

**MANHATTAN SCHOOL DISTRICT 114**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2010**

Report issued by:  
Mr. Howard Butters  
Superintendent of Schools

**MANHATTAN SCHOOL DISTRICT 114  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

**CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Board of Education Members and Officers	i
Administration Organizational Chart	ii
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report	iii - iv
Management's Discussion and Analysis	v - xiii
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets Arising from Cash Transactions - Governmental Activities	1
Statement of Activities Arising from Cash Transactions	2
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions - Governmental Funds	3
Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions to the Statement of Net Assets Arising from Cash Transactions	4
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Governmental Funds	5 - 6
Reconciliation of the Governmental Funds Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions to the Statement of Activities Arising from Cash Transactions	7
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual - General Fund and Major Special Revenue Fund	8 - 9

**MANHATTAN SCHOOL DISTRICT 114  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

**CONTENTS**

	<u>Page</u>
Statement of Fiduciary Assets and Liabilities Arising from Cash Transactions - Student Activity Agency Fund	10
Notes to Basic Financial Statements	11 - 30
Required Supplementary Information:	
Illinois Municipal Retirement Fund	31
Health Insurance Plan for Retired Employees	32
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Combining Schedule of Assets, Liabilities and Fund Balances Arising from Cash Transactions	33
Combining Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions	34 - 35
Educational Fund:	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions	36
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	37 - 38
Operations and Maintenance Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	39
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	40
Tort Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	41
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	42

**MANHATTAN SCHOOL DISTRICT 114  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

**CONTENTS**

	<u>Page</u>
Special Revenue Fund:	
Working Cash Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	43
Schedule of Revenues Received and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	44
Debt Services Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	45
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	46
Nonmajor Governmental Funds:	
Combining Statement of Assets and Fund Balances Arising from Cash Transactions - Nonmajor Governmental Funds	47
Combining Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Nonmajor Governmental Funds	48
Special Revenue Funds:	
Transportation Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	49
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	50
Municipal Retirement/Social Security Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	51
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	52

**MANHATTAN SCHOOL DISTRICT 114  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

**CONTENTS**

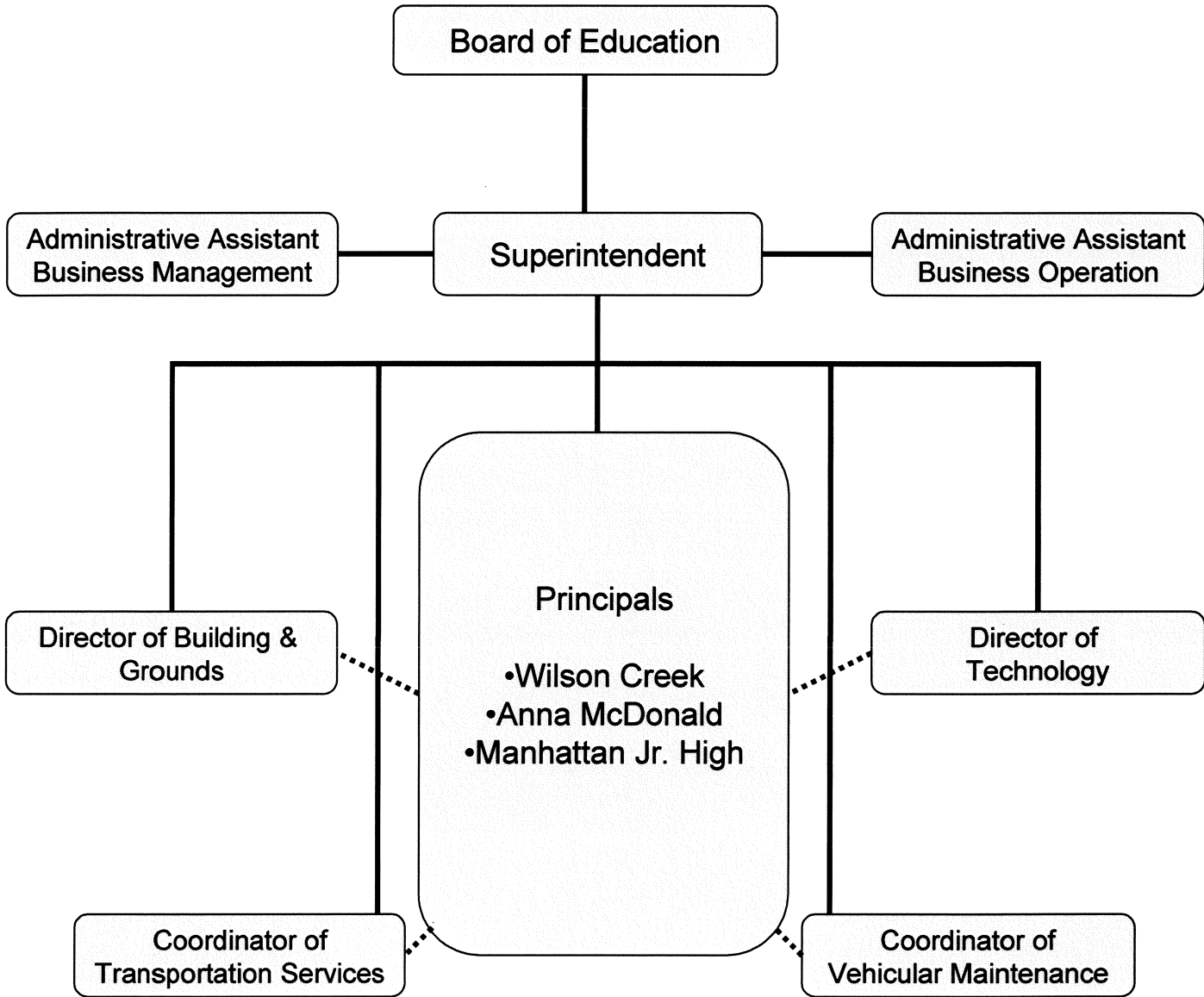
	<u>Page</u>
Capital Projects Fund:	
Fire Prevention and Safety Fund:	
Statement of Assets and Fund Balances Arising from Cash Transactions	53
Schedule of Revenues Received, Expenditures Paid and Changes in Fund Balances Arising from Cash Transactions - Budget and Actual	54
Supplementary Information:	
Schedule of Expenditures Paid - Actual and Budget	55 - 62
<b>OTHER INFORMATION SECTION:</b>	
Computation of Legal Debt Margin	63
<b>SINGLE AUDIT SECTION:</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64 - 65
Schedule of Expenditures of Federal Awards:	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	66 - 67
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	70 - 89

## **INTRODUCTORY SECTION**

**MANHATTAN SCHOOL DISTRICT 114  
BOARD OF EDUCATION MEMBERS AND OFFICERS  
JUNE 30, 2010**

Gerald Elder	President
Scott Mancke	Vice President
Joseph Knoll	Secretary
Timothy Doyle	Member
Dawn Murphy	Member
Jeff Pietrzyk	Member
Lynnae Ryan	Member

# Manhattan School District 114 Administration Organizational Chart





**FINANCIAL SECTION**

To the Board of Education  
Manhattan School District 114  
Manhattan, Illinois

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Manhattan School District 114, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Manhattan School District 114'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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.

As discussed in Note I, Manhattan School District 114 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Manhattan School District 114 as of June 30, 2010, and the respective changes in financial position - cash basis thereof and the respective budgetary comparison for the General Fund and the Working Cash Fund for the year then ended in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2010, on our consideration of Manhattan School District 114's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress listed on pages v through xiii and 31 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Manhattan School District 114's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplementary information, and other information section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mulcahy, Pauritsch, Selzer & Co, LTD*

Orland Park, Illinois  
October 4, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANHATTAN SCHOOL DISTRICT 114

### MANAGEMENT'S DISCUSSION AND ANALYSIS as of and for the fiscal year ended June 30, 2010

As management of Manhattan School District 114 (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2010.

#### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,133,430 (net assets).
- Governmental activities have unrestricted net asset deficit of (\$770,177).
- The total net assets of the District increased by \$584,858 during fiscal year 2010.
- Fund balance of the District's governmental funds decreased by \$158,142 resulting in an ending fund balance of \$6,083,231.
- During the current fiscal year, the fund balance in the District's General Fund increased by \$589,459.
- The District's long-term obligations decreased by \$1,532,909 to \$26,974,802 as a result of current year scheduled payments on the debt in excess of current year borrowings.

#### **Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented on pages 1 - 30 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains combining and individual fund financial statements and schedules and other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader of the District's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net assets arising from cash transactions and the statement of activities arising from cash transactions.

The statement of net assets arising from cash transactions presents information about all of the District's assets and liabilities as reported using the cash basis of accounting. The difference between assets and liabilities is reported as net assets. Over time, changes 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 arising from cash transactions presents information showing how the net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities using the cash basis of accounting.

The cash basis of accounting is described in the notes to basic financial statements.

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including general, special revenue, debt service and capital projects funds.

The government-wide financial statements can be found on pages 1 - 2 of this report.

### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include governmental funds and fiduciary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided in the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains six different governmental funds. The major funds are the General Fund, Working Cash Fund, and Debt Services Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other nonmajor governmental funds. Individual fund information for the nonmajor funds is presented in the combining and individual fund financial statements and schedules section of this report.

The District adopts an annual budget for each of the governmental funds. Budgetary comparison statements for the General Fund and the Working Cash Fund are included in the basic financial statements section of this report to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 3 - 10 of this report.

### **Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 11 - 30 of this report.

### **Government-wide Financial Analysis**

The assets of the District are classified as cash, investments and capital assets. Cash and investments are current assets. These assets are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These are land, improvements, buildings, equipment, and transportation equipment. Capital assets are discussed in greater detail in the section titled "Capital Assets and Debt Administration", elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include short-term debt obligations. Long-term liabilities such as long-term debt obligations will be liquidated from resources that will become available after fiscal 2011.

The assets of the District's activities exceed liabilities by \$3,133,430 with an unrestricted deficit of (\$770,177). Total net assets of the District do not include internal balances.

A net investment of \$1,668,178 in land, improvements, buildings, equipment, and vehicles to provide services to the District's students represents 53 percent of the District's net assets. Net assets of \$117,146 has been accumulated to fund future fire prevention and safety projects, \$68,056 has been accumulated to fund future tort requirements, and \$2,050,227 has been accumulated in working cash reserves to assist the District in managing its cash flow requirements during the year.

The net assets of the District as of June 30, 2010 and 2009 are summarized as follows:

Manhattan School District 114  
Net Assets  
as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Current assets	\$ 6,083,231	\$6,241,373
Capital assets	<u>24,025,001</u>	<u>24,814,910</u>
<b>Total assets</b>	<u><b>30,108,232</b></u>	<u><b>31,056,283</b></u>
<b>Liabilities:</b>		
Current liabilities	1,188,343	1,229,810
Noncurrent liabilities	<u>25,786,459</u>	<u>27,277,901</u>
<b>Total liabilities</b>	<u><b>26,974,802</b></u>	<u><b>28,507,711</b></u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	1,668,178	1,380,778
Restricted	2,235,429	3,168,115
Unrestricted	<u>(770,177)</u>	<u>(2,000,321)</u>
<b>Total net assets</b>	<u><b>\$ 3,133,430</b></u>	<u><b>\$ 2,548,572</b></u>



## Government-wide Activities

Governmental activities increased the net assets of the District by \$584,858. Changes in net assets of the District for years ended June 30, 2010 and 2009 are as follows:

Manhattan School District 114  
Changes in Net Assets  
for the fiscal years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 312,663	\$ 292,075
Operating grants and contributions	2,702,070	1,905,181
General revenues:		
Property taxes	8,994,662	8,460,831
Personal property replacement taxes	115,943	139,636
General state aid	1,303,648	1,902,772
Unrestricted investment earnings	47,507	124,264
Other revenues	<u>133,435</u>	<u>171,339</u>
Total revenues	<u>13,609,928</u>	<u>12,996,098</u>
Expenses:		
Governmental activities:		
Instructional	6,608,985	6,629,219
Pupil support	664,284	493,496
Other support	3,623,570	2,724,232
Transportation	766,588	681,976
Administration	726,490	813,521
Interest	<u>635,153</u>	<u>587,534</u>
Total expenses	<u>13,025,070</u>	<u>11,929,978</u>
Increase in net assets	584,858	1,066,120
Net assets at beginning of year	<u>2,548,572</u>	<u>1,482,452</u>
Net assets at end of year	<u><u>\$ 3,133,430</u></u>	<u><u>\$ 2,548,572</u></u>

Key elements of the change in net assets for governmental activities are as follows:

- Property tax revenues increased by \$533,831 over the prior year to \$8,994,662.
- State and Federal grants increased by \$493,429 to \$1,585,548.
- Expenses, excluding on behalf payments, increased by \$791,632 from the prior year.

### **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's new resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,083,231, a decrease of \$158,142 in comparison with the prior year.

The unreserved fund balance of the District at the end of the fiscal year included a combination of \$3,295,827 in the General Fund and \$545,322 in the special revenue funds.

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) fund future tort related items, 2) repay outstanding long-term debt obligations, 3) provide a cash reserve for cash flow needs between real estate tax receipt dates, and 4) fund future fire prevention and safety activity.

The General Fund is the chief operating fund of the District. Average daily attendance increased by 13 students during the fiscal year. The District enrollment reported a modest increase in attendance this year; total enrollment over the next few years is projected to be stable. Continued modest increases in existing property value along with stable enrollment may cause reductions in State Aid payments, depending on future increases in the foundation level.

The Debt Services Fund has \$6,653 accumulated to make the December, 2010 and January 2011 principal and interest payments. The District will also use real estate tax revenue collected subsequent to year-end to make the payments. Any additional resources needed to make the payments will be transferred from the Educational Fund. The property tax levy to accumulate resources for debt service payments due in January and July, 2011 will be approved in December, 2010.

## General Fund Budgetary Highlights

The original budget as passed by the Board of Education was not amended during the year.

Excluding the State's on behalf payment, actual revenue was \$1,173,001 higher than the final budget. Expenditures, excluding on behalf payments, were lower than budget by \$767,397.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Actual expenditures of the General Fund amounted to \$10,591,350. Unreserved fund balance represents 31% of expenditures.

## Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2010 amounted to \$1,668,178 (net of accumulated depreciation and related outstanding debt). This investment in capital assets included land, improvements, buildings, equipment and vehicles. The decrease in capital assets during the year ended June 30, 2010 of \$789,909 was entirely comprised of depreciation expense.

### Capital Assets (net of accumulated depreciation) June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Land	\$ 4,519,365	\$ 4,519,365
Improvements	328,611	454,802
Buildings	18,438,768	18,987,166
Equipment	503,501	566,086
Vehicles	<u>234,756</u>	<u>287,491</u>
Total capital assets	<u>\$24,025,001</u>	<u>\$24,814,910</u>

Additional information on the District's capital assets can be found in the notes to basic financial statements.

Long-term Debt. At June 30, 2010, the District had total bonded debt outstanding of \$14,729,599, deferred amounts of \$12,201,440, and loans payable outstanding of \$43,763.

Total long-term debt for the District decreased during the current fiscal year based on payments made according to the normal schedule of payments.

## **District Growth and Success**

Manhattan School District 114 continues to be committed to providing quality educational programs for students while exercising cost containment measures in the operating budget. In the spring of 2010 the school district received Financial Recognition status from the State of Illinois. This is the highest ranking that an Illinois school district can receive.

Although the District is ranked in the bottom quartile of the state in funding, the students demonstrate a high degree of academic success. This success is attributed to the dedication of our education and support staff, supportive parents, committed Board of Education, and caring community.

Manhattan School District is currently experiencing a slight decline in student enrollment. This reflects a significant departure from recent year growth rates, which resulted in the District growing by as much as 8% per year. The District, which encompasses approximately 32 square miles, contains sixteen (16) recently approved subdivisions in various stages of development. In addition, another eleven (11) subdivisions are proposed for sometime in the future. These twenty-seven (27) subdivisions could equate into an additional increase of nearly five thousand (5,000) students. The District currently serves approximately one thousand two hundred forty (1,240) children. When the economy begins to improve there is no doubt that the District enrollment will begin to grow, perhaps once again at a rapid rate.

## **Future Issues**

Recognizing the concern for the rise in property taxes, the District continues to work closely with the Village of Manhattan to diversify the tax base. Additional commercial and industrial growth continues to be actively sought. Currently, the majority of the District's funds come from property taxes. With little commercial and industrial facilities, the major share of the tax burden currently rests with the homeowners. At the same time, the District will also work closely with our state legislators and Governor to find a better and more equitable way to fund education for not only our children, but for all the children.

The Illinois Property Tax Extension Limitation Act will once again have a stranglehold on the revenue stream of the District. Barring a significant change in the way schools are funded in Illinois, the District will need to be vigilant in handling the increased costs associated with providing our students a quality educational program.

The District continually uses a strategic financial tool, "StratPlan" to project future revenues and expenditures. This software provides the administration and Board of Education with the ability to evaluate and project the impact of anticipated changes in revenues and expenditures.

The Budget for the year ending June 30, 2011 has been carefully constructed to make the best use of the funds that the District receives. It is structured to utilize our revenues to maintain high quality programs for students while establishing reasonable fund balances.

## **Closing Statement**

The administration of Manhattan School District 114 hopes that the information contained in this report will provide the citizens and Board of Education of Manhattan School District 114, outside investors, and interested parties with meaningful financial data, presented accurately and comprehensively. It is hoped that all readers of this report will obtain a clear and concise picture of the District's financial condition as of June 30, 2010.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of the Superintendent  
Manhattan School District 114  
25440 S. Gougar Road  
Manhattan, IL 60442

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MANHATTAN SCHOOL DISTRICT 114  
STATEMENT OF NET ASSETS  
ARISING FROM CASH TRANSACTIONS -  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

**ASSETS**

Equity in pooled cash and investments	\$	1,353,231
Investments		4,730,000
Capital assets not being depreciated:		
Land		4,519,365
Capital assets net of accumulated depreciation:		
Land improvements		328,611
Buildings		18,438,768
Equipment		503,501
Vehicles		<u>234,756</u>
Total assets		<u>30,108,232</u>

**LIABILITIES**

Noncurrent liabilities:		
Due within one year		1,188,343
Due in more than one year		<u>25,786,459</u>
Total liabilities		<u>26,974,802</u>

**NET ASSETS**

Invested in capital assets, net of related debt		1,668,178
Restricted for:		
Fire prevention and safety		117,146
Tort immunity		68,056
Working cash		2,050,227
Unrestricted		<u>(770,177)</u>
Total net assets	\$	<u>3,133,430</u>

See notes to basic financial statements.



**MANHATTAN SCHOOL DISTRICT 114  
STATEMENT OF ACTIVITIES  
ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/programs:				
Governmental activities:				
Instructional	\$ 6,608,985	\$ 145,762	\$ 2,209,678	\$ (4,253,545)
Pupil support	664,284	-	-	(664,284)
Other support	3,623,570	158,087	65,427	(3,400,056)
Transportation	766,588	8,814	426,965	(330,809)
Administration	726,490	-	-	(726,490)
Interest expense	635,153	-	-	(635,153)
Total governmental activities	<u>\$ 13,025,070</u>	<u>\$ 312,663</u>	<u>\$ 2,702,070</u>	<u>(10,010,337)</u>
General revenues:				
Taxes:				
Property				8,994,662
Personal property replacement				115,943
General state aid				1,303,648
Earnings on investments				47,507
Other income				<u>133,435</u>
Total general revenues				<u>10,595,195</u>
Change in net assets				584,858
Net assets at beginning of year				<u>2,548,572</u>
Net assets at end of year				<u>\$ 3,133,430</u>

See notes to basic financial statements.

**FUND FINANCIAL STATEMENTS**

**MANHATTAN SCHOOL DISTRICT 114**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<u>General</u>	<u>Special Revenue Working Cash</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 452,266	\$ 331,844	\$ 6,653	\$ 562,468	\$ 1,353,231
Investments	3,080,000	1,550,000	-	100,000	4,730,000
Due from other fund	<u>-</u>	<u>168,383</u>	<u>-</u>	<u>-</u>	<u>168,383</u>
Total assets	<u>\$ 3,532,266</u>	<u>\$ 2,050,227</u>	<u>\$ 6,653</u>	<u>\$ 662,468</u>	<u>\$ 6,251,614</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other fund	<u>\$ 168,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,383</u>
Fund balances:					
Reserved for:					
Tort immunity	68,056	-	-	-	68,056
Working cash	-	2,050,227	-	-	2,050,227
Debt service	-	-	6,653	-	6,653
Fire prevention and safety	-	-	-	117,146	117,146
Unreserved, reported in:					
General Fund	3,295,827	-	-	-	3,295,827
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,322</u>	<u>545,322</u>
Total fund balances	<u>3,363,883</u>	<u>2,050,227</u>	<u>6,653</u>	<u>662,468</u>	<u>6,083,231</u>
Total liabilities and fund balances	<u>\$ 3,532,266</u>	<u>\$ 2,050,227</u>	<u>\$ 6,653</u>	<u>\$ 662,468</u>	<u>\$ 6,251,614</u>

See notes to basic financial statements.

**MANHATTAN SCHOOL DISTRICT 114  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS TO THE  
STATEMENT OF NET ASSETS ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2010**

Total fund balances - governmental funds		\$ 6,083,231
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Amounts reported for governmental activities in the statement of net assets arising from cash transactions are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		24,025,001
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Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable		\$ (14,729,599)
Deferred amount from issuance premium		(12,201,440)
Loans payable		<u>(43,763)</u>

Total		<u>(26,974,802)</u>
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Total net assets - governmental activities		<u>\$ 3,133,430</u>
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See notes to basic financial statements.

**MANHATTAN SCHOOL DISTRICT 114**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID**  
**AND CHANGES IN FUND BALANCES ARISING FROM**  
**CASH TRANSACTIONS - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Special Revenue Working Cash</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local sources:					
Property taxes	\$ 7,017,125	\$ 134,445	\$ 1,037,582	\$ 805,510	\$ 8,994,662
Investment income	22,397	11,123	9,988	3,999	47,507
Other	<u>551,412</u>	<u>-</u>	<u>-</u>	<u>10,629</u>	<u>562,041</u>
Total local sources	<u>7,590,934</u>	<u>145,568</u>	<u>1,047,570</u>	<u>820,138</u>	<u>9,604,210</u>
State sources:					
General state aid	1,117,268	-	-	-	1,117,268
Grants-in-aid	<u>663,582</u>	<u>-</u>	<u>-</u>	<u>426,965</u>	<u>1,090,547</u>
Total state sources	<u>1,780,850</u>	<u>-</u>	<u>-</u>	<u>426,965</u>	<u>2,207,815</u>
Federal sources:					
General state aid	186,380	-	-	-	186,380
Grants-in-aid	<u>495,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,001</u>
Total federal sources	<u>681,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,381</u>
On behalf revenues	<u>1,116,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,116,522</u>
Total revenues	<u>11,169,687</u>	<u>145,568</u>	<u>1,047,570</u>	<u>1,247,103</u>	<u>13,609,928</u>
Expenditures:					
Current:					
Instruction	4,814,928	-	-	87,796	4,902,724
Support services	3,085,198	-	-	882,909	3,968,107
Community services	10,241	-	-	-	10,241
Payments to other districts and government units	1,519,748	-	-	82,666	1,602,414
On behalf expenditures	1,116,522	-	-	-	1,116,522
Debt service:					
Principal	43,615	-	1,143,275	42,918	1,229,808
Interest	<u>1,098</u>	<u>-</u>	<u>935,864</u>	<u>1,292</u>	<u>938,254</u>
Total expenditures	<u>10,591,350</u>	<u>-</u>	<u>2,079,139</u>	<u>1,097,581</u>	<u>13,768,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>578,337</u>	<u>145,568</u>	<u>(1,031,569)</u>	<u>149,522</u>	<u>(158,142)</u>

See notes to basic financial statements.

	<u>General</u>	<u>Special Revenue Working Cash</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):					
Transfers in	11,122	-	-	-	11,122
Transfers out	<u>-</u>	<u>(11,122)</u>	<u>-</u>	<u>-</u>	<u>(11,122)</u>
Total other financing sources (uses)	<u>11,122</u>	<u>(11,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	589,459	134,446	(1,031,569)	149,522	(158,142)
Fund balances at beginning of year	<u>2,774,424</u>	<u>1,915,781</u>	<u>1,038,222</u>	<u>512,946</u>	<u>6,241,373</u>
Fund balances at end of year	<u>\$ 3,363,883</u>	<u>\$ 2,050,227</u>	<u>\$ 6,653</u>	<u>\$ 662,468</u>	<u>\$ 6,083,231</u>

**MANHATTAN SCHOOL DISTRICT 114  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND  
BALANCES ARISING FROM CASH TRANSACTIONS TO THE STATEMENT OF  
ACTIVITIES ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010**

Total net change in fund balances - governmental funds	\$ (158,142)
--	--------------

Amounts reported for governmental activities in the statement of activities arising from cash transactions are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities arising from cash transactions the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$789,909) exceeded capitalized expenditures (\$0) in the current period.	(789,909)
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The issuance of long-term debt (e.g., bonds, debt certificates, loans payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities arising from cash transactions. The effects of these differences in the treatment of long-term debt and related items are as follows:

Repayment of long-term principal	\$ 1,229,808	
Amortization of bond premium	<u>303,101</u>	
Total		<u>1,532,909</u>
Change in net assets of governmental activities		<u>\$ 584,858</u>

See notes to basic financial statements.

**MANHATTAN SCHOOL DISTRICT 114**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND**  
**BALANCES ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Local sources:			
Property taxes	\$ 5,914,629	\$ 7,017,125	\$ 1,102,496
Investment income	62,000	22,397	(39,603)
Other	<u>598,300</u>	<u>551,412</u>	<u>(46,888)</u>
Total local sources	<u>6,574,929</u>	<u>7,590,934</u>	<u>1,016,005</u>
State sources:			
General state aid	1,327,500	1,117,268	(210,232)
Grants-in-aid	<u>575,023</u>	<u>663,582</u>	<u>88,559</u>
Total state sources	<u>1,902,523</u>	<u>1,780,850</u>	<u>(121,673)</u>
Federal sources:			
General state aid	-	186,380	186,380
Grants-in-aid	<u>402,712</u>	<u>495,001</u>	<u>92,289</u>
Total federal sources	<u>402,712</u>	<u>681,381</u>	<u>278,669</u>
On behalf revenues	<u>-</u>	<u>1,116,522</u>	<u>1,116,522</u>
Total revenues	<u>8,880,164</u>	<u>11,169,687</u>	<u>2,289,523</u>
Expenditures:			
Current:			
Instruction	5,303,760	4,814,928	488,832
Support services	3,328,790	3,085,198	243,592
Community services	17,000	10,241	6,759
Payments to other districts and government units	1,592,675	1,519,748	72,927
On behalf expenditures	-	1,116,522	(1,116,522)
Debt service:			
Principal	-	43,615	(43,615)
Interest	<u>-</u>	<u>1,098</u>	<u>(1,098)</u>
Total expenditures	<u>10,242,225</u>	<u>10,591,350</u>	<u>(349,125)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,362,061)</u>	<u>578,337</u>	<u>1,940,398</u>
Other financing sources (uses):			
Transfers in	50,000	11,122	(38,878)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>11,122</u>	<u>(38,878)</u>
Net change in fund balances	(1,312,061)	589,459	1,901,520
Fund balances at beginning of year	<u>2,774,424</u>	<u>2,774,424</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,462,363</u>	<u>\$ 3,363,883</u>	<u>\$ 1,901,520</u>

See notes to basic financial statements.



<u>Working Cash Fund</u>		
<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 133,369	\$ 134,445	\$ 1,076
30,000	11,123	(18,877)
<u>-</u>	<u>-</u>	<u>-</u>
<u>163,369</u>	<u>145,568</u>	<u>(17,801)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>163,369</u>	<u>145,568</u>	<u>(17,801)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>163,369</u>	<u>145,568</u>	<u>(17,801)</u>
-	-	-
<u>(30,000)</u>	<u>(11,122)</u>	<u>18,878</u>
<u>(30,000)</u>	<u>(11,122)</u>	<u>18,878</u>
133,369	134,446	1,077
<u>1,915,781</u>	<u>1,915,781</u>	<u>-</u>
<u>\$ 2,049,150</u>	<u>\$ 2,050,227</u>	<u>\$ 1,077</u>

**MANHATTAN SCHOOL DISTRICT 114  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES ARISING  
FROM CASH TRANSACTIONS - STUDENT ACTIVITY AGENCY FUND  
JUNE 30, 2010**

**ASSETS**

Cash	<u>\$ 34,593</u>
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**LIABILITIES**

Due to student activity funds	<u>\$ 34,593</u>
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See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**MANHATTAN SCHOOL DISTRICT 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Manhattan School District 114 is governed by the Board of Education and provides primary education, transportation, building maintenance and general administrative services.

These financial statements include the District and its component units, entities for which the District is considered to be financially accountable. At June 30, 2010, no entities were considered component units of the District.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets arising from cash transactions and the statement of activities arising from cash transactions) report information on all of the nonfiduciary activities of the District. *Governmental activities* are those that are primarily supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the cash basis of accounting, as are the fiduciary fund financial statements. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the District has not recognized receivables from revenues such as property taxes, entitlements and investment income, and payables to personnel and vendors and their related effects on operations of the District in the accompanying financial statements.

Governmental fund financial statements are reported using the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenue is recognized and recorded when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists arising from a previous cash transaction. In a similar manner, liabilities are recorded from previous cash transactions.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of three subfunds - the Educational Fund, the Operations and Maintenance Fund, and the Tort Fund. These funds account for activities that are not specifically accounted for in another fund.

The Working Cash Fund, a special revenue fund, accounts for resources held by the District to be used for temporary interfund loans to the Educational Fund, the Operations and Maintenance Fund, and the Transportation Fund.

The Debt Services Fund accounts for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

Additionally, the District reports the following fiduciary fund type:

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the students and teachers. The fund is custodial in nature and does not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

The Illinois statutes authorize the District to invest in U.S. government, State of Illinois and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; and certain short-term obligations of U.S. corporations.

Cash and investments of the District are pooled into a common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled account has equity herein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled account is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Each fund's portion of the pool is displayed on its

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

respective statement of assets and fund balance arising from cash transactions as "equity in pooled cash and investments." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "cash" and "investments."

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Cash deposits are reported at carrying amount which reasonably estimates fair value. The reported value of the Illinois Funds and the Illinois School District Liquid Asset Fund is the same as the fair value of each Fund's shares.

**2. Capital Assets**

Capital assets, which include land, buildings, equipment and vehicles, reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-50
Buildings	40
Equipment	5-20
Vehicles	8

**3. Long-term Obligations**

All long-term debt obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term debt includes bonds and loans payable.

In the government-wide financial statements, 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.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. 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.

**4. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**5. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses/expenditures. Actual results could differ from those estimates.

**6. Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**7. Subsequent Events**

Management has evaluated subsequent events through October 4, 2010, which is the date the financial statements were available to be issued.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The budget is prepared on the cash basis of accounting for all governmental funds, which is an acceptable method as prescribed by the Illinois State Board of Education and is the same basis that is used for financial reporting. This allows for comparability between budget and actual amounts. The budget appropriations lapse at the end of each fiscal year. The District utilizes an encumbrance system. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

1. 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.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. Prior to the last Tuesday in December, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

**B. Excess Expenditures over Budget**

The following fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General subfund:			
Educational Fund	\$ 9,023,805	\$ 9,522,549	\$ (498,744)

The overexpenditure in the Educational Fund was funded by greater than anticipated revenues.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of June 30, 2010, all of the District's bank balances of \$1,340,529 were fully insured.



**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

*Investments*

The District had the following investments as of June 30, 2010:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Certificates of deposit (3)	\$ <u>4,730,000</u>	N/A	123

- (1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.
- (2) *Interest Rate Risk* is estimated using weighted average days to maturity.
- (3) Pooled cash and investments are reported as *equity in pooled cash and investments*. Investments in the pool are not separately reported in the financial statements as ownership of investments cannot be assigned to individual funds including fiduciary funds. Therefore, total investments may not agree to the financial statements.

*Investment Policies*

The District's investments are subject to the following risks:

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires diversification of the investment portfolio to minimize risk of loss from over-concentration in a particular type of security, risk factor, issuer, or maturity. The investment policy requires that the Board of Education receive a report detailing the current investments on a quarterly basis to review compliance with the objectives of the policy.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the investment in specific investments based on their rating by either of the two nationally recognized statistical rating organizations. The District's investment policy incorporates the restrictions on investments as outlined in the Illinois Compiled Statutes Section 235/2.5(a) (1). Additionally, investments in corporate paper are further restricted and cannot comprise more than ten percent of the total investment portfolio.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not limit the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District's investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they become due. A portion of the portfolio is required to be invested in readily available funds to ensure proper liquidity.

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment 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 all investments, not secured by the federal government, to be secured at 110% of the investment's market value.

**B. Property Taxes**

The District's property tax is levied each year on all taxable real property located in the District on or before the last day of December. The lien date for the levy is January 1. The Board of Education approved the 2009 levy on December 9, 2009. Property taxes are payable in two installments on June 1 and September 1 of the following year. The District receives significant distributions of tax receipts approximately one month after these due dates.

**C. Interfund Receivables, Payables and Transfers**

Due from/to other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Working Cash Fund	General subfund: Educational Fund	<u>\$ 168,383</u>

Due from/to other funds: reflect operating loans which are expected to be repaid in the following fiscal year.

Interfund transfers:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Working Cash Fund	General subfund: Educational Fund	<u>\$ 11,122</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are also used to move unrestricted revenues collected in the Debt Services Fund and Working Cash Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,519,365	\$ -	\$ -	\$ 4,519,365
Capital assets being depreciated:				
Land improvements	960,467	-	-	960,467
Buildings	25,138,009	-	-	25,138,009
Equipment	2,720,677	-	-	2,720,677
Vehicles	<u>833,852</u>	<u>-</u>	<u>-</u>	<u>833,852</u>
Total capital assets being depreciated	<u>29,653,005</u>	<u>-</u>	<u>-</u>	<u>29,653,005</u>
Less accumulated depreciation for:				
Land improvements	505,665	126,191	-	631,856
Buildings	6,150,843	548,398	-	6,699,241
Equipment	2,154,591	62,585	-	2,217,176
Vehicles	<u>546,361</u>	<u>52,735</u>	<u>-</u>	<u>599,096</u>
Total accumulated depreciation	<u>9,357,460</u>	<u>789,909</u>	<u>-</u>	<u>10,147,369</u>
Total capital assets being depreciated, net	<u>20,295,545</u>	<u>(789,909)</u>	<u>-</u>	<u>19,505,636</u>
Governmental activities capital assets, net	<u>\$ 24,814,910</u>	<u>\$ (789,909)</u>	<u>\$ -</u>	<u>\$ 24,025,001</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 589,739
Pupil support	36,859
Other support	73,717
Transportation	52,735
Administration	<u>36,859</u>
Total depreciation expense - governmental activities	<u>\$ 789,909</u>

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**E. Long-term Debt**

Schedules of debt outstanding at June 30, 2010 are as follows:

*Bonds Payable*

School Bonds 2004A GO Refunding Bonds  
Issue November 1, 2004

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 56,163	\$ 56,163
2012	-	56,163	56,163
2013	-	56,163	56,163
2014	155,000	56,163	211,163
2015	545,000	49,808	594,808
2016	<u>600,000</u>	<u>26,100</u>	<u>626,100</u>
Total	<u>\$ 1,300,000</u>	<u>\$ 300,560</u>	<u>\$ 1,600,560</u>

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rate	4.324%
Paying agent	The Bank of New York Trust Company Dallas, Texas
Total original issue	\$1,300,000

School Bonds 2004B GO Refunding Bonds  
Issue November 1, 2004

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 350,000	\$ 56,206	\$ 406,206
2012	415,000	44,394	459,394
2013	425,000	29,868	454,868
2014	<u>335,000</u>	<u>13,400</u>	<u>348,400</u>
Total	<u>\$ 1,525,000</u>	<u>\$ 143,868</u>	<u>\$ 1,668,868</u>

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rates	2.8% to 4.0%
Paying agent	The Bank of New York Trust Company Dallas, Texas
Total original issue	\$2,525,000

2004C School Bonds  
Issue November 1, 2004

<u>Fiscal</u> <u>Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 624,467	\$ 425,533	\$ 1,050,000
2012	615,409	514,591	1,130,000
2013	623,388	626,612	1,250,000
2014	602,831	717,169	1,320,000
2015	589,662	820,338	1,410,000
2016	829,108	1,335,892	2,165,000
2017	1,027,522	1,902,478	2,930,000
2018	987,475	2,087,525	3,075,000
2019	949,846	2,280,154	3,230,000
2020	914,240	2,480,760	3,395,000
2021	879,129	2,685,871	3,565,000
2022	844,567	2,895,433	3,740,000
2023	811,651	3,113,349	3,925,000
2024	781,110	3,343,890	4,125,000
2025	<u>125,713</u>	<u>599,287</u>	<u>725,000</u>
Total	<u>\$ 11,206,118</u>	<u>\$ 25,828,882</u>	<u>\$ 37,035,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest dates	December 1st
Interest rate	9.0%
Paying agent	The Bank of New York Trust Company Dallas, Texas
Total original issue	\$13,031,672

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

1995 GO Bonds  
Issue November 1, 2004

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 170,113	\$ 504,887	\$ 675,000
2012	150,007	499,993	650,000
2013	137,371	512,629	650,000
2014	125,795	524,205	650,000
2015	<u>115,195</u>	<u>534,805</u>	<u>650,000</u>
Total	<u>\$ 698,481</u>	<u>\$ 2,576,519</u>	<u>\$ 3,275,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest dates	December 1st
Interest rate	16.7%
Paying agent	Northern Trust Company Chicago, Illinois
Total original issue	\$3,652,657

At June 30, 2010, \$6,653 is available in the Debt Services Fund to service the above obligations.

*Loans Payable*

Note payable to a bank due in annual installments of \$21,627 plus interest at 2.5%, final payment due July, 2010, collateralized by equipment.	\$ 21,627
Note payable to a bank due in semi-annual installments of \$22,136 including interest at 2.0%, final payment due December, 2010, collateralized by equipment.	<u>22,136</u>
Total	<u>\$ 43,763</u>

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

Total annual debt service requirements to maturity for all debt outstanding are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,188,343	\$ 1,042,789	\$ 2,231,132
2012	1,180,416	1,115,141	2,295,557
2013	1,185,759	1,225,272	2,411,031
2014	1,218,626	1,310,937	2,529,563
2015	1,249,857	1,404,951	2,654,808
2016	1,429,108	1,361,992	2,791,100
2017	1,027,522	1,902,478	2,930,000
2018	987,475	2,087,525	3,075,000
2019	949,846	2,280,154	3,230,000
2020	914,240	2,480,760	3,395,000
2021	879,129	2,685,871	3,565,000
2022	844,567	2,895,433	3,740,000
2023	811,651	3,113,349	3,925,000
2024	781,110	3,343,890	4,125,000
2025	<u>125,713</u>	<u>599,287</u>	<u>725,000</u>
Total	<u>\$ 14,773,362</u>	<u>\$ 28,849,829</u>	<u>\$ 43,623,191</u>

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 15,872,874	\$ -	\$ 1,143,275	\$ 14,729,599	\$ 1,144,580
Deferred amount from issuance premium	12,504,541	-	303,101	12,201,440	-
Loans payable	<u>130,296</u>	<u>-</u>	<u>86,533</u>	<u>43,763</u>	<u>43,763</u>
Total	<u>\$ 28,507,711</u>	<u>\$ -</u>	<u>\$ 1,532,909</u>	<u>\$ 26,974,802</u>	<u>\$ 1,188,343</u>

*Defeased Debt*

In prior years, the District defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's financial statements. As of June 30, 2010, the amount of defeased debt outstanding but removed from the financial statements totaled \$2,835,000.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and workers' compensation. In order to protect against such losses, the District has joined an insurance cooperative. The cooperative currently operates as a common risk management and insurance program for local governmental entities in the State of Illinois. The District pays annual premiums to the cooperative for its general insurance coverage. The agreement for formation of the cooperative provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for losses in excess of various limits established for each type of coverage. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

**B. Employee Retirement Systems and Plans**

**1. Teachers' Retirement System of the State of Illinois**

The District (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants 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, 2010 was 9.4 percent of the creditable earnings. These contributions, which may be paid on behalf of employees by their employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

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, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,077,799 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$774,951) and 13.11 percent (\$538,090), respectively.



**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

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

*2.2 formula contributions.* Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$26,730. Contributions for the years ended June 30, 2009 and 2008 were \$26,315 and \$23,804, respectively.

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

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$17,125 were paid from federal and special trust funds that required employer contributions of \$4,004. For the years ended June 30, 2009, and 2008, required District contributions were \$2,822 and \$192, respectively.

*Early Retirement Option (ERO).* The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

Public Act 94-0004, made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the District paid \$183,158 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and 2008, the District paid \$21,749 and \$0 in employer ERO contributions, respectively.

*Salary increases over 6 percent and excess sick leave.* Public Act 94-0004 added two additional employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

For the year ended June 30, 2010, the District paid \$11,264 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the District paid \$5,135 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the District paid \$0 in employer contributions granted for sick leave days.

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, 2009. The report for the year ended June 30, 2010 is expected to be available in late 2010.

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, IL 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

## **2. Illinois Municipal Retirement Fund**

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

*Funding Policy.* As set by statute, the District's Regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.54% of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For fiscal year ending December 31, 2009, the District's annual pension cost of \$95,268 for the Regular plan was equal to the District's required and actual contributions.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**Three-Year Trend Information for the Regular Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 95,268	100%	\$ -
12/31/08	84,311	100%	-
12/31/07	65,378	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 23 years.

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan of the District was 70.72 percent funded. The actuarial accrued liability for benefits was \$1,704,491 and the actuarial value of assets was \$1,205,430, resulting in an underfunded actuarial accrued liability (UAAL) of \$499,061. The covered payroll (annual payroll of active employees covered by the plan) of the District was \$998,617 and the ratio of UAAL to the covered payroll was 50 percent. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short - term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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

**3. Social Security**

Employees not qualifying for coverage under the 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. The District paid \$64,748, the total required contribution for the current year.

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**4. Teacher Health Insurance Security Fund**

The District (employer) participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

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

*On behalf contributions to THIS Fund.* The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$38,723, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2009 and 2008 were also 0.84 percent of pay. State contributions on behalf of District employees were \$38,111 and \$34,478, respectively.

*Employer contributions to THIS Fund.* The employer (District) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, 2009 and 2008. For the year ended June 30, 2010, the District paid \$29,043 to the THIS Fund. For the years ended June 30, 2009 and 2008, the District paid \$28,854 and \$28,858, respectively, which was 100 percent of the required contribution.

*Further information on THIS Fund.* The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

**5. Health Insurance Plan for Retired Employees**

*Plan Description.* The Health Insurance Plan for Retired Employees (HIPRE) is a single-employer defined benefit healthcare plan administered by the District. The District provides limited health care insurance coverage for its eligible retired employees in accordance with the plan. The District does not issue a stand alone report for HIPRE.

*Funding Policy.* The contribution requirements are established by the District, using an actuarial study that is based on projected pay-as-you-go financing. For fiscal year 2010, the District contributed \$31,196 to the plan.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to HIPRE:

Annual required contribution	\$ 35,774
Interest on net OPEB obligation	409
Adjustment to annual required contribution	<u>(682)</u>
Annual OPEB cost (expense)	35,501
Contributions made	<u>31,196</u>
Change in net OPEB obligation	4,305
Net OPEB obligation at beginning of year	<u>10,222</u>
Net OPEB obligation at end of year	<u>\$ 14,527</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 35,501	87.87%	\$ 14,527
6/30/09	34,398	70.30	10,222

**MANHATTAN SCHOOL DISTRICT NO. 114  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

*Funded Status and Funding Progress.* As of June 30, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$444,947 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$444,947. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to covered payroll was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the entry age method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2009 was 30 years.

**C. Lease Commitments**

The District is leasing five school buses under operating lease agreements that expire in July, 2011. The District is also leasing six copiers under an agreement that expires in June, 2011. Rent expense under these leases during the year ended June 30, 2010 was \$84,832.

Future minimum lease payments required under these leases in years ending June 30 are as follows:

2011	\$	84,832
2012		<u>47,992</u>
Total	\$	<u>132,824</u>

**MANHATTAN SCHOOL DISTRICT NO. 114  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**D. Jointly Governed Organization**

The District, in conjunction with five other area school districts, has created the Lincoln-Way Area Special Education Cooperative. The Cooperative's board of directors is composed of one member from each of the six participating school districts. The Cooperative charged the District \$1,107,702 for special education, transportation, and related expenditures during the year ended June 30, 2010.

**E. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended June 30, 2010 are summarized as follows:

Liability insurance	\$	56,039
Workers' compensation		31,830
Legal fees		4,924
Unemployment insurance		<u>1,829</u>
Total	\$	<u>94,622</u>

**F. Concentration**

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expires June 30, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION**



**MANHATTAN SCHOOL DISTRICT 114  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2009	\$ 1,205,430	\$ 1,704,491	\$ 499,061	70.72 %	\$ 998,617	49.98 %
December 31, 2008	1,004,391	1,484,736	480,345	67.65	919,426	52.24
December 31, 2007	1,165,085	1,340,124	175,039	86.94	725,617	24.12

**MANHATTAN SCHOOL DISTRICT 114  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES  
 JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date (1)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2009	\$ 0	\$ 444,947	\$ 444,947	0.00 %	N/A	N/A

(1) Information presented above is the most current information available.

N/A - Information not available

**EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2009	\$ 34,398	70.3%
June 30, 2010	35,501	87.9

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**MANHATTAN SCHOOL DISTRICT 114  
GENERAL FUND  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND  
BALANCES ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2010  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2009**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Tort</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 4,000	\$ 380,210	\$ 68,056	\$ 452,266	\$ 664,424
Investments	<u>1,400,000</u>	<u>1,680,000</u>	<u>-</u>	<u>3,080,000</u>	<u>2,110,000</u>
Total assets	<u>\$ 1,404,000</u>	<u>\$ 2,060,210</u>	<u>68,056</u>	<u>\$ 3,532,266</u>	<u>\$ 2,774,424</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other fund	<u>\$ 168,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,383</u>	<u>\$ -</u>
Fund balances:					
Reserved for tort immunity	-	-	68,056	68,056	13,095
Unreserved	<u>1,235,617</u>	<u>2,060,210</u>	<u>-</u>	<u>3,295,827</u>	<u>2,761,329</u>
Total fund balances	<u>1,235,617</u>	<u>2,060,210</u>	<u>68,056</u>	<u>3,363,883</u>	<u>2,774,424</u>
Total liabilities and fund balances	<u>\$ 1,404,000</u>	<u>\$ 2,060,210</u>	<u>\$ 68,056</u>	<u>\$ 3,532,266</u>	<u>\$ 2,774,424</u>

**MANHATTAN SCHOOL DISTRICT 114  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Tort</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
Revenues:					
Local sources:					
Property taxes	\$ 5,792,424	\$ 1,075,546	\$ 149,155	\$ 7,017,125	\$ 5,590,822
Investment income	7,605	14,364	428	22,397	71,723
Other	<u>450,110</u>	<u>101,302</u>	<u>-</u>	<u>551,412</u>	<u>550,072</u>
Total local sources	<u>6,250,139</u>	<u>1,191,212</u>	<u>149,583</u>	<u>7,590,934</u>	<u>6,212,617</u>
State sources:					
General state aid	1,117,268	-	-	1,117,268	1,468,608
Grants-in-aid	<u>663,582</u>	<u>-</u>	<u>-</u>	<u>663,582</u>	<u>464,247</u>
Total state sources	<u>1,780,850</u>	<u>-</u>	<u>-</u>	<u>1,780,850</u>	<u>1,932,855</u>
Federal sources:					
General state aid	186,380	-	-	186,380	434,164
Grants-in-aid	<u>495,001</u>	<u>-</u>	<u>-</u>	<u>495,001</u>	<u>285,951</u>
Total federal sources	<u>681,381</u>	<u>-</u>	<u>-</u>	<u>681,381</u>	<u>720,115</u>
On behalf revenues	<u>1,116,522</u>	<u>-</u>	<u>-</u>	<u>1,116,522</u>	<u>813,062</u>
Total revenues	<u>9,828,892</u>	<u>1,191,212</u>	<u>149,583</u>	<u>11,169,687</u>	<u>9,678,649</u>
Expenditures:					
Current:					
Instruction	<u>4,814,928</u>	<u>-</u>	<u>-</u>	<u>4,814,928</u>	<u>5,171,170</u>
Support services:					
Pupils	607,314	-	-	607,314	441,473
Instructional staff	226,795	-	-	226,795	183,803
General administration	391,698	-	94,622	486,320	511,349
School administration	524,111	-	-	524,111	501,192
Business	<u>297,933</u>	<u>942,725</u>	<u>-</u>	<u>1,240,658</u>	<u>1,249,480</u>
Total support services	<u>2,047,851</u>	<u>942,725</u>	<u>94,622</u>	<u>3,085,198</u>	<u>2,887,297</u>
Community services	<u>10,241</u>	<u>-</u>	<u>-</u>	<u>10,241</u>	<u>9,316</u>
Payments to other districts and government units	<u>1,488,294</u>	<u>31,454</u>	<u>-</u>	<u>1,519,748</u>	<u>776,719</u>

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Tort</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
On behalf expenditures	<u>1,116,522</u>	<u>-</u>	<u>-</u>	<u>1,116,522</u>	<u>813,062</u>
Debt service:					
Principal	43,615	-	-	43,615	42,756
Interest	<u>1,098</u>	<u>-</u>	<u>-</u>	<u>1,098</u>	<u>1,957</u>
Total debt service	<u>44,713</u>	<u>-</u>	<u>-</u>	<u>44,713</u>	<u>44,713</u>
Total expenditures	<u>9,522,549</u>	<u>974,179</u>	<u>94,622</u>	<u>10,591,350</u>	<u>9,702,277</u>
Excess (deficiency) of revenues over (under) expenditures	306,343	217,033	54,961	578,337	(23,628)
Other financing sources:					
Transfers in	<u>11,122</u>	<u>-</u>	<u>-</u>	<u>11,122</u>	<u>46,987</u>
Net change in fund balances	317,465	217,033	54,961	589,459	23,359
Fund balances at beginning of year	<u>918,152</u>	<u>1,843,177</u>	<u>13,095</u>	<u>2,774,424</u>	<u>2,751,065</u>
Fund balances at end of year	<u>\$ 1,235,617</u>	<u>\$ 2,060,210</u>	<u>\$ 68,056</u>	<u>\$ 3,363,883</u>	<u>\$ 2,774,424</u>



**EDUCATIONAL FUND**

**MANHATTAN SCHOOL DISTRICT 114  
EDUCATIONAL FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2010  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 4,000	\$ 468,152
Investments	1,400,000	450,000
Total assets	\$ 1,404,000	\$ 918,152
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Due to other fund	\$ 168,383	\$ -
Fund balances:		
Unreserved	1,235,617	918,152
Total liabilities and fund balances	\$ 1,404,000	\$ 918,152

**MANHATTAN SCHOOL DISTRICT 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>	<u>Variance with</u>		<u>2009</u>
	<u>Original</u>	<u>Final Budget</u>		
	<u>and Final</u>	<u>Positive</u>		
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 4,688,705	\$ 5,792,424	\$ 1,103,719	\$ 4,519,312
Investment income	20,000	7,605	(12,395)	27,827
Other	467,300	450,110	(17,190)	445,601
Total local sources	<u>5,176,005</u>	<u>6,250,139</u>	<u>1,074,134</u>	<u>4,992,740</u>
State sources:				
General state aid	1,327,500	1,117,268	(210,232)	1,468,608
Grants-in-aid	575,023	663,582	88,559	464,247
Total state sources	<u>1,902,523</u>	<u>1,780,850</u>	<u>(121,673)</u>	<u>1,932,855</u>
Federal sources:				
General state aid	-	186,380	186,380	434,164
Grants-in-aid	402,712	495,001	92,289	285,951
Total federal sources	<u>402,712</u>	<u>681,381</u>	<u>278,669</u>	<u>720,115</u>
On behalf revenues	-	1,116,522	1,116,522	813,062
Total revenues	<u>7,481,240</u>	<u>9,828,892</u>	<u>2,347,652</u>	<u>8,458,772</u>
Expenditures:				
Current:				
Instruction	5,303,760	4,814,928	488,832	5,171,170
Support services:				
Pupils	626,080	607,314	18,766	441,473
Instructional staff	260,300	226,795	33,505	183,803
General administration	412,540	391,698	20,842	385,670
School administration	531,800	524,111	7,689	501,192
Business	312,000	297,933	14,067	393,206
Total support services	<u>2,142,720</u>	<u>2,047,851</u>	<u>94,869</u>	<u>1,905,344</u>

	2010		Variance with Final Budget Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Community services	<u>17,000</u>	<u>10,241</u>	<u>6,759</u>	<u>9,316</u>
Payments to other districts and government units	<u>1,560,325</u>	<u>1,488,294</u>	<u>72,031</u>	<u>746,278</u>
On behalf expenditures	<u>-</u>	<u>1,116,522</u>	<u>(1,116,522)</u>	<u>813,062</u>
Debt service:				
Principal	<u>-</u>	<u>43,615</u>	<u>(43,615)</u>	<u>42,756</u>
Interest	<u>-</u>	<u>1,098</u>	<u>(1,098)</u>	<u>1,957</u>
Total debt service	<u>-</u>	<u>44,713</u>	<u>(44,713)</u>	<u>44,713</u>
Total expenditures	<u>9,023,805</u>	<u>9,522,549</u>	<u>(498,744)</u>	<u>8,689,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,542,565)</u>	<u>306,343</u>	<u>1,848,908</u>	<u>(231,111)</u>
Other financing sources:				
Transfers in	<u>50,000</u>	<u>11,122</u>	<u>(38,878)</u>	<u>46,987</u>
Net change in fund balances	<u>(1,492,565)</u>	<u>317,465</u>	<u>1,810,030</u>	<u>(184,124)</u>
Fund balances at beginning of year	<u>918,152</u>	<u>918,152</u>	<u>-</u>	<u>1,102,276</u>
Fund balances (deficit) at end of year	<u>\$ (574,413)</u>	<u>\$ 1,235,617</u>	<u>\$ 1,810,030</u>	<u>\$ 918,152</u>

**OPERATIONS AND MAINTENANCE FUND**

**MANHATTAN SCHOOL DISTRICT 114  
OPERATIONS AND MAINTENANCE FUND  
STATEMENT OF ASSETS AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2010  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 380,210	\$ 183,177
Investments	<u>1,680,000</u>	<u>1,660,000</u>
Total assets	<u>\$ 2,060,210</u>	<u>\$ 1,843,177</u>
 <b>FUND BALANCES</b>		
Unreserved	<u>\$ 2,060,210</u>	<u>\$ 1,843,177</u>

**MANHATTAN SCHOOL DISTRICT 114  
OPERATIONS AND MAINTENANCE FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,083,753	\$ 1,075,546	\$ (8,207)	\$ 933,009
Investment income	42,000	14,364	(27,636)	43,623
Other	<u>131,000</u>	<u>101,302</u>	<u>(29,698)</u>	<u>104,471</u>
Total revenues	<u>1,256,753</u>	<u>1,191,212</u>	<u>(65,541)</u>	<u>1,081,103</u>
Expenditures:				
Current:				
Support services:				
Business	1,066,570	942,725	123,845	856,274
Payments to other districts and government units	<u>32,350</u>	<u>31,454</u>	<u>896</u>	<u>30,441</u>
Total expenditures	<u>1,098,920</u>	<u>974,179</u>	<u>124,741</u>	<u>886,715</u>
Excess of revenues over expenditures	157,833	217,033	59,200	194,388
Fund balances at beginning of year	<u>1,843,177</u>	<u>1,843,177</u>	<u>-</u>	<u>1,648,789</u>
Fund balances at end of year	<u>\$ 2,001,010</u>	<u>\$ 2,060,210</u>	<u>\$ 59,200</u>	<u>\$ 1,843,177</u>

**TORT FUND**



**MANHATTAN SCHOOL DISTRICT 114**  
**TORT FUND**  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**  
**WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ <u>68,056</u>	\$ <u>13,095</u>
<b>FUND BALANCES</b>		
Reserved for tort immunity	\$ <u>68,056</u>	\$ <u>13,095</u>

**MANHATTAN SCHOOL DISTRICT 114  
TORT FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 142,171	\$ 149,155	\$ 6,984	\$ 138,501
Investment income	<u>-</u>	<u>428</u>	<u>428</u>	<u>273</u>
Total revenues	142,171	149,583	7,412	138,774
Expenditures:				
Current:				
Support services:				
General administration	<u>119,500</u>	<u>94,622</u>	<u>24,878</u>	<u>125,679</u>
Excess of revenues over expenditures	22,671	54,961	32,290	13,095
Fund balances at beginning of year	<u>13,095</u>	<u>13,095</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 35,766</u>	<u>\$ 68,056</u>	<u>\$ 32,290</u>	<u>\$ 13,095</u>

**SPECIAL REVENUE FUND**

**WORKING CASH FUND**

**MANHATTAN SCHOOL DISTRICT 114**  
**WORKING CASH FUND**  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**  
**WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 331,844	\$ 15,781
Investments	1,550,000	1,900,000
Due from other fund	168,383	-
Total assets	\$ 2,050,227	\$ 1,915,781
<b>FUND BALANCES</b>		
Reserved for working cash	\$ 2,050,227	\$ 1,915,781

**MANHATTAN SCHOOL DISTRICT 114  
WORKING CASH FUND  
SCHEDULE OF REVENUES RECEIVED AND CHANGES IN FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 133,369	\$ 134,445	\$ 1,076	\$ 112,668
Investment income	<u>30,000</u>	<u>11,123</u>	<u>(18,877)</u>	<u>28,716</u>
Total revenues	163,369	145,568	(17,801)	141,384
Other financing uses:				
Transfers out	<u>(30,000)</u>	<u>(11,122)</u>	<u>18,878</u>	<u>(28,716)</u>
Net change in fund balances	133,369	134,446	1,077	112,668
Fund balances at beginning of year	<u>1,915,781</u>	<u>1,915,781</u>	<u>-</u>	<u>1,803,113</u>
Fund balances at end of year	<u>\$ 2,049,150</u>	<u>\$ 2,050,227</u>	<u>\$ 1,077</u>	<u>\$ 1,915,781</u>

**DEBT SERVICES FUND**

**MANHATTAN SCHOOL DISTRICT 114**  
**DEBT SERVICES FUND**  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**  
**WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 6,653	\$ 113,222
Investments	-	925,000
Total assets	\$ 6,653	\$ 1,038,222
<b>FUND BALANCES</b>		
Reserved for debt service	\$ 6,653	\$ 1,038,222



**MANHATTAN SCHOOL DISTRICT 114**  
**DEBT SERVICES FUND**  
**SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND**  
**CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 2,079,216	\$ 1,037,582	\$ (1,041,634)	\$ 2,034,449
Investment income	<u>20,000</u>	<u>9,988</u>	<u>(10,012)</u>	<u>18,271</u>
Total revenues	<u>2,099,216</u>	<u>1,047,570</u>	<u>(1,051,646)</u>	<u>2,052,720</u>
Expenditures:				
Debt service:				
Principal	2,079,140	1,143,275	935,865	1,156,233
Interest	<u>-</u>	<u>935,864</u>	<u>(935,864)</u>	<u>827,184</u>
Total expenditures	<u>2,079,140</u>	<u>2,079,139</u>	<u>1</u>	<u>1,983,417</u>
Excess (deficiency) of revenues over (under) expenditures	20,076	(1,031,569)	(1,051,645)	69,303
Other financing uses:				
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>(18,271)</u>
Net change in fund balances	76	(1,031,569)	(1,031,645)	51,032
Fund balances at beginning of year	<u>1,038,222</u>	<u>1,038,222</u>	<u>-</u>	<u>987,190</u>
Fund balances at end of year	<u>\$ 1,038,298</u>	<u>\$ 6,653</u>	<u>\$ (1,031,645)</u>	<u>\$ 1,038,222</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**MANHATTAN SCHOOL DISTRICT 114  
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS -  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010**

	<b>Special Revenue</b>		<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Transportation</b>	<b>Municipal Retirement/ Social Security</b>	<b>Fire Prevention and Safety</b>	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 386,845	\$ 158,477	\$ 17,146	\$ 562,468
Investments	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total assets	<u>\$ 386,845</u>	<u>\$ 158,477</u>	<u>\$ 117,146</u>	<u>\$ 662,468</u>
<b>FUND BALANCES</b>				
Reserved for fire prevention and safety	\$ -	\$ -	\$ 117,146	\$ 117,146
Unreserved, reported in:				
Special revenue funds	<u>386,845</u>	<u>158,477</u>	<u>-</u>	<u>545,322</u>
Total fund balances	<u>\$ 386,845</u>	<u>\$ 158,477</u>	<u>\$ 117,146</u>	<u>\$ 662,468</u>

**MANHATTAN SCHOOL DISTRICT 114**  
**COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID**  
**AND CHANGES IN FUND BALANCES ARISING FROM**  
**CASH TRANSACTIONS - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Fire Prevention and Safety</u>	
Revenues:				
Local sources:				
Property taxes	\$ 517,514	\$ 287,996	\$ -	\$ 805,510
Investment income	2,589	970	440	3,999
Other	<u>10,629</u>	<u>-</u>	<u>-</u>	<u>10,629</u>
Total local sources	530,732	288,966	440	820,138
State sources:				
Grants-in-aid	<u>426,965</u>	<u>-</u>	<u>-</u>	<u>426,965</u>
Total revenues	<u>957,697</u>	<u>288,966</u>	<u>440</u>	<u>1,247,103</u>
Expenditures:				
Current:				
Instruction	-	87,796	-	87,796
Support services	631,187	154,316	97,406	882,909
Payments to other districts and government units	82,666	-	-	82,666
Debt service:				
Principal	42,918	-	-	42,918
Interest	<u>1,292</u>	<u>-</u>	<u>-</u>	<u>1,292</u>
Total expenditures	<u>758,063</u>	<u>242,112</u>	<u>97,406</u>	<u>1,097,581</u>
Excess (deficiency) of revenues over (under) expenditures	199,634	46,854	(96,966)	149,522
Fund balances at beginning of year	<u>187,211</u>	<u>111,623</u>	<u>214,112</u>	<u>512,946</u>
Fund balances at end of year	<u>\$ 386,845</u>	<u>\$ 158,477</u>	<u>\$ 117,146</u>	<u>\$ 662,468</u>

**SPECIAL REVENUE FUNDS**

**TRANSPORTATION FUND**

**MANHATTAN SCHOOL DISTRICT 114**  
**TRANSPORTATION FUND**  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**  
**WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ <u>386,845</u>	\$ <u>187,211</u>
<b>FUND BALANCES</b>		
Unreserved	\$ <u>386,845</u>	\$ <u>187,211</u>

**MANHATTAN SCHOOL DISTRICT 114  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 497,465	\$ 517,514	\$ 20,049	\$ 458,726
Investment income	1,200	2,589	1,389	1,193
Other	<u>3,400</u>	<u>10,629</u>	<u>7,229</u>	<u>20,080</u>
Total local sources	502,065	530,732	28,667	479,999
State sources:				
Grants-in-aid	<u>505,948</u>	<u>426,965</u>	<u>(78,983)</u>	<u>374,819</u>
Total revenues	<u>1,008,013</u>	<u>957,697</u>	<u>(50,316)</u>	<u>854,818</u>
Expenditures:				
Current:				
Support services:				
Business	750,000	631,187	118,813	598,790
Payments to other districts and government units	70,000	82,666	(12,666)	61,284
Debt service:				
Principal	-	42,918	(42,918)	71,902
Interest	<u>12,500</u>	<u>1,292</u>	<u>11,208</u>	<u>3,838</u>
Total expenditures	<u>832,500</u>	<u>758,063</u>	<u>74,437</u>	<u>735,814</u>
Excess of revenues over expenditures	175,513	199,634	24,121	119,004
Fund balances at beginning of year	<u>187,211</u>	<u>187,211</u>	<u>-</u>	<u>68,207</u>
Fund balances at end of year	<u>\$ 362,724</u>	<u>\$ 386,845</u>	<u>\$ 24,121</u>	<u>\$ 187,211</u>



**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

**MANHATTAN SCHOOL DISTRICT 114**  
**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**  
**WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 158,477	\$ 36,623
Investments	<u>-</u>	<u>75,000</u>
Total assets	<u>\$ 158,477</u>	<u>\$ 111,623</u>
 <b>FUND BALANCES</b>		
Unreserved	<u>\$ 158,477</u>	<u>\$ 111,623</u>

**MANHATTAN SCHOOL DISTRICT 114  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 284,342	\$ 287,996	\$ 3,654	\$ 264,166
Investment income	<u>1,200</u>	<u>970</u>	<u>(230)</u>	<u>1,358</u>
Total revenues	<u>285,542</u>	<u>288,966</u>	<u>3,424</u>	<u>265,524</u>
Expenditures:				
Current:				
Instruction	<u>104,380</u>	<u>87,796</u>	<u>16,584</u>	<u>90,667</u>
Support services:				
Pupils	20,605	20,111	494	17,378
Instructional staff	17,200	15,819	1,381	6,946
General administration	8,500	7,857	643	7,693
School administration	27,900	24,648	3,252	23,391
Business	<u>99,675</u>	<u>85,881</u>	<u>13,794</u>	<u>72,479</u>
Total support services	<u>173,880</u>	<u>154,316</u>	<u>19,564</u>	<u>127,887</u>
Total expenditures	<u>278,260</u>	<u>242,112</u>	<u>36,148</u>	<u>218,554</u>
Excess of revenues over expenditures	7,282	46,854	39,572	46,970
Fund balances at beginning of year	<u>111,623</u>	<u>111,623</u>	-	<u>64,653</u>
Fund balances at end of year	<u>\$ 118,905</u>	<u>\$ 158,477</u>	<u>\$ 39,572</u>	<u>\$ 111,623</u>

**CAPITAL PROJECTS FUND**

**FIRE PREVENTION AND SAFETY FUND**

**MANHATTAN SCHOOL DISTRICT 114  
 FIRE PREVENTION AND SAFETY FUND  
 STATEMENT OF ASSETS AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 JUNE 30, 2010  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 17,146	\$ 139,112
Investments	100,000	75,000
Total assets	\$ 117,146	\$ 214,112
<b>FUND BALANCES</b>		
Reserved for fire prevention and safety	\$ 117,146	\$ 214,112

**MANHATTAN SCHOOL DISTRICT 114  
 FIRE PREVENTION AND SAFETY FUND  
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
 CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2010  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2010</u>			<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Investment income	\$ 1,500	\$ 440	\$ (1,060)	\$ 3,003
Expenditures:				
Current:				
Support services:				
Business	<u>134,500</u>	<u>97,406</u>	<u>37,094</u>	<u>23,944</u>
Deficiency of revenues under expenditures	(133,000)	(96,966)	36,034	(20,941)
Fund balances at beginning of year	<u>214,112</u>	<u>214,112</u>	<u>-</u>	<u>235,053</u>
Fund balances at end of year	<u>\$ 81,112</u>	<u>\$ 117,146</u>	<u>\$ 36,034</u>	<u>\$ 214,112</u>

**SUPPLEMENTARY INFORMATION**



**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**

**MANHATTAN SCHOOL DISTRICT 114**  
**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Educational Fund:				
Instruction:				
Regular programs	\$ 2,836,926	\$ 546,712	\$ 90,826	\$ 171,397
Pre-K programs	7,357	202	32,833	365
Special education programs	761,196	118,011	100	1,646
Interscholastic programs	47,842	480	2,775	2,146
Special education programs K-12 - private tuition	-	-	-	-
Summer school programs - private tuition	-	-	-	-
Total instruction	<u>3,653,321</u>	<u>665,405</u>	<u>126,534</u>	<u>175,554</u>
Support services:				
Pupils:				
Attendance and social work services	114,675	9,064	590	1,655
Health services	84,218	22,912	497	1,639
Psychological services	33,008	857	22,581	1,719
Speech pathology and audiology services	92,562	12,996	28,116	7,828
Other support services - pupils	<u>170,333</u>	<u>1,944</u>	<u>-</u>	<u>-</u>
Total pupils	<u>494,796</u>	<u>47,773</u>	<u>51,784</u>	<u>12,841</u>
Instructional staff:				
Improvement of instruction services	73,738	44,283	10,882	41
Educational media services	<u>84,608</u>	<u>11,348</u>	<u>728</u>	<u>964</u>
Total instructional staff	<u>158,346</u>	<u>55,631</u>	<u>11,610</u>	<u>1,005</u>
General administration:				
Board of Education services	-	37,599	22,497	-
Executive administration services	<u>229,842</u>	<u>93,466</u>	<u>1,312</u>	<u>225</u>
Total general administration	<u>229,842</u>	<u>131,065</u>	<u>23,809</u>	<u>225</u>
School administration:				
Office of the principal services	<u>396,702</u>	<u>124,654</u>	<u>2,132</u>	<u>73</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
\$ 3,486	\$ 1,150	\$ 7,174	\$ -	\$ 3,657,671	\$ 4,156,200	\$ 498,529
-	-	-	-	40,757	46,205	5,448
14,933	-	-	-	895,886	868,905	(26,981)
-	250	1,288	-	54,781	52,450	(2,331)
-	139,569	-	-	139,569	155,000	15,431
<u>-</u>	<u>26,264</u>	<u>-</u>	<u>-</u>	<u>26,264</u>	<u>25,000</u>	<u>(1,264)</u>
<u>18,419</u>	<u>167,233</u>	<u>8,462</u>	<u>-</u>	<u>4,814,928</u>	<u>5,303,760</u>	<u>488,832</u>
-	120	-	-	126,104	133,000	6,896
-	-	-	-	109,266	114,100	4,834
-	-	-	-	58,165	72,500	14,335
-	-	-	-	141,502	135,380	(6,122)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,277</u>	<u>171,100</u>	<u>(1,177)</u>
<u>-</u>	<u>120</u>	<u>-</u>	<u>-</u>	<u>607,314</u>	<u>626,080</u>	<u>18,766</u>
-	203	-	-	129,147	143,600	14,453
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,648</u>	<u>116,700</u>	<u>19,052</u>
<u>-</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>226,795</u>	<u>260,300</u>	<u>33,505</u>
-	5,195	-	-	65,291	84,000	18,709
<u>-</u>	<u>1,562</u>	<u>-</u>	<u>-</u>	<u>326,407</u>	<u>328,540</u>	<u>2,133</u>
<u>-</u>	<u>6,757</u>	<u>-</u>	<u>-</u>	<u>391,698</u>	<u>412,540</u>	<u>20,842</u>
<u>-</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>524,111</u>	<u>531,800</u>	<u>7,689</u>

**MANHATTAN SCHOOL DISTRICT 114**  
**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Fiscal services	37,004	18,312	23,920	1,414
Operation and maintenance of plant services	4,911	789	-	-
Food services	-	-	183,357	28,226
Total business	<u>41,915</u>	<u>19,101</u>	<u>207,277</u>	<u>29,640</u>
Total support services	<u>1,321,601</u>	<u>378,224</u>	<u>296,612</u>	<u>43,784</u>
Community services	-	-	10,241	-
Payments to other districts and government units:				
Payments for special education programs	-	-	73,401	-
On behalf expenditures	-	1,116,522	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total Educational Fund	<u>\$ 4,974,922</u>	<u>\$ 2,160,151</u>	<u>\$ 506,788</u>	<u>\$ 219,338</u>
Operations and Maintenance Fund:				
Support services:				
Business:				
Facilities acquisition and construction services	\$ -	\$ -	\$ 10,992	\$ -
Operation and maintenance of plant services	<u>121,344</u>	<u>28,562</u>	<u>502,778</u>	<u>263,968</u>
Total business	121,344	28,562	513,770	263,968
Payments to other districts and government units:				
Payments for special education programs	-	-	31,454	-
Total Operations and Maintenance Fund	<u>\$ 121,344</u>	<u>\$ 28,562</u>	<u>\$ 545,224</u>	<u>\$ 263,968</u>

Capital Outlay	Other Objects	Non- Capitalized Equipment	Termination Benefits	Totals		Variance - Positive (Negative)
				Actual	Budget	
-	-	-	-	80,650	85,000	4,350
-	-	-	-	5,700	6,000	300
-	-	-	-	<u>211,583</u>	<u>221,000</u>	<u>9,417</u>
-	-	-	-	<u>297,933</u>	<u>312,000</u>	<u>14,067</u>
-	<u>7,630</u>	-	-	<u>2,047,851</u>	<u>2,142,720</u>	<u>94,869</u>
-	-	-	-	<u>10,241</u>	<u>17,000</u>	<u>6,759</u>
-	<u>1,414,893</u>	-	-	<u>1,488,294</u>	<u>1,560,325</u>	<u>72,031</u>
-	-	-	-	<u>1,116,522</u>	-	<u>(1,116,522)</u>
-	<u>43,615</u>	-	-	<u>43,615</u>	-	<u>(43,615)</u>
-	<u>1,098</u>	-	-	<u>1,098</u>	-	<u>(1,098)</u>
-	<u>44,713</u>	-	-	<u>44,713</u>	-	<u>(44,713)</u>
<u>\$ 18,419</u>	<u>\$ 1,634,469</u>	<u>\$ 8,462</u>	<u>\$ -</u>	<u>\$ 9,522,549</u>	<u>\$ 9,023,805</u>	<u>\$ (498,744)</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,992	\$ 9,250	\$ (1,742)
-	<u>15,081</u>	-	-	<u>931,733</u>	<u>1,057,320</u>	<u>125,587</u>
-	<u>15,081</u>	-	-	<u>942,725</u>	<u>1,066,570</u>	<u>123,845</u>
-	-	-	-	<u>31,454</u>	<u>32,350</u>	<u>896</u>
<u>\$ -</u>	<u>\$ 15,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,179</u>	<u>\$ 1,098,920</u>	<u>\$ 124,741</u>

**MANHATTAN SCHOOL DISTRICT 114**  
**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Tort Fund:				
Support services:				
General administration:				
Workers' compensation payments	\$ -	\$ -	\$ 31,830	\$ -
Unemployment insurance payments	-	1,829	-	-
Legal services	-	-	4,924	-
Liability insurance	-	-	56,039	-
	<u>-</u>	<u>-</u>	<u>56,039</u>	<u>-</u>
Total Tort Fund	<u>\$ -</u>	<u>\$ 1,829</u>	<u>\$ 92,793</u>	<u>\$ -</u>
Debt Services Fund:				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Services Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation Fund:				
Support services:				
Business:				
Pupil transportation services	\$ 341,583	\$ 32,728	\$ 51,461	\$ 156,321
	<u>341,583</u>	<u>32,728</u>	<u>51,461</u>	<u>156,321</u>
Payments to other districts and government units:				
Payments for special education programs	-	-	82,666	-
	<u>-</u>	<u>-</u>	<u>82,666</u>	<u>-</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transportation Fund	<u>\$ 341,583</u>	<u>\$ 32,728</u>	<u>\$ 134,127</u>	<u>\$ 156,321</u>
Municipal Retirement/Social Security Fund:				
Instruction:				
Regular programs	\$ -	\$ 47,866	\$ -	\$ -
Special education programs	-	36,094	-	-
Interscholastic programs	-	1,242	-	-
Special education programs - Pre-K	-	1,297	-	-
Pre-K programs	-	1,297	-	-
	<u>-</u>	<u>1,297</u>	<u>-</u>	<u>-</u>
Total instruction	<u>-</u>	<u>87,796</u>	<u>-</u>	<u>-</u>

Capital Outlay	Other Objects	Non- Capitalized Equipment	Termination Benefits	Totals		Variance - Positive (Negative)
				Actual	Budget	
\$ -	\$ -	\$ -	\$ -	\$ 31,830	\$ 32,500	\$ 670
-	-	-	-	1,829	5,000	3,171
-	-	-	-	4,924	30,000	25,076
-	-	-	-	<u>56,039</u>	<u>52,000</u>	<u>(4,039)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,622</u>	<u>\$ 119,500</u>	<u>\$ 24,878</u>
\$ -	\$ 1,143,275	\$ -	\$ -	\$ 1,143,275	\$ 2,079,140	\$ 935,865
-	<u>935,864</u>	-	-	<u>935,864</u>	-	<u>(935,864)</u>
<u>\$ -</u>	<u>\$ 2,079,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,079,139</u>	<u>\$ 2,079,140</u>	<u>\$ 1</u>
<u>\$ 39,173</u>	<u>\$ 8,819</u>	<u>\$ 1,102</u>	<u>\$ -</u>	<u>\$ 631,187</u>	<u>\$ 750,000</u>	<u>\$ 118,813</u>
-	-	-	-	82,666	70,000	(12,666)
-	42,918	-	-	42,918	-	(42,918)
-	<u>1,292</u>	-	-	<u>1,292</u>	<u>12,500</u>	<u>11,208</u>
-	<u>44,210</u>	-	-	<u>44,210</u>	<u>12,500</u>	<u>(31,710)</u>
<u>\$ 39,173</u>	<u>\$ 53,029</u>	<u>\$ 1,102</u>	<u>\$ -</u>	<u>\$ 758,063</u>	<u>\$ 832,500</u>	<u>\$ 74,437</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,866	\$ 60,000	\$ 12,134
-	-	-	-	36,094	40,500	4,406
-	-	-	-	1,242	1,300	58
-	-	-	-	1,297	1,250	(47)
-	-	-	-	<u>1,297</u>	<u>1,330</u>	<u>33</u>
-	-	-	-	<u>87,796</u>	<u>104,380</u>	<u>16,584</u>

**MANHATTAN SCHOOL DISTRICT 114**  
**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2010**

	<b>Salaries</b>	<b>Employee Benefits</b>	<b>Purchased Services</b>	<b>Supplies and Materials</b>
Support services:				
Pupils:				
Attendance and social work services	-	1,598	-	-
Health services	-	13,711	-	-
Psychological Services	-	479	-	-
Speech pathology and audiology services	-	1,246	-	-
Other support services - pupils	-	3,077	-	-
Total pupils	-	20,111	-	-
Instructional staff:				
Improvement of instruction services	-	1,181	-	-
Educational media services	-	14,638	-	-
Total instructional staff	-	15,819	-	-
General administration:				
Executive administration services	-	7,857	-	-
School administration:				
Office of the principal services	-	24,648	-	-
Business:				
Fiscal services	-	6,850	-	-
Operation and maintenance of plant services	-	20,109	-	-
Pupil transportation services	-	58,922	-	-
Total business	-	85,881	-	-
Total support services	-	154,316	-	-
Total Municipal Retirement/ Social Security Fund	\$ -	\$ 242,112	\$ -	\$ -
Fire Prevention and Safety Fund:				
Support services:				
Business:				
Facilities acquisition and construction services	\$ -	\$ -	\$ 97,406	\$ -
Total expenditures	\$ 5,437,849	\$ 2,465,382	\$ 1,376,338	\$ 639,627



<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
-	-	-	-	1,598	1,800	202
-	-	-	-	13,711	13,670	(41)
-	-	-	-	479	570	91
-	-	-	-	1,246	1,565	319
-	-	-	-	3,077	3,000	(77)
-	-	-	-	20,111	20,605	494
-	-	-	-	1,181	1,200	19
-	-	-	-	14,638	16,000	1,362
-	-	-	-	15,819	17,200	1,381
-	-	-	-	7,857	8,500	643
-	-	-	-	24,648	27,900	3,252
-	-	-	-	6,850	10,000	3,150
-	-	-	-	20,109	26,000	5,891
-	-	-	-	58,922	63,675	4,753
-	-	-	-	85,881	99,675	13,794
-	-	-	-	154,316	173,880	19,564
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,112</u>	<u>\$ 278,260</u>	<u>\$ 36,148</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,406</u>	<u>\$ 134,500</u>	<u>\$ 37,094</u>
<u>\$ 57,592</u>	<u>\$ 3,781,718</u>	<u>\$ 9,564</u>	<u>\$ -</u>	<u>\$ 13,768,070</u>	<u>\$ 13,566,625</u>	<u>\$ (201,445)</u>

**OTHER INFORMATION SECTION**

**MANHATTAN SCHOOL DISTRICT 114  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2010**

Assessed valuation - 2009 tax year		<u>\$ 271,948,751</u>
Statutory debt limitation (15% of assessed valuation)*		\$ 40,792,313
Debt:		
Bonds payable	\$ 14,729,599	
Loans payable	<u>43,763</u>	
Total debt		<u>14,773,362</u>
Legal debt margin		<u>\$ 26,018,951</u>

\*Rate in excess of statutory limit allowed for high growth districts.

**SINGLE AUDIT SECTION**

To the Board of Education  
Manhattan School District 114  
Manhattan, Illinois

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Manhattan School District 114 as of and for the year ended June 30, 2010, which collectively comprise Manhattan School District 114's basic financial statements and have issued our report thereon dated October 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Manhattan School District 114's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manhattan School District 114's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Manhattan School District 114's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (items 2010-1 through 2010-5).



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manhattan School District 114's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Manhattan School District 114's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Manhattan School District 114's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Education, others within the District, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mulcahey, Pauritsch, Salvadori Co., LTD*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Education  
Manhattan School District 114  
Manhattan, Illinois

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Compliance**

We have audited Manhattan School District 114's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Manhattan School District 114's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Manhattan School District 114's management. Our responsibility is to express an opinion on Manhattan School District 114's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Manhattan School District 114's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Manhattan School District 114's compliance with those requirements.

In our opinion, Manhattan School District 114, complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

**Internal Control over Compliance**

Management of Manhattan School District 114 is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Manhattan School District 114's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Manhattan School District 114's internal control over compliance.





Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses in internal control over compliance and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-6 through 2010-9 to be material weaknesses.

Manhattan School District 114's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Manhattan School District 114's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Education, management, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mulcahy, Pauritsch, Salvador: Co. LTD*

**MANHATTAN SCHOOL DISTRICT 114  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

Program	C.F.D.A. Number	Program #	Expenditures
U.S. Department of Education:			
Passed through Illinois State Board of Education:			
ARRA - GSA - Education (M)	84.394	10-4850-00	\$ 186,380
ARRA - GSA - Government (M)	84.397	10-4870-00	61,998
Title II - Teacher Quality	84.367	10-4932-00	25,179
Fed.-Sp. Ed. - IDEA Room & Board (M)	84.027	09-4625-00	7,826
Safe & Drug Free School - Formula	84.186	10-4400-00	<u>2,399</u>
Total Illinois State Board of Education			<u>283,782</u>
Passed through Lincolnway Area Special Education Cooperative:			
Fed.Sp.Ed. - IDEA - Flow Through (M)	84.027	10-4620-00	173,738
ARRA-Fed.Sp.Ed.-IDEA Flow Through (M)	84.391	10-4857-00	135,764
Fed.Sp.Ed.-Pre-School Flow Through (M)	84.173	10-4600-00	505
ARRA-Fed.Sp.Ed.-Pre-School Flow Through (M)	84.392	10-4856-00	<u>261</u>
Total Lincolnway Area Special Education Cooperative			<u>310,268</u>
Total U.S. Department of Education			<u>594,050</u>
U.S. Department of Agriculture:			
Passed through Illinois State Board of Education:			
National School Lunch Program	10.555	09-4210-00	8,443
National School Lunch Program	10.555	10-4210-00	52,167
Special Milk Program	10.556	09-4215-00	491
Special Milk Program	10.556	10-4215-00	2,550
Commodities (Non-Cash)	10.555	56099114002	<u>3,504</u>
Total U.S. Department of Agriculture			<u>67,155</u>
U.S. Department of Health and Human Services:			
Passed through Illinois Department of Healthcare and Family Services:			
Medicaid - Administrative Outreach	93.778	09-4991-00	116
Medicaid - Administrative Outreach	93.778	10-4991-00	<u>8,922</u>
Total U.S. Department of Health and Human Services			<u>9,038</u>
Total expenditures of federal awards			<u>\$ 670,243</u>

(M) - Major program

See notes to schedule of expenditures of federal awards.

**MANHATTAN SCHOOL DISTRICT 114**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED YEAR ENDED JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Manhattan School District 114 (District) and is presented on the cash basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**B. Relationship to Basic Financial Statements**

Federal financial assistance received is reflected in the District's financial statements within the General Fund as revenues received from federal sources.

**C. Non-Cash Assistance**

Non-cash assistance amounted to \$3,504.

**D. Insurance in Effect**

Insurance in effect amounted to zero.

**E. Loan or Loan Guarantees**

Loan or loan guarantees amounted to zero.

**NOTE 2. SUBRECIPIENTS**

The District provides no federal awards to subrecipients.

**MANHATTAN SCHOOL DISTRICT 114  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported
- Noncompliance material to financial statements noted?        yes   X   no

***Federal Awards***

Internal control over major programs:

- Material weaknesses identified?   X   yes        no
- Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   X   yes        no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.391	ARRA - GSA - Education Stabilization
84.397	ARRA - GSA - Government
84.027	Fed Sp Ed - IDEA Room & Board
84.027	Fed Sp Ed - IDEA Flow Through
84.391	ARRA - Fed Sp Ed - IDEA Flow Through
84.173	Fed Sp Ed - Pre-School Flow Through
84.392	ARRA - Fed Sp Ed - Pre-School Flow Through

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        yes   X   no

**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. **FINDING NUMBER:**<sup>11</sup> 2010-1      2. **THIS FINDING IS:**       New       Repeat from Prior Year?  
 Year originally reported? 2009

**3. Criteria or specific requirement**

There is a lack of segregation of duties in the cash receipts and cash disbursements processes.

**4. Condition**

The same individual controls the cash disbursement and cash receipts processes (including athletic fees), both reconciling the bank accounts and preparing checks.

**5. Context**<sup>12</sup>

In performing audit procedures, there was no evidence of segregation of duties.

**6. Effect**

An effective control environment cannot be maintained without adequate segregation of duties.

**7. Cause**

A small staff precludes the accounting department from having adequate segregation of duties.

**8. Recommendation**

Incorporate existing District personnel into more of the accounting functions to mitigate segregation of duties issues.

**9. Management's response**<sup>13</sup>

Management agrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-2      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported? 2009

3. Criteria or specific requirement  
Written documentation is missing.

4. Condition  
Written documentation is not maintained for expenditures of District funds. This includes purchases through the P-card system, indication of payment on the face of invoices paid by check as well as changes in pay rates for employees.

5. Context<sup>12</sup>  
Written approval of purchase orders for items not purchased on a P-card is not indicated on the invoice and purchase order by appropriate personnel. Student activity disbursements and District operating invoices did not have written approval of documentation and physical cancellation. Additionally, the majority of payroll rate amounts did not have evidence of management approval.

6. Effect  
A lack of effective controls over purchases and expenditures can cause spending limit issues.

7. Cause  
No system in place to require written approval.

8. Recommendation  
Ensure purchase orders are properly completed before obligations are incurred. Cash disbursements transactions be marked for approval by appropriate personnel. Once an invoice is processed, it should be marked "paid" on its face to avoid possibility of double payment. Management should documentation of approval of pay rates.

9. Management's response<sup>13</sup>  
Management agrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.  
<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.  
<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-3      2. THIS FINDING IS:       New       Repeat from Prior Year?  
 Year originally reported? 2009

**3. Criteria or specific requirement**

The Board is granting approval for cash disbursements without being provided the specific detail of the transactions.

**4. Condition**

The detail of all purchases using the P-Card system is not included in the disbursements approved by the Board. Only the summary total of the P-Card purchases for the period is reported. Therefore, the entire purchase detail is not approved by the Board.

**5. Context<sup>12</sup>**

**6. Effect**

The Board does not have the opportunity to review and approve all cash disbursements in detail.

**7. Cause**

**8. Recommendation**

A detail listing of all cash disbursements should be provided to the Board for payment approval.

**9. Management's response<sup>13</sup>**

Management agrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-4      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported?      2009

**3. Criteria or specific requirement**

Lack of segregation of duties in the cash disbursements process.

**4. Condition**

The same individual produces the checks, stamps checks with the signature facsimile stamp, and mails the payments.

**5. Context<sup>12</sup>**

**6. Effect**

Potential for misappropriation of funds.

**7. Cause**

**8. Recommendation**

Segregate the cash disbursement process of check preparation, check signing and final mailing.

**9. Management's response<sup>13</sup>**

Management agrees with the recommendation.

**For ISBE Review**

Date: \_\_\_\_\_ Resolution Criteria Code Number \_\_\_\_\_  
Initials: \_\_\_\_\_ Disposition of Questioned Costs Code Letter \_\_\_\_\_

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.



**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-5      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported?      2009

**3. Criteria or specific requirement**

The District should document the procedures followed in investing excess funds.

**4. Condition**

There is no written documentation regarding the process used by management for investing excess funds.

**5. Context<sup>12</sup>**

**6. Effect**

Funds may not be invested in accordance with the Board's investment policy.

**7. Cause**

**8. Recommendation**

Document investment procedures.

**9. Management's response<sup>13</sup>**

Management agrees with the recommendation.

**For ISBE Review**

Date: \_\_\_\_\_ Resolution Criteria Code Number \_\_\_\_\_  
Initials: \_\_\_\_\_ Disposition of Questioned Costs Code Letter \_\_\_\_\_

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

Manhattan School District 114  
56-0990-1140-06  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-6 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

4. Project No.: \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
There is a lack of segregation of duties in the cash receipts and cash disbursements processes. Refer to Financial Statement finding # 2010-1.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE.

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**Manhattan School District 114**  
**56-0990-1140-06**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

1. FINDING NUMBER:<sup>14</sup> 2010-7      2. THIS FINDING IS:       New       Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

4. Project No.: \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Written documentation is missing. Refer to Financial Statement finding # 2010-2.

9. Condition<sup>15</sup>

10. Questioned Costs<sup>16</sup>  
NONE.

11. Context<sup>17</sup>

12. Effect

13. Cause

14. Recommendation

15. Management's response<sup>18</sup>

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Manhattan School District 114  
56-0990-1140-06  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-8 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

4. Project No.: \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
The Board is granting approval for cash disbursements without being provided the specific detail of the transactions.  
Refer to Financial Statement finding # 2010-3.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE.

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Manhattan School District 114  
56-0990-1140-06  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-9 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Awards

4. Project No.: \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Lack of segregation of duties in the cash disbursements process. Refer to Financial Statement finding # 2010-4.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE.

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**Manhattan School District 114**  
**56-0990-1140-06**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2010**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
2009-1	The same individual controls the cash disbursements and cash receipts processes, both reconciling the bank accounts and preparing checks.	Repeated as 2010-1
2009-2	Cash receipts from miscellaneous revenue sources are not reconciled to any control figures.	Repeated as 2010-1
2009-3	There is no formal written documentation indicating the review of payroll by someone other than the preparer of the payroll prior to issuance.	Corrected in 2010
2009-4	Purchases can be made without obtaining proper approval. ("P-card" system)	Repeated as 2010-2
2009-5	The Board is granting approval for cash disbursements ("P-card" transactions) without being provided the specific detail of the transactions.	Repeated as 2010-3
2009-6	The same individual produces the checks, stamps checks with the signature facsimile stamp, and mails the payments.	Repeated as 2010-4
2009-7	No written documentation regarding the process used by management for investing excess funds.	Repeated as 2010-5
2009-8	Same as 2009-1.	Repeated as 2010-6
2009-9	Same as 2009-3.	Corrected in 2010
2009-10	Same as 2009-4.	Repeated as 2010-7
2009-11	Same as 2009-5.	Repeated as 2010-8
2009-12	Same as 2009-6.	Repeated as 2010-9

When possible, all prior findings should be on the same page

<sup>19</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-1

Condition:

One staff member controls the cash receipts, performs the bank reconciliation, and prepares checks. Also, cash receipts from miscellaneous revenue sources are not reconciled to any control figures.

Plan:

Other District personnel will be incorporated into more accounting functions to mitigate segregation of duties issues. Also, the District will incorporate other existing personnel into the revenue reconciliation process.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need to achieve additional segregation of duties and reconciliation processes and will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-2

Condition:

Written documentation is not maintained for expenditures of District funds. This includes purchases through the P-card system, indication of payment on the face of invoices paid by check as well as changes in pay rates for employees.

Plan:

The District will require a purchase order for all items not purchased on a P-card. Invoices will be approved and cancelled on their face. Management will document written approval of payroll rates.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need for following the purchase order process, along with written approval and cancellation of invoices and payroll rates and will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.



**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-3

Condition:

The Board is granting approval for cash disbursements without being provided the specific detail of the transaction.

Plan:

A detail listing of all cash disbursements will be provided to the Board for payment approval.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need for board payment approval and will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-4

Condition:

Segregation of duties in the cash disbursements process. The same individual produces the checks, stamps checks with the signature facsimile stamp and mails the payments.

Plan:

Other District personnel will be incorporated into more accounting functions to mitigate segregation of duties issues.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need to achieve additional separation of duties and will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-5

Condition:

There is no written documentation regarding the process used by management for investing excess funds.

Plan:

Document investment procedures.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need to document investment procedures and will develop written guidelines.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-6

**Condition:**

One staff member controls the cash receipts, performs the bank reconciliation, and prepares checks. Also, cash receipts from miscellaneous revenue sources are not reconciled to any control figures.

**Plan:**

Other District personnel will be incorporated into more accounting functions to mitigate segregation of duties issues. Also, the District will incorporate other existing personnel into the revenue reconciliation process.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need to achieve additional segregation of duties and reconciliation processes and will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-7

**Condition:**

Written documentation is not maintained for expenditures of District funds. This includes purchases through the P-card system, indication of payment on the face of invoices paid by check as well as changes in pay rates for employees.

**Plan:**

The District will require a purchase order for all items not purchased on a P-card. Invoices will be approved and cancelled on their face. Management will document written approval of payroll rates.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need for following the purchase order process, along with written approval and cancellation of invoices and payroll rates and will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-8

**Condition:**

The Board is granting approval for cash disbursements without being provided the specific detail of the transaction.

**Plan:**

A detail listing of all cash disbursements will be provided to the Board for payment approval.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need for board payment approval and will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Manhattan School District 114**  
**56-0990-1140-06**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-9

Condition:

Segregation of duties in the cash disbursements process. The same individual produces the checks, stamps checks with the signature facsimile stamp and mails the payments.

Plan:

Other District personnel will be incorporated into more accounting functions to mitigate segregation of duties issues.

Anticipated Date of Completion: 6/30/2011

Name of Contact Person: Howard Butters

Management Response: Management agrees with the need to achieve additional separation of duties and will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.