

The District's overall score for Fiscal Year 2006 (the most recent available from the Illinois State Board of Education) was 4.00, thus placing the District in the Financial Recognition category. The District's overall score in Fiscal Years 2004 and 2005 was also 4.00.

RATINGS

The Bonds have been rated "Aaa" by Moody's Investors Service ("*Moody's*") and "AAA" by Standard & Poor's Rating Group ("*S&P*"). The ratings reflect only the views of the rating agencies providing the rating at the time such rating was issued and any explanation of the significance of such rating may be obtained only from each rating service. Certain information and materials concerning the Bonds, the District, and overlapping agencies and entities were furnished to each rating agency by the District and others.

There is no assurance that such ratings will be maintained for any given period of time or that the ratings will not be raised, lowered or withdrawn entirely by each rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds. An explanation of the significance of investment ratings may be obtained from the rating agencies: Moody's Investors Service, 99 Church Street, New York, New York 10007, telephone (212) 553-0300 and Standard & Poor's Ratings Group, 25 Broadway, New York, NY 10004.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the

District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State Tax Opinion

Interest on the Bonds is not exempt from Illinois state income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

SHORT-TERM BORROWING

The District has not issued and does not anticipate issuing tax anticipation warrants or revenue anticipation notes in Fiscal years 2007 or 2008 to meet its short-term current year cash flow requirements.

FUTURE DEBT

Other than the Bonds, the District does not anticipate issuing any other bonded debt in 2008.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

CONTINUING DISCLOSURE UNDERTAKING

The District will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c-2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities and Exchange Act of 1934, as amended (the "*1934 Act*"). The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, is set forth below under the subcaption "*Continuing Disclosure Undertaking*."

The District is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the District to Provide Information." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

Continuing Disclosure Undertaking

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure. The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), to each Nationally Recognized Municipal Securities Information Repository (a “NRMSIR”) then recognized by the Commission for purposes of the Rule and to the repository, if any, designated by the State of Illinois as the state depository (the “SID”) and recognized as such by the Commission for purposes of the Rule. There currently is no SID.

“Annual Financial Information” means information appearing in this Official Statement under the following captions:

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“Audited Financial Statements” means the District's general purpose financial statements as of June 30 and for the year then ended, prepared in accordance with generally accepted accounting principles.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, not more than 210 days after the last day of the District's fiscal year, which currently is June 30. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included and Audited Financial Statements will be filed when available.

Material Events Disclosure. The District covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”) and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materially is interpreted under the 1934 Act. The “Events” certain of which may not apply to the Bonds, are:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of interest of the security;
- Modifications to the rights of security holders;
- Bond calls;
- Defeasances;
- Release, substitution or sale of property securing repayment of the securities; and
- Rating changes.

Consequences of Failure of the District to Provide Information

The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of the failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;
- (b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

Termination of Undertaking

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to each NRMSIR and the SID, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel ("*Bond Counsel*") who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official

Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriter reviewed the statements describing its approving opinion and the information contained under the heading "*TAX MATTERS*" solely to determine whether such statements and information, insofar as they purport to describe or summarize Bond Counsel's opinions concerning certain federal and state tax matters relating to the Bonds are accurate in all material respects. This review was undertaken solely for the benefit of the Underwriter and may not be relied upon by any other person including, but not limited to, the owners of the Bonds.

NO LITIGATION

No litigation is now pending or threatened affecting the issuance or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds. A no litigation certificate will be included with the customary closing papers when the Bonds are delivered.

UNDERWRITING

William Blair & Company, L.L.C., a limited liability company (the "*Underwriter*"), has agreed to purchase the Bonds from the District at a price of \$15,564,105.75 plus accrued interest. The underwriter's spread is approximately 0.613% of the par value of all the Bonds if all the Bonds are sold at the initial offering prices. This gross underwriting spread is before deducting any of the out-of-pocket expenses of the Underwriter.

The obligation of the Underwriter is such that it must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at the initial prices stated on the inside cover of this Official Statement. After the initial offering, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers.

The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Underwriter will be furnished a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement and any addenda, supplement or amendment hereto on the date of this Official Statement, and on the date of delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein in the light of the circumstances under which they were made not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since June 30, 2007, the date of the last financial statement of the District.

/s/ Donna Rose Torf
President, Board of Education
Township High School District Number 225
Cook County, Illinois

Attest:

/s/ Barbara Dill-Varga
Secretary, Board of Education
Township High School District Number 225
Cook County, Illinois

EXHIBITS

Exhibits A, A-1, and B present information about direct and overlapping bonded debt. Exhibit C provides information about the composition of equalized assessed valuations. Exhibits D and E provide information about tax rates for the District and overlapping jurisdictions. Exhibit F lists the District's largest taxpayers. Exhibit G shows the District's recent financial history. Exhibit G-1 shows the District's budget for the year ended June 30, 2008. Exhibit H shows the Form of Opinion of Bond Counsel. Exhibit I is the District's 2007 audit.

Exhibit A - Direct General Obligation Bonded Debt

Principal Due Dec. 1	Outstanding Principal	Plus: Series 2008 Bonds	Total
2008	\$3,065,000		\$3,065,000
2009	3,360,000		3,360,000
2010	3,665,000		3,665,000
2011	4,235,059		4,235,059
2012	4,131,670		4,131,670
2013	4,483,974		4,483,974
2014	5,111,165		5,111,165
2015	4,707,368		4,707,368
2016	4,908,921		4,908,921
2017	5,564,539		5,564,539
2018	5,908,943		5,908,943
2019	6,294,425		6,294,425
2020	7,921,277		7,921,277
2021	8,235,429		8,235,429
2022	3,841,292		3,841,292
2023	3,645,659		3,645,659
2024	2,934,893		2,934,893
2025		\$4,345,000	4,345,000
2026		4,925,000	4,925,000
2027		5,300,000	5,300,000
	\$82,014,614	\$14,570,000	\$96,584,614

Exhibit A-1 - Tax Levies for Direct Bonded Debt

Levy Year	Outstanding Debt Service	Plus: Series 2008 Bonds	Total
2007	\$6,281,612	\$667,792	\$6,949,404
2008	6,423,380	728,500	7,151,880
2009	6,560,058	728,500	7,288,558
2010	6,991,122	728,500	7,719,622
2011	6,694,289	728,500	7,422,789
2012	6,851,055	728,500	7,579,555
2013	7,324,587	728,500	8,053,087
2014	7,496,440	728,500	8,224,940
2015	7,663,750	728,500	8,392,250
2016	8,190,750	728,500	8,919,250
2017	8,376,500	728,500	9,105,000
2018	8,562,750	728,500	9,291,250
2019	9,962,000	728,500	10,690,500
2020	9,962,500	728,500	10,691,000
2021	7,930,000	728,500	8,658,500
2022	7,930,000	728,500	8,658,500
2023	6,720,000	728,500	7,448,500
2024		5,073,500	5,073,500
2025		5,436,250	5,436,250
2026		5,565,000	5,565,000
	\$129,920,793	\$28,398,542	\$158,319,335

Exhibit B - Overlapping General Obligation Bonded Debt

(As of December 1, 2007)

<u>Taxing Authority</u>	<u>Outstanding Bonds</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable</u>
Cook County	\$2,953,610,000	3.566%	\$105,325,733
Cook County Forest Preserve	123,780,000	3.566%	4,413,995
Metropolitan Water Reclamation District	1,509,320,392 (1)	3.638%	54,909,076
Village of Deerfield	8,585,000	14.324%	1,229,715
Village of Glenview	154,280,000	90.345%	139,384,266
Village of Golf	2,745,000	100.000%	2,745,000
Village of Northbrook	63,035,000	96.106%	60,580,417
Niles Library District	5,875,000	3.352%	196,930
Deerfield Park District	4,430,000 (2)	6.965%	308,550
Glenview Park District	15,797,000 (2)	83.817%	13,240,571
Northbrook Park District	14,065,000	98.904%	13,910,848
School District #30	4,518,068 (3)	100.000%	4,518,068
School District #31	5,215,000	100.000%	5,215,000
School District #34	26,455,000	99.517%	26,327,222
Village of Glenview SSA #9	24,116	100.000%	24,116
Village of Glenview SSA #10	24,116	100.000%	24,116
Village of Glenview SSA #11	27,357	100.000%	27,357
Village of Glenview SSA #12	13,109	100.000%	13,109
Village of Glenview SSA #17	36,129	100.000%	36,129
Village of Glenview SSA #18	18,815	100.000%	18,815
Village of Glenview SSA #32	20,568	100.000%	20,568
Village of Glenview SSA #33	19,283	100.000%	19,283
Village of Glenview SSA #36	57,989	100.000%	57,989
Village of Glenview SSA #37	26,727	100.000%	26,727
Total Overlapping General Obligation Bonded Debt			\$432,573,600

(1) Includes IEPA Revolving Loan Fund Bonds.

(2) Excludes outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.

(3) Includes original principal amounts of outstanding Capital Appreciation Bonds

Sources: Offices of the Cook County Clerk, Cook County Department of Revenue and the Treasurer of the Metropolitan Water Reclamation District

Exhibit C - Assessed Valuations

**Composition of Equalized Assessed Valuation
by Classification of Property**

	2002	2003	2004	2005	2006
Residential	\$2,477,561,393	\$2,527,374,782	\$3,088,081,302	\$3,395,071,036	N/A
Farm	91,916	6,510	6,510	6,510	N/A
Commercial	933,784,482	895,870,964	985,867,680	1,088,725,889	N/A
Industrial	540,642,498	549,701,681	608,493,028	637,779,389	N/A
Railroad	728,163	701,842	762,580	709,885	640,431
Total	\$3,952,808,452	\$3,973,655,779	\$4,683,211,100	\$5,122,292,709	\$5,142,176,826

Source: Office of the County Clerk, Cook County, IL

Exhibit C-1 - Effects of Exemptions and Multipliers

In addition to the effect of exemptions the multiplier is an important factor in determining taxable valuation.

The table below shows the effect of the multiplier and exemptions in tax years 2002 through 2006.

	2002	2003	2004	2005	2006
Assessed Value	\$1,660,325,031	\$1,677,180,304	\$2,008,053,959	\$2,052,312,630	\$2,056,549,190
Equalization factor	2.4689	2.4598	2.5757	2.7320	2.7076
Pre-exemption EAV	4,099,176,470	4,125,528,113	5,172,144,582	5,606,918,105	5,568,312,586
Homeowner Exemption	97,149,644	106,123,500	402,584,301	393,590,171	336,565,192
Senior Citizen Homestead Exemption	18,434,500	18,193,526	22,814,141	22,932,147	26,394,900
Senior Tax Freeze Exemption	28,022,376	25,089,110	63,535,040	68,103,078	63,175,668
Longterm Homeowner Exemption	2,761,498	2,466,198	--	--	--
Taxable Equalized Assessed Valuation	\$3,952,808,452	\$3,973,655,779	\$4,683,211,100	\$5,122,292,709	\$5,142,176,826

Source: Office of the County Clerk, Cook County, IL

Exhibit D - School District Tax Rates by Purpose, 2002-2006

Fund	2002	2003	2004	2005	2006
IMRF	\$0.0126	\$0.0075	\$0.0066	\$0.0063	\$0.0080
Social Security	0.0196	0.0351	0.0308	0.0293	0.0398
Liability Insurance	0.0000	0.0000	0.0000	0.0000	0.0000
Transportation	0.0253	0.0201	0.0171	0.0164	0.0040
Education	1.4205	1.4430	1.2538	1.2273	1.3245
Building	0.1379	0.1646	0.1509	0.1425	0.1038
Bonds and Interest (Building)	0.0358	0.0000	0.0000	0.0000	0.0826
Working Cash Funds	0.0126	0.0130	0.0111	0.0107	0.0182
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0000
Special Education	0.0000	0.0000	0.0000	0.0000	0.0000
Limited Bonds	0.0171	0.0527	0.0456	0.0417	0.0414
Life Safety Bond	0.0000	0.0000	0.0000	0.0000	0.0000
Total	\$1.6814	\$1.7360	\$1.5159	\$1.4742	\$1.6223
	-or-	-or-	-or-	-or-	-or-
As rounded by Cook County	\$1.682	\$1.736	\$1.516	\$1.475	\$1.623 *

* Equivalent to \$162.30 per \$10,000 equalized assessed property valuation.

Source: Office of the County Clerk, Cook County, IL

Exhibit E - 2002-2006 Representative Total Tax Rates

Taxing Authority	2002 Tax Rate (per \$100)	2003 Tax Rate (per \$100)	2004 Tax Rate (per \$100)	2005 Tax Rate (per \$100)	2006 Tax Rate (per \$100)
Cook County	\$0.690	\$0.630	\$0.593	\$0.533	\$0.500
Cook County Forest Preserve	0.061	0.059	0.060	0.060	0.057
Suburban TB Sanitarium	0.006	0.004	0.001	0.005	0.005
Consolidated Elections	0.000	0.029	0.000	0.014	0.000
Northfield Township	0.015	0.009	0.012	0.011	0.011
Northfield Twp. Road and Bridge	0.035	0.037	0.033	0.033	0.035
Northfield Twp. General Assistance	0.002	0.010	0.006	0.008	0.008
Metro Water Reclamation District	0.371	0.361	0.347	0.315	0.284
North Shore Mosquito Abatement District	0.009	0.009	0.008	0.008	0.009
High School District #225	1.682	1.736	1.516	1.475	1.623
Community College #535	0.179	0.186	0.161	0.158	0.166
Glenview Park District	0.492	0.516	0.505	0.490	0.511
Village of Glenview & Library Fund	0.782	0.798	0.686	0.670	0.661
School District #34	2.509	2.552	2.330	2.259	2.334
TOTAL	\$6.833	\$6.936	\$6.258	\$6.039	\$6.204 *

* Equivalent to \$620.40 per \$10,000 equalized assessed property valuation.

Source: Office of the County Clerk, Cook County, IL

Exhibit F - Representative Largest Taxpayers

<u>Taxpayer</u>	<u>Product or Service</u>	2006 Equalized Assessed <u>Valuation</u>
Allstate Insurance Co.	Insurance corporate office	\$138,890,569
Northbrook Court Shopping Center	Shopping mall	92,001,351
Grubb & Ellis Services	Office complex	27,786,696
Lk Cook Rd & Midamca	Mall (237 Skokie Blvd., Northbrook)	22,999,827
Estate of James Campbell	Office complex	22,743,843
May Department Store	Retail store	20,036,235
Clarion Realty	Office building	19,588,186
Underwriters Laboratories Inc.	Independent non-profit testing and certification	17,704,972
Jones Lang LaSalle	Office building	17,420,141
North Suburban Development Corp.	Commercial building over three stories	17,181,325
Anixter International, Inc.	Corporate headquarters – voice, video, data and power wiring systems	17,130,303
Sheraton North Shore Hotel	Hotel	16,976,647
EProperty Tax Inc. 207	Office building (5 Revere, Northbrook)	16,301,033
Kraft Foods, Inc.	Corporate headquarters and food sales	16,083,144
Classic Res – Hyatt	Apartments	13,617,571

* The 2006 Cook County multiplier of 2.7076 has been applied to the 2006 assessed valuations of Cook County taxpayers.

Source: Office of the County Clerk, Cook County, IL

Exhibit G - Combined Statement of Revenues, Expenditures and Changes in Fund Balance, 2003-2007

	General	Special Revenue	Bond & Interest	Capital Projects	Working Cash	Memorandum
Beginning Balance July 1, 2002	\$37,711,455	\$2,378,547	\$1,320,690	\$6,726,233	\$8,490,795	\$56,627,720
Revenues	74,378,283	3,779,031	2,097,581	41,296	585,744	80,881,935
Expenditures	77,845,460	3,270,468	2,929,376	7,348,198	0	91,393,502
Transfers	(2,608,605)	0	1,225,000	2,641,747	(1,258,142)	0
Other	0	0	0	0	0	0
Ending Balance June 30, 2003	\$31,635,673	\$2,887,110	\$1,713,895	\$2,061,078	\$7,818,397	\$46,116,153
Beginning Balance July 1, 2003	\$31,635,673	\$2,887,110	\$1,713,895	\$2,061,078	\$7,818,397	\$46,116,153
Revenues	78,795,105	3,819,534	2,050,474	12,343	549,293	85,226,749
Expenditures	79,010,792	3,703,191	3,529,145	0	0	86,243,128
Transfers	(1,320,000)	0	1,320,000	0	0	0
Other	0	0	237,489	0	0	237,489
Ending Balance June 30, 2004	\$30,099,986	\$3,003,453	\$1,792,713	\$2,073,421	\$8,367,690	\$45,337,263
Beginning Balance July 1, 2004	\$30,099,986	\$3,003,453	\$1,792,713	\$2,073,421	\$8,367,690	\$45,337,263
Revenues	79,771,120	3,879,886	2,102,894	52,065	731,283	86,537,248
Expenditures	80,776,432	3,861,567	3,458,470	109,393	0	88,205,862
Transfers	(1,416,978)	0	1,416,978	0	0	0
Other	12,045	0	108,279	0	0	120,324
Ending Balance June 30, 2005	\$27,689,741	\$3,021,772	\$1,962,394	\$2,016,093	\$9,098,973	\$43,788,973
Beginning Balance July 1, 2005	\$27,689,741	\$3,021,772	\$1,962,394	\$2,016,093	\$9,098,973	\$43,788,973
Revenues	81,108,452	3,907,539	2,119,630	75,977	860,426	88,072,024
Expenditures	79,385,159	4,297,278	3,513,881	0	0	87,196,318
Transfers	(1,471,163)	0	1,471,163	0	0	0
Other	0	0	0	0	0	0
Ending Balance June 30, 2006	\$27,941,871	\$2,632,033	\$2,039,306	\$2,092,070	\$9,959,399	\$44,664,679
Beginning Balance July 1, 2006	\$27,941,871	\$2,632,033	\$2,039,306	\$2,092,070	\$9,959,399	\$44,664,679
Revenues	87,552,544	4,337,866	4,116,960	909,028	1,408,734	98,325,132
Expenditures	81,590,862	4,185,359	4,245,957	4,780,422	0	94,802,600
Transfers	(1,043,494)	0	1,043,494	0	0	0
Other	0	0	86,889	47,000,000	0	47,086,889
Ending Balance June 30, 2007	\$32,860,059	\$2,784,540	\$3,040,692	\$45,220,676	\$11,368,133	\$95,274,100

Exhibit G-1 – 2008 Budget

	General	Special Revenue	Bond & Interest	Capital Projects	Working Cash	Memorandum
Beginning Balance July 1, 2007	\$32,860,059	\$2,784,540	\$3,040,692	\$45,220,676	\$11,368,133	\$95,274,100
Revenues	81,916,754	4,252,860	6,311,416	4,692,237	1,429,728	98,602,995
Expenditures	78,933,958	4,678,434	7,145,721	45,276,718	0	136,034,831
Transfers	0	0	0	0	0	0
Other	0	0	0	15,500,000	0	15,500,000
Ending Balance June 30, 2008	\$35,842,855	\$2,358,966	\$2,206,387	\$20,136,195	\$12,797,861	\$73,342,264

Source: The District

Exhibit H – Form of Opinion of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of Township High School District Number 225, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation School Bonds, Series 2008 (the “*Bonds*”), to the amount of \$14,570,000, dated January 1, 2008, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR	PRINCIPAL AMOUNT	RATE OF INTEREST
2025	\$4,345,000	5.00%
2026	4,925,000	5.00%
2027	5,300,000	5.00%

the Bonds being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on June 1, 2018, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such

District covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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Northfield Township High School
District 225
Glenview, Illinois

Annual Financial Report

June 30, 2007

Northfield Township High School District 225
ANNUAL FINANCIAL REPORT
For the year ended June 30, 2007

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Northfield Township High School District 225

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2007

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FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Northfield Township High School District 225
Glenview, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northfield Township High School District 225, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Northfield Township High School District 225's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northfield Township High School District 225 as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2007, on our consideration of Northfield Township High School District 225's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(Continued)

The management's discussion and analysis on pages 3 through 11, and the Illinois Municipal Retirement Fund historical data on page 43, and the budgetary comparison information and notes to the required supplementary information on pages 44 through 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northfield Township High School District 225's basic financial statements. The other schedules, listed in the table of contents as supplementary financial information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying other supplemental information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MILLER, COOPER & CO., LTD.


Certified Public Accountants

Northbrook, Illinois
December 6, 2007

Northfield Township High School District No. 225

Management's Discussion and Analysis

For the Year Ended June 30, 2007

The discussion and analysis of Northfield Township High School 225's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2007. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- During the year, the District successfully passed a \$94 million building bond referendum. Subsequently, the District issued \$68.6 million of this authorized amount. As outlined in the District's pre-referendum comprehensive planning process, these initial proceeds were used to restructure debt, with the balance of funds invested for future capital projects. As a result of these transactions, approximately \$4 million was replenished to the District's operating funds that had previously been restricted for alternate revenue bond payments, building maintenance, and infrastructure. Across all funds, total net assets increased by \$8.6 million, representing a temporary increase in fund balance.
- The District continued to aggressively pay down its existing debt, retiring \$22.7 million of outstanding bonds. This amount includes the refunding of the District's alternate revenue bonds, which was approved through voter referendum.
- General revenues accounted for \$85.6 million, or 87% of total revenue. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$12.7 million, or 13% of total revenue.
- The District had \$89.7 million in expenses related to governmental activities, of which \$12.7 million were offset by program specific charges for services or grants and contributions. General revenues of \$85.6 million were adequate to provide for the remaining costs of these programs.
- Among the major funds, the Educational Fund had \$76.7 million in revenues, primarily consisting of property taxes, state aid, and other local revenue, and \$73.8 million in expenditures. During the year, the Board of Education authorized the transfer of \$1.0 million from the Operations and Maintenance Fund to the Bond and Interest Fund to pay debt service on the alternate revenue bonds.
- Enrollment remained relatively stable, decreasing slightly by approximately one-half of one percent over the course of the year.
- The District successfully negotiated multi-year collective bargaining agreements with both the Glenbrook Educational Support Staff Association (G.E.S.S.A.) and the Glenbrook Educational Support Paraprofessional Association (G.E.S.P.A.). The G.E.S.P.A. agreement will expire in 2009 and the G.E.S.S.A. agreement in 2010. Both contracts are within the parameters of current projections and are consistent with other bargained and nonbargained employee groups throughout the District.
- The FY2007 budget included numerous efficiency initiatives that were implemented during the year. These initiatives are ongoing and include a continuous review of all District operations.

Northfield Township High School District No. 225

Management's Discussion and Analysis

For the Year Ended June 30, 2007

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the fiscal year being reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education, and other), supporting services, operation and maintenance of facilities, and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

Northfield Township High School District No. 225
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Educational, Operations and Maintenance, Transportation, IMRF/Social Security, Working Cash, Bond and Interest, Site and Construction, and Fire Prevention and Life Safety funds, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its noncertified employees.

Northfield Township High School District No. 225
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Government-Wide Financial Analysis

Net Assets: The District's combined net assets increased by 7.2% to \$127.8 million as a result of FY07 operations (Table 1).

Table 1		
Condensed Statement of Net Assets		
	<i>Governmental Activities</i>	<i>Governmental Activities</i>
	<u>2006</u>	<u>2007</u>
Current and other assets	\$88,325,701	\$148,813,510
Capital assets	<u>117,894,740</u>	<u>121,821,064</u>
Total assets	<u>206,220,441</u>	<u>270,634,574</u>
Long-term debt outstanding	43,509,664	89,708,474
Other liabilities	<u>43,471,596</u>	<u>53,119,266</u>
Total liabilities	<u>86,981,260</u>	<u>142,827,740</u>
Net assets:		
Invested in capital assets, net of related debt	79,340,007	78,390,342
Restricted	2,663,676	3,927,600
Unrestricted	<u>37,235,498</u>	<u>45,488,892</u>
Total net assets	<u>\$119,239,181</u>	<u>\$127,806,834</u>

**Northfield Township High School District No. 225
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

Changes in Net Assets: FY07 revenue from governmental activities was \$98.3 million, with related expenses of \$89.7 million, resulting in an increase in net assets of \$8.6 million. (Table 2).

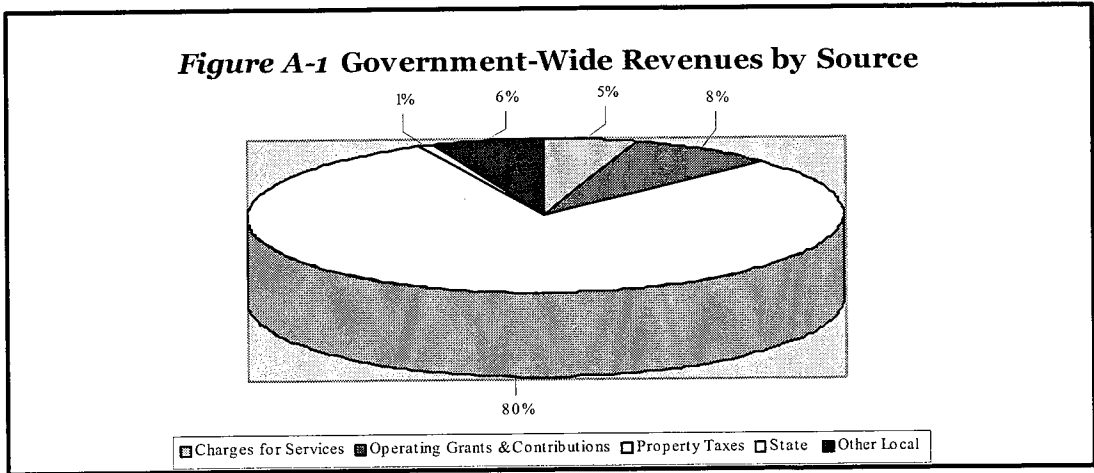
Table 2 Changes in Net Assets				
	<i>Governmental Activities 2006</i>	<i>% Of Total</i>	<i>Governmental Activities 2007</i>	<i>% Of Total</i>
Revenues:				
Program revenues:				
Charges for services	\$4,618,417	5.3%	\$4,934,571	5.0%
Operating grants & contributions	8,362,282	9.5%	7,768,681	7.9%
General revenues:				
Property taxes	72,692,468	82.5%	78,619,052	80.0%
General state aid	1,310,358	1.5%	1,375,675	1.4%
Other	<u>1,088,499</u>	1.2%	<u>5,627,153</u>	5.7%
Total revenues	<u>88,072,024</u>	100.0%	<u>98,325,132</u>	100.0%
Expenses:				
Instruction	44,463,842	49.7%	48,703,587	54.3%
Pupil & instructional services	11,892,932	13.3%	11,673,539	13.0%
Administration & business	12,883,021	14.4%	12,833,624	14.3%
Transportation	2,092,062	2.3%	1,849,051	2.0%
Operations and maintenance	11,316,070	12.6%	8,237,277	9.2%
Other	<u>6,900,495</u>	7.7%	<u>6,460,401</u>	7.2%
Total expenses	<u>\$89,548,422</u>	100.0%	<u>\$89,757,479</u>	100.0%
Increase(decrease) in net assets	<u>\$(1,476,398)</u>		<u>\$8,567,653</u>	

Northfield Township High School District No. 225

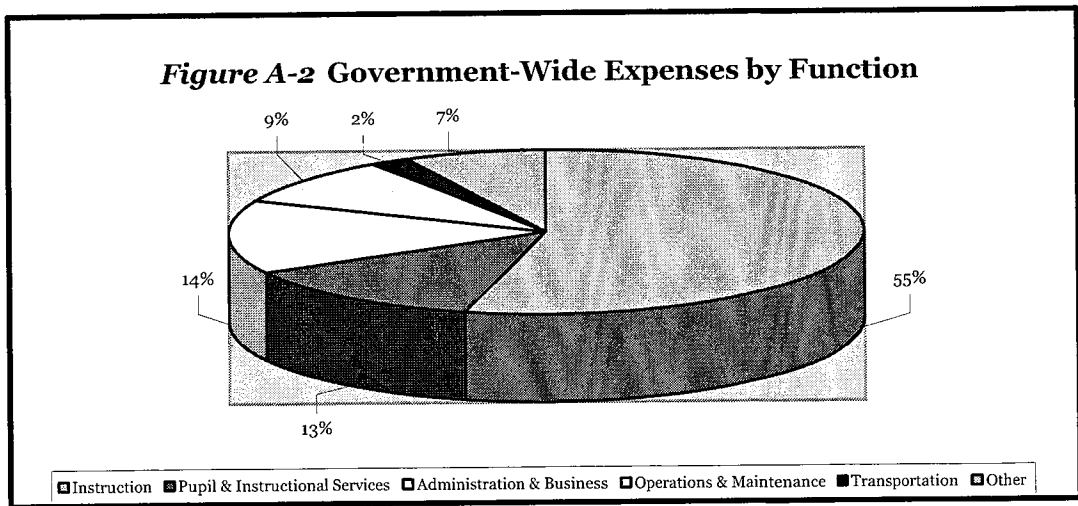
Management's Discussion and Analysis

For the Year Ended June 30, 2007

Revenues by Source: Property taxes in the amount of \$78.6 million accounted for 80% of total revenues, while operating grants and contributions in the amount of \$7.8 million accounted for 8%, charges for services in the amount of \$4.9 million accounted for 5%, general state aid in the amount of \$1.4 million accounted for 1% and other local revenue in the amount of \$5.6 million accounted for 6% (Figure A-1).



Expenses by Function: Expenses for instruction in the amount of \$48.7 million accounted for 55% of total expenses, while pupil & instructional services in the amount of \$11.7 million accounted for 13%, administration & business in the amount of \$12.8 million accounted for 14%, operations & maintenance in the amount of \$8.2 million accounted for 9%, transportation in the amount of \$1.8 million accounted for 2% and other expenses in the amount of \$6.5 million accounted for 7% (Figure A-2).



**Northfield Township High School District No. 225
 Management's Discussion and Analysis
 For the Year Ended June 30, 2007**

Financial Analysis of the District's Funds

As the District closed the year, its governmental funds reported a combined fund balance of \$95.3 million, higher than last year's ending fund balance of \$44.7 million, an increase of approximately 113.3%. This temporarily inflated fund balance is a result of many factors; mainly the investment of bond proceeds reserved for future construction, restructuring of long-term debt, and deferred retirement expenses.

General Fund Budgetary Highlights

The District's final budget for the Educational Fund anticipated that expenditures would exceed revenues by \$3.3 million. The year ended with a \$2.9 million surplus, resulting in a favorable variance. This was largely due to the positive impact of the referendum on the operating funds and the District's ongoing efficiency initiatives.

Capital Asset and Debt Administration

Capital assets

By the end of FY07, the District had invested \$121.8 million (net of depreciation) in a broad range of capital assets, including school buildings, building improvements, equipment, furniture, library books, and textbooks (Table 3).

Table 3 Capital Assets (net of depreciation)		
	<i>Governmental Activities 2006</i>	<i>Governmental Activities 2007</i>
Land	\$892,361	\$892,361
Buildings & improvements	114,550,167	118,668,052
Equipment & vehicles	<u>2,452,212</u>	<u>2,260,651</u>
Total	<u>\$117,894,740</u>	<u>\$121,821,064</u>

**Northfield Township High School District No. 225
 Management's Discussion and Analysis
 For the Year Ended June 30, 2007**

Long-term debt

At year-end, the District had \$89.7 million in outstanding general obligation bonds and other long-term debt (Table 4).

Table 4 Outstanding Long-Term Debt		
	<u>2006</u>	<u>2007</u>
General obligation bonds & notes	\$42,832,026	\$89,053,938
Other	<u>677,638</u>	<u>654,536</u>
Total	<u>\$43,509,664</u>	<u>\$89,708,474</u>

- During the year, the District successfully passed a \$94 million building bond referendum, issuing a \$68.6 million portion in new bonds. The District continued to pay down its existing debt, retiring \$22.7 million of outstanding bonds. This amount included the refunding of the District's alternate revenue bonds, which was approved through the referendum.

Factors Bearing on the District's Future

Following are significant issues that will affect the District's future:

- **Appointment of New Superintendent:** The Glenbrook Board of Education announced the selection of Dr. Michael Riggle, Principal of Glenbrook North High School, as District Superintendent, succeeding Dr. Dave Hales who, after nine years of distinguished service, will retire on June 30, 2007. Dr. Riggle has been Principal of Glenbrook North for the past nine years and brings knowledge, experience, and continuity into his new role as Superintendent.
- **G.E.A. Negotiations:** The current teacher's contract between the District and the Glenbrook Education Association will expire on June 30, 2008. Negotiations are currently taking place, with the expectation of reaching a successful collective bargaining agreement.
- **The Glen:** The Glen (formally known as the Glenview Naval Air Station, "GNAS") TIF (Tax Incremental Financing) provides that the District receives make-whole payments for new students attending the District. A critical factor for future financial planning is the rate at which housing is occupied and high school enrollment increases. It is anticipated that the TIF will end in 2018.

Northfield Township High School District No. 225 Management's Discussion and Analysis For the Year Ended June 30, 2007

Property Tax Appeals: Business taxpayers have the choice of filing property tax appeals through either the Property Tax Appeals Board (PTAB) or the Cook County Circuit Court (tax court). The District aggressively exercises its right to intervene on cases filed through the PTAB for assessment adjustments over \$100,000. Over the last seven fiscal years, District 225 has lost over \$16 million to property tax refunds, through both the PTAB and the tax courts. This is an average of \$2.3 million per year, which is included in the District's annual operating budget. If not for the District's PTAB intervention, this amount would be significantly higher. The District will continue to exercise its legal right to reduce losses through PTAB appeals.

- **Teacher Pension Reform Act:** At the spring 2005 legislative session, the Teacher Pension Reform Act was enacted. Based upon this initial legislation, a large number of staff tentatively scheduled retirement at the end of the 2006/07 school year. Finalized legislation recognized terms of multi-year collective bargaining agreements that were in place prior to the Act. Due to the fact that the District has a multi-year collective bargaining agreement in place through June 30, 2008, the majority of staff exercised their option to defer their retirement to a later date. The impact of this upon the District is approximately \$1.2 million in deferred expense.
- **Capital Projects:** Resulting from the District's pre-referendum comprehensive planning process, the District successfully passed a \$94 million building bond referendum. As outlined in the planning process, capital projects are underway at both Glenbrook North and Glenbrook South high schools, with a targeted completion date in February 2009.
- **Future Bond Issues:** As outlined in the District's pre-referendum comprehensive planning process, the voter-authorized building bond referendum of \$94 million is to be issued in stages that correlate to a predetermined schedule of capital projects through FY2017. On January 18, 2007, the District issued \$68.6 million in building bonds. In January 2008, an additional \$15 million will be issued, with an additional \$10 million held in reserve, to be issued in FY2012. This \$10 million reserve will fund capital improvements from FY2013 through FY2017.
- **Property Tax Base:** Tax year 2007 is scheduled for a Cook County triennial reassessment for all real property within the boundaries of Northfield Township. In addition to the reassessment, tax year 2007 will also reflect significant new growth within the township that will positively impact the District. Significant new developments include the Willow Festival development, the Culligan redevelopment project, the Skokie Boulevard redevelopment project, and the Center for the North Shore project.
- **Requests for Information**

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office: Northfield Township High School District 225, 1835 Landwehr Rd., Glenview, Illinois. 60026.

BASIC FINANCIAL STATEMENTS

Northfield Township High Schools District 225
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2007

ASSETS

Cash and investments	\$ 99,025,006
Receivables (net of allowance for uncollectibles):	
Interest	1,371,926
Property taxes	46,705,719
Replacement taxes	473,239
Accounts	25,562
Intergovernmental	477,623
Other current assets	39,641
Deferred charges	694,794
Capital assets:	
Land	892,361
Depreciable buildings, property, and equipment, net	<u>120,928,703</u>
Total assets	<u>270,634,574</u>

LIABILITIES

Accounts payable	4,016,188
Salaries and wages payable	64,082
Payroll deductions payable	907,782
Other current liabilities	1,111,522
Interest payable	274,650
Deferred revenue	46,745,042
Long-term liabilities:	
Due within one year	2,569,874
Due within one year	<u>87,138,600</u>
Total liabilities	<u>142,827,740</u>

NET ASSETS

Invested in capital assets, net of related debt	78,390,342
Restricted For:	
Debt service	3,460,836
Retirement benefits	466,764
Unrestricted	<u>45,488,892</u>
Total net assets	<u>\$ 127,806,834</u>

The accompanying notes are an integral part of this statement.

Northfield Township High Schools District 225

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 28,974,236	\$ 426,291	\$ 193,307	\$ (28,354,638)
Special programs	7,230,661	-	2,454,889	(4,775,772)
Other instructional programs	8,550,965	467,929	283,839	(7,799,197)
State retirement contributions	3,947,725	-	3,947,725	-
Support services:				
Pupils	8,196,125	-	10,932	(8,185,193)
Instructional staff	3,477,414	-	4,523	(3,472,891)
General administration	2,643,796	-	-	(2,643,796)
School administration	5,786,320	-	-	(5,786,320)
Business	4,403,508	3,458,901	179,127	(765,480)
Transportation	1,849,051	421,777	694,339	(732,935)
Operations and maintenance	8,237,277	159,673	-	(8,077,604)
Central	2,252,982	-	-	(2,252,982)
Community services	51,629	-	-	(51,629)
Interest and fees	3,150,262	-	-	(3,150,262)
Unallocated depreciation	1,005,528	-	-	(1,005,528)
Total governmental activities	\$ 89,757,479	\$ 4,934,571	\$ 7,768,681	(77,054,227)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	63,309,179
Real estate taxes, levied for specific purposes	8,706,025
Real estate taxes, levied for debt service	3,897,766
Personal property replacement taxes	2,706,082
State aid-formula grants	1,375,675
Investment earnings	3,889,867
Miscellaneous	1,737,286
Total general revenues	85,621,880

Change in net assets 8,567,653

Net assets, beginning of year 119,239,181

Net assets, end of year \$ 127,806,834

The accompanying notes are an integral part of this statement.

Northfield Township High Schools District 225

Governmental Funds

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	<u>Educational Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Transportation</u>	<u>IMRF/ Soc. Sec.</u>
ASSETS				
Cash and investments	\$ 19,695,993	\$ 14,900,977	\$ 3,015,082	\$ 548,499
Receivables (net of allowance for uncollectibles):				
Interest	170,358	225,269	43,318	9,276
Property taxes	38,133,265	2,988,473	115,163	1,376,194
Replacement taxes	-	473,239	-	-
Accounts	-	-	-	25,562
Intergovernmental	477,623	-	-	-
Prepaid items	-	-	-	-
Other current assets	39,641	-	-	-
	<u>39,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 58,516,880</u>	 <u>\$ 18,587,958</u>	 <u>\$ 3,173,563</u>	 <u>\$ 1,959,531</u>
LIABILITIES AND FUND BALANCES				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	902,856	607,325	175,107	130,578
Salaries and wages payable	55,256	8,826	-	-
Payroll deductions payable	907,782	-	-	-
Other current liabilities	800,538	-	310,984	-
Deferred revenue	38,004,136	2,958,060	369,696	1,362,189
	<u>40,670,568</u>	<u>3,574,211</u>	<u>855,787</u>	<u>1,492,767</u>
 Total liabilities	 <u>40,670,568</u>	 <u>3,574,211</u>	 <u>855,787</u>	 <u>1,492,767</u>
Fund balances:				
Unreserved fund balance:				
Undesignated	17,846,312	15,013,747	2,317,776	466,764
	<u>17,846,312</u>	<u>15,013,747</u>	<u>2,317,776</u>	<u>466,764</u>
 Total fund balance	 <u>17,846,312</u>	 <u>15,013,747</u>	 <u>2,317,776</u>	 <u>466,764</u>
 Total liabilities and fund	 <u>\$ 58,516,880</u>	 <u>\$ 18,587,958</u>	 <u>\$ 3,173,563</u>	 <u>\$ 1,959,531</u>

The accompanying notes are an integral part of this statement.

<u>Working Cash</u>	<u>Bond and Interest</u>	<u>Site and Construction</u>	<u>2007</u>	Total <u>2006</u>
\$ 11,189,859	\$ 2,942,661	\$ 46,731,935	\$ 99,025,006	\$ 47,430,046
172,942	61,700	689,063	1,371,926	457,800
523,990	3,568,634	-	46,705,719	39,212,825
-	-	-	473,239	404,637
-	-	-	25,562	50,240
-	-	-	477,623	443,387
-	-	-	-	117,630
-	-	-	39,641	34,425
<u>\$ 11,886,791</u>	<u>\$ 6,572,995</u>	<u>\$ 47,420,998</u>	<u>\$ 148,118,716</u>	<u>\$ 88,150,990</u>
\$ -	\$ -	\$ -	\$ -	\$ 146,166
-	-	2,200,322	4,016,188	1,869,879
-	-	-	64,082	51,702
-	-	-	907,782	912,577
-	-	-	1,111,522	1,308,178
518,658	3,532,303	-	46,745,042	39,197,809
<u>518,658</u>	<u>3,532,303</u>	<u>2,200,322</u>	<u>52,844,616</u>	<u>43,486,311</u>
<u>11,368,133</u>	<u>3,040,692</u>	<u>45,220,676</u>	<u>95,274,100</u>	<u>44,664,679</u>
<u>11,368,133</u>	<u>3,040,692</u>	<u>45,220,676</u>	<u>95,274,100</u>	<u>44,664,679</u>
<u>\$ 11,886,791</u>	<u>\$ 6,572,995</u>	<u>\$ 47,420,998</u>	<u>\$ 148,118,716</u>	<u>\$ 88,150,990</u>

Northfield Township High School District 225
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
For the year ended June 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 95,274,100
Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	121,821,064
Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental fund balance sheet.	(89,708,474)
Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, accordingly, are not included in the governmental fund balance sheet.	694,794
Interest on long-term liabilities accrued in the statement of net assets will not be paid with current financial resources and, accordingly, are not included in the governmental fund balance sheet.	<u>(274,650)</u>
Net assets of governmental activities	<u>\$ 127,806,834</u>

The accompanying notes are an integral part of this statement.

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Northfield Township High Schools District 225
Governmental Funds
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Educational Fund	Operations and Maintenance Fund	Transportation	IMRF/ Soc. Sec.	Working Cash
Revenues					
Property taxes	\$ 62,614,205	\$ 6,149,870	\$ 529,703	\$ 2,026,452	\$ 694,974
Replacement taxes	-	2,551,082	-	155,000	-
State aid	6,694,820	390,000	984,339	-	-
Federal aid	1,075,197	-	-	-	-
Interest	904,795	922,495	170,279	50,316	713,760
Other	5,458,405	791,675	421,777	-	-
Total revenues	76,747,422	10,805,122	2,106,098	2,231,768	1,408,734
Expenditures					
Current:					
Instruction:					
Regular programs	26,326,679	-	-	355,954	-
Special programs	5,107,916	-	-	153,247	-
Other instructional programs	8,286,592	-	-	250,204	-
State retirement contributions	3,947,725	-	-	-	-
Support services:					
Pupils	7,810,161	-	-	372,911	-
Instructional staff	3,329,801	-	-	147,613	-
General administration	2,585,345	-	-	56,712	-
School administration	5,551,059	-	-	232,437	-
Business	4,360,522	127	-	90,201	-
Transportation	61,945	-	1,784,320	2,786	-
Operations and maintenance	1,886,312	5,777,013	-	561,118	-
Central	2,032,071	-	-	143,476	-
Community services	28,914	-	-	22,715	-
Nonprogrammed charges	1,964,050	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Capital outlay	527,260	2,007,370	11,665	-	-
Total expenditures	73,806,352	7,784,510	1,795,985	2,389,374	-
Excess (deficiency) of revenues over expenditures	2,941,070	3,020,612	310,113	(157,606)	1,408,734
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	(1,043,494)	-	-	-
Bond proceeds	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	(1,043,494)	-	-	-
Net change in fund balance	2,941,070	1,977,118	310,113	(157,606)	1,408,734
Fund balance, beginning of year	14,905,242	13,036,629	2,007,663	624,370	9,959,399
Fund balance, end of year	\$ 17,846,312	\$ 15,013,747	\$ 2,317,776	\$ 466,764	\$ 11,368,133

The accompanying notes are an integral part of this statement.

Bond and Interest	Site and Construction	Total	
		2007	2006
\$ 3,897,766	\$ -	\$ 75,912,970	\$ 70,235,563
-	-	2,706,082	2,456,905
-	-	8,069,159	5,926,400
-	-	1,075,197	999,921
219,194	909,028	3,889,867	1,065,909
-	-	6,671,857	7,387,326
<u>4,116,960</u>	<u>909,028</u>	<u>98,325,132</u>	<u>88,072,024</u>
-	-	26,682,633	26,150,128
-	-	5,261,163	5,234,883
-	-	8,536,796	7,149,151
-	-	3,947,725	2,749,302
-	-	8,183,072	7,874,384
-	-	3,477,414	3,983,207
-	-	2,642,057	2,383,530
-	-	5,783,496	5,673,447
-	27,603	4,478,453	4,488,170
-	-	1,849,051	2,092,062
-	-	8,224,443	7,994,290
-	-	2,175,547	2,429,197
-	-	51,629	45,717
-	-	1,964,050	1,893,467
1,960,000	-	1,960,000	1,840,000
2,285,957	-	2,285,957	1,673,881
-	4,752,819	7,299,114	3,541,502
<u>4,245,957</u>	<u>4,780,422</u>	<u>94,802,600</u>	<u>87,196,318</u>
<u>(128,997)</u>	<u>(3,871,394)</u>	<u>3,522,532</u>	<u>875,706</u>
1,043,494	-	1,043,494	1,471,163
-	-	(1,043,494)	(1,471,163)
20,856,889	47,000,000	67,856,889	-
(20,770,000)	-	(20,770,000)	-
<u>1,130,383</u>	<u>47,000,000</u>	<u>47,086,889</u>	<u>-</u>
1,001,386	43,128,606	50,609,421	875,706
<u>2,039,306</u>	<u>2,092,070</u>	<u>44,664,679</u>	<u>43,788,973</u>
<u>\$ 3,040,692</u>	<u>\$ 45,220,676</u>	<u>\$ 95,274,100</u>	<u>\$ 44,664,679</u>

Northfield Township High School District No. 225
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 50,609,421
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	3,926,324
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	(136,742)
The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and increase in compensated absences consume the current financial resources of the government funds.	(43,523,742)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year, net effect of these differences.	<u>(2,307,608)</u>
Change in net assets of governmental activities	<u>\$ 8,567,653</u>

The accompanying notes are an integral part of this statement.

Northfield Township High Schools District 225

Agency Fund

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2007

	Student Activity Funds
<hr/>	
ASSETS	
Cash and investments	\$ <u>1,469,401</u>
LIABILITIES	
Due to student groups	\$ <u>1,469,401</u>

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northfield Township High School District Number 225 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The governmental accounting standards board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (bond and interest funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the Educational Fund.

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Projects Funds, or Fiduciary Funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds are as follows:

Operations and Maintenance Fund - is used for expenditures made for operations, repair, and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Northfield Township High School District 225
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Special Revenue Funds (Continued)

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenue to finance contributions is derived primarily from local property taxes and personal property replacement taxes.

Working Cash Fund - accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements to the General Fund and the Special Revenue Fund's Operation and Maintenance and Transportation Funds. Money loaned by the Working Cash Fund to other funds must be repaid within one year. As allowed by the School Code of Illinois, this fund may be permanently abolished and become part of the General Fund or it may be partially abated to the General Fund, Special Revenue Funds, Debt Service Funds, or the Fire Prevention and Life Safety Fund.

c. Debt Service

The *Bond and Interest Fund* is used for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

d. Capital Projects Fund

The *Site and Construction Fund* - accounts for financial resources to be used for the acquisition or construction of major capital facilities.

e. Fiduciary Fund

The fiduciary fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

The *Student Activity Funds* - are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. It accounts for activities such as student yearbook, student clubs and council, and scholarships.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, interest, grants, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports deferred revenue on its financial statements. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

5. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted at the fund level for the governmental funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Deposits and Investments

State statutes authorize the District's Treasurer to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and money market mutual funds registered under the Investment Company Act of 1940, with certain restrictions. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

7. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to funds where taxes were automatically abated by the County Clerk and the Municipal Retirement/Social Security Fund, with the balance at the discretion of the District.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, vehicles, and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair value at the date of donation. In 2002, the District engaged an appraisal company to estimate the historical cost of its capital assets acquired prior to that date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20 - 40
Equipment	5 - 15
Vehicles	8

Northfield Township High School District 225
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Accumulated Unpaid Vacation and Sick Pay

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the calendar year. Accrued but unpaid vacation leave at June 30, 2007 has been reflected as a liability.

For governmental funds, the current portion of the compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated vacation leave are paid.

All certified employees receive a specified number of sick days per year depending on the years of service, in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days accumulate to a maximum of 360 days. When a certified employee with 120 or more days of service resigns from the District, he/she receives payment for up to 25 days of unused accrued vacation time payable at their current salary rate.

Educational support personnel receive 11 vacation days per year, which accumulate up to a maximum of 25 days. The District reimburses employees for unused accrued vacation days remaining upon termination of employment at their current salary rate.

10. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

11. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Northfield Township High School District 225
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Funds Balance Sheet and the Government-wide Statement of Net Assets

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, included in the statement of net assets, are not due and payable in the current period and, accordingly, are not reported in the governmental fund balance sheets." The details of this \$89,708,474 difference are as follows:

General obligation bonds	\$ 86,914,000
Accreted interest	653,774
Unamortized bond premium and discount, net	1,486,164
Compensated absences	<u>654,536</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets - governmental activities	<u>\$ 89,708,474</u>

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$3,926,324 difference are as follows:

Capital outlay	\$ 7,545,261
Depreciation expense	<u>(3,618,937)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>3,926,324</u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and increase in compensated absences consume the current financial resources of governmental funds." The details of this \$43,523,742 difference are as follows:

General obligation bond issuances	\$ 66,276,844
Principal repayments	
General obligation	(1,960,000)
Refunded debt	(20,770,000)
Compensated absences	<u>(23,102)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities.	\$ <u>43,523,742</u>

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE C - DEPOSITS AND INVESTMENTS

At June 30, 2007, the District's cash and investments consisted of the following:

	Governmental	Fiduciary	Total
Cash and investments	\$ <u>99,025,006</u>	\$ <u>1,469,401</u>	\$ <u>100,494,407</u>

For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit; and 3) other investments, which consist of all investments other than certificates of deposit, as follows:

	Total
Cash on hand	\$ 26,931
Deposits with financial institutions	65,449,471
Illinois School District Liquid Asset Fund Plus	3,651,005
Other investments	31,367,000
	\$ 100,494,407

At June 30, 2007, the District's other investments consisted of the following:

Investment Type	Fair Value	Maturity	Percentage of Total
Federal Home Loan Mortgage Corp.	\$ 1,500,242	10/10/07	4.8%
Federal Home Loan Mortgage Corp.	4,024,235	10/15/07	12.8%
Federal Home Loan Bank	2,901,483	1/11/08	9.3%
Federal Home Loan Bank	3,234,293	2/15/08	10.3%
Federal Home Loan Bank	6,849,647	7/9/08	21.8%
Federal Home Loan Bank	2,500,000	9/28/07	8.0%
Federal Home Loan Mortgage Corp.	973,383	12/21/07	3.1%
Commercial paper	4,578,748	7/13/07	14.5%
Commercial paper	300,000	7/13/07	1.0%
Commercial paper	1,863,093	7/13/07	5.9%
Commercial paper	490,503	7/25/07	1.6%
Commercial paper	1,271,381	7/31/07	4.1%
Commercial paper	392,057	7/31/07	1.2%
Commercial paper	487,935	8/31/07	1.6%
	\$ 31,367,000		100.0%

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Cash and Investments Under the Custody of the Township Treasurer

As explained in Note A, the Illinois Compiled Statutes require the District to utilize the investment services of the Township School Treasurer (the Treasurer), the lawful custodian of these school funds. The Treasurer is appointed by the School Trustees, an independently elected body, to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

District cash and investments (other than the student activity and petty cash funds) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed based upon the District's percentage participation in the pool. Cash for all funds, including cash applicable to the Bond and Interest Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was .39 years at June 30, 2007. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all cash and investments held by the Treasurer's office was \$88,919,380.

Interest Rate Risk

The District's investment policy, which is the same as the Treasurer's office, seeks to ensure preservation of capital in the District's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to materials and investments, as appropriate to the nature, purpose, and amount of funds. The District will also consider investments in local financial institutions, recognizing their contribution to the community's economic development.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSROs). The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. As of June 30, 2007, each of the District's other investments had "AAA" ratings with their applicable rating agency.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an unrated, not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

3. Cash and Investments in the Custody of the District

At June 30, 2007, the carrying value of the District's student activity funds was \$1,469,401, all of which was deposited with financial institutions.

4. Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Investment Officer to meet the District's ongoing need for safety, liquidity, and rate of return.

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2007, the bank balance of the District's deposits with financial institutions totaled \$12,567,065.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be secured by private insurance or collateral.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy ordinance by the last Tuesday in December of each year. The tax levy ordinance was approved by the Board on December 11, 2006. The District's property tax is levied each year on all taxable real property located in the District, and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations. Individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations, and tax increment finance district property becoming eligible for taxation. The CPI applicable to the 2006 and 2005 levies was 3.4% and 3.3%, respectively.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the state. The county is reassessed every three years by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which tax rates will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.7076 for 2006.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2006 tax levy was \$5,142,176,826.

Property taxes are collected by the Cook County Collector/Treasurer who remits them to the School Treasurer. Taxes levied in one year become due and payable in two installments on March 1 and approximately September 1 during the following year. The first installment is an estimated bill, and is one-half of the prior year's tax bill. Property taxes are normally collected by the District within 60 days of the respective installment dates. The second installment is based on the current levy, assessment, and equalization, and any changes from the prior year will be reflected in the second installment bill.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The portion of the 2006 property tax levy not received by June 30 is recorded as receivable, net of estimated uncollectibles of 1%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days are reflected as deferred revenue.

NOTE E - OTHER POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits for certain retirees. The District pays a fixed stipend for health care coverage for employees who retire and who are eligible for health benefits from the Teachers Retirement System (TRS). Retirees may not convert the benefit into an in-lieu of payment to secure coverage under independent plans.

As of year-end, there were 17 employees who had retired and were receiving a premium-coverage benefit. The District finances the plan on a pay-as-you-go basis. For the year ended June 30, 2007, the District recognized \$53,492 of expenditures for these premiums.

NOTE F - RETIREMENT FUND COMMITMENTS

1. Teacher's Retirement System of the State of Illinois

The District participates in the Teacher's 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 primary responsibility for the funding of 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, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the employer.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

1. Teacher's Retirement System of the State of Illinois (Continued)

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was .6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was .8 percent.

The state of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

On-behalf Contributions

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2007, the state of Illinois contributions were based on 9.78 percent of creditable earnings, and the District recognized revenue and expenditures of \$3,947,725 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the state of Illinois contribution rates as percentages of creditable earnings were 7.06%, or \$2,749,301, and 11.76%, or \$4,637,445, respectively.

The District makes three other types of employer contributions directly to TRS.

2.2 Formula Contributions

Employers contributed .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2007 were \$234,119. Contributions for the years ended June 30, 2006 and June 30, 2005 were \$225,863 and \$228,718, respectively.

Federal and Trust Fund Contributions

When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective beginning in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$318,507 were paid from federal and trust funds that required employer contributions of \$31,150. For the years ended June 30, 2006 and June 30, 2005, required District contributions were \$26,329 and \$23,641, respectively.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

1. Teacher's Retirement System of the State of Illinois (Continued)

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.

Early Retirement Option (ERO) (Continued)

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired on June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under "Modified ERO", Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the "Pipeline ERO").

Under the ERO program that expired on June 30, 2006 and the "Pipeline ERO", the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the "Modified ERO", the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2007, the District paid \$158,992 to TRS for employer contributions under the "Pipeline ERO" and "Modified ERO" programs. For the years ended June 30, 2006 and June 30, 2005, the District paid \$995,764 and \$119,490, respectively, in employer ERO contributions.

TRS financial information, an 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, 2006. The report for the year ended June 30, 2007 is expected to be available in late 2007.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS web site at trs.illinois.gov.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund

The District's defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent, multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.5 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.10 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 26 years.

For December 31, 2006, the District's annual pension cost of \$1,012,706 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Northfield Township High School District 225
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE F - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 1,012,706	100%	\$ -
12/31/05	764,207	100%	-
12/31/04	641,177	100%	-
12/31/03	447,975	100%	-
12/31/02	409,342	100%	-
12/31/01	444,421	100%	-
12/31/00	674,216	100%	-
12/31/99	728,548	100%	-
12/31/98	760,565	100%	-
12/31/97	759,641	100%	-

3. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

Northfield Township High School District 225
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 892,361	\$ -	\$ -	\$ 892,361
Capital assets, being depreciated				
Land improvements	15,524,925	6,905,679	-	22,430,604
Buildings	147,671,802	8,197	-	147,679,999
Equipment	15,698,558	609,696	-	16,308,254
Vehicles	273,023	21,689	-	294,712
Total capital assets being depreciate	179,168,308	7,545,261	-	186,713,569
Less accumulated depreciation for:				
Land improvements	2,918,672	205,194	-	3,123,866
Buildings	45,727,888	2,590,797	-	48,318,685
Equipment	13,350,249	812,451	-	14,162,700
Vehicles	169,120	10,495	-	179,615
Total accumulated depreciation	62,165,929	3,618,937	-	65,784,866
Total capital assets being depreciated, net	117,002,379	3,926,324	-	120,928,703
Governmental activities capital assets, net	\$ 117,894,740	\$ 3,926,324	\$ -	\$ 121,821,064

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE G - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General Government		
Regular programs	\$	2,314,706
Special programs		5,448
Other instructional programs		14,169
Pupils		13,053
General administration		1,739
School administration		2,824
Business		171,202
Operations and maintenance		12,834
Central		77,435
Unallocated		<u>1,005,527</u>
	\$	<u><u>3,618,937</u></u>

NOTE H - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2007, the following is the long-term liability activity for the District:

	<u>Beginning Balance</u>	<u>Debt Issued/ Accreted Interest</u>	<u>Debt Retired</u>	<u>Ending Balance</u>
Bonds payable:				
General obligation bonds	\$ 43,367,156	\$ 66,930,618	\$ 22,730,000	\$ 87,567,774
Add unamortized premium	1,326,753	2,796,693	1,418,785	2,704,661
Less unamortized discount	(1,861,883)	(736,481)	(1,379,867)	(1,218,497)
Compensated absences	<u>677,638</u>	<u>654,536</u>	<u>677,638</u>	<u>654,536</u>
Total long-term liabilities - governmental activities	<u>\$ 43,509,664</u>	<u>\$ 69,645,366</u>	<u>\$ 23,446,556</u>	<u>\$ 89,708,474</u>

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE H - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Face Amount</u>	<u>Carrying Amount</u>
Working Cash - 2000A	4.74%-5.75%	\$ 5,835,000	\$ 5,835,000
Working Cash - 2002B	5.05%-5.3%	355,000	345,834
Refunding Bonds - 2002A	4.25%-4.6%	6,845,000	6,845,000
Refunding Bonds - 2002B	4.73%-5.65%	14,740,000	8,086,370
Refunding Bonds - 2007A	4.0%-5%	37,590,000	37,590,000
Building Bonds - 2007B	4.62%-4.69%	22,580,000	10,600,570
Refunding Bonds 2007C	5.24%	18,265,000	18,265,000
		<u>\$ 106,210,000</u>	<u>\$ 87,567,774</u>

In recent years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2007, \$20,770,000 of bonds outstanding are considered defeased.

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,480,000	\$ 3,295,804	\$ 6,775,804
2009	3,065,000	3,139,996	6,204,996
2010	3,360,000	2,979,220	6,339,220
2011	3,665,000	2,803,090	6,468,090
2012	4,280,000	2,610,205	6,890,205
2013 - 2017	25,600,000	9,915,852	35,515,852
2018 - 2022	40,180,000	4,134,125	44,314,125
2023 - 2025	22,580,000	-	22,580,000
Total	<u>\$ 106,210,000</u>	<u>\$ 28,878,292</u>	<u>\$ 135,088,292</u>

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE H - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$3,040,692 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2007, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2007, the statutory debt limit for the District was \$354,810,201 of which \$267,896,161 is fully available.

NOTE I - RISK MANAGEMENT

The District is self-insured for medical coverage that is provided to District personnel. Blue Cross/Blue Shield administers claims for a per person, per month fee. Expenditures are recorded as incurred in the form of direct contributions from the District to Blue Cross/Blue Shield for payment of employment health claims and administration fees. The District's liability will not exceed \$110,000 per employee or 125% of the projected claims in the aggregate as provided by stop-loss provisions incorporated in the plan.

Balances of claims liabilities during the past two years are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 617,780	\$ 454,626
Incurred claims (including IBNRs)	5,209,198	4,150,951
Claim payments	<u>5,026,440</u>	<u>3,987,797</u>
Unpaid claims, end of fiscal year	<u>\$ 800,538</u>	<u>\$ 617,780</u>

The District is also self-insured for unemployment compensation. A third-party administrator administers the plan for a fixed fee. Payments are made to the third-party administrator based on actual claims filed and approved. No liability has been accrued for unemployment claims since the District has estimated that the liability at June 30, 2007, if any, would be insignificant.

Northfield Township High School District 225

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE J - CONTINGENCIES

1. Litigation

The District is a defendant in various tax objection lawsuits, the outcome of which is presently not determinable. Although the District will continue to vigorously defend these lawsuits, an unfavorable outcome could have a significant effect on future tax revenues.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTRY INFORMATION

Northfield Township High School District Number 225
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2007

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
12/31/06	\$ 24,618,642	\$ 24,077,737	102.25 %	\$ (540,905)	\$ 11,128,638	0.00 %
12/31/05	21,666,138	22,069,443	98.17	403,305	11,075,469	0.00
12/31/04	19,592,345	20,098,903	97.48	506,558	10,941,590	0.00
12/31/03	20,151,337	19,013,758	105.98	(1,137,579)	10,442,310	0.00
12/31/02	20,635,413	17,878,431	115.42	(2,756,982)	9,983,951	0.00
12/31/01	21,188,285	17,333,748	122.24	(3,854,537)	9,069,823	0.00
12/31/00	18,653,796	15,200,707	122.72	(3,453,089)	8,333,944	0.00
12/31/99	16,410,666	14,075,913	116.59	(2,334,753)	7,734,063	0.00
12/31/98	13,148,896	13,107,189	100.32	(41,707)	7,478,517	0.00
12/31/97	11,267,287	12,498,323	90.15	1,231,036	7,282,799	0.00

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$27,019,924. On a market basis, the funded ratio would be 112.22%.

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Original and Final Budget	Actual		
Revenue				
Local sources				
General levy	\$60,630,647	\$62,614,205	\$ 1,983,558	\$58,276,819
Other payments in lieu of taxes	1,130,879	1,306,705	175,826	-
Regular tuition from pupils or parents	29,000	13,285	(15,715)	7,400
Summer school tuition from pupils or parents	410,000	467,929	57,929	435,083
Interest on investments	637,378	904,795	267,417	9,981
Sales to pupils - lunch	20,000	66,351	46,351	21,286
Sales to pupils - a la carte	1,700,000	1,903,794	203,794	1,685,118
Sales to pupils - other	96,000	-	(96,000)	-
Sales to adults	100,000	84,462	(15,538)	119,383
Other food service	-	226,374	226,374	74,498
Admissions - athletic	25,000	19,386	(5,614)	28,716
Other pupil activity revenue	45,000	38,845	(6,155)	51,135
Sales - regular textbook	1,040,000	1,147,716	107,716	1,034,929
Sales - other	68,000	-	(68,000)	70,065
Rentals	29,800	42,540	12,740	39,205
Services provided by other LEAs	25,000	30,204	5,204	38,869
Refund of prior years' expenditures	10,000	27,514	17,514	22,590
Local fees	100,000	83,300	(16,700)	102,125
Total local sources	<u>66,096,704</u>	<u>68,977,405</u>	<u>2,880,701</u>	<u>62,017,202</u>
State sources				
General State Aid	695,675	695,675	-	630,358
Special Education - Private Facility Tuition	6,000	5,653	(347)	628
Special Education - Extraordinary	356,523	440,096	83,573	250,720
Special Education - Personnel	550,000	922,550	372,550	541,804
Special Education - Orphanage - Individual	100,000	253,638	153,638	289,499
Special Education -				
Orphanage - Summer Individual	15,000	26,091	11,091	21,338
Special Education - Summer School	2,000	2,021	21	3,191
Vocational Education -				
Secondary Program Improvement	-	68,527	68,527	50,971

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Bilingual Education - Downstate - T.P.I.	\$ -	\$ 67,000	\$ 67,000	\$ 74,746
Driver Education	80,000	82,194	2,194	89,129
ADA Safety and Educational Block Grant (Flat Grant)	-	179,127	179,127	154,638
Other state sources	-	4,523	4,523	18,465
On Behalf Payments to TRS from the State	<u>2,749,302</u>	<u>3,947,725</u>	<u>1,198,423</u>	<u>2,749,302</u>
Total state sources	<u>4,554,500</u>	<u>6,694,820</u>	<u>2,140,320</u>	<u>4,874,789</u>
Federal sources				
Title V - Innovation & Flexibility Formula	-	19,595	19,595	12,205
Title I - Low Income	-	88,557	88,557	98,768
Safe and Drug Free Schools - Formula (Title	-	10,932	10,932	12,521
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	255,078	401,693	146,615	209,584
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	560,400	391,613	(168,787)	408,864
V.E. - Perkins - Title IIC Secondary	-	77,837	77,837	34,171
Emergency Immigrant Assistance	-	-	-	28,268
Title III - English Language Acquisition	-	15,500	15,500	25,986
IASA - Title II - Eisenhower - Professional Dvlpmnt Formul.	-	54,975	54,975	70,150
Department of Rehabilitation Services	11,534	11,534	-	11,360
Medicaid Matching Funds - Administrative Outreach	-	-	-	15,010
Other federal sources	<u>-</u>	<u>2,961</u>	<u>2,961</u>	<u>73,034</u>
Total federal sources	<u>827,012</u>	<u>1,075,197</u>	<u>248,185</u>	<u>999,921</u>
Total revenue	<u>71,478,216</u>	<u>76,747,422</u>	<u>5,269,206</u>	<u>67,891,912</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Expenditures				
Instruction				
Regular programs				
Salaries	\$21,533,056	\$21,400,379	\$ 132,677	\$20,464,483
Employee benefits	3,596,926	3,991,334	(394,408)	4,123,093
On-behalf payments to TRS from the state	2,749,302	3,947,725	(1,198,423)	2,749,302
Purchased services	467,501	368,136	99,365	439,952
Supplies and materials	790,025	549,466	240,559	773,235
Capital outlay	31,261	20,181	11,080	78,164
Other objects	46,650	17,364	29,286	24,517
Total	<u>29,214,721</u>	<u>30,294,585</u>	<u>(1,079,864)</u>	<u>28,652,746</u>
Special education programs				
Salaries	3,611,561	3,611,684	(123)	3,506,897
Employee benefits	541,964	552,359	(10,395)	518,268
Purchased services	632,450	433,126	199,324	365,845
Supplies and materials	83,034	29,972	53,062	111,130
Capital outlay	27,000	-	27,000	16,500
Other objects	6,000	7,230	(1,230)	6,263
Tuition	600,000	408,720	191,280	512,182
Total	<u>5,502,009</u>	<u>5,043,091</u>	<u>458,918</u>	<u>5,037,085</u>
Educationally deprived/ remedial programs				
Salaries	-	47,384	(47,384)	54,234
Employee benefits	-	17,313	(17,313)	17,768
Supplies and materials	-	128	(128)	2,432
Total	<u>-</u>	<u>64,825</u>	<u>(64,825)</u>	<u>74,434</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Vocational programs				
Salaries	\$ 2,419,407	\$ 2,461,271	\$ (41,864)	\$ 2,273,966
Employee benefits	250,358	261,381	(11,023)	256,681
Purchased services	45,900	33,667	12,233	53,387
Supplies and materials	120,945	168,780	(47,835)	167,548
Capital outlay	13,000	16,311	(3,311)	45,887
Total	<u>2,849,610</u>	<u>2,941,410</u>	<u>(91,800)</u>	<u>2,797,469</u>
Interscholastic programs				
Salaries	3,389,453	3,217,366	172,087	2,013,747
Employee benefits	166,075	164,551	1,524	160,082
Purchased services	327,027	319,003	8,024	366,891
Supplies and materials	236,087	234,499	1,588	219,318
Capital outlay	22,500	28,535	(6,035)	3,000
Total	<u>4,141,142</u>	<u>3,963,954</u>	<u>177,188</u>	<u>2,763,038</u>
Summer school program				
Salaries	464,540	438,751	25,789	430,560
Employee benefits	5,583	5,637	(54)	5,369
Supplies and materials	30,000	21,356	8,644	20,233
Total	<u>500,123</u>	<u>465,744</u>	<u>34,379</u>	<u>456,162</u>
Gifted programs				
Salaries	373,296	371,318	1,978	333,668
Employee benefits	34,069	42,263	(8,194)	32,706
Purchased services	11,140	9,242	1,898	10,492
Supplies and materials	2,000	2,327	(327)	2,043
Total	<u>420,505</u>	<u>425,150</u>	<u>(4,645)</u>	<u>378,909</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Bilingual programs				
Salaries	\$ 323,109	\$ 422,154	\$ (99,045)	\$ 462,843
Employee benefits	35,666	64,583	(28,917)	73,603
Supplies and materials	1,800	5,114	(3,314)	2,885
Total	<u>360,575</u>	<u>491,851</u>	<u>(131,276)</u>	<u>539,331</u>
Truant's alternative and optional programs				
Tuition	50,000	43,329	6,671	34,395
Total	<u>50,000</u>	<u>43,329</u>	<u>6,671</u>	<u>34,395</u>
Total instruction	<u>43,038,686</u>	<u>43,733,939</u>	<u>(695,253)</u>	<u>40,733,569</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,240,656	1,252,675	(12,019)	1,211,722
Employee benefits	193,917	173,629	20,288	162,846
Purchased services	52,550	208,861	(156,311)	200,841
Supplies and materials	14,019	17,037	(3,018)	15,055
Total	<u>1,501,142</u>	<u>1,652,202</u>	<u>(151,060)</u>	<u>1,590,464</u>
Guidance services				
Salaries	3,234,302	3,226,113	8,189	3,055,231
Employee benefits	588,461	591,402	(2,941)	515,974
Purchased services	22,150	14,385	7,765	93,687
Supplies and materials	45,270	34,025	11,245	30,897
Total	<u>3,890,183</u>	<u>3,865,925</u>	<u>24,258</u>	<u>3,695,789</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Original and Final Budget	Actual		
Health services				
Salaries	\$ 271,926	\$ 276,500	\$ (4,574)	\$ 255,858
Employee benefits	48,154	46,917	1,237	45,975
Purchased services	12,250	1,144	11,106	4,981
Supplies and materials	9,365	7,172	2,193	10,057
Total	<u>341,695</u>	<u>331,733</u>	<u>9,962</u>	<u>316,871</u>
Psychological services				
Salaries	531,554	507,553	24,001	522,821
Employee benefits	51,747	53,995	(2,248)	49,603
Purchased services	19,000	29,160	(10,160)	6,216
Supplies and materials	17,000	16,393	607	16,920
Total	<u>619,301</u>	<u>607,101</u>	<u>12,200</u>	<u>595,560</u>
Speech pathology and audiology services				
Salaries	73,009	73,009	-	68,643
Employee benefits	12,228	12,479	(251)	11,450
Purchased services	-	-	-	1,694
Total	<u>85,237</u>	<u>85,488</u>	<u>(251)</u>	<u>81,787</u>
Other support services - pupils				
Salaries	958,591	959,366	(775)	931,937
Employee benefits	328,189	303,846	24,343	313,851
Purchased services	15,000	4,500	10,500	-
Total	<u>1,301,780</u>	<u>1,267,712</u>	<u>34,068</u>	<u>1,245,788</u>
Total pupils	<u>7,739,339</u>	<u>7,810,161</u>	<u>(70,822)</u>	<u>7,526,259</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Instructional staff				
Improvement of instruction services				
Salaries	\$ 558,452	\$ 587,154	\$ (28,702)	\$ 711,217
Employee benefits	213,104	220,265	(7,161)	193,045
Purchased services	130,248	109,073	21,175	176,427
Supplies and materials	188,600	141,471	47,129	134,650
Total	<u>1,090,404</u>	<u>1,057,963</u>	<u>32,441</u>	<u>1,215,339</u>
Educational media services				
Salaries	1,709,358	1,679,422	29,936	1,907,797
Employee benefits	296,812	286,489	10,323	284,283
Purchased services	52,611	16,604	36,007	69,871
Supplies and materials	321,033	282,333	38,700	319,881
Capital outlay	8,900	-	8,900	6,453
Total	<u>2,388,714</u>	<u>2,264,848</u>	<u>123,866</u>	<u>2,588,285</u>
Assessment and testing				
Purchased services	-	6,990	(6,990)	8,102
Total	<u>-</u>	<u>6,990</u>	<u>(6,990)</u>	<u>8,102</u>
Total instructional staff	<u>3,479,119</u>	<u>3,329,801</u>	<u>149,318</u>	<u>3,811,726</u>
General administration				
Board of education services				
Salaries	36,702	36,702	0	34,405
Employee benefits	5,216	5,478	(262)	4,988
Purchased services	1,256,000	1,212,933	43,067	804,529
Supplies and materials	1,000	210	790	533
Other objects	20,000	20,513	(513)	25,778
Total	<u>1,318,919</u>	<u>1,275,836</u>	<u>43,083</u>	<u>870,233</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Executive administration services				
Salaries	\$ 462,778	\$ 459,370	\$ 3,408	\$ 459,927
Employee benefits	71,148	66,948	4,200	69,512
Purchased services	15,450	13,798	1,652	15,927
Supplies and materials	3,970	2,004	1,966	16,836
Other objects	2,500	2,527	(27)	1,793
Total	<u>555,846</u>	<u>544,647</u>	<u>11,199</u>	<u>563,995</u>
Special area administrative services				
Salaries	618,043	620,855	(2,812)	594,274
Employee benefits	130,776	138,144	(7,368)	288,763
Purchased services	1,850	225	1,625	1,788
Supplies and materials	10,875	5,638	5,237	11,140
Total	<u>761,544</u>	<u>764,862</u>	<u>(3,318)</u>	<u>895,965</u>
Total general administration	<u>2,636,308</u>	<u>2,585,345</u>	<u>50,963</u>	<u>2,330,193</u>
School administration				
Office of the principal services				
Salaries	1,370,939	1,321,390	49,549	1,378,611
Employee benefits	259,607	228,754	30,853	253,143
Purchased services	209,740	167,213	42,527	191,401
Supplies and materials	108,470	58,686	49,784	150,906
Total	<u>1,948,756</u>	<u>1,776,043</u>	<u>172,713</u>	<u>1,974,061</u>
Other support services - school administration				
Salaries	3,083,927	3,110,335	(26,408)	2,791,822
Employee benefits	655,658	664,681	(9,023)	692,419
Total	<u>3,739,585</u>	<u>3,775,016</u>	<u>(35,431)</u>	<u>3,484,241</u>
Total school administration	<u>5,688,342</u>	<u>5,551,059</u>	<u>137,283</u>	<u>5,458,302</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Original and Final Budget	Actual		
Business				
Direction of business support services				
Salaries	\$ 225,159	\$ 223,159	\$ 2,000	\$ 209,008
Employee benefits	42,995	43,245	(250)	41,066
Purchased services	13,170	12,890	280	10,983
Supplies and materials	900	363	537	298
Total	<u>282,224</u>	<u>279,657</u>	<u>2,567</u>	<u>261,355</u>
Fiscal services				
Salaries	416,204	400,859	15,345	389,876
Employee benefits	75,461	76,000	(539)	72,248
Purchased services	29,100	26,252	2,848	7,696
Supplies and materials	3,850	3,419	431	3,818
Total	<u>524,615</u>	<u>506,530</u>	<u>18,085</u>	<u>473,638</u>
Operations and maintenance of plant services				
Salaries	17,590	17,590	-	10,704
Purchased services	315,450	264,236	51,214	240,952
Supplies and materials	1,915,000	1,604,486	310,514	1,695,489
Capital outlay	25,000	7,496	17,504	26,504
Total	<u>2,273,040</u>	<u>1,893,808</u>	<u>379,232</u>	<u>1,973,649</u>
Pupil transportation services				
Purchased services	50,000	61,945	(11,945)	50,294
Total	<u>50,000</u>	<u>61,945</u>	<u>(11,945)</u>	<u>50,294</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Food services				
Purchased services	\$ 884,500	\$ 898,121	\$ (13,621)	\$ 910,439
Supplies and materials	1,021,000	1,185,735	(164,735)	913,774
Capital outlay	25,000	16,067	8,933	12,028
Other objects	14,000	16,274	(2,274)	13,094
Total	<u>1,944,500</u>	<u>2,116,197</u>	<u>(171,697)</u>	<u>1,849,335</u>
Internal services				
Salaries	153,041	149,279	3,762	338,160
Employee benefits	59,184	22,255	36,929	56,656
Purchased services	522,300	416,391	105,909	302,606
Supplies and materials	1,119,000	859,782	259,218	1,056,138
Capital outlay	5,000	-	5,000	1,998
Other objects	43,000	26,498	16,502	39,898
Total	<u>1,901,525</u>	<u>1,474,205</u>	<u>427,320</u>	<u>1,795,456</u>
Total business	<u>6,975,904</u>	<u>6,332,342</u>	<u>643,563</u>	<u>6,403,727</u>
Central				
Direction of central support services				
Purchased services	40,000	40,945	(945)	38,360
Supplies and materials	25,000	29,479	(4,479)	33,899
Capital outlay	40,000	14,189	25,811	-
Other objects	500	-	500	193
Total	<u>105,500</u>	<u>84,613</u>	<u>20,887</u>	<u>72,452</u>

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Information services				
Salaries	\$ 77,403	\$ 79,541	\$ (2,138)	\$ 75,039
Employee benefits	14,732	14,131	601	14,104
Purchased services	7,000	1,618	5,382	3,892
Supplies and materials	4,650	2,164	2,486	1,684
Other objects	300	135	165	265
Total	<u>104,085</u>	<u>97,589</u>	<u>6,496</u>	<u>94,984</u>
Staff services				
Salaries	280,717	279,845	872	276,766
Employee benefits	248,797	168,958	79,839	229,137
Purchased services	22,700	19,978	2,722	17,440
Supplies and materials	23,150	31,766	(8,616)	4,346
Capital outlay	-	-	-	5,937
Other objects	900	1,174	(274)	881
Total	<u>576,264</u>	<u>501,721</u>	<u>74,543</u>	<u>534,507</u>
Data processing services				
Salaries	983,647	815,012	168,635	751,411
Employee benefits	98,841	99,133	(292)	88,518
Purchased services	498,550	375,113	123,437	423,974
Supplies and materials	211,635	72,460	139,175	340,658
Capital outlay	164,200	424,481	(260,281)	90,835
Other objects	-	619	(619)	103
Total	<u>1,956,873</u>	<u>1,786,818</u>	<u>170,055</u>	<u>1,695,499</u>
Total central	<u>2,742,722</u>	<u>2,470,741</u>	<u>271,981</u>	<u>2,397,442</u>
Total support services	<u>29,261,734</u>	<u>28,079,449</u>	<u>1,182,285</u>	<u>27,927,649</u>
Community services				
Salaries	28,000	27,500	500	26,089
Employee benefits	-	-	-	2
Supplies and materials	800	1,414	(614)	-

(Continued)

Northfield Township High Schools District 225
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Total	<u>28,800</u>	<u>28,914</u>	<u>(114)</u>	<u>26,091</u>
Nonprogrammed charges				
Payments for special education programs				
Tuition	<u>1,956,885</u>	<u>1,964,050</u>	<u>(7,165)</u>	<u>1,893,467</u>
Total	<u>1,956,885</u>	<u>1,964,050</u>	<u>(7,165)</u>	<u>1,893,467</u>
Total nonprogrammed charges	<u>1,956,885</u>	<u>1,964,050</u>	<u>(7,165)</u>	<u>1,893,467</u>
Provision for contingencies	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total expenditures	<u>74,786,105</u>	<u>73,806,352</u>	<u>979,753</u>	<u>70,580,776</u>
Excess (deficiency) of revenues over expenditures	<u>\$(3,307,888)</u>	2,941,070	<u>\$ 6,248,959</u>	<u>(2,688,864)</u>
Fund balance, beginning of year		<u>14,905,242</u>		<u>17,594,106</u>
Fund balance, end of year		<u>\$17,846,312</u>		<u>\$14,905,242</u>

(Concluded)

Northfield Township High Schools District 225
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Revenue					
Local sources					
General levy	\$ 7,178,843	\$ 7,178,843	\$ 6,149,870	\$ (1,028,973)	\$ 6,899,771
Corporate personal property replacement taxes	2,287,184	2,287,184	2,551,082	263,898	2,336,577
Other payments in lieu of taxes	-	-	387,179	387,179	2,623,446
Interest on investments	486,143	486,143	922,495	436,352	421,668
Fees	250,000	250,000	271,475	21,475	283,872
Rentals	100,000	100,000	117,133	17,133	138,333
Contributions and donations from private sources	<u>140,000</u>	<u>140,000</u>	<u>15,888</u>	<u>(124,112)</u>	<u>122,873</u>
Total local sources	<u>10,442,170</u>	<u>10,442,170</u>	<u>10,415,122</u>	<u>(27,048)</u>	<u>12,826,540</u>
State sources					
General state aid	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>-</u>	<u>390,000</u>
Total state sources	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>-</u>	<u>390,000</u>
Total revenue	<u>10,832,170</u>	<u>10,832,170</u>	<u>10,805,122</u>	<u>(27,048)</u>	<u>13,216,540</u>

(Continued)

Northfield Township High Schools District 225
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007				2006 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Expenditures					
Support Services					
Business					
Facilities acquisition and construction services					
Employee benefits	\$ -	\$ -	\$ -	\$ -	\$ (8)
Supplies and materials	4,000	4,000	127	3,873	7,826
Capital outlay	4,621,125	4,094,850	1,983,378	2,111,472	3,203,944
Other objects	50,000	50,000	-	50,000	8,192
Total	<u>4,675,125</u>	<u>4,148,850</u>	<u>1,983,505</u>	<u>2,165,345</u>	<u>3,219,954</u>
Operations and maintenance of plant services					
Salaries	3,658,469	3,658,469	3,600,521	57,948	3,445,320
Employee benefits	666,861	666,861	636,344	30,517	623,973
Purchased services	1,101,974	1,101,974	1,093,079	8,895	927,975
Supplies and materials	440,521	440,521	433,989	6,532	488,442
Capital outlay	52,150	52,150	23,992	28,158	50,252
Other objects	10,000	10,000	13,080	(3,080)	48,467
Total	<u>5,929,975</u>	<u>5,929,975</u>	<u>5,801,005</u>	<u>128,970</u>	<u>5,584,429</u>
Total business	<u>10,605,100</u>	<u>10,078,825</u>	<u>7,784,510</u>	<u>2,294,315</u>	<u>8,804,383</u>
Total support services	<u>10,605,100</u>	<u>10,078,825</u>	<u>7,784,510</u>	<u>2,294,315</u>	<u>8,804,383</u>
Provision for contingencies	50,000	50,000	-	50,000	-
Total expenditures	<u>10,655,100</u>	<u>10,128,825</u>	<u>7,784,510</u>	<u>2,344,315</u>	<u>8,804,383</u>
Excess of revenues over expenditures	<u>177,070</u>	<u>703,345</u>	<u>3,020,612</u>	<u>2,317,267</u>	<u>4,412,157</u>

(Continued)

Northfield Township High Schools District 225
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Other financing sources (uses)					
Permanent transfer of interest - out	\$ -	\$(1,043,494)	\$(1,043,494)	\$ -	\$ (1,471,163)
Total other financing sources (uses)	<u>-</u>	<u>(1,043,494)</u>	<u>(1,043,494)</u>	<u>-</u>	<u>(1,471,163)</u>
Net change in fund balance	<u>\$ 177,070</u>	<u>\$ (340,149)</u>	1,977,118	<u>\$ 2,317,267</u>	2,940,994
Fund balance, beginning of year			<u>13,036,629</u>		<u>10,095,635</u>
Fund balance, end of year			<u>\$15,013,747</u>		<u>\$ 13,036,629</u>

(Concluded)

Northfield Township High Schools District 225
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenue				
Local sources				
General levy	\$ 822,588	\$ 529,703	\$ (292,885)	\$ 785,891
Regular transportation fees from pupils or parents	475,000	192,871	(282,129)	219,900
Regular transportation fees from other LEAs	-	228,906	228,906	268,500
Interest on investments	95,083	170,279	75,196	92,268
Total local sources	<u>1,392,671</u>	<u>1,121,759</u>	<u>(270,912)</u>	<u>1,366,559</u>
State sources				
General state aid	290,000	290,000	-	290,000
Transportation - Special education	580,326	694,339	114,013	371,611
Total state sources	<u>870,326</u>	<u>984,339</u>	<u>114,013</u>	<u>661,611</u>
Total revenue	<u>2,262,997</u>	<u>2,106,098</u>	<u>(156,899)</u>	<u>2,028,170</u>

(Continued)

Northfield Township High Schools District 225
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	\$ 33,299	\$ 31,299	\$ 2,000	\$ 29,327
Employee benefits	5,349	5,284	65	4,990
Purchased services	1,899,929	1,742,878	157,051	1,991,550
Supplies and materials	9,266	4,859	4,407	3,023
Capital outlay	-	11,665	(11,665)	-
Other objects	10,000	-	10,000	10,672
Total	<u>1,957,843</u>	<u>1,795,985</u>	<u>161,858</u>	<u>2,039,562</u>
Total support services	<u>1,957,843</u>	<u>1,795,985</u>	<u>161,858</u>	<u>2,039,562</u>
Provision for contingencies	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>2,007,843</u>	<u>1,795,985</u>	<u>211,858</u>	<u>2,039,562</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 255,154</u>	310,113	<u>\$ 54,959</u>	(11,392)
Fund balance, beginning of year		<u>2,007,663</u>		<u>2,019,055</u>
Fund balance, end of year		<u>\$ 2,317,776</u>		<u>\$ 2,007,663</u>

(Concluded)

Northfield Township High Schools District 225
 Illinois Municipal Retirement / Social Security Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Revenue					
Local sources					
General levy	\$ 313,981	\$ 313,981	\$ 348,328	\$ 34,347	\$ 302,306
Social security/medicare only levy	1,480,683	1,480,683	1,678,124	197,441	1,411,988
Corporate personal property					
Replacement taxes	155,000	155,000	155,000	-	120,328
Interest on investments	30,076	30,076	50,316	20,240	44,747
Total local sources	<u>1,979,740</u>	<u>1,979,740</u>	<u>2,231,768</u>	<u>252,028</u>	<u>1,879,369</u>
Total revenue	<u>1,979,740</u>	<u>1,979,740</u>	<u>2,231,768</u>	<u>252,028</u>	<u>1,879,369</u>
Expenditures					
Instruction					
Regular programs	349,707	349,707	355,954	(6,247)	324,848
Special education programs	145,294	145,294	146,997	(1,703)	133,820
Educationally deprived / remedial programs	6,618	6,618	6,250	368	6,044
Adult/continuing education programs	-	-	558	(558)	69
Vocational educational programs	35,284	35,284	37,945	(2,661)	32,797
Interscholastic programs	170,208	170,208	172,924	(2,716)	157,115
Summer school programs	14,047	14,047	13,917	130	13,016
Gifted programs	5,121	5,121	4,601	520	4,827
Bilingual programs	22,716	22,716	20,259	2,457	20,910
Total instruction	<u>748,995</u>	<u>748,995</u>	<u>759,405</u>	<u>(10,410)</u>	<u>693,446</u>

(Continued)

Northfield Township High Schools District 225
 Illinois Municipal Retirement / Social Security Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Support services					
Pupils					
Attendance and social work services	\$ 64,645	\$ 64,645	\$ 57,551	\$ 7,094	\$ 59,605
Guidance services	128,370	128,370	134,669	(6,299)	117,985
Health services	23,168	23,168	26,426	(3,258)	21,252
Psychological services	9,384	9,384	7,200	2,184	8,869
Speech pathology and audiology services	1,003	1,003	1,019	(16)	945
Other support services - pupils	<u>152,804</u>	<u>152,804</u>	<u>146,046</u>	<u>6,758</u>	<u>139,469</u>
Total pupils	<u>379,374</u>	<u>379,374</u>	<u>372,911</u>	<u>6,463</u>	<u>348,125</u>
Instructional staff					
Improvement of instruction services	101,771	101,771	9,247	92,524	11,476
Educational media services	<u>91,471</u>	<u>91,471</u>	<u>138,366</u>	<u>(46,895)</u>	<u>166,458</u>
Total instructional staff	<u>193,242</u>	<u>193,242</u>	<u>147,613</u>	<u>45,629</u>	<u>177,934</u>
General administration					
Board of education services	1,932	1,932	1,968	(36)	1,774
Executive administration services	22,541	22,541	22,124	417	20,724
Special area administrative services	<u>33,631</u>	<u>33,631</u>	<u>32,620</u>	<u>1,011</u>	<u>30,839</u>
Total general administration	<u>58,104</u>	<u>58,104</u>	<u>56,712</u>	<u>1,392</u>	<u>53,337</u>
School administration					
Office of the principal services	95,592	95,592	90,208	5,384	87,892
Other support services - school administrati	<u>138,560</u>	<u>138,560</u>	<u>142,229</u>	<u>(3,669)</u>	<u>127,253</u>
Total school administration	<u>234,152</u>	<u>234,152</u>	<u>232,437</u>	<u>1,715</u>	<u>215,145</u>

(Continued)

Northfield Township High Schools District 225
 Illinois Municipal Retirement / Social Security Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007

With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Business					
Direction of business support services	\$ 11,716	\$ 11,716	\$ 11,850	\$ (134)	\$ 10,763
Fiscal services	51,409	51,409	49,986	1,423	46,979
Facilities acquisition and construction service	-	-	-	-	6
Operation and maintenance of plant services	561,670	561,670	561,118	552	512,968
Pupil transportation services	2,407	2,407	2,786	(379)	2,206
Internal services	<u>53,169</u>	<u>53,169</u>	<u>28,365</u>	<u>24,804</u>	<u>48,654</u>
Total business	<u>680,371</u>	<u>680,371</u>	<u>654,105</u>	<u>26,266</u>	<u>621,576</u>
Central					
Information services	12,035	12,035	13,263	(1,228)	11,899
Staff services	24,955	24,955	24,344	611	22,835
Data processing services	<u>102,632</u>	<u>102,632</u>	<u>105,869</u>	<u>(3,237)</u>	<u>93,793</u>
Total central	<u>139,622</u>	<u>139,622</u>	<u>143,476</u>	<u>(3,854)</u>	<u>128,527</u>
Total support services	<u>1,684,865</u>	<u>1,684,865</u>	<u>1,607,254</u>	<u>77,611</u>	<u>1,544,644</u>
Community services	<u>21,141</u>	<u>21,141</u>	<u>22,715</u>	<u>(1,574)</u>	<u>19,626</u>
Provision for contingencies	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>2,505,001</u>	<u>2,505,001</u>	<u>2,389,374</u>	<u>115,627</u>	<u>2,257,716</u>
(Deficiency) of revenues over expenditures	<u>\$ (525,261)</u>	<u>\$ (525,261)</u>	<u>(157,606)</u>	<u>\$ 367,655</u>	<u>(378,347)</u>
Fund balance, beginning of year			<u>624,370</u>		<u>1,002,717</u>
Fund balance, end of year			<u>\$ 466,764</u>		<u>\$ 624,370</u>

(Concluded)

Northfield Township High Schools District 225
Working Cash Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			2006 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenue				
Local sources				
General levy	\$ 528,715	\$ 694,974	\$ 166,259	\$ 511,542
Interest on investments	389,708	713,760	324,052	348,884
Total local sources	<u>918,423</u>	<u>1,408,734</u>	<u>490,311</u>	<u>860,426</u>
Total revenue	<u>918,423</u>	<u>1,408,734</u>	<u>490,311</u>	<u>860,426</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 918,423</u>	1,408,734	<u>\$ 490,311</u>	860,426
Fund balance, beginning of year		<u>9,959,399</u>		<u>9,098,973</u>
Fund balance, end of year		<u>\$11,368,133</u>		<u>\$ 9,959,399</u>

Northfield Township High School District 225

Notes to the Required Supplementary Information

June 30, 2007

1. DEFINED BENEFIT PENSION PLAN - DIGEST OF CHANGES

Assumptions for the Illinois Municipal Retirement Fund:

The actuarial assumptions used to determine the actuarial accrued liability for 2005 were changed due to the 2002 - 2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- Fewer normal and early retirements are expected to occur.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of an ordinance. By the last Tuesday in December each year, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts between the same function and object to a legal level of 10% of the fund total within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) Budgetary control is maintained at line-item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is available to the District's management in real time. These expenditure reports list each item's fiscal year-to-date expenditure, budget amount and account balance.
- g) The budget amounts shown in the financial statements are as amended by the Board of Education on May 14, 2007.

Northfield Township High School District 225

Notes to the Required Supplementary Information

June 30, 2007

3. EXPENDITURES IN EXCESS OF BUDGETS

The following fund had excess of expenditures over budget as follows:

	<u>Variance</u>
Site and Construction	\$ <u>917,180</u>

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SUPPLEMENTARY FINANCIAL INFORMATION

Northfield Township High Schools District 225
 Bond and Interest Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Revenue					
Local sources					
General levy	\$ 1,959,131	\$ 1,959,131	\$ 3,897,766	\$ 1,938,635	\$ 2,047,246
Interest on investments	<u>79,677</u>	<u>79,677</u>	<u>219,194</u>	<u>139,517</u>	<u>72,384</u>
Total local sources	<u>2,038,808</u>	<u>2,038,808</u>	<u>4,116,960</u>	<u>2,078,152</u>	<u>2,119,630</u>
Total revenue	<u>2,038,808</u>	<u>2,038,808</u>	<u>4,116,960</u>	<u>2,078,152</u>	<u>2,119,630</u>
Expenditures					
Debt service					
Debt services - interest					
Bonds - interest	<u>1,974,812</u>	<u>2,613,990</u>	<u>2,281,857</u>	<u>332,133</u>	<u>1,664,073</u>
Total debt service - interest	<u>1,974,812</u>	<u>2,613,990</u>	<u>2,281,857</u>	<u>332,133</u>	<u>1,664,073</u>
Bond principal retired	<u>1,101,592</u>	<u>1,627,867</u>	<u>1,960,000</u>	<u>(332,133)</u>	<u>1,840,000</u>
Other debt service					
Purchased services	<u>10,500</u>	<u>4,350</u>	<u>4,100</u>	<u>250</u>	<u>9,808</u>
Total	<u>10,500</u>	<u>4,350</u>	<u>4,100</u>	<u>250</u>	<u>9,808</u>
Total debt service	<u>3,086,904</u>	<u>4,246,207</u>	<u>4,245,957</u>	<u>250</u>	<u>3,513,881</u>
Provision for contingencies	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>3,136,904</u>	<u>4,296,207</u>	<u>4,245,957</u>	<u>50,250</u>	<u>3,513,881</u>

(Continued)

Northfield Township High Schools District 225
 Bond and Interest Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
(Deficiency) of revenues over expenditures	<u>\$ (1,098,096)</u>	<u>\$ (2,257,399)</u>	<u>\$ (128,997)</u>	<u>\$ 2,128,402</u>	<u>\$ (1,394,251)</u>
Other financing sources (uses)					
Permanent transfer of interest - in	1,043,494	1,043,494	1,043,494	-	1,471,163
Principal on bonds sold	-	-	20,770,000	20,770,000	-
Accrued interest on bonds sold	-	132,085	86,889	(45,196)	-
Other uses	-	-	<u>(20,770,000)</u>	<u>(20,770,000)</u>	-
Total other financing sources (uses)	<u>1,043,494</u>	<u>1,175,579</u>	<u>1,130,383</u>	<u>(45,196)</u>	<u>1,471,163</u>
Net change in fund balance	<u>\$ (54,602)</u>	<u>\$ (1,081,820)</u>	1,001,386	<u>\$ 2,083,206</u>	76,912
Fund balance, beginning of year			<u>2,039,306</u>		<u>1,962,394</u>
Fund balance, end of year			<u>\$ 3,040,692</u>		<u>\$ 2,039,306</u>

(Concluded)

Northfield Township High Schools District 225
 Site and Construction Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007				2006 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenue					
Local sources					
Interest on investments	\$ 81,935	\$ 81,935	\$ 909,028	\$ 827,093	\$ 75,977
Total local sources	<u>81,935</u>	<u>81,935</u>	<u>909,028</u>	<u>827,093</u>	<u>75,977</u>
Total revenue	<u>81,935</u>	<u>81,935</u>	<u>909,028</u>	<u>827,093</u>	<u>75,977</u>
Expenditures					
Support services					
Facilities acquisition and construction services					
Purchased services	-	-	16,726	(16,726)	-
Supplies and materials	-	-	2,064	(2,064)	-
Capital outlay	-	3,354,429	4,752,819	(1,398,390)	-
Other objects	500,000	508,813	8,813	500,000	-
Total	<u>500,000</u>	<u>3,863,242</u>	<u>4,780,422</u>	<u>(917,180)</u>	<u>-</u>
Total support services	<u>500,000</u>	<u>3,863,242</u>	<u>4,780,422</u>	<u>(917,180)</u>	<u>-</u>
Total expenditures	<u>500,000</u>	<u>3,863,242</u>	<u>4,780,422</u>	<u>(917,180)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(418,065)</u>	<u>(3,781,307)</u>	<u>(3,871,394)</u>	<u>(90,087)</u>	<u>75,977</u>

(Continued)

Northfield Township High Schools District 225
 Site and Construction Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Actual
	Original Budget	Final Budget	Actual		
Other financing sources (uses)					
Principal on bonds sold	\$ -	\$ 47,000,000	\$ 47,000,000	\$ -	\$ -
Total other financing sources (uses)	<u>-</u>	<u>47,000,000</u>	<u>47,000,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (418,065)</u>	<u>\$ 43,218,693</u>	43,128,606	<u>\$ (90,087)</u>	75,977
Fund balance, beginning of year			<u>2,092,070</u>		<u>2,016,093</u>
Fund balance, end of year			<u>\$ 45,220,676</u>		<u>\$ 2,092,070</u>

(Concluded)

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
<u>District Activity</u>					
Accommodations	\$ (16,071)	\$ 42,403	\$ 43,332	\$ -	\$ (17,000)
Evening High School Scholarship	10,000	2,000	500	-	11,500
Community Chorus	466	12,222	9,503	-	3,185
Glenbrook Symphony	200	-	-	-	200
Glenbrook Musical	11,209	46,946	47,745	-	10,410
Peer Group Scholarship	17,161	-	2,000	-	15,161
Retirement	1,307	-	-	-	1,307
Scholarship and Trust	40,567	3,155	16,000	-	27,722
Johnson Scholarship	47,358	-	4,000	-	43,358
Township Articulation	315	3,000	608	5,413	8,120
Student Activities	(28,171)	-	760	-	(28,931)
District - TEAM	-	500	-	-	500
Spartan Swim Club	198,504	347,909	342,104	-	204,309
Interest Earned	63,926	79,291	3,075	-	140,142
Total District Activity	346,771	537,426	469,627	5,413	419,983
<u>North Activity</u>					
Activity Tickets	380	51,328	51,205	-	503
Advanced Placement	20,421	70,303	70,433	-	20,291
International Club	499	-	-	-	499
After School All Stars	293	1,015	377	-	931
Amnesty	-	267	-	-	267
Aquiana Swim Club	7,249	8,105	7,592	-	7,762
Art Supplies	1,512	150	2,000	-	(338)
Practical Horticulture Club	12,454	14,299	16,995	-	9,758
Basics	12	-	-	-	12
Beating the Odds	600	-	-	-	600
Bookstore	(45,892)	48,868	48,868	-	(45,892)
Boy's P.E. Rental	6,079	3,133	774	-	8,438
Brian Neiberg Account	-	-	-	-	-
Business Club	1,125	10,639	10,680	-	1,084
Cap and Gown	1,648	11,308	11,157	-	1,799
Cheerleaders	14,367	34,052	17,023	-	31,396
Choir Parents Organization	55	1,188	1,188	-	55
Circle of Friends	400	-	3,615	-	(3,215)
Cooking Club	492	-	88	-	404
Custodial Vending	213	-	-	-	213
Dispenser Fund	187	-	-	-	187
Diversity Club	376	2,997	1,410	-	1,963
Drama Productions	10,485	21,065	22,309	-	9,241

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Duffy Memorial Scholarship	\$ 10,928	\$ -	\$ 1,000	\$ -	\$ 9,928
English Department	(397)	-	-	-	(397)
Environmental Award	853	141	306	-	688
Field Trips	2,251	21,170	20,585	-	2,836
French Club	390	322	258	-	454
F.R.E.S.H.	1,518	-	-	-	1,518
Friends & Comp	3,547	626	1,267	-	2,906
Future Educators	3,805	593	828	-	3,570
Gadget Club	4,564	-	867	-	3,697
Gary Poter Scholarship	6,908	775	-	-	7,683
GBN Fifty Year Anniversary	1,840	25	15	-	1,850
GBN Sports Tournaments	70,141	196,737	207,570	-	59,308
German Club	222	-	-	-	222
Grand Piano Renovation	-	-	-	-	-
Helicon	(1,141)	7,310	3,668	-	2,501
Home Economics (HERO)	677	4,017	7,401	-	(2,707)
H W Schwaegerman Scholarship Fund	-	6,277	-	-	6,277
Illinois Science	865	-	-	-	865
II Athletic Directors Assoc	-	-	-	-	-
In-HSE Grad	13,243	850	-	-	14,093
Industrial Education	1,123	-	-	-	1,123
Interact Club	6,776	1,125	500	-	7,401
Katrina Relief Fund	(1)	-	-	-	(1)
Key Club	1,357	4,013	4,638	-	732
Laconian	19,507	113,741	130,239	-	3,009
Varsity Club	1,784	810	729	-	1,865
Library Account	1,424	651	730	-	1,345
Lost Illinois Loaned Texts	516	-	-	-	516
Lynette Meadows Berner Fund	1,800	-	-	-	1,800
Marketing Class	1,196	3,383	3,412	-	1,167
Mileage Monsters	3,792	-	-	-	3,792
Model U N Club	8	7,200	6,701	-	507
Music General	17,403	9,421	11,072	-	15,752
National Art Honor Society	98	1,215	1,045	-	268
National Forensic League-DEB	9,072	66,600	66,381	-	9,291
National Forensic League	127	3,067	5,196	-	(2,002)
National Honor Society	4,157	1,160	2,181	-	3,136
Newcomers Welcoming Committee	1,057	-	48	-	1,009
North end Restaurant	(683)	-	117	-	(800)
North Winds	160	300	175	-	285
Orchesis	38,668	41,316	30,287	-	49,697
Parents' Association	44,991	14,413	14,413	-	44,991
Performing Arts	128	-	-	-	128
Polish Club	104	-	-	-	104

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Pom Pom Squad	\$ 19,435	\$ 24,110	\$ 15,598	\$ -	\$ 27,947
PAEMST-L Zielinski	4,038	-	399	-	3,639
PSAT/PACT Registration	5,044	9,762	4,356	-	10,450
Radio & Television	10,206	4,215	85	-	14,336
Reach America	4,090	11,515	6,366	-	9,239
Relay for Life Northbrook	-	1,223	965	-	258
Retirement Events	1,118	3,580	3,505	-	1,193
S.A.D.D.	1,364	1,139	1,288	-	1,215
Science Club	5,637	5,454	6,628	-	4,463
Scholarship-Catherine Green	370	-	-	-	370
Scholarship-GBN-A	704	-	-	-	704
Scholarship-North	2,500	5,000	6,500	-	1,000
Scholarship-Martin Rugless	38,348	-	3,750	-	34,598
Snowball	2,743	-	4,902	-	(2,159)
Soundstage	2,661	3,678	3,500	-	2,839
Spanish Honor Society	2,152	3,604	3,995	-	1,761
Spartan Marching Band	7,532	32,564	29,497	-	10,599
Sports Banquets	293	-	-	-	293
Student Correspondence	750	4,595	4,450	-	895
Student Association	6,590	51,386	36,215	-	21,761
Student to Student	144	-	-	-	144
S.O.A.R.	428	-	-	-	428
Student Special Events	(40)	-	-	-	(40)
Student Teachers	290	-	-	-	290
Student Teachers-South	125	-	-	-	125
Test Prep Program	1,149	33,048	33,112	-	1,085
Torch North	11,650	17,325	13,192	-	15,783
Towel Fees	29,418	21,546	20,609	-	30,355
Variety Show	21,639	19,113	26,830	-	13,922
Vending Machine	48,133	13,497	35,184	-	26,446
Village Green & Gold	(1,085)	-	-	-	(1,085)
Welfare Memorial	1,301	2,095	1,649	-	1,747
WGKB Radio	2,225	1,816	1,816	-	2,225
Interest Account	7,045	-	5,794	-	1,251
Class of 1998	(6)	-	-	-	(6)
Class of 2000	(246)	-	-	-	(246)
Class of 2001	1,228	-	-	-	1,228
Class of 2002	153	-	-	-	153
Class of 2003	(1,523)	-	-	-	(1,523)
Class of 2004	(114)	-	-	-	(114)
Class of 2005	-	-	-	-	-
Class of 2006	1,233	-	-	-	1,233
Class of 2007	3,719	34,491	34,967	-	3,243
Class of 2008	3,635	33,565	38,905	-	(1,705)

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Class of 2009	\$ 996	\$ 22,817	\$ 19,261	\$ -	\$ 4,552
Class of 2010	-	5,407	4,204	-	1,203
Total North Activity	554,805	1,152,520	1,154,865	-	552,460
<u>South Activity</u>					
Activity Tickets	6,112	-	-	-	6,112
Advanced Placement Testing	9,583	84,274	88,813	-	5,044
Aid	(6,287)	-	-	-	(6,287)
American Field Service Club	-	-	-	-	-
Amnesty International	(1)	473	-	-	472
Anime	645	50	989	1,009	715
Art Supplies	4,663	7,945	12,608	-	-
Band Trip	(348)	-	-	-	(348)
Baseball	(3,963)	1,370	1,277	-	(3,870)
Bel Canto	2,450	5,478	7,306	(200)	422
Bookstore	(1,196)	66,045	63,000	-	1,849
Brick Program	2,177	-	-	-	2,177
Titan Booster	28,336	100,070	72,696	(4,350)	51,360
Pep Club	(22,271)	20,120	14,008	19,309	3,150
Business Education	750	-	-	-	750
Business Professionals of America	1,192	2,961	8,336	489	(3,694)
Calliope	5,006	1,800	3,780	-	3,026
Cap and Gown	1,288	10,020	12,414	-	(1,106)
Celebrate Life	73	-	-	-	73
Chamber Singers	943	2,095	2,915	(150)	(27)
Cheerleaders	(7,312)	1,963	368	-	(5,717)
Choir Parents Organization	-	195	195	-	-
Christopher Zimny Scholarship	13,946	-	1,500	-	12,446
Circle of Friends	(235)	271	853	373	(444)
Cooking Club	14	-	-	-	14
Concessions	17,622	74,537	54,072	(27,638)	10,449
PSAT/PLAN Test	4,518	-	-	-	4,518
Counselors Accounts	2,725	-	-	-	2,725
Cross Country/Track	(5,557)	2,019	5,701	306	(8,933)
Cum Laude Society	387	-	2,170	-	(1,783)
David H Smith Scholarship	100	-	-	-	100
De La Cru	12	7,164	6,900	-	276
Debate Club	8,901	55,244	47,924	-	16,221
Dispenser Fund	1,656	525	-	-	2,181
Diversified Cooperative Education	-	-	-	-	-
Douglas T. Kornelly Memorial Scholar	4,640	-	1,000	-	3,640
Drama Club	2,187	5,251	3,833	30	3,635

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Drama Productions	\$ (8,008)	\$ 28,678	\$ 20,682	\$ 324	\$ 312
High Adventure	(1,269)	-	-	-	(1,269)
English Dept. Activities	(25)	-	600	-	(625)
English Junior	82	-	-	-	82
Etruscan	42,263	180,692	179,534	(1,000)	42,421
Etruscan-Yrbk Aid Fund	15,590	4,055	-	1,000	20,645
Filed Hockey Boosters	7,294	13,220	16,249	(792)	3,473
Field Trips	4,098	150	2,545	-	1,703
Fine Arts Community	14	-	-	-	14
International Club	(5)	-	-	-	(5)
Forensics	(257)	2,054	6,860	1,857	(3,206)
French Club	3,252	3,010	3,114	24	3,172
German Club	(14,771)	-	-	-	(14,771)
German Exchange Program	15,800	5,500	336	-	20,964
Girls' Letter Club	8,172	6,248	5,874	-	8,546
GBS Sports Tournament	17,050	69,448	72,206	383	14,675
Glass	(312)	43	73	-	(342)
Golf-Girls	987	-	-	-	987
Grad Night	19,819	57,680	51,348	-	26,151
Grid Account	3,723	37,191	45,866	4,350	(602)
Hellenic Club	226	176	-	173	575
Hispanic Leadership Program	-	1,000	663	771	1,108
HOLA	1,822	2,228	2,229	(500)	1,321
Hye Weon Won Memorial Fund	-	-	-	-	-
In-House Grad Program	26,565	5,440	5,392	-	26,613
Industrial Education	43	-	-	-	43
Interact Club	4,124	16,241	17,339	297	3,323
Jazz Choir	706	-	1,730	1,000	(24)
Jeanne Kriechbaum Fund	400	-	-	-	400
Jewelry Club	983	307	855	-	435
Key Club	5,573	16,102	12,022	-	9,653
Lacrosse-Boys	(12)	3,160	11,494	934	(7,412)
Lacrosse-Girls	-	249	-	-	249
Lamble-Schnell Scholarship	-	6,925	3,165	-	3,760
Late Exam Fees	1,065	40	-	-	1,105
Library Account	22,587	1,228	522	-	23,293
Living in Space	-	-	-	-	-
Lost Illinois Loaned Texts	(2,059)	-	-	-	(2,059)
Master Singers	364	14,639	12,538	(600)	1,865
Master Singers	(59)	-	-	-	(59)
Mathletes	-	-	-	319	319
Music & Folder	132	-	-	-	132
Permier Chorus	4,000	-	2,979	(200)	821
National Forensics League	3,380	-	-	-	3,380

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
National Honor Society	\$ (587)	\$ 1,200	\$ 582	\$ -	\$ 31
National Science Foundation		-	-	-	-
NINE	1,052	380	724	-	708
NSTA Toyota		-	-	-	-
North Suburban Science	4,075	-	664	(3,413)	(2)
Northfield Township Coop	302	-	-	-	302
Oracle	9,407	11,528	20,667	-	268
Orchesis	1,785	7,214	3,706	-	5,293
Paradox	1,882	253	1,500	(228)	407
Parents Association	(303)	4,178	3,908	-	(33)
Photography Club	30	1,214	1,244	-	-
Physics Audio Help	-	-	-	-	-
Polish Club	1,323	200	398	-	1,125
Quit Smoking Plan	1,707	-	-	-	1,707
Retirement Events	1,961	7,795	8,055	-	1,701
Richard Goodspeed Memorial Scholars	3,580	1,700	1,000	-	4,280
Scholarship-Randy Kolach	6,300	-	1,000	-	5,300
Scholarship-South	3,370	41,855	31,500	-	13,725
Schreiner Memorial Fund	11,260	13,418	941	-	23,737
Craig Stifler	-	-	1,000	-	(1,000)
Science Club	11,224	31,156	33,037	(1,838)	7,505
Science Olympiad	-	718	195	-	523
Senior Pictures	-	-	-	-	-
Sign Language	549	-	-	-	549
Snowball	(254)	-	-	-	(254)
Soccer	3,383	574	275	951	4,633
Social Studies Field Trips	(4,729)	12,529	12,527	-	(4,727)
Softball	(3,437)	149	1,002	1,020	(3,270)
Solace	129	3,300	2,835	150	744
Spanish Club	625	-	-	-	625
Spanish Exchange	4,000	17,480	21,504	-	(24)
Special Events	4,608	400	900	-	4,108
Sports Banquet	6,350	-	-	-	6,350
Stadium Lights	1,044	-	-	-	1,044
Stand Against Genocide	640	3,554	4,456	400	138
Student Council	432	61,062	46,498	(11,658)	3,338
Student Special	(5,030)	-	-	-	(5,030)
Student-to-Student	(2,689)	12,106	15,949	-	(6,532)
Student I.D. Account	16,475	7,325	-	-	23,800
Student Teachers-General	3,128	-	201	-	2,927
Student Teachers-English	(852)	1,906	1,360	-	(306)
Student Teachers	521	-	-	-	521
Student Teachers-Language	-	690	744	-	(54)
Student Teachers-IMC	(120)	-	-	-	(120)

Northfield Township High School District 225
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Student Teachers-Math	\$ -	\$ -	\$ -	\$ -	\$ -
Student Teachers-Music	448	-	448	-	-
Student Teachers-P.E.	7,732	8,891	10,149	-	6,474
Student Teachers-Social Studies	1,542	199	286	-	1,455
Student Teachers-Special Ed	82	-	-	-	82
Student Music Fees	(55)	1,990	1,424	-	511
Swimming/Diving	999	7,192	8,367	-	(176)
Tecinology	378	-	-	-	378
Test Prep Programs	32,907	17,825	21,365	-	29,367
Titan Poms	(4,289)	-	1,552	-	(5,841)
Towel Fees	24,116	28,014	23,836	-	28,294
Tutoring Project	313	1,905	1,185	-	1,033
Variety Show	(1)	45,494	54,924	11,000	1,569
Video Yearbook	3,706	12,139	13,419	-	2,426
Volleyball-Girls	638	4,455	2,111	-	2,982
Teachers' Welfare	794	4,371	2,438	-	2,727
Water Polo	979	1,918	4,072	-	(1,175)
WGBK	1,054	840	840	-	1,054
Wrestling	1,095	-	-	63	1,158
Student Council-Interest Fund	3,445	-	-	-	3,445
Class of 1973	(30)	-	-	-	(30)
Class of 1975	(1,200)	-	-	-	(1,200)
Class of 1997	-	-	-	-	-
Class of 1998	2,890	-	-	-	2,890
Class of 1999	-	-	-	-	-
Class of 2000	5,524	-	-	-	5,524
Class of 2001	4,524	-	-	-	4,524
Class of 2002	4,817	-	-	-	4,817
Class of 2003	4,534	-	-	-	4,534
Class of 2004	(4,198)	77	-	-	(4,121)
Class of 2005	2,364	-	-	-	2,364
Class of 2006	2,855	-	-	-	2,855
Class of 2007	(132)	6,222	4,825	-	1,265
Class of 2008	1,514	38,607	31,808	25	8,338
Class of 2009	2,359	4,647	4,430	228	2,804
Class of 2010	-	2,245	332	369	2,282
Total South Activity	440,938	1,356,489	1,295,056	(5,413)	496,958
Grand Total	\$ 1,342,514	\$ 3,046,435	\$ 2,919,548	\$ -	\$ 1,469,401

Northfield Township High School District 225
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2007

	Maturity as follows			Total
	for the Year Ended June 30	Principal	Interest	
2000A				
Working Cash Fund, dated October 1, 2000 (Interest at 4.75% to 5.75%, payable June 1 and December 1 and principal due December 1)	2008	\$ 1,095,000	\$ 251,156	\$ 1,346,156
	2009	1,505,000	189,406	1,694,406
	2010	1,580,000	116,138	1,696,138
	2011	1,655,000	39,306	1,694,306
Total		\$ 5,835,000	\$ 596,006	\$ 6,431,006
2000B				
Working Cash Fund Capital Appreciation Bonds, dated October 1, 2000, payable December 1	2008	\$ 355,000	-	\$ 355,000
Total		\$ 355,000	-	\$ 355,000
2002A				
General Obligation Refunding School Bonds, dated April 1, 2002 (Interest at 4.25% to 4.60%, payable June 1 and December 1 and principal due December 1)	2008	-	\$ 300,748	\$ 300,748
	2009	-	300,748	300,748
	2010	-	300,748	300,748
	2011	-	300,748	300,748
	2012	1,605,000	266,641	1,871,641
	2013	1,665,000	195,905	1,860,905
	2014	1,740,000	120,995	1,860,995
	2015	1,695,000	44,578	1,739,578
	2016	140,000	3,220	143,220
Total		\$ 6,845,000	\$ 1,834,331	\$ 8,679,331

(Continued)

Northfield Township High School District 225

GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2007

	Maturity as follows			
	for the Year Ended June 30	Principal	Interest	Total
2002B				
General Obligation	2012	\$ 125,000	\$ -	\$ 125,000
Capital Appreciation	2013	135,000	-	135,000
Refunding School Bonds,	2014	130,000	-	130,000
dated April 1, 2002	2015	255,000	-	255,000
payable December 1	2016	1,885,000	-	1,885,000
	2017	2,035,000	-	2,035,000
	2018	2,035,000	-	2,035,000
	2019	2,035,000	-	2,035,000
	2020	2,035,000	-	2,035,000
	2021	2,035,000	-	2,035,000
	2022	2,035,000	-	2,035,000
Total		\$ 14,740,000	\$ -	\$ 14,740,000
2007A				
General Obligation	2008	\$ -	\$ 1,840,000	\$ 1,840,000
School Bonds,	2009	-	1,840,000	1,840,000
dated January 1, 2007	2010	-	1,840,000	1,840,000
(Interest at 4.00% to 5.00%,	2011	-	1,840,000	1,840,000
payable June 1 and	2012	-	1,840,000	1,840,000
December 1 and	2013	-	1,840,000	1,840,000
principal due December 1)	2014	-	1,840,000	1,840,000
	2015	-	1,840,000	1,840,000
	2016	3,625,000	1,754,375	5,379,375
	2017	3,960,000	1,574,750	5,534,750
	2018	4,675,000	1,373,625	6,048,625
	2019	5,075,000	1,139,625	6,214,625
	2020	5,515,000	874,875	6,389,875
	2021	7,190,000	557,250	7,747,250
	2022	7,550,000	188,750	7,738,750
Total		\$ 37,590,000	\$ 22,183,250	\$ 59,773,250

(Continued)

Northfield Township High School District 225

GENERAL LONG-TERM DEBT
 SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2007

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
2007B				
General Obligation Capital Appreciation School Bonds, dated January 1, 2007, payable December 1	2023	\$ 7,930,000	\$ -	\$ 7,930,000
	2024	7,930,000	-	7,930,000
	2025	6,720,000	-	6,720,000
Total		\$ 22,580,000	\$ -	\$ 22,580,000
2007C				
General Obligation School Bonds, dated January 1, 2007, (Interest at 5.24%, payable June 1 and and December 1 and principal due December 1)	2008	\$ 2,030,000	\$ 903,900	\$ 2,933,900
	2009	1,560,000	809,842	2,369,842
	2010	1,780,000	722,334	2,502,334
	2011	2,010,000	623,036	2,633,036
	2012	2,550,000	503,564	3,053,564
	2013	2,385,000	374,267	2,759,267
	2014	2,670,000	241,826	2,911,826
	2015	3,280,000	85,936	3,365,936
Total		18,265,000	4,264,705	22,529,705
Total General Obligation Bonds Payable		\$ 106,210,000	\$ 28,878,292	\$ 135,088,292

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OTHER SUPPLEMENTAL INFORMATION

Northfield Township High School District 225
OPERATING COSTS AND TUITION CHARGE
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
OPERATING COST PER PUPIL		
Average Daily Attendance (ADA):	<u>4,358</u>	<u>4,380</u>
Operating costs:		
Educational	\$ 69,858,627	\$ 67,831,474
Operations and Maintenance	7,784,510	8,804,383
Bond and Interest	4,245,957	3,513,881
Transportation	1,795,985	2,039,562
Municipal Retirement/Social Security	<u>2,389,374</u>	<u>2,257,716</u>
Subtotal	<u>86,074,453</u>	<u>84,447,016</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	2,416,099	2,440,044
Adult education	558	69
Summer school	479,661	469,178
Capital outlay	2,546,295	3,541,502
Debt principal retired	1,960,000	1,840,000
Community services	51,629	45,717
Related revenues	<u>228,906</u>	<u>268,500</u>
Subtotal	<u>7,683,148</u>	<u>8,605,010</u>
Operating costs	<u>\$ 78,391,305</u>	<u>\$ 75,842,006</u>
Operating costs per pupil - based on ADA	<u>\$ 17,988</u>	<u>\$ 17,316</u>
TUITION CHARGE		
Operating costs	\$ 78,391,305	\$ 75,842,006
Less - revenues from specific programs, such as special education or lunch programs	<u>8,045,407</u>	<u>6,774,095</u>
Net operating costs	70,345,898	69,067,911
Depreciation allowance	<u>3,618,937</u>	<u>5,354,143</u>
Allowance tuition costs	<u>\$ 73,964,835</u>	<u>\$ 74,422,054</u>
Tuition charge per pupil - based on ADA	<u>\$ 16,972</u>	<u>\$ 16,991</u>

Northfield Township High School District 225

FIVE-YEAR SUMMARY OF ASSESSED VALUATIONS,

TAX RATES, EXTENSIONS, AND COLLECTIONS

Year Ended June 30, 2007

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed Valuation	\$ 3,952,808,452	\$ 3,973,655,779	\$ 4,683,211,100	\$ 5,122,292,709	\$ 5,142,176,826
Tax rates					
Educational	1.4205	1.4430	1.2538	1.2273	1.3245
Operations and maintenance	0.1379	0.1648	0.1509	0.1425	0.1038
Bond and interest	0.0529	0.0527	0.0456	0.0417	0.1240
Transportation	0.0253	0.0201	0.0171	0.0164	0.0040
Municipal retirement	0.0322	0.0426	0.0374	0.0356	0.0478
Working cash	0.0126	0.0130	0.0111	0.0107	0.0182
Total	<u>1.6814</u>	<u>1.7362</u>	<u>1.5159</u>	<u>1.4742</u>	<u>1.6223</u>
Tax extensions					
Educational	\$ 56,150,000	\$ 57,333,247	\$ 58,721,974	\$ 62,900,013	\$ 68,108,132
Operations and maintenance	5,451,391	6,547,830	7,068,432	7,303,228	5,337,579
Bond and interest	2,094,309	2,093,875	2,135,685	2,137,155	6,374,874
Transportation	1,000,000	798,613	800,882	840,512	205,687
Municipal retirement	1,275,000	1,672,583	1,751,636	1,824,526	2,457,960
Working cash	500,000	516,516	519,871	548,383	935,876
Total	<u>66,470,700</u>	<u>68,962,664</u>	<u>70,998,480</u>	<u>75,553,817</u>	<u>83,420,108</u>
Total Collections	<u>\$ 66,412,492</u>	<u>\$ 68,824,731</u>	<u>\$ 74,477,295</u>	<u>\$ 75,667,760</u>	<u>\$ 35,880,188</u>
Percentage Collections	99.91%	99.80%	104.90%	100.15%	43.01%

Northfield Township High School District 225
REVENUES BY SOURCE-EDUCATIONAL, OPERATIONS AND MAINTENANCE,
TRANSPORTATION, AND IMRF FUNDS
LAST TEN FISCAL YEARS
Year Ended June 30, 2007

	<u>1998*</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Local sources:				
Property taxes	\$ 49,566,316	\$ 52,580,254	\$ 53,369,898	\$ 56,849,177
Replacement taxes	1,070,480	1,318,796	1,721,209	1,422,383
Tuition	299,581	329,331	305,609	139,102
Interest on investments	1,911,248	1,544,466	2,015,225	2,377,497
Other local revenue	3,392,565	3,620,618	4,033,577	4,187,317
Total local sources	<u>56,240,190</u>	<u>59,393,465</u>	<u>61,445,518</u>	<u>64,975,476</u>
State sources:				
General student aid	658,105	103,604	518,076	1,095,023
Other state aid	1,711,212	1,665,343	1,722,811	2,326,185
Total state sources	<u>2,369,317</u>	<u>1,768,947</u>	<u>2,240,887</u>	<u>3,421,208</u>
Federal sources:				
Restricted grants	320,848	306,937	1,108,943	1,216,139
Total federal sources	<u>320,848</u>	<u>306,937</u>	<u>1,108,943</u>	<u>1,216,139</u>
Total revenues	<u>\$ 58,930,355</u>	<u>\$ 61,469,349</u>	<u>\$ 64,795,348</u>	<u>\$ 69,612,823</u>

* This year was presented on the cash basis of accounting.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	59,865,823	\$ 62,376,897	\$ 64,590,333	\$ 65,109,457	\$ 67,676,775	\$ 71,320,230
	1,520,620	1,409,495	1,601,948	1,938,450	2,456,905	2,706,082
	371,018	326,179	399,157	388,021	442,483	467,929
	1,588,468	662,387	627,468	970,209	568,664	2,047,885
	5,109,523	5,070,703	5,771,910	6,481,089	6,944,843	6,203,928
	<u>68,455,452</u>	<u>69,845,661</u>	<u>72,990,816</u>	<u>74,887,226</u>	<u>78,089,670</u>	<u>82,746,054</u>
	1,098,942	1,072,185	1,172,458	1,283,258	1,310,358	1,375,675
	1,795,558	1,595,941	2,740,152	2,003,654	1,866,740	6,693,484
	<u>2,894,500</u>	<u>2,668,126</u>	<u>3,912,610</u>	<u>3,286,912</u>	<u>3,177,098</u>	<u>8,069,159</u>
	739,732	967,508	443,775	839,423	999,921	1,075,197
	<u>739,732</u>	<u>967,508</u>	<u>443,775</u>	<u>839,423</u>	<u>999,921</u>	<u>1,075,197</u>
\$	<u>72,089,684</u>	<u>\$ 73,481,295</u>	<u>\$ 77,347,201</u>	<u>\$ 79,013,561</u>	<u>\$ 82,266,689</u>	<u>\$ 91,890,410</u>

Northfield Township High School District 225
EXPENDITURES BY OBJECT-EDUCATIONAL, OPERATIONS & MAINTENANCE, TRANSPORTATION
TRANSPORTATION, AND IMRF FUNDS
LAST TEN FISCAL YEARS
Year Ended June 30, 2007

	<u>1998*</u>	<u>1999</u>	<u>2000</u>
Educational and Operations & Maintenance funds			
Salaries and employee benefits	\$ 39,957,557	\$ 42,288,084	\$ 43,275,241
Purchased services and supplies	7,019,898	7,630,972	7,883,347
Tuition	1,803,302	1,759,081	1,852,538
All other expenditures	<u>7,334,809</u>	<u>5,316,809</u>	<u>6,686,458</u>
Total general fund	<u>56,115,566</u>	<u>56,994,946</u>	<u>59,697,584</u>
Transportation & IMRF funds			
Salaries and employee benefits	1,531,357	1,573,485	1,600,229
Purchased services and supplies	1,012,409	949,920	1,637,125
All other expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total special revenue funds	<u>2,543,766</u>	<u>2,523,405</u>	<u>3,237,354</u>
Total expenditures	<u>\$ 58,659,332</u>	<u>\$ 59,518,351</u>	<u>\$ 62,934,938</u>

* This year was presented on the cash basis of accounting.

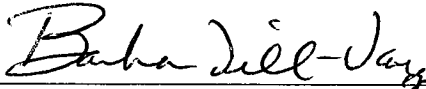
2001	2002	2003	2004	2005	2006	2007
46,416,815	\$ 50,910,133	\$ 52,362,839	\$ 50,362,958	\$ 57,790,709	\$ 58,186,154	\$ 60,472,964
8,826,390	8,840,618	10,263,570	10,433,875	10,654,748	12,298,713	12,967,196
1,789,999	2,508,530	1,996,129	2,209,441	1,983,945	2,440,044	2,673,744
10,127,325	15,143,544	8,550,903	10,795,143	5,709,585	3,710,946	2,906,998
<u>67,160,529</u>	<u>77,402,825</u>	<u>73,173,441</u>	<u>73,801,417</u>	<u>76,138,987</u>	<u>76,635,857</u>	<u>79,020,902</u>
1,560,922	1,490,758	1,595,322	1,797,431	2,050,423	2,292,033	2,425,957
1,653,186	1,821,413	1,675,146	1,887,417	1,800,816	1,994,573	1,927,093
-	-	-	18,343	10,328	10,672	11,665
<u>3,214,108</u>	<u>3,312,171</u>	<u>3,270,468</u>	<u>3,703,191</u>	<u>3,861,567</u>	<u>4,297,278</u>	<u>4,364,715</u>
<u>70,374,637</u>	<u>\$ 80,714,996</u>	<u>\$ 76,443,909</u>	<u>\$ 77,504,608</u>	<u>\$ 80,000,554</u>	<u>\$ 80,933,135</u>	<u>\$ 83,385,617</u>

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CONTRACT CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 225, Cook County, Illinois (the "*District*"), and as such official I do further certify that attached hereto is a true, correct and complete copy of the contract made on the 9th day of January, 2008, between the District and the purchaser of the \$14,570,000 General Obligation School Bonds, Series 2008, dated January 1, 2008, of the District, regarding the sale and purchase of said bonds.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 9th day of January, 2008.



Secretary, Board of Education

William Blair & Company
Limited Liability Company

**TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225
COOK COUNTY, ILLINOIS
(GLENBROOK)**

\$14,570,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2008

BOND PURCHASE AGREEMENT

Board of Education
Township High School District Number 225
1835 Landwehr Road
Glenview, IL 60025

Ladies and Gentlemen:

The undersigned, William Blair & Company, a limited liability company (the "*Underwriter*"), hereby offers to enter into this Bond Purchase Agreement (the "*Agreement*") with Township High School District Number 225, Cook County, Illinois (the "*District*") which, upon acceptance by the District, will become a binding agreement between the District and the Underwriter.

Subject to the terms of this Agreement, the Underwriter agree to purchase from the District, and the District agrees to sell to the Underwriter, all (but not less than all) of the \$14,570,000 General Obligation School Bonds, Series 2008, (the "*Bonds*"). The purchase price for the Bonds shall be \$15,564,105.75 plus accrued interest from January 1, 2008.

The Bonds are to be issued and sold pursuant to the bond resolution (the "*Bond Resolution*") adopted by the governing body of the District on December 10, 2007. The Bonds will be general obligations of the District and the principal of and interest on the Bonds will be payable from ad valorem taxes levied against all taxable property in the District, without limitation as to rate or amount. The Bonds shall be issued on the date (the "*Closing Date*"), dated as of the date, mature at the times and in the amounts, bear interest at the rates, and be issuable in the denominations set forth in Schedule II hereto.

The District is responsible for the costs of issuance including but not limited to bond counsel fees, rating agency fees, escrow agent, verification agent fees, bond registrar and paying agent fees and preliminary and final Official Statement printing fees. The District authorizes the Underwriter, to pay these expenses out of Bond proceeds on the District's behalf. The District also agrees to reimburse the Underwriter for all liabilities and expenses resulting from any claims that the Official Statement (as defined below) of the District contained a misstatement of a material fact or omitted to state a material fact necessary to make the statements therein not misleading.

The Underwriter' obligations under this Agreement to purchase, accept delivery of and pay for the Bonds are subject to the completeness and correctness on the date of this Agreement and on the Closing Date of the representations and warranties of the District contained in Exhibit A hereto, and to the following additional conditions:

1. Passage of the Bond Resolution.
2. Approval of this Agreement by the District.
3. Assignment of a "Aaa" bond rating from Moody's Investors Service and a "AAA" bond rating from Standard and Poor's Corporation.
4. The Underwriter may terminate this Agreement by notification in writing or by facsimile transmission to the District upon the occurrence at any time subsequent to the date of this Agreement and on or prior to the Closing Date upon the occurrence of one or more of the events described in Exhibit B hereto.

The Underwriter shall receive the following documents:

- (a) The final Official Statement of the District (the "*Official Statement*"), dated the date of this Agreement and executed by an authorized representative of the District. Within seven business days from the District's acceptance hereof, the District will deliver to the Underwriter copies of the Official Statement in sufficient quantities to enable the Underwriter to comply with its obligations under paragraph (b)(4) of Rule 15(c)2-12 under the Securities Exchange Act of 1934, as amended (the "*1934 Act*") and the rules of the Municipal Securities Rulemaking Board.
- (b) The unqualified approving opinion of Chapman and Cutler, bond counsel, dated the Closing Date, and a supplemental opinion of bond counsel, in each case in form and substance satisfactory to the Underwriter.
- (c) A certificate dated the Closing Date of an authorized official of the District, in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) the District has duly performed all of its obligations under the Bond Resolution to be performed on or prior to the Closing Date; (ii) the representations and warranties of the District contained in Exhibit A to this Agreement are true and correct on and as of the Closing Date as if made at the Closing Date, and the Underwriter has complied with all of the agreements and satisfied all the conditions on their part to be performed or satisfied prior to the Closing Date, and (iii) there has been no material adverse change in the condition of the District, financial or otherwise, or in the affairs, operations or prospective operations of the District, whether or not arising in the ordinary course of business, from that set forth or contemplated in the Official Statement and (iv) covering such other matters as may be requested by the Underwriter.
- (d) The Undertaking (as defined in the Official Statement), executed by the District
- (e) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy,

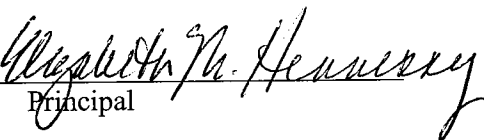
as of the date hereof and as of the Closing Date, of the statements and information contained in the Official Statement and the due performance or satisfaction by the District at or prior to the closing of all agreements then to be performed and all conditions then to be satisfied by the District.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions of the Agreement if, but only if, they are in form and substance satisfactory to the Underwriter.

If this offer is not accepted by the District on January 9, 2008, the Underwriter has the right to withdraw this offer.

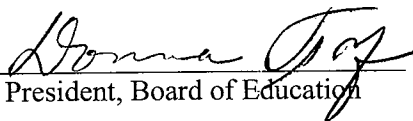
Dated: January 9, 2008

WILLIAM BLAIR & COMPANY, L.L.C.

By: 
Principal

Accepted:

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225
COOK COUNTY, ILLINOIS

By: 
President, Board of Education

SCHEDULE I
TERMS OF THE BONDS

Closing Date: January 24, 2008

Dated Date: January 1, 2008

\$14,570,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2008

Due Dec. 1	Amount	Interest Rate	Yield
2025	\$4,345,000	5.000%	4.050%
2026	4,925,000	5.000	4.110%
2027	5,300,000	5.000	4.160%

(Plus accrued interest from January 1, 2008)

Optional Redemption

The Bonds shall be subject to redemption prior to maturity at the option of the District as a whole, or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar) on June 1, 2018 and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

EXHIBIT A TO BOND PURCHASE AGREEMENT

Representations, Warranties and Covenants of the District.

In order to induce the Underwriter to enter into this Agreement and to purchase the Bonds as required hereunder, the District represents, warrants and agrees as follows:

(a) The District is a separate body politic and corporate and political subdivision of the State of Illinois, organized and existing under the Constitution and laws of the State of Illinois. The District is duly authorized to issue the Bonds and to levy, collect and pledge the Pledged Taxes for the payment of the principal of and interest on the Bonds and has complied in all respects with the Constitution and laws of the State of Illinois in connection therewith.

(b) The Preliminary Official Statement of the District dated December 28, 2007, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Official Statement is an official statement deemed final as of its date within the meaning of Rule 15(c)2-12 under the 1934 Act. The Official Statement does not, as of the date hereof, and the Official Statement, including any amendments or supplements thereto, will not, as of the Closing Date, or as of the date of any such amendment or supplement, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made with respect to the information under the captions "*TAX EXEMPTION*", "*BOOK-ENTRY ONLY SYSTEM*", and "*UNDERWRITING*" in the Official Statement.

(c) The Bond Resolution was duly adopted by the governing body of the District, have not been amended, modified, supplemented or repealed, and remains in full force and effect. The governing body of the District has duly authorized the execution, delivery and due performance of this Agreement, the Bond Resolution, the Undertaking, the Official Statement and the Bonds and the taking of any action as may be required on the part of the District to consummate the transactions contemplated herein or therein. This Agreement constitutes the legal, valid and binding obligation of the District enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, may be subject to the exercise of judicial discretion, or otherwise limited in accordance with general principles of law or equity applicable to those remedies. Except as may be required under the securities laws of any state, there is no consent, approval, authorization or other order of, filing with, registration with, or certification by, any regulatory authority having jurisdiction over the District and no election or referendum of or by any person, organization or public body whatsoever required in connection with any of the foregoing actions. There are no provisions of Illinois law that would allow, as of the date hereof or any date subsequent hereto, any public vote or referendum, the results of which could invalidate the Bond Resolution, invalidate, reduce, restrain or enjoin the levy, collection or pledge of the Pledged Taxes, or invalidate, limit or condition the obligations of the District undertaken hereunder or in connection with the transactions contemplated hereby.

(d) The District has complied with all provision of the Constitution and laws of the State of Illinois, and all procedural rules of the District, and the District has full legal right, power and authority pursuant to the Constitution and laws of the State of Illinois, and the resolutions of the District, to: (1) enter into this Agreement and the Undertaking; (2) adopt the Bond Resolution; (3) prepare the Preliminary Official Statement and the Official Statement and

authorize their distribution by the Underwriter; (4) execute the Official Statement; (5) issue, sell and deliver the Bonds as provided in this Agreement; (6) perform its obligations under and as contemplated in this Agreement, the Undertaking, the Bond Resolution; and the Bonds; (7) levy, collect and pledge the Pledged Taxes; and (8) carry out and consummate all the transactions contemplated in the foregoing documents, including the completion of the Project (as defined in the Official Statement);

(e) The Bonds will conform to the description thereof contained in the Official Statement and, when delivered to and paid for by the Underwriter, will have been duly authorized, executed, issued and delivered by, and will constitute valid and binding general obligations of the District, enforceable in accordance with their terms and the terms of the Bond Resolution except as limited by bankruptcy, insolvency, reorganization, moratorium or the laws affecting creditors' rights and except to the extent that the enforceability thereof may be limited by the application of general principles of equity. No event of default under any evidence of indebtedness issued by the District has occurred and is continuing, and no event has occurred and is continuing which, with the lapse of time or the giving of notice or both, would constitute such an event of default.

(f) The execution and delivery of the Official Statement, this Agreement, the Undertaking and the Bonds, the adoption of the Bond Resolution, and compliance with the provisions hereof and thereof, and the District's consummation of the transactions contemplated by the aforesaid documents, do not and will not conflict with or result in a violation of the Constitution of the State of Illinois or any other laws of the State of Illinois or the United States of America or of the District, including, without limitation, any debt limitations or other restrictions or conditions on the debt-issuing power of the District, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law or administrative regulation or any of the terms, conditions or provisions of any judgment, decree, loan agreement, note, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the District is a party or by which it is bound. The District has not received any written notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution, trust indenture or agreement or state law pertaining to the bonds or notes, of any default or event of default on the part of the District which has not been cured, remedied or waived.

(g) No action, suit, inquiry, investigation or proceeding, at law or in equity, to which the District is a party is pending and, to the best of the knowledge of the District, no action, suit, inquiry, investigation or proceeding is threatened, in or before any court, governmental agency, authority, body or arbitrator, in any way affecting the existence of the District or the title of any official of the District to such person's office, or seeking to restrain, or enjoin the issuance, sale or delivery of the Bonds or the execution and delivery of this Agreement or in any way contesting or affecting the validity or enforceability of this Agreement, the Undertaking, the Bond Resolutions, or the Bonds and related documents, or the consummation of the Project, the refunding of the Prior Bonds or the levy, collection or pledge of the Pledged Taxes to pay the principal of or interest on the Bonds, or any agreement or instrument relating to the foregoing, or contesting in any way the completeness or accuracy of the Official Statement or the power or authority of the District with respect to this Agreement, the Undertaking, the Bond Resolution or the Bonds, or the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

(h) To the knowledge of the District, there is no public vote or referendum pending, proposed or concluded, the results of which could in any way adversely affect the transactions contemplated by this Agreement, the Bond Resolution, or the Bonds, or the validity or enforceability of the Bonds, the levy, collection or pledge of the Pledged Taxes, or that would

adversely affect the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

(i) Any certificate signed by an authorized District official, or by a duly appointed and acting deputy of any of said officials on his or her behalf, and delivered to the Underwriter shall be deemed a District representation and warranty to the Underwriter as to the truth of the District's statements therein.

(j) The District has not received any judicial or administrative notice that in any way questions the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and the Internal Revenue Service has not notified the District of any listing or proposed listing of the District as a bond issuer whose arbitrage certifications may not be relied upon.

(k) Prior to the Closing Date, the District shall have taken all actions necessary to be taken by the District for: (i) the issuance and sale of the Bonds upon the terms set forth herein, in the Official Statement and in the Bond Resolution, (ii) the use by the Underwriter of the Preliminary Official Statement or the Official Statement, and (iii) the execution and delivery by the District of this Agreement, the Undertaking, the Bonds and all such other instruments and the taking of all such other actions on the part of the District as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the District contemplated by this Agreement, the Undertaking, the Bond Resolution and the Bonds. Between the date of this Agreement and the Closing Date, the District will take such actions as are reasonably necessary to cause the warranties and representations contained in this Agreement to be true as of the Closing Date.

(l) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may deem necessary in order to qualify the Bonds for offer and sale under the securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided that the District shall not be required to consent to service of process or to qualify to do business in any other jurisdiction.

(m) The current operation of the District and the accounting and keeping of records therefore are in material compliance with all applicable state and federal laws, all applicable District ordinances and rules and all applicable rules and regulations of any governmental regulatory agency with jurisdiction over the District.

(n) The District is (i) in compliance with any and all applicable federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("*Environmental Laws*"), (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to carry out and consummate the Project and (iii) is in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the District or the Project.

(o) The audited general purpose financial statements of the District included as Exhibit I to Official Statement present fairly the financial position of the District as of the dates indicated and the results of operations for the periods specified and such financial information and statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. For the period July 1, 2007 to the date hereof, there was (i) no

material adverse change in the financial position of the District, (ii) no increase in the long-term debt of the District and (iii) no development involving a prospective material adverse change, in or affecting the general affairs, management, financial position or results of operations of the District, except in all cases as the Official Statement discloses has occurred or may occur.

(p) The information supplied by the District to bond counsel with respect to the use of the proceeds of the District's Bonds and any other information supplied by the District to Bond Counsel is true, correct and complete in all material respects for the purposes for which it is supplied.

(q) The District will not take or omit to take any action, which action or omission will in any way result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Bond Resolution.

(r) The District shall not amend or supplement the Official Statement without the consent of the Underwriter. The parties hereto shall advise each other promptly of the institution of any proceedings by any governmental agency or any other material occurrence affecting the use of the Official Statement in connection with the offer and sale of the Bonds.

(s) The District shall notify the Underwriter if, prior to the Closing Date, any event occurs that makes any statement in the Official Statement untrue in any material respect or that requires the making of any change in the Official Statement, in order to make the statements therein not misleading, and the District shall thereupon diligently cooperate with the Underwriter and make any changes in the Official Statement that are reasonably requested by the Underwriter. If at any time after the Closing Date when the Official statement is required to be delivered under the 1934 Act, or pursuant to the rules of the MSRB, any event known to the District shall occur that would cause any statement of a material fact contained in the Official Statement to be materially incorrect or materially incomplete, the District shall promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event, it is necessary, in the opinion of the Underwriter, to amend or supplement the Official statement by stating or restating any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the District shall forthwith prepare and furnish to the Underwriter, at the District's sole cost and expense, that will so amend or supplement such Official statement so that, as amended or supplemented, the Official Statement will not contain any untrue statement or a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

EXHIBIT B TO BOND PURCHASE AGREEMENT

(a) There shall have occurred any legislative, executive or regulatory action or any court decision which, in the judgment of the Underwriter, casts sufficient doubt on the legality of, or the exclusion from gross income for federal income tax purposes of interest on, obligations such as the Bonds so as to materially impair the marketability or lower the market price of such obligations or otherwise make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated in this Agreement and in the Official Statement.

(b) There shall have occurred any action by the Securities and Exchange Commission (the "*Commission*") or a court that would require registration of the Bonds under the Securities Act of 1933, as amended (the "*Securities Act*"), in connection with the public offering thereof, or qualification of the Bond Resolutions under the Trust Indenture Act of 1939, as amended.

(c) There shall have occurred any event or condition which, in the judgment of the Underwriter, renders untrue or incorrect in any material respect the information contained in the Official Statement or which requires that information not reflected in such Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect.

(d) An order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commended, or any legislation shall have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement, the levy, collection or pledge of the Pledged Taxes, or the execution or performance of this Agreement, the Bond Resolution in accordance with their respective terms.

(e) The market price of the Bonds shall be adversely affected in the Underwriter's reasonable judgment by the occurrence of any or all of the following events: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter; (C) a general banking moratorium shall have been established by federal, Illinois or New York authorities; (D) any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of which, on the financial markets of the United States of America being such as to make it, in the opinion of the Underwriter, impracticable or inadvisable to proceed with the public offering and delivery of the Bonds on the terms and in manner contemplated in this Bond Purchase Agreement and the Official Statement; (E) a downgrading shall have occurred in any ratings accorded the Bonds or any other obligations of the District by any "nationally recognized statistical rating organization," as such term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act or such rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Bonds or any other obligations of the District; or (F) some other event of which the Underwriter is not aware on the date hereof shall have occurred.

(f) That the District shall perform or have performed at the Closing Date all its obligations required under or specified in this Agreement, the Official Statement, the Bond Resolutions and any other resolution of the District, to be performed on or prior to the Closing Date.

MINUTES of a regular public meeting of the Board of Education of Township High School District Number 225, Cook County, Illinois, held in the Board Room in the Administration Building, 1835 Landwehr Road, Glenview, Illinois, in said School District at 7:30 o'clock P.M., on the 10th day of December, 2007.

* * *

The meeting was called to order by the President, and upon the roll being called, Donna Rose Torf, the President, and the following members were physically present at said location:

Berzon, Boron, Hammer, Jeffery, Shein, Taub, Torf

The following members were allowed by a majority of the members of the Board of Education in accordance with and to the extent allowed by rules adopted by the Board of Education to attend the meeting by video or audio conference: N/A

No member was not permitted to attend the meeting by video or audio conference.

The following members were absent and did not participate in the meeting in any manner or to any extent whatsoever: N/A

The President announced that a proposal had been received from William Blair & Company, L.L.C., for the purchase of an additional amount of the District's general obligation school bonds approved at the November 7, 2006 referendum and to be issued by the District pursuant to Section 19-3 of the School Code of the State of Illinois and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and that the Board of Education would consider the adoption of a resolution providing for the issue of said bonds and the levy of a direct annual tax sufficient to pay the principal and interest thereon.

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JAN 22 2008

DAVID ORR
TAX EXTENSION DIVISION

Whereupon Member Boron presented and the Secretary read by title a resolution as follows, a copy of which was provided to each member of the Board of Education prior to said meeting and to everyone in attendance at said meeting who requested a copy:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

* * *

WHEREAS, the Board of Education (the "*Board*") of Township High School District Number 225, Cook County, Illinois (the "*District*"), authorized the submission of the following proposition (the "*Proposition*") to the voters of the District at the general election held on the 7th day of November, 2006 (the "*Election*"):

Shall the Board of Education of Glenbrook Township High School District Number 225, Cook County, Illinois, be authorized to improve the sites of, build and equip additions to and alter, repair and equip school buildings of said School District, pay and retire alternate bonds issued to finance or refinance the building and equipping of additions and renovations to the Glenbrook North and South High School Buildings and issue bonds of said School District to the amount of \$94,000,000 for the purpose of paying the costs thereof?

(the "*Proposition*"); and

WHEREAS, the County Clerk (the "*County Clerk*") of The County of Cook, Illinois, caused proper notice to be given of the Election (the "*Notice*") by (i) publishing the Notice once not more than 30 nor less than 10 days prior to the date of the Election in a local, community newspaper having general circulation in the District, and (ii) posting a copy of the Notice at least 10 days before the date of the Election at the principal office of the County Clerk; and

WHEREAS, the Secretary of the Board posted a copy of the Notice at the principal office of the District; and

WHEREAS, the Election was duly held in the manner provided by law, and it has heretofore been found, determined, declared and proclaimed that a majority of all the votes cast

at the Election on the Proposition was cast in favor of the Proposition, and the Proposition was properly carried; and

WHEREAS, the Board by the Election has heretofore been authorized to borrow the sum of \$94,000,000 to improve the sites of, build and equip additions to and alter, repair and equip school buildings of the District (the "*Project*") and refund the outstanding alternate bonds referenced in the Proposition, namely, the District's General Obligation School Bonds (Alternate Revenue Source), Series 2000C, dated October 1, 2000, and the General Obligation School Refunding Bonds (Alternate Revenue Source), Series 2003, dated October 1, 2003 (the "*Refunding*"), such money to be borrowed upon the credit of the District; and

WHEREAS, the Board has heretofore borrowed \$66,276,843.70 of said sum and issued bonds in said amount to pay a portion of the Project and the Refunding, and the Board is authorized to issue an additional \$27,723,156.30 of the bonds approved by the Election for the Project; and

WHEREAS, the Bonds shall be payable from a direct annual ad valorem tax levied against all taxable property in the District, without limitation as to rate or amount; and

WHEREAS, the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*PTELL*"), imposes certain limitations on the "*aggregate extension*" of certain property taxes levied by the District, but provides that the definition of "*aggregate extension*" applicable to the District contained in Section 18-185 of the Property Tax Code of the State of Illinois, as amended, does not include extensions "made for any taxing district to pay interest or principal on bonds that were approved by referendum"; and

WHEREAS, the Board does hereby find and determine that the Bonds were approved by referendum; and

WHEREAS, the County Clerk is therefore authorized to extend and collect said tax so levied for the payment of the Bonds without limitation as to rate or amount:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of Township High School District Number 225, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section 2. Authorization. It is hereby found and determined that the Board has been authorized by law to borrow the sum of \$94,000,000 upon the credit of the District and as evidence of such indebtedness to issue its general obligation bonds in said amount, the proceeds of such bonds to be used for the Project and the Refunding, and it is necessary and for the best interests of the District that there be issued at this time not to exceed \$15,500,000 of the Bonds so authorized to be used for the Project.

Section 3. Bond Details. There be borrowed on the credit of and for and on behalf of the District the sum of not to exceed \$15,500,000 for the purpose aforesaid; and that the Bonds shall be issued in said amount and shall be designated "General Obligation School Bonds, Series 2008." The Bonds shall be dated such date (not prior to January 1, 2008, and not later than May 1, 2008), and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), shall be numbered 1 and upward, and the Bonds shall become due and payable serially or be subject to mandatory redemption (subject to prior redemption as hereinafter described) on December 1 of each of the years (not later than 2027), in the amounts (not exceeding \$7,500,000 per year) and

bearing interest at the rates per annum (not exceeding 6.50% per annum) as set forth in the Bond Notification (as hereinafter defined).

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on June 1, 2008. Interest on each Bond shall be paid by check or draft of Amalgamated Bank of Chicago, Chicago, Illinois (the "*Bond Registrar*"), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the manual or facsimile signatures of the President and Secretary of the Board, and shall be registered, numbered and countersigned by the manual or facsimile signature of the School Treasurer who receives the taxes of the District, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the District and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such

Bond has been authenticated and delivered under this Resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 4. Registration of Bonds; Persons Treated as Owners. (a) *General.* The District shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Resolution to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the District. The District is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the District for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the calendar month next preceding

any payment date on such Bond and ending at the opening of business on such payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 3 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The President and Secretary of the Board, the Superintendent and chief business official of the District and the Bond Registrar are each authorized to execute and deliver, on behalf of the District, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter

or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the District and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*DTC Participant*") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The District and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of the principal of and interest on the

Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable payment date, the name "Cede" in this resolution shall refer to such new nominee of DTC.

In the event that (i) the District determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the District, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the District may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the District, or such depository's agent or designee, and if the District does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 4(a) hereof.

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to

principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

Section 5. Redemption. (a) *Optional Redemption.* All, a portion or none of the Bonds as specified in the Bond Notification shall be subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on the date, if any, specified in the Bond Notification (but not earlier than December 1, 2015, and not later than December 1, 2018), and on any date thereafter, at the redemption prices (expressed as a percentage of the principal amount redeemed and not to exceed 102%) plus accrued interest to the redemption date, if any, as set forth in the Bond Notification.

(b) *Mandatory Redemption.* The Bonds maturing on the date or dates, if any, indicated in the Bond Notification are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years, if any, and in the principal amounts, if any, as indicated in the Bond Notification.

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(c) *General.* The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The District shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the District in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 6. Redemption Procedure. Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,

(2) the redemption price,

(3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar, and

(6) such other information then required by custom, practice or industry standard.

Prior to any redemption date, the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 7. Form of Bond. The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [11] shall be inserted immediately after paragraph [1]:

(Form of Bond - Front Side)

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF COOK

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225

GENERAL OBLIGATION SCHOOL BOND, SERIES 2008

See Reverse Side for
Additional Provisions

Interest Maturity Dated
Rate: _____% Date: December 1, 20__ Date: _____, 2008 CUSIP _____

Registered Owner: CEDE & CO.

Principal Amount:

[1] KNOW ALL MEN BY THESE PRESENTS, that Township High School District Number 225, Cook County, Illinois (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on June 1 and December 1 of each year, commencing June 1, 2008, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the

registration books of the District maintained by the Bond Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the District are hereby irrevocably pledged.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

[4] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

[5] IN WITNESS WHEREOF, said Township High School District Number 225, Cook County, Illinois, by its Board of Education, has caused this Bond to be signed by the manual or duly authorized facsimile signatures of the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the manual or duly authorized facsimile signature of the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

(Facsimile Signature)
President, Board of Education

Registered, Numbered and Countersigned:

(Facsimile Signature)
Secretary, Board of Education

(Facsimile Signature)
School Treasurer

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
Amalgamated Bank of Chicago,
Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned resolution and is one of the General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
(Manual Signature)
Authorized Officer

[Form of Bond - Reverse Side]

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225

COOK COUNTY, ILLINOIS

GENERAL OBLIGATION SCHOOL BOND, SERIES 2008

[6] This Bond is one of a series of bonds issued by the District to improve the sites of, build and equip additions to and alter, repair and equip school buildings of the District, in full compliance with the provisions of the School Code of the State of Illinois, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by a majority of all votes cast on the proposition at an election duly called and held for that purpose in the District, and by the Board of Education of the District by a resolution duly and properly adopted for that purpose, in all respects as provided by law.

[7] Bonds of the issue of which this Bond is one due on or after December 1, 20__, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on December 1, 20__, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

[8] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the District maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to

bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[9] This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[10] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the authorizing resolution. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the calendar month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

[11] The District and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 8. Sale of Bonds. The President of the Board and the Assistant Superintendent for Business of the District (the "*Designated Representatives*") are hereby authorized to proceed not later than the 1st day of May, 2008, without any further authorization or direction from the Board, to sell and deliver the Bonds upon the terms as prescribed in this Resolution. The Bonds hereby authorized shall be executed as in this Resolution provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the School Treasurer who receives the taxes of the District, and, after authentication thereof by the Bond Registrar, be by said Treasurer delivered to William Blair & Company, L.L.C., the purchaser thereof (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being not less than 98% of the principal amount of the Bonds plus accrued interest to date of delivery.

Upon the sale of the Bonds, the Designated Representatives shall prepare a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein (the "*Bond Notification*"). In the Bond Notification, the Designated Representatives shall find and

determine that the Bonds have been sold at such price and bear interest at such rates that the true interest cost (yield) received upon the sale of the Bonds does not exceed 6.50%. The Bond Notification shall be entered into the records of the District and made available to the Board at the next regular meeting thereof; but such action shall be for information purposes only, and the Board shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the President and Secretary of the Board and the School Treasurer who receives the taxes of the District and any other officers of the District, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the contract for the sale of the Bonds between the District and the Purchaser (the "*Purchase Contract*"). Prior to the execution and delivery of the Purchase Contract, the Designated Representatives shall find and determine that no person holding any office of the District either by election or appointment, is in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The Bonds before being issued shall be registered, numbered and countersigned by the School Treasurer who receives the taxes of the District, such registration being made in a book provided for that purpose, in which shall be entered the record of the election authorizing the Board to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the "*Official Statement*") is hereby ratified, approved and

authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Board are hereby authorized to take any action as may be required on the part of the District to consummate the transactions contemplated by the Purchase Contract, this Resolution, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 9. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the District a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the District, the following direct annual tax, to-wit:

FOR THE YEAR

A TAX SUFFICIENT TO PRODUCE THE SUM OF:

2007	\$1,200,000	for interest and principal up to and including December 1, 2008
2008	\$1,200,000	for interest and principal
2009	\$1,200,000	for interest and principal
2010	\$1,200,000	for interest and principal
2011	\$1,200,000	for interest and principal
2012	\$1,200,000	for interest and principal
2013	\$1,200,000	for interest and principal
2014	\$7,500,000	for interest and principal
2015	\$7,500,000	for interest and principal
2016	\$7,500,000	for interest and principal
2017	\$7,500,000	for interest and principal
2018	\$7,500,000	for interest and principal
2019	\$7,500,000	for interest and principal
2020	\$7,500,000	for interest and principal
2021	\$7,500,000	for interest and principal
2022	\$7,500,000	for interest and principal
2023	\$7,500,000	for interest and principal
2024	\$7,500,000	for interest and principal
2025	\$7,500,000	for interest and principal
2026	\$7,500,000	for interest and principal

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the District, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The District covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the foregoing tax levy and the District and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

To the extent that the taxes levied above exceed the amount necessary to pay debt service on the Bonds as set forth in the Bond Notification, the President and Secretary of the Board and the School Treasurer who receives the taxes of the District are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount necessary to pay debt service on the Bonds in the following bond year. Proper notice of such abatement shall be filed with the County Clerk, in a timely manner to effect such abatement.

Section 10. Filing of Resolution. Forthwith upon the passage of this Resolution, the Secretary of the Board is hereby directed to file a certified copy of this Resolution with the County Clerk, and it shall be the duty of the County Clerk to annually in and for each of the years 2007 to 2026, inclusive, ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in each of said years for school purposes, in order to raise the respective amounts aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general school purposes of the District, and when collected, the taxes hereby levied shall be placed to the credit of a special fund to be designated "School Bond and Interest Fund of 2008" (the "*Bond Fund*"), which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds; and a certified copy of this resolution shall also be filed with the School Treasurer who receives the taxes of the District.

Section 11. Use of Bond Proceeds. Accrued interest received on the delivery of the Bonds is hereby appropriated for the purpose of paying first interest due on the Bonds and is hereby ordered deposited into the Bond Fund. The principal proceeds of the Bonds and any premium received on the delivery of the Bonds are hereby appropriated to pay the costs of

issuance of the Bonds and for the purpose of paying the cost of the Project, and that portion thereof not needed to pay such costs of issuance is hereby ordered deposited into the Site and Construction/Capital Improvements Fund of the District (the "*Project Fund*"). The District and the Board hereby covenant that all of the proceeds of the Bonds shall be used in strict compliance with the authorization of the voters of the District at the Election and with all of the requirements of the School Code of the State of Illinois, as amended.

Section 12. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Board and the District as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the District for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the District hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the hereinafter defined Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The District acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the District is treated as the "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Board and the District certify, covenant and represent as follows:

1.1. *Definitions.* In addition to such other words and terms used and defined in this Resolution, the following words and terms used in this Section shall have the following meanings unless, in either case, the context or use clearly indicates another or different meaning is intended:

“*Affiliated Person*” means any Person that (a) at any time during the six months prior to the execution and delivery of the Bonds, (i) has more than five percent of the voting power of the governing body of the District in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or employees of the District or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests of the District (or for which an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition of the governing body of the District is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or for which an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“*Capital Expenditures*” means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the District were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

“*Closing*” means the first date on which the District is receiving the purchase price for the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commingled Fund*” means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“*Control*” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“*Controlled Entity*” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

“*Controlling Entity*” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount and legal fees, but not including the fees for the Credit Facility described in paragraph 5.6 hereof.

“*Credit Facility*” means the municipal bond insurance policy issued by the Credit Facility Provider.

“*Credit Facility Provider*” means the insurer, if any, of all or a portion of the Bonds.

“*De minimis Amount of Original Issue Discount or Premium*” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“*External Commingled Fund*” means a Commingled Fund in which the District and all members of the same Controlled Group as the District own, in the aggregate, not more than ten percent of the beneficial interests.

“*GIC*” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“*Gross Proceeds*” means amounts in the Bond Fund and the Project Fund.

“*Net Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

“*Person*” means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

“Placed-in-Service” means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“Private Business Use” means any use of the Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

“Qualified Administrative Costs of Investments” means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

“Qualified Tax Exempt Obligations” means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344.

“Rebate Fund” means the fund, if any, identified and defined in paragraph 4.2 herein.

“Rebate Provisions” means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

“Regulations” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“Reimbursed Expenditures” means expenditures of the District paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“*Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.*, a redemption right).

“*Yield*” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation’s purchase price (or in the case of the Bonds, the issue price as established in paragraph 5.1 hereof), including accrued interest.

“*Yield Reduction Payment*” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Bonds.* The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the District. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Resolution. At least 75% of the sum of (i) Sale Proceeds plus (ii) all investment earnings thereon during the period ending on the date of completion of the Project, less (iii) Costs of Issuance paid from Sale Proceeds or investment earnings thereon, less (iv) Sale Proceeds or investment earnings thereon deposited in a reasonably required reserve or replacement fund, are expected to be used for construction purposes with respect to property owned by a governmental unit or a Section 501(c)(3) organization. Except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the District or for the purpose of replacing any funds of the District used for such purpose.

2.2. *The Project — Binding Commitment and Timing.* The District has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the District or any member of the same Controlled Group as the District) to a third party to expend at least five percent of the Net Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through January 1, 2011, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to finance Capital Expenditures other than the following:

- (a) an amount not to exceed five percent of the Sale Proceeds for working capital expenditures directly related to Capital Expenditures financed by the Bonds;
- (b) payments of interest on the Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;
- (c) Costs of Issuance and Qualified Administrative Costs of Investments;
- (d) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;
- (e) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon;
- (f) fees for the Credit Facility; and
- (g) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

2.5. *Consequences of Contrary Expenditure.* The District acknowledges that if Sale Proceeds and investment earnings thereon are spent for non-Capital Expenditures other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the District will be treated as unspent Sale Proceeds.

2.6. *Investment of Bond Proceeds.* Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax Exempt Obligations) having a Yield that is substantially guaranteed for four years or more. No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund, will be spent to pay costs of the Project and interest on the Bonds not later than the date set forth in paragraph 2.2 hereof, the investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Bond Fund will be commingled with substantial revenues from the governmental operations of the District, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Project Fund and the Bond Fund have not been earmarked or restricted by the Board for a designated purpose.

2.7. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.8. *Hedges.* Neither the District nor any member of the same Controlled Group as the District has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds. The District acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

The District also acknowledges that if it acquires a hedging contract with an investment element (including *e.g.* an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The District agrees not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The District also agree that it will not give any assurances to any Bond holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The District recognizes that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

2.9. *Internal Revenue Service Audits.* The District represents that the Internal Revenue Service has not contacted the District regarding any obligations issued by or on behalf of the District. To the best of the knowledge of the District, no such obligations of the District are currently under examination by the Internal Revenue Service.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Resolution at the time of Closing are described in the preceding Section of this Resolution. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received, except for any payment to the Credit Facility Provider. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Resolution, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Bonds to be paid by the District will be paid at the time of Closing.

(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

3.2. *Purpose of Bond Fund.* The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

3.3. *No Other Gross Proceeds.* (a) Except for the Bond Fund and the Project Fund, and except for investment earnings that have been commingled as described in paragraph 2.6 and any credit enhancement or liquidity device related to the Bonds, after the issuance of the Bonds, neither the District nor any member of the same Controlled Group as the District has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund);

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the District encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the Bonds); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds. ❖

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected economic life of the Project is at least 30 years. The weighted average maturity of the Bonds does not exceed 20 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (*i.e.*, having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

4.1. *Compliance with Rebate Provisions.* The District covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The District will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The District is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Resolution. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Resolution.

4.3. *Records.* The District agrees to keep and retain or cause to be kept and retained until six years (three years for the records required by paragraph 4.4(c) hereof) after the Bonds are paid in full adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is

retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.* The District will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Resolution. In making investments of Gross Proceeds or of amounts in the Rebate Fund the District shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the District will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the District. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the District, who has covenanted not to take any action to adversely affect the tax-exempt status of the

interest on the Bonds. The District will contact Bond Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

4.5. *Arbitrage Elections.* The President and Secretary of the Board and the School Treasurer of the District are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

5.1. *Issue Price.* For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the first offering price (including accrued interest) at which the Purchaser sold at least ten percent of the principal amount of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those set forth in the Official Statement. Based upon prevailing market conditions, such prices are not less than the fair market value of each Bond as of the sale date for the Bonds.

5.2. *Yield Limits.* Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

The following may be invested without Yield restriction:

(a)(i) amounts on deposit in the Bond Fund (except for capitalized interest) that have not been on deposit under the Resolution for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project, costs of issuance of the Bonds, or interest on the Bonds during the three year period beginning on the date of issue of the Bonds prior to three years after Closing;

(iii) amounts in the Bond Fund to be used to pay capitalized interest on the Bonds prior to the earlier of three years after Closing or the payment of all capitalized interest;

(b)(i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Resolution);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

5.3. Continuing Nature of Yield Limits. Except as provided in paragraph 7.9 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.4. Federal Guarantees. Except for investments meeting the requirements of paragraph 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.5 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.5. Investments After the Expiration of Temporary Periods, Etc. After the expiration of the temporary period set forth in paragraph 5.2(a)(ii) hereof, amounts in the Project Fund may not be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code) or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips). Any other amounts that are subject to the yield limitation in paragraph 5.2 hereof because paragraph 5.2(a) hereof is not applicable and amounts not subject to yield restriction only because they are described in paragraph 5.2(b) hereof, are also subject to the limitation set forth in the preceding sentence.

5.6. *Treatment of Certain Credit Facility Fees.* The fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

Neither the District nor any member of the same Controlled Group as the District is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider does not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

6.1. *Payment and Use Tests.* (a) No more than five percent of the Sale Proceeds plus investment earnings thereon will be used, directly or indirectly, in whole or in part, in any Private Business Use. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the District or a member of the same Controlled Group as the District) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of five percent of the sum of the Sale Proceeds and investment earnings thereon or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, on any basis other than the same basis as the general public.

6.2. *I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The District will file Form 8038-G (and all other required information reporting forms) in a timely manner.

6.3. *Bank Qualification.* No obligations that constitute “qualified tax-exempt obligations” for the purposes and within the meaning of Section 265(b)(3) of the Code will be issued in 2008 by any of the following: (i) the District; (ii) an entity issuing obligations on behalf of the District; and (iii) any member of the same Controlled Group as the District or the same Controlled Group as an entity issuing obligations on behalf of the District.

7.1. *Termination; Interest of District in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.3, 4.4(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

7.2. *Separate Issue.* Since a date that is 15 days prior to the date of sale of the Bonds by the District to the Purchaser, neither the District nor any member of the same Controlled Group as the District has sold or delivered any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the District nor any member of the same Controlled Group as the District will sell or deliver within 15 days after the date of sale of the Bonds any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

7.3. *No Sale of the Project.* (a) Other than as provided in the next sentence, neither the Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The District may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the District reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the District deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the District reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The District acknowledges that if Bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a “deliberate action” within the meaning of the Regulations that may require

remedial actions to prevent the Bonds from becoming private activity bonds. The District shall promptly contact Bond Counsel if a sale or other disposition of bond-financed property is considered by the District.

7.4. *Purchase of Bonds by District.* The District will not purchase any of the Bonds except to cancel such Bonds.

7.5. *First Call Date Limitation.* The period between the date of Closing and the first call date of the Bonds is not more than 10-1/2 years.

7.6. *Registered Form.* The District recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the District agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The District acknowledges and agrees that it will not use, or allow the Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The District acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The District shall promptly contact Bond Counsel if such changes do occur.

7.9. *Records Retention.* The District agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Resolution and to show that all tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including this Resolution and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (*i.e.*, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under paragraphs 4.3 and 4.4 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus three (3) years after the later of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

7.10. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled and the District receives an opinion of Bond Counsel to such effect. Unless the District otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion or a state or local bond opinion for purposes of Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230) 31 CFR Part 10.

7.11. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Board and the District.

7.12. *Expectations.* The Board has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the District as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the District has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The District also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Board hereby authorizes the officials of the District responsible for issuing the Bonds, the same being the President and Secretary of the Board and the School Treasurer who receives the taxes of the District, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the District and the Board further agree: (a) through their officers, to make such

further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the District in such compliance.

Section 13. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 14. Duties of Bond Registrar. If requested by the Bond Registrar, the President and Secretary of the Board are authorized to execute the Bond Registrar's standard form of agreement between the District and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the District upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- (e) to furnish the District at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the District at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

Section 15. Continuing Disclosure Undertaking. The President of the Board is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "*Continuing Disclosure Undertaking*"). When the Continuing Disclosure Undertaking is executed and delivered on behalf of the District as herein provided, the Continuing Disclosure Undertaking will be binding on the District and the officers, employees and agents of the District, and the officers, employees and agents of the District are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Resolution, the sole remedy for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Continuing Disclosure Undertaking.

Section 16. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the "*Municipal Bond Insurance Policy*") issued by a bond insurer (the "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the District and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the President of the Board on advice of counsel, his or her approval to constitute full and complete acceptance by the District of such terms and provisions under authority of this Section.

Section 17. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 18. Repeal. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted December 10, 2007.



President, Board of Education



Secretary, Board of Education

Member Boron moved and Member Berzon

seconded the motion that said resolution as presented and read by title be adopted.

After a full discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said resolution.

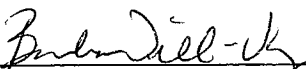
Upon the roll being called, the following members voted AYE: Berzon, Boron, Hammer
Jeffery, Shein, Taub, Torf

The following members voted NAY: N/A

Whereupon the President declared the motion carried and said resolution adopted, approved and signed the same in open meeting and directed the Secretary to record the same in the records of the Board of Education of Township High School District Number 225, Cook County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.


Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF MINUTES AND RESOLUTION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 225, Cook County, Illinois (the "Board"), and as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 10th day of December, 2007, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 72 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 10th day of December, 2007.


Secretary, Board of Education

BOARD OF EDUCATION

GLENBROOK HIGH SCHOOLS
1835 Landwehr Road
Glenview, IL 60026

December 10, 2007 –7:30 p.m.

REGULAR BOARD MEETING

AGENDA

1. **(7:30)** Call to Order
2. Approval of Agenda for This Meeting
3. **(7:35)** Students and Staff Who Excel
4. **(7:50)** Recognition of Community Visitors
5. Board and Superintendent Reports
6. **(7:55)** Approval of Consent Agenda Items
 - 1.) Appointments
 - 2.) Resignations
 - 3.) Vendor Bills
 - 4.) Imprest
 - 5.) Payroll
 - 6.) Gifts
 - 7.) Minutes
 - 8.) Library Per Capita Grant
 - 9.) Board Calendar 2008
 - 10.) Approval of 2007/08 Audit

(Over)


7. **(8:00)** Discussion/Action: Approval of a Resolution Authorizing the Sale & Issuance of Bonds
8. **(8:15)** Public Hearing - Approval of Tax Levy
 - Resolution to Instruct County Clerk How to Apportion 2007 Tax Levy
 - Resolution Providing for the Levy of Taxes
 - Resolution to Levy Certain Special Taxes
9. **(8:30)** Discussion/Action: Award of Bid: Facade of the "A" Building and Solar Panel Discussion at GBN
10. **(8:45)** Discussion/Action: Award of Bid: GBS Intercom/Clock System
11. **(9:00)** Discussion/Action – Semi-Annual Review of Closed Session Minutes and Verbatim Recordings
12. **(9:10)** Discussion/Action: Emergency Purchase – Bleacher Monitor System at GBN
13. **(9:15)** Miscellaneous Topics
14. **(9:20)** Review and Summary of Board Meeting
15. **(9:25)** Agenda Items for Future Board Meetings
16. Future Board Meeting Dates:

Monday, January 14, 2008	7:30 p.m.	Regular Board Meeting
Monday, February 11, 2008	7:30 p.m.	Regular Board Meeting
Monday, February 25, 2008	7:30 p.m.	Regular Board Meeting
17. **(9:30)** Closed Session: To consider the appointment, employment, compensation, discipline performance, or dismissal of specific employees, collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees, student disciplinary cases and litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent, other matters relating to an individual student, namely a determination of a student's residency within the district (Section 2 (c) (1), (2), (9), (10) and (11) of the Open Meetings Act).
18. **(9:35)** Action Regarding Matters Discussed in Closed Session
19. **(9:40)** Adjournment

Note: The times noted before the agenda items are estimates.

GLENBROOK HIGH SCHOOLS
Office of the Assistant Superintendent for Business Affairs
Board Meeting Monday, December 10, 2007

TO: Dr. Dave Hales

FROM: Dr. Craig A. Schilling 

DATE: December 10, 2007

RE: Discussion Regarding the Sale & Issuance of Bonds

It is recommended that the Board of Education approve a:
 Resolution providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds

Background

At the December 10th meeting, the board will be requested to approve a resolution for the issuance of \$15.5M in General Obligation School Bonds. The resolution authorizes the Board President and Assistant Superintendent for Business Affairs to proceed with the bond sale in January with no further Board action. If you remember, a decision was made to withhold \$15M in calendar year 2008 for two reasons:

1. The funds were not immediately needed, and
2. The issuance of \$15M in General Obligation School Bonds means that the issue will not be subjected to arbitrage, (because it is considered a small borrower's issue)

The reason we are recommending \$15.5M in General Obligation School Bonds instead of \$15M is:

1. The par amount of the bonds sold in January 2007 was \$68.5M, not \$69M as originally planned. This resulted in \$.5M available for projects.
2. Even though we will exceed the small borrower's issue threshold, we anticipate spending the entire \$15.5M in the next 12 months, making arbitrage a moot issue.

Following is a current accounting of the \$94M bond issue:

Jan. 2007		\$68.5M
To pay off Alt. Rev. Bonds	\$21.5M	
Construction	\$47.0M	
Jan. 2008 (all construction)		\$15.5M
Dec. 11, 2008		<u>\$10.0M</u> (if needed)
		<u>\$94.0M</u>

We will once again be availing ourselves of the services of Austin Tobin, President of Delphis Hanover, to provide the district with market analysis and pricing recommendations. We are also recommending that we offer Mr. Tobin's expertise to the Pioneer Press in order to provide them with market information throughout the course of the sale. Mr. Tobin is willing to provide the press with the same information and analysis that the district will be receiving so that they may know why we sell when we do and why we get the rate we do.

Elizabeth Hennessy, from William Blair & Co. will be at the board meeting to walk the board through the sale and timeline. Attached are the Bond Resolution, and a draft of the Financing Schedule.

CAS/lbw

Attachments

pc: Board of Education

Northfield Township High School District 225
Cook County, Illinois
Draft Financing Schedule
Proposed \$15 M General Obligation School Bonds, Series 2008

<u>November 2007</u>							<u>December 2007</u>							<u>January 2008</u>						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3							1			1	2	3	4	5
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30	31		
							30	31												

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>	<u>Status</u>
3-Dec-07	District receives parameters bond resolution in Board packets	S/C&C	
10-Dec-07 Regular Meeting	Discuss financing plan	WBC/District	
	Board approves parameters bond resolution authorizing the bond sale designating Board President and Asst. Sup for Business	WBC/District	
Week of December 17	Distribute Preliminary Official Statement (POS) to all Parties for Review	WBC	
Week of December 17	Rating agency interview	WBC/District	
21-Dec-07	Receive comments on POS	All Parties	
21-Dec-07	Receive Bond Ratings	District/WBC	
21-Dec-07	Mail POS to Investors	WBC	
Week of January 7 or 14th	Assuming appropriate market conditions, price bonds and present results to District officials for approval	WBC/District	
8-Jan-08	Process documentation	All Parties	
10-Jan-08	Final documents to District for signature	S/C&C/WBC	
17-Jan-08	Mail Final OS & Closing Memo	WBC	
29-Jan-08	Close bond issue issue; invest proceeds	All parties	

Bond Counsel Abbreviation, Chapman and Cutler	C & C
Local Counsel Abbreviation, Scariano	S
Underwriter, William Blair & Company	WBC
Glenbrook HSD 225	District

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of Township High School District Number 225, Cook County, Illinois, and as such official I do further certify that on the 10th day of DEC, 2007, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

duly adopted by the Board of Education of said School District on the 10th day of December, 2007, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 10th day of Dec., 2007.



School Treasurer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

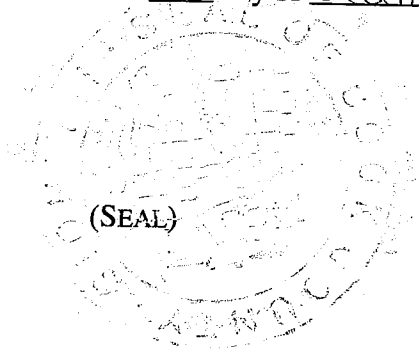
FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois, and as such official I do further certify that on the 21st day of December, 2007, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

duly adopted by the Board of Education of Township High School District Number 225, Cook County, Illinois, on the 10th day of December, 2007, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this 21st day of December, 2007.



David W. Orr
County Clerk of The County of Cook,
Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

**NOTIFICATION OF SALE OF
GENERAL OBLIGATION SCHOOL BONDS, SERIES 2008**

To: Board of Education of Township High School District Number 225,
Cook County, Illinois

Please be advised that responsive to authority contained in a resolution adopted by the Board of Education (the "*Board*") of Township High School District Number 225, Cook County, Illinois (the "*District*"), on the 10th day of December, 2007, and being entitled:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

(the "*Bond Resolution*"), a contract for the purchase of \$14,570,000 General Obligation School Bonds, Series 2008 (the "*Bonds*"), of the District was awarded by the undersigned President of the Board and the Assistant Superintendent for Business of the District, as the "Designated Representatives" of the District under the Bond Resolution, to the purchaser thereof, namely, William Blair & Company, L.L.C., Chicago, Illinois, at a price of \$15,564,105.75, the same being not less than 98% of the principal amount of the Bonds, plus accrued interest to the delivery date.

The Bonds shall be issued in an aggregate principal amount of \$14,570,000, shall be dated January 1, 2008, and shall become due and payable serially (subject to prior redemption as hereinafter stated) on December 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
2025	\$4,345,000	5.00%
2026	4,925,000	5.00%
2027	5,300,000	5.00%

The first interest payment date on the Bonds shall be June 1, 2008.

The Bonds shall be subject to redemption prior to maturity at the option of the District as a whole, or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar (as defined in the Bond Resolution)), on June 1, 2018, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Please be further advised that the undersigned do hereby find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Bonds does not exceed 6.50% per annum, and that no person holding any office of the District either by election or appointment, is in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the contract for the purchase and sale of the Bonds.

Please be further advised that Section 9 of the Bond Resolution provides for a direct annual tax in and for each of the years 2007 to 2026, inclusive, to pay the interest on the Bonds promptly when and as the same falls due and to pay and discharge the principal thereof at


maturity. Please be further advised that the Bonds were sold on terms resulting in a final schedule of taxes levied, to be abated and to be extended as follows:

YEAR OF LEVY	TAX LEVIED IN BOND RESOLUTION	TAX TO BE ABATED	TAX TO BE EXTENDED SUFFICIENT TO PRODUCE
2007	\$1,200,000	\$ 532,208.33	\$ 667,791.67
2008	1,200,000	471,500.00	728,500.00
2009	1,200,000	471,500.00	728,500.00
2010	1,200,000	471,500.00	728,500.00
2011	1,200,000	471,500.00	728,500.00
2012	1,200,000	471,500.00	728,500.00
2013	1,200,000	471,500.00	728,500.00
2014	7,500,000	6,771,500.00	728,500.00
2015	7,500,000	6,771,500.00	728,500.00
2016	7,500,000	6,771,500.00	728,500.00
2017	7,500,000	6,771,500.00	728,500.00
2018	7,500,000	6,771,500.00	728,500.00
2019	7,500,000	6,771,500.00	728,500.00
2020	7,500,000	6,771,500.00	728,500.00
2021	7,500,000	6,771,500.00	728,500.00
2022	7,500,000	6,771,500.00	728,500.00
2023	7,500,000	6,771,500.00	728,500.00
2024	7,500,000	2,426,500.00	5,073,500.00
2025	7,500,000	2,063,750.00	5,436,250.00
2026	7,500,000	1,935,000.00	5,565,000.00

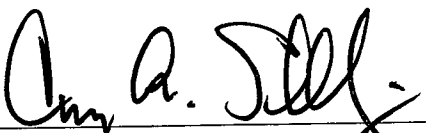
It is hereby found and determined that all of the provisions of the Bond Resolution related to this Bond Notification have been fully and completely satisfied in all respects whatsoever.

Finally please be advised that this Bond Notification shall be entered into the records of the District and made available to all members of the Board at the next regular meeting thereof.

Respectfully submitted this 9th day of January, 2008.



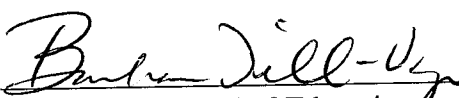
President, Board of Education



Assistant Superintendent for Business

ACKNOWLEDGMENT OF FILING

Filed in the office of the Secretary of the Board of Education of Township High School
District Number 225, Cook County, Illinois, this 9th day of January, 2008.



Secretary, Board of Education

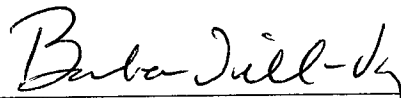
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

AVAILABILITY OF BOND NOTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education (the "*Board*") of Township High School District Number 225, Cook County, Illinois (the "*District*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the District and of the Board.

I do further certify that I did or will make available to all members of the Board at the next regular meeting of the Board held or to be held on the 14th day of January, 2008, a Notification of Sale of \$14,570,000 General Obligation School Bonds, Series 2008, a true, correct and complete copy of which is attached hereto.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 9th day of January, 2008.



Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

RECEIVED BY
COOK CO. CLERKS OFFICE
JAN 22 2008
DAVID ORR
TAX EXTENSION DIVISION

DIRECTION FOR ABATEMENT OF TAXES

To: The County Clerk of The County of Cook, Illinois

Please be advised that on the 10th day of December, 2007, the Board of Education (the "Board") of Township High School District Number 225, Cook County, Illinois (the "District"), adopted a resolution (the "Bond Resolution") entitled:

RESOLUTION providing for the issue of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

You are further advised that the Bond Resolution authorizes the issuance of not to exceed \$15,500,000 General Obligation School Bonds, Series 2008, of the District, and provides for the levy and collection of a direct annual tax on all taxable property within the District for each of the years 2007 to 2026, inclusive, for the payment of the principal of and interest on said bonds as the same become due, that the Bond Resolution is now in full force and effect, and that a copy thereof, certified to by the Secretary of the Board, is on file in your office.

You are further advised that, in accordance with the provisions of the Bond Resolution, we, as the President and Secretary of the Board and the School Treasurer of the District, have been authorized to direct the abatement of the taxes levied in the Bond Resolution to the extent of the excess of such levy in each year over the amount necessary to pay debt service on said bonds in the following bond year and to file in your office as the County Clerk of The County of Cook, Illinois, notice of such abatement.

You are further advised that on the 9th day of January, 2008, the President of the Board and the Assistant Superintendent for Business of the District, as the designated officers of the District, agreed on behalf of the District, to sell said bonds in the aggregate principal amount of

\$14,570,000 (the "Bonds") to William Blair & Company, L.L.C., Chicago, Illinois. The Bonds are dated January 1, 2008, and are due serially on December 1 of the years and in the amounts and bear interest at the rates per annum as follows:

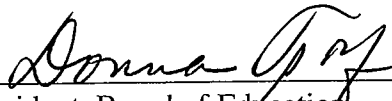
YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
2025	\$4,345,000	5.00%
2026	4,925,000	5.00%
2027	5,300,000	5.00%

YOU ARE THEREFORE ORDERED AND DIRECTED to abate from the taxes levied in Section 9 of the Bond Resolution that amount representing the reduction to the District resulting from the sale of the Bonds in the principal amount and bearing interest at the rates as hereinabove referred to, the amount of such abatement and the remainder of such taxes so levied which is to be extended for collection being as follows:

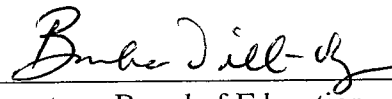
YEAR OF LEVY	TAX LEVIED IN BOND RESOLUTION	TAX TO BE ABATED	TAX TO BE EXTENDED SUFFICIENT TO PRODUCE
2007	\$1,200,000	\$ 532,208.33	\$ 667,791.67
2008	1,200,000	471,500.00	728,500.00
2009	1,200,000	471,500.00	728,500.00
2010	1,200,000	471,500.00	728,500.00
2011	1,200,000	471,500.00	728,500.00
2012	1,200,000	471,500.00	728,500.00
2013	1,200,000	471,500.00	728,500.00
2014	7,500,000	6,771,500.00	728,500.00
2015	7,500,000	6,771,500.00	728,500.00
2016	7,500,000	6,771,500.00	728,500.00
2017	7,500,000	6,771,500.00	728,500.00
2018	7,500,000	6,771,500.00	728,500.00
2019	7,500,000	6,771,500.00	728,500.00
2020	7,500,000	6,771,500.00	728,500.00
2021	7,500,000	6,771,500.00	728,500.00
2022	7,500,000	6,771,500.00	728,500.00
2023	7,500,000	6,771,500.00	728,500.00
2024	7,500,000	2,426,500.00	5,073,500.00
2025	7,500,000	2,063,750.00	5,436,250.00
2026	7,500,000	1,935,000.00	5,565,000.00

IN WITNESS WHEREOF, we hereunto affix our official signatures, this 9th day of January,


2008.



President, Board of Education



Secretary, Board of Education



School Treasurer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois (the "*County*"), and as such official I do further certify that on the 22 day of January, 2008, there was filed in my office a Direction for Abatement of Taxes from the President and Secretary of the Board of Education of Township High School District Number 225, Cook County, Illinois (the "*District*"), and the School Treasurer of the District, related to the issue of \$14,570,000 General Obligation School Bonds, Series 2008, of the District, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County, this 22 day of January, 2008.



County Clerk of
The County of Cook, Illinois



(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)


TREASURER'S SURETY BOND CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer of Township No. 42, Range No. 12, Cook County, Illinois, and as such official I do further certify that I am ex-officio Clerk of the Trustees of Schools of said Township and Range (the "Trustees") and am also the Township School Treasurer who receives the taxes of Township High School District Number 225, Cook County, Illinois (the "District"), all or the greater part of which District is located within said Township and Range.

I do further certify that I have executed a surety bond in accordance with all of the provisions of Section 19-6 of the School Code of the State of Illinois, as amended, said surety bond being payable to the Trustees and conditioned upon the faithful discharge of my duties with respect to the disbursement of the proceeds of the sale of the \$14,570,000 General Obligation School Bonds, Series 2008, dated January 1, 2008, proposed to be issued by the District.

I do further certify that said surety bond in the amount of \$3,642,500 and with Aon as surety thereon was duly submitted to the Trustees for approval or rejection at a legally convened meeting held on the 10th day of December, 2007, and pursuant to motion duly made, seconded and adopted was approved by the Trustees.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 24th day of January, 2008.



Township School Treasurer and ex-officio
Clerk of the Trustees of Schools

I, the undersigned, do hereby certify that I am the duly qualified and acting Regional Superintendent of Schools for the Regional Office of Education serving the Educational Service Region consisting of that portion of Cook County, Illinois, outside a city of 500,000 or more population, and as such official I do further certify that as of the date hereof said surety bond has been filed in my office and has been approved by me and deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 24th day of January, 2008.



Regional Superintendent of Schools

FILED
INDEX DEPARTMENT

JAN 25 2007

IN THE OFFICE OF
SECRETARY OF STATE

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SIGNATURE CERTIFICATE

I, the undersigned, do hereby certify under oath that I am the duly qualified and acting President of the Board of Education of Township High School District Number 225, Cook County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.

2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.

3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Donna Rose Torf, do hereby certify under oath, that the following is my manual signature:

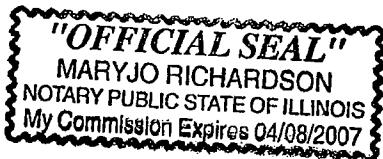
Donna Rose Torf
President, Board of Education

Subscribed and sworn to before me
this 12th day of January, 2007.

Maryjo Richardson
Illinois Notary Public

My commission expires: 4/8/2007

(NOTARY SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SIGNATURE CERTIFICATE

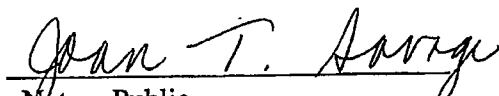
I, the undersigned, do hereby certify under oath that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 225, Cook County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.
2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.
3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Barbara Dill-Varga, do hereby certify under oath, that the following is my manual signature:

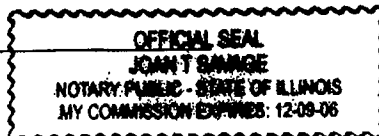

Secretary, Board of Education

Subscribed and sworn to before me
this 9th day of October, 2003.


Notary Public

My commission expires: _____

(NOTARY SEAL)



FILED
INDEX DEPARTMENT
OCT 14 2003
IN THE OFFICE OF
SECRETARY OF STATE


STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

NO PETITION CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer of Township No. 42, Range No. 12, Cook County, Illinois, and as such official I do further certify that I am ex-officio Clerk of the Trustees of Schools of said Township and Range and am also the Township School Treasurer who receives the taxes of Township High School District Number 225, Cook County, Illinois (the "*District*"), all or the greater part of which District is located within said Township and Range.

I do further certify that as such official I do further certify that the records of my office do evidence that there has not been filed in my office nor is there now pending any petition or petitions affecting in any manner whatsoever the present boundaries of the District as the District is now constituted.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 24th day of January, 2008.



Township School Treasurer and ex-officio Clerk
of the Trustees of Schools

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

NO PETITION CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Regional Superintendent of Schools for the Regional Office of Education serving the Educational Service Region consisting of that portion of Cook County, Illinois, outside a city of 500,000 or more population, and as such official I do further certify that the records of my office do evidence that Township High School District Number 225, Cook County, Illinois, or any part thereof, is not involved in any manner whatsoever in any proceedings for the conversion or combination of the District or the formation of a combined elementary district, a combined high school district, a combined unit district, a unit district, a combined high school-unit district, a new elementary district or an optional elementary unit district or to dissolve and establish a new school district or districts or become part of an optional elementary unit district pursuant to the provisions of Article 11E of the School Code of the State of Illinois, as amended, or of any other provision of said Code.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 24th day of January, 2008.

Charles A. Lowers, Ed. D. / CM

Regional Superintendent of Schools

STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

**INCUMBENCY, NON-LITIGATION, NON-CERTIFICATION, NON-ARBITRAGE,
 COMFORT AND SIGNATURE IDENTIFICATION CERTIFICATE**

We, the undersigned, being authorized and directed to sign the bonds hereinafter described, do hereby certify that we are now and were at the time of signing said bonds the duly qualified and acting officials of Township High School District Number 225, Cook County, Illinois (the "*District*"), as indicated by the titles appended to our respective signatures, and that as such officials we have executed \$14,570,000 General Obligation School Bonds, Series 2008, of the District (the "*Bonds*"), dated January 1, 2008, fully registered and without coupons, due serially on December 1 of the years and in the amounts and bearing interest as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2025	\$4,345,000	5.00%
2026	4,925,000	5.00%
2027	5,300,000	5.00%

the Bonds being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on June 1, 2018, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, by signing the Bonds in the manner and capacity indicated by our respective signatures and titles appended hereto.

We do further certify that there is no litigation or controversy pending or threatened questioning or affecting in any manner whatsoever the corporate existence of the District, the boundaries thereof, the right of the District to levy taxes for school purposes, the title of any of its present officials to their respective offices, the proceedings incident to the issue or sale of the Bonds or the issue, sale or validity of the Bonds, that none of the proceedings providing for the issue or sale of the Bonds have been revoked or rescinded, that the District, or any part thereof, is not involved in any manner whatsoever in any proceedings for the conversion or combination of the District or the formation of a combined elementary district, a combined high school district, a combined unit district, a unit district, a combined high school-unit district, a new elementary district or an optional elementary unit district or to dissolve and establish a new school district or districts or become part of an optional elementary unit district pursuant to the provisions of Article 11E of the School Code of the State of Illinois, as amended (the "*Code*"), or of any other provision of the Code, and that there has not been filed nor is there now pending any petition or petitions affecting in any manner whatsoever the present boundaries of the District as the District is now constituted.

We do further certify that (i) the District has not been certified to be in financial difficulty by the State Board of Education of the State of Illinois (the "*State Board*") pursuant to


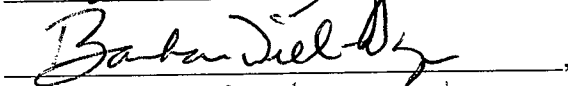
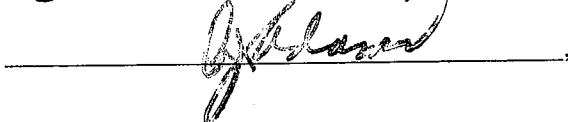
Section 1A-8 of the Code, (ii) the State Board has not approved or established a Financial Oversight Panel for the District pursuant to Article 1B of the Code, and (iii) the State Board has not allowed, approved or granted a petition for or created or established a School Finance Authority for the District pursuant to either Article 1E or Article 1F of the Code.

We do further certify that all of the certifications, conclusions, expectations, representations and statements made and set forth by the Board of Education of the District in Section Sss of the resolution adopted on the 10th day of December, 2007, authorizing the Bonds (the "Resolution") are still reasonable and true; that the foregoing certification is based in part upon the amounts set forth in said section of the Resolution having actually been received and paid into the various funds and accounts of the District as set forth in said section; that the undersigned have reviewed the facts, estimates and circumstances in existence on the date hereof and such facts, estimates and circumstances, together with the expectations of the District as to future events, are set forth in summary form in said section; that said facts and estimates are true and are not incomplete in any material respect; and that such expectations are reasonable and there are no other facts, estimates or circumstances that would materially change such expectations.

We do further certify that to the best of our knowledge and belief all Official Statements, Notices of Sale and other documents, information or materials, together with any supplements thereto, distributed and all representations made by the District and by its officials in any manner whatsoever in connection with the sale of the Bonds were at all times and are now true and correct in all material respects and did not at any time and do not now contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; that the District has duly performed all of its obligations under the Resolution to be performed on or prior to the date hereof; and that all representations and warranties of the District contained in all contracts entered into by the District providing for the sale of the Bonds are true and correct on and as of the date hereof as if made at the date hereof and the District has complied with all of the agreements and satisfied all the conditions on its part to be performed or satisfied prior to the date hereof.

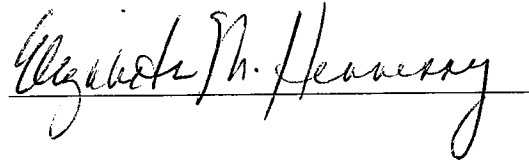
We do further certify that the District is in compliance with each and every undertaking previously entered into by it pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

IN WITNESS WHEREOF, we hereunto affix our official signatures, this 24th day of January, 2008.

SIGNATURES	OFFICIAL TITLES
	President, Board of Education
	Secretary, Board of Education
	School Treasurer

I do hereby certify that I am a principal of William Blair & Company, L.L.C., Chicago, Illinois, and that I am personally acquainted with the officials whose signatures appear above and that I know that they are now and were at the time of signing the Bonds the duly qualified and acting officials of the District, as indicated by the titles appended to their respective signatures, and I do hereby identify said signatures, together with those on the Bonds, as being in all respects true and genuine.

DATED as of the date shown hereinabove.

A handwritten signature in cursive script, reading "Elizabeth M. Heavens", is written over a horizontal line.

TREASURER'S RECEIPT

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of Township High School District Number 225, Cook County, Illinois (the "*District*"), and as such official I do further certify that \$14,570,000 General Obligation School Bonds, Series 2008, of the District (the "*Bonds*"), dated January 1, 2008, fully registered and without coupons, have been delivered to the purchaser thereof, namely, William Blair & Company, L.L.C., Chicago, Illinois, and that the Bonds have been paid for in full by said purchaser in accordance with the terms of sale and at a price of \$15,564,105.75, plus accrued interest to date of delivery, and that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received by the District upon such sale exceed 6.50%.

I do further certify that the total aggregate indebtedness of the District, howsoever evidenced and howsoever incurred, including the Bonds but not including (alternate or double-barrelled) bonds issued pursuant to Section 15 of the Local Government Debt Reform Act of the State of Illinois, as amended ("*Alternate Bonds*"), does not exceed the sum of \$ 96,584,614.

I do further certify that no taxes, other than a designated revenue source, have ever been extended to pay Alternate Bonds.

I do further certify that the officials whose signatures appear upon the Bonds were in occupancy and possession of their respective offices at the time of signing and delivery of the Bonds.

I do further certify that simultaneously with and as a part of the same transaction as the delivery and issue of the Bonds, I applied the proceeds of sale of the Bonds as follows:

- (a) In the Site and Construction/Capital Improvements Fund of the District (the "Project Fund")..... \$ 15,500,000.00
- (b) To paying the expenses of issuing the Bonds..... \$ 64,105.75
- (c) In the School Bond and Interest Fund of 2008 of the District..... \$ 46,543.06

I do further certify that the proceeds of sale of the Bonds deposited in the Project Fund will be used to pay for capital improvements in and for the District, that the description and estimated cost of said capital improvements are set forth in *Exhibit A* attached hereto, and that the drawdown schedule for the expenditure of said sum is set forth in *Exhibit B* attached hereto.

I do further certify that as of the date hereof, (a) none of the proceeds of sale of the Bonds deposited in the Project Fund have been or are expected to be invested in (i) an investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate or (ii) an agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract) (such investments and agreements being commonly known as repurchase agreements, guaranteed investment contracts or GICs), and (b) the District has not

entered into and does not expect to enter into an interest rate swap, interest rate cap, futures contract, forward contract or an option with respect to the Bonds (such arrangements being commonly known as hedges), except as follows:

(If no such investment or arrangement has been or is expected to be made or entered into, please so indicate with the word "none.")

TYPE OF GIC OR HEDGE	DURATION
<i>none</i>	
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I hereunto affix my official signature, this 24th day of January, 2008.



School Treasurer

EXHIBIT A

DESCRIPTION OF CAPITAL IMPROVEMENTS	ESTIMATED COST
Land Acquisition	\$ _____
New Building Acquisition/Construction	<u>6,500,000</u>
Building Renovation	<u>9,000,000</u>
Site Preparation or Improvements	_____
Other Construction	_____
Equipment	_____
Other	_____
TOTAL	\$ <u>15,500,000</u>

Investment Schedule for 1/18/07 and 1/24/08 Bond Proceeds

Exhibit B

	01/18/07 \$62.2M Spenddown	01/18/07 \$47.2M Investments	01/24/08 \$15.5M Bid
01/07	409,760	409,760	-
02/07	409,760	408,098	-
03/07	409,760	406,436	-
04/07	409,810	404,610	-
05/07	306,840	301,667	-
06/07	1,408,499	1,378,484	-
07/07	4,697,314	4,577,440	-
08/07	4,934,298	4,789,389	-
09/07	1,690,969	1,634,191	-
10/07	2,329,595	2,241,953	-
11/07	2,483,231	2,379,355	-
12/07	2,483,246	2,369,490	-
01/08	3,048,007	2,895,096	-
02/08	3,417,604	3,233,258	250,000
03/08	3,935,955	3,708,577	250,000
04/08	3,637,398	3,413,977	250,000
05/08	2,799,734	2,616,149	250,000
06/08	3,319,367	3,089,519	250,000
07/08	7,377,355	6,945,153	450,000
08/08	7,178,317	-	7,500,000
09/08	1,972,508	-	2,200,000
10/08	1,653,195	-	1,800,000
11/08	775,862	-	900,000
12/08	775,862	-	900,000
01/09	338,354	-	500,000
	<u>62,202,600</u>	<u>47,202,600</u>	<u>15,500,000</u>
		15,000,000	

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATE OF BOND REGISTRAR

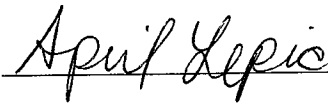
We, the undersigned, do hereby certify that we are officers of Amalgamated Bank of Chicago, Chicago, Illinois (the "Bond Registrar"), and as such officers we do further certify as follows:

1. That the Bond Registrar has been appointed bond registrar for \$14,570,000 General Obligation School Bonds, Series 2008, dated January 1, 2008 (the "Bonds"), of Township High School District Number 225, Cook County, Illinois (the "District"), pursuant to a resolution adopted by the Board of Education of the District on the 10th day of December, 2007 (the "Bond Resolution").

2. That the Bond Registrar has heretofore and does hereby accept the duties as bond registrar so imposed by the Bond Resolution.

3. That pursuant to proper authorization and direction from the District dated as of the date hereof, the Bond Registrar has authenticated and delivered Bonds in the principal amount of \$14,570,000 to the purchaser thereof, namely, William Blair & Company, L.L.C., Chicago, Illinois.

4. That each of the persons named below is an authorized agent of the Bond Registrar; one or more of such persons, in accordance with the provisions of the Bond Resolution, are duly authorized and empowered to authenticate and did authenticate on the date hereof the Bonds issued under the Bond Resolution; and the signature appearing after the name of each such person as follows is a true and correct specimen of each such person's genuine signature:

NAME	OFFICE	SIGNATURE
April H. Lepic	TRUST OFFICER	
_____	_____	_____
_____	_____	_____
_____	_____	_____

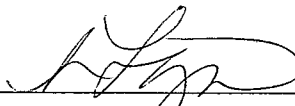
5. That the Bond Registrar has full power and authority under the applicable laws of the United States of America and the State of Illinois to act as bond registrar for the Bonds in the manner contemplated by the Bond Resolution; it has taken all necessary corporate action by its properly authorized officers, employees or agents to accept said offices and duties; and the undersigned are duly qualified and acting officers of the Bond Registrar as indicated by the titles

set under their names and are authorized by the Bond Registrar to execute and attest this Certificate.


6. That the Bond Registrar acknowledges receipt of a certified copy of the Bond Resolution.

IN WITNESS WHEREOF, we hereunto affix our signatures and the seal of the Bond Registrar, this 24th day of January, 2008.

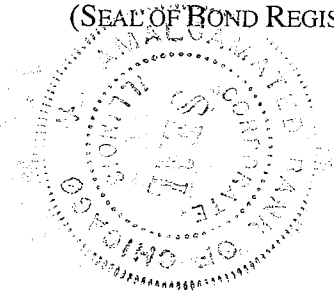
AMALGAMATED BANK OF CHICAGO
Chicago, Illinois

By 
Its VICE PRESIDENT

Attest:


Its ASSISTANT VICE PRESIDENT

(SEAL OF BOND REGISTRAR)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF UNDERWRITER

I, the undersigned, do hereby certify that I am an officer of William Blair & Company, L.L.C., Chicago, Illinois (the "*Underwriter*"), and as such officer I do further certify as follows:

1. That the Underwriter and Township High School District Number 225, Cook County, Illinois (the "*District*"), have entered into a contract, dated January 9, 2008 (the "*Contract*"), concerning the purchase by the Underwriter from the District of \$14,570,000 General Obligation School Bonds, Series 2008, dated January 1, 2008, of the District (the "*Bonds*").

2. That the Contract is in full force and effect and has not been modified, repealed, rescinded or amended.

3. That the Underwriter hereby confirms that the first price at which at least ten percent of the principal amount of each maturity of the Bonds has been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is equal to the prices (the "*Prices*") shown on the inside cover page of the Official Statement, dated January 9, 2008, and related to the issuance of the Bonds, and that in addition, accrued interest to the date of issuance of the Bonds by the District will be paid by the investors purchasing the Bonds.

4. That all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to the Prices.

5. That on the date of the Contract, based upon the Underwriter's assessment of then prevailing market conditions, the Prices are not less than the fair market value of each Bond as of the date of the Contract.

IN WITNESS WHEREOF, I hereunto affix my signature, this 24th day of January, 2008.

WILLIAM BLAIR & COMPANY, L.L.C.
Chicago, Illinois

By *Elizabeth M. Hennessy*
Title: *Principal*

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by Township High School District Number 225, Cook County, Illinois (the "*District*"), in connection with the issuance of \$14,570,000 General Obligation School Bonds, Series 2008 (the "*Bonds*"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 10th day of December, 2007 (the "*Resolution*").

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" is defined in the Official Statement.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the District prepared pursuant to the standards and as described in *Exhibit I*.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Material Event" means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II* that is material, as materiality is interpreted under the Exchange Act.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIRs” means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Commission for purposes of the Rule. The names and addresses of the current NRMSIRs are presently set forth on the following website: www.sec.gov/info/municipal/nrmsir.htm. The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

“Official Statement” means the Final Official Statement, dated January 9, 2008, and relating to the Bonds.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“SID” means the public or private repository designated by the State as the state information depository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement there is no SID.

“State” means the State of Illinois.

“Undertaking” means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to each NRMSIR and to the SID, if any. The District is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the SID, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. DUTY TO UPDATE NRMSIRs/SID. The District shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel); and

(d) The amendment or waiver is otherwise permitted by the Rule.

9. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice in a timely manner if this Section is applicable to each NRMSIR or to the MSRB and to the SID, if any.

10. DISSEMINATION AGENT; DISCLOSUREUSA. (a) The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) So long as such method continues to be approved by the Commission for purposes of the Rule, the District may satisfy its obligations for all purposes of this Agreement to provide information or notice to each NRMSIR and to the SID, if any, by sending such information or notice to DisclosureUSA (at, as of the date of this Agreement, www.DisclosureUSA.org) for submission to each NRMSIR and to the SID, if any.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

TOWNSHIP HIGH SCHOOL DISTRICT
NUMBER 225, COOK COUNTY, ILLINOIS

By 
President, Board of Education

Date: January 24, 2008

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, by Cee days after the last day of the District's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with the accounting principles described in the Official Statement. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

**EXHIBIT III
CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER (215777)
2025	JE4
2026	JF1
2027	JG9

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Township High School District Number 225,
Cook County, Illinois

[Name of Issuer]

May 20, 2002

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:
General Counsel's Office; 49th Floor]

The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY


By: 



The Depository Trust &
Clearing Corporation

Very truly yours,

Township High School District
Number 225, Cook County, Illinois

By: 
(Authorized Officer's Signature)

Carol Rogal
(Print Name)

1835 Landwehr Road
(Street Address)

Glenview, Illinois 60025-1289
(City) (State) (Country) (Zip Code)

(847) 486-4725
(Phone Number)

(E-mail Address)

[2002]

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

REGISTERED
NO.

REGISTERED
\$

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225
GENERAL OBLIGATION SCHOOL BOND, SERIES 2008

See Reverse Side for
Additional Provisions

Interest Rate: % Maturity Date: December 1, Dated Date: January 1, 2008 CUSIP

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that Township High School District Number 225, Cook County, Illinois (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on June 1 and December 1 of each year, commencing June 1, 2008, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the District maintained by the Bond Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the District are hereby irrevocably pledged.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, said Township High School District Number 225, Cook County, Illinois, by its Board of Education, has caused this Bond to be signed by the manual or duly authorized facsimile signatures of the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the manual or duly authorized facsimile signature of the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

Donna Rose Goy
President, Board of Education

Babara J. Varga
Secretary, Board of Education

Registered, Numbered and Countersigned:

[Signature]
School Treasurer

SPECIMEN

Date of Authentication: _____, 20____

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
Amalgamated Bank of Chicago,
Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned resolution and is one of the General Obligation School Bonds, Series 2008, of Township High School District Number 225, Cook County, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
Authorized Officer

**TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION SCHOOL BOND, SERIES 2008**

This Bond is one of a series of bonds issued by the District to improve the sites of, build and equip additions to and alter, repair and equip school buildings of the District, in full compliance with the provisions of the School Code of the State of Illinois, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by a majority of all votes cast on the proposition at an election duly called and held for that purpose in the District, and by the Board of Education of the District by a resolution duly and properly adopted for that purpose, in all respects as provided by law.

Bonds of the issue of which this Bond is one are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on June 1, 2018, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the District maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the authorizing resolution. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the calendar month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The District and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.