

Dr. Tenbusch,

I see you have a link so people can request financial documents by email. I am requesting the following documents by email:

Bond Documentation as follows

- 1. Total dollar amount of bonds issued.*
- 2. Total dollar amount approved by voters.*
- 3. The premiums received by the district for each bond issue.*
- 4. The interest rate (compound or simple).*
- 5. Bond retirement schedule.*

Financial Documents from website

Financial Documents from last year

Breakdown of revenue/expenditures according to tax bill levy funds.

Any other document you think would be appropriate.

Does the district use cash or accrual accounting?

Thanks you for your help in this matter.

Lennie

EducationMatters.US

Mr. Jarratt,

In response to your request for financial documents and data concerning District 1 bonds, I offer the following information:

1. Total dollar amount of bonds issued. Presumably you are referring to the sale of building bonds approved by the voters on November 7, 1997. The amount of the issue for "General Obligation School Building Bonds, Series 1997" was for \$5,855,000. There was also a Life Safety Bond Issue in 2000 for the amount of \$325,000. I have attached a very detailed report, dated April 2006, concerning our school district's outstanding debt (see WHSD1 Outstanding Debt). This document includes a wealth of information and it should answer all of your questions regarding our district's long term debt. If it does not, give me a call.

2. Total dollar amount approved by voters. As you can see by the below referendum question, the total amount requested and approved by the voters exactly matches the amount of the bond issue:

"Shall the Board of Education of Winthrop Harbor School District Number 1, Lake County, Illinois, renovate the Westfield and Spring Bluff facilities, build and equip a new sixth, seventh and eighth grade

building on land presently owned by said School District and issue the bond of said School District to the amount of \$5,855,000 for said purpose?"

3. The premiums received by the district for each bond issue. District 1 does not engage in the practice of using bond proceeds for anything other than their intended purpose. As you can see by the above information and in the documentation provided, there is no attempt on the district's part to use "premiums" as a means to generate additional revenue at the expense of the taxpayers.

All "transaction residuals" (as they are sometimes called) resulting from the sale of bonds between the time of their offer and market closing, only amount to a few thousand dollars at best. These proceeds, if any, are immediately disbursed back out at 100% of their value to their associated debt account.

4. The interest rate (compound or simple). Originally the 1997 bonds were being paid back at a variable rate of between 4.8% to 9.0%. I recommended that the Board refinance at the earliest possible date because I did not believe these were desirable rates by today's standards. Unfortunately, the penalties and call dates associated with the bond issue made any re-issue financially imprudent until quite recently. We closely monitored the short and long term bond markets for many months waiting for the optimum time to engage in a refunding effort. That opportunity came in January 2006, and we were successful in restructuring the remaining \$4,020,000 building bond debt that will save the taxpayers \$197,190 in principal and interest expenses over the remaining life of the issue (12 yrs).

5. Bond retirement schedule. See attached files "WHSD1 Outstanding Debt" and "WHSD1 2005 Audit."

Regarding your other requests:

1. Financial Documents from website. See attached file "WHSD1 2005 AFR," which is the Illinois State Board of Education (ISBE) required Annual Financial Report. See attached file "WHSD1 FY '06 Budget," which is the ISBE required Annual School District Budget for 2005-2006.

Finally, I have placed on our website a sample of the detailed monthly revenue and expense report I provide the WHSD Board of Education on a monthly basis as part of my board packet. This report provides a detailed narrative analysis of financial operations, along with a series of easily understood "cost centered" spreadsheets that display budget vs. actual statistics and a comparison to the previous year's

operations. See attached file "Jan06FinancialReport."

I am currently in the process of preparing my packet for this Monday's board meeting, which will include a similar report on the month of April 2006. If you like, I will forward you a copy of this report as well.

2. Financial Documents from last year. See attached file "WHSD1 2005 Audit," which contains the full 56 page independent audit for our last fiscal year, prepared by the accounting firm Evoy, Kamschulte, Jacobs & Co. LLP.

Breakdown of revenue/expenditures according to tax bill levy funds. See the 2005 Audit for a complete breakdown of revenue and expenditures by fund. Detailed balance sheets for each fund can be found on pages 44 - 51.

3. Any other document you think would be appropriate. I believe you have all of the appropriate documents attached to this email.

5. Does the district use cash or accrual accounting? District 1 uses the "Cash Basis" of accounting, as do most school districts in the state.

Please let me know if I can be of further assistance,

Yours for Better Education,

*James P. Tenbusch, Ph.D.
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