

MANHATTAN SCHOOL DISTRICT 114
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

Report issued by:
Mr. Howard Butters
Superintendent of Schools

**MANHATTAN SCHOOL DISTRICT 114
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012**

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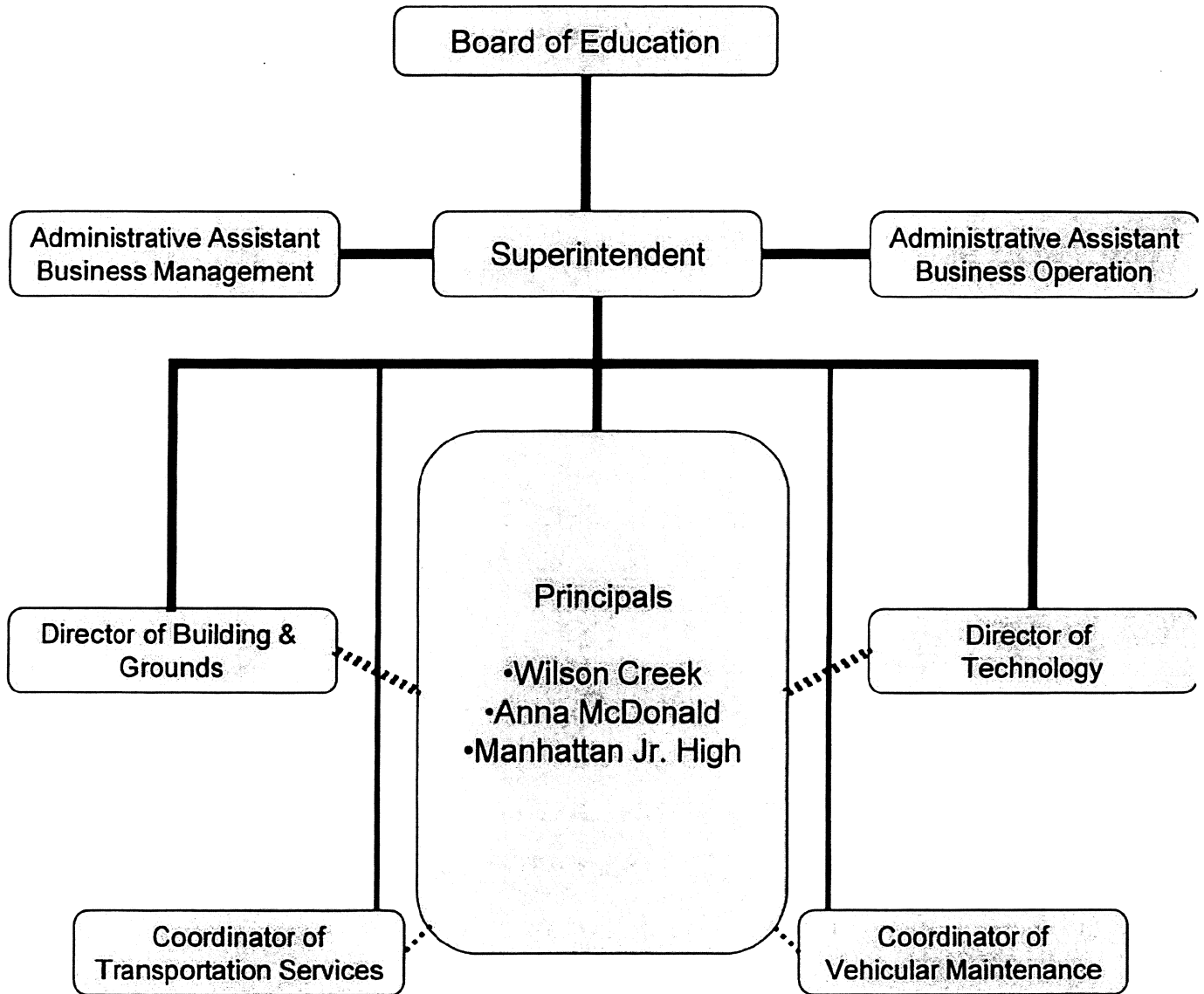
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INTRODUCTORY SECTION

**MANHATTAN SCHOOL DISTRICT 114
BOARD OF EDUCATION MEMBERS AND OFFICERS
JUNE 30, 2012**

Jeff Pietrzyk	President
Scott Mancke	Vice President
Dawn Murphy	Secretary
Lizette Boyles	Member
Dan DeCaprio	Member
Timothy Doyle	Member
Lynnae Ryan	Member

Manhattan School District 114 Administration Organizational Chart



FINANCIAL SECTION

To the Superintendent of Schools and Board of Education
Manhattan School District 114
Manhattan, Illinois

INDEPENDENT AUDITOR'S 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, 2012, 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 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, 2012, and the respective changes in financial position - cash basis thereof and the budgetary comparison for the General 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 8, 2012, 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.



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, management's discussion and analysis, schedules of funding progress, 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 combining and individual fund financial statements and schedules, and supplementary information 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 section, management's discussion and analysis, schedules of funding progress, and other information section 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, Paurtsch, Salvador & Co., Ltd.

Orland Park, Illinois
October 8, 2012

To the Superintendent of Schools and 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, 2012, which collectively comprise Manhattan School District 114's basic financial statements and have issued our report thereon dated October 8, 2012. 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

Management of Manhattan School District 114 is responsible for establishing and maintaining effective 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 below, we identified a deficiency in internal control over financial reporting that we considered to be a material weakness and another deficiency that we considered to be a significant deficiency.

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 following deficiency to be a material weakness.



The same individual controls the cash receipts and cash disbursements processes (including student activities) and reconciles the bank accounts.

Management's response:

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency to be a significant deficiency.

Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.

Management's response:

Management provides all necessary information to its auditor and retains decision making control for year end adjusting journal entries made to convert the books to GASB Statement 34 reporting. Due to cost/benefit considerations for staffing, management believes this approach is adequate and that any corrective action is unnecessary.

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 above. We did not audit Manhattan School District 114's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Superintendent of Schools, the Board of Education, management, the Illinois State Board of Education, others within the entity, 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, Pawritsch, Salvador & Co., Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANHATTAN SCHOOL DISTRICT 114

MANAGEMENT'S DISCUSSION AND ANALYSIS as of and for the fiscal year ended June 30, 2012

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, 2012.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$13,253,400 (net assets).
- Governmental activities have an unrestricted net asset balance of \$3,703,149.
- The total net assets of the District increased by \$4,462,099 during fiscal year 2012.
- Fund balance of the District's governmental funds increased by \$3,881,011 resulting in an ending fund balance of \$10,633,933.
- During the current fiscal year, the fund balance in the District's General Fund increased by \$3,917,397.
- The District's long-term obligations decreased by \$1,335,013 to \$19,881,862 as a result of current year scheduled payments on the debt.

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 five different governmental funds. The major funds are the General Fund and the 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. A budgetary comparison statement for the General Fund is 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, land improvements, buildings, equipment, and vehicles. 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 2013.

The assets of the District's activities exceed liabilities by \$13,253,400 with an unrestricted balance of \$3,703,149. Total net assets of the District do not include internal balances.

A net investment of \$7,470,429 in land, land improvements, buildings, equipment, and vehicles to provide services to the District's students represents 56 percent of the District's net assets. Net assets of \$1,111,175 has been accumulated to fund future operations and maintenance projects, \$617,469 has been accumulated to fund future transportation requirements, and \$351,178 has been accumulated for other purposes to assist the District in managing its cash flow requirements during the year.

The net assets of the District as of June 30, 2012 and 2011 are summarized as follows:

Manhattan School District 114
Net Assets
as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets	\$10,633,933	\$ 6,752,922
Capital assets	<u>22,501,329</u>	<u>23,255,254</u>
Total assets	<u>33,135,262</u>	<u>30,008,176</u>
Liabilities:		
Current liabilities	1,185,759	1,180,416
Noncurrent liabilities	<u>18,696,103</u>	<u>20,036,459</u>
Total liabilities	<u>19,881,862</u>	<u>21,216,875</u>
Net assets:		
Invested in capital assets, net of related debt	7,470,429	7,427,540
Restricted	2,079,822	2,818,148
Unrestricted	<u>3,703,149</u>	<u>(1,454,387)</u>
Total net assets	<u>\$ 13,253,400</u>	<u>\$ 8,791,301</u>

Certain amounts in the 2011 Net Assets schedule have been reclassified for comparative purposes to conform with the presentation in the current-year schedule.

Government-wide Activities

Governmental activities increased the net assets of the District by \$4,462,099. Changes in net assets of the District for years ended June 30, 2012 and 2011 are as follows:

Manhattan School District 114
Changes in Net Assets
for the fiscal years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 297,324	\$ 313,971
Operating grants and contributions	2,399,833	3,014,635
General revenues:		
Property taxes	8,662,325	9,040,739
Personal property replacement taxes	126,370	143,027
Grant – non program-specific	5,848,028	0
General state aid	671,603	993,364
Unrestricted investment earnings	9,102	26,837
Other revenues	<u>273,400</u>	<u>200,544</u>
Total revenues	<u>18,287,985</u>	<u>13,733,117</u>
Expenses:		
Governmental activities:		
Instructional	6,428,680	6,247,593
Pupil support	671,296	625,765
Other support	4,278,863	3,280,291
Transportation	837,917	786,268
Administration	643,236	650,981
Interest	<u>965,894</u>	<u>926,090</u>
Total expenses	<u>13,825,886</u>	<u>12,516,988</u>
Increase in net assets	4,462,099	1,216,129
Net assets at beginning of year, as restated	<u>8,791,301</u>	<u>7,575,172</u>
Net assets at end of year	<u>\$ 13,253,400</u>	<u>\$ 8,791,301</u>

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

- General state aid revenues decreased by \$321,761 from the prior year to \$671,603.
- Operating grants and contributions decreased by \$614,802 to \$2,399,833.
- The District received a grant – non program-specific of \$5,848,028.

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, unassigned fund balance may serve as a useful measure of a government's net 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 \$10,633,933. Twenty percent or \$2,079,822 of this total is restricted due to external limitations on its use. These uses include operations and maintenance (\$1,111,175), tort immunity (\$139,471), transportation (\$617,469), and Municipal Retirement/Social Security (\$211,707). One percent or \$80,143 has been assigned, meaning there are limitations on its intended use. The assigned uses include transportation (\$70,971) and Municipal Retirement/Social Security (\$9,172). The remaining seventy-nine percent or \$8,473,968 is unassigned.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,473,968, while total fund balance was \$9,724,614. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents seventy-seven percent of total General Fund expenditures, while total fund balance represents eighty-nine percent of that same amount.

The Debt Services Fund has \$0 accumulated to make future principal and interest payments. The District will transfer funds from the Educational Fund to the Debt Service Fund to make the required payments.

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 \$5,338,431 higher than the final budget. The District received a non program-specific grant of \$5,848,028 that had not been budgeted for.

General Fund expenditures, excluding on behalf payments, were lower than budget by \$150,172.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2012 amounted to \$7,470,429 (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, 2012 of \$753,925 was entirely comprised of depreciation expense.

Capital Assets (net of accumulated depreciation) June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 4,519,365	\$ 4,519,365
Improvements	85,313	206,605
Buildings	17,341,972	17,890,370
Equipment	416,687	454,894
Vehicles	<u>137,992</u>	<u>183,930</u>
Total capital assets	<u>\$22,501,329</u>	<u>\$23,255,254</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, 2012, the District had total bonded debt outstanding of \$12,404,603 and deferred amounts of \$7,477,259.

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 2012 the school district once again 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 student enrollment is currently once again experiencing growth. This past year our student enrollment grew by about 2.5%. While this reflects a significant departure from the 8% growth rate the District had experienced as recently as three (3) years ago, it is up from what we have experienced the last two (2) years. The District, which encompasses approximately 32 square miles, contains sixteen (16) subdivisions. In addition, there are another eleven (11) subdivisions that are proposed for sometime in the future. These current and proposed subdivisions have the ability to increase the future school district's enrollment by approximately five thousand (5,000) students. The

District currently serves approximately one thousand two hundred eighty five (1,285) 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.

Other Issues That Require Understanding and Close Examination

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. The District will also continue to 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 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.

That being said, no strategic financial tool could have predicted that the District would receive a large sum of money in June, 2012 in the form of a State grant. Although noted throughout this document as a non-specific grant award in the amount of \$5,848,028, this money was received a decade late as part of a State construction grant that the District had applied for in 2002. This grant was originally intended to help school districts with construction costs associated with building a new school or addition.

Needless to say, while ten (10) years late in receipt and well past due in regards to a building project that we had to complete earlier, this money arrived at a very good time. Moving forward these funds will be of significant help to the District in meeting both its educational and financial obligations. With that being said, we must caution anyone who reads this that the receipt and accounting of these funds does skew the financial picture/health of the school district. Please be sure to take this into account.

The Budget for the year ending June 30, 2013 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, 2012.

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, 2012**

ASSETS

Equity in pooled cash and investments	\$	7,669,905
Investments		2,964,028
Capital assets not being depreciated:		
Land		4,519,365
Capital assets net of accumulated depreciation:		
Land improvements		85,313
Buildings		17,341,972
Equipment		416,687
Vehicles		<u>137,992</u>
Total assets		<u>33,135,262</u>

LIABILITIES

Noncurrent liabilities:		
Due within one year		1,185,759
Due in more than one year		<u>18,696,103</u>
Total liabilities		<u>19,881,862</u>

NET ASSETS

Invested in capital assets, net of related debt		7,470,429
Restricted for:		
Operations and maintenance		1,111,175
Transportation		617,469
Retirement benefits		211,707
Tort immunity		139,471
Unrestricted		<u>3,703,149</u>
Total net assets	\$	<u>13,253,400</u>

See notes to basic financial statements.

**MANHATTAN SCHOOL DISTRICT 114
STATEMENT OF ACTIVITIES
ARISING FROM CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2012**

	<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	\$ 6,428,680	\$ 163,692	\$ 1,931,948	\$ (4,333,040)
Pupil support	671,296	-	-	(671,296)
Other support	4,278,863	127,337	64,038	(4,087,488)
Transportation	837,917	6,295	403,847	(427,775)
Administration	643,236	-	-	(643,236)
Interest expense	965,894	-	-	(965,894)
Total governmental activities	<u>\$ 13,825,886</u>	<u>\$ 297,324</u>	<u>\$ 2,399,833</u>	<u>(11,128,729)</u>
General revenues:				
Taxes:				
Property				8,662,325
Personal property replacement				126,370
Grant - non program-specific				5,848,028
General state aid				671,603
Earnings on investments				9,102
Other income				<u>273,400</u>
Total general revenues				<u>15,590,828</u>
Change in net assets				<u>4,462,099</u>
Net assets at beginning of year:				
As previously reported				4,567,647
Prior period adjustment				<u>4,223,654</u>
As restated				<u>8,791,301</u>
Net assets at end of year				<u>\$ 13,253,400</u>

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

MANHATTAN SCHOOL DISTRICT 114
STATEMENT OF ASSETS AND FUND BALANCES ARISING
FROM CASH TRANSACTIONS - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash and investments	\$ 6,760,586	\$ -	\$ 909,319	\$ 7,669,905
Investments	<u>2,964,028</u>	<u>-</u>	<u>-</u>	<u>2,964,028</u>
Total assets	<u>\$ 9,724,614</u>	<u>\$ -</u>	<u>\$ 909,319</u>	<u>\$ 10,633,933</u>
FUND BALANCES				
Restricted	\$ 1,250,646	\$ -	\$ 829,176	\$ 2,079,822
Assigned	-	-	80,143	80,143
Unassigned	<u>8,473,968</u>	<u>-</u>	<u>-</u>	<u>8,473,968</u>
Total fund balances	<u>\$ 9,724,614</u>	<u>\$ -</u>	<u>\$ 909,319</u>	<u>\$ 10,633,933</u>

See notes to basic financial statements.

**MANHATTAN SCHOOL DISTRICT 114
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS TO THE
STATEMENT OF NET ASSETS ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012**

Total fund balances - governmental funds		\$ 10,633,933
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.		22,501,329
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	\$ (12,404,603)	
Deferred amount from issuance premium	<u>(7,477,259)</u>	
Total		<u>(19,881,862)</u>
Total net assets - governmental activities		<u>\$ 13,253,400</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 - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources:				
Property taxes	\$ 7,969,757	\$ -	\$ 692,568	\$ 8,662,325
Investment income	8,031	-	1,071	9,102
Other	<u>690,465</u>	<u>-</u>	<u>6,295</u>	<u>696,760</u>
Total local sources	<u>8,668,253</u>	<u>-</u>	<u>699,934</u>	<u>9,368,187</u>
State sources:				
General state aid	671,603	-	-	671,603
Grants-in-aid	<u>6,388,148</u>	<u>-</u>	<u>403,847</u>	<u>6,791,995</u>
Total state sources	<u>7,059,751</u>	<u>-</u>	<u>403,847</u>	<u>7,463,598</u>
Federal sources:				
Grants-in-aid	<u>307,867</u>	<u>-</u>	<u>-</u>	<u>307,867</u>
On behalf revenues	<u>1,148,333</u>	<u>-</u>	<u>-</u>	<u>1,148,333</u>
Total revenues	<u>17,184,204</u>	<u>-</u>	<u>1,103,781</u>	<u>18,287,985</u>
Expenditures:				
Current:				
Instruction	5,778,010	-	79,694	5,857,704
Support services	3,690,742	-	769,302	4,460,044
Community services	14,869	-	-	14,869
Payments to other districts and government units	1,487,630	-	285,820	1,773,450
Debt service:				
Principal	-	1,180,416	-	1,180,416
Interest	<u>-</u>	<u>1,115,140</u>	<u>5,351</u>	<u>1,120,491</u>
Total expenditures	<u>10,971,251</u>	<u>2,295,556</u>	<u>1,140,167</u>	<u>14,406,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,212,953</u>	<u>(2,295,556)</u>	<u>(36,386)</u>	<u>3,881,011</u>

See notes to basic financial statements.

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Transfers in	-	2,295,556	-	2,295,556
Transfers out	<u>(2,295,556)</u>	<u>-</u>	<u>-</u>	<u>(2,295,556)</u>
Total other financing sources (uses)	<u>(2,295,556)</u>	<u>2,295,556</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,917,397	-	(36,386)	3,881,011
Fund balances at beginning of year	<u>5,807,217</u>	<u>-</u>	<u>945,705</u>	<u>6,752,922</u>
Fund balances at end of year	<u>\$ 9,724,614</u>	<u>\$ -</u>	<u>\$ 909,319</u>	<u>\$ 10,633,933</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, 2012**

Total net change in fund balances - governmental funds \$ 3,881,011

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 (\$759,658) exceeded capitalized expenditures (\$5,733) in the current period. (753,925)

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	\$	1,180,416	
Amortization of bond issuance premium		<u>154,597</u>	
Total			<u>1,335,013</u>

Change in net assets of governmental activities \$ 4,462,099

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
YEAR ENDED JUNE 30, 2012**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local sources:			
Property taxes	\$ 8,429,206	\$ 7,969,757	\$ (459,449)
Investment income	15,500	8,031	(7,469)
Other	573,150	690,465	117,315
Total local sources	9,017,856	8,668,253	(349,603)
State sources:			
General state aid	876,330	671,603	(204,727)
Grants-in-aid	528,326	6,388,148	5,859,822
Total state sources	1,404,656	7,059,751	5,655,095
Federal sources:			
Grants-in-aid	274,928	307,867	32,939
On behalf revenues	-	1,148,333	1,148,333
Total revenues	10,697,440	17,184,204	6,486,764
Expenditures:			
Current:			
Instruction	4,531,500	5,778,010	(1,246,510)
Support services	3,855,590	3,690,742	164,848
Community services	10,000	14,869	(4,869)
Payments to other districts and government units	1,576,000	1,487,630	88,370
Total expenditures	9,973,090	10,971,251	(998,161)

See notes to basic financial statements.

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess of revenues over expenditures	724,350	6,212,953	5,488,603
Other financing uses:			
Transfers out	<u>(2,295,556)</u>	<u>(2,295,556)</u>	<u>-</u>
Net change in fund balances	(1,571,206)	3,917,397	5,488,603
Fund balances at beginning of year	<u>5,807,217</u>	<u>5,807,217</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,236,011</u>	<u>\$ 9,724,614</u>	<u>\$ 5,488,603</u>

**MANHATTAN SCHOOL DISTRICT 114
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES ARISING
FROM CASH TRANSACTIONS - STUDENT ACTIVITY AGENCY FUND
JUNE 30, 2012**

ASSETS

Cash	<u>\$ 64,996</u>
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LIABILITIES

Due to student activity funds	<u>\$ 64,996</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, 2012**

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, 2012, 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, 2012**

The District reports the following major governmental funds:

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

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

The District has the following nonmajor governmental funds:

Special revenue funds:

This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's nonmajor special revenue funds are the Transportation Fund and the Municipal Retirement/Social Security Fund.

Capital projects fund:

The Fire Prevention and Safety Fund accounts for the receipt and disbursement of monies used to improve the safety of capital facilities.

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.

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.

**MANHATTAN SCHOOL DISTRICT NO. 114
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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 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, land improvements, 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, 2012**

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 payments of principal and interest are 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. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an individual or body to which the District delegates the authority.
- Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

5. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

6. 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.

7. Reclassifications

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

8. Subsequent Events

Management has evaluated subsequent events through October 8, 2012, 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 does not utilize an encumbrance system. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

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.

**MANHATTAN SCHOOL DISTRICT NO. 114
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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 funds had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2012:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General subfund:			
Educational Fund	\$ 7,970,490	\$ 9,094,566	\$ (1,124,076)
Nonmajor governmental fund:			
Fire Prevention and Safety Fund	110,000	110,448	(448)

The overexpenditure in the Educational Fund was funded by greater than anticipated revenues. The overexpenditure in the Fire Prevention and Safety Fund was funded by available fund balance.

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, 2012, \$6,699,885 of the District's bank balances of \$7,710,365 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging financial institutions	<u>\$ 6,699,885</u>
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Investments

The District had the following investments as of June 30, 2012:

<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>
Non-pooled investments:			
Certificates of deposit	<u>\$ 2,964,028</u>	N/A	55

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

- (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.

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.

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 fair 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 2011 levy on January 23, 2012. 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.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

C. Interfund Transfers

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General subfund - Educational Fund	Debt Services Fund	<u>\$ 2,295,556</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 Working Cash Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 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	<u>\$ 4,519,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519,365</u>
Capital assets being depreciated:				
Land improvements	960,467	-	-	960,467
Buildings	25,138,009	-	-	25,138,009
Equipment	2,723,626	5,733	-	2,729,359
Vehicles	<u>833,852</u>	<u>-</u>	<u>-</u>	<u>833,852</u>
Total capital assets being depreciated	<u>29,655,954</u>	<u>5,733</u>	<u>-</u>	<u>29,661,687</u>
Less accumulated depreciation for:				
Land improvements	753,862	121,292	-	875,154
Buildings	7,247,639	548,398	-	7,796,037
Equipment	2,268,642	44,030	-	2,312,672
Vehicles	<u>649,922</u>	<u>45,938</u>	<u>-</u>	<u>695,860</u>
Total accumulated depreciation	<u>10,920,065</u>	<u>759,658</u>	<u>-</u>	<u>11,679,723</u>
Total capital assets being depreciated, net	<u>18,735,889</u>	<u>(753,925)</u>	<u>-</u>	<u>17,981,964</u>
Governmental activities capital assets, net	<u>\$ 23,255,254</u>	<u>\$ (753,925)</u>	<u>\$ -</u>	<u>\$ 22,501,329</u>

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 570,976
Pupil support	35,686
Other support	71,372
Transportation	45,938
Administration	<u>35,686</u>
Total depreciation expense - governmental activities	<u>\$ 759,658</u>

E. Long-term Debt

Schedules of debt outstanding at June 30, 2012 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>
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>\$ 188,234</u>	<u>\$ 1,488,234</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

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 425,000	\$ 29,868	\$ 454,868
2014	<u>335,000</u>	<u>13,400</u>	<u>348,400</u>
Total	<u>\$ 760,000</u>	<u>\$ 43,268</u>	<u>\$ 803,268</u>

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 Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 9,966,242</u>	<u>\$ 24,888,758</u>	<u>\$ 34,855,000</u>

**MANHATTAN SCHOOL DISTRICT NO. 114
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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

1995 GO Bonds
Issue April 1, 1995

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 378,361</u>	<u>\$ 1,571,639</u>	<u>\$ 1,950,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest dates	December 1st
Interest rate	9.0%
Paying agent	Northern Trust Company Chicago, Illinois
Total original issue	\$3,652,657

At June 30, 2012, no funds are available in the Debt Services Fund to service the above obligations.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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>
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>\$ 12,404,603</u>	<u>\$ 26,691,899</u>	<u>\$ 39,096,502</u>

Long-term liability activity for the year ended June 30, 2012 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	\$ 13,585,019	\$ -	\$ 1,180,416	\$ 12,404,603	\$ 1,185,759
Deferred amount from issuance premium	<u>7,631,856</u>	<u>-</u>	<u>154,597</u>	<u>7,477,259</u>	<u>-</u>
Total	<u>\$ 21,216,875</u>	<u>\$ -</u>	<u>\$ 1,335,013</u>	<u>\$ 19,881,862</u>	<u>\$ 1,185,759</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, 2012, the amount of defeased debt outstanding but removed from the financial statements totaled \$2,075,000.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

F. Prior Period Adjustment

Net assets in the government-wide financial statements have been adjusted as of the beginning of the year to correct overstatements of the deferred amount from issuance premium made in prior years. Had the deferred amount from issuance premium not been overstated, the change in net assets in the government-wide financial statements for the year ended June 30, 2011 would have been decreased by \$218,088.

G. Fund Balances

As of June 30, 2012, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:			
Operations and maintenance	\$ 1,111,175	\$ -	\$ 1,111,175
Tort immunity	139,471	-	139,471
Transportation	-	617,469	617,469
Municipal Retirement/Social Security	-	211,707	211,707
Assigned:			
Transportation	-	70,971	70,971
Municipal Retirement/Social Security	-	9,172	9,172
Unassigned	<u>8,473,968</u>	<u>-</u>	<u>8,473,968</u>
Total	<u>\$ 9,724,614</u>	<u>\$ 909,319</u>	<u>\$ 10,633,933</u>

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.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

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

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,109,155 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$1,026,891) and 23.38 percent (\$1,077,799), respectively.

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

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$25,820. Contributions for the years ended June 30, 2011 and 2010 were \$29,340 and \$26,730, 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.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$12,769 were paid from federal and special trust funds that required employer contributions of \$3,181. For the years ended June 30, 2011, and 2010, required District contributions were \$2,804 and \$4,004, 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.

The maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2012, the District paid \$14,656 to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and 2010, the District paid \$0 and \$183,158 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave. 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.

For the year ended June 30, 2012, the District paid \$11,259 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and 2009, the District paid \$0 and \$11,264 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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2011 and 2010, the District paid \$0 in employer contributions granted for sick leave days.

Further information on TRS. 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, 2011. The report for the year ended June 30, 2012 is expected to be available in late 2012.

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

**MANHATTAN SCHOOL DISTRICT NO. 114
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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.

Funding Policy. As set by statute, the District's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual contribution rate for calendar year 2011 was 10.92 percent. 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. The required contribution for fiscal year 2012 was \$102,190.

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>
6/30/12	\$ 102,190	100	\$ -
6/30/11	104,218	100	-
6/30/10	109,445	100	-

The required contribution for fiscal year 2012 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 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 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan of the District was 74.24 percent funded. The actuarial accrued liability for benefits was \$1,991,382 and the actuarial value of assets was \$1,478,391, resulting in an underfunded actuarial accrued liability (UAAL) of \$512,991. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$890,284 and the ratio of UAAL to the covered payroll was 58 percent.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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 \$56,068, the total required contribution for the current year.

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 retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State make a contribution to THIS Fund.

The percentage of employer required contributions in the future 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 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$39,178, 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, 2011 and 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of District employees were \$39,119 and \$38,723, respectively.

**MANHATTAN SCHOOL DISTRICT NO. 114
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

Employer contributions to THIS Fund. The employer (District) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the District paid \$29,383 to the THIS Fund. For the years ended June 30, 2011 and 2010, the District paid \$29,339 and \$29,043 to the THIS Fund, 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.

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 2012, the District contributed \$31,196 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other post employment 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	753
Adjustment to annual required contribution	<u>(628)</u>
Annual OPEB cost (expense)	35,899
Contributions made	<u>31,196</u>
Change in net OPEB obligation	4,703
Net OPEB obligation at beginning of year	<u>18,832</u>
Net OPEB obligation at end of year	<u>\$ 23,535</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years are summarized as follows:

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$ 35,899	86.9	\$ 23,535
6/30/11	35,501	87.9	18,832
6/30/10	35,501	87.9	14,527

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$268,410 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$268,410. The covered payroll (annual payroll of active employees covered by the plan) was \$4,977,711 and the ratio of the UAAL to covered payroll was 5.4%.

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, 2012 actuarial valuation, the entry age method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2012 was 30 years.

C. 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 \$1,789,548 for special education, transportation, and related expenditures during the year ended June 30, 2012.

**MANHATTAN SCHOOL DISTRICT NO. 114
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

D. Tort Immunity Expenditures

Tort immunity expenditures for the year ended June 30, 2012 are summarized as follows:

Liability insurance	\$	53,078
Unemployment insurance		22,568
Workers' compensation		29,466
Legal fees		<u>11,827</u>
Total	\$	<u>116,939</u>

E. Concentration

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expires June 30, 2015.

F. Lease Commitments

As of June 30, 2012, the District had lease commitments of \$631,545 which are set to commence during the year ended June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

**MANHATTAN SCHOOL DISTRICT 114
REQUIRED SUPPLEMENTARY INFORMATION -
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2012**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2011	\$ 1,478,391	\$ 1,991,382	\$ 512,991	74.24	\$ 890,284	57.62
December 31, 2010	1,392,808	1,884,474	491,666	73.91	996,033	49.36
December 31, 2009	1,205,430	1,704,491	499,061	70.72	998,617	49.98

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$1,413,792. On a market basis, the funded ratio would be 71.00%.

(1) Most recent information available.

**MANHATTAN SCHOOL DISTRICT 114
REQUIRED SUPPLEMENTARY INFORMATION -
HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES
JUNE 30, 2012**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</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, 2012	\$ 0	\$ 268,410	\$ 268,410	0.00	\$ 4,977,711	5.4%
June 30, 2009	0	444,947	444,947	0.00	N/A	N/A

N/A - Information not available

EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2012	\$ 35,774	87.2
June 30, 2011	35,501	87.9
June 30, 2010	35,501	87.9
June 30, 2009	34,398	70.3

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

**MANHATTAN SCHOOL DISTRICT 114
GENERAL FUND
COMBINING SCHEDULE OF ASSETS AND FUND
BALANCES ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR JUNE 30, 2011**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Tort</u>	<u>Working Cash</u>	<u>Totals</u>	
ASSETS					<u>2012</u>	<u>2011</u>
Equity in pooled cash and investments	\$ 3,318,976	\$ 992,842	\$ 140,417	\$ 2,308,351	\$ 6,760,586	\$ 2,162,217
Investments	<u>2,098,028</u>	<u>866,000</u>	<u>-</u>	<u>-</u>	<u>2,964,028</u>	<u>3,645,000</u>
Total assets	<u>\$ 5,417,004</u>	<u>\$ 1,858,842</u>	<u>\$ 140,417</u>	<u>\$ 2,308,351</u>	<u>\$ 9,724,614</u>	<u>\$ 5,807,217</u>
 FUND BALANCES						
Restricted	\$ -	\$ 1,111,175	\$ 139,471	\$ -	\$ 1,250,646	\$ 1,955,185
Unassigned	<u>5,417,004</u>	<u>747,667</u>	<u>946</u>	<u>2,308,351</u>	<u>8,473,968</u>	<u>3,852,032</u>
Total fund balances	<u>\$ 5,417,004</u>	<u>\$ 1,858,842</u>	<u>\$ 140,417</u>	<u>\$ 2,308,351</u>	<u>\$ 9,724,614</u>	<u>\$ 5,807,217</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, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011**

	Operations and Maintenance		Tort	Working Cash	Totals	
	<u>Educational</u>				<u>2012</u>	<u>2011</u>
Revenues:						
Local sources:						
Property taxes	\$ 6,673,880	\$ 1,023,585	\$ 148,561	\$ 123,731	\$ 7,969,757	\$ 8,266,458
Investment income	1,678	2,444	66	3,843	8,031	25,077
Other	<u>623,867</u>	<u>66,598</u>	<u>-</u>	<u>-</u>	<u>690,465</u>	<u>635,690</u>
Total local sources	<u>7,299,425</u>	<u>1,092,627</u>	<u>148,627</u>	<u>127,574</u>	<u>8,668,253</u>	<u>8,927,225</u>
State sources:						
General state aid	671,603	-	-	-	671,603	993,364
Grants-in-aid	<u>6,388,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,388,148</u>	<u>891,144</u>
Total state sources	<u>7,059,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,059,751</u>	<u>1,884,508</u>
Federal sources:						
Grants-in-aid	<u>307,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,867</u>	<u>563,447</u>
On behalf revenues	<u>1,148,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,148,333</u>	<u>1,066,010</u>
Total revenues	<u>15,815,376</u>	<u>1,092,627</u>	<u>148,627</u>	<u>127,574</u>	<u>17,184,204</u>	<u>12,441,190</u>
Expenditures:						
Current:						
Instruction	<u>5,778,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,778,010</u>	<u>5,590,654</u>
Support services:						
Pupils	611,980	-	-	-	611,980	567,929
Instructional staff	99,352	-	-	-	99,352	110,576
General administration	344,532	-	116,939	-	461,471	451,898
School administration	537,373	-	-	-	537,373	530,525
Business	<u>263,018</u>	<u>1,717,548</u>	<u>-</u>	<u>-</u>	<u>1,980,566</u>	<u>1,198,573</u>
Total support services	<u>1,856,255</u>	<u>1,717,548</u>	<u>116,939</u>	<u>-</u>	<u>3,690,742</u>	<u>2,859,501</u>
Community services	<u>14,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,869</u>	<u>21,557</u>
Payments to other districts and government units	<u>1,445,432</u>	<u>42,198</u>	<u>-</u>	<u>-</u>	<u>1,487,630</u>	<u>1,373,299</u>

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Tort</u>	<u>Working Cash</u>	<u>Totals</u>	
					<u>2012</u>	<u>2011</u>
Debt service:						
Principal	-	-	-	-	-	22,135
Interest	-	-	-	-	-	221
Total debt service	-	-	-	-	-	22,356
Total expenditures	<u>9,094,566</u>	<u>1,759,746</u>	<u>116,939</u>	<u>-</u>	<u>10,971,251</u>	<u>9,867,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,720,810</u>	<u>(667,119)</u>	<u>31,688</u>	<u>127,574</u>	<u>6,212,953</u>	<u>2,573,823</u>
Other financing sources (uses):						
Transfers out	(2,295,556)	-	-	-	(2,295,556)	(2,180,716)
Intrafund transfers	<u>3,843</u>	<u>-</u>	<u>-</u>	<u>(3,843)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,291,713)</u>	<u>-</u>	<u>-</u>	<u>(3,843)</u>	<u>(2,295,556)</u>	<u>(2,180,716)</u>
Net change in fund balances	4,429,097	(667,119)	31,688	123,731	3,917,397	393,107
Fund balances at beginning of year	<u>987,907</u>	<u>2,525,961</u>	<u>108,729</u>	<u>2,184,620</u>	<u>5,807,217</u>	<u>5,414,110</u>
Fund balances at end of year	<u>\$ 5,417,004</u>	<u>\$ 1,858,842</u>	<u>\$ 140,417</u>	<u>\$ 2,308,351</u>	<u>\$ 9,724,614</u>	<u>\$ 5,807,217</u>

EDUCATIONAL FUND

MANHATTAN SCHOOL DISTRICT 114
EDUCATIONAL FUND
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Equity in pooled cash and investments	\$ 3,318,976	\$ 322,907
Investments	<u>2,098,028</u>	<u>665,000</u>
Total assets	<u>\$ 5,417,004</u>	<u>\$ 987,907</u>
 FUND BALANCES		
Unassigned	<u>\$ 5,417,004</u>	<u>\$ 987,907</u>

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>	<u>Variance with</u>		<u>2011</u>
	<u>Original</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
	<u>and Final</u>		<u>Positive</u>	
	<u>Budget</u>		<u>(Negative)</u>	
Revenues:				
Local sources:				
Property taxes	\$ 7,050,623	\$ 6,673,880	\$ (376,743)	\$ 6,918,818
Investment income	4,500	1,678	(2,822)	4,577
Other	<u>498,150</u>	<u>623,867</u>	<u>125,717</u>	<u>545,170</u>
Total local sources	<u>7,553,273</u>	<u>7,299,425</u>	<u>(253,848)</u>	<u>7,468,565</u>
State sources:				
General state aid	876,330	671,603	(204,727)	993,364
Grants-in-aid	<u>528,326</u>	<u>6,388,148</u>	<u>5,859,822</u>	<u>641,144</u>
Total state sources	<u>1,404,656</u>	<u>7,059,751</u>	<u>5,655,095</u>	<u>1,634,508</u>
Federal sources:				
Grants-in-aid	<u>274,928</u>	<u>307,867</u>	<u>32,939</u>	<u>563,447</u>
On behalf revenues				
	<u>-</u>	<u>1,148,333</u>	<u>1,148,333</u>	<u>1,066,010</u>
Total revenues	<u>9,232,857</u>	<u>15,815,376</u>	<u>6,582,519</u>	<u>10,732,530</u>
Expenditures:				
Current:				
Instruction	<u>4,531,500</u>	<u>5,778,010</u>	<u>(1,246,510)</u>	<u>5,590,654</u>
Support services:				
Pupils	598,750	611,980	(13,230)	567,929
Instructional staff	92,800	99,352	(6,552)	110,576
General administration	343,640	344,532	(892)	337,080
School administration	561,300	537,373	23,927	530,525
Business	<u>297,500</u>	<u>263,018</u>	<u>34,482</u>	<u>277,808</u>
Total support services	<u>1,893,990</u>	<u>1,856,255</u>	<u>37,735</u>	<u>1,823,918</u>

	<u>2012</u>		<u>Variance with</u>	<u>2011</u>
	<u>Original</u>		<u>Final Budget</u>	
	<u>and Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>		<u>(Negative)</u>	
Community services	<u>10,000</u>	<u>14,869</u>	<u>(4,869)</u>	<u>21,557</u>
Payments to other districts and government units	<u>1,535,000</u>	<u>1,445,432</u>	<u>89,568</u>	<u>1,347,051</u>
Debt service:				
Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,135</u>
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>221</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,356</u>
Total expenditures	<u>7,970,490</u>	<u>9,094,566</u>	<u>(1,124,076)</u>	<u>8,805,536</u>
Excess of revenues over expenditures	<u>1,262,367</u>	<u>6,720,810</u>	<u>5,458,443</u>	<u>1,926,994</u>
Other financing sources (uses):				
Transfers in	<u>7,000</u>	<u>3,843</u>	<u>(3,157)</u>	<u>6,012</u>
Transfers out	<u>(2,295,556)</u>	<u>(2,295,556)</u>	<u>-</u>	<u>(2,180,716)</u>
Total other financing sources (uses)	<u>(2,288,556)</u>	<u>(2,291,713)</u>	<u>(3,157)</u>	<u>(2,174,704)</u>
Net change in fund balances	<u>(1,026,189)</u>	<u>4,429,097</u>	<u>5,455,286</u>	<u>(247,710)</u>
Fund balances at beginning of year	<u>987,907</u>	<u>987,907</u>	<u>-</u>	<u>1,235,617</u>
Fund balances (deficit) at end of year	<u>\$ (38,282)</u>	<u>\$ 5,417,004</u>	<u>\$ 5,455,286</u>	<u>\$ 987,907</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, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Equity in pooled cash and investments	\$ 992,842	\$ 1,725,961
Investments	<u>866,000</u>	<u>800,000</u>
Total assets	<u>\$ 1,858,842</u>	<u>\$ 2,525,961</u>
FUND BALANCES		
Restricted	\$ 1,111,175	\$ 1,847,336
Unassigned	<u>747,667</u>	<u>678,625</u>
Total fund balances	<u>\$ 1,858,842</u>	<u>\$ 2,525,961</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>Variance with</u> <u>Final Budget</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,084,248	\$ 1,023,585	\$ (60,663)	\$ 1,057,934
Investment income	4,000	2,444	(1,556)	14,310
Other	<u>75,000</u>	<u>66,598</u>	<u>(8,402)</u>	<u>90,520</u>
Total local sources	1,163,248	1,092,627	(70,621)	1,162,764
State sources:				
Grants-in-aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total revenues	<u>1,163,248</u>	<u>1,092,627</u>	<u>(70,621)</u>	<u>1,412,764</u>
Expenditures:				
Current:				
Support services:				
Business	1,801,600	1,717,548	84,052	920,765
Payments to other districts and government units	<u>41,000</u>	<u>42,198</u>	<u>(1,198)</u>	<u>26,248</u>
Total expenditures	<u>1,842,600</u>	<u>1,759,746</u>	<u>82,854</u>	<u>947,013</u>
Excess (deficiency) of revenues over (under) expenditures	(679,352)	(667,119)	12,233	465,751
Fund balances at beginning of year	<u>2,525,961</u>	<u>2,525,961</u>	<u>-</u>	<u>2,060,210</u>
Fund balances at end of year	<u>\$ 1,846,609</u>	<u>\$ 1,858,842</u>	<u>\$ 12,233</u>	<u>\$ 2,525,961</u>

TORT FUND

MANHATTAN SCHOOL DISTRICT 114
TORT FUND
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

	2012	2011
ASSETS		
Equity in pooled cash and investments	\$ 140,417	\$ 108,729
FUND BALANCES		
Restricted	\$ 139,471	\$ 107,849
Unassigned	946	880
Total fund balances	\$ 140,417	\$ 108,729

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</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	\$ 154,697	\$ 148,561	\$ (6,136)	\$ 155,312
Investment income	<u> -</u>	<u> 66</u>	<u> 66</u>	<u> 179</u>
Total revenues	154,697	148,627	(6,070)	155,491
Expenditures:				
Current:				
Support services:				
General administration	<u>160,000</u>	<u>116,939</u>	<u>43,061</u>	<u>114,818</u>
Excess (deficiency) of revenues over (under) expenditures	(5,303)	31,688	36,991	40,673
Fund balances at beginning of year	<u>108,729</u>	<u>108,729</u>	<u> -</u>	<u>68,056</u>
Fund balance at end of year	<u>\$ 103,426</u>	<u>\$ 140,417</u>	<u>\$ 36,991</u>	<u>\$ 108,729</u>

WORKING CASH FUND

MANHATTAN SCHOOL DISTRICT 114
WORKING CASH FUND
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Equity in pooled cash and investments	\$ 2,308,351	\$ 4,620
Investments	<u>-</u>	<u>2,180,000</u>
Total assets	<u>\$ 2,308,351</u>	<u>\$ 2,184,620</u>
FUND BALANCES		
Unassigned	<u>\$ 2,308,351</u>	<u>\$ 2,184,620</u>

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		Variance with Final Budget Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
Revenues:				
Local sources:				
Property taxes	\$ 139,638	\$ 123,731	\$ (15,907)	\$ 134,394
Investment income	<u>7,000</u>	<u>3,843</u>	<u>(3,157)</u>	<u>6,011</u>
Total revenues	146,638	127,574	(19,064)	140,405
Other financing uses:				
Transfers out	<u>(7,000)</u>	<u>(3,843)</u>	<u>3,157</u>	<u>(6,012)</u>
Net change in fund balances	139,638	123,731	(15,907)	134,393
Fund balances at beginning of year	<u>2,184,620</u>	<u>2,184,620</u>	<u>-</u>	<u>2,050,227</u>
Fund balances at end of year	<u>\$ 2,324,258</u>	<u>\$ 2,308,351</u>	<u>\$ (15,907)</u>	<u>\$ 2,184,620</u>

DEBT SERVICES FUND

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Expenditures:				
Debt service:				
Principal	\$ 1,180,416	\$ 1,180,416	\$ -	\$ 1,144,580
Interest	<u>1,115,140</u>	<u>1,115,140</u>	<u>-</u>	<u>1,042,789</u>
Total expenditures	2,295,556	2,295,556	-	2,187,369
Other financing sources:				
Transfers in	<u>2,295,556</u>	<u>2,295,556</u>	<u>-</u>	<u>2,180,716</u>
Net change in fund balances	-	-	-	(6,653)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,653</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NONMAJOR GOVERNMENTAL FUNDS

**MANHATTAN SCHOOL DISTRICT 114
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS -
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012**

	<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>
ASSETS			
Equity in pooled cash and investments	<u>\$ 688,440</u>	<u>\$ 220,879</u>	<u>\$ -</u>
			<u>\$ 909,319</u>
FUND BALANCES			
Restricted	\$ 617,469	\$ 211,707	\$ -
Assigned	<u>70,971</u>	<u>9,172</u>	<u>-</u>
			<u>80,143</u>
Total fund balances	<u>\$ 688,440</u>	<u>\$ 220,879</u>	<u>\$ -</u>
			<u>\$ 909,319</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, 2012**

	<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	\$ 446,450	\$ 246,118	\$ -		\$ 692,568
Investment income	967	104	-		1,071
Other	<u>6,295</u>	<u>-</u>	<u>-</u>		<u>6,295</u>
Total local sources	453,712	246,222	-		699,934
State sources:					
Grants-in-aid	<u>403,847</u>	<u>-</u>	<u>-</u>		<u>403,847</u>
Total revenues	<u>857,559</u>	<u>246,222</u>	<u>-</u>		<u>1,103,781</u>
Expenditures:					
Current:					
Instruction	-	79,694	-		79,694
Support services	511,892	146,962	110,448		769,302
Payments to other districts and government units	285,820	-	-		285,820
Debt service:					
Interest	<u>5,351</u>	<u>-</u>	<u>-</u>		<u>5,351</u>
Total expenditures	<u>803,063</u>	<u>226,656</u>	<u>110,448</u>		<u>1,140,167</u>
Excess (deficiency) of revenues over (under) expenditures	54,496	19,566	(110,448)		(36,386)
Fund balances at beginning of year	<u>633,944</u>	<u>201,313</u>	<u>110,448</u>		<u>945,705</u>
Fund balances at end of year	<u>\$ 688,440</u>	<u>\$ 220,879</u>	<u>\$ -</u>		<u>\$ 909,319</u>

SPECIAL REVENUE FUNDS

TRANSPORTATION FUND

**MANHATTAN SCHOOL DISTRICT 114
TRANSPORTATION FUND
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011**

	2012	2011
ASSETS		
Equity in pooled cash and investments	<u>\$ 688,440</u>	<u>\$ 633,944</u>
FUND BALANCES		
Restricted	\$ 617,469	\$ 570,235
Assigned	<u>70,971</u>	<u>63,709</u>
Total fund balances	<u>\$ 688,440</u>	<u>\$ 633,944</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>Variance with Final Budget Positive (Negative)</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 464,639	\$ 446,450	\$ (18,189)	\$ 501,073
Investment income	1,000	967	(33)	1,081
Other	<u>6,900</u>	<u>6,295</u>	<u>(605)</u>	<u>21,774</u>
Total local sources	472,539	453,712	(18,827)	523,928
State sources:				
Grants-in-aid	<u>392,500</u>	<u>403,847</u>	<u>11,347</u>	<u>494,112</u>
Total revenues	<u>865,039</u>	<u>857,559</u>	<u>(7,480)</u>	<u>1,018,040</u>
Expenditures:				
Current:				
Support services:				
Business	585,300	511,892	73,408	641,855
Payments to other districts and government units	246,000	285,820	(39,820)	96,536
Debt service:				
Principal	-	-	-	21,628
Interest	<u>6,500</u>	<u>5,351</u>	<u>1,149</u>	<u>10,922</u>
Total expenditures	<u>837,800</u>	<u>803,063</u>	<u>34,737</u>	<u>770,941</u>
Excess of revenues over expenditures	27,239	54,496	27,257	247,099
Fund balances at beginning of year	<u>633,944</u>	<u>633,944</u>	<u>-</u>	<u>386,845</u>
Fund balances at end of year	<u>\$ 661,183</u>	<u>\$ 688,440</u>	<u>\$ 27,257</u>	<u>\$ 633,944</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, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Equity in pooled cash and investments	<u>\$ 220,879</u>	<u>\$ 201,313</u>
FUND BALANCES		
Restricted	\$ 211,707	\$ 192,245
Assigned	<u>9,172</u>	<u>9,068</u>
Total fund balances	<u>\$ 220,879</u>	<u>\$ 201,313</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</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	\$ 278,454	\$ 246,118	\$ (32,336)	\$ 273,208
Investment income	<u>300</u>	<u>104</u>	<u>(196)</u>	<u>377</u>
Total revenues	<u>278,754</u>	<u>246,222</u>	<u>(32,532)</u>	<u>273,585</u>
Expenditures:				
Current:				
Instruction	<u>82,600</u>	<u>79,694</u>	<u>2,906</u>	<u>79,443</u>
Support services:				
Pupils	22,700	23,630	(930)	21,742
Instructional staff	8,100	8,582	(482)	7,900
General administration	8,000	8,888	(888)	7,493
School administration	26,000	24,556	1,444	25,053
Business	<u>87,700</u>	<u>81,306</u>	<u>6,394</u>	<u>89,118</u>
Total support services	<u>152,500</u>	<u>146,962</u>	<u>5,538</u>	<u>151,306</u>
Total expenditures	<u>235,100</u>	<u>226,656</u>	<u>8,444</u>	<u>230,749</u>
Excess of revenues over expenditures	43,654	19,566	(24,088)	42,836
Fund balances at beginning of year	<u>201,313</u>	<u>201,313</u>	<u>-</u>	<u>158,477</u>
Fund balances at end of year	<u>\$ 244,967</u>	<u>\$ 220,879</u>	<u>\$ (24,088)</u>	<u>\$ 201,313</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, 2012
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Equity in pooled cash and investments	\$ <u> -</u>	\$ <u> 110,448</u>
FUND BALANCES		
Restricted	\$ -	\$ 100,483
Assigned	<u> -</u>	<u> 9,965</u>
Total fund balances	<u>\$ -</u>	<u>\$ 110,448</u>

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</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	\$ -	\$ -	\$ -	\$ 302
Expenditures:				
Current:				
Support services:				
Business	<u>110,000</u>	<u>110,448</u>	<u>(448)</u>	<u>7,000</u>
Deficiency of revenues under expenditures	(110,000)	(110,448)	(448)	(6,698)
Fund balances at beginning of year	<u>110,448</u>	<u>110,448</u>	<u>-</u>	<u>117,146</u>
Fund balances at end of year	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ (448)</u>	<u>\$ 110,448</u>

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET

2MANHATTAN SCHOOL DISTRICT 114
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Educational Fund:				
Instruction:				
Regular programs	\$ 3,058,485	\$ 1,517,182	\$ 67,363	\$ 113,271
Special education programs	690,975	84,724	-	2,209
Interscholastic programs	62,523	517	3,024	1,446
Special education programs K-12 - private tuition	-	-	-	-
Summer school programs - private tuition	-	-	-	-
Total instruction	<u>3,811,983</u>	<u>1,602,423</u>	<u>70,387</u>	<u>116,926</u>
Support services:				
Pupils:				
Attendance and social work services	140,725	7,293	-	102
Health services	91,239	15,477	60	1,797
Psychological services	46,097	984	370	2,094
Speech pathology and audiology services	130,875	7,145	26,043	2,494
Other support services - pupils	<u>137,643</u>	<u>1,542</u>	<u>-</u>	<u>-</u>
Total pupils	<u>546,579</u>	<u>32,441</u>	<u>26,473</u>	<u>6,487</u>
Instructional staff:				
Improvement of instruction services	-	13,860	26,844	4,054
Educational media services	<u>46,851</u>	<u>6,200</u>	<u>591</u>	<u>952</u>
Total instructional staff	<u>46,851</u>	<u>20,060</u>	<u>27,435</u>	<u>5,006</u>
General administration:				
Board of Education services	-	-	13,238	29
Executive administration services	<u>232,575</u>	<u>93,582</u>	<u>385</u>	<u>-</u>
Total general administration	<u>232,575</u>	<u>93,582</u>	<u>13,623</u>	<u>29</u>
School administration:				
Office of the principal services	<u>402,980</u>	<u>132,065</u>	<u>1,698</u>	<u>-</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>	
\$ 5,733	\$ 890	\$ 5,878	\$ -	\$ 4,768,802	\$ 3,572,200	\$ (1,196,602)
-	-	-	-	777,908	742,200	(35,708)
-	250	-	-	67,760	70,100	2,340
-	139,246	-	-	139,246	120,000	(19,246)
-	24,294	-	-	24,294	27,000	2,706
<u>5,733</u>	<u>164,680</u>	<u>5,878</u>	<u>-</u>	<u>5,778,010</u>	<u>4,531,500</u>	<u>(1,246,510)</u>
-	-	-	-	148,120	144,600	(3,520)
-	-	-	-	108,573	105,900	(2,673)
-	-	-	-	49,545	45,750	(3,795)
-	-	-	-	166,557	161,700	(4,857)
-	-	-	-	139,185	140,800	1,615
-	-	-	-	611,980	598,750	(13,230)
-	-	-	-	44,758	35,000	(9,758)
-	-	-	-	54,594	57,800	3,206
-	-	-	-	99,352	92,800	(6,552)
-	2,725	-	-	15,992	15,100	(892)
-	1,998	-	-	328,540	328,540	-
-	4,723	-	-	344,532	343,640	(892)
-	630	-	-	537,373	561,300	23,927

(continued)

MANHATTAN SCHOOL DISTRICT 114
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Fiscal services	35,864	24,614	29,766	1,374
Food services	<u>-</u>	<u>-</u>	<u>142,968</u>	<u>28,432</u>
Total business	<u>35,864</u>	<u>24,614</u>	<u>172,734</u>	<u>29,806</u>
Total support services	<u>1,264,849</u>	<u>302,762</u>	<u>241,963</u>	<u>41,328</u>
Community services	<u>-</u>	<u>-</u>	<u>13,207</u>	<u>1,662</u>
Payments to other districts and government units:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>71,394</u>	<u>-</u>
Total Educational Fund	<u>\$ 5,076,832</u>	<u>\$ 1,905,185</u>	<u>\$ 396,951</u>	<u>\$ 159,916</u>
Operations and Maintenance Fund:				
Support services:				
Business:				
Facilities acquisition and construction services	\$ -	\$ -	\$ 809,944	\$ -
Operation and maintenance of plant services	<u>128,734</u>	<u>33,195</u>	<u>491,411</u>	<u>252,868</u>
Total business	128,734	33,195	1,301,355	252,868
Payments to other districts and government units:				
Other	<u>-</u>	<u>-</u>	<u>42,198</u>	<u>-</u>
Total Operations and Maintenance Fund	<u>\$ 128,734</u>	<u>\$ 33,195</u>	<u>\$ 1,343,553</u>	<u>\$ 252,868</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>	
-	-	-	-	91,618	97,500	5,882
-	-	-	-	171,400	200,000	28,600
-	-	-	-	263,018	297,500	34,482
-	5,353	-	-	1,856,255	1,893,990	37,735
-	-	-	-	14,869	10,000	(4,869)
-	1,374,038	-	-	1,445,432	1,535,000	89,568
<u>\$ 5,733</u>	<u>\$ 1,544,071</u>	<u>\$ 5,878</u>	<u>\$ -</u>	<u>\$ 9,094,566</u>	<u>\$ 7,970,490</u>	<u>\$ (1,124,076)</u>
\$ -	\$ -	\$ -	\$ -	\$ 809,944	\$ 855,000	\$ 45,056
-	1,396	-	-	907,604	946,600	38,996
-	1,396	-	-	1,717,548	1,801,600	84,052
-	-	-	-	42,198	41,000	(1,198)
<u>\$ -</u>	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759,746</u>	<u>\$ 1,842,600</u>	<u>\$ 82,854</u>

(continued)

MANHATTAN SCHOOL DISTRICT 114
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<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	\$ -	\$ -	\$ 29,466	\$ -
Unemployment insurance payments	-	22,568	-	-
Legal services	-	-	11,827	-
Liability insurance	-	-	<u>53,078</u>	-
Total Tort Fund	<u>\$ -</u>	<u>\$ 22,568</u>	<u>\$ 94,371</u>	<u>\$ -</u>
Debt Services Fund:				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Debt Services Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation Fund:				
Support services:				
Business:				
Pupil transportation services	\$ 286,867	\$ 29,194	\$ 37,837	\$ 133,681
Payments to other districts and government units:				
Payments for special education programs	-	-	285,820	-
Debt service:				
Interest	-	-	-	-
Total Transportation Fund	<u>\$ 286,867</u>	<u>\$ 29,194</u>	<u>\$ 323,657</u>	<u>\$ 133,681</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>	
\$ -	\$ -	\$ -	\$ -	\$ 29,466	\$ 35,000	\$ 5,534
-	-	-	-	22,568	75,000	52,432
-	-	-	-	11,827	10,000	(1,827)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,078</u>	<u>40,000</u>	<u>(13,078)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,939</u>	<u>\$ 160,000</u>	<u>\$ 43,061</u>
\$ -	\$ 1,180,416	\$ -	\$ -	\$ 1,180,416	\$ 1,180,416	\$ -
<u>-</u>	<u>1,115,140</u>	<u>-</u>	<u>-</u>	<u>1,115,140</u>	<u>1,115,140</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,295,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,295,556</u>	<u>\$ 2,295,556</u>	<u>\$ -</u>
\$ 24,313	\$ -	\$ -	\$ -	\$ 511,892	\$ 585,300	\$ 73,408
-	-	-	-	285,820	246,000	(39,820)
<u>-</u>	<u>5,351</u>	<u>-</u>	<u>-</u>	<u>5,351</u>	<u>6,500</u>	<u>1,149</u>
<u>\$ 24,313</u>	<u>\$ 5,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,063</u>	<u>\$ 837,800</u>	<u>\$ 34,737</u>

(continued)

MANHATTAN SCHOOL DISTRICT 114
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Municipal Retirement/Social Security Fund:				
Instruction:				
Regular programs	\$ -	\$ 45,205	\$ -	\$ -
Special education programs	-	32,291	-	-
Interscholastic programs	-	<u>2,198</u>	-	-
Total instruction	<u>-</u>	<u>79,694</u>	<u>-</u>	<u>-</u>
Support services:				
Pupils:				
Attendance and social work services	-	2,025	-	-
Health services	-	16,308	-	-
Psychological Services	-	668	-	-
Speech pathology and audiology services	-	1,867	-	-
Other support services - pupils	-	<u>2,762</u>	-	-
Total pupils	<u>-</u>	<u>23,630</u>	<u>-</u>	<u>-</u>
Instructional staff:				
Educational media services	-	<u>8,582</u>	-	-
General administration:				
Executive administration services	-	<u>8,888</u>	-	-
School administration:				
Office of the principal services	-	<u>24,556</u>	-	-
Business:				
Fiscal services	-	7,027	-	-
Operation and maintenance of plant services	-	22,386	-	-
Pupil transportation services	-	<u>51,893</u>	-	-
Total business	<u>-</u>	<u>81,306</u>	<u>-</u>	<u>-</u>
Total support services	<u>-</u>	<u>146,962</u>	<u>-</u>	<u>-</u>
Total Municipal Retirement/ Social Security Fund	<u>\$ -</u>	<u>\$ 226,656</u>	<u>\$ -</u>	<u>\$ -</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>	
\$ -	\$ -	\$ -	\$ -	\$ 45,205	\$ 54,000	\$ 8,795
-	-	-	-	32,291	27,000	(5,291)
-	-	-	-	2,198	1,600	(598)
-	-	-	-	79,694	82,600	2,906
-	-	-	-	2,025	1,950	(75)
-	-	-	-	16,308	16,100	(208)
-	-	-	-	668	-	(668)
-	-	-	-	1,867	1,650	(217)
-	-	-	-	2,762	3,000	238
-	-	-	-	23,630	22,700	(930)
-	-	-	-	8,582	8,100	(482)
-	-	-	-	8,888	8,000	(888)
-	-	-	-	24,556	26,000	1,444
-	-	-	-	7,027	8,700	1,673
-	-	-	-	22,386	22,000	(386)
-	-	-	-	51,893	57,000	5,107
-	-	-	-	81,306	87,700	6,394
-	-	-	-	146,962	152,500	5,538
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,656</u>	<u>\$ 235,100</u>	<u>\$ 8,444</u>

(continued)

**MANHATTAN SCHOOL DISTRICT 114
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012**

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
Fire Prevention and Safety Fund:				
Support services:				
Business:				
Facilities acquisition and construction services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,604</u>	<u>\$ 4,844</u>
Total expenditures	<u>\$ 5,492,433</u>	<u>\$ 2,216,798</u>	<u>\$ 2,264,136</u>	<u>\$ 551,309</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>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,448</u>	<u>\$ 110,000</u>	<u>\$ (448)</u>
<u>\$ 30,046</u>	<u>\$ 3,846,374</u>	<u>\$ 5,878</u>	<u>\$ -</u>	<u>\$ 14,406,974</u>	<u>\$ 13,451,546</u>	<u>\$ (955,428)</u> (concluded)

OTHER INFORMATION SECTION

**MANHATTAN SCHOOL DISTRICT 114
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2012**

Assessed valuation - 2011 tax year	<u>\$ 256,051,061</u>
Statutory debt limitation (15% of assessed valuation)*	\$ 38,407,659
Debt:	
Bonds payable	<u>12,404,603</u>
Legal debt margin	<u>\$ 26,003,056</u>

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