	9,795,000	5,705,000	Pilsen
DePriest Elementary	18,500,000	21,457,220	—	*Madison/Austin
Additional Westinghouse HS- Refunding Debt Service	58,618,967	58,618,967	—	*Chicago/CentralPark
Canter Elementary School	150,000	150,000	—	53rd Street
Orozoco Elementary Health Center School	250,000	250,000	—	Western/ Ogden
Lane Tech High School Stadium	1,892,100	1,892,100	—	Western Avenue South
Clark Park Lane Tech High School	3,500,000	—	3,500,000	Western Avenue South
Coonley Middle School	2,201,500	2,201,500	—	Western Avenue South
Coonley Middle School #2	16,500,000	—	16,500,000	Western Avenue South
Arai/ Uplift Elementary School	1,447,244	—	1,447,244	Wilson Yard
Lloyd Elementary	750,000	—	750,000	Midwest
Lloyd Elementary II	1,300,000	—	1,300,000	Midwest
Chase	3,600,000	—	3,600,000	Fullerton/Milwaukee
Holmes Elementary	3,270,000	—	3,270,000	Englewood Neighborhood
Morgan Park	44,000	—	44,000	Western Avenue/Rock Island
Senn High School	1,000,000	—	1,000,000	Clark Ridge
Arai/ Uplift Elementary School Courtyard Renovations	1,447,244	—	1,447,244	Wilson Yard
Beidler Campus Park	1,000,000	1,000,000	—	Kinzie Industrial
Donoghue	200,000	—	200,000	Madden-Wells
Douglas Park Field (CPD)	2,000,000	—	2,000,000	Increment offset proceeds
Ericson Play Lot	350,000	—	350,000	Midwest MSAC Bonds
Faraday STEM	600,000	—	600,000	Midwest MSAC Bonds
Jensen Play Lot	650,000	—	650,000	Midwest MSAC Bonds
Juarez High School Athletic Field	701,380	—	701,380	Pilsen Industrial Corridor
Kenwood Academy	60,000	—	60,000	53rd Street
Lane Tech Renovation #2	2,000,000	—	2,000,000	Western Avenue South
Lane Tech Renovation #3	2,000,000	—	2,000,000	Western Avenue South
Melody STEM	1,500,000	—	1,500,000	*Madison/Austin
Spencer Play Lot	700,000	—	700,000	*Madison/Austin
Tilton Play Lot	500,000	—	500,000	*Madison/Austin
Stockton	300,000	—	300,000	Clark Montrose
Whittier Renovation	2,887,000	—	2,887,000	Pilsen Industrial Corridor
McPherson Elementary School	400,000	—	400,000	Western Ave North
Amundsen High School	500,000	—	500,000	Western Ave North
Penn Elementary School	1,150,000	—	1,150,000	Midwest
Crane High School	2,250,000	—	2,250,000	Central West
Other Capital IGA Subtotal	\$454,935,123	\$307,030,567	\$154,524,602	
Grand Total	\$984,200,396	\$736,695,329	\$254,125,113	

Based on intergovernmental agreements approved by City Council and executed by the City of Chicago and Chicago Public Schools as of June 30, 2014.

* City of Chicago refunded bonds to cover future principal and interest payments, no additional amounts to be paid to CPS.





CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS

For the Fiscal Year Ended June 30, 2014

(Thousands of dollars)

<u>Series</u>	<u>Debt Type</u>	<u>Pledged Revenue Source</u>	<u>Issued</u>
1992A	PBC GO Lease Certificate	Property Taxes	1/1/1992
1993A	PBC Building Revenue Bonds	Property Taxes	4/1/1993
1999B	PBC Building Revenue Refunding Bonds	Property Taxes	3/11/1999
1997A	Unlimited Tax G.O. Bonds	PPRT/IGA	12/3/1997
1998 B-1	Unlimited Tax G.O. Bonds	IGA	10/28/1998
1999A	Unlimited Tax G.O. Bonds	PPRT/IGA	2/25/1999
2000B	Unlimited Tax G.O. Bonds	State Aid	9/7/2000
2000E	Qualified Zone Academy G.O. Bonds	State Aid	12/19/2000
2001B	Qualified Zone Academy G.O. Bonds	State Aid	10/24/2001
2002A	Unlimited Tax G.O. Bonds	City Note/IGA	9/24/2002
2003C	Qualified Zone Academy G.O. Bonds	State Aid	10/28/2003
2004A	Unlimited Tax G.O. Bonds	PPRT/State Aid	4/6/2004
2004G	Unlimited Tax G.O. Bonds	City Note/IGA	12/9/2004
2005A	Unlimited Tax G.O. Bonds	State Aid	6/27/2005
2005B	Unlimited Tax G.O. Bonds	PPRT	6/27/2005
2006A	Qualified Zone Academy G.O. Bonds	State Aid	6/7/2006
2006B	Unlimited Tax G.O. Bonds	State Aid	9/27/2006
2007B	Unlimited Tax G.O. Bonds	State Aid	9/5/2007
2007C	Unlimited Tax G.O. Bonds	State Aid	9/5/2007
2007D	Unlimited Tax G.O. Bonds	State Aid	12/13/2007
2008A	Unlimited Tax G.O. Bonds	PPRT/IGA	5/13/2008
2008B	Unlimited Tax G.O. Bonds	State Aid	5/13/2008
2008C	Unlimited Tax G.O. Bonds	State Aid	5/1/2008
2009D	Unlimited Tax G.O. Bonds	State Aid	7/30/2009
2009E	Unlimited Tax G.O. Build America Bonds	State Aid and Federal Subsidy	9/24/2009
2009F	Unlimited Tax G.O. Bonds	State Aid	9/24/2009
2009G	Qualified School Construction G.O. Bonds	State Aid	12/17/2009
2010C	Qualified School Construction G.O. Bonds	State Aid and Federal Subsidy	11/2/2010
2010D	Unlimited Tax G.O. Build America Bonds	State Aid and Federal Subsidy	11/2/2010
2010F	Unlimited Tax G.O. Bonds	State Aid	11/2/2010
2010G	Unlimited Tax G.O. Bonds	State Aid	11/2/2010
2011A	Unlimited Tax G.O. Bonds	State Aid	11/1/2011
2011C-1	Unlimited Tax G.O. Bonds	State Aid	12/20/2011
2011C-2	Unlimited Tax G.O. Bonds	State Aid	12/20/2011
2011D	Unlimited Tax G.O. Bonds	State Aid	12/16/2011
2012A	Unlimited Tax G.O. Bonds	State Aid	8/21/2012
2012B	Unlimited Tax G.O. Bonds	State Aid	12/21/2012
2013A-1	Unlimited Tax G.O. Bonds	State Aid	5/22/2013
2013A-2	Unlimited Tax G.O. Bonds	State Aid	5/22/2013
2013A-3	Unlimited Tax G.O. Bonds	State Aid	5/22/2013

Grand Total Direct Debt

NOTES: A. Excludes total accreted interest in the following series:

<u>Series</u>	<u>Accreted Interest</u>
1997A	\$ 25,136
1998B-1	328,579
1999A	247,987
Total	<u><u>\$601,702</u></u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS (continued)

For the Fiscal Year Ended June 30, 2014

(Thousands of dollars)

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2013</u>	<u>Issue or (Redeemed)</u>	<u>Outstanding at June 30, 2014 (A)</u>
1/1/2020	6.00%-6.5%	\$ 166,875	\$ (20,850)	\$ 146,025
12/1/2018	3.00%-5.75%	—	—	—
12/1/2018	5.00%-5.25%	100,455	(13,540)	86,915
12/1/2030	5.30%-5.55%	23,746	(6,501)	17,245
12/1/2031	4.55%-5.22%	276,012	(9,753)	266,259
12/1/2031	4.30%-5.3%	454,417	(17,578)	436,839
3/1/2032	Variable	91,400	—	91,400
12/18/2013	0.00%	13,390	(13,390)	—
10/23/2015	0.00%	9,440	—	9,440
12/1/2022	3.00%-5.25%	37,820	(3,000)	34,820
10/27/2017	0.00%	4,585	—	4,585
12/1/2020	4.00%-5.00%	202,420	(15,840)	186,580
3/1/2032	4.00%-6.00%	11,970	(775)	11,195
12/1/2031	5.00%-5.50%	193,585	(6,095)	187,490
12/1/2021	5.00%	52,595	(14,565)	38,030
6/1/2021	0.00%	6,853	—	6,853
12/1/2036	4.25%-5.00%	305,875	—	305,875
12/1/2024	5.00%	197,765	—	197,765
12/1/2021	4.00%-4.375%	5,275	(360)	4,915
12/1/2029	4.00%-5.00%	187,375	—	187,375
12/1/2030	Variable	262,785	—	262,785
12/1/2041	Variable	205,175	(4,400)	200,775
3/1/2032	4.25%-5.00%	464,655	—	464,655
12/1/2023	1.00%-5.00%	52,465	—	52,465
12/1/2039	4.682%-6.14%	518,210	—	518,210
12/1/2016	2.50%-5.00%	12,325	—	12,325
12/15/2025	1.75%	254,240	—	254,240
11/1/2029	6.32%	257,125	—	257,125
3/1/2036	6.52%	125,000	—	125,000
12/1/2031	5.00%	183,750	—	183,750
3/1/2017	2.77%-4.18%	72,915	(8,340)	64,575
12/1/2041	5.00%-5.50%	402,410	—	402,410
3/1/2032	Variable	51,000	(1,800)	49,200
3/1/2032	Variable	44,100	—	44,100
3/1/2032	Variable	95,000	(3,800)	91,200
12/1/2042	5.00%	468,915	—	468,915
12/1/2034	5.00%	109,825	—	109,825
3/1/2026	Variable	122,605	(7,685)	114,920
3/1/2035	Variable	124,320	—	124,320
3/1/2036	Variable	157,055	—	157,055
		<u>\$6,325,728</u>	<u>\$(148,272)</u>	<u>\$6,177,456</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES

As of June 30, 2014

(Thousands of dollars)

<u>Bond Authorization</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Lien Closed</u>	<u>Retired</u>	<u>Principal Outstanding June 30, 2014 (1)</u>	<u>Remaining Authorization</u>
1997 Alternate Bond Authorization	\$1,500,000	\$1,497,703 (A)	\$—	\$ 767,920	\$ 729,783 (A)	\$ 2,297
1998 Alternate Bond Authorization	900,000	870,195 (B)	—	774,210	95,985 (B)	29,805
2002 Alternate Bond Authorization	500,000	500,000 (C)	—	465,180	34,820 (C)	—
2004 Alternate Bond Authorization	965,000	965,000 (D)	—	687,919	277,081 (D)	—
2006 Alternate Bond Authorization	750,000	634,258 (E)	—	342,661	291,597 (E)	115,742
2008 Alternate Bond Authorization	1,900,000	1,899,990 (F)	—	187,000	1,712,990 (F)	10
2009 Alternate Bond Authorization	2,300,000	1,906,180 (G)	—	219,905	1,686,275 (G)	393,820
2012 Alternate Bond Authorization	750,000	409,825 (H)	—	168,400	241,425 (H)	340,175
TOTAL	\$9,565,000	\$8,683,151	\$—	\$3,613,195	\$5,069,956	\$881,849

(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 five series of refunding bonds which met these requirements: \$205,410 Series 2004A, of which \$186,580 is outstanding; \$193,585 Series 2005A, of which 187,490 is outstanding; \$52,595 Series 2005B, of which \$38,030 is outstanding; \$197,765 Series 2007B, of which all is outstanding; and \$403,980 Series 2013A, of which \$396,295 is outstanding. These series are not included in the authorization table. Total principal amount issued including these series and lines of credit is \$11,131,486. Principal outstanding on CPS Debt and lines of credit is \$6,076,116.

NOTES:

- A. 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	\$ 17,245
Unlimited Tax GO Bonds Series 1998	9/24/1998	14,000	—
Unlimited Tax GO Bonds Series 1998 B-1	10/28/1998	328,714	266,259
Unlimited Tax GO Bonds Series 1999A	2/25/1999	532,554	436,839
Unlimited Tax GO Bonds, IDFA Series 1999A	12/22/1999	12,000	—
Unlimited Tax GO Bonds, Series 2000D	9/7/2000	101,000	—
Unlimited Tax GO Bonds, Series 2001B	10/24/2001	9,440	9,440
		<u>\$1,497,703</u>	<u>\$729,783</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)

As of June 30, 2014

(Thousands of dollars)

- B. 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	—
Unlimited Tax GO Bonds, Series 2000B,C	9/7/2000	202,000	91,400
Unlimited Tax GO Bonds, Series 2000E	12/19/2000	13,390	—
Unlimited Tax GO Bonds, Series 2001A	3/1/2001	45,110	—
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	—
		<u>\$870,195</u>	<u>\$95,985</u>

- C. 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	\$34,820
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>\$34,820</u>

- D. 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	12/9/2004	56,000	11,195
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	259,033
		<u>\$965,000</u>	<u>\$277,081</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)

As of June 30, 2014

(Thousands of dollars)

E. 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	\$ 46,842
Unlimited Tax GO Refunding Bonds, Series 2007A	9/5/2007	162,785	—
Unlimited Tax GO Refunding Bonds, Series 2007C	9/5/2007	6,870	4,915
Unlimited Tax GO Bonds, Series 2007D	12/13/2007	238,720	187,375
Unlimited Tax GO Refunding Bonds, Series 2009B	6/25/2009	75,410	—
Unlimited Tax GO Refunding Bonds, Series 2009C	6/25/2009	20,265	—
Unlimited Tax GO Refunding Bonds, Series 2009D	7/30/2009	75,720	52,465
		<u>\$634,258</u>	<u>\$291,597</u>

F. 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	200,775
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	—
Unlimited Taxable GO Bonds, Series 2009E . . .	9/24/2009	518,210	518,210
Unlimited Tax GO Bonds, Series 2009F	9/24/2009	29,125	12,325
Unlimited Tax GO Bonds, Series 2009G	12/17/2009	254,240	254,240
		<u>\$1,899,990</u>	<u>\$1,712,990</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)

As of June 30, 2014

(Thousands of dollars)

- G. 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	\$ —
Unlimited Tax GO Refunding Bonds, Series 2010B	2/17/2010	157,055	—
Unlimited Tax GO Bonds, Series 2010C	11/2/2010	257,125	257,125
Unlimited Tax GO Bonds, Series 2010D	11/2/2010	125,000	125,000
Unlimited Tax GO Refunding Bonds, Series 2010F	11/2/2010	183,750	183,750
Unlimited Tax GO Refunding Bonds, Series 2010G	11/2/2010	72,915	64,575
Unlimited Tax GO Bonds, Series 2011A	11/1/2011	402,410	402,410
Unlimited Tax GO Refunding Bonds, Series 2011C	12/20/2012	95,100	93,300
Unlimited Tax GO Refunding Bonds, Series 2011D	12/16/2011	95,000	91,200
Unlimited Tax GO Bonds, Series 2012A	8/21/2012	468,915	468,915
		<u>\$1,906,180</u>	<u>\$1,686,275</u>

- H. The total issued and outstanding debt for the 2012 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 2012B	12/21/2012	\$109,825	\$109,825
Unlimited Tax GO Short-term Line of Credit, Series 2013B	12/20/2013	150,000	65,800
Unlimited Tax GO Short-term Line of Credit, Series 2013C	12/20/2013	150,000	65,800
		<u>\$409,825</u>	<u>\$241,425</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, 2014

<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>Notes Payable</u>	<u>Total Primary Government</u>
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
2011	5,249,147	330,375	—	2,100	—	5,581,622
2012	5,593,686	299,780	—	1,925	—	5,895,391
2013	6,058,398	267,330	—	1,750	—	6,327,478
2014	5,944,516	232,940	—	1,575	—	6,179,031

Notes:

- (A) Starting in FY2013, CPS will include information about accumulated resources that are restricted to repaying the principal of outstanding general bonded debt. These accumulated resources will be subtracted from the total primary government amount in order to calculate a net total primary amount.
- (B) For all years prior to FY2013, the total net outstanding debt per capita ratio is the total primary government amount divided by population.



	<u>Accumulated Resources Restricted to Repaying the Principal of General Bonded Debt (A)</u>	<u>Net Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Total Net Outstanding Debt Per Capita (B)</u>	<u>Total General Obligation Debt Per Capita</u>
\$	N/A	\$4,000,086	3.50%	15.25%	2,896,016	\$1,381.24	\$1,212.34
	N/A	4,338,713	3.57%	13.00%	2,896,016	1,498.17	1,335.27
	N/A	4,538,682	3.46%	13.50%	2,896,016	1,567.22	1,412.93
	N/A	4,697,085	3.49%	13.82%	2,896,016	1,621.91	1,476.69
	N/A	4,614,359	3.45%	14.68%	2,896,016	1,593.35	1,457.69
	N/A	5,266,000	4.31%	17.23%	2,695,598	1,953.56	1,819.45
	N/A	5,581,622	4.41%	18.55%	2,695,598	2,070.64	1,947.30
	N/A	5,895,391	4.47%	21.46%	2,695,598	2,187.04	2,075.12
	144,852	6,182,626	N/A	22.64%	2,695,598	2,293.60	2,247.52
	157,517	6,021,514	N/A	N/A	2,695,598	2,233.83	2,205.27



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

As of June 30, 2014

(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$7,629,142	\$8,184,894	\$9,593,382	\$10,163,860
General obligation	764,761	711,982	658,947	606,009
Less: amount set aside for repayment of bonds	(38,913)	(39,984)	(37,322)	(36,238)
Total net debt applicable to limit (A)	<u>725,848</u>	<u>671,998</u>	<u>621,625</u>	<u>569,771</u>
Legal debt margin	<u>\$6,903,294</u>	<u>\$7,512,896</u>	<u>\$8,971,757</u>	<u>\$ 9,594,089</u>
Total net debt applicable to the limit as a percentage of debt limit	9.51%	8.21%	6.48%	5.61%

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

\$499.9 million Series 1997A	\$240.9 million Series 2008B
\$328.7 million Series 1998B-1	\$464.7 million Series 2008C
\$532.5 million Series 1999A	\$75.7 million Series 2009D
\$101.0 million Series 2000B	\$547.3 million Series 2009EF
\$9.44 million Series 2001B	\$254.2 million Series 2009G
\$49.0 million Series 2002A	\$257.1 million Series 2010C
\$4.6 million Series 2003C	\$125.0 million Series 2010D
\$205.4 million Series 2004A	\$183.7 million Series 2010F
\$56.0 million Series 2004FGH	\$72.9 million Series 2010G
\$193.5 million Series 2005A	\$402.4 million Series 2011A
\$52.5 million Series 2005B	\$95.1 million Series 2011C
\$6.9 million Series 2006A	\$95.0 million Series 2011D
\$355.8 million Series 2006B	\$468.9 million Series 2012A
\$197.7 million Series 2007B	\$109.8 million Series 2012B
\$6.8 million Series 2007C	\$403.9 million Series 2013A
\$238.7 million Series 2007D	\$300.0 million Series 2013BC
\$262.8 million Series 2008A	



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$11,175,687	\$11,673,736	\$11,328,763	\$10,367,652	\$9,005,479	\$8,607,088
553,134	498,593	446,719	394,793	342,830	290,849
(34,719)	(16,042)	(36,440)	(29,917)	(34,790)	(35,201)
<u>518,415</u>	<u>482,551</u>	<u>410,279</u>	<u>364,876</u>	<u>308,040</u>	<u>255,648</u>
<u>\$10,657,272</u>	<u>\$11,191,185</u>	<u>\$10,918,484</u>	<u>\$10,002,776</u>	<u>\$8,697,439</u>	<u>\$8,351,440</u>
4.64%	4.13%	3.62%	3.52%	3.42%	2.97%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2014

(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	\$8,365,996	100.00%	\$ 8,365,996
City Colleges of Chicago	250,000	100.00%	250,000
Chicago Park District	845,460	100.00%	845,460
Cook County	3,572,060	48.18%	1,721,019
Forest Preserve District	204,710	49.53%	101,393
Water Reclamation District	2,458,516	50.53%	1,242,288
Subtotal, overlapping debt			\$12,526,156
Chicago Public School Direct Debt			6,177,456
Total Direct and Overlapping Debt			<u>\$18,703,612</u>

- (A) Debt outstanding data provided by each governmental unit.
- (B) Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County Clerk. Percentages are calculated by dividing each taxing district's 2013 City of Chicago tax extension within the City of Chicago by the total 2013 Cook County extension for the district.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

CPS' DEBT RATING HISTORY

The following table presents the changes in credit rating for Chicago Public Schools for the last five years:

	<u>Jun. 2009</u>	<u>Jun. 2010</u>	<u>Oct. 2010</u>	<u>Oct. 2011</u>	<u>Jul. 2012</u>	<u>Aug. 2012</u>	<u>Sep. 2012</u>	<u>Oct. 2012</u>	<u>July 2013</u>	<u>Sep. 2013</u>	<u>Mar. 2014</u>
S&P	AA-	AA-	AA	AA-	AA-	A+	A+	A+	A+	A+	A+
Moody's	A1	A1	Aa2	Aa3	A1	A1	A2	A2	A3	A3	Baa1
Fitch	A+	AA-	A+	A+	A+	A+	A+	A	A	A-	A-

Security Structure: All of 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. 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, federal subsidies, and both State Aid and State Grant revenues as alternate revenue sources.



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 (\$000's)</u>	<u>Per Capita Income (B)</u>	<u>Median Age (C)</u>	<u>Number of Households (C)</u>
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	133,682,995	46,161	34.50	1,037,069
2010	2,695,598	122,140,241	45,311	34.80	1,045,666
2011	2,695,598	126,523,283	46,937	33.20	1,045,666
2012	2,695,598	131,930,653	48,943	33.10	1,030,076
2013	2,695,598	N/A	N/A	33.30	1,028,746

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

N/A: Not available at publishing.



Civilian Labor Force (D)		Employment (D)		
Number	Percent of Population	Number	Percent of Population	Unemployment Rate
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%
1,320,502	48.99%	1,175,029	43.59%	11.00%
1,259,055	46.71%	1,116,216	41.41%	11.30%
1,273,805	47.26%	1,144,896	42.47%	10.10%
1,277,649	47.40%	1,143,944	42.44%	10.50%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
Last Eight Years

Employer	2013			2012			2011			2010		
	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	Number of Employees	Rank	Percentage of Total City Employment
J.P. Morgan Chase (1)	8,499	1	0.78%	8,168	1	0.76%	7,993	1	0.77%	8,094	1	0.81%
United Airlines	8,199	2	0.75%	7,521	2	0.70%	6,366	2	0.62%	5,585	2	0.58%
Accenture LLP	5,821	3	0.53%	5,590	3	0.52%	5,014	4	0.48%	4,224	7	0.32%
Northern Trust	5,353	4	0.49%	5,448	4	0.51%	5,485	3	0.53%	5,833	3	0.56%
Ford Motor Company	5,103	5	0.47%	4,187	6	0.39%	3,410	10	0.33%	—	—	—
Jewel Food Stores, Inc.	4,441	6	0.41%	4,572	5	0.43%	4,799	5	0.46%	5,307	4	0.52%
ABM Janitorial Midwest, Inc.	3,399	7	0.31%	3,398	8	0.32%	3,629	9	0.35%	3,840	9	0.30%
Bank of America NT & SA	3,392	8	0.31%	3,811	7	0.36%	4,557	6	0.44%	4,668	5	0.44%
Walgreen's Co.	2,869	9	0.26%	2,789	10	0.26%	4,429	7	0.43%	4,552	6	0.33%
American Airlines	2,749	10	0.25%	3,076	9	0.29%	—	—	—	3,153	10	0.27%
SBC Ameritech (2)	—	—	—	—	—	—	—	—	—	—	—	—
CVS Corporation	—	—	—	—	—	—	4,159	8	0.40%	4,067	8	0.30%
Bonded Maintenance Company	—	—	—	—	—	—	—	—	—	—	—	—
Deloitte & Touche	—	—	—	—	—	—	—	—	—	—	—	—

Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

NOTES:

Beginning with fiscal year 2006, the Chicago Board of Education will accumulate 10 years of data.

(1) J.P. Morgan Chase formerly known as Bank One.

(2) Ameritech currently known as SBC/AT&T.



Demographic and Economic Information

2009			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	Number of Employees	Rank	Percentage of Total City Employment
8,431	1	0.81%	8,865	1	0.81%	9,114	1	0.73%	8,979	1	0.82%
6,019	2	0.58%	6,403	2	0.58%	6,102	2	0.49%	5,944	2	0.55%
3,341	7	0.32%	4,532	5	0.41%	4,283	5	0.34%	4,470	5	0.41%
5,394	4	0.52%	5,084	4	0.46%	4,787	4	0.38%	4,610	4	0.42%
2,764	10	0.27%	3,325	8	0.30%	3,367	8	0.27%	3,480	8	0.32%
5,833	3	0.56%	5,977	3	0.55%	5,424	3	0.43%	5,453	3	0.50%
—	—	—	—	—	—	—	—	—	—	—	—
4,631	5	0.44%	—	—	—	—	—	—	3,108	10	0.29%
—	—	—	—	—	—	—	—	—	—	—	—
3,394	6	0.33%	3,582	6	0.33%	3,645	7	0.29%	3,750	7	0.34%
3,136	8	0.30%	3,459	7	0.32%	4,002	6	0.32%	3,834	6	0.35%
3,120	9	0.30%	3,161	9	0.29%	3,120	9	0.25%	—	—	—
—	—	—	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 2013 NET REVENUES

(Millions of dollars)

<u>Company Name</u>	<u>2013 Net Revenues</u>	<u>Number of Employees (1)</u>
Archer Daniels Midland Co.	\$89,804.0	31,100
Boeing Co.	86,623.0	168,400
Walgreen Co. (2)	72,217.0	248,000
Caterpillar Inc.	55,656.0	118,501
United Continental Holdings Inc.	38,279.0	87,000
Deere & Co. (4)	37,795.4	67,044
Sears Holdings Corp. (3)	36,188.0	249,000
Mondelez International Inc.	35,299.0	107,000
Allstate Corp.	34,507.0	39,400
McDonald's Corp.	28,105.7	440,000
Exelon Corp.	24,888.0	25,829
Abbott Laboratories	21,848.0	69,000
Abbvie Inc.	18,790.0	25,000
Kraft Foods Group Inc.	18,218.0	22,500
Baxter International Inc.	15,259.0	61,000
Catamaran Corp.	14,780.1	4,000
Illinois Tool Works Inc.	14,135.0	51,000
Navistar International Corp. (4)	10,775.0	14,800
CDW Corp.	10,768.6	6,967
R.R. Donnelley & Sons Co.	10,480.3	57,000

Source: **Crain's Chicago Business**, "Chicago's Largest Public Companies", from May 26, 2014 issue. Copyright 2014 Crain Communications Inc.

1. Most recent employee count available
2. Fiscal year ends in August.
3. Fiscal year ends in February.
4. Fiscal year ends in October.



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, 2014

With Comparative Amounts for the Fiscal Year Ended June 30, 2013

(Thousands of dollars)

	Approved Budget	Transfers In (Out)	Final Appropriations	Fiscal Year 2014 Actual	Variance	Fiscal Year 2013 Actual	2014 Over (Under) 2013
Revenues:							
Property taxes	\$2,141,418	\$ —	\$2,141,418	\$2,161,204	\$ 19,786	\$2,157,777	\$ 3,427
Replacement taxes	105,520	—	105,520	131,075	25,555	128,212	2,863
State aid	1,621,466	—	1,621,466	1,631,782	10,316	1,599,424	32,358
Federal aid	908,352	—	908,352	864,457	(43,895)	805,983	58,474
Interest and investment income	3,050	—	3,050	4,458	1,408	2,207	2,251
Other	169,659	—	169,659	143,859	(25,800)	132,717	11,142
Total revenues	<u>\$4,949,465</u>	<u>\$ —</u>	<u>\$4,949,465</u>	<u>\$4,936,835</u>	<u>(\$ 12,630)</u>	<u>\$4,826,320</u>	<u>\$110,515</u>
Expenditures:							
Teachers' salaries	\$1,940,215	\$ (9,374)	\$1,930,841	\$1,921,969	\$ (8,872)	\$1,942,007	\$ (20,038)
Career service salaries	621,111	9,209	630,320	619,462	(10,858)	633,489	(14,027)
Energy	74,360	6,777	81,137	87,547	6,410	76,559	10,988
Food	100,073	2,653	102,726	96,816	(5,910)	106,650	(9,834)
Textbooks	31,304	33,246	64,550	52,871	(11,679)	68,969	(16,098)
Supplies	50,678	20,373	71,051	55,223	(15,828)	52,925	2,298
Other commodities	620	202	822	648	(174)	408	240
Professional fees	391,381	92,423	483,804	441,667	(42,137)	398,064	43,603
Charter schools	568,243	27,825	596,068	580,652	(15,416)	498,162	82,490
Transportation	111,776	(849)	110,927	104,430	(6,497)	106,861	(2,431)
Tuition	68,444	3,814	72,258	66,396	(5,862)	54,626	11,770
Telephone and telecommunications	19,959	(7,492)	12,467	30,297	17,830	23,642	6,655
Other services	11,533	6,578	18,111	14,126	(3,985)	12,438	1,688
Equipment — educational	37,565	46,441	84,006	62,757	(21,249)	59,654	3,103
Repairs and replacements	20,116	10,633	30,749	31,679	930	26,449	5,230
Capital outlay	—	—	—	—	—	75	(75)
Teachers' pension	746,077	(20,868)	725,209	740,419	15,210	374,567	365,852
Career service pension	100,407	3,281	103,688	101,885	(1,803)	102,342	(457)
Hospitalization and dental insurance	330,346	16,216	346,562	343,308	(3,254)	319,792	23,516
Medicare	37,862	(1,036)	36,826	35,951	(875)	36,404	(453)
Unemployment compensation	12,424	4,098	16,522	16,426	(96)	9,134	7,292
Workers' compensation	23,893	2,190	26,083	25,646	(437)	23,967	1,679
Rent	12,697	(336)	12,361	12,164	(197)	10,547	1,617
Other fixed charges	281,189	(246,004)	35,185	7,792	(27,393)	8,639	(847)
Total expenditures	<u>\$5,592,273</u>	<u>\$ —</u>	<u>\$5,592,273</u>	<u>\$5,450,131</u>	<u>(\$142,142)</u>	<u>\$4,946,370</u>	<u>\$503,761</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUE — BY PROGRAM
For the Fiscal Year Ended June 30, 2014
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	Educational Program	Individuals with Disabilities Education Act (IDEA) Program	Other Government Funded Program	Supplementary General State Aid
Revenues:				
Property taxes	\$2,128,200	\$ —	\$ —	\$ —
Replacement taxes	127,241	—	—	—
State aid	859,211	—	161,836	261,157
Federal aid	67,705	100,092	135,560	—
Interest and investment income	4,370	—	—	—
Other	103,583	—	1,839	5,403
Total revenues	<u>\$3,290,310</u>	<u>\$100,092</u>	<u>\$299,235</u>	<u>\$266,560</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 American Recovery and Reinvestment Act Program</u>	<u>Total</u>
\$ —	\$ —	\$33,004	\$ —	\$ —	\$2,161,204
—	3,834	—	—	—	131,075
—	7,250	—	342,328	—	1,631,782
342,915	181,902	—	—	36,283	864,457
—	—	88	—	—	4,458
3	9,864	4,750	18,417	—	143,859
<u>\$342,918</u>	<u>\$202,850</u>	<u>\$37,842</u>	<u>\$360,745</u>	<u>\$36,283</u>	<u>\$4,936,835</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

GENERAL OPERATING FUND

SCHEDULE OF EXPENDITURES — BY PROGRAM

For the Fiscal Year Ended June 30, 2014

(Modified Accrual Basis of Accounting)

(Thousands of dollars)

	Educational Program	Individuals with Disabilities Education Act (IDEA) Program	Other Government Funded Program	Supplementary General State Aid
Teachers' salaries	\$1,578,055	\$ 68,129	\$ 99,966	\$86,797
Career service salaries	302,342	4,486	42,359	56,827
Energy	338	—	—	—
Food	1,886	32	1,463	3
Textbooks	32,853	107	6,049	6,555
Supplies	31,598	275	4,838	7,322
Other commodities	303	3	15	86
Professional fees	114,154	2,169	88,523	9,917
Charter schools	503,904	—	9,729	40,866
Transportation	97,932	230	1,853	2,333
Tuition	60,923	2,320	2,187	755
Telephone and telecommunications	29,543	—	4	7
Other services	8,196	48	2,721	1,154
Equipment — educational	39,146	846	6,861	8,254
Repairs and replacements	3,757	5	144	1,589
Capital outlay	—	—	—	—
Teachers' pension	688,071	11,498	15,474	13,372
Career service pension	49,281	804	6,781	8,706
Hospitalization and dental insurance	238,227	8,500	17,334	19,488
Medicare	26,332	976	2,077	2,260
Unemployment compensation	12,349	491	864	865
Workers' compensation	19,277	767	1,349	1,351
Rent	458	22	655	—
Other fixed charges	(10,370)	974	389	—
Total expenditures	<u>\$3,828,555</u>	<u>\$102,682</u>	<u>\$311,635</u>	<u>\$268,507</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>Total</u>
\$ 88,927	\$ —	\$ 95	\$ —	\$1,921,969
24,385	60,680	44,547	83,836	619,462
—	—	—	87,209	87,547
448	92,984	—	—	96,816
7,153	5	—	149	52,871
5,724	44	48	5,374	55,223
36	5	—	200	648
95,454	2,927	13,294	115,229	441,667
26,153	—	—	—	580,652
1,900	18	28	136	104,430
211	—	—	—	66,396
9	101	—	633	30,297
1,532	267	6	202	14,126
7,447	12	74	117	62,757
180	—	35	25,969	31,679
—	—	—	—	—
11,988	—	16	—	740,419
3,821	10,282	7,269	14,941	101,885
12,779	23,567	10,147	13,266	343,308
1,657	822	802	1,025	35,951
617	389	280	571	16,426
964	608	438	892	25,646
18	15	—	10,996	12,164
768	10,124	5,907	—	7,792
<u>\$292,171</u>	<u>\$202,850</u>	<u>\$82,986</u>	<u>\$360,745</u>	<u>\$5,450,131</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF REVENUES — ALL FUNDS
Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Local revenue:						
Property taxes	\$1,639,237	\$1,718,249	\$1,767,760	\$1,813,917	\$1,896,540	\$2,047,163
Replacement taxes	145,724	184,700	201,509	215,489	188,503	152,497
Investment income	43,215	71,947	116,907	85,895	43,693	12,483
Other	102,654	163,765	286,230	181,028	253,376	359,661
Total local	<u>\$1,930,830</u>	<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>
State revenue:						
General state aid	\$ 908,330	\$ 978,672	\$1,040,241	\$1,107,408	\$ 879,658	\$1,001,777
Teachers' pension	65,045	74,922	75,242	75,218	74,845	37,551
Capital	3,061	—	—	—	—	—
Other	530,679	549,041	586,102	663,408	557,383	512,748
Total state	<u>\$1,507,115</u>	<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>
Federal revenue:						
Elementary and Secondary Education Act (ESEA)	\$ 277,610	\$ 273,900	\$ 269,446	\$ 350,515	\$ 369,352	\$ 307,331
Individuals with Disabilities Education Act (IDEA)	105,835	99,908	81,721	106,051	95,230	96,240
School lunchroom	145,668	147,899	147,407	150,394	139,096	178,764
Medicaid	26,000	33,422	24,257	31,671	50,758	34,937
Other	207,842	220,502	223,198	237,410	471,144	562,876
Total federal	<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>
Total revenue	<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>
Change in revenue from previous year	\$ 108,702	\$ 316,027	\$ 303,093	\$ 198,384	\$ 1,174	\$ 284,450
Percent change in revenue	2.7%	7.5%	6.7%	4.1%	0.0%	5.7%



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budget 2015</u>	<u>Ten Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$1,936,655	\$2,352,136	\$2,211,568	\$2,213,306	\$2,233,700	3.1%	1.8%
197,762	181,927	185,884	188,041	188,900	2.6%	4.4%
13,399	20,760	7,303	15,596	80	-46.7%	-63.6%
417,516	303,744	322,128	272,747	417,010	15.0%	3.0%
<u>\$2,565,332</u>	<u>\$2,858,567</u>	<u>\$2,726,883</u>	<u>\$2,689,690</u>	<u>\$2,839,690</u>	3.9%	2.0%
\$1,163,412	\$1,136,472	\$1,094,732	\$1,091,564	\$1,038,920	1.4%	0.7%
42,971	10,449	10,931	11,903	12,145	-15.4%	-20.2%
2,793	—	—	—	—	-100.0%	N/A
740,605	818,980	710,135	739,229	783,457	4.0%	8.8%
<u>\$1,949,781</u>	<u>\$1,965,901</u>	<u>\$1,815,798</u>	<u>\$1,842,696</u>	<u>\$1,834,522</u>	2.0%	3.4%
\$ 271,859	\$ 283,681	\$ 264,600	\$ 342,915	\$ 203,665	-3.0%	-7.9%
88,058	84,385	106,902	100,092	103,800	-0.2%	1.5%
175,753	182,836	190,093	181,902	207,937	3.6%	3.1%
72,343	92,736	41,523	44,801	47,667	6.2%	6.4%
536,871	292,313	242,678	234,476	334,167	4.9%	-9.9%
<u>\$1,144,884</u>	<u>\$ 935,951</u>	<u>\$ 845,796</u>	<u>\$ 904,186</u>	<u>\$ 897,236</u>	1.6%	-5.3%
<u>\$5,659,997</u>	<u>\$5,760,419</u>	<u>\$5,388,477</u>	<u>\$5,436,572</u>	<u>\$5,571,448</u>	2.9%	1.0%
\$ 355,969	\$ 100,422	\$ (371,942)	\$ 48,095	\$ 134,876		
6.7%	1.8%	-6.5%	0.9%	2.5%		



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF EXPENDITURES — ALL FUNDS
Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Compensation:						
Teacher salaries	\$1,850,403	\$1,916,378	\$1,924,109	\$1,885,400	\$1,975,940	\$2,026,257
ESP salaries	515,427	537,346	535,148	559,741	597,533	604,042
Total salaries	\$2,365,830	\$2,453,724	\$2,459,257	\$2,445,141	\$2,573,473	\$2,630,299
Teacher pension	198,065	247,585	282,488	350,483	392,801	475,628
ESP pension	81,560	87,530	83,317	89,776	93,791	96,913
Hospitalization	230,204	243,003	250,765	260,386	299,206	311,048
Medicare	26,719	29,989	25,279	31,075	33,667	34,826
Unemployment insurance	8,558	6,382	8,236	5,764	8,599	16,000
Workers' compensation	17,953	21,004	24,619	29,757	28,148	28,244
Total benefits	\$ 563,059	\$ 635,493	\$ 674,704	\$ 767,241	\$ 856,212	\$ 962,659
Total compensation	\$2,928,889	\$3,089,217	\$3,133,961	\$3,212,382	\$3,429,685	\$3,592,958
Non-compensation:						
Energy	\$ 64,647	\$ 70,760	\$ 77,133	\$ 86,759	\$ 92,354	\$ 78,682
Food	89,628	85,815	83,798	83,326	89,592	93,088
Textbooks	79,677	71,942	65,772	89,514	86,356	70,596
Supplies	45,210	46,965	45,945	46,030	44,572	48,046
Commodities — other	1,314	1,135	1,072	910	998	948
Professional fees	292,517	319,904	322,252	360,277	440,921	381,851
Charter schools	82,537	118,445	141,030	189,006	256,154	326,322
Transportation	93,639	92,589	97,076	102,828	109,351	109,349
Tuition	66,854	62,890	63,103	65,105	63,858	62,568
Telephone and telecommunications	8,635	16,944	13,701	17,671	19,426	18,199
Services — other	11,516	13,104	13,271	13,253	13,935	15,688
Equipment	44,081	38,335	34,614	39,003	34,450	33,661
Repairs and replacements	35,224	35,556	32,973	36,999	34,772	31,854
Capital outlays	389,450	310,821	345,020	463,067	648,314	691,774
Rent	10,393	14,174	12,965	11,020	12,000	12,093
Debt service	315,809	214,652	342,179	282,142	302,206	386,597
Other	6,215	5,894	6,429	18,888	13,306	17,519
Total non-compensation	\$1,637,346	\$1,519,925	\$1,698,333	\$1,905,798	\$2,262,565	\$2,378,835
Total expenditures	\$4,566,235	\$4,609,142	\$4,832,294	\$5,118,180	\$5,692,250	\$5,971,793
Change in expenditures from previous year	\$ 184,219	\$ 42,907	\$ 223,152	\$ 285,886	\$ 574,070	\$ 279,543
Percent change in expenditures	4.2%	0.9%	4.8%	5.9%	11.2%	4.9%



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budget 2015</u>	<u>Ten Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$2,023,510	\$2,026,832	\$1,942,007	\$1,921,969	\$1,986,062	0.7%	-0.4%
<u>610,741</u>	<u>618,265</u>	<u>633,489</u>	<u>619,462</u>	<u>625,489</u>	2.0%	0.7%
\$2,634,251	\$2,645,097	\$2,575,496	\$2,541,431	\$2,611,551	1.0%	-0.1%
306,111	335,657	374,567	740,419	795,135	14.9%	10.8%
102,158	100,026	102,342	101,885	101,378	2.2%	0.9%
353,878	324,918	319,792	343,308	341,352	4.0%	1.9%
35,004	34,900	36,404	35,951	39,539	4.0%	2.6%
21,992	17,141	9,134	16,426	9,141	0.7%	-10.6%
<u>25,859</u>	<u>26,042</u>	<u>23,967</u>	<u>25,646</u>	<u>23,225</u>	2.6%	-3.8%
<u>\$ 845,002</u>	<u>\$ 838,684</u>	<u>\$ 866,206</u>	<u>\$1,263,635</u>	<u>\$1,309,770</u>	8.8%	6.4%
<u>\$3,479,253</u>	<u>\$3,483,781</u>	<u>\$3,441,702</u>	<u>\$3,805,066</u>	<u>\$3,921,321</u>	3.0%	1.8%
\$ 83,356	\$ 73,409	\$ 76,559	\$ 87,547	\$ 78,696	2.0%	0.0%
93,766	104,245	106,650	96,816	100,615	1.2%	1.6%
70,249	49,147	68,969	52,871	39,288	-6.8%	-11.1%
51,125	45,521	52,925	55,223	41,345	-0.9%	-3.0%
478	583	408	648	637	-7.0%	-7.6%
450,127	412,072	398,064	441,667	320,744	0.9%	-3.4%
377,755	424,423	498,162	580,652	649,777	22.9%	14.8%
107,530	109,368	106,861	104,430	99,513	0.6%	-1.9%
59,102	55,001	54,626	66,396	74,748	1.1%	3.6%
19,823	23,451	23,642	30,297	34,722	14.9%	13.8%
11,789	11,010	12,438	14,126	11,647	0.1%	-5.8%
41,896	40,938	59,654	62,757	41,436	-0.6%	4.2%
37,355	33,912	26,449	31,679	16,280	-7.4%	-12.6%
563,390	576,925	493,532	486,986	509,902	2.7%	-5.9%
11,941	11,745	10,547	12,164	13,181	2.4%	1.7%
332,097	374,494	390,409	467,904	603,791	6.7%	9.3%
<u>14,402</u>	<u>9,679</u>	<u>8,639</u>	<u>7,792</u>	<u>312,291</u>	47.9%	77.91%
<u>\$2,326,181</u>	<u>\$2,355,923</u>	<u>\$2,388,534</u>	<u>\$2,599,955</u>	<u>\$2,948,613</u>	6.1%	4.4%
<u>\$5,805,434</u>	<u>\$5,839,704</u>	<u>\$5,830,236</u>	<u>\$6,405,021</u>	<u>\$6,869,934</u>	4.2%	2.8%
\$ (166,359)	\$ 34,270	\$ (9,468)	\$ 574,785	\$ 464,913		
-2.8%	0.6%	-0.2%	9.8%	7.3%		



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) — ALL FUNDS
Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Local	\$1,930,830	\$2,138,661	\$2,372,406	\$ 2,296,329
State	1,507,115	1,602,635	1,701,585	1,846,034
Federal	762,955	775,631	746,029	876,041
Total revenues	<u>\$4,200,900</u>	<u>\$4,516,927</u>	<u>\$4,820,020</u>	<u>\$ 5,018,404</u>
Total expenditures	4,566,235	4,609,142	4,832,294	5,118,180
Revenues less expenditures	<u>\$ (365,335)</u>	<u>\$ (92,215)</u>	<u>\$ (12,274)</u>	<u>\$ (99,776)</u>
Other Financing Sources:				
Bond proceeds	\$ 529,760	\$ 385,603	\$ 355,805	\$ 1,674,555
Net premiums/discounts	43,450	3,798	14,444	41,226
Proceeds from swaps	—	—	—	—
Capital leases	—	3,700	—	—
Insurance proceeds	—	—	—	—
Sales of general capital assets	—	7,596	25,673	6,404
Payment to bond escrow agent	(282,478)	—	—	(1,474,081)
Total other financing sources	<u>\$ 290,732</u>	<u>\$ 400,697</u>	<u>\$ 395,922</u>	<u>\$ 248,104</u>
Change in fund balance	<u>\$ (74,603)</u>	<u>\$ 308,482</u>	<u>\$ 383,648</u>	<u>\$ 148,328</u>
Fund balance — beginning of period	1,120,269	1,045,666	1,354,148	1,578,331
Fund balance — end of period	<u>\$1,045,666</u>	<u>\$1,354,148</u>	<u>\$1,737,796</u>	<u>\$ 1,726,659</u>
Revenues as a percent of expenditures	92.0%	98.0%	99.7%	98.1%
Composition of fund balance				
Reserved:				
Reserved for encumbrances	\$ 238,238	\$ 323,251	\$ 296,799	\$ 401,281
Reserved for restricted donations	1,459	1,503	1,765	1,826
Reserved for specific purposes	43,675	84,388	129,597	102,695
Reserved for debt services	294,700	353,267	264,867	272,471
Unreserved:				
Designated to provide operating capital	190,000	218,400	233,200	258,000
Undesignated	277,594	373,339	811,568	690,386
Nonspendable	—	—	—	—
Restricted for grants and donations	—	—	—	—
Restricted for workers' comp/tort immunity	—	—	—	—
Restricted for capital improvement program	—	—	—	—
Restricted for debt service	—	—	—	—
Assigned for educational services	—	—	—	—
Assigned for appropriated fund balance	—	—	—	—
Assigned for debt service	—	—	—	—
Assigned for commitments and contracts	—	—	—	—
Unassigned	—	—	—	—
Total fund balance	<u>\$1,045,666</u>	<u>\$1,354,148</u>	<u>\$1,737,796</u>	<u>\$ 1,726,659</u>
Unreserved/Unassigned fund balance as a percentage of revenues ...	11.1%	13.1%	21.7%	18.9%
Total fund balance as a percentage of revenues	24.9%	30.0%	36.1%	34.4%

NOTE: The classification of fund balances for FY2011 was modified to comply with GASB 54, which was adopted in July 2010.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budget 2015</u>
\$2,382,112	\$2,571,804	\$2,565,332	\$2,858,567	\$2,726,883	\$2,689,690	\$ 2,839,690
1,511,886	1,552,076	1,949,781	1,965,901	1,815,798	1,842,696	1,834,522
1,125,580	1,180,148	1,144,884	935,951	845,796	904,186	897,236
<u>\$5,019,578</u>	<u>\$5,304,028</u>	<u>\$5,659,997</u>	<u>\$5,760,419</u>	<u>\$5,388,477</u>	<u>\$5,436,572</u>	<u>\$ 5,571,448</u>
5,692,250	5,971,793	5,805,434	5,839,704	5,830,236	6,405,021	6,869,934
<u>\$ (672,672)</u>	<u>\$ (667,765)</u>	<u>\$ (145,437)</u>	<u>\$ (79,285)</u>	<u>\$ (441,759)</u>	<u>\$ (968,449)</u>	<u>\$(1,298,486)</u>
\$ 225,675	\$1,083,260	\$ 638,790	\$ 592,510	\$ 982,720	\$ 131,600	\$ 340,000
—	6,459	14,700	1,229	47,271	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1,155	—	—	—	—	—	—
91	—	—	—	723	7,301	—
<u>(226,408)</u>	<u>(288,704)</u>	<u>(269,483)</u>	<u>(190,100)</u>	<u>(480,597)</u>	<u>—</u>	<u>—</u>
<u>\$ 513</u>	<u>\$ 801,015</u>	<u>\$ 384,007</u>	<u>\$ 403,639</u>	<u>\$ 550,117</u>	<u>\$ 138,901</u>	<u>\$ 340,000</u>
\$ (672,159)	\$ 133,250	\$ 238,570	\$ 324,354	\$ 108,358	\$ (829,548)	
1,726,659	1,054,500	1,187,750	1,426,320	1,750,674	1,859,032	
<u>\$1,054,500</u>	<u>\$1,187,750</u>	<u>\$1,426,320</u>	<u>\$1,750,674</u>	<u>\$1,859,032</u>	<u>\$1,029,484</u>	
88.2%	88.8%	97.5%	98.6%	92.4%	84.9%	
\$ 211,422	\$ 340,688	\$ —	\$ —	\$ —	\$ —	
3,695	5,825	—	—	—	—	
101,072	109,163	—	—	—	—	
272,273	375,211	—	—	—	—	
181,200	—	—	—	—	—	
284,838	356,863	—	—	—	—	
—	—	1,972	9,003	6,108	429	
—	—	126,855	69,873	63,434	61,022	
—	—	91,036	92,680	64,985	19,838	
—	—	182,884	88,762	169,368	—	
—	—	271,643	332,517	466,966	491,552	
—	—	289,000	—	—	—	
—	—	181,300	348,900	562,682	267,652	
—	—	231,413	254,967	269,167	193,877	
—	—	44,924	110,397	105,664	87,067	
—	—	5,293	443,575	150,658	(91,953)	
<u>\$1,054,500</u>	<u>\$1,187,750</u>	<u>\$1,426,320</u>	<u>\$1,750,674</u>	<u>\$1,859,032</u>	<u>\$1,029,484</u>	
9.3%	6.7%	0.1%	7.7%	2.8%	-1.7%	
21.0%	22.4%	25.2%	30.4%	34.5%	18.9%	



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND REVENUES
Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Local revenue:					
Property taxes	\$1,587,803	\$1,666,118	\$1,716,516	\$1,763,282	\$1,867,350
Replacement taxes	94,546	131,639	147,403	159,805	132,819
Investment income	14,003	36,874	61,595	40,905	21,405
Other	85,377	101,129	95,534	96,816	102,107
Total local	<u>\$1,781,729</u>	<u>\$1,935,760</u>	<u>\$2,021,048</u>	<u>\$2,060,808</u>	<u>\$2,123,681</u>
State Revenue:					
General state aid	\$ 821,699	\$ 868,398	\$ 888,220	\$ 953,783	\$ 700,954
Teacher pension	65,045	74,922	75,233	75,210	74,845
Other	530,679	549,041	586,040	663,358	557,383
Total state	<u>\$1,417,423</u>	<u>\$1,492,361</u>	<u>\$1,549,493</u>	<u>\$1,692,351</u>	<u>\$1,333,182</u>
Federal revenue:					
Elementary and Secondary Education Act (ESEA)	\$ 277,610	\$ 273,900	\$ 269,446	\$ 350,515	\$ 369,352
Individuals with Disabilities Education Act (IDEA)	105,835	99,908	81,721	106,051	95,230
School lunch program	145,668	147,899	147,407	150,394	139,096
Medicaid	26,000	33,422	24,257	31,671	50,758
Other	191,290	202,602	189,132	193,895	468,369
Total federal	<u>\$ 746,403</u>	<u>\$ 757,731</u>	<u>\$ 711,963</u>	<u>\$ 832,526</u>	<u>\$1,122,805</u>
Total revenue	<u>\$3,945,555</u>	<u>\$4,185,852</u>	<u>\$4,282,504</u>	<u>\$4,585,685</u>	<u>\$4,579,668</u>
Change in revenue from previous year	\$ 223,566	\$ 240,297	\$ 96,652	\$ 303,181	\$ (6,017)
Percentage change in revenue	6.0%	6.1%	2.3%	7.1%	-0.1%



Operating Information

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budget 2015</u>	<u>Ten Year Compounded Growth Rate</u>	<u>Five Year Compounded Growth Rate</u>
\$2,035,938	\$1,904,169	\$2,295,178	\$2,157,777	\$2,161,204	\$2,178,493	3.2%	1.4%
96,816	172,384	126,786	128,212	131,075	132,735	3.5%	6.5%
3,084	1,920	4,363	2,207	4,458	80	-40.3%	-51.8%
111,985	221,391	142,160	132,717	143,859	211,246	9.5%	13.5%
<u>\$2,247,823</u>	<u>\$2,299,864</u>	<u>\$2,568,487</u>	<u>\$2,420,913</u>	<u>\$2,440,596</u>	<u>\$2,522,554</u>	3.5%	2.3%
\$ 801,198	\$ 940,693	\$ 989,943	\$ 945,651	\$ 972,572	\$ 847,658	0.3%	1.1%
74,922	42,971	10,449	10,931	11,903	12,145	-15.4%	-30.5%
491,677	710,902	756,774	642,842	647,307	647,937	2.0%	5.7%
<u>\$1,367,797</u>	<u>\$1,694,566</u>	<u>\$1,757,166</u>	<u>\$1,599,424</u>	<u>\$1,631,782</u>	<u>\$1,507,740</u>	0.6%	2.0%
\$ 307,331	\$ 271,859	\$ 283,681	\$ 264,600	\$ 342,915	\$ 203,665	-3.0%	-7.9%
96,240	88,058	84,385	106,902	100,092	103,800	-0.2%	1.5%
178,764	175,753	182,836	190,093	181,902	207,937	3.6%	3.1%
34,937	72,343	92,736	41,523	44,801	47,667	6.2%	6.4%
543,140	513,444	247,349	202,865	194,747	300,558	4.6%	-11.2%
<u>\$1,160,412</u>	<u>\$1,121,457</u>	<u>\$ 890,987</u>	<u>\$ 805,983</u>	<u>\$ 864,457</u>	<u>\$ 863,627</u>	1.5%	-5.7%
<u>\$4,776,032</u>	<u>\$5,115,887</u>	<u>\$5,216,640</u>	<u>\$4,826,320</u>	<u>\$4,936,835</u>	<u>\$4,893,921</u>	2.2%	0.5%
\$ 196,364 4.3%	\$ 339,855 7.1%	\$ 100,753 2.0%	\$ (390,320) -7.5%	\$ 110,515 2.3%	\$ (42,914) -0.9%		



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND EXPENDITURES
Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Compensation:						
Teachers' salaries	\$1,850,403	\$1,916,378	\$1,924,109	\$1,885,400	\$1,975,940	\$2,026,257
ESP salaries	515,427	537,346	535,148	559,741	597,533	604,042
Total salaries	\$2,365,830	\$2,453,724	\$2,459,257	\$2,445,141	\$2,573,473	\$2,630,299
Teachers' pension	198,065	247,585	282,488	350,483	392,801	475,628
ESP pension	81,560	87,530	83,317	89,776	93,791	96,913
Hospitalization	230,204	243,003	250,765	260,386	299,206	311,048
Medicare	26,719	29,989	25,279	31,075	33,667	34,826
Unemployment insurance	8,558	6,382	8,236	5,764	8,599	16,000
Workers' compensation	17,953	21,004	24,619	29,757	28,148	28,244
Total benefits	\$ 563,059	\$ 635,493	\$ 674,704	\$ 767,241	\$ 856,212	\$ 962,659
Total compensation	\$2,928,889	\$3,089,217	\$3,133,961	\$3,212,382	\$3,429,685	\$3,592,958
Non-compensation:						
Energy	\$ 64,647	\$ 70,760	\$ 77,133	\$ 86,759	\$ 92,354	\$ 78,682
Food	89,628	85,815	83,798	83,326	89,592	93,088
Textbooks	79,677	71,942	65,772	89,514	86,356	70,596
Supplies	45,210	46,965	45,945	46,030	44,572	48,046
Commodities — other	1,314	1,135	1,072	910	998	948
Professional fees	292,517	319,904	322,252	360,277	440,921	381,851
Charter schools	82,537	118,445	141,030	189,006	256,154	326,322
Transportation	93,639	92,589	97,076	102,828	109,351	109,349
Tuition	66,854	62,890	63,103	65,105	63,858	62,568
Telephone and telecommunications	8,635	16,944	13,701	17,671	19,426	18,199
Services — other	11,516	13,104	13,271	13,253	13,935	15,688
Equipment	44,081	38,335	34,614	39,003	34,450	33,661
Repairs and replacements	35,224	35,556	32,973	36,999	34,772	31,854
Capital outlays	—	4	5	10	12	10
Rent	10,393	14,174	12,965	11,020	12,000	12,093
Debt service	1,420	1,420	1,269	21,704	1,037	2,710
Other	6,215	5,894	6,429	18,888	13,306	17,519
Total non-compensation	\$ 933,507	\$ 995,876	\$1,012,408	\$1,182,303	\$1,313,094	\$1,303,184
Total expenditures	\$3,862,396	\$4,085,093	\$4,146,369	\$4,394,685	\$4,742,779	\$4,896,142
Change in expenditures from previous year	\$ 103,886	\$ 222,697	\$ 61,276	\$ 248,316	\$ 348,094	\$ 153,363
Percent change in expenditures	2.8%	5.8%	1.5%	6.0%	7.9%	3.2%



2011	2012	2013	2014	Budget 2015	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
\$2,023,510	\$2,026,832	\$1,942,007	\$1,921,969	\$1,986,062	0.7%	-0.4%
610,741	618,265	633,489	619,462	625,489	2.0%	0.7%
<u>\$2,634,251</u>	<u>\$2,645,097</u>	<u>\$2,575,496</u>	<u>\$2,541,431</u>	<u>\$2,611,551</u>	1.0%	-0.1%
306,111	335,657	374,567	740,419	795,135	14.9%	10.8%
102,158	100,026	102,342	101,885	101,378	2.2%	0.9%
353,878	324,918	319,792	343,308	341,352	4.0%	1.9%
35,004	34,900	36,404	35,951	39,539	4.0%	2.6%
21,992	17,141	9,134	16,426	9,141	0.7%	-10.6%
25,859	26,042	23,967	25,646	23,225	2.6%	-3.8%
<u>\$ 845,002</u>	<u>\$ 838,684</u>	<u>\$ 866,206</u>	<u>\$1,263,635</u>	<u>\$1,309,770</u>	8.8%	6.4%
<u>\$3,479,253</u>	<u>\$3,483,781</u>	<u>\$3,441,702</u>	<u>\$3,805,066</u>	<u>\$3,921,321</u>	3.0%	1.8%
\$ 83,356	\$ 73,409	\$ 76,559	\$ 87,547	\$ 78,696	2.0%	0.0%
93,766	104,245	106,650	96,816	100,615	1.2%	1.6%
70,249	49,147	68,969	52,871	39,288	-6.8%	-11.1%
51,125	45,521	52,925	55,223	41,345	-0.9%	-3.0%
478	583	408	648	637	-7.0%	-7.6%
450,127	412,072	398,064	441,667	320,744	0.9%	-3.4%
377,755	424,423	498,162	580,652	649,777	22.9%	14.8%
107,530	109,368	106,861	104,430	99,513	0.6%	-1.9%
59,102	55,001	54,626	66,396	74,748	1.1%	3.6%
19,823	23,451	23,642	30,297	34,722	14.9%	13.8%
11,789	11,010	12,438	14,126	11,647	0.1%	-5.8%
41,896	40,938	59,654	62,757	41,436	-0.6%	4.2%
37,355	33,912	26,449	31,679	16,280	-7.4%	-12.6%
5	43	75	—	—	-100.0%	-100.0%
11,941	11,745	10,547	12,164	13,181	2.4%	1.7%
—	—	—	—	—	-100.0%	-100.0%
14,402	9,679	8,639	7,792	312,291	47.9%	77.9%
<u>\$1,430,699</u>	<u>\$1,404,547</u>	<u>\$1,504,668</u>	<u>\$1,645,065</u>	<u>\$1,834,920</u>	7.0%	7.1%
<u>\$4,909,952</u>	<u>\$4,888,328</u>	<u>\$4,946,370</u>	<u>\$5,450,131</u>	<u>\$5,756,241</u>	4.1%	3.3%
\$ 13,810	\$ (21,624)	\$ 58,042	\$ 503,761	\$ 306,110		
0.3%	-0.4%	1.2%	10.2%	5.6%		



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

Last Ten Fiscal Years and 2015 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Local	\$1,781,729	\$1,935,760	\$2,021,048	\$2,060,808
State	1,417,423	1,492,361	1,549,493	1,692,351
Federal	746,403	757,731	711,963	832,526
Total revenues	\$3,945,555	\$4,185,852	\$4,282,504	\$4,585,685
Total expenditures	3,862,396	4,085,093	4,146,369	4,394,685
Revenues less expenditures	\$ 83,159	\$ 100,759	\$ 136,135	\$ 191,000
Other financing sources less transfers	328	4,145	1,904	3,813
Change in fund balance	\$ 83,487	\$ 104,904	\$ 138,039	\$ 194,813
Fund balance — beginning of period	307,506	390,993	495,897	474,783
Fund balance — end of period	\$ 390,993	\$ 495,897	\$ 633,936	\$ 669,596
Revenues as a percent of expenditures	102.2%	102.5%	103.3%	104.3%
Composition of fund balance				
Reserved:				
Reserved for encumbrances	\$ 97,313	\$ 102,286	\$ 97,731	\$ 132,684
Reserved for restricted donations	1,459	1,503	1,765	1,826
Reserved by law for specific purposes	43,675	84,388	129,597	102,695
Unreserved:				
Designated to provide operating capital	190,000	218,400	233,200	258,000
Undesignated	58,546	89,320	171,643	174,391
Nonspendable	—	—	—	—
Restricted for grants and donations	—	—	—	—
Restricted for workers' comp/tort immunity	—	—	—	—
Assigned for educational services	—	—	—	—
Assigned for appropriated fund balance	—	—	—	—
Assigned for commitments and contracts	—	—	—	—
Unassigned	—	—	—	—
Total fund balance	\$ 390,993	\$ 495,897	\$ 633,936	\$ 669,596
Unreserved/unassigned fund balance as a percent of revenues	6.3%	7.4%	9.5%	9.4%
Total fund balance as a percentage of revenues	9.9%	11.8%	14.8%	14.6%

NOTE: The classification of fund balances for FY2011 was modified to comply with GASB 54, which was adopted in July 2010.



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budget 2015</u>
\$2,123,681	\$2,247,823	\$2,299,864	\$2,568,487	\$2,420,913	\$2,440,596	\$2,522,554
1,333,182	1,367,797	1,694,566	1,757,166	1,599,424	1,631,782	1,507,740
1,122,805	1,160,412	1,121,457	890,987	805,983	864,457	863,627
<u>\$4,579,668</u>	<u>\$4,776,032</u>	<u>\$5,115,887</u>	<u>\$5,216,640</u>	<u>\$4,826,320</u>	<u>\$4,936,835</u>	<u>\$4,893,921</u>
4,742,779	4,896,142	4,909,952	4,888,328	4,946,370	5,450,131	5,756,241
<u>\$ (163,111)</u>	<u>\$ (120,110)</u>	<u>\$ 205,935</u>	<u>\$ 328,312</u>	<u>\$ (120,050)</u>	<u>\$ (513,296)</u>	<u>\$ (862,320)</u>
20,389	17,851	109,830	62	439	161	
<u>\$ (142,722)</u>	<u>\$ (102,259)</u>	<u>\$ 315,765</u>	<u>\$ 328,374</u>	<u>\$ (119,611)</u>	<u>\$ (513,135)</u>	
669,596	526,874	424,615	740,380	1,068,754	949,143	
<u>\$ 526,874</u>	<u>\$ 424,615</u>	<u>\$ 740,380</u>	<u>\$1,068,754</u>	<u>\$ 949,143</u>	<u>\$ 436,008</u>	
96.6%	97.5%	104.2%	106.7%	97.6%	90.6%	
\$ 110,685	\$ 111,166	\$ —	\$ —	\$ —	\$ —	
3,695	5,825	—	—	—	—	
101,072	109,163	—	—	—	—	
181,200	—	—	—	—	—	
130,222	198,461	—	—	—	—	
—	—	1,972	3,329	1,720	429	
—	—	126,855	69,873	63,434	61,022	
—	—	91,036	92,680	64,985	19,838	
—	—	289,000	—	—	—	
—	—	181,300	348,900	562,682	267,652	
—	—	44,924	110,397	105,664	87,067	
—	—	5,293	443,575	150,658	—	
<u>\$ 526,874</u>	<u>\$ 424,615</u>	<u>\$ 740,380</u>	<u>\$1,068,754</u>	<u>\$ 949,143</u>	<u>\$ 436,008</u>	
6.8%	4.2%	0.1%	8.5%	3.1%	0.0%	
11.5%	8.9%	14.5%	20.5%	19.7%	8.8%	



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF TORT EXPENDITURES
As Required Under Section 9-103 (a-5) of the Tort Immunity Act
For the Fiscal Year Ended June 30, 2014

Eligible Expenditures:

Physical Education — Athletic Claims	\$ 64,383
Tort Claims — Administration Fee	677,250
Tort Claims — Casualty	821,412
General Liability Insurance	1,584,145
Property Damage Insurance	2,713,145
Property Loss Reserve Fund	60,000
Compensation and Benefits Management	86,763
School Safety Administration	855,909
School Safety Services	2,356,543
Personnel Security Services	52,994,381
Security Police Officers	13,000,000
Central Service Security	4,629,974
Security Services	2,762,289
Crisis Intervention	358,903
Risk Management Administration	23,300
Total Eligible Expenditures	<u>\$82,988,397</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2014

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	\$17,210,359	\$36,817,264	\$35,548,965	\$18,478,658
Child Parent Centers	57,437	65,045	68,138	54,344
Alternative Schools	24,876	29,411	34,175	20,112
Middle Schools	558,635	657,565	739,940	476,260
High Schools	14,870,551	33,014,817	30,276,538	17,608,830
	<u>\$32,721,858</u>	<u>\$70,584,102</u>	<u>\$66,667,756</u>	<u>\$36,638,204</u>
Investments:				
Elementary Schools				175,176
High Schools				1,599,870
Total Cash and Investments Held for Student Activities				<u>\$38,413,250</u>

STUDENT FEES

	<u>Graduation Fees (A)</u>	<u>Student Activity Fees (B)</u>	<u>Total</u>
Total Elementary School Fees	\$1,660,809	\$2,761,384	\$4,422,193
Total Elementary Students	257,867	257,867	257,867
Average Fee per Student	\$ 6.44	\$ 10.71	\$ 17.15
Total High School Fees	\$ 942,084	\$8,474,610	\$9,416,694
Total High School Students	87,199	87,199	87,199
Average Fee per Student	<u>\$ 10.80</u>	<u>\$ 97.19</u>	<u>\$ 107.99</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>
BROKER SERVICES	Mesirow Financial	07/01/13 — 06/30/14	\$ 139,500	Insurance placement and consultation. The contract with Mesirow for these services has been extended and continues.
PROPERTY INSURANCE				
All Risk-Property Insurance layers				
Property Primary I	Lexington Insurance Company	07/01/13 — 06/30/14	\$ 2,082,000	\$50M per occurrence subject to \$1M deductible
Property Excess II	Torus Specialty Insurance Company	07/01/13 — 06/30/14	39,038	\$12.5M part of \$50M excess \$50M
Property Excess II	Starr Specialty Insurance Chubb Insurance GSINDA Insurance	07/01/13 — 06/30/14	54,654	\$17.5M part of \$50M excess \$50M
Property Excess II	Homeland Insurance Company	07/01/13 — 06/30/14	23,424	\$7.5M part of \$50M excess \$50M
Property Excess II	Steadfast Insurance (Zurich) Company	07/01/13 — 06/30/14	39,039	\$12.5M part of \$50M excess \$50M
Property Excess III	Homeland Insurance Company	07/01/13 — 06/30/14	24,593	\$22.5M part of \$150M excess \$100M
Property Excess III	Great American Insurance Company	07/01/13 — 06/30/14	63,000	\$60M part of \$150M excess \$100M
Property Excess III	Lexington Insurance Company	07/01/13 — 06/30/14	73,781	\$67.5M part of \$150M excess \$100M
Terrorism Property and Liability	Hiscox Insurance Company, Inc.	07/01/13 — 06/30/14	133,336	\$50M excess of \$500,000 deductible
Boiler & Machinery Insurance	Federal Insurance Company (Chubb)	07/01/13 — 06/30/14	85,473	\$100M subject to \$50,000 deductible
Primary Crime	Great American Insurance Company	07/01/13 — 06/30/14	29,744	\$10M subject to deductible \$1M deductible
Special Crime	Federal Insurance Company	07/01/13 — 06/30/14	9,484	\$5M no deductible
			\$ 2,657,566	Total Property, Boiler & Machinery and Crime for year end 06/30/14
Property Loss Reserve			59,999	Self-Insurance contents/claim payments
Total Property Program			<u>\$ 2,717,565</u>	



<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>
LIABILITY INSURANCE				
General Liability Primary Cov A	ACE Illinois Union Insurance Company	07/01/13 — 06/30/14	\$ 420,859	\$5M Each Occurrence \$10M Aggregate subject to \$5M deductible
School Board Legal, EPL Cov C	ACE Illinois Union Insurance Company	07/01/13 — 06/30/14	Included above	\$5M Each Claim \$10M Aggregate subject to \$5M deductible
Miscellaneous Professional Liability Cov D	ACE Illinois Union Insurance Company	07/01/13 — 06/30/14	Included above	\$5M Each Claim \$5M Aggregate subject to \$5M deductible
Automobile Liability	ACE Illinois Union Insurance Company	07/01/13 — 06/30/14	Included above	\$5M subject to \$5M deductible
Excess Liability I	Allied World Assurance Company	07/01/13 — 06/30/14	403,975	\$10M excess of \$5M excess \$5M Self Insured Retention
Excess Liability II	Lexington Insurance Company	07/01/13 — 06/30/14	324,427	\$15M excess of \$10M excess \$5M excess \$5M Self Insured Retention
Excess Liability III	Ironshore Specialty Insurance Company	07/01/13 — 06/30/14	272,468	\$20M excess of \$30M excess Self Insured Retention (total \$50M + Self Insured Retention)
Special Events CGL	National Casualty Insurance Company	07/01/13 — 06/30/14	50,224	\$1M/no deductible/\$5M Product Agg
Special Events Excess CGL	National Casualty Insurance Company	07/01/13 — 06/30/14	17,311	\$5M excess of \$5M no deductible
Pollution Legal Liability	Chartis Specialty Insurance Company	07/01/13 — 06/30/14	114,444	\$5M subject to a \$500,000 deductible
Fiduciary	National Union Fire Insurance Company of Pittsburg, PA	07/01/13 — 06/30/14	77,438	\$10 million no deductible
Total Liability Insurance Cost			\$ 1,681,146	
Total Insurance Cost			\$ 4,398,711	
SELF INSURANCE PROGRAMS				
General Liability Self Insurance Claims	Cannon Cochran Management Services, Inc	07/01/13 — 06/30/14	\$ 897,113	Claim administration services including investigation and adjustment of liability claims; interscholastic, pay medical costs, legal expense and settlements
	Cannon Cochran Management Services, Inc	07/01/13 — 06/30/14	468,000	Administration fees
			\$ 1,365,113	Total General Liability Claims and Expenses



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	07/01/13 — 06/30/14	\$ 1,594,093	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.
			<u>\$ 24,593,557</u>	Amounts paid through escrow accounts to claimants, attorneys, medical treatment and expenses.
			<u>\$ 26,187,650</u>	Total Workers' Compensation Claims and Expenses.
Total Self Insured Program			<u>\$ 27,552,763</u>	



<u>Type of Coverage</u>	<u>Provider Broker/ Insurer/TPA</u>	<u>Term From — To</u>	<u>Annual Expense</u>	<u>Coverage Details Limits of Liability</u>
HEALTH INSURANCE / HMO/PPO				
Medical-Administrative Services	Blue Cross/Blue PPO	07/01/13 — 06/30/14	\$ 3,833,228	PPO Health care for eligible employees and dependents
	United Healthcare PPO	07/01/13 — 06/30/14	1,310,574	PPO Health care for eligible employees and dependents
	United Healthcare PPO w/HRA	07/01/13 — 06/30/14	316,055	PPO and Health Reimbursement Account for eligible employees and dependents
	Blue Cross HMO Illinois	07/01/13 — 06/30/14	4,806,414	HMO Health care for eligible employees and dependents
	United Healthcare HMO (EPO)	07/01/13 — 06/30/14	1,194,437	HMO Health care for eligible employees and dependents
Medical Total Administrative Fees			<u>\$ 11,460,708</u>	
Medical PPO Claim	Blue Cross/Blue Shield of Illinois	07/01/13 — 06/30/14	\$88,028,626	PPO Health care for eligible employees and dependents and retirees
	United Healthcare PPO	07/01/13 — 06/30/14	30,297,045	PPO Health care of eligible employees, dependents & retirees
	United Healthcare PPO w/HRA	07/01/13 — 06/30/14	6,644,694	PPO and Health Reimbursement Account for eligible employees and dependents
Medical Total PPO Claims			<u>\$ 124,970,365</u>	
Medical HMO Claims	Blue Cross HMO Illinois	07/01/13 — 06/30/14	\$ 144,966,320	HMO Healthcare for eligible employees and dependents and Claims and Physician Service Fees
	United Healthcare HMO	07/01/13 — 06/30/14	41,129,667	HMO Healthcare for eligible employees and dependents
Medical Total HMO Claims			<u>\$ 186,095,987</u>	
Medical Claims Total		07/01/13 — 06/30/14	<u>\$ 311,066,352</u>	
Medical Claims and Administration		07/01/13 — 06/30/14	<u>\$ 322,527,060</u>	
Managed Mental Health Service	United Behavioral Health	07/01/13 — 06/30/14	\$3,115,005	Mental health care for PPO eligible employees and dependents
Utilization Review and Case Management	Encompass	07/01/13 — 06/30/14	\$ 1,129,197	Pre-certification, utilization review and case management for PPO eligible employees and dependents
Prescription Drugs	Caremark	07/01/13 — 06/30/14	\$ 63,628,782	Pharmaceutical services for PPO and HMO eligible employees and dependents
Total Medical Expenses		07/01/13 — 06/30/14	<u>\$ 390,400,044</u>	



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>
OTHER INSURANCE				
Dental Insurance	Delta Dental HMO	07/01/13 — 06/30/14	\$ 3,197,908	Dental HMO for eligible employees and dependents
	Delta Dental PPO	07/01/13 — 06/30/14	<u>7,793,188</u>	Dental PPO for eligible employees and dependents
Dental Insurance Total			<u>\$ 10,991,096</u>	
Vision Plan	Vision Service Plan (VSP)	07/01/13 — 06/30/14	<u>\$ 210,965</u>	Vision services for eligible employees and dependents
Term Life Insurance	Standard Life Insurance	07/01/13 — 06/30/14	<u>\$ 1,773,480</u>	Life insurance policy at \$10,000 per eligible employee
Total Dental/Vision/Life			<u>\$ 12,975,541</u>	
Total Health/Life Benefit Expenses			<u>\$ 403,375,585</u>	





CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CAPITAL IMPROVEMENT PROGRAM — BY ACTIVITY
For the Fiscal Year Ended June 30, 2014
(Millions of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Unexpended	\$426.5	\$359.3	\$496.8
Proceeds available from bond issuance	284.0	389.4	370.2
State aid	3.1	—	18.1
Federal aid	16.6	17.9	34.1
Investment income	13.2	22.4	35.6
Other income	12.2	21.4	36.6
Total	<u>\$755.6</u>	<u>\$810.4</u>	<u>\$991.4</u>
Expenditures	389.0	310.8	345.0
Operating transfers in (out)	(7.3)	(2.8)	—
Unexpended	\$359.3	\$496.8	\$646.4
Encumbrances	140.8	220.2	199.1
Available balance	<u>\$218.5</u>	<u>\$276.6</u>	<u>\$447.3</u>

Notes:

- (A) The above amounts do not include construction expenditures made by the Public Building Commission.
- (B) Beginning in FY2013, the proceeds available from bond issuance includes both premiums and gross amounts from debt issuances.



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (B)</u>	<u>2014</u>	Total for Last Ten Fiscal Years Ending June 30, 2014
\$ 646.4	\$565.7	\$ 73.9	\$261.6	\$182.2	\$ 88.1	\$172.4	\$ —
252.5	—	803.8	382.3	402.4	508.9	131.3	3,524.8
0.1	—	—	2.8	1.3	6.9	37.8	70.1
43.5	2.8	12.3	4.4	18.1	13.6	14.9	178.2
25.9	12.5	2.0	2.1	5.5	1.9	0.8	121.9
60.4	127.5	83.1	91.5	54.2	88.0	29.1	604.0
<u>\$1,028.8</u>	<u>\$708.5</u>	<u>\$975.1</u>	<u>\$744.7</u>	<u>\$663.7</u>	<u>\$707.4</u>	<u>\$386.3</u>	<u>\$4,499.0</u>
463.1	634.6	666.7	562.3	576.8	493.4	482.2	4,923.9
—	—	(46.8)	(0.2)	1.2	(41.6)	—	(97.5)
<u>\$ 565.7</u>	<u>\$ 73.9</u>	<u>\$261.6</u>	<u>\$182.2</u>	<u>\$ 88.1</u>	<u>\$172.4</u>	<u>\$ (95.9)</u>	<u>\$ (522.4)</u>
268.6	73.9	229.5	182.2	88.1	172.4	(95.9)	(95.9)
<u>\$ 297.1</u>	<u>\$ —</u>	<u>\$ 32.1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (426.5)</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM
Last Five Fiscal Years
(Thousands of dollars)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
DAYS MEALS SERVED:					
National School Lunch Program	173	173	173	181	177
PUPIL LUNCHES SERVED:					
Paid lunches (regular)	2,285,279	1,909,112	1,715,302	1,528,287	1,324,623
Reduced lunches (regular)	2,971,564	2,332,040	2,219,797	1,919,787	1,353,204
Free lunches (regular)	<u>41,870,094</u>	<u>39,495,186</u>	<u>39,439,339</u>	<u>40,730,512</u>	<u>40,531,544</u>
TOTAL PUPIL LUNCHES SERVED	<u>47,126,937</u>	<u>43,736,338</u>	<u>43,374,438</u>	<u>44,178,586</u>	<u>43,209,371</u>
Daily Average	272,410	252,811	250,719	244,081	244,121
Change from Previous Year	(427,346)	(3,390,599)	(361,900)	804,148	(969,215)
Daily Percentage Change	-0.9%	-7.2%	-0.8%	-2.6%	0.0%
PUPIL BREAKFASTS SERVED:					
Paid breakfasts (regular)	982,044	1,187,763	1,852,888	1,694,160	1,534,733
Reduced breakfasts (regular)	972,893	957,294	1,276,808	1,023,368	724,873
Free breakfasts (regular)	<u>18,289,117</u>	<u>18,908,430</u>	<u>23,935,561</u>	<u>24,138,173</u>	<u>23,724,239</u>
TOTAL PUPIL BREAKFASTS SERVED	<u>20,244,054</u>	<u>21,053,487</u>	<u>27,065,257</u>	<u>26,855,701</u>	<u>25,983,845</u>
Daily Average	117,018	121,696	156,447	148,374	146,801
Change from Previous Year	6,055,715	809,433	6,011,770	(209,556)	(871,856)
Daily Percentage Change	42.7%	4.0%	28.6%	-5.2%	-1.1%
TOTAL MEALS SERVED	<u>67,370,991</u>	<u>64,789,825</u>	<u>70,439,695</u>	<u>71,034,287</u>	<u>69,193,216</u>
Daily Average	389,428	374,508	407,166	392,455	390,922
Total Change From Previous Year	5,628,369	(2,581,166)	5,649,870	594,592	(1,841,071)
Daily Percentage Change	9.1%	-3.8%	8.7%	-3.6%	-0.4%
NUMBER OF ADULT LUNCHES (REGULAR)	<u>172,624</u>	<u>142,832</u>	<u>114,583</u>	<u>61,741</u>	<u>429,877</u>
Daily Average	998	826	662	341	2,429
Total Change From Previous Year	(32,438)	(29,792)	(28,249)	(52,842)	368,136
Daily Percentage Change	-15.8%	-17.2%	-19.8%	-48.5%	612.2%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM (continued)
Last Five Fiscal Years
(Thousands of dollars)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUE:					
Federal and State Sources	\$192,323	\$189,087	\$196,000	\$197,514	\$189,152
Local Sources	17,774	17,803	27,645	32,137	13,698
Total Revenue	<u>\$210,097</u>	<u>\$206,890</u>	<u>\$223,645</u>	<u>\$229,651</u>	<u>\$202,850</u>
EXPENDITURES:					
Career Service Salaries	\$ 66,600	\$ 68,328	\$ 71,007	\$ 71,124	\$ 60,680
Career Service Pension	11,140	11,997	12,074	12,136	10,282
Hospitalization	20,597	23,347	22,557	22,907	23,567
Food	91,496	92,093	102,365	103,972	92,984
Professional and Special Services	3,240	2,717	2,167	1,544	2,927
Administrative Allocation	13,629	4,611	9,833	14,624	10,124
Other	3,395	3,797	3,642	3,344	2,286
Total Expenditures	<u>\$210,097</u>	<u>\$206,890</u>	<u>\$223,645</u>	<u>\$229,651</u>	<u>\$202,850</u>
Revenues Less Than Expenditures	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
DAILY AVERAGE					
Revenues	\$ 1,214	\$ 1,196	\$ 1,293	\$ 1,269	\$ 1,146
Expenditures	\$ 1,214	\$ 1,196	\$ 1,293	\$ 1,269	\$ 1,146
PERCENTAGE CHANGE					
Revenues	0.4%	- 1.5%	8.1%	2.7%	- 11.7%
Expenditures	0.4%	- 1.5%	8.1%	2.7%	- 11.7%



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF UTILITY CONSUMPTION
For Fiscal Year Ended June 30, 2014
With Comparative Amounts for the Period Ended June 2013

	<u>2014 Schools</u>	<u>2014 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Total Electricity Charges	\$ 52,181,507	\$ 713,329	\$ 52,894,836
Kilowatt Hours	571,049,182	8,097,525	579,146,707
Charge per Kilowatt Hour	<u>\$ 0.09138</u>	<u>\$ 0.08809</u>	<u>\$ 0.09133</u>
<u>Gas</u>			
Total Gas Charges	\$ 34,504,422	\$ 148,261	\$ 34,652,683
Therms	39,250,312	295,706	39,546,018
Charge per Therm	<u>\$ 0.87909</u>	<u>\$ 0.50138</u>	<u>\$ 0.87626</u>
	<u>2013 Schools</u>	<u>2013 Administrative Center</u>	<u>Total</u>
<u>Electricity</u>			
Total Electricity Charges	\$ 49,419,796	\$ 768,432	\$ 50,188,228
Kilowatt Hours	568,601,988	9,332,045	577,934,033
Charge per Kilowatt Hour	<u>\$ 0.08691</u>	<u>\$ 0.08234</u>	<u>\$ 0.08684</u>
<u>Gas</u>			
Total Gas Charges	\$ 26,217,435	\$ 152,763	\$ 26,370,198
Therms	32,516,161	200,553	32,716,714
Charge per Therm	<u>\$ 0.80629</u>	<u>\$ 0.76171</u>	<u>\$ 0.80602</u>



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PROPERTY SALES AND PURCHASES
For the Fiscal Year Ending June 30, 2014

Sales				
Unit Location	Date Acquired	Net Book Value	Gross/Sales Proceeds	Gain/(Loss) on Sale
1009 N. Cleveland	1943*	\$14,476,126.64	\$2,157,413.35	\$(12,318,713.29)
1855 N. Sheffield	5/1/1888	650,130.43	3,903,185.00	3,253,054.57
5051 W. Polk	1915*	33,778.00	969,095.00	935,317.00
2317 W. 23rd Place	6/24/1992	1,122,635.48	314,439.00	(808,196.48)
201 N. Central	12/31/2001	—	38,800.00	38,800.00
6739 N. Northwest Highway	8/15/1915	—	171,963.01	171,963.01
4937 S. Racine	7/20/1993	—	58,082.00	58,082.00
4421 S. State Street	1961*	—	412,146.00	412,146.00
		\$16,282,670.55	\$8,025,123.36	\$ (8,257,547.19)

Purchases			
Unit Location	Date Acquired	School	Purchase Cost
5532 S. Cornell	6/2/2014	Bret Harte School	\$1
8363 S. Kerfoot	4/10/2014	Morgan Elementary	1
3109-11 W. Franklin	4/10/2014	Morton Career Academy	1
1306 S. Avers	4/10/2014	Henson Elementary	1
3530 W. Douglas Blvd	4/10/2014	Lawndale Elementary	1
3122 W. 15th Street	4/10/2014	Johnson Elementary	1
2667 W. Washington	4/10/2014	Dodge Elementary	1
Wabash and 36th Place-37th Street	4/10/2014	Perspective/IIT Math & Science Academy	1
			<u>\$8</u>

* Historical records related to the month and day of acquisition 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>
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%
2011	47,268	67,974	88,680	4.00%
2012	47,268	68,474	89,680	0.00%
2013	48,686	70,644	92,602	3.00%
2014	49,660	72,163	94,666	2.00%

NOTES:

- A. The minimum salary represents the minimum amount a CPS teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on education attainment and years of service. Minimum salary excludes pension and hospitalization benefits.
- B. The maximum salary represents the maximum amount a CPS teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on educational attainment and years of service. The majority of the Chicago Public Schools Teaching Staff receive the maximum salary due to the 16 years 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>
2009	\$392,801	\$11,493,256	\$4,189,986	73.3%	26.7%
2010	475,628	10,917,417	5,372,773	67.0%	33.0%
2011	306,111	10,109,315	6,831,312	59.7%	40.3%
2012	335,657	9,364,077	8,011,584	53.9%	46.1%
2013	374,567	9,422,519(A)	9,622,014(A)	49.5%(A)	50.5%

NOTES:

- A. The Board of Trustees at the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) approved various changes to their assumptions used in the valuation of the fund starting in fiscal year 2013.



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>
2010	2009-10	366,851	\$13,078	\$ 9,766
2011	2010-11	364,331	13,616	9,127
2012	2011-12	367,883	13,433	9,462
2013	2012-13	365,974	13,791	10,412
2014	2013-14	366,077	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 the nine-month average daily attendance. This measure excludes expenditures related to Pre-school, 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 non-resident 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 the nine- month average daily attendance.





CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TOTAL STUDENT MEMBERSHIP

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Elementary			
Pre-Kindergarten	21,417	21,205	21,363
Kindergarten	29,986	29,502	28,403
Grades 1-3	101,944	98,157	95,744
Grades 4-6	103,005	100,065	94,235
Grades 7-8	<u>64,205</u>	<u>62,921</u>	<u>62,385</u>
Total Elementary	<u>320,557</u>	<u>311,850</u>	<u>302,130</u>
Secondary			
9th Grade	35,529	36,735	37,514
10th Grade	29,218	29,555	30,286
11th Grade	22,711	23,764	23,871
12th Grade	<u>18,797</u>	<u>19,078</u>	<u>19,893</u>
Total Secondary	<u>106,255</u>	<u>109,132</u>	<u>111,564</u>
Grand Total	<u>426,812</u>	<u>420,982</u>	<u>413,694</u>

NOTES:

Source: CPS Performance Website (www.cps.edu/SchoolData/Pages/SchoolData.aspx)



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
21,388	23,325	24,370	23,705	24,232	24,507	23,671
27,901	28,975	29,632	28,812	29,594	30,936	30,166
93,853	93,416	92,581	91,899	92,302	91,880	92,251
90,701	89,234	88,695	87,834	87,630	86,966	86,244
<u>62,217</u>	<u>59,839</u>	<u>58,231</u>	<u>56,791</u>	<u>56,520</u>	<u>56,773</u>	<u>56,184</u>
<u>296,060</u>	<u>294,789</u>	<u>293,509</u>	<u>289,041</u>	<u>290,278</u>	<u>291,062</u>	<u>288,516</u>
35,151	34,233	32,877	31,081	30,336	29,812	30,069
31,994	32,177	34,659	33,303	32,230	31,343	30,963
24,608	25,292	25,436	26,277	27,039	26,610	26,500
<u>20,788</u>	<u>21,464</u>	<u>22,798</u>	<u>22,979</u>	<u>24,268</u>	<u>24,634</u>	<u>24,497</u>
<u>112,541</u>	<u>113,166</u>	<u>115,770</u>	<u>113,640</u>	<u>113,873</u>	<u>112,399</u>	<u>112,029</u>
<u>408,601</u>	<u>407,955</u>	<u>409,279</u>	<u>402,681</u>	<u>404,151</u>	<u>403,461</u>	<u>400,545</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

TEACHER - TO - STUDENT RATIO

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Elementary	20.2	21.7	21.1	20.0	23.5	21.3	23.2	23.3	24.6	25.2
Secondary	16.9	19.3	19.6	16.3	19.5	19.7	19.8	19.2	19.8	21.5

Source: Illinois State Board of Education

Note: Starting in 2009, the ratio includes Charter Schools.



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

SCHEDULE OF GOVERNMENT EMPLOYEES BY FUNCTION

Last Five Fiscal Years

As of June 30, 2014

<u>Functions</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction	27,612	26,383	25,884	26,909	26,123
Support services:					
Pupil support services	4,879	4,891	4,841	5,010	4,676
Administrative support services	1,154	1,123	1,129	1,063	1,042
Facilities support services	1,698	1,686	1,666	1,633	1,527
Instructional support services	3,642	3,380	3,134	3,311	2,920
Food services	3,630	3,661	3,688	3,562	2,860
Community services	327	320	326	339	266
Total government employees	<u>42,942</u>	<u>41,444</u>	<u>40,668</u>	<u>41,827</u>	<u>39,414</u>



CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

NUMBER OF SCHOOLS, SCHOOL ENROLLMENT AND HIGH SCHOOL GRADUATES

Last Ten Fiscal Years

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Number of Schools			
Elementary (A)	475	475	472
Special	19	18	18
High School	93	98	93
Vocational/Technical (D)	6	12	12
Charter Schools	20	22	27
Kindergarten to H.S. (K-12) (C)	—	—	—
Total Schools	<u>613</u>	<u>625</u>	<u>622</u>
School Enrollment (B)			
Elementary (A)	309,818	298,030	287,252
Special	3,730	3,076	3,222
High School	92,787	88,490	88,487
Vocational/Technical (D)	8,203	15,970	15,313
Charter Schools	12,274	15,416	19,420
Kindergarten to H.S. (K-12) (C)	—	—	—
Total School Enrollment	<u>426,812</u>	<u>420,982</u>	<u>413,694</u>
Number of High School Graduates	<u>16,487</u>	<u>16,898</u>	<u>18,235</u>

NOTES:

Source: <http://www.cps.edu/SchoolData/Pages/SchoolData.aspx>

- 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.
- C. The Kindergarten to High School (K-12) school is a new category presented in FY14. The numbers are inclusive of both elementary and high school data which was not presented in past years.
- D. The governance and school types were changed in FY14. As a result, there is no longer a category for "Vocational/Technical".



<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
474	474	474	474	473	468	422
17	17	13	12	12	12	5
98	98	109	107	103	98	109
10	10	8	8	8	8	—
28	67	71	82	87	95	126
—	—	—	—	—	—	5
<u>627</u>	<u>666</u>	<u>675</u>	<u>683</u>	<u>683</u>	<u>681</u>	<u>667</u>
279,823	274,875	272,308	264,569	263,540	261,638	254,864
2,846	2,762	2,073	1,940	1,839	1,961	907
88,936	90,055	91,390	87,061	85,068	81,735	86,184
14,219	11,251	9,956	8,833	8,226	7,927	—
22,777	29,012	33,552	40,278	45,478	50,200	54,572
—	—	—	—	—	—	4,018
<u>408,601</u>	<u>407,955</u>	<u>409,279</u>	<u>402,681</u>	<u>404,151</u>	<u>403,461</u>	<u>400,545</u>
<u>20,285</u>	<u>18,972</u>	<u>22,245</u>	<u>20,131</u>	<u>20,914</u>	<u>22,447</u>	<u>22,817</u>



Statutory Reporting Section

**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, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information 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, 2014, and the related notes to the financial statements, which collectively comprise CPS's basic financial statements, and have issued our report thereon dated January 20, 2015. Our report was modified to include an emphasis of matter paragraph regarding projected revenue deficits for fiscal years 2015, 2016 and 2017 and management believes, absent State action, CPS would be left with limited options to resolve the structural budget deficit.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CPS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPS's internal control. Accordingly, we do not express an opinion on the effectiveness of CPS's internal control.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Chicago, Illinois
January 20, 2015



Statutory Reporting Section



Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control over Compliance; and on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Chicago Public Schools' (Board of Education of the City of Chicago, the "CPS", a body politic and corporate of the State of Illinois) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CPS's major federal programs for the year ended June 30, 2014. CPS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CPS's major federal programs based on our audit of the types of compliance requirements referred to above. 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's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of CPS's compliance.

Opinion on Each Major Federal Program

In our opinion, CPS complied, in all material respects, with the types of 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, 2014.

Member of the RSM International network of Independent accounting, tax and consulting firms.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-004. Our opinion on each major federal program is not modified with respect to this matter. CPS's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CPS's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of CPS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CPS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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's internal control over compliance.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-004 that we consider to be significant deficiencies.

CPS's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. CPS's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of CPS as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise CPS's basic financial statements. We issued our report thereon dated January 20, 2015, which contained unmodified opinions on those financial statements. Our report was modified to include an emphasis of matter paragraph regarding projected revenue deficits for fiscal years 2015, 2016 and 2017 and management believes, absent State action, CPS would be left with limited options to resolve the structural budget deficit. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States, CPS's basic financial statements as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated February 4, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. Our report was modified to include an emphasis of matter paragraph regarding the adoption of reporting and disclosure requirements of Governmental Accounting Standards Board Statements No. 63 and 65. The schedule of expenditures of federal awards for the year ended June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

McGladrey LLP

Chicago, Illinois
January 20, 2015





Statutory Reporting Section

**BOARD OF EDUCATION OF THE CITY OF CHICAGO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Passed Through Illinois State Board of Education Learn and Serve America - School and Community Based Programs	Generator Go Green Initiative G3	N/A	94.004	09KSNMN002	08/01/11-07/31/12
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed Through Chicago Housing Authority Distressed Public Housing	Employability Plus	N/A	14.866	AB-0809-001	07/01/10-06/30/11
		N/A	14.866	AB-0809-001	07/01/11-06/30/12
		N/A	14.866	AB-0809-001	07/01/12-06/30/13
Section 8 Housing Choice Vouchers		N/A	14.871	AB-0809-001	07/01/13-12/31/13
		N/A	14.871	AB-0809-001	01/01/14-06/30/14
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
NATIONAL SECURITY AGENCY					
Direct Funding					
Language Grant Program	Startalk Arabic Language Institute	N/A	12.900	H98230-13-1-0097	04/22/13-02/28/14
	Startalk Chinese Language Institute	N/A	12.900	H98230-12-1-0031	04/02/12-02/28/13
	Startalk Chinese Language Institute	N/A	12.900	H98230-13-1-0098	04/22/13-02/28/14
	Startalk Arabic and Chinese Language Institute	N/A	12.900	H98230-14-1-0013	04/07/14-02/28/15
TOTAL NATIONAL SECURITY AGENCY					
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Illinois State Board of Education (ISBE) Child Nutrition Cluster					
National School Lunch Program	Lunch Program	4210	10.555	13-4210-00	10/01/12-09/30/14
School Breakfast Program	Breakfast Program	4220	10.553	13-4220-00	10/01/12-09/30/14
Total Child Nutrition Cluster					
Passed Through Illinois State Board of Education (ISBE)					
Child and Adult Care Food Program	Child & Adult Care Food Program	4226	10.558	13-4226-00	10/01/12-09/30/14
Fresh Fruit and Vegetable Program	Fresh Fruits and Vegetables	4240	10.582	12-4240-11	07/01/11-09/30/12
		4240	10.582	14-4240-14	10/01/13-06/30/14
Food Donation Program	Food Donation Program * Noncash Awards	4228	10.558	N/A	07/01/11-06/30/12
Team Nutrition Grants	Healthier US Challenge	N/A	10.574	N/A	07/01/11-06/30/15
Total U.S. Department of Agriculture Passed Through Illinois State Board of Education (not including cluster)					
Total U.S. Department of Agriculture Passed Through Illinois State Board of Education (including cluster)					
Passed Through Northwestern Illinois Association					
Team Nutrition Grants	Illnet Mini Grants	N/A	10.574	N/A	09/01/10-05/31/11
Total U. S. Department of Agriculture Passed Through Northwestern Illinois Association					
Passed Through Illinois Department of Human Services					
Farm to School Grant Program	Farm to School Implementation Grant	N/A	10.575	CN-F2S-IMPL-13-IL-01	12/01/12-11/30/13
		N/A	10.575	CN-F2S-IMPL-13-IL-01	12/01/13-11/28/14
Supplemental Nutrition Assistance Program	Homeless Services & Supportive Housing	N/A	10.561	FCSRE01324	07/01/12-06/30/13
		N/A	10.561	FCSSQ01324	07/01/13-06/30/14
Total U.S. Department of Agriculture Passed Through Illinois Department of Human Services					
TOTAL U.S. DEPARTMENT OF AGRICULTURE					
U.S. DEPARTMENT OF EDUCATION					
Passed Through Illinois State Board of Education (ISBE) Education of Homeless Children and Youth Cluster					
Education for Homeless Children and Youth	McKinney Education for Homeless Children	4920	84.196A	13-4920-00	07/01/12-06/30/13
		4920	84.196A	14-4920-00	07/01/13-06/30/14
Total Education for Homeless Children and Youth Cluster					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ 57,000	\$ (516)	\$ —	\$ —	\$ —	\$ —	\$ (516)	\$ 38,211	\$ 38,211
\$ 57,000	\$ (516)	\$ —	\$ —	\$ —	\$ —	\$ (516)	\$ 38,211	\$ 38,211
\$ 86,000	\$ 25,285	\$ —	\$ —	\$ —	\$ —	\$ 25,285	\$ 86,000	\$ 86,000
86,000	25,221	—	—	—	—	25,221	84,529	84,529
86,000	11,380	(11,380)	—	—	—	—	85,792	85,792
43,000	—	(42,942)	42,942	42,942	—	—	—	42,942
43,000	—	(28,026)	42,726	42,726	—	14,700	—	42,726
\$ 344,000	\$ 61,886	\$ (82,348)	\$ 85,668	\$ 85,668	\$ —	\$ 65,206	\$ 256,321	\$ 341,989
\$ 99,867	\$ 17,735	\$ (95,561)	\$ 77,826	\$ 77,826	\$ —	\$ —	\$ 17,735	\$ 95,561
99,089	1,434	(1,434)	—	—	—	—	99,089	99,089
99,850	20,702	(95,799)	75,097	75,097	—	—	20,702	95,799
89,992	—	—	4,870	4,870	—	4,870	—	4,870
\$ 388,798	\$ 39,871	\$ (192,794)	\$ 157,793	\$ 157,793	\$ —	\$ 4,870	\$ 137,526	\$ 295,319
N/A	\$23,782,264	\$(144,508,455)	\$126,610,865	\$126,610,865	\$ —	\$5,884,674	\$241,971,398	\$368,582,263
N/A	9,023,851	(53,284,809)	46,589,891	46,589,891	—	2,328,933	91,698,558	138,288,449
—	\$32,806,115	\$(197,793,264)	\$173,200,756	\$173,200,756	\$ —	\$8,213,607	\$333,669,956	\$506,870,712
N/A	\$ 1,095,812	\$ (6,398,867)	\$ 6,138,427	\$ 6,138,427	\$ —	\$ 835,372	\$ 12,774,852	\$ 18,913,279
N/A	94	—	—	—	—	94	94	94
913,505	—	(617,240)	890,707	890,707	—	273,467	—	890,707
N/A	—	(10,648,005)	10,648,005	10,648,005	—	—	—	10,648,005
131,003	10,914	(62,500)	51,586	51,586	—	—	10,914	62,500
\$1,044,508	\$ 1,106,820	\$ (17,726,612)	\$ 17,728,725	\$ 17,728,725	\$ —	\$1,108,933	\$ 12,785,860	\$ 30,514,585
\$1,044,508	\$33,912,935	\$(215,519,876)	\$190,929,481	\$190,929,481	\$ —	\$9,322,540	\$346,455,816	\$537,385,297
\$ 5,500	\$ 1,200	\$ —	\$ —	\$ —	\$ —	\$ 1,200	\$ 5,500	\$ 5,500
\$ 5,500	\$ 1,200	\$ —	\$ —	\$ —	\$ —	\$ 1,200	\$ 5,500	\$ 5,500
\$ 50,000	\$ 23,123	\$ (36,854)	\$ 13,731	\$ 13,731	\$ —	\$ —	\$ 29,990	\$ 43,721
50,000	—	(36,420)	43,616	43,616	—	7,196	—	43,616
487,290	95,066	(95,066)	—	—	—	—	411,408	411,408
487,290	—	(329,979)	329,979	329,979	—	—	—	329,979
\$1,074,580	\$ 118,189	\$ (498,319)	\$ 387,326	\$ 387,326	\$ —	\$ 7,196	\$ 441,398	\$ 828,724
\$2,124,588	\$34,032,324	\$(216,018,195)	\$191,316,807	\$191,316,807	\$ —	\$9,330,936	\$346,902,714	\$538,219,521
\$ 809,335	\$ 6,133	\$ (6,133)	\$ —	\$ —	\$ —	\$ —	\$ 806,685	\$ 806,685
807,100	—	(222,599)	805,334	805,334	—	582,735	—	805,334
\$1,616,435	\$ 6,133	\$ (228,732)	\$ 805,334	\$ 805,334	\$ —	\$ 582,735	\$ 806,685	\$ 1,612,019



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

FUNDING SOURCE Program Name	Name of Grant	ISBE Account Number	Federal Catalog Number	Contract Number	Contract Period	
Passed Through Illinois State Board of Education (ISBE)						
School Improvement Grants Cluster						
School Improvement Grants	School Improvement Grants — District	4339	84.377A	13-4339-13	07/01/12-08/31/13	
	School Improvement Grants — Bogan	4339	84.377A	14-4339-13	07/01/13-08/31/14	
School Improvement Grants, Recovery Acts	School Improvement Grants — Kelly	4339	84.377A	14-4339-14	07/01/13-08/31/14	
	ARRA-School Improvement Grant — District	4855	84.388A	13-4885-11	07/01/12-08/31/13	
	ARRA-School Improvement Grant — Harper	4855	84.388A	12-4855-11	08/15/11-08/31/12	
	ARRA-School Improvement Grant — Tilden	4855	84.388A	12-4855-12	09/01/11-08/31/12	
	ARRA-School Improvement Grant — Transformation	4855	84.388A	13-4855-12	07/01/12-08/31/13	
	ARRA-School Improvement Grants — Hancock	4855	84.388A	14-4855-12	07/01/13-08/31/14	
Total School Improvement Grants Cluster						
Passed Through Illinois State Board of Education (ISBE)						
Special Education Cluster (IDEA)						
Special Education Grants to State	IDEA — Flow Through Instruction	4620	84.027A	10-4620-00	07/01/09-08/31/10	
		4620	84.027A	13-4620-00	07/01/12-08/31/13	
		4620	84.027A	14-4620-00	07/01/13-08/31/14	
	Room and Board	4625	84.027A	14-4625-00	09/01/11-08/31/14	
		4630	84.027A	13-4630-05	07/01/12-06/30/13	
		4630	84.027A	14-4630-05	07/01/13-06/30/14	
Special Education — Preschool Grants	IDEA — Pre-School Flow Through	4600	84.173A	13-4600-00	07/01/12-08/31/13	
		4600	84.173A	14-4600-00	07/01/13-08/31/14	
	IDEA — Pre-School Discretionary	4605	84.173A	12-4605-01	07/01/11-06/30/12	
		4605	84.173A	13-4605-01	07/01/12-06/30/13	
Total Special Education Cluster (IDEA)						
Passed Through Illinois State Board of Education (ISBE)						
Title I, Part A Cluster						
Title I Grants to Local Education Agencies	Title I — Low Income	4300	84.010A	12-4300-00	07/01/11-08/31/12	
		4300	84.010A	13-4300-00	07/01/12-08/31/13	
		4300	84.010A	14-4300-00	07/01/13-08/31/14	
	ESEA — School Improvement	4331	84.010A	13-4331-SS	07/01/12-06/30/13	
		4331	84.010A	14-4331-SS	07/01/13-06/30/14	
	ESEA — Title I — Low Income — Neglected Private	4305	84.010A	13-4305-00	07/01/12-08/31/13	
		4305	84.010A	14-4305-00	07/01/13-08/31/14	
	ESEA — Title I — Low Income — Delinquent Private	4306	84.010A	12-4306-00	07/01/11-08/31/12	
		4306	84.010A	13-4306-00	07/01/12-08/31/13	
	Total Title I, Part A Cluster					
	Passed Through Illinois State Board of Education					
Improving Teacher Quality State Grants	Title IIA — Teacher Quality	4932	84.367A	13-4932-00	07/01/12-08/31/13	
		4932	84.367A	14-4932-00	07/01/13-08/31/14	
	Title II — Teacher Quality Leadership	4935	84.367	13-4935-02	06/10/13-09/30/13	
		4935	84.367	14-4935-02	10/04/13-08/31/14	
Career and Technical Education — Basic Grants to States	V.E. — Perkins — Title IIC — Secondary	4745	84.048A	11-4745-00	07/01/10-08/31/11	
		4745	84.048A	13-4745-00	07/01/12-08/31/13	
		4745	84.048	14-4745-00	07/01/13-08/31/14	
Perkins Leadership High Schools that Work	Perkins Leadership High Schools that Work	4720	84.048A	11-4720-01	08/10/10-07/31/11	
		4720	84.048A	13-4720-00	08/01/12-07/31/13	
Twenty-First Century Community Learning Centers	Title IV — 21st Century Comm Learning Centers	4421	84.287C	13-4421-01	07/01/12-08/31/13	
		4421	84.287	14-4421-01	08/13/13-08/31/14	
		4421	84.287C	13-4421-02	07/01/12-08/31/13	
		4421	84.287	14-4421-02	08/13/13-08/31/14	
		4421	84.287C	13-4421-22	07/01/12-08/31/13	
		4421	84.287	14-4421-22	08/13/13-08/31/14	
		4421	84.287C	13-4421-21	07/01/12-08/31/13	



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ 8,369,901	\$ 2,130,112	\$ (3,134,829)	\$ 1,004,717	\$ 1,004,717	\$ —	\$ —	\$ 6,071,461	\$ 7,076,178
9,663,624	—	(5,223,179)	7,929,392	7,929,392	—	2,706,213	—	7,929,392
3,333,333	—	(1,831,152)	2,625,457	2,625,457	—	794,305	—	2,625,457
8,963,152	3,101,200	(3,715,810)	614,610	614,610	—	—	7,968,680	8,583,290
1,910,000	1,121	—	—	—	—	1,121	1,836,228	1,836,228
1,865,150	644,406	—	—	—	—	644,406	976,871	976,871
17,444,711	7,256,812	(8,971,137)	1,714,324	1,714,324	—	(1)	14,316,114	16,030,438
17,414,272	—	(11,609,246)	14,566,387	14,566,387	—	2,957,141	—	14,566,387
\$ 68,964,143	\$ 13,133,651	\$ (34,485,353)	\$ 28,454,887	\$ 28,454,887	\$ —	\$ 7,103,185	\$ 31,169,354	\$ 59,624,241
\$ 96,011,080	\$ 62,718	\$ —	\$ 62,718	\$ 62,718	\$ —	\$ 125,436	\$ 90,945,093	\$ 91,007,811
102,946,185	27,097,533	(27,747,937)	650,404	650,404	—	—	86,009,665	86,660,069
103,623,039	—	(76,830,036)	97,903,897	97,903,897	—	21,073,861	—	97,903,897
N/A	—	(1,154,176)	453,929	453,929	—	(700,247)	—	453,929
60,000	53,761	(53,761)	—	—	—	—	60,000	60,000
60,000	—	(26,473)	60,000	60,000	—	33,527	—	60,000
1,242,858	277,045	(586,541)	309,496	309,496	—	—	808,762	1,118,258
1,386,335	—	(805,425)	962,477	962,477	—	157,052	—	962,477
489,250	1	—	—	—	—	1	486,468	486,468
489,250	136,900	(194,379)	57,479	57,479	—	—	421,187	478,666
489,250	—	(220,075)	404,182	404,182	—	184,107	—	404,182
\$306,797,247	\$ 27,627,958	\$(107,618,803)	\$100,864,582	\$100,864,582	\$ —	\$ 20,873,737	\$178,731,175	\$279,595,757
\$332,558,791	\$ —	\$ 2,486,437	\$ (1,815,261)	\$ (1,815,261)	\$ —	\$ 671,176	\$ —	\$ (1,815,261)
325,795,584	139,613,622	(162,266,962)	22,653,340	22,653,340	—	—	266,494,686	289,148,026
308,559,813	—	(161,999,045)	266,941,945	266,941,945	—	104,942,900	—	266,941,945
7,720,620	7,621,483	(7,656,108)	34,625	34,625	—	—	7,621,483	7,656,108
3,193,498	—	(1,421,815)	2,958,038	2,958,038	—	1,536,223	—	2,958,038
738,621	161,267	(431,099)	269,832	269,832	—	—	352,344	622,176
719,374	—	(221,224)	339,861	339,861	—	118,637	—	339,861
774,664	18,216	(32,629)	—	—	—	(14,413)	648,199	648,199
891,935	310,631	(363,862)	53,231	53,231	—	—	687,443	740,674
909,032	—	(530,874)	755,855	755,855	—	224,981	—	755,855
\$981,861,932	\$147,725,219	\$(332,437,181)	\$292,191,466	\$292,191,466	\$ —	\$107,479,504	\$275,804,155	\$567,995,621
\$ 59,918,597	\$ 17,916,328	\$ (19,960,358)	\$ 2,044,031	\$ 2,044,031	\$ —	\$ 1	\$ 36,321,828	\$ 38,365,859
56,200,586	—	(27,935,334)	44,474,034	44,474,034	—	16,538,700	—	44,474,034
132,182	—	(145,900)	132,100	132,100	—	(13,800)	—	132,100
88,121	—	(13,800)	51,200	51,200	—	37,400	—	51,200
7,974,040	(99,900)	—	—	—	—	(99,900)	7,874,120	7,874,120
6,107,181	1,897,849	(3,228,169)	1,330,321	1,330,321	—	1	4,776,861	6,107,182
5,739,480	—	(3,396,673)	4,677,547	4,677,547	—	1,280,874	—	4,677,547
10,000	5,118	—	—	—	—	5,118	8,061	8,061
10,000	1,500	(2,054)	554	554	—	—	7,105	7,659
1,215,000	333,732	(673,768)	340,036	340,036	—	—	550,953	890,989
1,012,500	—	(445,941)	816,936	816,936	—	370,995	—	816,936
1,953,525	846,823	(1,094,694)	247,871	247,871	—	—	1,587,783	1,835,654
1,302,350	—	(653,307)	1,105,419	1,105,419	—	452,112	—	1,105,419
1,463,200	547,461	(901,065)	353,604	353,604	—	—	876,114	1,229,718
1,463,200	—	(724,640)	1,185,143	1,185,143	—	460,503	—	1,185,143
1,500,000	506,307	(969,944)	463,637	463,637	—	—	821,081	1,284,718



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Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
		4421	84.287	14-4421-21	08/13/13-08/31/14
		4421	84.287C	13-4421-23	07/01/12-08/31/13
		4421	84.287	14-4421-23	08/13/13-08/31/14
		4421	84.287C	13-4421-13	11/01/12-08/31/13
		4421	84.287	14-4421-13	08/13/13-08/31/14
	Title IV — 21st Century Comm Learning Centers — Larry Vaughn Youth Connections	4421	84.287C	13-4421-13	11/01/12-08/31/13
Race to the Top	Race to the Top	4901	84.413A	13-4901-00	07/01/12-06/30/13
		4901	84.413A	14-4901-00	07/01/13-06/30/14
		4999	84.395A	14-4999-00	01/01/14-06/30/14
English Language Acquisition Grants	Title III — Lang Inst Prog — Limited Eng LIPLEP	4909	84.365A	12-4909-00	09/01/11-08/31/12
		4909	84.365A	13-4909-00	09/01/12-08/31/13
		4909	84.365A	14-4909-00	09/01/13-08/31/14
International Bacculaureate	International Bacculaureate	4999	84.365A	4999-IB	07/01/10-06/30/14
Total U.S. Department of Education Passed Through Illinois State Board of Education (not including clusters)					
Total U.S. Department of Education Passed Through Illinois State Board of Education (including clusters)					
Direct Funding					
Teacher Incentive Fund Cluster					
Teacher Incentive Fund, Recovery Act	Teachers Incentive Fund — CPS TIF	N/A	84.385A	S385A100166	10/01/10-07/30/12
Total Teacher Incentive Fund Cluster					
Direct Funding					
Impact Aid	Federal Impact Aid Grant	N/A	84.041	23-IL-2010-1711	07/01/10-06/30/13
Indian Education — Grants to Local Education Agencies	Indian Elementary/Secondary School Assistance Program	N/A	84.060A	S060A120666	07/01/12-06/30/13
		N/A	84.060A	S060A130666	07/01/13-06/30/14
Safe and Drug-Free Schools and Communities	SDFS Readiness	N/A	84.184E	Q184E100196	09/01/11-06/30/13
	Safe and Drug Free Schools (Project SERV)	N/A	84.184S	S184S130002	01/30/13-07/31/14
Fund for the Improvement of Education	Carol M. White Physical Education Program	N/A	84.215F	S215F130218	10/01/13-09/30/14
	Smaller Learning Communities in CPS High School	N/A	84.215L	S215L070494-10	10/01/07-09/30/13
	Smaller Learning Communities	N/A	84.215L	S215L080581-11	07/10/08-07/09/13
	Smaller Learning Communities Cohort 10	N/A	84.215L	S215L100017	10/10/12-09/30/13
		N/A	84.215L	S215L100017	10/01/13-09/30/14
Foreign Language Assistance	Project ITALIC Integrative Technology in Arabic	N/A	84.293B	T293B090101	09/01/09-08/31/13
Advanced Placement Program	Advanced Placement Incentive Program	N/A	84.330C	S330C090185	07/01/09-06/30/13
Transition to Teaching Program	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	10/01/09-09/30/14
Arts in Education	Development and Dissemination Grant Program Students (CREATES)	N/A	84.351D	U351D090039	07/01/09-06/30/13
		N/A	84.351C	U351C110047	10/01/12-09/30/13
		N/A	84.351C	U351C110047	10/01/13-09/30/14
Early Reading First	Enhancing Early Reading in Chicago (EERIC)	N/A	84.359B	S359B050093	10/01/05-06/30/09
		N/A	84.359B	S359B090079	10/01/09-09/30/13
High School Graduation Initiative	Pathways to Accelerated Student Success (PASS)	N/A	84.360A	S360A100176	10/01/12-09/30/13
		N/A	84.360A	S360A100176	10/01/13-09/30/14
Voluntary School Choice Program	Chicago Comprehensive Choice Initiative (CCCI)	N/A	84.361A	U361A070036-11	08/01/07-07/31/13
School Leadership Program	Effective Leaders Improve Schools — (ELIS) II	N/A	84.363A	U363A080120	10/01/08-09/30/13
TRIO — Talent Search	Pullman Talent Search	N/A	84.044A	P044A110797	09/01/12-08/31/13
		N/A	84.044A	P044A110797	09/01/13-08/31/14
Total U.S. Department of Education — Direct Funding (not including cluster)					
Total U.S. Department of Education — Direct Funding (including cluster)					
Passed Through Illinois Board of Higher Education					
Improve Teacher Quality State Grants	St. Xavier University	N/A	84.367B	S367B090013	08/01/12-07/31/13
Total U.S. Department of Education Passed Through Illinois Board of Higher Education					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
1,500,000	—	(668,252)	1,228,825	1,228,825	—	560,573	—	1,228,825
405,000	98,072	(265,033)	166,961	166,961	—	—	151,150	318,111
337,500	—	(121,910)	245,844	245,844	—	123,934	—	245,844
3,150,000	911,275	(2,189,331)	1,278,056	1,278,056	—	—	1,022,233	2,300,289
3,150,000	—	(1,866,347)	2,947,549	2,947,549	—	1,081,202	—	2,947,549
25,590	—	(25,590)	25,590	25,590	—	—	—	25,590
9,514,574	1,640,709	(2,072,008)	431,299	431,299	—	—	5,933,982	6,365,281
7,154,816	—	(3,211,766)	5,507,299	5,507,299	—	2,295,533	—	5,507,299
106,345	—	—	106,345	106,345	—	106,345	—	106,345
12,572,548	—	2,047	(2,047)	(2,047)	—	—	—	(2,047)
13,174,655	3,285,162	(4,879,756)	1,594,594	1,594,594	—	—	8,704,394	10,298,988
11,753,117	—	(4,231,403)	6,650,427	6,650,427	—	2,419,024	—	6,650,427
769,591	229,200	(368,452)	290,587	290,587	—	151,335	650,112	940,699
\$ 209,703,698	\$ 28,119,636	\$ (80,043,448)	\$ 77,693,762	\$ 77,693,762	\$ —	\$ 25,769,950	\$ 69,285,777	\$ 146,979,539
\$1,568,943,455	\$216,612,597	\$(554,813,517)	\$500,010,031	\$500,010,031	\$ —	\$161,809,111	\$555,797,146	\$1,055,807,177
\$ 16,836,824	\$ (56,935)	\$ —	\$ 56,935	\$ 56,935	\$ —	\$ —	\$ 469,452	\$ 526,387
\$ 16,836,824	\$ (56,935)	\$ —	\$ 56,935	\$ 56,935	\$ —	\$ —	\$ 469,452	\$ 526,387
\$ N/A	\$ —	\$ (45,958)	\$ 28,724	\$ 28,724	\$ —	\$ (17,234)	\$ —	\$ 28,724
188,646	33,531	(33,638)	107	107	—	—	188,539	188,646
192,104	—	(168,722)	192,104	192,104	—	23,382	—	192,104
599,870	8,266	(43,683)	35,417	35,417	—	—	506,809	542,226
49,792	1,238	(7,707)	36,014	36,014	—	29,545	1,238	37,252
750,000	—	(24,863)	59,757	59,757	—	34,894	—	59,757
5,557,786	59,390	(255,857)	196,467	196,467	—	—	5,281,968	5,478,435
5,174,698	150,894	(514,214)	482,850	482,850	—	119,530	4,610,641	5,093,491
2,505,908	103,121	(338,686)	248,502	248,502	—	12,937	1,599,848	1,848,350
1,617,328	—	(525,048)	671,645	671,645	—	146,597	—	671,645
1,325,165	17,322	(17,322)	—	—	—	—	887,669	887,669
4,141,933	316,901	(389,917)	73,016	73,016	—	—	2,385,700	2,458,716
2,617,582	99,894	—	(99,894)	(99,894)	—	—	2,049,081	1,949,187
1,117,981	53,272	(77,507)	27,888	27,888	—	3,653	461,321	489,209
1,385,743	187,129	(228,929)	71,282	71,282	—	29,482	1,127,454	1,198,736
418,108	22,124	(64,946)	42,822	42,822	—	—	144,465	187,287
580,805	—	(299,511)	522,040	522,040	—	222,529	—	522,040
846,947	69,116	—	—	—	—	69,116	69,116	69,116
10,432,142	247,890	(581,496)	333,606	333,606	—	—	3,710,460	4,044,066
4,432,018	118,713	(632,560)	513,847	513,847	—	—	1,494,238	2,008,085
5,084,822	—	(1,232,916)	1,517,615	1,517,615	—	284,699	—	1,517,615
16,740,293	101,886	(176,765)	74,879	74,879	—	—	11,552,104	11,626,983
8,553,087	388,172	(1,045,396)	772,429	772,429	—	115,205	5,671,373	6,443,802
112,951	10,209	(5,406)	(4,803)	(4,803)	—	—	109,658	104,855
226,067	—	(118,877)	140,323	140,323	—	21,446	—	140,323
\$ 74,651,776	\$ 1,989,068	\$ (6,829,924)	\$ 5,936,637	\$ 5,936,637	\$ —	\$ 1,095,781	\$ 41,851,682	\$ 47,788,319
\$ 91,488,600	\$ 1,932,133	\$ (6,829,924)	\$ 5,993,572	\$ 5,993,572	\$ —	\$ 1,095,781	\$ 42,321,134	\$ 48,314,706
\$ 34,205	\$ 8,647	\$ (8,647)	\$ —	\$ —	\$ —	\$ —	\$ 11,512	\$ 11,512
\$ 34,205	\$ 8,647	\$ (8,647)	\$ —	\$ —	\$ —	\$ —	\$ 11,512	\$ 11,512



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

<u>FUNDING SOURCE Program Name</u>	<u>Name of Grant</u>	<u>ISBE Account Number</u>	<u>Federal Catalog Number</u>	<u>Contract Number</u>	<u>Contract Period</u>
Passed Through National Writing Project					
Title II SEED Program	Title II SEED Program— Carl Von Linne Elementary	N/A	84.367D	12-IL01-CTRLSEED	07/01/12-06/30/13
Total U.S. Department of Education Passed Through National Writing Project					
Passed Through Illinois Department of Human Services (IDHS)					
Rehabilitation Grants to States	Secondary Transitional Experience Program (STEP)	N/A	84.126	46CRD00155	07/01/12-06/30/13
		N/A	84.126	46CRD00155	07/01/13-06/30/14
Total U.S. Department of Education Passed Through IDHS					
Passed Through University of Illinois at Chicago					
Education Research, Development and Dissemination	Reading for Understanding (Project READ)	N/A	84.305F	R305F100007	09/20/12-05/31/13
UIC—Substitute Reimbursement	UIC—Substitute Reimbursement	N/A	84.305F	R305F100007	01/24/14-06/30/15
Total U.S. Department of Education Passed Through National Opinion Research Center					
Passed Through National Opinion Research Center					
Education Research, Development and Dissemination	Preventing Truancy in Urban Schools	N/A	84.305	R305A100706	07/01/13-06/30/14
		N/A	84.305	R305A120809	07/01/13-06/30/14
Child Health and Human Development Extramural Research	Randomized Study to Abate Truancy in Urban Schools	N/A	93.865	R01HD067500	12/01/11-11/30/12
		N/A	93.865	R01HD067500	12/01/12-11/30/13
		N/A	93.865	R01HD067500	12/01/13-11/30/14
Total U.S. Department of Education Passed Through National Opinion Research Center					
Passed Through Northeastern Illinois University					
Gaining Early Awareness and Readiness for Undergraduate Program	Chicago Gear Up Alliance	N/A	84.334A	P334A1000031	10/01/10-09/30/11
		N/A	84.334A	P334A110082	09/26/12-09/25/13
	Gear-Up 4 (Year 4)	N/A	84.334A	P334A100031-12	10/01/13-09/30/14
	Gear-Up 5 (Year 3)	N/A	84.334A	P334A110032	09/28/13-09/25/14
	Gear-Up-Theodore Roosevelt High School— (NEIU)	N/A	84.334A	PO#028756	07/01/13-8/31/13
	Gear-Up-Kelly High School—(NEIU)	N/A	84.334A	PO#017870	06/20/11-08/08/11
	Gear-Up 2014 Summer Recovery Kelly	N/A	84.334A	PO#033507	06/19/14-08/31/14
	Gear-Up-Harlan High School—(NEIU)	N/A	84.334A	PO#018067	06/27/11-08/08/11
	Gear-Up-Wells High School—(NEIU)	N/A	84.334A	PO#017869	06/20/11-08/08/11
	Gear-Up-Curie High School—(NEIU)	N/A	84.334A	PO#017886	06/20/11-08/08/11
	Gear-Up-Marie Skłodowska Curie Metro— (NEIU)	N/A	84.334A	PO#028755	07/01/13-08/31/13
	Gear-Up 2014 Summer Recovery Curie	N/A	84.334A	PO#033504	06/19/14-08/31/14
	Gear-Up 2014 Summer Recovery Infinity	N/A	84.334A	PO#033673	06/19/14-08/31/14
Title IV 21st Century	Illinois 21st Century CLC NEIU—Saucedo	N/A	84.287	PO#025508	11/01/12-06/01/13
		N/A	84.287	PO#030739	10/15/13-06/05/14
	Illinois 21st Century CLC NEIU—Curie	N/A	84.287	PO#025178	10/01/12-06/01/13
		N/A	84.287	PO#030740	10/15/13-06/05/14
	Illinois 21st Century CLC NEIU—Ella Flagg Young	N/A	84.287	PO#031210	10/01/13-08/31/14
	Illinois 21st Century CLC NEIU—Duke Ellington	N/A	84.287	PO#031208	10/01/13-06/05/14
	Illinois 21st Century CLC NEIU—Michelle Clark Academic	N/A	84.287	PO#031213	10/01/13-08/31/14
	Illinois 21st Century CLC NEIU—Frederick A Douglas	N/A	84.287	PO#031209	10/01/13-06/05/14
Total U.S. Department of Education Passed Through Northeastern Illinois University					
Passed Through University of Illinois at Chicago					
Teacher Quality Partnership Grants	Increase Teacher Quality	N/A	84.336S	U336S090013	10/01/11-09/30/12
		N/A	84.336S	U336S090013	10/01/12-09/30/13
		N/A	84.336S	U336S090013	10/01/13-09/30/14
Total U.S. Department of Education Passed Through University of Illinois at Chicago					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ —	\$ —	\$ (1,500)	\$ 1,500	\$ 1,500	\$ —	\$ —	\$ —	\$ 1,500
\$ —	\$ —	\$ (1,500)	\$ 1,500	\$ 1,500	\$ —	\$ —	\$ —	\$ 1,500
\$ 691,955	\$316,279	\$ (354,583)	\$ 35,731	\$ 35,731	\$ —	\$ (2,573)	\$316,279	\$ 352,010
1,124,571	—	(280,386)	573,336	573,336	—	292,950	—	573,336
\$1,816,526	\$316,279	\$ (634,969)	\$ 609,067	\$ 609,067	\$ —	\$290,377	\$316,279	\$ 925,346
\$ 2,658	\$ 854	\$ —	\$ (854)	\$ (854)	\$ —	\$ —	\$ 854	\$ —
35,000	—	—	8,703	8,703	—	8,703	—	8,703
\$ 37,658	\$ 854	\$ —	\$ 7,849	\$ 7,849	\$ —	\$ 8,703	\$ 854	\$ 8,703
\$ 906,269	\$348,734	\$ (349,662)	\$ 48,572	\$ 48,572	\$ —	\$ 47,644	\$671,172	\$ 719,744
681,525	—	(213,729)	352,289	352,289	—	138,560	—	352,289
162,653	30,211	(127,214)	97,003	97,003	—	—	108,765	205,768
164,984	130,614	(161,527)	30,913	30,913	—	—	130,614	161,527
313,705	—	—	287,238	287,238	—	287,238	—	287,238
\$2,229,136	\$509,559	\$ (852,132)	\$ 816,015	\$ 816,015	\$ —	\$473,442	\$910,551	\$1,726,566
\$ 413,322	\$361,261	\$ (413,322)	\$ 52,062	\$ 52,062	\$ —	\$ 1	\$361,261	\$ 413,322
654,575	539,172	(576,569)	37,397	37,397	—	—	539,172	576,569
421,090	—	(205,379)	324,793	324,793	—	119,414	—	324,793
1,097,940	—	—	639,586	639,586	—	639,586	—	639,586
8,522	—	(8,522)	8,522	8,522	—	—	—	8,522
12,326	10,956	—	—	—	—	10,956	10,956	10,956
21,873	—	—	5,559	5,559	—	5,559	—	5,559
3,104	7,437	—	—	—	—	7,437	7,437	7,437
12,326	11,996	—	—	—	—	11,996	11,996	11,996
12,326	10,653	—	—	—	—	10,653	10,653	10,653
25,566	—	(4,775)	4,775	4,775	—	—	—	4,775
41,702	—	—	7,631	7,631	—	7,631	—	7,631
4,375	—	—	951	951	—	951	—	951
21,650	21,650	(21,600)	(50)	(50)	—	—	21,650	21,600
22,104	—	(5,489)	18,435	18,435	—	12,946	—	18,435
22,105	13,167	(13,167)	—	—	—	—	13,167	13,167
31,824	—	(195)	19,653	19,653	—	19,458	—	19,653
64,985	—	(13,190)	35,600	35,600	—	22,410	—	35,600
18,890	—	—	9,762	9,762	—	9,762	—	9,762
20,595	—	(4,005)	8,335	8,335	—	4,330	—	8,335
13,620	—	—	6,227	6,227	—	6,227	—	6,227
\$2,944,820	\$976,292	\$ (1,266,213)	\$1,179,238	\$1,179,238	\$ —	\$889,317	\$976,292	\$2,155,529
\$ 91,645	\$ 29,103	\$ —	\$ —	\$ —	\$ —	\$ 29,103	\$ 46,453	\$ 46,453
91,425	1,136	(11,794)	10,658	10,658	—	—	1,136	11,794
91,425	—	(44,034)	44,034	44,034	—	—	—	44,034
\$ 274,495	\$ 30,239	\$ (55,828)	\$ 54,692	\$ 54,692	\$ —	\$ 29,103	\$ 47,589	\$ 102,281



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

FUNDING SOURCE Program Name	Name of Grant	ISBE Account Number	Federal Catalog Number	Contract Number	Contract Period
Passed Through University of Minnesota					
Midwest Expansion of the Child Parent Center Education	Midwest Expansion of the Child Parent Center Education Program	N/A	84.411B	U411B110098	01/01/12-12/31/12
		N/A	84.411B	U411B110098	01/01/13-12/31/13
		N/A	84.411B	U411B110098	01/01/14-12/31/14
Investing In Innovation(i3)	Comprehensive Induction and Mentoring	N/A	84.411B	U411B120035	07/01/13-06/30/14
Total U.S. Department of Education Passed Through University of Minnesota					
Passed Through Columbia College — Chicago					
Investing In Innovation(i3)	i3 Convergence Academies: Digital Media Whole School Reform Model Project	N/A	84.411B	Agreement	03/01/13-06/30/14
Total U.S. Department of Education Passed Through Columbia College — Chicago					
Passed Through Old Dominion University Research Foundation / Success for All Foundation					
Investing In Innovation(i3)	Investing In Innovation(i3)	N/A	84.411A	U411A110004/14-138-317101	07/01/13-06/30/14
Total U.S. Department of Education Passed Through Old Dominion University Research Foundation / Success for All Foundation					
Passed Through Illinois State University					
High Schools That Work	High Schools That Work — Chicago High School for Agricultural Sciences	N/A	84.048A	533009619	08/01/12-07/31/13
Total U.S. Department of Education Passed Through Illinois State University					
TOTAL U.S. DEPARTMENT OF EDUCATION					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through Centers for Disease Control					
Community Transformation Grants	Healthy Chicago Public Schools	N/A	93.737	1H75DP004181-01	09/30/12-09/29/13
		N/A	93.737	1H75DP004181-01	09/30/13-09/29/14
Healthy Chicago Public Schools	CDC Strategy 1 Youth Risk Behavior Survey (YRBS)	N/A	93.079	1U87PS004162-01	08/01/13-07/31/14
	CDC Strategy 1 Youth Risk Behavior Survey (HIV)	N/A	93.079	1U87PS004162-01	08/01/13-07/31/14
Total U.S. Department of Health and Human Services Passed Through Centers for Disease Control					
Passed Through City of Chicago Head Start Cluster					
Head Start	Head Start — Child Development	N/A	93.600	PO#25061	12/01/12-08/31/13
		N/A	93.600	PO#25061	09/30/13-11/30/13
		N/A	93.600	PO#25061	12/31/13-11/30/14
	Head Start — Supp DIS SP initiatives	N/A	93.600	PO#26003	12/01/12-11/30/13
		N/A	93.600	PO#30583	12/01/13-11/30/14
Total U.S. Department of Health and Human Services Passed Through City of Chicago-Head Start Cluster					
Direct Funding					
Cooperative Agreements to Support Comprehensive School Health Programs	Comprehensive School Health	N/A	93.293	5U87DP001234-05	03/01/08-02/28/13
Chicago Teen Pregnancy Prevention Initiative	Chicago Teen Pregnancy Prevention Initiative	N/A	93.297	TP1AH000066-01-0	09/01/12-08/31/13
	Chicago Teen Pregnancy Prevention Initiative	N/A	93.297	TP1AH000066-01-00	09/01/13-08/31/14
Substance Abuse and Mental Health Services — Projects of Regional and National Significance	Enhancing Students Skills for Success	N/A	93.243	1U79SM060297-01	09/30/10-09/29/11
		N/A	93.243	5U79SM060297-03	09/30/12-09/29/13
		N/A	93.243	5U79SM060297-03	09/30/13-09/29/14
Total U.S. Department of Health and Human Services — Direct Funding					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ 373,881	\$ 43,269	\$ (43,269)	\$ —	\$ —	\$ —	\$ —	\$ 203,620	\$ 203,620
2,112,985	388,545	—	1,850,542	1,850,542	—	2,239,087	388,545	2,239,087
2,001,576	—	—	1,262,821	1,262,821	—	1,262,821	—	1,262,821
112,450	—	(55,899)	83,933	83,933	—	28,034	—	83,933
\$ 4,600,892	\$ 431,814	\$ (99,168)	\$ 3,197,296	\$ 3,197,296	\$ —	\$ 3,529,942	\$ 592,165	\$ 3,789,461
\$ 189,051	\$ —	\$ (9,126)	\$ 46,454	\$ 46,454	\$ —	\$ 37,328	\$ —	\$ 46,454
\$ 189,051	\$ —	\$ (9,126)	\$ 46,454	\$ 46,454	\$ —	\$ 37,328	\$ —	\$ 46,454
\$ 95,000	\$ —	\$ —	\$ 15,348	\$ 15,348	\$ —	\$ 15,348	\$ —	\$ 15,348
\$ 95,000	\$ —	\$ —	\$ 15,348	\$ 15,348	\$ —	\$ 15,348	\$ —	\$ 15,348
\$ 5,000	\$ 3,849	\$ —	\$ (3,849)	\$ (3,849)	\$ —	\$ —	\$ 3,849	\$ —
\$ 5,000	\$ 3,849	\$ —	\$ (3,849)	\$ (3,849)	\$ —	\$ —	\$ 3,849	\$ —
\$1,672,658,838	\$220,822,263	\$ (564,571,024)	\$511,927,213	\$511,927,213	\$ —	\$168,178,452	\$600,977,371	\$1,112,904,583
\$ 4,398,118	\$ 426,332	\$ (853,810)	\$ 427,478	\$ 427,478	\$ —	\$ —	\$ 644,666	\$ 1,072,144
4,398,118	—	(1,283,361)	1,868,817	1,868,817	—	585,456	—	1,868,817
50,000	—	(29,614)	37,746	37,746	—	8,132	—	37,746
225,000	—	(153,868)	196,960	196,960	—	43,092	—	196,960
\$ 9,071,236	\$ 426,332	\$ (2,320,653)	\$ 2,531,001	\$ 2,531,001	\$ —	\$ 636,680	\$ 644,666	\$ 3,175,667
\$ 30,724,744	\$ 10,979,384	\$ (14,253,170)	\$ 3,273,786	\$ 3,273,786	\$ —	\$ —	\$ 23,569,721	\$ 26,843,507
11,189,186	—	(11,189,136)	11,189,136	11,189,136	—	—	—	11,189,136
38,479,159	—	(13,454,922)	24,858,105	24,858,105	—	11,403,183	—	24,858,105
942,000	538,332	(938,980)	400,648	400,648	—	—	538,332	938,980
975,000	—	—	599,556	599,556	—	599,556	—	599,556
\$ 82,310,089	\$ 11,517,716	\$ (39,836,208)	\$ 40,321,231	\$ 40,321,231	\$ —	\$ 12,002,739	\$ 24,108,053	\$ 64,429,284
\$ 2,505,186	\$ 15,454	\$ (37,985)	\$ 22,531	\$ 22,531	\$ —	\$ —	\$ 2,315,376	\$ 2,337,907
3,943,607	778,875	(1,817,227)	1,038,352	1,038,352	—	—	2,333,406	3,371,758
4,093,618	—	(1,903,763)	2,746,448	2,746,448	—	842,685	—	2,746,448
99,456	2,053	—	—	—	—	2,053	2,053	2,053
99,456	35,394	(33,551)	(1,843)	(1,843)	—	—	53,820	51,977
319,051	—	(115,469)	174,374	174,374	—	58,905	—	174,374
\$ 11,060,374	\$ 831,776	\$ (3,907,995)	\$ 3,979,862	\$ 3,979,862	\$ —	\$ 903,643	\$ 4,704,655	\$ 8,684,517



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

FUNDING SOURCE Program Name	Name of Grant	ISBE Account Number	Federal Catalog Number	Contract Number	Contract Period
Passed Through Illinois Department of Human Services					
Refugee and Entrant Assistance Discretionary Grants	Refugee Children Impact Grant	N/A	93.576	FCSRK01131	07/01/12-06/30/13
	Refugee Children Impact Grant	N/A	93.576	FCSSK01131	07/01/13-06/30/14
Total U.S. Department of Health and Human Services Passed Through Illinois Department of Human Services					
Passed through Illinois Department of Healthcare and Family Services (IDHFS)					
Medical Assistance Program	Medicaid — Administrative Services	N/A	93.778	95-4900-00	07/01/10-06/30/12
Total U.S. Department of Health and Human Services Passed Through IDHFS					
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE					
U.S. DEPARTMENT OF JUSTICE					
Direct Funding					
Public Safety Partnership and Community Policy Grants	DOJ — Secure Our Schools	N/A	16.710	2010-CK-WX-0694	12/01/10-02/28/13
Juvenile Justice and Delinquency Prevention	OJJDP Academic After School Program	N/A	16.710	2011-CK-WX-0007	09/01/11-08/31/13
Allocation to States	Juvenile Justice and Delinquency Program	N/A	16.540	2009-JL-FX-0229	08/01/09-08/30/13
Project Safe Neighborhood	Project Safe Neighborhood	N/A	16.609	113003	02/01/14-01/01/15
TOTAL U.S. DEPARTMENT OF JUSTICE					
U.S. DEPARTMENT OF LABOR					
Passed Through Illinois Department of Commerce and Economic Opportunity					
Marine Sanctuary Program	CIMBY Gets Wet	N/A	11.429	NA12NOS4290061	06/01/12-06/30/13
Coastal Zone Management Administration Awards	CIMBY Gets Wet	N/A	11.419	14-013-N12-11	04/19/14-04/18/15
	CIMBY Gets Wet	N/A	11.419	NO14-004	10/01/13-09/30/14
Illinois Innovation Talent Program	Illinois Innovation Talent Program — Schurz	N/A	17.267	Agreement	07/01/10-05/31/11
Illinois Innovation Talent Program	Illinois Innovation Talent Program — Infinity	N/A	17.267	Agreement	02/09/12-12/01/12
Total U.S. Department of Labor Passed Through Illinois Department of Commerce and Economic Opportunity					
TOTAL U.S. DEPARTMENT OF LABOR					
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through Illinois Department of Aviation					
Noise Program	Noise Abatement — Farnsworth	N/A	20.106	3-17-0022-106-2009	09/23/09-09/22/11
		N/A	20.106	3-17-0022-125-2012	09/06/12-09/07/15
Total U.S. Department of Transportation Passed Through Illinois Department of Aviation					
Passed Through Easter Seals, Inc.					
Easter Seals Project ACTION	Transportation Education Pilot Program	N/A	20.514	459-6211-15	06/15/12-03/30/13
Total U.S. Department of Transportation Passed Through Easter Seals, Inc.					
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					
OFFICE OF NAVAL RESEARCH					
Passed Through City Colleges of Chicago					
STEM Research	Critical MASS	N/A	12.300	14-12-1-0738	07/01/13-6/30/14
Total Office of Naval Research Passed Through City Colleges of Chicago					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
National Leadership Grant for Libraries	Re-enVision to Intergrate Technology and Libraries (REVITAL)	N/A	45.312	LG-07-13-0288-13	10/01/13-06/30/15
Total Institute of Museum and Library Services					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ 198,701	\$ 83,511	\$ (79,659)	\$ (3,851)	\$ (3,851)	\$ —	\$ 1	\$ 194,725	\$ 190,874
193,602	—	(106,015)	175,334	175,334	—	69,319	—	175,334
\$ 392,303	\$ 83,511	\$ (185,674)	\$ 171,483	\$ 171,483	\$ —	\$ 69,320	\$ 194,725	\$ 366,208
N/A	\$ 6,177,749	\$(12,216,697)	\$13,145,181	\$13,145,181	\$ —	\$ 7,106,233	\$39,434,955	\$ 52,580,136
\$ —	\$ 6,177,749	\$(12,216,697)	\$13,145,181	\$13,145,181	\$ —	\$ 7,106,233	\$39,434,955	\$ 52,580,136
\$102,834,002	\$19,037,084	\$(58,467,227)	\$60,148,758	\$60,148,758	\$ —	\$20,718,615	\$69,087,054	\$129,235,812
\$ 500,000	\$ 499,999	\$ (499,999)	\$ —	\$ —	\$ —	\$ —	\$ 499,999	\$ 499,999
500,000	464,107	(464,107)	—	—	—	—	464,107	464,107
1,200,000	40,323	(27,938)	(12,385)	(12,385)	—	—	1,062,156	1,049,771
118,896	—	—	19,136	19,136	—	19,136	—	19,136
\$ 2,318,896	\$ 1,004,429	\$ (992,044)	\$ 6,751	\$ 6,751	\$ —	\$ 19,136	\$ 2,026,262	\$ 2,033,013
\$ 94,340	\$ 74,295	\$ (68,534)	\$ (5,761)	\$ (5,761)	\$ —	\$ —	\$ 85,552	\$ 79,791
134,736	—	—	2,863	2,863	—	2,863	—	2,863
100,000	—	(2,500)	65,063	65,063	—	62,563	—	65,063
5,000	(5,000)	—	—	—	—	(5,000)	—	—
5,000	(4)	—	—	—	—	(4)	4,996	4,996
\$ 339,076	\$ 69,291	\$ (71,034)	\$ 62,165	\$ 62,165	\$ —	\$ 60,422	\$ 90,548	\$ 152,713
\$ 339,076	\$ 69,291	\$ (71,034)	\$ 62,165	\$ 62,165	\$ —	\$ 60,422	\$ 90,548	\$ 152,713
\$ 350,000	\$ 800	\$ (148,899)	\$ 148,899	\$ 148,899	\$ —	\$ 800	\$ 142,892	\$ 291,791
4,500,000	2,147,943	(4,247,650)	2,129,005	2,129,005	—	29,298	2,326,139	4,455,144
\$ 4,850,000	\$ 2,148,743	\$ (4,396,549)	\$ 2,277,904	\$ 2,277,904	\$ —	\$ 30,098	\$ 2,469,031	\$ 4,746,935
\$ 15,000	\$ 9,120	\$ (9,120)	\$ —	\$ —	\$ —	\$ —	\$ 12,620	\$ 12,620
\$ 15,000	\$ 9,120	\$ (9,120)	\$ —	\$ —	\$ —	\$ —	\$ 12,620	\$ 12,620
\$ 4,865,000	\$ 2,157,863	\$ (4,405,669)	\$ 2,277,904	\$ 2,277,904	\$ —	\$ 30,098	\$ 2,481,651	\$ 4,759,555
\$ 666,466	\$ —	\$ (141,047)	\$ 183,412	\$ 183,412	\$ —	\$ 42,365	\$ —	\$ 183,412
\$ 666,466	\$ —	\$ (141,047)	\$ 183,412	\$ 183,412	\$ —	\$ 42,365	\$ —	\$ 183,412
\$ 249,999	\$ —	\$ —	\$ 132,970	\$ 132,970	\$ —	\$ 132,970	\$ —	\$ 132,970
\$ 249,999	\$ —	\$ —	\$ 132,970	\$ 132,970	\$ —	\$ 132,970	\$ —	\$ 132,970



Statutory Reporting Section

Supplementary Schedule of Expenditures of Federal Awards (continued)

FUNDING SOURCE Program Name	Name of Grant	ISBE Account Number	Federal Catalog Number	Contract Number	Contract Period
NATIONAL SCIENCE FOUNDATION					
Passed Through University of Massachusetts					
Broadening Advanced Technological Education	Broadening Advanced Technological Education	N/A	47.076	DUE-1104145	09/01/11-08/31/13
Total National Science Foundation Passed Through University of Massachusetts					
Passed Through Chicago Pre-College Science					
Science, Engineering, and Technology for Students Educators, and Parents Program	SETSEP	N/A	47.076	N/A	01/01/11-12/31/12
Total National Science Foundation Passed Through Chicago Pre-College Science					
TOTAL NATIONAL SCIENCE FOUNDATION					
GRAND TOTAL					



Amount of Grant	Accrued (Deferred) Grant Revenue June 30, 2013	Cash (Received) Refunded July 1, 2013 June 30, 2014	Revenue Recognized July 1, 2013 June 30, 2014	Federal Award Expenditures July 1, 2013 June 30, 2014	Adjustments to Grant Revenue July 1, 2013 June 30, 2014	Accrued (Deferred) Grant Revenue June 30, 2014	Prior Years' Expenditures Through June 30, 2013	Final Status
								Cumulative Expenditures Through June 30, 2014
\$ 25,995	\$ 6,425	\$ (12,619)	\$ 6,194	\$ 6,194	\$ —	\$ —	\$ 6,425	\$ 12,619
\$ 25,995	\$ 6,425	\$ (12,619)	\$ 6,194	\$ 6,194	\$ —	\$ —	\$ 6,425	\$ 12,619
\$ 125,012	\$ (30)	\$ —	\$ —	\$ —	\$ —	\$ (30)	\$ 13,226	\$ 13,226
\$ 125,012	\$ (30)	\$ —	\$ —	\$ —	\$ —	\$ (30)	\$ 13,226	\$ 13,226
\$ 151,007	\$ 6,395	\$ (12,619)	\$ 6,194	\$ 6,194	\$ —	\$ (30)	\$ 19,651	\$ 25,845
\$1,786,997,670	\$277,230,890	\$(844,954,001)	\$766,305,635	\$766,305,635	\$ —	\$198,582,524	\$1,022,017,309	\$1,788,322,943



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

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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 Awards (the “Schedule”).

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 — The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of CPS under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the pass through requirements of ISBE. Because the schedule presents only a selected portion of the operations of the CPS, it is not intended to and does not present the financial position or changes in net position of the CPS. All federal programs considered active during the year ended June 30, 2014, are reflected in 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. The Schedule is prepared using the modified accrual basis of accounting, except for unavailable revenues (not collected within 30 days) are included. In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Revenues — Grant revenues for expenditure-driven federal programs and federal loans are recognized in the Schedule based on expenditures incurred during the fiscal year. Grant revenues for formula-driven federal programs are recognized based on units of services provided as of June 30, 2014.



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

Expenditures — For all expenditure-driven federal programs, expenditures included on the Schedule represent actual expenditures incurred during the fiscal year ended June 30, 2014. In accordance with OMB Circular A-87, pension costs are uniformly charged to all positions as a direct benefit cost in proportion to pensionable salary regardless of whether the funding source is local, state, or federal.

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, (2) corrections of prior year’s estimated accruals.

Accrued and Unearned 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. Unearned 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 Supplementary Schedule of Expenditures of Federal Awards in the CPS’ Comprehensive Annual Financial Reports:

“Revenue recognized” per the Schedule	\$766,305,635
E-Rate program revenues not included in the Schedule	28,536,052
Medicare Part D Revenue not included in the Schedule	675,707
Medicaid Fee for Service Revenue not included in the Schedule	28,777,600
Build America Bonds (BABS) revenue not included in the Schedule	24,855,833
U.S. Department of Defense Reserve Officer Training Corps (ROTC) revenue not included in the Schedule	4,575,562
Adjustments to record revenue not collected within 30 days (“available”)	<u>50,459,776</u>
Federal aid per the Statement of Revenues, Expenditures and Net Changes in Fund Balances — Governmental Funds	<u>\$904,186,165</u>



Statutory Reporting Section

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 a contractual funding period ended June 30, 2014, 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 \$766,305,635 presented on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014 is \$37,314,951 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, 2014.

<u>Program Name</u>	<u>Name of Grant</u>	<u>CFDA</u>	<u>Amount</u>
Farm to School Implementation Grant	Farm to School Grant Program	10.575	\$ 1,688
Title I — Public Instruction and Support Services	Title I — Low Income	84.010A	29,371,750
Title III — Language Acquisition	Title III — Language Acquisition	84.365A	360,666
Title IIA — Teacher Quality	Title IIA — Teacher Quality	84.367A	5,784,957
21 st Century Community Learning Centers	21 st Century Community Learning Centers	84.287C	25,590
Chicago Teen Pregnancy Prevention Initiative	Chicago Teen Pregnancy Prevention Initiative	93.297	16,500
School Improvement Grant	School Improvement Transformation	84.388A	1,753,800
	Total Awards to Subrecipients		<u>\$37,314,951</u>

7. FINDINGS AND QUESTIONED COSTS

The findings and questioned costs identified in connection with the fiscal year ended June 30, 2014, 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, 2014**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes No
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No
 Significant deficiency(ies)? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
84.010	Title I — Grants to Local Education Agencies	\$292,191,466
84.287	Twenty-First Century Community Learning Centers	10,405,471
84.365	English Language Acquisition Grants	8,533,561
84.367	Improving Teacher Quality State Grants	46,702,865
84.411	Investing In Innovation(i3)	3,243,750
93.600	Head Start	40,321,231
		<u>\$401,321,231</u>

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No



II. FINANCIAL STATEMENT FINDINGS

Finding 2014-001: Maintenance of Capital Asset Records

Criteria:

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* require that:

- Capital assets be reported at historical cost and that capital assets include land, improvements to land, buildings, building improvements, vehicles, equipment, and all other tangible or intangible assets that are used in operations and have a useful life extending beyond a single reporting period;
- Governments may use any established depreciation method
 - Capital assets are to be depreciated over their estimated useful lives;
 - Governments should consider how long an asset is expected to meet service demands
- Depreciation expense be reported in the statement of activities
- Governments provide detail in the notes to the financial statements about capital assets, including beginning- and end-of-year balances with accumulated depreciation presented separately from historic cost, capital acquisitions, sales or other dispositions, and current-period depreciation expense.
- In determining estimated useful life, a government should consider an asset's present conditions and how long it is expected to meet service demands.

In addition, GASB No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* requires that all information that becomes available prior to the issuance of the financial statements should be used in evaluating the conditions on which estimates were based.

Management of the District should have policies, procedures and controls in place to ensure that the District meet these various financial reporting requirements in preparing the annual Comprehensive Annual Financial Report.

Condition

We were informed of the following issues in relation to the District's capital asset record maintenance:

- The District did not reassess the useful life of the former Central Office when the District decided to move Central Office locations into new space and vacate the former location
- The District's board policy requires schools to maintain a fixed asset inventory listing, update the listing quarterly, and perform a physical inventory annually.
- The Illinois State Board of Education *Division of Funding and Disbursement Services State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* has the following requirements:
 - Items of equipment with an acquisition cost of \$5,000 or more, the District must obtain two signed bids from potential purchasers or two appraisals from authorized appraisers to determine the per unit current fair market value if the per unit market value is less than \$5,000. If the per unit current fair market value is \$5,000 or more, the equipment may not be disposed of, transferred or traded in without ISBE approval.
 - If any equipment has been damaged, lost, or stolen, an official investigation by the proper authority should be conducted and fully documented.
- The District's Oracle Fixed Asset Module is not fully interfaced with the General Ledger Module and is not being reconciled on a timely basis



Context:

Accelerated Depreciation Due to Sale of Building

Our audit procedures disclosed the following information relating to the sale of a fixed asset held by the District:

- December 2013: the District publicly announced that it would be moving its Central Office location from 125 S. Clark to 42 W. Madison.
- January 2014: the District began soliciting bids in effort to sell the former Central Office location.
- March 2014: District awarded Clark 125 Acquisition LLC the bid
- June 2014: Clark 125 Acquisition LLC withdrew its bid
- October 2014: the District sells the building in the amount of \$28 million.

The District’s announcement that it would be moving its Central Office location represents a change in the useful life. Due to this change, the District should have adjusted depreciation expense to properly allocate any remaining expense. We noted the District does not have any controls in place to ensure useful lives and depreciation methods are periodically evaluated for District buildings and other assets.

Asset Management Noncompliance

Effective internal controls over fixed assets includes maintaining a fixed asset listing and performing a physical inventory over assets at least annually.

The District’s board policy requires schools to maintain a fixed asset inventory listing, update the listing quarterly, and perform a physical inventory annually. The asset listing should include all tangible assets with a value of \$500 or more and a useful life over a year. Each asset should be tagged, and the tag number should be referenced on the asset register. The listing should include any assets purchased, leased, or donated to the school. Examples of assets commonly held by schools include computers, printers, other electronics, office furniture, gym equipment and engineer’s equipment.

At the end of the school year the physical inventory allows for schools to ensure the accuracy of the fixed asset listing. Previously, each school independently monitored its fixed asset records and submitted their final registers to Internal Accounts. Historically, these records have been inaccurate and unreliable. An electronic asset register is more efficient and significantly more accurate in preserving information.

While conducting our audit, we tested 105 assets and noted exceptions with 25 (24%) of these. Below is a summary for all exceptions noted:

<u>Type of Exception:</u>	<u># of Instances</u>
Asset not found	10
Asset ID discrepancy	15
Total	25

Identification discrepancies related to the asset’s tag/serial number or we noted the asset was duplicated on the fixed asset register. Per District policy, each asset is required to be identified both on the register and physically on the asset itself.

Based on discussions with school administrators, there are several recurring causes for the ineffectiveness of this control, including employee, lack of record keeping for the movement of assets between classrooms or employees and insufficient training on how to use the asset module.



Fixed Asset Registers Noncompliance — Acquisitions Through State and Federal Grants

Effective controls over fixed assets are critical for compliance with State and Federal Grant Requirements. Federal Grant requirements include specific controls over fixed assets purchased with federal funds, including that all assets be added to asset registers, and information such as purchase price, serial numbers and tag numbers be included. The District also is required to have controls in place such as the performance of an annual physical inventory, and that all deletions are properly documented and approved.

Equipment purchases do not represent a material portion of the total expenditures of the affected grant programs.

The following conditions were noted during testing for fiscal year 2014:

- 21 out of 84 equipment additions tested were recorded in the CPS asset registers, but were missing required information as to the unique identification number assigned to the property.
- 47 out of 222 equipment items tested do not meet the requirements of federal ERPM guidelines such as missing asset tags and serial numbers.
- 43 out of 222 equipment items tested, an annual equipment inventory has not been performed for.
- 10 out of 84 equipment purchases tested met the State or Federal, as appropriate, definition for equipment, but did not have a purchase price. The purchase price was inputted as zero value.
- 37 out of 222 equipment items tested, a physical inventory was not taken within the last two years.
- 3 out of the 68 equipment deletions tested, the District did not maintain documentation that an official investigation by the proper authority was conducted.
- 10 out of the 68 equipment deletions tested, the District did not obtain two signed bids from potential purchasers or two appraisals from authorized appraisers to determine the per unit current fair market value. Additionally, the item was disposed of without ISBE approval.

Maintenance of Fixed Assets Records

Through our review of fixed assets, we noted that the District manually enters current year additions and retirements while also determining which assets require capitalization. Manual processes are inefficient, prone to error and increase the risk of material misstatement.

We also noted that the fixed asset ledger is not reconciled to the general ledger in a timely manner. We believe the timely reconciliation is a critical control to ensure all fixed asset additions and retirements are recorded. Without a timely reconciliation control, the District's accounting personnel is required to manually adjust fixed assets. Entering manual adjustments is an extremely inefficient process and resulted in significant audit timeline delays.

Cause and Effect:

These errors are due to 1) the lack of controls over evaluating useful lives and identifying retirements, 2) the ineffectiveness of the maintenance of asset registers and records, and 3) the lack of a regular reconciliation of accounting records.

As a result of these errors, District management recorded an audit adjustment to account for the additional \$42 million in depreciation expense. Failure to maintain accurate fixed asset ledgers results in inaccurate accounting records and increases the likelihood that the District's financial statements are materially misstated.

Individual schools are required to maintain their equipment registers and annually perform a physical inventory of their property and reconcile the results with their equipment register. A number of schools



failed to perform the physical inventory and update their registers. Central Office staff did not adequately follow up on incomplete physical inventories to ensure proper updates and corrections were made to equipment registers, including the identification of lost, stolen or disposed equipment.

CPS requires individual schools to track equipment in registers that are designed to comply with State and Federal requirements. Many equipment items lacked all data required to by Federal and State requirements.

The District's fixed asset subsidiary ledgers were not reconciled prior to the start of audit fieldwork. Failure to close out fixed assets in a timely manner results in significant audit timeline delays.

Recommendations:

To prevent the need for major adjustments to the capital accounts at the end of each year, we suggest the District enact a control to reconcile the general ledger and capital asset accounts on a monthly basis.

We recommend that the District acquire and implement a capital assets module that is fully integrated with the general ledger system.

We recommend that the District begin using radio-frequency identification devices for the purpose of automatically identifying and tracking tags attached to fixed assets. Use of this technology could improve the effectiveness of this control.

Additional training at the school level and increased oversight by the School Support Center would improve the effectiveness of these controls. We recommend that the District work with the schools to enforce the requirements in these areas.

Management Response and Corrective Action Plan:

CPS agrees with the recommendation to reconcile the fixed asset ledger to the general ledger on a timely basis. The positions of inventory accountant and fixed asset accountant have been consolidated to create greater focus on these areas.

CPS is in the process of evaluating the current Oracle Fixed Assets module to determine if it can be more fully integrated with the general ledger to facilitate a greater level of automation during the reconciliation and record maintenance processes.

CPS will be issuing a Request for Proposal (RFP) for an asset management solution which may result in the District implementing a radio-frequency identification or other asset tracking solution. Regardless of the technology chosen, related asset management documentation, training and procedures will be re-evaluated and modified as required.

The School Support Center conducts asset training on an annual basis and will reinforce the requirements with school staff.

Finding 2014-002: Intergovernmental Revenue

Criteria:

The District reports governmental fund financial statement information under the modified accrual basis of accounting. As disclosed in the District's annual financial report, under this policy "revenues are recognized as soon as they are both measurable and available. Measurable means that the amount of the transaction can be determined. 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." The District considers revenues available if the District receives them within 30 days of fiscal year end.



Statutory Reporting Section

Management of the District should have policies, procedures and controls in place to ensure it accurately identifies if revenue is both measurable and available at year end.

Condition:

The District has multiple intergovernmental agreements with the City of Chicago Department of Planning. Under these agreements, the District incurs expenditures upfront and then submits reimbursement requests. Once the District submits a reimbursement request, the District records a receivable balance. Under the District's revenue recognition policies, the District should record revenue in the current year only if the District receives the reimbursement within 30 days of year end. If the payment is not received within 30 days, the District would record a deferred inflow of resources as the revenue is not considered available.

During our testing, we noted the District incorrectly deferred \$6.2 million of revenue.

Context:

We noted the District initially understated revenues by approximately \$6.2 million and overstated deferred revenues. The District has a reconciliation control in place which did not identify this misstatement.

Cause and Effect:

After year end, the District reviews grant receivables for collectability and cash collections received within the 30 day collection period. Due to the related prior year significant deficiency, the District implemented new controls to ensure unavailable revenues were deferred after 30 days. A lack of departmental communication resulted in a duplicate journal entry being recorded and the control to not function properly. As a result, an audit entry was required to fairly state the "Other" revenues balance.

Recommendation:

We recommend the District review the year-end account reconciliation process and ensure it is properly designed for future year-ends.

Management Response and Corrective Action Plan:

Chicago Public Schools undergoes a rigorous review process to verify outstanding receivables and identify cash received within its 30 day availability period. This process includes a line by line assessment of all grant receivables, which, historically, total near \$1 billion dollars before and after the GASB 33 adjustment.

The control deficiency was caused by the lack of communication between departments resulting in a duplicate journal entry. CPS has re-defined responsibilities between departments to prevent future such errors. This includes a review of all miscellaneous receivables to determine whether revenue was already recorded. If revenue was posted prior to year end, CPS will then review whether cash was received within the 30 day availability period. If cash was not received within 30 days of year end, revenue will be deferred and a deferred revenue liability will be established.



III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2014-003: Subrecipient Monitoring

Federal Agency: US Department of Education

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

Twenty-First Century Community Learning Centers; Illinois State Board of Education; CFDA number 84.287; ISBE project numbers 2013-4421-150162990252 and 2014-4421-14-150162990252; award years November 1, 2012 through August 31, 2014.

Criteria:

The District contracts with organizations that are subrecipients and vendors and, therefore, should apply the guidance in OMB Circular A-133 (§____.105) in determining whether payments constitute a Federal award or a payment for goods and services.

Condition:

Certain third-party agreements include contractual language that does not clearly evidence that the District has determined the third party to be a vendor or subrecipient as defined by OMB Circular A-133 (§____.210).

Context:

The District determined that charter schools were its only subrecipients during fiscal year 2014. However, in two non-charter school agreements reviewed, the District included language that required the non-charter organization to comply with grant requirements and cost principles. As a result, the District included subrecipient language in contracts with non-charter organizations it intended to be vendors.

Questioned costs:

None.

Cause and Effect:

The District did not perform thorough subrecipient and vendor determinations. Additionally, the District did not clearly communicate to the employees involved in the contracting process that the District intended for these organizations to be vendors.

As a result, the District included federal award information in agreements with organizations that it considers vendors.

Recommendation:

Prior to awarding a new agreement, the District should assess and document the results of its vendor and subrecipient determination performed so that each contract contains the appropriate language.

Management Response and Corrective Action Plan:

CPS will review the current procedures and revise as necessary to 1) identify subrecipient relationships early in the approval and contracting process, 2) identify programs that are grant funded, and 3) ensure that appropriate pass-through entity responsibility requirements associated with grants are included in both vendor and subrecipient agreements, as applicable.



Finding 2014-004: Eligibility: Title I, Part A Targeted Assistance Programs

Federal Agency: US Department of Education

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

Title I Grants to Local Education Agencies (Low Income); Illinois State Board of Education; CFDA number 84.010; ISBE project numbers 2013-4300-00-150162990252 and 2014-4300-00-150162990252; award years July 1, 2013 through August 31, 2014

Criteria:

Title I, Part A funds must be used to provide services and benefits to eligible children residing or enrolled in eligible school attendance areas. A school operating a targeted assistance program must use Title I funds only for programs that are designed to meet the needs of children identified by the school as failing, or most at risk of failing, to meet the State's student academic achievement standards. A targeted assistance school selects those children who have the greatest need for special assistance to receive Title I, Part A services (Title I, Section 1115 of ESEA (20 USC 6315)).

Condition:

For one of the two schools operating a targeted assistance program tested, the District could not provide evidence to verify that Title I funds were used only for programs designed to meet the needs of eligible students as identified by the school. The school instead used the Title I funds as though they were operating a school-wide program.

Context:

The Title I, Part A allocations to schools operating targeted assistance program were approximately \$700,000 in fiscal year 2014. This does not represent a significant portion of the \$292 million in total Title I, Part A expenditures.

Cause and Effect:

In fiscal year 2014, each targeted assistance school spent Title I funds in accordance with the activities listed in their budget, which does not differentiate between school-wide and targeted assistance expenditures.

Recipients that do not comply with all the requirements related to a particular grant risk future reductions in funding or the grantor agency may require the District to reimburse for questioned costs.

Questioned costs:

\$56,000

Recommendation:

The District should implement controls to ensure compliance with Title I targeted assistance program requirements, including requiring that schools operating targeted assistance programs prepare annual budgets and plans that incorporate the requirement to use Title I funds only for programs that are designed to meet the needs of the eligible students as identified by the school. Additionally, the District should monitor that the schools spend Title I funds in accordance with the specific activities listed in their budget and plan.

Management Response and Corrective Action Plan:

The District will provide guidance to schools designated as Targeted Assistance. Additionally, these schools will be scheduled for monitoring visits by the Internal Compliance Team.



BOARD OF EDUCATION OF THE CITY OF CHICAGO**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014**

- I. Finding SA13-02: Subrecipient Monitoring
Corrective Action Plan — See prior year report.
Current Status — Finding was not corrected as the corrective action plan was not implemented.
See updated corrective action plan in finding 2014-003.
- II. Finding SA13-03: Title I, Part A Targeted Assistance Programs
Corrective Action Plan — See prior year report.
Current Status — Finding was not corrected as the corrective action plan was not implemented.
See updated corrective action plan in finding 2014-004.
- III. Finding SA13-04: Special Tests and Provisions: Access to Federal Funds for New or Expanded Charter Schools
Corrective Action Plan — See prior year report.
Current Status — Corrective action was taken.
- IV. Finding SA13-05: Head Start In-Kind Contributions
Corrective Action Plan — See prior year report
Current Status — Corrective action was taken.

