



# Financial Report Card

FISCAL YEAR 2012

MARCH 2012

## Community Consolidated School District 15

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### Serving all or part of:

Palatine  
Rolling Meadows  
Inverness  
Arlington Heights  
Hoffman Estates  
Schaumburg  
South Barrington

### The Mission of School District 15

is to Produce  
World-Class Learners  
by Building a  
Connected Learning  
Community

### Board of Education

Timothy Millar,  
President  
Scott Herr,  
Vice President  
Peggy Babcock,  
Secretary  
Richard L. Bokor  
Gerard Iannuzzelli  
David W. Seiffert  
Manjula Sriram

### Superintendent of Schools

Scott B. Thompson



## A Connected Learning Community

The mission of School District 15 is to produce world-class learners by building a connected learning community. District 15 (D15) is committed to keeping the community informed about district operations, the stewardship of its financial resources, its objectives, and its educational programs. An enlightened community is an essential part of maintaining the educational programs in D15 so the District can meet the unique needs of all children. You will find many resources in this newsletter to help you become better informed about D15.

## Financial Accountability

In order to serve our educational mission, the D15 school board must be wise stewards of taxpayer funds that support D15's educational mission. This Financial Report Card provides a snapshot of the financial status of D15, including a brief history of the district finances, the current budget, and a projection of district finances for the next five years. The Financial Report Card is intended to make district finances accessible and easy to understand, thereby increasing accountability to the taxpayers. Being accountable to D15 residents helps build a connected learning community, which furthers D15's goal of producing world-class learners.

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[Auditor's Report FY 2011](#)

[Annual Statement of Affairs FY 2011](#)

[2011-12 District 15 Budget](#)

[Five-Year Projections](#)

[Illinois State Board of Education Annual Financial Reports](#)

### [Academic](#)

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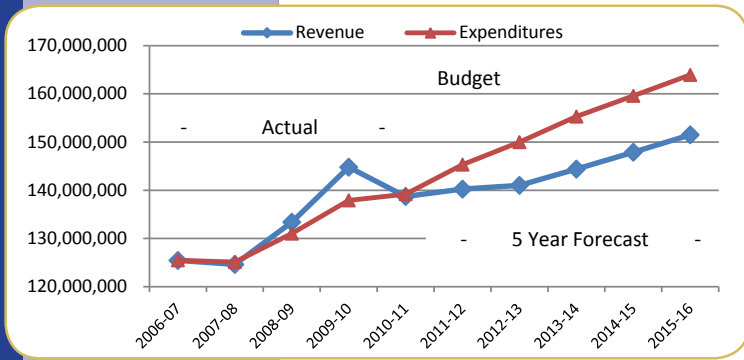
[Academic Report Cards](#)

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## District 15 Financial Status

### Actual Annual Financial History—2011-12 Budget and 5-Year Financial Forecast for D15

As the third largest elementary district in the state of Illinois, D15 spent about \$139M educating approximately 12,165 students in 2010-11. The graph (left) shows the total operating funds revenue brought into D15 and the operating fund expenditures that support D15’s educational programs. The financial history of D15 as shown below is taken from the audited Annual Financial Reports (AFRs) filed every year with the Illinois State Board of Education (ISBE). The 2011-12 operating fund budget represents D15’s estimated revenues and expenditures for the current school year. The 5-year Forecast represents D15’s best estimate of future revenues and expenditures.



### A—Ten-Year History of the Audited Financial Statements

District 15 expenditures exceeded revenues in six of the last 10 years. The excess expenditures were financed by the issuance of working cash bonds in the 2001-02 school year and the spending down of District reserves, also referred to as fund balances. Major reductions occurred during the 2005-06 school year following a failed referendum, which included the reduction of 70 teaching positions and 30 other staff positions. The reduction in teaching positions resulted in larger class sizes for District 15. The District reversed the trend of deficit spending during the 2005-06 school year and brought back 50 teachers and other staff for the 2006-07 school year. The District had small deficits during the 2006-07 and 2007-08 school years, and was able to maintain balanced budgets during the 2008-09 and 2009-10 school years. The balanced budgets were due in part to a change in the property tax collection method in 2009-10 only, and the receipt of federal government stimulus funds or ARRA in the 2009-10 and 2010-11 school years. The District had a small deficit for the 2010-11 school year. The budget deficit last year would have been larger had the District not collected some one-time-only revenue sources.

### B—Current Year Budget (2011-12)

The District has adopted a deficit budget for the 2011-12 school year. District 15 anticipates expenditures to exceed revenues by approximately \$5.1 million for the current school year, excluding Debt. As previously mentioned, the District was able to take advantage of a significant one-time only increase in federal stimulus funds during the 2009-10 and 2010-11 school years and excess property tax receipts in 2009-10. The current year budget reflects lower revenues due to the expiration of these and other one-time only adjustments.

### C—Five-Year Financial Forecast (2011-12 through 2015-16)

An integral planning tool for the Board is the five-year financial forecast. Using the audited 2010-11 financial statements as a basis, certain assumptions are used to forecast out the major sources of revenues and expenditures for all funds for the District. A majority of the District’s revenue (82%) is derived from local property taxes. The Property Tax Extension Limitation Act (PTELA) limits the growth of property tax revenue to no greater than the rate of inflation or 5%, whichever is less. For the 2011 levy year, the PTELA limit is 1.50%. Due to the continued economic recession, the District expects this increase to be no more than between 2.00% and 2.50% for the next five years. The District is greatly concerned with the future of state funding, which accounts for approximately 13% of District revenue. District 15 did realize a reduction of approximately \$1.5 in state transportation funding in 2010-11 due to a change in the state reimbursement formula. The state’s ability to honor its funding commitments will have a major impact on the Districts five-year financial forecast.

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[Annual Financial Reports \(AFRs\)](#)

[2011-12 Budget](#)

[5-Year Financial Forecast](#)

## District Statistics

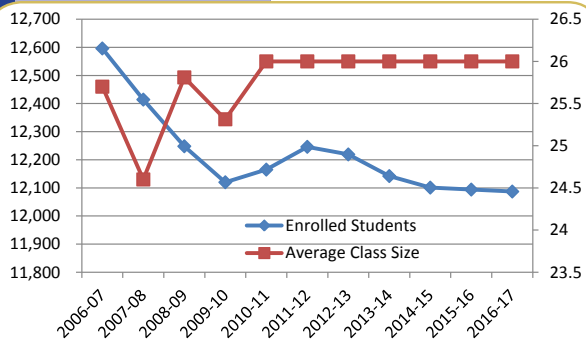
	2009-10 Actual	2010-11 Budget	% Increase	2011-12 Budget	% Increase
<b>Total Employees</b>	1,752	1,724	-1.6%		
Teachers/Social Workers/Psychologists	829	824	-0.6%	833	1.1%
Program Assistants	353	343	-2.8%	360	5.0%
Bus Drivers/Aides	185	185	0.0%	185	0.0%
<b>Enrolled Students (as of 10/1)</b>	12,120	12,165	0.4%	12,246	0.7%
Average Class Size (Grades 1-8)	25.3	26.0	2.8%	25.4	-2.5%
Average Class Size K-3 (Target = 24)	23.6	23.4	-0.8%	23.2	-1.1%
Average Class Size 4-6 (Target = 26)	25.7	26.1	1.6%	25.8	-1.1%
Average Class Size 7-8 (Target = 28)	27.0	27.3	1.1%	28.1	2.8%
<b>Operating Expense Per Pupil</b>	11,584	12,008	3.7%	--	--
<b>Bus Fleet</b>	162	162	0.0%	162	0.0%
Bus Replacement	22	5	-77.3%	12	140.0%
Additions to Fleet	0	0		0	
<b>Technology Purchases</b>	\$2.8M	\$2.1M	-25.0%	\$2.7M	28.6%
Hardware (computers, servers*)	\$1.5M	\$1.2M	-20.0%	\$1.7M	41.7%
Technology services, repair, software	\$1.3M	\$0.9M	-30.8%	\$1.0M	11.1%
*includes	Servers, laptops, student info system, projectors	Increase bandwidth, asset tracking, school servers and backup systems, IP phone migration, replace student computers		Lab computers & monitors, assistive tech equip., Novell upgrade/migration project, equip./software for mini-grant, staff development	

### Enrollment

The graph below shows the historic and projected numbers of enrolled students and average class size across the district. The target class sizes by grade are set by the Board of Education and in 2010-11, the average class size (26.0) meets the district-wide goal (of 26 students).

### Employees

The number of teachers is adjusted each year in keeping with student enrollment and class size targets established by the Board. The 2011-12 school year has a slight increase in certified staff. Class sizes remain at or below the targeted class sizes set by the Board. The number of program assistants is adjusted each year per contract or state guidelines. The number of other support staff is set by need and within budget parameters established by the Board.



### Enrollment

The Board of Education has established the following average class size targets: 20 students in Kindergarten; 24 students in Grades 1-3; 26 students in Grades 4-6; and 28 students in Grades 7-8. The overall average class size target is 26. The graph below shows the historic and projected number of enrolled students compared to the average class size targets. Enrollment increased by 0.7% from 2010-11 to 2011-12. The grade level average (Grades 1-8) decreased slightly from 26.0 to 25.4 students over the same time period.

### Transportation

The Board of Education has authorized the replacement of school buses in accordance with a previously approved bus replacement schedule. In the 2010-11 school year the District replaced 16 buses and transported 10,721 students.

### Technology

The technology department continues to update the technology in the District. In the early part of this school year, the District completed the conversion of its phone system from analog to a Voice over Internet Protocol system (VoIP). The District will be able to realize some cost savings and enjoy the benefits of an upgraded system. Routine technology enhancements are performed throughout the school year with many major projects, like re-imaging of all District computers occurring during the summer months.

## Operating Funds Revenue Budget

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Budget
<b>Education Fund</b>				
Local Taxes	79,062,353	86,766,304	83,996,979	86,865,085
Other Local	4,973,285	4,752,226	4,991,930	4,940,905
State Sources	11,185,461	11,289,343	13,201,732	13,179,329
Federal Sources	7,262,404	8,013,147	8,737,695	7,156,753
Federal ARRA	1,400,625	3,801,118	1,662,159	111,895
Transfer In	600,000	--	--	--
<b>Total</b>	<b>\$104,484,128</b>	<b>\$114,622,138</b>	<b>\$112,590,495</b>	<b>\$112,253,967</b>
<b>% Increase/(Decrease)</b>		<b>9.70%</b>	<b>-1.77%</b>	<b>-0.30%</b>
<b>Operations &amp; Maintenance Fund</b>				
Local Taxes	8,662,015	10,245,591	10,067,371	10,357,361
Other Local	1,382,997	884,264	1,011,919	1,094,147
<b>Total</b>	<b>\$10,045,012</b>	<b>\$11,129,855</b>	<b>\$11,079,290</b>	<b>\$11,451,508</b>
<b>% Increase/(Decrease)</b>		<b>10.80%</b>	<b>-0.45%</b>	<b>3.36%</b>
<b>Transportation Fund</b>				
Local Taxes	3,345,502	4,077,057	3,670,329	3,737,766
Other Local	387,336	265,250	232,104	248,506
State Sources	6,089,733	6,384,424	4,648,959	4,787,258
<b>Total</b>	<b>\$9,822,571</b>	<b>\$10,726,731</b>	<b>\$8,551,392</b>	<b>\$8,773,530</b>
<b>% Increase/(Decrease)</b>		<b>9.20%</b>	<b>-20.28%</b>	<b>2.60%</b>
<b>Municipal Retirement/Social Security Fund</b>				
Local Taxes	4,245,944	4,953,258	4,820,125	5,003,948
Other Local	119,723	80,085	110,828	100,685
<b>Total</b>	<b>\$4,365,667</b>	<b>\$5,033,343</b>	<b>\$4,930,953</b>	<b>\$5,104,633</b>
<b>% Increase/(Decrease)</b>		<b>15.29%</b>	<b>-2.03%</b>	<b>3.52%</b>
<b>Tort Immunity Judgement Fund</b>				
Local Taxes	2,326,003	1,013,497	126,087	921,780
Other Local	91,130	12,350	43,717	2,740
Transfer In	200,000	--	--	250,000
<b>Total</b>	<b>\$2,617,133</b>	<b>\$1,025,847</b>	<b>\$169,804</b>	<b>\$1,174,520</b>
<b>% Increase/(Decrease)</b>		<b>-60.80%</b>	<b>-83.45%</b>	<b>591.69%</b>
<b>Working Cash Fund</b>				
Local Taxes	--	--	--	--
Other Local	2,754	862	306	872
<b>Total</b>	<b>\$2,754</b>	<b>\$862</b>	<b>\$306</b>	<b>\$872</b>
<b>% Increase/(Decrease)</b>		<b>-68.70%</b>	<b>-64.50%</b>	<b>184.97%</b>
<b>Capital Projects Fund</b>				
Local Taxes	--	--	--	--
Other Local	26,653	1,081,519	1,385,858	1,371,650
Transfer In	2,000,000	1,150,000	--	100,000
<b>Total</b>	<b>\$2,026,653</b>	<b>\$2,231,519</b>	<b>\$1,385,858</b>	<b>\$1,471,650</b>
<b>% Increase/(Decrease)</b>		<b>10.11%</b>	<b>-37.90%</b>	<b>6.19%</b>
<b>Life Safety Fund</b>				
Local Taxes	(4,354)	--	--	--
Other Local	19,642	4,818	1,711	7,442
<b>Total</b>	<b>\$15,288</b>	<b>\$4,818</b>	<b>\$1,711</b>	<b>\$7,442</b>
<b>% Increase/(Decrease)</b>		<b>-68.49%</b>	<b>-64.49%</b>	<b>334.95%</b>
<b>Total Revenue</b>	<b>\$133,379,206</b>	<b>\$144,775,113</b>	<b>\$138,709,809</b>	<b>\$140,238,122</b>
<b>% Increase/(Decrease)</b>		<b>8.54%</b>	<b>-4.19%</b>	<b>1.10%</b>

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[2010-11 Audited  
Financial Report](#)

[2011-12 Budget](#)



## Operating Funds Expenditure Budget

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Budget
<b>Educational Fund</b>				
Salaries	77,961,372	82,701,673	83,908,694	86,186,183
Benefits	14,712,493	14,346,862	16,678,794	17,519,923
Purchased Services	2,751,995	3,180,010	3,263,226	3,774,483
Supplies	3,760,168	4,426,057	4,595,510	3,882,524
Capital Outlay	2,137,350	2,656,757	768,346	2,328,567
Other Expenses	472,914	538,437	1,175,608	1,719,715
Non-Capitalized (ARRA)			1,169,918	
Transfer				250,000
<b>Total</b>	<b>\$102,793,526</b>	<b>\$107,849,796</b>	<b>\$111,260,096</b>	<b>\$115,661,395</b>
<b>% Increase/(Decrease)</b>		<b>5.95%</b>	<b>3.16%</b>	<b>3.96%</b>
<b>Operations &amp; Maintenance Fund</b>				
Salaries	4,362,414	4,447,369	4,619,337	4,764,449
Benefits	779,135	843,641	925,957	1,020,806
Purchased Services	1,283,825	1,583,268	1,715,421	1,681,141
Supplies	3,536,326	2,975,096	3,176,296	3,426,715
Capital Outlay	934,749	529,452	259,997	407,400
Other Expenses	--	--	--	54,520
Transfer	2,000,000	1,150,000	--	100,000
<b>Total</b>	<b>\$12,896,449</b>	<b>\$11,528,826</b>	<b>\$10,694,008</b>	<b>\$11,455,031</b>
<b>% Increase/(Decrease)</b>		<b>-10.60%</b>	<b>-7.24%</b>	<b>7.12%</b>
<b>Transportation Fund</b>				
Salaries	5,135,098	5,019,286	4,830,851	5,218,403
Benefits	1,601,307	1,695,286	1,742,695	2,052,296
Purchased Services	371,730	389,735	493,302	349,337
Supplies	1,054,894	1,059,425	1,155,433	1,180,730
Capital Outlay	1,032,624	1,538,695	1,297,748	545,438
Other Expenses	--	--	--	38,245
Transfer Out	600,000	--	--	--
<b>Total</b>	<b>\$9,795,653</b>	<b>\$9,702,427</b>	<b>\$9,520,032</b>	<b>\$9,383,449</b>
<b>% Increase/(Decrease)</b>		<b>-0.95%</b>	<b>-1.88%</b>	<b>-1.43%</b>
<b>Municipal Retirement/Social Security Fund</b>				
Benefits	4,233,115	4,541,584	4,811,963	5,279,504
<b>Total</b>	<b>\$4,233,115</b>	<b>\$4,541,584</b>	<b>\$4,811,963</b>	<b>\$5,279,504</b>
<b>% Increase/(Decrease)</b>		<b>7.29%</b>	<b>5.95%</b>	<b>9.72%</b>
<b>Tort Immunity Judgement Fund</b>				
Purchased Services	1,060,712	992,413	1,513,272	1,383,000
Other Expenses	--	15,500	5,019	5,000
<b>Total</b>	<b>\$1,060,712</b>	<b>\$1,007,913</b>	<b>\$1,518,291</b>	<b>\$1,388,000</b>
<b>% Increase/(Decrease)</b>		<b>-4.98%</b>	<b>50.64%</b>	<b>-8.58%</b>
<b>Working Cash Fund</b>				
<b>Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Capital Projects Fund</b>				
Purchased Services	6,070	110,035	348,253	--
Capital Outlay	1,055,061	3,163,648	448,374	2,152,602
<b>Total</b>	<b>\$1,061,131</b>	<b>\$3,273,683</b>	<b>\$796,627</b>	<b>\$2,152,602</b>
<b>% Increase/(Decrease)</b>		<b>208.51%</b>	<b>-75.67%</b>	<b>170.21%</b>
<b>Life Safety Fund</b>				
Purchased Services	13,238	--	--	--
Capital Outlay	150,335	--	595,634	--
<b>Total</b>	<b>\$163,573</b>	<b>--</b>	<b>\$595,634</b>	<b>--</b>
<b>% Increase/(Decrease)</b>		<b>-100.00%</b>	<b>100.00%</b>	<b>-100.00%</b>
<b>Total Expenditures</b>	<b>\$131,006,925</b>	<b>\$137,904,229</b>	<b>\$139,196,651</b>	<b>\$145,319,981</b>
<b>% Increase/(Decrease)</b>		<b>5.26%</b>	<b>0.94%</b>	<b>4.40%</b>



## Operating Funds Revenue Budget

Operating fund revenues decreased from \$144.77 million in 2009-10 to \$138.71 million in 2010-11. The majority of decrease (\$4.37 million) was in property taxes. Cook County changed how taxes were collected in 2009-10. As a result, all districts including District 15 collected 105% during the 2009-10 fiscal year only. The District returned to the normal 100% collection method during the 2010-11 fiscal year. Federal grant revenue decreased by \$2.14 million, due mostly to a decrease in federal American Recovery and Reinvestment Act (ARRA) funds. The District realized an increase in General State Aid of \$1.91 million. The state changed the Transportation reimbursement formula, resulting in a decrease to the District of \$1.74 million.

All Cook County taxing jurisdictions are subject to the Property Tax Extension Limitation Act (PTELA), which was designed to limit property tax growth to the lesser of CPI or 5.0%. The 2010 CPI of 1.50% will impact property tax collections for the 2012-13 fiscal year.

The current economic downturn is affecting all districts. The historically low interest rates are expected to continue through at least the first quarter of 2014, which impacts interest revenue for the District.

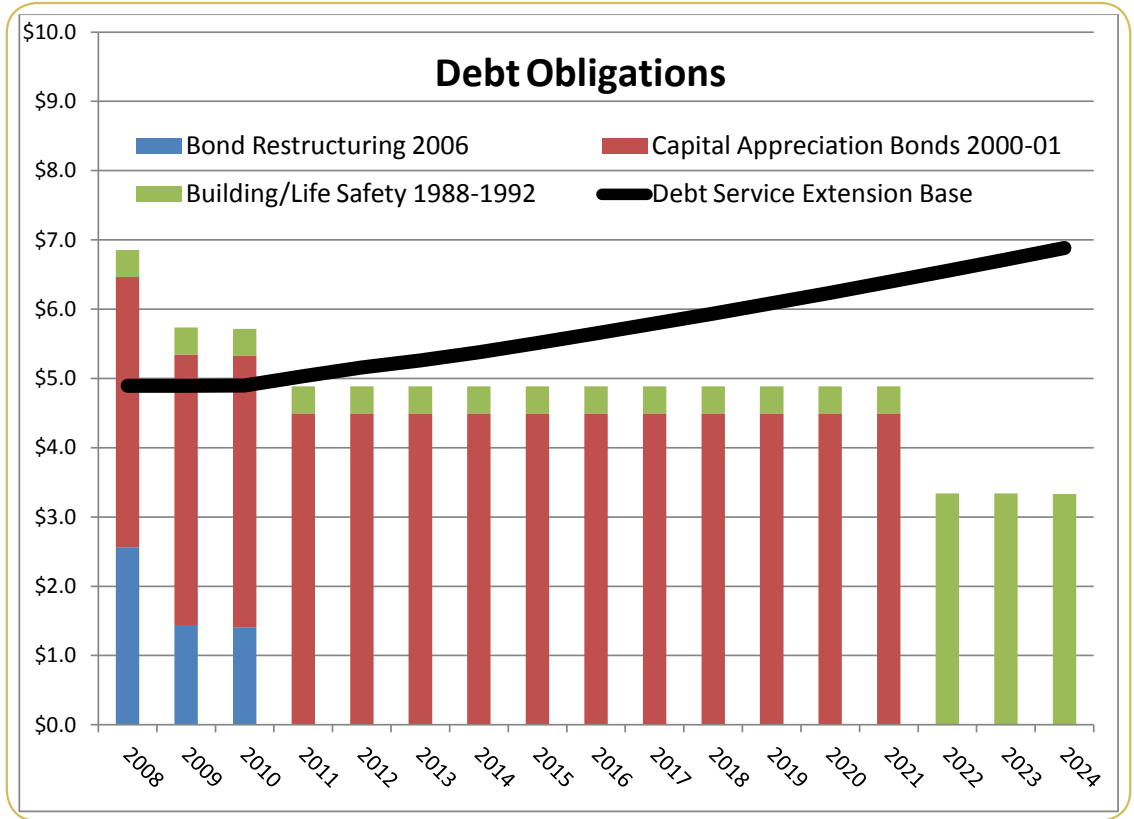
## Operating Funds Expenditure Budget

Operating fund expenditures increased from \$137.90 million in 2009-10 to \$139.19 million in 2010-11. Capital fund expenditures decreased by \$2.48 million, and the Transfer out of \$1.15 million from the Operations and Maintenance to Capital Projects fund was eliminated. There was an increase of \$.59 million in the Life Safety Fund to pay for the curtain wall at Hunting Ridge and Lake Louise Elementary Schools, and an increase of \$.51 million in the Tort Fund. Negotiated salary and benefit increases account for the remainder of the spending difference between the two years.



## Debt Obligation

District 15 long-term debt for Building, Life/Safety, and Working Cash



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The District is subject to the Illinois School Code, which limits the amount of indebtedness to 6.9 percent of the most recent equalized assessed valuation. As of June 30, 2011, the statutory debt limit for District 15 was \$328,133,590. According to the independent auditors report, dated June 30, 2011, the District has a debt margin of \$299,025,232. As of June 30, 2011, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

In FY 2011 the District retired \$4.495 M in long-term debt. The District is allowed to levy taxes to pay off bond Principal and Interest payments. Payments for Capital Appreciation Bonds issued in 2000-01 continue until 2022. In 2006, a portion of the District’s Capital Appreciation Bonds were restructured; payments for these bonds will continue until 2024.



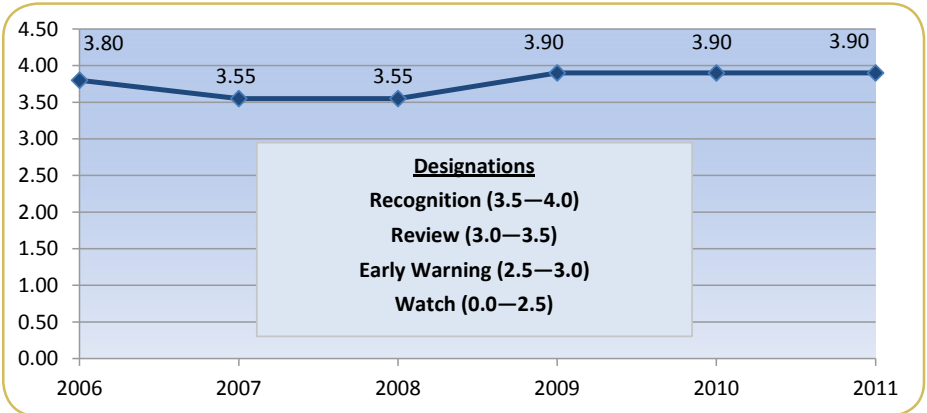
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## Financial Health Measures

### Financial Profile Designation

The Illinois State Board of Education (ISBE) computes annually a financial profile for all districts in Illinois. For the 2011 fiscal year, District 15 received a financial profile rating of 3.90 out of a possible 4.0, marking the sixth year in a row that District 15 has received “Recognition” status from ISBE. District 15 exceeded ISBE targets for Fund Balance to Revenue, Expenditure to Revenue, Percent of Short-Term Borrowing, and Percent of Long-Term Debt Ratios.



ISBE Financial Indicator	FY 2009 Value	FY 2010 Value	FY 2011 Value	ISBE Target Value
<b>Fund Balance to Revenue Ratio</b>	34.80%	36.90%	38.70%	Greater than 25%
<b>Days Cash on Hand</b>	131 Days	141 Days	145 Days	Greater than 180 Days
<b>Expenditure to Revenue Ratio</b>	0.985	0.937	0.994	Equal to or less than 1.0

The only ratio where the District did not exceed ISBE targets was Days of Cash on Hand. This can be attributed to delayed state aid payments and delayed Cook County tax receipts. Prior year budget reductions, along with continual cost control and effective Board governance has helped the District maintain a strong fund balance, allowing the District to maintain high marks for financial responsibility.

