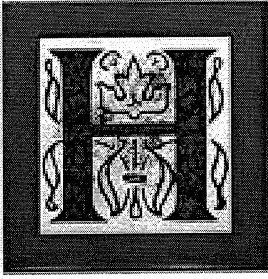


ANNUAL FINANCIAL REPORT
of
WALLACE COMMUNITY CONSOLIDATED
SCHOOL DISTRICT 195
OTTAWA, ILLINOIS
June 30, 2014

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
June 30, 2014
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HOPKINS & ASSOCIATES
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wallace Community Consolidated School District No. 195
Ottawa, IL

Report on the Financial Statements

We have audited the accompanying financial statements of Wallace Community Consolidated School District No. 195 as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's 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 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 modified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note #1, Wallace Community Consolidated School District No. 195 prepares its financial statements using accounting practices prescribed or permitted by the Illinois State Board of Education, which

practices differ from accounting principles generally accepted in the United States of America. Also as described in Note #1, Wallace Community Consolidated School District No. 195 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion on Omitted Disclosures

The District has omitted disclosures required by Government Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Wallace Community Consolidated School District No. 195, as of June 30, 2014, or the changes in financial position for the year then ended.

Qualified Opinion on Regulatory Basis of Accounting

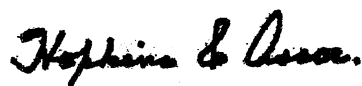
In our opinion, except for the effects of the omissions described in the “Basis for Qualified Opinion on Omitted Disclosures” paragraph, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Wallace Community Consolidated School District No. 195 as of June 30, 2014, and its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note #1.

Other Matters

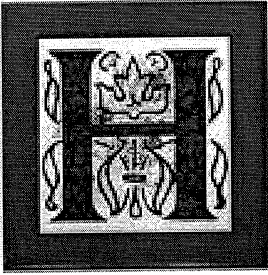
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information provided in Schedules 1-3 listed in the table of contents as “*Other Information*”, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, it is inappropriate to and we do not express an opinion on the other information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014, on our consideration of Wallace Community Consolidated School District No. 195’s 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 Wallace Community Consolidated School District No. 195’s internal control over financial reporting and compliance.



Granville, Illinois
September 2, 2014



HOPKINS & ASSOCIATES
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Wallace Community Consolidated School District #195
Ottawa, IL

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 accompanying financial statements of Wallace Community Consolidated School District #195 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 2, 2014. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, except for the effects of the omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District'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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Hopkins & Assoc.

Granville, Illinois
September 2, 2014

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
REGULATORY BASIS
June 30, 2014

	Educational	Operations & Maintenance	Debt Service	Transportation	IMRF/Social Security	Capital Projects	Working Cash	Tort Immunity	Fire Prevention & Safety	Agency Funds	Account Groups			TOTAL (Memorandum Only)
											General Assets	Long-Term Debt	General Debt	
ASSETS														
Current Assets														
Cash and Cash Equivalents (Note 3)	\$ 23,754	\$ -	\$ -	\$ 49,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,067	\$ -	\$ -	\$ -	\$ 88,807
Investments (Note 3)	1,218,373	590,440	18,004	363,891	10,314	608,226	-	592	39,399	-	-	-	-	2,849,239
Capital Assets (Note 4)														
Land	-	-	-	-	-	-	-	-	-	-	5,375	-	-	5,375
Building & Building Improvements	-	-	-	-	-	-	-	-	-	-	9,205,518	-	-	9,205,518
Site Improvements & Infrastructure	-	-	-	-	-	-	-	-	-	-	338,460	-	-	338,460
Capitalized Equipment	-	-	-	-	-	-	-	-	-	-	1,079,481	-	-	1,079,481
Amount Available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	18,004	-	18,004
Amount to be Provided for Payment on Bonds	-	-	-	-	-	-	-	-	-	-	-	-	6,561,996	6,561,996
Total Assets	\$ 1,242,127	\$ 590,440	\$ 18,004	\$ 413,877	\$ 10,314	\$ 608,226	\$ -	\$ 592	\$ 39,399	\$ 15,067	\$ 10,628,834	\$ 6,580,000	\$ 20,146,880	\$ 20,146,880

LIABILITIES AND FUND BALANCE

LIABILITIES														
Current Liabilities														
Interfund Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Activity Fund Organizations	-	-	-	-	-	-	-	-	-	15,067	-	-	-	15,067
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,067	\$ -	\$ -	\$ -	\$ 15,067
Long-Term Liabilities														
Bonds Payable (Note 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,580,000	\$ -	\$ 6,580,000
Total Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,580,000	\$ -	\$ 6,580,000
FUND BALANCES														
Fund Balance (Note 1K):														
Reserved	\$ 3,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,274
Unreserved	1,238,853	590,440	18,004	413,877	10,314	608,226	-	592	39,399	-	-	-	-	2,919,705
Investments in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	10,628,834	-	-	10,628,834
Total Fund Balances	\$ 1,242,127	\$ 590,440	\$ 18,004	\$ 413,877	\$ 10,314	\$ 608,226	\$ -	\$ 592	\$ 39,399	\$ -	\$ 10,628,834	\$ -	\$ -	\$ 13,551,813
Total Liabilities and Fund Balances	\$ 1,242,127	\$ 590,440	\$ 18,004	\$ 413,877	\$ 10,314	\$ 608,226	\$ -	\$ 592	\$ 39,399	\$ 15,067	\$ 10,628,834	\$ 6,580,000	\$ 20,146,880	\$ 20,146,880

See accompanying notes to basic financial statements.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES - ALL FUNDS
 For the Year Ended June 30, 2014

	Educational	Operations & Maintenance	Debt Service	Transportation	IMRF/Social Security	Capital Projects	Working Cash	Tort Immunity	Fire Prevention & Safety	TOTAL (Memorandum Only)
REVENUE RECEIVED										
Local Sources	\$ 2,440,105	\$ 312,214	\$ 320,079	\$ 125,185	\$ 121,121	\$ 11,488	\$ 44,206	\$ 85,649	\$ 47,622	\$ 3,507,669
State Sources	324,737	50,000	-	209,211	-	-	-	-	-	583,948
Federal Sources	244,861	3,793	-	-	-	-	-	-	-	248,654
Total Direct Receipts	\$ 3,009,703	\$ 366,007	\$ 320,079	\$ 334,396	\$ 121,121	\$ 11,488	\$ 44,206	\$ 85,649	\$ 47,622	\$ 4,340,271
Commodities Received	6,366	-	-	-	-	-	-	-	-	6,366
Receipts for On-Behalf Payments (Note 15)	744,513	-	-	-	-	-	-	-	-	744,513
Total Receipts	\$ 3,760,582									\$ 5,091,150
EXPENDITURES DISBURSED										
Instruction	\$ 2,122,024	\$ -	\$ -	\$ -	\$ 45,320	\$ -	\$ -	\$ -	\$ -	\$ 2,167,344
Support Services	735,184	350,235	-	225,188	67,937	-	-	106,500	211,473	1,696,517
Payments to Other Districts & Governmental Units	48,881	-	-	-	-	-	-	-	-	48,881
Debt Services	-	-	617,084	63,209	-	-	-	-	-	680,293
Total Direct Disbursements	\$ 2,906,089	\$ 350,235	\$ 617,084	\$ 288,397	\$ 113,257	\$ -	\$ -	\$ 106,500	\$ 211,473	\$ 4,593,035
Commodities Disbursed	6,366	-	-	-	-	-	-	-	-	6,366
Disbursements for On-Behalf Payments (Note 15)	744,513	-	-	-	-	-	-	-	-	744,513
Total Disbursements	\$ 3,656,968									\$ 5,343,914
Excess (Deficiency) of Receipts Over Disbursements	\$ 103,614	\$ 15,772	\$ (297,005)	\$ 45,999	\$ 7,864	\$ 11,488	\$ 44,206	\$ (20,851)	\$ (163,851)	\$ (252,764)
OTHER FINANCING SOURCES (USES)										
Permanent Transfers In	\$ 44,206	\$ 298,667	\$ 298,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,540
Permanent Transfers (Out)	-	(298,667)	-	-	-	(298,667)	(44,206)	-	-	(641,540)
Total Other Financing Sources (Uses)	\$ 44,206	\$ -	\$ 298,667	\$ -	\$ -	\$ (298,667)	\$ (44,206)	\$ -	\$ -	\$ -
Total Change in Fund Balance	\$ 147,820	\$ 15,772	\$ 1,662	\$ 45,999	\$ 7,864	\$ (287,179)	\$ -	\$ (20,851)	\$ (163,851)	\$ (252,764)
Fund Balance June 30, 2013	1,094,307	574,668	16,342	367,878	2,450	895,405	-	21,443	203,250	3,175,743
Fund Balance June 30, 2014	\$ 1,242,127	\$ 590,440	\$ 18,004	\$ 413,877	\$ 10,314	\$ 608,226	\$ -	\$ 592	\$ 39,399	\$ 2,922,979

See accompanying notes to basic financial statements.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Agency Funds
ASSETS	
Cash in Activity Accounts	\$ 15,067
Total Assets	\$ 15,067
 LIABILITIES	
Assets Held for Activity Funds	\$ 15,067
Total Liabilities	\$ 15,067
 NET POSITION	\$ -
Total Liabilites and Net Position	\$ 15,067

See accompanying notes to basic financial statements

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

A. General

Wallace Community Consolidated School District No. 195, LaSalle County, Illinois, is operated under the control of a Board of Trustees elected at large by the citizens of the District. The Board of Trustees monitors all financial transactions of the District.

For the year ended June 30, 2014, the District's accounting and financial reporting policies conform to the cash basis of accounting as prescribed by the Illinois State Board of Education.

B. Principles Used to Determine the Scope of the Reporting Entity

Wallace Community Consolidated School District No. 195 is an Illinois elementary school district. The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous Districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

C. Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. For reporting purposes, the District has elected to treat all funds as major funds. The District uses the following fund types and account groups:

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - **Summary of Significant Accounting Policies (Continued)**

C. Basis of Presentation – Fund Accounting (Continued)

Government Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund and the Operation and Maintenance Fund are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. Special Education and Leasing are included in these funds.

The Transportation Fund is used to account for revenues and expenditures related to providing transportation services to the students. The IMRF/Social Security Fund is used to record revenue and expenditures relating to the Illinois Municipal Retirement System as well as the Social Security and Medicare Systems.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Working Cash Fund accounts for the financial resources held by the District to be used for temporary interfund loans to other funds. The Fire Prevention and Safety Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to student safety. The Capital Projects Fund accounts for resources for, and the payment of, large capital improvement projects. The Tort Immunity Fund is used to account for revenues and expenditures related to providing risk management, legal, and insurance services to the District.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The District has no trust funds.

Agency Funds include Student Activity funds and Convenience Accounts. They account for assets held by the District as agent for the students, teachers, and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Government Funds – Measurement Focus

The financial statements of all governmental funds focus on the measurement of spending or “financial flow” and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

E. General Fixed Assets and General Long-Term Debt Account Group

All fixed assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District records purchases of property and equipment as expenditures of various funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes. The District has not adopted a capitalization threshold policy for capital assets by asset class or type. They use the guidelines established by the Illinois State Board of Education (ISBE) of capitalizing items costing over \$500.

No depreciation has been provided on fixed assets in the bound financial statements. The Illinois State Board of Education’s Annual Financial Report (ISBE Form SD50-35/JA50-60) includes depreciation of \$343,968, which has been utilized for the calculation of the per capita tuition charge, and accumulated depreciation totaling \$2,844,739. Depreciation has been computed over the estimated useful lives of the assets using the straight-line method. The District has considered possible impairments to its capital assets and asserts that there are none known or anticipated.

The estimated useful lives are as follows:

Buildings	50 Years
Infrastructure Improvements other than Building	20 Years
Capitalized Equipment	3-10 Years

Long-term liabilities expected to be financed from Debt Service Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sale of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the account and how they are reported in the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transactions.

Cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

G. Budgets and Budgetary Accounting

The budget for all governmental fund types was prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, and Paragraph 17-1 of the Illinois Compiled Statutes. The original budget was passed on September 25, 2013, and was amended on June 25, 2014.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - **Summary of Significant Accounting Policies (Continued)**

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit (savings accounts). Cash equivalents include amounts in time deposits, and other investments, with original maturities of less than 90 days.

I. Investments

Investments are stated at market value. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

J. Total Memorandum Only

The "Total Memorandum Only" column represents the aggregation (by addition) of the line-item amounts reported for each fund type and account group. No consolidations or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

K. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Nonspendable Fund Balance

The nonspendable fund balance classification 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district all such items are expensed at the time of purchase, so there is nothing to report for this classification.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Fund Balance Reporting (Continued)

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds and Debt Service Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. At June 30, 2014, expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2014, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.

3. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2014, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted balances.

4. Leasing Levy

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Educational Fund. At June 30, 2014, revenues from the tax levy exceeded disbursements, resulting in a restricted balance of \$3,274.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - **Summary of Significant Accounting Policies (Continued)**

K. Fund Balance Reporting (Continued)

C. Restricted Fund Balance

5. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Related to the social security levy, revenues exceeded expenditures in the current fiscal year. Revenues received from the IMRF levy exceeded expenditures disbursed and the remaining balance is unreserved in the IMRF fund.

D. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2014, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2014 amounted to approximately \$285,000. This amount is shown as Unreserved in the Educational Fund.

E. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the School Board itself or (b) the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2014, the District has no assigned fund balances.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Fund Balance Reporting (Continued)

F. Regulatory – Fund Balance Definitions

Reserved Fund Balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

G. Reconciliation of Fund Balance Reporting

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

<u>Fund</u>	<u>Generally Accepted Accounting Principles</u>					<u>Regulatory Basis</u>	
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Reserved</u>	<u>Unreserved</u>
Educational	-	3,274	-	-	1,238,853	-	1,242,127
Operations & Maintenance	-	590,440	-	-	-	-	590,440
Debt Service	-	18,004	-	-	-	-	18,004
Transportation	-	413,877	-	-	-	-	413,877
Municipal Retirement	-	10,314	-	-	-	-	10,314
Working Cash	-	-	-	-	-	-	-
Capital Projects	-	608,226	-	-	-	-	608,226
Tort Liability	-	592	-	-	-	-	592
Fire Prevention and Safety	-	39,399	-	-	-	-	39,399

H. Expenditures of Fund Balance

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

Note 2 - Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board passed the levy in December 2012. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in the following July and September. The District receives significant distributions of tax receipts approximately one month after the due date. The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100.00 of assessed valuation:

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 2 - Property Taxes (Continued)

	<u>2012</u> <u>LIMIT</u>	<u>2012</u> <u>LEVY</u>	<u>2011</u> <u>LEVY</u>
Education	1.6200	1.62000	1.62000
Tort Immunity	As Needed	0.09633	0.04885
Special Education	0.0200	0.02000	0.02000
Operation/Maintenance	0.3500	0.35000	0.35000
Transportation	0.1200	0.12000	0.12000
IMRF	As Needed	0.05327	0.04885
Social Security	As Needed	0.08273	0.07599
Working Cash	0.0500	0.05000	0.05000
Fire Prevention & Safety	0.0500	0.05000	0.05000
Leasing	0.0500	0.05000	0.05000
Bond & Interest	As Needed	0.35972	0.32716
Total		<u>2.8521</u>	<u>2.7609</u>

The following dates apply to property tax levies for 2012 collected in 2013:

Lien date: January 1, 2012
 Levy date: December 20, 2012
 Due dates: Approximately July 1 and September 1, 2013
 Collection dates: Within 30 days of collection

Property tax in the following amounts have been levied and collected:

<u>Tax Year</u>	<u>FY</u> <u>Received</u>	<u>Taxed</u> <u>Assessment</u>	<u>Rate</u>	<u>Levy</u> <u>Extended</u>	<u>Collected</u>	<u>Difference</u>
2012	2014	\$ 88,240,476	0.0285	\$ 2,516,663	\$ 2,521,537	\$ 4,874
2011	2013	92,122,319	0.0276	2,543,359	2,526,254	(17,105)
2010	2012	93,500,502	0.0274	2,560,141	2,557,412	(2,729)

Note 3 - Cash and Investments

The District is allowed to invest in securities as authorized by Section 2 and 6 of the Public Funds Investment Act and Section 8-7 of the School Code.

A. Deposits and Investments

At June 30, 2014, the District had a cash and investment balance of \$2,938,046. The deposits and investments, held at Hometown National Bank (H), LaSalle, IL; and Old Second Bank, Ottawa; are as follows:

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 3 - Cash and Investments (Continued)

<u>Account</u>	<u>Interest Rate</u>	<u>Bank Balance</u>	<u>Adjusted Balance</u>
Checking (OSB)	0.03%	\$ 254,004	\$ 35,355
Checking (OSB)	0.05%	34,656	34,656
Imprest Checking (FNB)	0.00%	4,437	3,729
Activity (FSB)	0.15%	15,067	15,067
Subtotal Cash		\$ 308,164	\$ 88,807
Northern Gov Select MM (H)	Variable	\$ 229,960	\$ 229,960
Fixed Income Investments (H)	Variable	2,619,279	2,619,279
Subtotal Investments		\$ 2,849,239	\$ 2,849,239
Total Cash & Investments		\$ 3,157,403	\$ 2,938,046

At June 30, 2014, \$88,807 of the cash deposits are insured by FDIC insurance, Type 1 deposits. The Northern Instructional Government Select Money Market is not FDIC nor has pledged securities, but invests in government backed securities. Of the fixed income investments, \$860,112 are CD's and are insured by the FDIC as Type I deposits and the remaining are uninsured but are government backed obligations. The District monitors the investment balances regularly.

Type 1 – Fully insured by FDIC

Type 2 – Secured by securities pledged to District but in the bank's name

Type 3 – Uninsured

The major divergence between book and bank balances consisted of outstanding checks and deposits in transit at June 30, 2014.

Note 4 - Changes in Capital Assets (General Fixed Assets)

<u>Capital Assets</u>	<u>Balance</u>				<u>Balance 6/30/14</u>
	<u>6/30/13</u>	<u>Additions</u>	<u>Deletions</u>		
Non-Depreciable:					
Land	\$ 5,375	\$ -	\$ -		\$ 5,375
Depreciable:					
Buildings	9,205,518	-	-		9,205,518
Building Improvements	126,987	211,473	-		338,460
Other Equipment	1,045,113	34,368	-		1,079,481
Total Capital Assets	\$10,382,993	\$ 245,841	\$ -		\$ 10,628,834

Current year additions to fixed assets consisted of HVAC system upgrades, \$211,473; computer equipment, \$32,373 and iPad Charge Cart, \$1,994.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4 - Changes in Capital Assets (General Fixed Assets) (Continued)

	Balance			Balance
	6/30/13	Additions	Deletions	6/30/14
Accumulated Depreciation				
Buildings	\$ 1,946,384	\$ 184,110	\$ -	\$ 2,130,494
Building Improvements	25,118	15,904	-	41,022
Other Equipment	529,269	143,954	-	673,223
Total Capital Assets	\$ 2,500,771	\$ 343,968	\$ -	\$ 2,844,739

Note 5 - Retirement Fund Commitments

A. Teachers' Retirement System of State of Illinois

The School District (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The state of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012. The state of Illinois makes contributions directly to TRS on behalf of the district's TRS-covered employee.

- **On behalf contributions to TRS** – The state of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2014, state of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the district recognized revenue and expenditures of \$724,413 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$525,575) and 24.91 percent (\$454,409), respectively.

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

- **2.2 formula contributions** – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$12,018. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$11,066 and \$10,776, respectively.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5 - **Retirement Fund Commitments** (Continued)

A. Teachers' Retirement System of State of Illinois (Continued)

- **Federal and special trust fund contributions** – When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$26,360 were paid from federal and special trust funds that required employer contributions of \$9,334. For the years ended June 30, 2013 and June 30, 2012, required district contributions were \$9,599 and \$8,388, respectively.

- **Early Retirement Option (ERO)** – The district is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. The maximum employer ERO contribution is 117.5 percent and applies when the member is 55 at retirement. For the year ended June 30, 2014, the district paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012 the district paid \$0 and \$0, respectively.
- **Salary increases over 6 percent and excess sick leave** – Public Act 94-0004 added two additional employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefits based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2013 and June 30, 2012, the District paid \$0 and \$0, respectively.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5 - Retirement Fund Commitments (Continued)

A. Teachers' Retirement System of State of Illinois (Continued)

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2013 and June 30, 2012, the District paid \$0 and \$0, respectively.

TRS financial information, and explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teachers' Retirement System of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

B. Teacher Health Insurance Security Fund

The District (employer) participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5 - Retirement Fund Commitments (Continued)

B. Teacher Health Insurance Security Fund (Continued)

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On behalf contributions to THIS Fund** – The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$20,100, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$17,553 and \$16,349, respectively.

- **Employer contributions to THIS Fund** – The employer (district) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the year ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the employer paid \$14,919 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the employer paid \$13,165 and \$12,262 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under “Central Management Services”. Prior reports are available under “Healthcare and Family Services”.

C. Illinois Municipal Retirement Fund - Pension Plan

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

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5 - Retirement Fund Commitments (Continued)

C. Illinois Municipal Retirement Fund - Pension Plan (Continued)

Funding Policy – As set by statute, the employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 11.41 percent. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – The required contribution for calendar year 2013 was \$42,778.

Three-Year Trend Information For the Regular Plan

Fiscal Year	Annual Pension	Percentage of	Net Pension
Ending	Cost (APC)	APC	Obligation
Ending	Cost (APC)	Contributed	Obligation
12/31/2013	\$ 42,778	100%	\$ -
12/31/2012	43,273	100%	-
12/31/2011	39,071	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress – As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 85.90 percent funded. The actuarial accrued liability for benefits was \$930,034 and the actuarial value of assets was \$795,895, resulting in an under-funded actuarial accrued liability (UAAL) of \$131,139. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$374,919 and the ratio of the UAAL to the covered payroll was 35 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6 - Long-Term Debt

As of June 30, 2014, the District had long-term debt outstanding in the amount of \$6,580,000. The long-term debt is reported in the General Long-Term Debt Group and consists of the following.

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance 7/1/2013	Issued	Retired	Balance 6/30/2014
Issue 1 - Refunding Bonds	\$ 4,385,000	\$ -	\$ 100,000	\$ 4,285,000
Issue 2 - Alt Rev. Bonds	2,475,000	-	180,000	2,295,000
Total	<u>\$ 6,860,000</u>	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 6,580,000</u>

Bonded Indebtedness

Issue 1 - Bonded indebtedness current requirements for principal and interest expenditures are payable from future revenues of the Debt Service Fund. The revenues consist principally of property taxes collected by the District and interest earnings. Bonded indebtedness includes Refunding Bonds with an original issue of \$4,585,000. The issue date of the bonds was March 1, 2009 and principal payments are due December 1 annually. Interest rates are 2.6% - 5.85% payable June 1 and December 1.

Issue 1: 2009 Funding/Refunding Bonds

Due Date	Principal	Interest	Due Date	Principal	Interest
2015	\$ 115,000	\$ 211,129	2023	\$ 300,000	\$ 118,396
2016	135,000	203,816	2024	325,000	105,107
2017	155,000	195,334	2025	355,000	90,310
2018	180,000	185,535	2026	385,000	73,837
2019	200,000	174,420	2027	420,000	55,515
2020	225,000	161,989	2028	465,000	34,927
2021	250,000	148,095	2029	500,000	12,000
2022	<u>275,000</u>	<u>132,739</u>	Total	<u>\$ 4,285,000</u>	<u>\$ 1,903,149</u>

Issue 2 - Bonded indebtedness current requirements for principal and interest expenditures are payable from future revenues of the Debt Service Fund. The revenues consist principally of Tax Increment Financing taxes collected by the District in the Education Fund and subsequent transfers are made to the Debt Service Fund for payment. Bonded indebtedness includes Alternate Revenue Bonds with an original issue of \$3,000,000. The issue date of the bonds was March 1, 2009 and principal payments are due December 1 annually. Interest rates are 8.9% - 4.05% payable June 1 and December 1.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6 - Long-Term Debt (Continued)

Issue 2: 2009 Alternate Revenue Bonds

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 195,000	\$ 107,699	2023	\$ 115,000	\$ 46,729
2016	205,000	95,999	2024	120,000	41,617
2017	215,000	83,714	2025	125,000	36,257
2018	225,000	71,238	2026	130,000	30,647
2019	65,000	63,734	2027	135,000	24,581
2020	100,000	60,392	2028	145,000	17,931
2021	105,000	56,136	2029	150,000	10,925
2022	110,000	51,567	2030	155,000	3,681
			Total	<u>\$ 2,295,000</u>	<u>\$ 802,847</u>

Note 7 - Leases

On July 16, 2010 the District entered into a lease agreement with Sovereign Leasing, LLC, for 1 2011 60 passenger school bus. The terms of the lease require annual payments of \$11,784 through July 2015.

On July 26, 2011 the District entered into a lease agreement with Sovereign Leasing, LLC, for 2 2012 77 passenger school buses. The terms of the lease require annual payments of \$22,138 through July 2015.

On July 28, 2011 the District entered into a lease agreement with CSB Financial, LLC, for 1 2011 29 passenger school bus. The terms of the lease require annual payments of \$7,148.63 through July 2015 with a final payment of \$15,500 in July 2016.

On July 14, 2012 the District entered into a lease agreement with Sovereign Leasing, LLC, for 2 2013 77 passenger school bus. The terms of the lease require annual payments of \$22,138 through July 2016 with a final payment of \$66,980 in July 2017.

As of June 30, 2013, the District's leasing commitments by fiscal year are as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
<u>Ending</u>	
2015	\$ 63,209
2016	51,425
2017	37,638
2018	66,980
	<u>\$ 219,252</u>

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8 - **Expenditures in Excess of Budget**

During the year ended June 30, 2014, the District expenditures exceeded the budget in the Education Fund. Expenditures exceeding the budget is in violation of state statutes.

Note 9 - **Deficit Fund Balance**

There were no deficit fund balances at June 30, 2014.

Note 10 - **Insurance and Risk Management**

The District elected to become self-insured for unemployment insurance. The District is therefore liable to the State for any payments made to any of its former employees claiming unemployment benefits. In the current fiscal year, \$6,055 was paid for unemployment.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the past three years, settlements have been less than coverage.

The District faces several types of risk. The following is a discussion of the nature of the risks, the significance to the District, and the policies in place to reduce the risk:

- (i) Custodial credit risk for deposits is the risk that in the event of bank failure, the deposits may be in peril. The District policy is to either keep deposit amounts below F.D.I.C. insurance levels at a specific institution or to require the institution pledge securities to insure the deposits in excess of F.D.I.C. levels. The results are disclosed in Note 3. This risk is moderately low. The District has a significant amount invested in fixed income investments that are not insured by F.D.I.C. and are not collateralized by bank assets. The investments are conservative in nature, and are considered to be of low risk to the District as they are government backed securities.
- (ii) Interest rate risk is the risk that interest rate changes may adversely affect the fair value of investments. Since the District's investments are all cash, cash equivalents, or fixed income investments (bonds and GMNAs), this risk is minimal. The District has debt in the form of bonds payable with fixed interest rates. The risk of rates changing would be minimal.
- (iii) Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not invest in entities; its investments are strictly money market and certificates of deposit. This risk is minimal.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10 - **Insurance and Risk Management (Continued)**

(iv) Risk of loss of fixed assets is the risk that fire, wind, theft, etc. may reduce or eliminate the value of buildings, property, equipment, and other assets. The District has comprehensive insurance coverage to minimize this risk. The risk is minimized by the comprehensive coverage provided by a local insurance broker. The risk of unemployment liability is moderate.

Note 11 - **Contingencies**

The District has received funding from State and Federal grants in the current and prior years, which are subject to audits by the granting agencies. The school board believes any adjustments that may arise from these audits will be insignificant to District operations.

Note 12 - **Commitments**

Unpaid Teachers' Contracts - Teachers' contracts for services rendered during the school year for teachers electing twelve-month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2014, the total amount of unpaid teachers' contracts for services performed during the year ended June 30, 2014, is estimated to be \$285,000.

Vacation Pay - Vacation pay is considered to be an expenditure in the year paid. Eligible administrators and support staff receive vacation pay. At June 30, 2014, the estimated unused vacation pay liability is \$0.

Sick Pay - Sick pay is considered to be an expenditure in the year paid. Accumulated sick pay benefits are available to eligible employees to use in future years. At June 30, 2014, the estimated unused sick pay liability is \$0.

Termination Benefits – The district is liable for termination benefits due to retiring employees. As of June 30, 2014, the estimated termination benefit due in future years is \$0.

Other Post Retirement Benefits – The District has not determined the unfunded liability due to Other Post Retirement Benefits as required.

Note 13 - **Common Bank Account**

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 14 - Legal Debt Margin

2013 Assessed Valuation (EAV)	\$	134,467,739
Statutory Debt Limitaion		
(6.9% of 2013 Assesed Valuation)		9,278,274
Less: Current Indebtedness		
Refunding Bonds		(4,285,000)
Revenue Bonds		(2,295,000)
Add: Excludable from Limit		
Revenue Bonds		2,295,000
Legal Debt Margin	\$	<u>4,993,274</u>

Note 15 - On-behalf Payments

The State of Illinois contributes to the TRS retirement system and the THIS fund on-behalf of the District. In the current fiscal year, the amount contributed totaled \$744,513; \$724,413 for TRS and \$20,100 for THIS.

Note 16 - Energy Costs

Energy costs for the District during the fiscal year were: natural gas, \$16,126; and electricity, \$78,139.

Note 17 - Interfund Receivables/Payables and Transfers

At June 30, 2014, there were no interfund receivables or payables.

The Capital Projects Fund transferred \$298,667 into the Operation & Maintenance Fund to be used for repayment of the Revenue Bonds. The Operation & Maintenance Fund then transferred \$298,667 into the Debt Service Fund for repayment of Revenue Bonds. The Working Cash Fund transferred \$44,206 into the Education Fund.

Note 18 - Members of the Board of Education

PresidentMike Stone
Vice-PresidentBill Vogel
Board Members: Rick Mangold
 Bill Keene
 Tom Miller
 Vince Evola
 Doug Carroll

SuperintendentMike Matteson

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF CASH REVENUES AND DISBURSEMENTS ALL FUNDS
BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

	2014				(Reference Only) 2013 Actual
	Original Budget	Amended & Final	Actual	Variance	
	Budgeted Revenues & Expenditures	Budgeted Revenues & Expenditures	Budgetary Basis	Budgetary Basis	
EDUCATIONAL FUND					
Revenues:					
1110 Property Tax - Education	\$ 1,429,496	\$ 1,432,297	\$ 1,432,297	\$ -	\$ 1,482,345
1130 Property Tax - Leasing Levy	17,496	17,683	44,207	26,524	45,751
1140 Property Tax - Special Education	44,120	44,206	17,683	(26,523)	18,301
1230 Replacement Tax	62,719	63,113	64,269	1,156	61,825
1311 Regular Tuition from Pupils	38,000	41,618	41,618	-	36,292
1342 Special Ed Tuition from Districts	75,000	73,667	70,547	(3,120)	67,447
1510 Interest	-	-	63	63	91
1520 Gain (Loss) on Investments	30,000	48,722	48,659	(63)	(33,402)
1611 Lunch Sales	43,296	43,066	43,066	-	43,314
1620 Lunch Sales to Adults	3,794	3,745	3,745	-	3,686
1690 Other Food Service	500	1,168	1,168	-	667
1711 Athletic Admission	3,452	3,279	3,279	-	3,452
1720 Fees	11,745	10,070	10,070	-	11,745
1790 Other District/School Activity	-	797	542	(255)	208
1811 Rentals - Regular Textbooks	24,215	25,832	25,582	(250)	24,465
1829 Sales-Other	200	-	255	255	-
1910 Rentals	6,253	8,311	8,311	-	5,795
1920 Contributions from Private Sources	1,500	-	-	-	1,125
1940 Service Provided to Other Districts	198,313	180,195	183,315	3,120	184,075
1950 Refund Prior Year Expenditures	2,000	500	500	-	-
1960 TIF District Revenue	444,426	436,941	436,941	-	429,774
1999 Other Local Sources	3,000	3,988	3,988	-	10,252
3001 State Aid - General	137,774	137,761	137,761	-	137,373
3100 Special Education - Private Facility	34,746	10,626	10,626	-	28,625
3105 Special Education - Extraordinary	54,637	49,883	49,883	-	54,637
3110 Special Education - Personnel	89,807	115,108	115,108	-	98,065
3120 Special Education - Orphanage	17,509	6,946	6,946	-	17,509
3145 Special Ed - Summer School	100	-	-	-	-
3360 Lunch Reimbursement	875	718	718	-	862
3999 Other State Sources	500	3,695	3,695	-	565
4107 Title V - Rural and Low Income Schools	23,529	23,529	23,529	-	25,754
4210 National School Lunch	33,723	43,663	43,663	-	33,723
4300 Title I - Low Income	25,685	26,023	26,023	-	30,217
4605 Preschool Discretionary	25,000	25,000	-	(25,000)	-
4620 IDEA - Flow Through	25,000	37,500	69,028	31,528	58,875
4625 IDEA-Room & Board	-	31,031	-	(31,031)	-
4630 IDEA-Discretionary	8,785	6,528	31,031	24,503	-
4932 Teacher Quality	11,889	11,954	11,954	-	12,382
4991 Medicaid Matching - Admin	26,000	22,425	17,208	(5,217)	4,780
4992 Medicaid Matching - Fees for Service	15,000	17,208	22,425	5,217	33,264
Total Revenues	\$ 2,970,084	\$ 3,008,796	\$ 3,009,703	\$ 907	\$ 2,933,839
Expenditures:					
1110-1 Teaching Salaries	\$ 1,158,979	\$ 1,157,743	\$ 1,221,981	\$ (64,238)	\$ 1,159,046
1110-2 Teaching Benefits	230,028	240,921	245,778	(4,857)	215,709
1110-3 Teaching Contracted	1,949	2,273	2,273	-	3,354
1110-4 Teaching Supplies	112,820	90,486	90,485	1	81,956
1110-5 Teaching Capital	60,000	32,376	32,373	3	86,684
Subtotal	\$ 1,563,776	\$ 1,523,799	\$ 1,592,890	\$ (69,091)	\$ 1,546,749
1125-1 Pre-K Programs Salaries	\$ 52,319	\$ 53,914	\$ 53,914	\$ -	\$ 45,169
1125-2 Pre-K Programs Benefits	4,614	5,023	5,023	-	4,223
1125-3 Pre-K Programs Contracted	500	40	40	-	470
1125-4 Pre-K Programs Supplies	400	1,735	1,735	-	402
Subtotal	\$ 57,833	\$ 60,712	\$ 60,712	\$ -	\$ 50,264

1 Per School District Budget adopted September 25, 2013 and amended on June 25, 2014.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF CASH REVENUES AND DISBURSEMENTS ALL FUNDS
BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

<u>EDUCATIONAL FUND (CONTINUED)</u>	<u>2014</u>				(Reference Only) 2013 Actual
	<u>Original</u>	<u>Amended &</u>	<u>Actual</u>	<u>Variance</u>	
	<u>Budget</u>	<u>Final</u>	<u>Budgetary</u>	<u>Budgetary</u>	
		<u>Revenues &</u>	<u>Basis</u>	<u>Basis</u>	
		<u>Expenditure</u>			
Expenditures (Continued):					
1200-1 Special Education Salaries	\$ 205,413	\$ 206,185	\$ 240,592	\$ (34,407)	\$ 242,336
1200-2 Special Education Benefits	33,918	46,190	34,477	11,713	31,063
1200-3 Special Education Contracted	7,000	4,922	5,951	(1,029)	6,993
1200-4 Special Education Supplies	10,000	4,668	4,668	-	10,092
1225-1 Special Ed - Pre-K Salaries	68,618	68,845	15,619	53,226	27,801
1225-2 Special Ed - Pre-K Benefits	6,516	6,556	151	6,405	904
1225-3 Special Ed - Pre-K Contracted	500	973	973	-	455
1225-4 Special Ed - Pre-K Supplies	1,500	1,795	1,795	-	2,621
Subtotal	\$ 333,465	\$ 340,134	\$ 304,226	\$ 35,908	\$ 322,265
1250-1 Remedial and Supplemental - Salaries	\$ 73,161	\$ 72,910	\$ 72,910	\$ -	\$ 67,851
1250-2 Remedial and Supplemental - Benefits	19,284	24,030	24,030	-	25,964
1250-3 Remedial and Supplemental - Contracted	1,285	4,747	4,747	-	4,112
1250-4 Remedial and Supplemental - Supplies	100	-	-	-	98
1300-1 Adult/Continuing Ed - Salaries	-	8,710	8,710	-	17,169
1300-2 Adult/Continuing Ed - Benefits	-	967	967	-	3,391
1300-3 Adult/Continuing Ed - Contracted	-	704	704	-	-
1500-1 Athletics - Salaries	24,750	23,625	23,625	-	24,750
1500-2 Athletics - Benefits	1,130	824	824	-	921
1500-3 Athletics - Contracted	5,000	6,245	6,245	-	4,892
1500-4 Athletics - Supplies	8,000	11,045	11,045	-	13,690
1500-6 Athletics - Other	2,200	2,595	2,595	-	2,130
1912-6 Special Ed Pre-K Tuition	-	-	7,794	(7,794)	45,301
2110-1 Social Work - Salaries	50,400	50,000	50,000	-	48,240
2110-2 Social Work - Benefits	22,523	22,742	22,742	-	20,675
2110-3 Social Work - Contracted	1,000	752	752	-	967
2110-4 Social Work - Supplies	250	350	350	-	276
2130-1 Health Services - Salaries	18,375	9,375	9,375	-	-
2130-2 Health Services-Benefits	150	-	-	-	-
2130-3 Health Services - Contracted	1,500	1,271	1,271	-	-
2130-4 Health Services-Supplies	500	-	-	-	-
2140-1 Psych Services - Salaries	113,345	103,024	103,024	-	99,583
2140-2 Psych Services - Benefits	31,395	32,705	32,705	-	29,578
2140-3 Psych Services - Contracted	6,000	5,536	5,536	-	6,116
2140-4 Psych Services - Supplies	1,000	1,030	1,030	-	495
2150-1 Speech & Audiology - Salaries	90,886	110,855	110,855	-	85,891
2150-2 Speech & Audiology - Benefits	10,966	14,116	14,117	(1)	10,564
2150-3 Speech & Audiology - Contracted	200	1,309	1,309	-	8,413
2190-3 Other Support Services	-	-	17,835	(17,835)	17,510
Subtotal	\$ 483,400	\$ 509,467	\$ 535,097	\$ (25,630)	\$ 538,577
2210-1 Improvement of Instruction - Salaries	\$ -	\$ -	\$ -	\$ -	\$ 1,040
2210-2 Improvement of Instruction - Benefits	-	-	-	-	133
2210-4 Improvement of Instruction - Supplies	-	1,323	1,323	-	3,551
2220-1 Educational Media - Salaries	50,353	49,913	26,206	23,707	1,210
2220-2 Educational Media - Benefits	5,612	5,251	5,251	-	153
2220-3 Educational Media - Contracted	-	-	-	-	590
2220-4 Educational Media - Supplies	11,500	8,296	7,695	601	8,685
Subtotal	\$ 67,465	\$ 64,783	\$ 40,475	\$ 24,308	\$ 15,362
2310-1 Board - Salaries	\$ 3,400	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
2310-3 Board - Contracted	22,732	11,147	15,148	(4,001)	21,004
2310-4 Board - Supplies	500	150	150	-	501
2310-5 Board-Capital Outlay	4,000	4,000	-	4,000	-
2310-6 Board - Other	5,500	14,928	14,928	-	5,169
Subtotal	\$ 36,132	\$ 33,225	\$ 33,226	\$ (1)	\$ 29,674

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF CASH REVENUES AND DISBURSEMENTS ALL FUNDS
BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

<u>EDUCATIONAL FUND (CONTINUED)</u>	2014				(Reference Only) 2013 Actual
	Original Budget	Amended & Final	Actual	Variance	
	Budgeted Revenues & Expenditure	Budgeted Revenues & Expenditure	Budgetary Basis	Budgetary Basis	
Expenditures (Continued):					
2320-1 Supt. Office - Salaries	\$ 45,501	\$ 45,501	\$ 45,501	\$ -	\$ 44,609
2320-2 Supt. Office - Benefits	25,033	19,727	19,727	-	18,048
2320-3 Supt. Office - Contracted	2,650	689	689	-	2,709
2320-4 Supt. Office - Supplies	1,500	359	359	-	100
2410-1 Principal - Salary	57,680	57,120	57,120	-	56,000
2410-2 Principal - Benefits	18,134	20,123	20,125	(2)	18,902
2410-3 Principal - Contracted	1,000	270	270	-	629
2520-1 Fiscal Service - Salaries	44,739	44,860	44,860	-	43,677
2520-2 Fiscal Service - Benefits	7,916	8,259	8,259	-	6,916
2520-4 Fiscal Service - Supplies	4,000	4,582	4,582	-	3,435
2560-1 Food Services - Salaries	22,400	22,316	22,316	-	25,222
2560-2 Food Services - Benefits	5,459	5,651	5,651	-	4,731
2560-3 Food Services - Contracted	1,150	94	94	-	492
2560-4 Food Services - Supplies	60,500	59,138	60,996	(1,858)	55,214
2560-5 Food Services - Capital Outlays	500	1,857	-	1,857	-
2560-6 Food Services - Dues	500	33	33	-	125
4120-3 Special Ed Program Payments	5,996	-	5,996	(5,996)	6,503
4120-6 Special Ed Program	120,000	48,220	42,885	5,335	58,694
4220-6 Special Ed - Tuition	-	8,455	-	8,455	-
Subtotal	\$ 424,658	\$ 347,254	\$ 339,463	\$ 7,791	\$ 346,006
Total Expenditures	\$ 2,966,729	\$ 2,879,374	\$ 2,906,089	\$ (26,715)	\$ 2,848,897
Excess (Deficiency) of Revenues over Expenditures	\$ 3,355	\$ 129,422	\$ 103,614	\$ (25,808)	\$ 84,942
Abolishment of Working Cash	44,120	44,120	44,206	86	45,751
Transfer In	-	-	-	-	236,939
Transfer Out	-	-	-	-	(299,405)
Change in Fund Balance	\$ 47,475	\$ 173,542	\$ 147,820	\$ (25,722)	\$ 68,227
OPERATIONS AND MAINTENANCE FUND					
Revenues:					
1110 Property Tax - Building	\$ 308,842	\$ 312,014	\$ 312,014	\$ -	\$ 320,260
1910 Rentals	250	200	200	-	300
1998 Other Local Revenues	-	-	-	-	8,806
3925 School Maintenance Grant	-	50,000	50,000	-	50,000
4998 Other Federal Revenue	7,400	3,793	3,793	-	-
Total Revenues	\$ 316,492	\$ 366,007	\$ 366,007	\$ -	\$ 379,366
Expenditures:					
2510-1 Direction of Bus. Serv. - Salaries	\$ 2,677	\$ 6,757	\$ 6,757	\$ -	\$ 6,624
2510-2 Direction of Bus. Serv. - Benefits	869	2,592	2,592	-	2,911
2530-5 Facilities Acquisition & Construction	100,000	-	-	-	-
2540-1 Custodial - Salaries	104,622	108,988	108,988	-	122,960
2540-2 Custodial - Benefits	8,513	8,842	8,842	-	6,885
2540-3 Plant Services - Contracted	57,700	77,744	106,755	(29,011)	90,652
2540-4 Plant Services - Supplies	119,000	111,522	111,522	-	111,844
2540-5 Capital Outlay	10,000	31,007	1,995	29,012	47,778
2540-6 Plant Services - Other	2,500	2,784	2,784	-	3,974
Total Expenditures	\$ 405,881	\$ 350,236	\$ 350,235	\$ 1	\$ 393,628
Excess (Deficiency) of Revenues over Expenditures	\$ (89,389)	\$ 15,771	\$ 15,772	\$ 1	\$ (14,262)
Transfer In	298,668	298,668	298,667	(1)	-
Transfer Out	(298,668)	(298,668)	(298,667)	1	-
Change in Fund Balance	\$ (89,389)	\$ 15,771	\$ 15,772	\$ 1	\$ (14,262)

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF CASH REVENUES AND DISBURSEMENTS ALL FUNDS
BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

		2014				
		Original Budget	Amended & Final	Actual	Variance	
<u>TRANSPORTATION FUND</u>		Budgeted Revenues & Expenditure	Budgeted Revenues & Expenditure	Budgetary Basis	Budgetary Basis	(Reference Only) 2013 Actual
Revenues:						
1110	Property Tax	\$ 105,889	\$ 106,096	\$ 106,096	\$ -	\$ 109,803
1411	Regular Fees - Pupils	-	-	1,225	1,225	1,000
1412	Regular Fees - Other Districts	12,500	14,748	3,131	(11,617)	6,500
1415	Regular Fees - Curricular Activ.	3,000	2,025	800	(1,225)	1,375
1999	Other Local Revenue	2,500	2,617	13,933	11,316	2,776
3500	State Aid - Transport	125,318	145,526	145,526	-	119,126
3510	State Aid - Special Education	38,456	63,685	63,685	-	89,514
Total Revenues		<u>\$ 287,663</u>	<u>\$ 334,697</u>	<u>\$ 334,396</u>	<u>\$ (301)</u>	<u>\$ 330,094</u>
Expenditures:						
2550-1	Drivers/Driver Supt. - Salaries	\$ 135,600	\$ 148,719	\$ 148,719	\$ -	\$ 136,529
2550-2	Drivers/Driver Supt. - Benefits	4,090	5,141	5,141	-	3,365
2550-3	Contracted Services	38,550	31,549	31,550	(1)	30,839
2550-4	Supplies & Materials	51,250	39,779	39,778	1	41,963
2550-5	Capital Outlay	63,209	63,209	-	63,209	-
5200-6	Debt - Interest	-	-	10,174	(10,174)	8,248
5300-6	Debt - Principal	-	-	53,035	(53,035)	54,961
Total Expenditures		<u>\$ 292,699</u>	<u>\$ 288,397</u>	<u>\$ 288,397</u>	<u>\$ -</u>	<u>\$ 275,905</u>
Change in Fund Balance		<u>\$ (5,036)</u>	<u>\$ 46,300</u>	<u>\$ 45,999</u>	<u>\$ (301)</u>	<u>\$ 54,189</u>
<u>IMRF/SOCIAL SECURITY FUND</u>						
Revenues:						
1110	Property Tax - IMRF	\$ 120,007	\$ 120,243	\$ 47,098	\$ (73,145)	\$ 44,699
1150	Property Tax - FICA/Medicare	-	-	73,145	73,145	69,533
1230	Replacement Tax	1,940	1,156	-	(1,156)	1,840
1520	Gain on Investments	300	879	878	(1)	278
Total Revenues		<u>\$ 122,247</u>	<u>\$ 122,278</u>	<u>\$ 121,121</u>	<u>\$ (1,157)</u>	<u>\$ 116,350</u>
Expenditures:						
1110-2	Benefits - Teacher	\$ 25,300	\$ 24,219	\$ 24,218	\$ 1	\$ 25,077
1125-2	Benefits - Pre-K Programs	3,200	3,308	3,308	-	3,144
1200-2	Benefits - Special Education	11,750	11,916	11,916	-	11,358
1225-2	Benefits - Spec. Ed. Pre-K	3,700	2,738	2,738	-	3,529
1250-2	Benefits - Remedial Programs	1,050	1,057	1,057	-	984
1300-2	Benefits - Continuing Ed	300	126	126	-	249
1500-2	Benefits - Interscholastic	2,000	1,957	1,957	-	1,848
2110-2	Benefits - Social Work	750	725	725	-	699
2130-2	Health Services	-	717	717	-	-
2140-2	Benefits - Psych	5,100	4,893	4,893	-	4,785
2150-2	Benefits - Speech Path	1,300	1,607	1,607	-	1,245
2210-2	Benefits - Improvement of Instr.	15	-	-	-	11
2220-2	Benefits - Educational Media	20	4,848	4,848	-	18
2310-2	Benefits - Board of Education	300	275	276	(1)	274
2320-2	Benefits - Superintendent	-	660	660	-	647
2367-2	Benefits - Ed, Inspection	5,100	5,183	5,183	-	4,914
2410-2	Benefits - Principal	850	828	828	-	812
2510-1	Benefits - Direction of Bus Support.	100	98	-	98	96
2520-1	Benefits - Fiscal Services	8,600	8,499	8,597	(98)	8,229
2540-2	Benefits - Custodian	21,581	18,529	18,529	-	21,308
2550-2	Benefits - Transportation	16,275	16,847	16,847	-	15,990
2560-2	Benefits - Food Services	4,520	4,227	4,227	-	4,399
Total Expenditures		<u>\$ 111,811</u>	<u>\$ 113,257</u>	<u>\$ 113,257</u>	<u>\$ -</u>	<u>\$ 109,616</u>
Change in Fund Balance		<u>\$ 10,436</u>	<u>\$ 9,021</u>	<u>\$ 7,864</u>	<u>\$ (1,157)</u>	<u>\$ 6,734</u>
<u>TORT IMMUNITY FUND</u>						
Revenues:						
1110	Property Tax	\$ 85,003	\$ 85,169	\$ 85,169	\$ -	\$ 44,699
1520	Gain on Investments	800	480	480	-	(109)
Total Revenues		<u>\$ 85,803</u>	<u>\$ 85,649</u>	<u>\$ 85,649</u>	<u>\$ -</u>	<u>\$ 44,590</u>
Expenditures:						
2362-3	Workers Comp.	\$ 18,784	\$ 19,999	\$ 19,999	\$ -	\$ 20,669
2363-3	Unemployment	6,800	6,055	6,055	-	7,045
2364-3	Insurance Payments	15,978	16,887	4,694	12,193	3,739
2367-1	Risk Management - Salaries	44,719	48,493	48,494	(1)	45,186
2367-2	Risk Management - Benefits	4,209	6,463	6,462	1	6,308
2369-3	Legal Services	-	7,110	7,110	-	10,379
2371-3	Property Insurance	5,000	1,493	13,686	(12,193)	13,430
Total Expenditures		<u>\$ 95,490</u>	<u>\$ 106,500</u>	<u>\$ 106,500</u>	<u>\$ -</u>	<u>\$ 106,756</u>
Excess (Deficiency) of						
Revenues over Expenditures		<u>\$ (9,687)</u>	<u>\$ (20,851)</u>	<u>\$ (20,851)</u>	<u>\$ -</u>	<u>\$ (62,166)</u>
Transfer In		-	-	-	-	-
Change in Fund Balance		<u>\$ (9,687)</u>	<u>\$ (20,851)</u>	<u>\$ (20,851)</u>	<u>\$ -</u>	<u>\$ (62,166)</u>

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
STATEMENT OF CASH REVENUES AND DISBURSEMENTS ALL FUNDS
BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

	2014				(Reference Only) 2013 Actual
	Original Budget	Amended & Final Budgeted Revenues & Expenditure	Actual	Variance	
<u>WORKING CASH FUND</u>					
Revenues:					
1110 Property Tax	\$ 44,120	\$ 44,120	\$ 44,206	\$ 86	\$ 45,751
1510 Interest	-	-	-	-	-
Total Revenues	<u>\$ 44,120</u>	<u>\$ 44,120</u>	<u>\$ 44,206</u>	<u>\$ 86</u>	<u>\$ 45,751</u>
Expenditures:	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of					
Revenues over Expenditures	\$ 44,120	\$ 44,120	\$ 44,206	\$ 86	\$ 45,751
8110 Abolishment of Working Cash	(44,120)	(44,120)	(44,206)	(86)	(45,751)
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CAPITAL PROJECTS FUND</u>					
Revenues:					
1520 Gain (Loss) on Investments	\$ 9,000	\$ 11,488	\$ 11,488	\$ -	\$ (13,004)
Total Revenues	<u>\$ 9,000</u>	<u>\$ 11,488</u>	<u>\$ 11,488</u>	<u>\$ -</u>	<u>\$ (13,004)</u>
Expenditures:					
2530-3 Facilities Construction - Contract	\$ -	\$ -	\$ -	\$ -	\$ -
2530-4 Facilities Construction - Supplies	-	-	-	-	-
2530-5 Facilities Construction - Capital	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of					
Revenues over Expenditures	\$ 9,000	\$ 11,488	\$ 11,488	\$ -	\$ (13,004)
8110 Transfer	(298,668)	(298,668)	(298,667)	1	(236,939)
Change in Fund Balance	<u>\$ (289,668)</u>	<u>\$ (287,180)</u>	<u>\$ (287,179)</u>	<u>\$ 1</u>	<u>\$ (249,943)</u>
<u>FIRE/LIFE SAFETY FUND</u>					
Revenues:					
1110 Property Tax	\$ 44,120	\$ 44,206	\$ 44,206	\$ -	\$ 45,751
1520 Gain (Loss) on Investments	1,000	3,416	3,416	-	(3,917)
Total Revenues	<u>\$ 45,120</u>	<u>\$ 47,622</u>	<u>\$ 47,622</u>	<u>\$ -</u>	<u>\$ 41,834</u>
Expenditures:					
2540-3 Contract	\$ -	\$ -	\$ -	\$ -	\$ 17,722
2540-5 Capital Outlay	248,370	211,473	211,473	-	-
Total Expenditures	<u>\$ 248,370</u>	<u>\$ 211,473</u>	<u>\$ 211,473</u>	<u>\$ -</u>	<u>\$ 17,722</u>
Change in Fund Balance	<u>\$ (203,250)</u>	<u>\$ (163,851)</u>	<u>\$ (163,851)</u>	<u>\$ -</u>	<u>\$ 24,112</u>
<u>DEBT SERVICE FUND</u>					
Revenues:					
1112 Property Tax	\$ 317,419	\$ 318,040	\$ 318,040	\$ -	\$ 299,361
1520 Gain (Loss) on Investments	1,200	2,039	2,039	-	800
Total Revenues	<u>\$ 318,619</u>	<u>\$ 320,079</u>	<u>\$ 320,079</u>	<u>\$ -</u>	<u>\$ 300,161</u>
Expenditures:					
5200 Interest Expense	\$ 320,551	\$ 337,085	\$ 336,084	\$ 1,001	\$ 350,288
5300 Bond Principal	280,000	280,000	280,000	-	250,000
5400 Debt Services	-	-	1,000	(1,000)	1,000
Total Expenditures	<u>\$ 600,551</u>	<u>\$ 617,085</u>	<u>\$ 617,084</u>	<u>\$ 1</u>	<u>\$ 601,288</u>
Excess (Deficiency) of					
Revenues over Expenditures	\$ (281,932)	\$ (297,006)	\$ (297,005)	\$ 1	\$ (301,127)
Transfer In	298,668	298,668	298,667	(1)	299,405
Change in Fund Balance	<u>\$ 16,736</u>	<u>\$ 1,662</u>	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ (1,722)</u>

Schedule 2

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
EMPLOYER NUMBER: 02627R
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (b-a) (Excess)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2013	\$ 798,895	\$ 930,034	\$ 131,139	85.90%	\$ 374,919	34.98%
12/31/2012	674,752	830,228	155,476	81.27%	390,201	39.85%
12/31/2011	583,807	743,411	159,604	78.53%	347,611	45.91%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$903,545. On a market basis, the funded ratio would be 97.15%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Wallace C.C.S.D. #195. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

WALLACE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 195
SCHEDULE OF COMBINED REVENUES AND EXPENDITURES
ALL FUNDS - BUDGET AND ACTUAL
For the Years Ended June 30, 2014 and 2013

	<u>Current Year</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Property Tax	\$ 2,524,074	\$ 2,524,161	\$ 2,526,254
Replacement Tax	64,269	64,269	63,665
Interest, Gain or (Loss) on Investments	67,024	67,023	(49,263)
Fees, Lunches, Texts	104,730	92,863	96,412
Tuition	115,285	112,165	103,739
TIF District Payment	436,941	436,941	429,774
State Aid and Grants	583,948	583,948	596,276
Federal Aid	248,654	248,654	198,995
Other Sources	195,811	210,247	213,129
Total Revenues	<u>\$ 4,340,736</u>	<u>\$ 4,340,271</u>	<u>\$ 4,178,981</u>
Instruction	\$ 1,639,226	\$ 1,708,317	\$ 1,663,956
Special Education	441,821	405,913	420,290
Student Support Service	417,848	411,376	343,670
Administration & Fiscal	234,715	234,718	224,699
Food	89,089	89,090	85,784
Payments to Other Districts	56,675	56,675	110,498
Education Fund Expenditures	<u>\$ 2,879,374</u>	<u>\$ 2,906,089</u>	<u>\$ 2,848,897</u>
Building Fund Expenditures	\$ 350,236	\$ 350,235	\$ 393,628
Transportation Fund Expenditures	\$ 288,397	\$ 288,397	\$ 275,905
IMRF/Soc. Sec. Fund Expenditures	\$ 113,257	\$ 113,257	\$ 109,616
Fire/Life Safety	\$ 211,473	\$ 211,473	\$ 17,722
Tort Immunity Expenditures	\$ 106,500	\$ 106,500	\$ 106,756
Operating Expenditures	<u>\$ 3,949,237</u>	<u>\$ 3,975,951</u>	<u>\$ 3,752,524</u>
Operating "Profit or (Loss)"	\$ 391,499	\$ 364,320	\$ 426,457
Total Debt Service	\$ 617,085	\$ 617,084	\$ 601,288
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (225,586)</u>	<u>\$ (252,764)</u>	<u>\$ (174,831)</u>