

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69

SKOKIE, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	5 - 6
Supplemental Information	
Management's Discussion and Analysis	7 - 12
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	13
Statement of Activities - Modified Cash Basis	14
Fund Financial Statements	
Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions - Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions to the Statement of Net Position	16
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Governmental Funds Statement of Cash Receipts, Disbursements, and Changes in Fund Balances to the Statement of Activities	18
Statement of Assets, Liabilities, and Net Position Arising from Cash Transactions - Fiduciary Funds	19
Notes to the Financial Statements	20 - 36

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
Audited Individual Fund Financial Statements	
Detail Statements of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual	
Educational Fund	37 - 40
Operations and Maintenance Fund	41
Transportation Fund	42
Municipal Retirement/Social Security Fund	43
Working Cash Fund	44
Tort Immunity Fund	45
Bond and Interest Fund	46
Capital Projects Fund	47
Detail Statements of Cash Receipts, Disbursements and Changes in Fund Balance - Fiduciary Funds	48
Annual Federal Financial Compliance Section	
Cover Sheet	49
Schedule of Expenditures of Federal Awards	50 - 52
Schedule of Findings and Questioned Costs	53 - 54
Notes to Schedule of Expenditures of Federal Awards	55
Supplemental Information	
Schedule of Funding Progress	56
Schedule of Assessed Valuations, Tax Rates and Tax Extensions	57
Schedule of Operating Expenditures Per Pupil	58
Schedule of Per Capita Tuition Charge	59



Evoy, Kamschulte, Jacobs & Co. LLP

Certified Public Accountants

2122 YEOMAN STREET • WILKEGAN, ILLINOIS 60087
TELEPHONE (847) 662-8300 • FAX (847) 662-8305

VINCENT A. VARSEK, C.P.A.
DOUGLAS L. WAGNER, C.P.A.
JAMES R. HENRY, C.P.A.
KEVIN P. KINNAVY, C.P.A.
JOHN D. ACETO, JR., C.P.A.
ALLAN J. JACOBS, C.P.A., OF COUNSEL
PAUL E. KAMSCHULTE, C.P.A., RETIRED
RALPH S. JACOBS, C.P.A., 1935-1976
JAMES E. EVOY, C.P.A., 1970-2008

INDEPENDENT AUDITOR'S REPORT

Board of Education
Skokie Elementary School District No. 69
Skokie, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Skokie Elementary School District No. 69, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents. We have also audited the individual fund financial statements presented as audited individual fund financial statements, as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic and individual fund 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances; but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the basic, and individual fund, financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund, and each individual fund, of the Skokie Elementary School District No. 69, as of June 30, 2013, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Skokie Elementary School District No. 69's basic financial statements. The supplemental information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October xx, 2013 on our consideration of Skokie Elementary School District No. 69's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Skokie Elementary School District No. 69's internal control over financial reporting and compliance.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

October 31, 2013
Waukegan, Illinois



Evoy, Kamschulte, Jacobs & Co. LLP

Certified Public Accountants

2122 YEOMAN STREET • WALKEGAN, ILLINOIS 60087
TELEPHONE (847) 662-8300 • FAX (847) 662-8305

VINCENT A. VARSEK, C.P.A.
DOUGLAS L. WAGNER, C.P.A.
JAMES R. HENRY, C.P.A.
KEVIN P. KINNAVY, C.P.A.
JOHN D. ACETO, JR., C.P.A.

ALLAN J. JACOBS, C.P.A., OF COUNSEL

PAUL E. KAMSCHULTE, C.P.A., RETIRED

RALPH S. JACOBS, C.P.A., 1935-1976
JAMES E. EVOY, C.P.A., 1970-2008

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

Board of Education
Skokie Elementary School District No. 69
Skokie, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Skokie Elementary School District No. 69 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Skokie Elementary School District No. 69's basic financial statements and have issued our report thereon dated October 31, 2013, which was qualified because the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Skokie Elementary School District No. 69's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Skokie Elementary School District No. 69's internal control. Accordingly, we do not express an opinion on the effectiveness of Skokie Elementary School District No. 69's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Skokie Elementary School District No. 69's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Skokie Elementary School District No. 69's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

October 31, 2013
Waukegan, Illinois



Evoy, Kamschulte, Jacobs & Co. LLP

Certified Public Accountants

2122 YEOMAN STREET • WILKEGAN, ILLINOIS 60087
TELEPHONE (847) 662-8300 • FAX (847) 662-8305

VINCENT A. VARSEK, C.P.A.
DOUGLAS L. WAGNER, C.P.A.
JAMES R. HENRY, C.P.A.
KEVIN P. KINNAVY, C.P.A.
JOHN D. ACETO, JR., C.P.A.
ALLAN J. JACOBS, C.P.A., OF COUNSEL
PAUL E. KAMSCHULTE, C.P.A., RETIRED
RALPH S. JACOBS, C.P.A., 1935-1976
JAMES E. EVOY, C.P.A., 1970-2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Skokie Elementary School District No. 69
Skokie, Illinois

Report on Compliance for Each Major Federal Program

We have audited Skokie Elementary School District No. 69's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Skokie Elementary School District No. 69's major federal programs for the year ended June 30, 2013. Skokie Elementary School District No. 69's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Skokie Elementary School District No. 69's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Skokie Elementary School District No. 69's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Skokie Elementary School District No. 69's compliance.

Opinion on Each Major Federal Program

In our opinion, Skokie Elementary School District No. 69 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Skokie Elementary School District No. 69 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Skokie Elementary School District No. 69's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Skokie Elementary School District No. 69's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

October 31, 2013
Waukegan, Illinois

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Our discussion and analysis of the Skokie Elementary School District No. 69's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which begin on page 13, and the Notes to the Financial Statements, which begin on page 20, to further enhance your understanding of the District's financial condition.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2013 by \$40,780,650 (net position).
- The District's total net position increased by \$6,878,080.
- The District reduced its total long-term debt by \$2,576,519.
- At June 30, 2013, the District's governmental funds reported combined fund balances of \$27,593,844, an increase of \$3,613,129 over the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis (on pages 13 and 14) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 15. For the governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as agent for the benefit of those outside the government.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 9. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the District's net position and changes in it. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. In order to assess the overall health of the District, you will need to consider other factors, such as the timing of the county tax billing cycles, and the basis of accounting. The two statements should show that the District has made significant strides and is dedicated to continuing its efforts to achieve and maintain financial health.

In the Statement of Net Position and the Statement of Activities, we report the District's Governmental activities. All of the District's services are reported here, including instructional services, support services, community services, and non-programmed charges. Property taxes, earnings on investments, fees, and state and federal grants finance most of these activities.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

USING THIS ANNUAL REPORT (continued)

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- Governmental funds—All of the District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The District maintains its accounting records for all funds on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule in the financial statements.

The District as Trustee

The District is the trustee, or fiduciary, for its students and employees. All of the District's fiduciary activities are reported in a separate Statement of Assets, Liabilities, and Net Position Arising From Cash Transactions on page 19, and a Statement of Cash Receipts, Disbursements and Changes in Fund Balance on page 48. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are contained on pages 20 through 36.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information relating to the District's progress in funding its obligation to provide pension benefits to its non-certified employees, and other supplemental information that may be useful to the reader.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

THE DISTRICT AS A WHOLE

A condensed statement of net position, as of June 30, 2013, and statement of activities, for the year ended June 30, 2013, is presented below.

Net Position	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 27,615,883	\$ 24,094,697
Capital Assets	27,799,422	27,110,990
Total Assets	55,415,305	51,205,687
Current Liabilities	(22,039)	(113,982)
Long-Term Debt Outstanding	(14,612,616)	(17,189,135)
Total Liabilities	(14,634,655)	(17,303,117)
	<u>\$ 40,780,650</u>	<u>\$ 33,902,570</u>
Net Position:		
Net Investment in Capital Assets	\$ 17,311,806	\$ 14,656,855
Restricted	21,023,318	20,063,071
Unrestricted	2,445,526	(817,356)
Total Net Position	<u>\$ 40,780,650</u>	<u>\$ 33,902,570</u>
 <u>Changes in Net Position</u>		
<u>Receipts</u>		
Program Receipts		
Charges for services	\$ 477,359	\$ 367,408
Operating grants	5,783,014	4,884,733
Capital grants	-	1,372,496
General Receipts		
Property taxes	21,451,211	21,208,891
Other taxes	491,721	464,585
Earnings on investments	434,632	324,539
General state aid	1,624,346	1,418,071
Other	332,626	237,389
Total Receipts	<u>\$ 30,594,909</u>	<u>\$ 30,278,112</u>
<u>Disbursements</u>		
Program Disbursements		
Instruction	\$ 13,971,500	\$ 12,762,058
Support services	7,401,905	7,254,714
Community services	9,318	4,874
Nonprogrammed Charges	785,178	1,319,881
Interest and other charges	526,127	539,127
Depreciation - unallocated	1,022,801	970,915
Total Disbursements	<u>\$ 23,716,829</u>	<u>\$ 22,851,569</u>
Change in Net Position	\$ 6,878,080	\$ 7,426,543
Net Position - Beginning	33,902,570	26,476,027
Net Position - Ending	<u>\$ 40,780,650</u>	<u>\$ 33,902,570</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

THE DISTRICT AS A WHOLE (continued)

Net position of the District's governmental activities increased by \$6,878,080. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — increased by \$3,262,882 to \$2,445,526. This increase in unrestricted net assets arose primarily because of a sustained effort to increase the fund balance in each operating fund, as a part of the long term financial board goals.

THE DISTRICT'S FUNDS

At June 30, 2013 the District's governmental funds (as presented in the Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions on page 15) reported a combined fund balance of \$27,593,844, which is above last year's total of \$23,980,715. The primary reasons for the governmental funds increase are due to fiscally responsible budgeting and the realization of additional state grant funding during this fiscal year.

General Fund Budgetary Highlights

The July 1, 2012 to June 30, 2013 budget, which was not amended, was approved by the Board of Education on September 24, 2012. The budget is a general guide for the financial activity of the District.

- The General (Education) Fund actual direct receipts were less than the budgeted amount due to a lower tax collection rate and adjustments in the 2012 levy request due to sustained declines in the assessed valuation of local properties.
- The General (Education) Fund actual direct disbursements were less than the budgeted amount due to a fiscally responsible approach to controlling expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had \$27,799,422 invested in capital assets, including land, land improvements, buildings and furniture and equipment, as shown below.

Capital Assets at Year End (Net of Depreciation)	Governmental Activities	
	2013	2012
Land and Improvements	\$ 448,031	\$ 466,950
Buildings	26,159,658	25,622,054
Furniture and Equipment	1,191,733	899,341
Construction-in-Progress	-	122,645
Totals	<u>\$ 27,799,422</u>	<u>\$ 27,110,990</u>

This year's major additions included the completion of work which occurred during the summer of 2012. This included two new air handlers and electric work among other miscellaneous projects.

The District's fiscal year 2013-14 budget calls for it to spend \$1,350,000 for capital projects, principally for the construction of secure entry vestibules at each of the three schools, and masonry work at the Junior High School.

See Notes 1 and 3 to the financial statements for additional information about changes in capital assets and depreciation.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At June 30, 2013, the District had \$14,612,616 in long-term debt outstanding, as shown below.

Outstanding Debt at Year End	Governmental Activities	
	2013	2012
2002 Building Bonds	\$ -	\$ 460,000
2003 Fire Prevention and Safety Bonds	555,000	1,070,000
2009B Working Cash Fund Bonds	625,000	1,235,000
2010 Refunding Bonds	5,495,000	5,540,000
2012 Working Cash and Refunding Bonds	7,905,000	8,820,000
Capital Lease	32,616	64,135
Totals	<u>\$ 14,612,616</u>	<u>\$ 17,189,135</u>

There was no new long term debt issued during the year ended June 30, 2103. The last long term debt issuance by the District (March 2012) was assigned a rating of "Aa3" by Moody's Investors Service, Inc. The total amount of bonded indebtedness of the District is within its legal debt authority.

See Note 4 to the financial statements for additional information about long-term debt.

OTHER FINANCIAL MATTERS BEARING ON THE DISTRICT'S FUTURE

The Cook County tax cap, properly known as the Property Tax Extension Limitation Law (PTELL) will continue to have a negative effect on the district's revenues. The tax cap limit allowed for a 3% increase in the tax extension from the 2011 tax year to the 2012 tax year. The equalized assessed valuation (EAV) of property located within the District decreased over 8.6% from \$446,440,343 to \$408,037,019.

The District continues to be negatively impacted by property tax objections, which cost the District funds that may come out of current year tax collections. Future tax objections will continue to reduce current revenues from local property taxes.

The former Pfizer property, and much of the surrounding commercial property has been designated a Tax Increment Financing (TIF) district with a 23 year life span. On a positive note, the TIF agreement specifically notes that the school district will share in the proceeds of the referendum passed in March 2006 affecting the TIF district for the life of the TIF.

The District remains on its current financial path to rebuild fund balances to preparation for an uncertain future. By continuing to monitor spending closely, and operate responsibly under the current economic downturn, the District strives to maintain financial stability. In an effort to carry out the goals of the District 69 Board of Education, we will continue to work toward long-term fund balances goals of 30% of expenditures in each operating fund at the low cash point of the fiscal year.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with an overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Eric Miller, Assistant Superintendent of Finance and Operations, 5050 Madison Street, Skokie, IL 60077, 847-675-7666.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and Investments	\$ 27,615,883
Capital Assets	
Land	\$ 307,362
Land Improvements	378,398
Buildings	38,021,881
Furniture and Equipment	4,865,725
Less: Accumulated Depreciation	(15,773,944)
Total Capital Assets, Net	<u>\$ 27,799,422</u>
TOTAL ASSETS	<u>\$ 55,415,305</u>
 LIABILITIES	
Current Liabilities	<u>\$ 22,039</u>
Long-Term Liabilities	
Portion Due Within One Year	
Capital Lease	\$ 32,616
General Obligation Bonds	2,630,000
Portion Due in More Than One Year	
Capital Lease	-
General Obligation Bonds	11,950,000
Total Long-Term Liabilities	<u>\$ 14,612,616</u>
TOTAL LIABILITIES	<u>\$ 14,634,655</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 17,311,806
Restricted	
Tort Immunity	1,253,051
Technology Leasing	421,320
Operations and Maintenance	3,281,772
Transportation	3,442,070
Municipal Retirement/Social Security	240,015
Working Cash	2,935,690
Debt Service	2,406,669
Capital Projects	7,042,731
Unrestricted	<u>2,445,526</u>
TOTAL NET POSITION	<u><u>\$ 40,780,650</u></u>

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAMS Governmental Activities	Program Receipts			Net (Disbursements) Receipts and Change in Net Position
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities Total
Instruction				
Regular Programs	\$ 11,519,880	\$ 198,713	\$ 3,719,626	\$ (7,601,541)
Pre-K Programs	325,739	-	-	(325,739)
Special Education Programs	1,056,939	-	729,099	(327,840)
Remedial and Supplemental Programs	259,235	-	-	(259,235)
Interscholastic Programs	326,300	-	-	(326,300)
Summer School Programs	18,858	-	-	(18,858)
Bilingual Programs	464,549	-	126,818	(337,731)
Support Services				
Pupils	1,161,247	-	-	(1,161,247)
Instructional Staff	326,631	-	271,371	(55,260)
General Administration	536,730	-	-	(536,730)
School Administration	637,429	-	-	(637,429)
Business	3,503,655	278,646	936,100	(2,288,909)
Central	1,169,661	-	-	(1,169,661)
Other	66,552	-	-	(66,552)
Community Services	9,318	-	-	(9,318)
Nonprogrammed Charges	785,178	-	-	(785,178)
Interest and Other Charges	526,127	-	-	(526,127)
Depreciation - Unallocated	1,022,801	-	-	(1,022,801)
Total Governmental Activities	\$ 23,716,829	\$ 477,359	\$ 5,783,014	\$ (17,456,456)
GENERAL RECEIPTS				
Taxes				
Property Taxes, levied for general purposes				\$ 15,603,974
Property Taxes, levied for debt service				3,142,997
Property Taxes, levied for other specific purposes				2,704,240
Personal Property Replacement				491,721
Unrestricted Earnings on Investments				434,632
General State Aid				1,624,346
Other				332,626
TOTAL GENERAL RECEIPTS				\$ 24,334,536
CHANGE IN NET POSITION				
				\$ 6,878,080
NET POSITION - JULY 1, 2012				
				33,902,570
NET POSITION - JUNE 30, 2013				
				\$ 40,780,650

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Governmental Funds
		Operations and Maintenance Fund	Transportation Fund	Retirement/ Social Security Fund	Working Cash Fund	Tort Immunity Fund			
ASSETS									
Cash and Investments	\$ 7,003,131	\$ 3,292,954	\$ 3,439,426	\$ 240,015	\$ 2,935,690	\$ 1,255,267	\$ 2,406,669	\$ 7,042,731	\$ 27,615,883
TOTAL ASSETS	\$ 7,003,131	\$ 3,292,954	\$ 3,439,426	\$ 240,015	\$ 2,935,690	\$ 1,255,267	\$ 2,406,669	\$ 7,042,731	\$ 27,615,883
LIABILITIES AND FUND BALANCES									
LIABILITIES	\$ 11,285	\$ 11,182	\$ (2,644)	\$ -	\$ -	\$ 2,216	\$ -	\$ -	\$ 22,039
FUND BALANCES									
Restricted									
Insurance Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,253,051	\$ -	\$ -	\$ 1,253,051
Technology Leasing	421,320	-	-	-	-	-	-	-	421,320
Operations and Maintenance	-	3,281,772	-	-	-	-	-	-	3,281,772
Transportation Services	-	-	3,442,070	-	-	-	-	-	3,442,070
Employee Benefits Payments	-	-	-	240,015	-	-	-	-	240,015
Interfund Borrowing	-	-	-	-	2,935,690	-	-	-	2,935,690
Bond Principal and									
Interest Payments	-	-	-	-	-	-	2,406,669	-	2,406,669
Future Construction	-	-	-	-	-	-	-	7,042,731	7,042,731
Unassigned	6,570,526	-	-	-	-	-	-	-	6,570,526
Total Fund Balances	\$ 6,991,846	\$ 3,281,772	\$ 3,442,070	\$ 240,015	\$ 2,935,690	\$ 1,253,051	\$ 2,406,669	\$ 7,042,731	\$ 27,593,844
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,003,131	\$ 3,292,954	\$ 3,439,426	\$ 240,015	\$ 2,935,690	\$ 1,255,267	\$ 2,406,669	\$ 7,042,731	\$ 27,615,883

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances - Governmental Funds	\$	27,593,844
--	----	------------

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

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in governmental funds.

Cost of Capital Assets	\$	43,573,366	
Accumulated Depreciation		<u>(15,773,944)</u>	27,799,422

Long-Term liabilities, including bonds payable, are not
due and payable in the current period and therefore are
not reported as liabilities in the funds.

General Obligation Bonds	\$	(14,580,000)	
Capital Leases		<u>(32,616)</u>	(14,612,616)

Total Net Position of Governmental Activities	\$	<u><u>40,780,650</u></u>
---	----	--------------------------

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69

General Fund		Special Revenue Funds					Debt Service Fund	Capital Projects Fund
Education Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement/ Social Security Fund	Working Cash Fund	Tort Immunity Fund	Bond and Interest Fund	Capital Projects Fund	
\$ 14,816,398	\$ 2,119,754	\$ 984,841	\$ 518,728	\$ 186,083	\$ 174,131	\$ 3,142,997	\$ -	
113,614	-	-	-	-	-	-	-	
-	-	117,051	-	-	-	-	-	
125,071	69,913	44,028	5,236	76,339	19,752	36,740	57,553	
161,595	-	-	-	-	-	-	-	
75,284	-	-	-	-	-	-	-	
9,815	-	-	-	-	-	-	-	
-	20,000	-	-	-	-	-	-	
104,832	-	-	-	-	-	-	-	
64,237	-	-	-	-	-	126,818	-	
16,529	-	-	-	-	-	-	-	
210	-	-	-	-	-	-	-	
5,745,299	-	466,860	-	-	-	-	-	
1,195,171	-	-	-	-	-	-	-	
\$ 22,428,055	\$ 2,209,667	\$ 1,612,810	\$ 523,984	\$ 262,422	\$ 193,883	\$ 3,306,555	\$ 57,553	
\$ 11,402,547	\$ -	\$ -	\$ 117,333	\$ -	\$ -	\$ -	\$ -	
311,348	-	-	14,391	-	-	-	-	
1,005,593	-	-	51,346	-	-	-	-	
257,178	-	-	2,057	-	-	-	-	
313,060	-	-	13,240	-	-	-	-	
18,568	-	-	290	-	-	-	-	
446,242	-	-	18,307	-	-	-	-	
1,128,377	-	-	32,870	-	-	-	-	
312,909	-	-	13,722	-	-	-	-	
525,663	-	-	11,067	-	-	-	-	
609,723	-	-	27,706	-	-	-	-	
1,062,398	1,341,740	640,172	141,039	-	274,001	-	24,305	
1,136,663	-	-	32,998	-	-	-	-	
66,552	-	-	8	-	-	-	-	
9,310	-	-	-	-	-	-	-	
785,178	-	-	-	-	-	-	-	
31,519	-	-	-	-	-	2,545,000	-	
2,395	-	-	-	-	-	523,732	-	
387,874	168,202	-	-	-	-	-	1,155,157	
\$ 19,833,087	\$ 1,509,942	\$ 640,172	\$ 476,374	\$ -	\$ 274,001	\$ 3,068,732	\$ 1,179,462	
\$ 2,594,958	\$ 699,725	\$ 972,638	\$ 47,590	\$ 262,422	\$ (80,118)	\$ 237,823	\$ (1,121,909)	
\$ -	\$ -	\$ -	\$ 53,465	\$ -	\$ -	\$ -	\$ 5,493,623	
-	(2,000,000)	-	(2,000,000)	(3,547,088)	-	-	-	
-	\$ (2,000,000)	\$ -	\$ 53,465	\$ (3,547,088)	\$ -	\$ -	\$ 5,493,623	
\$ 2,594,958	\$ (1,300,275)	\$ 972,638	\$ 101,055	\$ (3,284,666)	\$ (80,118)	\$ 237,823	\$ 4,371,714	
4,396,888	4,582,047	2,469,432	138,960	6,220,356	1,393,169	2,168,846	2,671,017	
\$ 6,991,846	\$ 3,281,772	\$ 3,442,070	\$ 240,015	\$ 2,935,690	\$ 1,253,051	\$ 2,406,669	\$ 7,042,731	

- 21 -

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net Change in Fund Balance - Governmental Funds	\$	3,613,129
---	----	-----------

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense.

Capital Outlay	\$	1,711,233	
Depreciation Expense		(1,022,801)	688,432

Repayment/defeasance of long-term debt principal reduces financial resources in the governmental funds, but the repayment/defeasance reduces long-term liabilities in the statement of net assets.

Principal Paid on Long-Term Debt	\$	2,576,519	
Defeasances of Long-Term Debt Principal		-	2,576,519

Change in Net Position of Governmental Activities	\$	6,878,080
---	----	-----------

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION ARISING FROM
CASH TRANSACTIONS - FIDUCIARY FUNDS
JUNE 30, 2013

ASSETS

Cash In Bank Accounts	\$ 47,272
-----------------------	-----------

TOTAL ASSETS	<u>\$ 47,272</u>
--------------	------------------

LIABILITIES

Due to Student Groups	\$ 33,699
Due to Employee's Benefits Fund	<u>13,573</u>

TOTAL LIABILITIES	<u>\$ 47,272</u>
-------------------	------------------

NET POSITION	<u><u>\$ -</u></u>
--------------	--------------------

The accompanying Notes are an integral part of these financial statements.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Skokie Elementary School District No. 69 (the "District") is governed by the District's Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

Basis of Presentation

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no Business-Type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's Programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Governmental Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—governmental, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District maintains individual funds as prescribed by the Illinois State Board of Education. The District reports all its funds as major governmental funds.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The District reports the following major governmental funds:

- *General Fund.* This fund consists of the Educational Fund and is the general operating fund of the District. It is used to account for all financial resources and activities except those that are required to be accounted for in another fund. Special Education and Technology Leasing are included in this fund.
- *Special Revenue Funds.* These funds include the Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Working Cash, and Tort Immunity Funds and is used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Projects Fund or Fiduciary Funds) that are legally restricted to cash disbursements for specific purposes. In accordance with the Illinois School Code the District maintains a Working Cash Fund, which accounts for financial resources held by the District to be used for temporary inter-fund loans to any other governmental fund. Also, by Board resolution, the financial resources of the Working Cash Fund can be permanently transferred to any other governmental fund through abatement or abolishment. The District considers these resources as stabilization amounts, available for use in emergency situations or when a revenue shortfall or budgetary imbalance occurs. Thus, the District classifies this fund as a special revenue fund due to the specific limitations on the uses of the resources within this fund.
- *Debt Service Fund.* This fund consists of the Bond and Interest Fund and accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- *Capital Projects Funds.* This fund consists of the Capital Projects Fund and accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. The Agency Fund includes the Student Activity Funds, and the Employees' Flexible Benefits Fund, and accounts for assets held by the District as an agent for its students and employees, and therefore, are not available to support District programs. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the agency fund organizations are equal to the assets.

Basis of Accounting

The district-wide financial statements are reported using the modified cash basis of accounting. The cash basis of accounting is modified to account for: recording of depreciation on fixed assets, recognition of the net depreciated value of fixed assets, and, recognition of long-term liabilities. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes, grants, entitlements and donations are recognized when received consistent with the cash basis of accounting.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

The governmental fund financial statements, and all other financial statements, are reported using the cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

Investments

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

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Assets

Capital assets are reported at actual or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. The District generally capitalizes assets with a cost of \$1,000 or more as purchases occur. Depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Depreciation Method	Estimated Useful Life
Land Improvements	Straight Line	20 Years
Buildings	Straight Line	50 Years
Furniture and Equipment	Straight Line	10 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The budget for all major Governmental Funds is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the *Illinois Compiled Statutes*. The July 1, 2012 to June 30, 2013 budget, which was not amended, was approved by the Board of Education on September 24, 2012. For each fund, total fund disbursements may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

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

2. CASH AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be 102 percent secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's Board of Education, along with the Township Treasurer, approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certificates provided by financial institutions.

Cash in Bank

The District maintains an Imprest Checking account for minor current cash needs. At June 30, 2013, the carrying amount of the District's deposit account was \$2,500; the bank balance was \$1,978. This deposit account is categorized in accordance with risk factors created by governmental reporting standards. At June 30, 2013, the entire amount of this deposit account was covered by federal depository insurance.

The District is the trustee, or fiduciary, for its students and employees. The Fiduciary fund is used to report student activity and employees' flexible benefits accounts. At June 30, 2013 the deposits in the student activity and employees flexible benefits accounts had a carrying amount of \$33,699 and \$13,573, respectively, and the bank balances were \$34,015 and \$17,879, respectively. At June 30, 2013, the entire amount of these deposit accounts was covered by federal depository insurance.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

2. CASH AND INVESTMENTS (continued)

Cash and Investments in Custody of Township Treasurer

The District, along with all other School Districts within the Township, through the Township Treasurer, maintains common checking accounts and investments for all the District's funds combined with the individual fund balances being maintained by the Township Treasurer. The District is allowed to invest in securities as authorized by the *Illinois Compiled Statutes*, Chapter 30, Sections 235/2 and 235/6, and Chapter 105, Section 5/8-7. All investments, which include Certificates of Deposit and United States Treasury Obligations, are stated at cost, which approximates market value. At June 30, 2013, all of the District's Certificate of Deposit investments were either covered by Federal Depository Insurance or fully collateralized. Earnings on investments are allocated to the District based on average balances and are distributed to the District on a monthly basis. At June 30, 2013, the carrying amount of the District's cash and investments was \$27,613,383. All of the cash and investments are maintained by the Niles Township Schools Treasurer in pooled accounts.

3. CAPITAL ASSETS AND DEPRECIATION

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets not Being Depreciated				
Land	\$ 307,362	\$ -	\$ -	\$ 307,362
Construction-in-Progress	122,645	-	122,645	-
Total Capital Assets not Being Depreciated	<u>\$ 430,007</u>	<u>\$ -</u>	<u>\$ 122,645</u>	<u>\$ 307,362</u>
Capital Assets Being Depreciated				
Land Improvements	\$ 378,398	\$ -	\$ -	\$ 378,398
Building and Improvements	36,723,839	1,298,042	-	38,021,881
Equipment	4,329,889	535,836	-	4,865,725
Total Capital Assets Being Depreciated	<u>\$ 41,432,126</u>	<u>\$ 1,833,878</u>	<u>\$ -</u>	<u>\$ 43,266,004</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ (218,810)	\$ (18,919)	\$ -	\$ (237,729)
Building and Improvements	(11,101,785)	(760,438)	-	(11,862,223)
Equipment	(3,430,548)	(243,444)	-	(3,673,992)
Total Accumulated Depreciation	<u>\$ (14,751,143)</u>	<u>\$ (1,022,801)</u>	<u>\$ -</u>	<u>\$ (15,773,944)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>\$ 26,680,983</u>	<u>\$ 811,077</u>	<u>\$ -</u>	<u>\$ 27,492,060</u>
Capital Assets, net of Accumulated Depreciation	<u>\$ 27,110,990</u>	<u>\$ 811,077</u>	<u>\$ 122,645</u>	<u>\$ 27,799,422</u>

Depreciation was not charged to any specific function.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

4. LONG-TERM DEBT

Changes in General Long-Term Debt

	Balance July 1, 2012	Proceeds	Retired/ Defeased	Balance June 30, 2013	Amounts Due Within One Year
2002 Building Bonds	\$ 460,000	\$ -	\$ 460,000	\$ -	\$ -
2003 Fire Prevention and Safety Bonds	1,070,000	-	515,000	555,000	540,000
2009B Working Cash Fund Bonds	1,235,000	-	610,000	625,000	625,000
2010 Refunding Bonds	5,540,000	-	45,000	5,495,000	530,000
2012 Working Cash Fund and Refunding Bonds	8,820,000	-	915,000	7,905,000	935,000
Capital Lease	64,135	-	31,519	32,616	32,616
	<u>\$ 17,189,135</u>	<u>\$ -</u>	<u>\$ 2,576,519</u>	<u>\$ 14,612,616</u>	<u>\$ 2,662,616</u>

Cash Flow Requirements

At June 30, 2013, the annual cash flow requirements of Bond Principal and Interest were as follows:

	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003 Fire Prevention and Safety Bonds, Original Issue of \$8,300,000, Dated February 27, 2003	2014	5.00%	\$ 540,000	\$ 14,250	\$ 554,250
	2015	5.00%	15,000	375	15,375
			<u>\$ 555,000</u>	<u>\$ 14,625</u>	<u>\$ 569,625</u>
Amount Available in Debt Service Fund					410,339
Amount to be Provided in the Future					<u>\$ 159,286</u>
2009B Working Cash Fund Bonds, Original Issue of \$1,235,000, Dated November 24, 2009	2014	2.625%	\$ 625,000	\$ 8,203	\$ 633,203
			<u>\$ 625,000</u>	<u>\$ 8,203</u>	<u>\$ 633,203</u>
Amount Available in Debt Service Fund					379,539
Amount to be Provided in the Future					<u>\$ 253,664</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

4. LONG-TERM DEBT (continued)

Cash Flow Requirements (continued)

	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010 Refunding Bonds,					
Original Issue of \$5,575,000,	2014	2.00-4.00%	\$ 530,000	\$ 203,900	\$ 733,900
Dated December 2, 2010	2015	4.00%	540,000	187,800	727,800
	2016	4.00%	560,000	165,800	725,800
	2017	4.00%	585,000	142,900	727,900
	2018	4.00%	605,000	119,100	724,100
	2019	4.00%	625,000	94,500	719,500
	2020	4.00%	660,000	68,800	728,800
	2021	4.00%	680,000	42,000	722,000
	2022	4.00%	710,000	14,200	724,200
			<u>\$ 5,495,000</u>	<u>\$ 1,039,000</u>	<u>\$ 6,534,000</u>
Amount Available in Debt Service Fund					300,913
Amount to be Provided in the Future					<u>\$ 6,233,087</u>
2012 Working Cash Fund					
and Refunding Bonds,	2014	2.00-3.00%	\$ 935,000	\$ 218,450	\$ 1,153,450
Original Issue of \$9,315,000,	2015	3.00%	1,730,000	183,150	1,913,150
Dated March 12, 2012	2016	3.00%	590,000	148,350	738,350
	2017	3.00%	605,000	130,425	735,425
	2018	3.00%	625,000	111,975	736,975
	2019	3.00%	640,000	93,000	733,000
	2020	3.00%	665,000	73,425	738,425
	2021	3.00%	685,000	53,175	738,175
	2022	3.00%	705,000	32,325	737,325
	2023	3.00%	725,000	10,875	735,875
			<u>\$ 7,905,000</u>	<u>\$ 1,055,150</u>	<u>\$ 8,960,150</u>
Amount Available in Debt Service Fund					545,104
Amount to be Provided in the Future					<u>\$ 8,415,046</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

4. LONG-TERM DEBT (continued)

Cash Flow Requirements (continued)

	Year Ending June 30,	Principal	Interest	Total
Total All Bond Issues	2014	\$ 2,630,000	\$ 444,803	\$ 3,074,803
	2015	2,285,000	371,325	2,656,325
	2016	1,150,000	314,150	1,464,150
	2017	1,190,000	273,325	1,463,325
	2018	1,230,000	231,075	1,461,075
	2019	1,265,000	187,500	1,452,500
	2020	1,325,000	142,225	1,467,225
	2021	1,365,000	95,175	1,460,175
	2022	1,415,000	46,525	1,461,525
	2023	725,000	10,875	735,875
		<u>\$ 14,580,000</u>	<u>\$ 2,116,978</u>	<u>16,696,978</u>
Amount Available in Debt Service Fund				1,635,895
Amount to be Provided in the Future				<u>\$ 15,061,083</u>

In addition there remains a balance of \$770,774 in the Bond and Interest Fund from retired bond issues, the appropriate disposition of which has yet to be determined by the District.

Capital Lease Obligation

In June 2012 the District entered into a lease agreement for new computer equipment, with a total cost of \$98,244. This agreement calls for three annual payments of \$33,914, which includes interest at 3.8%, beginning June 2012. Payments on this lease obligation will be made from current operating funds of the General (Education) Fund. The total amount of assets acquired under this capital lease agreement of \$98,244 has been included in Capital Assets as furniture and equipment. At June 30, 2013 the accumulated depreciation related to these assets was \$19,648. At June 30, 2013 the total remaining principal and interest amounts due under this capital lease agreement were as follows:

	Principal	Interest	Total
June 30, 2014	\$ 32,616	\$ 1,298	\$ 33,914

Debt Limit

The Illinois School Code limits the amount of indebtedness to 6.9 percent of \$408,037,019, the most recent available assessed valuation of the District. Thus, the District's remaining debt margin at June 30, 2013, is \$13,541,938, which is 48.1 percent of its total legal debt limit.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

5. LEASE OBLIGATIONS

The District leases certain office equipment under an operating lease expiring in fiscal year 2016. Lease payments made under this operating lease for the year ended June 30, 2013 were \$33,372. The minimum future rental payments under this non-cancelable operating lease, in the aggregate are:

Year Ending June 30,	Amount
2014	\$ 33,372
2015	33,372
2016	2,781
	<u>\$ 69,525</u>

6. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts. Because the District reports on the cash basis of accounting all such items are expensed at the time of purchase, and therefore there are no amounts that fall into this classification.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District, such as restrictions imposed by creditors, grantors, contributors, and laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special revenue funds are, by definition, restricted for their specific purposes and therefore the fund balances of the special revenue funds are classified as restricted.

Other District activity that may result in restrictions on fund balances is as follows:

Special Education - Proceeds from the Special Education special tax levy and related disbursements have been included in the operations of the general (education) fund. At June 30, 2013, the cumulative special education disbursements have exceeded related cumulative receipts in the general (education) fund and, therefore, there is no restriction on the fund balance of the general (education) fund for future special education disbursements.

Technology Leasing - Proceeds from the Technology Leasing special tax levy and related disbursements have been included in the operations of the general (education) fund. At June 30, 2013, the cumulative technology leasing receipts have exceeded related cumulative disbursements in the general (education) fund and, accordingly, the June 30, 2013 fund balance of the general (education) fund is restricted for future technology leasing disbursements in the amount of \$421,320, which represents the cumulative excess.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

6. FUND BALANCE REPORTING (continued)

Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The District's Board of Education commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. During the year the District fulfilled its prior year commitment by transferring \$2,000,000 from the operations and maintenance fund to the capital projects fund for capital projects acquisitions.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the District's Board of Education itself, or a body (a board committee, for example) or District official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Net Position Restrictions

The district-wide statement of net position reports \$21,023,318 of restricted net position, all of which is restricted by enabling legislation for specific purposes.

7. TORT IMMUNITY INSURANCE

The District maintains a Tort Immunity Fund to account for certain tort immunity (liability insurance) activity. As required by Illinois State Board of Education the District reports the following disbursements for tort immunity purposes for the year ended June 30, 2013:

Workers Compensation Insurance	\$ 63,942
Unemployment Compensation Insurance	22,613
Property and Liability Insurance	49,050
Risk Management Services	138,396
	<u>\$ 274,001</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. RETIREMENT FUND COMMITMENTS

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013 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, 2012 and 2011.

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, 2013, state of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$2,893,028 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$2,443,285) and 23.10 percent (\$2,291,684), 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, 2013 were \$59,820. Contributions for the years ending June 30, 2012 and June 30, 2011 were \$56,889 and \$57,540, respectively.

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011 the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$135,000 were paid from federal and special trust funds that required employer contributions of \$37,868. For the years ended June 30, 2012, and June 30, 2011, required District contributions were \$83,186 and \$81,324, respectively.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. RETIREMENT FUND COMMITMENTS (continued)

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (continued)

Early Retirement Option: 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 ERO contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the district paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the District paid \$-0- and \$-0-, respectively, in employer ERO contributions.

Salary Increases Over 6 Percent and Excess Sick Leave: Public Act 94-0004 added two additional employer contributions to TRS.

- If an employer grants salary increase 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, 2013, the district paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and June 30, 2011, the district paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the district paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2012 and June 30, 2011, the district paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

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, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. RETIREMENT FUND COMMITMENTS (continued)

TEACHERS HEALTH INSURANCE SECURITY FUND

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the 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 the THIS Fund from active members, which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$94,887 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, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of District employees were \$86,314 and \$87,302, respectively.

Employer Contributions to THIS Fund: The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the District paid \$71,165 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$64,736 and \$65,477 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 found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. RETIREMENT FUND COMMITMENTS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. Benefit provisions are established by statute and may only be changed by the Illinois General Assembly.

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 or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

As set by statute, employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 9.95%. 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 calendar year 2012 was \$166,257. The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0% annually. The actuarial value of the District's IMRF 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 unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 166,257	100%	\$0
12/31/2011	\$ 155,691	97%	\$5,396
12/31/2010	\$ 163,607	88%	\$19,572

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. RETIREMENT FUND COMMITMENTS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 89.70 percent funded. The actuarial accrued liability for benefits was \$3,972,030 and the actuarial value of assets was \$3,563,064, resulting in an underfunded actuarial accrued liability (UAAL) of \$408,966. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,670,924 and the ratio of the UAAL to the covered payroll was 24 percent.

The schedule of funding progress, presented as supplemental information, 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.

SOCIAL SECURITY

Employees not qualifying for coverage under the Illinois Downstate Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$122,340, the total required contribution for the current fiscal year.

9. PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2012 Levy was passed by the Board on December 18, 2012. Property taxes attach as an enforceable lien on property as of January 1, of the levy year, and are payable in two installments on approximately March 1, and September 1, of the year subsequent to the levy year. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded on these financial statements are from the 2012 and 2011 tax levy years.

The following are the tax rate limits permitted by the School Code, and by local referendum, and the actual rates levied per \$100.00 of assessed valuation.

	Legal Limit	Actual	
		2012 Levy	2011 Levy
Educational	3.5000	3.1909	3.3050
Tort Immunity	*	0.0856	-
Special Education	0.4000	0.3619	0.0545
Leasing	0.1000	0.0024	-
Operations and Maintenance	0.5500	0.5012	0.5196
Bond and Interest	*	0.8006	0.7151
Transportation	0.2000	0.3619	0.1171
Municipal Retirement	*	0.0489	0.0386
Social Security	*	0.0856	0.0683
Working Cash	0.0500	0.0416	0.0472
		<u>5.4806</u>	<u>4.8654</u>

* As Needed

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

11. JOINT AGREEMENTS

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational/Technical Education, Insurance Pool, etc. This district has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from the joint agreement.

Niles Township District for Special Education

The District is a member of the Niles Township District for Special Education #807 (NTDSE), along with other area school districts. NTDSE provides special education programs, and services, which benefit District students, and also provides jointly administered grants and programming, which benefits the District. The District is financially responsible for annual and special assessments as established by the NTDSE governing board, and fees for programs and services based on usage. NTDSE is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from NTDSE by contacting its administration at 8701 North Menard Avenue, Morton Grove, Illinois 60053.

Collective Liability Insurance Cooperative

The District is a member of the Collective Liability Insurance Cooperative (CLIC), along with other area school districts. The District obtains property, liability, and worker's compensation insurance, and claims and loss administration services through CLIC. The District is financially responsible for annual premiums based on types and levels of coverage. CLIC is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from CLIC, by contacting its administration, in care of, High School District 113 at 1040 Park Avenue West, Highland Park, Illinois 60035.

12. OVER-EXPENDITURE OF BUDGET

For the year ended June 30, 2013, actual direct disbursements exceeded the budgeted disbursements in the following funds:

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Special Revenue Funds			
Municipal Retirement/Social Security Fund	\$ 476,374	\$ 434,085	\$ 42,289

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

13. INTER-FUND BALANCES AND TRANSFERS

During the year ended June 30, 2013, the District made the following inter-fund transfers of fund balance as permitted by the Illinois School Code. These amounts were considered excess fund balance and were transferred to the funds deemed most in need of such fund balance.

	<u>Transferred To</u>	<u>Transferred From</u>
Special Revenue Funds		
Operations and Maintenance Fund		\$ 2,000,000
Municipal Retirement/Social Security Fund	\$ 53,465	
Working Cash Fund		\$ 3,547,088
Capital Projects Funds		
Capital Projects Fund	\$ 5,493,623	

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2013

RECEIPTS	Original and Final Budget	Actual
Receipts from Local Sources		
Taxes	\$ 15,422,781	\$ 14,816,398
Tuition	105,000	113,614
Earnings on Investments	68,000	125,071
Food Service Fees	175,000	161,595
Pupil Activity Fees	74,500	75,284
Textbook Fees	10,000	9,815
Donations	-	104,832
Services Provided Other Districts	-	16,529
Refund of Prior Years' Expenditures	-	64,237
Local Fees	3,058	210
Other	50,000	-
Total Receipts from Local Sources	<u>\$ 15,908,339</u>	<u>\$ 15,487,585</u>
Receipts from State Sources		
General State Aid	\$ 1,621,250	\$ 1,624,346
State Free Lunch and Breakfast	8,000	12,845
Special Education	629,200	722,004
Early Childhood Block Grant	210,000	271,371
Bilingual Education	137,000	126,818
Total Receipts from State Sources	<u>\$ 2,605,450</u>	<u>\$ 2,757,384</u>
Receipts from Federal Sources		
National School Lunch and Breakfast Programs	\$ 363,400	\$ 456,365
Federal Special Education	-	7,095
Title I - Low Income	429,000	578,059
Title IV - 21st Century	51,000	-
Emergency Immigrant Assistance	21,600	10,081
Title II - Teacher Quality	55,912	79,203
Title III - English Language Acquisition	45,600	64,368
Total Receipts from Federal Sources	<u>\$ 966,512</u>	<u>\$ 1,195,171</u>
Total Direct Receipts	\$ 19,480,301	\$ 19,440,140
"On-Behalf" Receipt for Retirement Benefits	-	2,987,915
TOTAL RECEIPTS	\$ 19,480,301	\$ 22,428,055
DISBURSEMENTS	<u>18,156,245</u>	<u>19,833,097</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,324,056</u>	\$ 2,594,958
FUND BALANCE - JULY 1, 2012		<u>4,396,888</u>
FUND BALANCE - JUNE 30, 2013		<u>\$ 6,991,846</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SCHEDULE OF DISBURSEMENTS
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

INSTRUCTION	Original and Final Budget	Actual
Regular Programs		
Salaries	\$ 6,950,202	\$ 6,864,155
Employee Benefits	1,004,849	992,817
Purchased Services	93,643	52,560
Supplies & Materials	456,018	395,100
Other	110,000	110,000
Total Regular Programs	<u>\$ 8,614,712</u>	<u>\$ 8,414,632</u>
Pre-K Programs		
Salaries	\$ 245,597	\$ 245,745
Employee Benefits	53,369	47,976
Purchased Services	8,800	7,933
Supplies & Materials	8,598	9,694
Capital Outlay	6,690	6,684
Total Pre-K Programs	<u>\$ 323,054</u>	<u>\$ 318,032</u>
Special Education Programs		
Salaries	\$ 750,102	\$ 765,273
Employee Benefits	188,882	159,637
Supplies & Materials	4,000	3,861
Tuition	150,000	76,822
Total Special Education Programs	<u>\$ 1,092,984</u>	<u>\$ 1,005,593</u>
Remedial & Supplemental Programs		
Salaries	\$ 146,378	\$ 148,752
Employee Benefits	132,778	50,566
Purchased Services	52,214	49,929
Supplies & Materials	10,000	7,931
Capital Outlay	150,346	150,653
Total Remedial & Supplemental Programs	<u>\$ 491,716</u>	<u>\$ 407,831</u>
Bilingual Programs		
Salaries	\$ 344,579	\$ 355,871
Employee Benefits	47,219	38,451
Purchased Services	45,425	43,913
Supplies & Materials	12,021	8,007
Capital Outlay	5,556	-
Total Bilingual Programs	<u>\$ 454,800</u>	<u>\$ 446,242</u>
Interscholastic Programs		
Salaries	\$ 479,500	\$ 304,847
Employee Benefits	600	3,216
Purchased Services	4,000	4,510
Supplies & Materials	500	487
Total Interscholastic Programs	<u>\$ 484,600</u>	<u>\$ 313,060</u>
Summer School Programs		
Salaries	\$ 18,280	\$ 18,281
Employee Benefits	227	227
Supplies & Materials	2,060	60
Total Summer School Programs	<u>\$ 20,567</u>	<u>\$ 18,568</u>
TOTAL INSTRUCTION	<u>\$ 11,482,433</u>	<u>\$ 10,923,958</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SCHEDULE OF DISBURSEMENTS (CONTINUED)
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

SUPPORT SERVICES	Original and Final Budget	Actual
Pupils		
Salaries	\$ 1,026,276	\$ 1,002,500
Employee Benefits	140,601	125,877
Total Pupils	<u>\$ 1,166,877</u>	<u>\$ 1,128,377</u>
Instructional Staff		
Salaries	\$ 253,776	\$ 252,159
Employee Benefits	60,224	23,477
Purchased Services	14,637	17,757
Supplies & Materials	20,300	19,516
Total Instructional Staff	<u>\$ 348,937</u>	<u>\$ 312,909</u>
General Administration		
Salaries	\$ 202,155	\$ 201,822
Employee Benefits	53,784	53,816
Purchased Services	300,040	250,123
Supplies & Materials	4,000	3,785
Other	14,000	16,117
Total General Administration	<u>\$ 573,979</u>	<u>\$ 525,663</u>
School Administration		
Salaries	\$ 479,447	\$ 460,145
Employee Benefits	144,984	142,742
Purchased Services	2,000	335
Supplies & Materials	6,499	6,052
Other	2,000	449
Total School Administration	<u>\$ 634,930</u>	<u>\$ 609,723</u>
Business		
Salaries	\$ 332,496	\$ 340,473
Employee Benefits	69,694	68,300
Purchased Services	636,300	608,369
Supplies & Materials	121,750	61,398
Capital Outlay	3,000	-
Other	4,000	3,858
Total Business	<u>\$ 1,167,240</u>	<u>\$ 1,082,398</u>
Central		
Salaries	\$ 480,872	\$ 488,855
Employee Benefits	126,447	124,434
Purchased Services	226,080	212,908
Supplies & Materials	503,000	306,083
Capital Outlay	67,203	230,537
Other	6,090	4,383
Total Central	<u>\$ 1,409,692</u>	<u>\$ 1,367,200</u>
Other		
Purchased Services	<u>\$ 66,898</u>	<u>\$ 66,552</u>
TOTAL SUPPORT SERVICES	<u>\$ 5,368,553</u>	<u>\$ 5,092,822</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SCHEDULE OF DISBURSEMENTS (CONTINUED)
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
COMMUNITY SERVICES		
Purchased Services	\$ 24,000	\$ 7,316
Supplies & Materials	2,000	1,994
TOTAL COMMUNITY SERVICES	<u>\$ 26,000</u>	<u>\$ 9,310</u>
NONPROGRAMMED CHARGES		
Transfers	\$ -	\$ 9,556
Purchased Services	1,259,259	775,622
TOTAL NONPROGRAMMED CHARGES	<u>\$ 1,259,259</u>	<u>\$ 785,178</u>
DEBT SERVICE		
Interest on Capital Lease	\$ -	\$ 2,395
Principal on Capital Lease	-	31,519
TOTAL DEBT SERVICE	<u>\$ -</u>	<u>\$ 33,914</u>
PROVISION FOR CONTINGENCIES	<u>\$ 20,000</u>	<u>\$ -</u>
Total Direct Disbursements	\$ 18,156,245	\$ 16,845,182
"On-Behalf" Disbursement for Retirement Benefits	<u>-</u>	<u>2,987,915</u>
TOTAL DISBURSEMENTS	<u><u>\$ 18,156,245</u></u>	<u><u>\$ 19,833,097</u></u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ 2,283,071	\$ 2,119,754
Earnings on Investments	55,000	69,913
Rentals	-	20,000
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 2,338,071	\$ 2,209,667
	<hr/>	<hr/>
DISBURSEMENTS		
Support Services		
Operations and Maintenance		
Salaries	\$ 529,086	\$ 524,746
Employee Benefits	123,970	123,746
Purchased Services	431,037	367,676
Supplies & Materials	431,800	325,572
Capital Outlay	125,000	168,202
Total Support Services	\$ 1,640,893	\$ 1,509,942
Provision for Contingencies	20,000	-
	<hr/>	<hr/>
TOTAL DISBURSEMENTS	\$ 1,660,893	\$ 1,509,942
	<hr/>	<hr/>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 677,178	\$ 699,725
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers Out	(2,000,000)	(2,000,000)
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,322,822)	\$ (1,300,275)
	<hr/>	<hr/>
FUND BALANCE - JULY 1, 2012		4,582,047
		<hr/>
FUND BALANCE - JUNE 30, 2013		\$ 3,281,772
		<hr/>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ 514,525	\$ 984,841
Earnings on Investments	41,000	44,028
Transportation Fees	95,000	117,051
Total Receipts from Local Sources	\$ 650,525	\$ 1,145,920
Receipts from State Sources		
State Transportation Aid	400,000	466,890
TOTAL RECEIPTS	\$ 1,050,525	\$ 1,612,810
DISBURSEMENTS		
Support Services		
Pupil Transportation		
Salaries	\$ 8,389	\$ 8,389
Employee Benefits	1,141	1,142
Purchased Services	865,439	630,286
Supplies	2,000	355
Total Support Services	\$ 876,969	\$ 640,172
Provision for Contingencies	15,000	-
TOTAL DISBURSEMENTS	\$ 891,969	\$ 640,172
NET CHANGE IN FUND BALANCE	\$ 158,556	\$ 972,638
FUND BALANCE - JULY 1, 2012		2,469,432
FUND BALANCE - JUNE 30, 2013		\$ 3,442,070

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ 484,874	\$ 518,728
Earnings on Investments	4,100	5,236
TOTAL RECEIPTS	<u>\$ 488,974</u>	<u>\$ 523,964</u>
DISBURSEMENTS		
Employee Benefits		
Instruction		
Regular Programs	\$ 97,606	\$ 117,333
Pre-K Programs	14,749	14,391
Special Education Programs	49,923	51,346
Remedial and Supplemental Programs	2,751	2,057
Bilingual Programs	16,383	18,307
Interscholastic Programs	1,300	13,240
Summer School Programs	290	290
Total Instruction	<u>\$ 183,002</u>	<u>\$ 216,964</u>
Support Services		
Attendance and Social Work Services	\$ 5,067	\$ 4,779
Health Services	11,730	11,396
Psychological Services	2,920	2,712
Speech Pathology and Audiology Services	3,392	2,942
Other	11,947	11,041
Improvement of Instruction	1,160	1,618
Educational Media Services	11,957	12,104
Executive Administration Services	10,781	11,067
Office of the Principal Services	23,098	27,706
Direction of Business Support Services	1,077	1,077
Fiscal Services	31,500	31,850
Operations and Maintenance Services	87,831	89,461
Pupil Transportation Services	122	122
Food Services	17,031	18,529
Direction of Central Support Services	1,614	1,649
Planning, Research, Development and Evaluation Services	8,468	8,542
Staff Services	-	170
Data Processing Services	21,388	22,637
Total Support Services	<u>\$ 251,083</u>	<u>\$ 259,402</u>
Community Services	<u>\$ -</u>	<u>\$ 8</u>
TOTAL DISBURSEMENTS	<u>\$ 434,085</u>	<u>\$ 476,374</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 54,889	\$ 47,590
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>53,465</u>	<u>53,465</u>
NET CHANGE IN FUND BALANCE	<u>\$ 108,354</u>	<u>\$ 101,055</u>
FUND BALANCE - JULY 1, 2012		<u>138,960</u>
FUND BALANCE - JUNE 30, 2013		<u>\$ 240,015</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WORKING CASH FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ 204,396	\$ 186,083
Earnings on Investments	88,000	76,339
TOTAL RECEIPTS	\$ 292,396	\$ 262,422
DISBURSEMENTS	-	-
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 292,396	\$ 262,422
OTHER FINANCING SOURCES (USES)		
Transfers Out	\$ (3,547,088)	\$ (3,547,088)
NET CHANGE IN FUND BALANCE	<u>\$ (3,254,692)</u>	\$ (3,284,666)
FUND BALANCE - JULY 1, 2012		<u>6,220,356</u>
FUND BALANCE - JUNE 30, 2013		<u>\$ 2,935,690</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TORT IMMUNITY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ -	\$ 174,131
Earnings on Investments	27,000	19,752
	<u>27,000</u>	<u>19,752</u>
TOTAL RECEIPTS	<u>\$ 27,000</u>	<u>\$ 193,883</u>
DISBURSEMENTS		
Support Services		
Insurance Services		
Salaries	\$ 114,962	\$ 114,961
Employee Benefits	23,531	23,435
Purchased Services	164,490	135,605
	<u>302,983</u>	<u>274,001</u>
TOTAL DISBURSEMENTS	<u>\$ 302,983</u>	<u>\$ 274,001</u>
NET CHANGE IN FUND BALANCE	<u>\$ (275,983)</u>	<u>\$ (80,118)</u>
FUND BALANCE - JULY 1, 2012		<u>1,333,169</u>
FUND BALANCE - JUNE 30, 2013		<u>\$ 1,253,051</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BOND AND INTEREST FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Taxes	\$ 3,060,312	\$ 3,142,997
Earnings on Investments	31,000	36,740
Refund of Prior Years' Expenditures	-	126,818
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 3,091,312	\$ 3,306,555
	<hr/>	<hr/>
DISBURSEMENTS		
Debt Service		
Bond Principal Retired	\$ 2,827,178	\$ 2,545,000
Interest on Bonds	248,578	522,757
Fees on Bonds	-	975
	<hr/>	<hr/>
TOTAL DISBURSEMENTS	\$ 3,075,756	\$ 3,068,732
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 15,556</u>	\$ 237,823
		<hr/>
FUND BALANCE - JULY 1, 2012		2,168,846
		<hr/>
FUND BALANCE - JUNE 30, 2013		<u>\$ 2,406,669</u>

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual
RECEIPTS		
Receipts from Local Sources		
Earnings on Investments	\$ 5,000	\$ 57,553
DISBURSEMENTS		
Facilities Acquisition and Construction		
Purchased Services	\$ 2,000,000	\$ 24,305
Capital Outlay	-	1,155,157
TOTAL DISBURSEMENTS	\$ 2,000,000	\$ 1,179,462
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,995,000)	\$ (1,121,909)
OTHER FINANCING SOURCES (USES)		
Transfers In	5,493,623	5,493,623
NET CHANGE IN FUND BALANCE	\$ 3,498,623	\$ 4,371,714
FUND BALANCE - JULY 1, 2012		2,671,017
FUND BALANCE - JUNE 30, 2013		\$ 7,042,731

See accompanying Independent Auditor's Report.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Receipts	Disbursements	Balance June 30, 2013
ASSETS				
Cash	\$ 45,871	\$ 96,852	\$ 95,451	\$ 47,272
LIABILITIES				
Due to Student Groups				
Edison Pop Machine	\$ 1,341	\$ 247	\$ 534	\$ 1,054
Edison School	8,383	1,393	1,664	8,112
Edison Jean Day	-	644	644	-
Edison Garden Grant	-	2,000	-	2,000
Edison Healthy Kids Grant	-	1,000	689	311
Edison LMC	134	-	134	-
Edison Teacher Grants	885	1,242	1,028	1,099
Madison Pop Machine	23	-	-	23
Madison School	2,965	1,992	685	4,272
Madison Jean Day	204	-	175	29
Madison LMC	739	-	739	-
Madison School Store	1,097	-	-	1,097
Madison School Sunshine Fund	248	-	203	45
Lincoln Athletics	-	3,773	3,741	32
Lincoln LMC	388	-	388	-
Lincoln School	73	5,734	5,657	150
Lincoln School Store	3,134	648	2,529	1,253
Lincoln Yearbook	405	-	40	365
Lincoln Pop Machine	207	203	365	45
Lincoln Student Government	1,684	932	861	1,755
Lincoln Fine Arts Boosters	2,720	488	2,416	792
Lincoln PE Pop Machine	552	302	331	523
Events	3,742	5,614	8,912	444
Fundraisers	64	5,734	4,584	1,214
Interest Income	315	47	-	362
PTA Boxtops Promotion	6,667	2,055	-	8,722
Total Due to Student Groups	\$ 35,970	\$ 34,048	\$ 36,319	\$ 33,699
Due to Employees				
Flexible Benefits Fund	9,901	62,804	59,132	13,573
TOTAL LIABILITIES	\$ 45,871	\$ 96,852	\$ 95,451	\$ 47,272
NET POSITION	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2013

DISTRICT/JOINT AGREEMENT NAME SKOKIE ELEMENTARY SCHOOL DIST	RCDT NUMBER 05-016-0690-02	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-003289	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) DR. QUINTIN SHEPHERD		NAME AND ADDRESS OF AUDIT FIRM EVOY, KAMSCHULTE, JACOBS & CO. LLP 2122 YEOMAN STREET WAUKEGAN	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 5050 MADISON STREET SKOKIE 60077		E-MAIL ADDRESS JHENRY@EKJLLP.COM NAME OF AUDIT SUPERVISOR JAMES R HENRY, CPA	
		CPA FIRM TELEPHONE NUMBER 847-662-8300	FAX NUMBER 847-662-8305

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:

- ☐ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☐ Financial Statements including footnotes § .310 (a)
- ☐ Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- ☐ Independent Auditor's Report § .505
- ☐ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- ☐ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- ☐ Schedule of Findings and Questioned Costs § .505 (d)
- ☐ Summary Schedule of Prior Year Audit Findings § .315 (b)
- ☐ Corrective Action Plan § .315 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ Copy of Federal Data Collection Form § .320 (b)

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69

05-016-0690-02

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/11-6/30/12 (C)	Year 7/1/12-6/30/13 (D)	Year 7/1/11-6/30/12 (E)	Year 7/1/12-6/30/13 (F)			
U S DEPARTMENT OF EDUCATION									
Passed Through Illinois State Board of Education									
(M) Title I - Low Income	84.010	2013-4300		408,118		520,631			
Title I - Low Income	84.010	2012-4300	202,047	169,941	371,988			520,631	526,836
Federal Special Education - IDEA - Room & Board	84.027	2013-4625		0		0		0	380,785
Federal Special Education - IDEA - Room & Board	84.027	2012-4625	0	7,095	7,095			7,095	N/A
Title III - Immigrant Education Program	84.365	2013-4905		10,081		20,163		20,163	21,600
Title III - Immigrant Education Program	84.365	2012-4905	0	0	0			0	0
Title III - Lang Inst Prog - Ltd Engl Prof - LIPLEP	84.365	2013-4909		47,584		59,579		59,579	59,579
Title III - Lang Inst Prog - Ltd Engl Prof - LIPLEP	84.365	2012-4909	26,103	16,804	51,344			51,344	64,716
Title II - Teacher Quality	84.367	2013-4932		59,137		61,997		61,997	63,595
Title II - Teacher Quality	84.367	2012-4932	37,447	20,066	57,513			57,513	59,111
TOTAL U S DEPARTMENT OF EDUCATION			265,597	738,806	487,940	662,370		1,150,310	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Year Ending June 30, 2013

[illegible]

- (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

any should be segregated and clearly designated as nonfederally. The title of the schedule should also be modified to indicate that nonfederal awards are included. When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

4 Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69

05-016-0690-02

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ³		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/11-6/30/12 (C)	Year 7/1/12-6/30/13 (D)	Year 7/1/11-6/30/12 (E)	Year 7/1/12-6/30/13 (F)			
U S DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Passed Through IL Dept of Healthcare and Family Services									
Medical Assistance Program	93.778	2013-4991		12,445		12,445		12,445	N/A
Medical Assistance Program	93.778	2012-4991	51,870	10,495	62,365			62,365	N/A
TOTAL U S DEPARTMENT OF HEALTH AND HUMAN SERVICES			51,870	22,940	62,365	12,445		74,810	
TOTAL FEDERAL FINANCIAL ASSISTANCE			701,972	1,250,895	1,000,159	1,170,778		2,170,937	
Value of Federal Awards Expended in the Form of Non-Cash Assistance	N/A	N/A							
Federal Insurance in Effect During the Year	N/A	N/A		32,885		32,885		32,885	
Federal Loans or Loan Guarantees, Including Interest Subsidies, Outstanding at Year End	N/A	N/A		0		0		0	
Amounts Provided to Subrecipients	N/A	N/A		0		0		0	

* (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS

1. We have audited the financial statements of Skokie Elementary School District No. 69 as of and for the year ended June 30, 2013. The District's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The auditor's report expresses a qualified opinion on the financial statements due to the use of the modified cash basis of accounting.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. Our audit disclosed no instances of noncompliance, which are material to the financial statements of Skokie Elementary School District No. 69.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. We have audited the compliance of Skokie Elementary School District No. 69 with the types of compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal award programs for the year ended June 30, 2013, and have issued our unqualified opinion thereon dated October 31, 2013.
6. Audit findings relative to the major federal award programs of Skokie Elementary School District No. 69 that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported under the Findings and Questioned Costs - Major Federal Award Programs section of this schedule.
7. The following programs were identified as major programs in accordance with requirements described in Section 520 of OMB Circular A-133:

	<u>CFDA #</u>
Title I – Low Income	84.010
National School Lunch Program	10.555

8. The threshold used to distinguish between Type A and Type B major programs was \$300,000.
9. Skokie Elementary School District No. 63 did not qualify as a "low-risk auditee."

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no financial statements findings or major federal award programs findings or questioned costs in the prior year audit.

FINDINGS - CURRENT YEAR FINANCIAL STATEMENTS AUDIT

None.

FINDINGS AND QUESTIONED COSTS - CURRENT YEAR MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Skokie Elementary School District No. 69. The District's reporting entity is defined in Note 1 to the District's financial statements. Federal awards passed through other government agencies are included in the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's financial statements.

Relationship to Basic Financial Statements

Federal awards received are reflected in the District's financial statements within the General (Education) Fund as receipts from federal sources.

Relationship to Program Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Program Financial Reports for programs that have filed final reports as of June 30, 2013, with the Illinois State Board of Education.

2. NON-CASH ASSISTANCE, INSURANCE, LOANS, AND SUBRECIPIENTS

For the year ended June 30, 2013, the fair market value of federal awards received and expended in the form of non-cash assistance was \$32,885. This amount is reported in the accompanying Schedule of Expenditures of Federal Awards under the Department of Agriculture's National Food Commodities Program.

The amount of federal insurance in effect during the year ended June 30, 2013 was \$-0-.

The amount of federal loans or loan guarantees, including interest subsidies, outstanding at June 30, 2013 was \$-0-.

The District provided \$-0- in federal awards to subrecipients during the year ended June 30, 2013.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2013

The Schedule of Funding Progress, as of the most recent actuarial valuation date, and for the two preceding years of the District's Defined Benefit Pension Plan, the Illinois Municipal Retirement Fund, follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/12	\$ 3,563,064	\$ 3,972,030	\$ 408,966	89.70%	\$ 1,670,924	24.48%
12/31/11	\$ 3,274,920	\$ 3,819,773	\$ 544,853	85.74%	\$ 1,587,069	34.33%
12/31/10	\$ 3,292,431	\$ 3,719,520	\$ 427,089	88.52%	\$ 1,672,878	25.53%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$3,705,205. On a market basis, the funded ratio would be 93.28%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Skokie School District 69. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SUPPLEMENTAL INFORMATION
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES AND TAX EXTENSIONS
FOR THE YEARS 2012, 2011 AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSESSED VALUATION	<u>\$ 408,037,019</u>	<u>\$ 446,440,343</u>	<u>\$ 491,074,920</u>
TAX RATES			
Education	\$ 3.1909	\$ 3.3050	\$ 3.0970
Tort Immunity	0.0856	-	-
Special Education	0.3619	0.0545	0.0493
Leasing	0.0024	-	-
Operations and Maintenance	0.5012	0.5196	0.4659
Bond and Interest	0.8006	0.7151	0.6403
Transportation	0.3619	0.1171	0.0854
Municipal Retirement	0.0489	0.0386	0.0061
Social Security	0.0856	0.0683	0.0124
Working Cash	0.0416	0.0472	-
	<u>\$ 5.4806</u>	<u>\$ 4.8654</u>	<u>\$ 4.3564</u>
TAX EXTENSIONS			
Education	\$ 13,019,947	\$ 14,754,853	\$ 15,208,364
Tort Immunity	349,195	-	-
Special Education	1,476,592	243,309	242,232
Leasing	9,978	-	-
Operations and Maintenance	2,045,280	2,319,704	2,287,886
Bond and Interest	3,266,714	3,192,328	3,144,176
Transportation	1,476,592	522,781	419,549
Municipal Retirement	199,540	172,325	29,793
Social Security	349,195	304,918	61,044
Working Cash	169,610	210,719	-
	<u>\$ 22,362,643</u>	<u>\$ 21,720,937</u>	<u>\$ 21,393,044</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING EXPENDITURES PER PUPIL
FOR THE YEAR ENDED JUNE 30, 2013

TOTAL EXPENDITURES		
Education Fund	\$ 19,833,097	
Operations and Maintenance Fund	1,509,942	
Bond and Interest Fund	3,068,732	
Transportation Fund	640,172	
Municipal Retirement/Social Security Fund	476,374	
Tort Immunity Fund	<u>274,001</u>	\$ 25,802,318
Less: Receipts or Disbursements Not Applicable to Operating Expense of Regular K-12 Programs		
Education Fund		
Pre-K Programs	311,348	
Summer School Programs	18,568	
Community Services	9,310	
Capital Outlay	387,874	
Tuition	76,822	
Payments to Other Governmental Units	785,178	
"On-Behalf" Disbursement for Retirement Benefits	2,987,915	
Principal Paid on Capital Lease	31,519	
Operations and Maintenance Fund		
Capital Outlay	168,202	
Bond and Interest Fund		
Bond Principal Retired	2,545,000	
Municipal Retirement/Social Security Fund		
Pre-K Programs	14,391	
Summer School Programs	290	
Community Services	<u>8</u>	<u>7,336,425</u>
NET OPERATING DISBURSEMENTS		\$ 18,465,893
AVERAGE DAILY ATTENDANCE		<u>1,577.35</u>
OPERATING EXPENDITURES PER PUPIL		<u>\$ 11,707</u>

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
SUPPLEMENTAL INFORMATION
SCHEDULE OF PER CAPITA TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2013

NET OPERATING DISBURSEMENTS		\$ 18,465,893
Less: Offsetting Receipts		
Education Fund		
Special Education	\$ 722,004	
Bilingual Education	126,818	
State Free Lunch and Breakfast	12,845	
Emergency Immigrant Assistance	10,081	
Title II - Teacher Quality	79,203	
Food Services	161,595	
Other Local Fees	210	
Services Provided Other Districts	16,529	
National School Lunch Program	456,365	
Pupil Activities	75,284	
Textbooks	9,815	
Title I - Low Income	578,059	
Federal Special Education - IDEA - Room & Board	7,095	
Title III - English Language Acquisition	64,368	
Operations and Maintenance Fund		
Rentals	20,000	
Transportation Fund		
Fees From Pupils or Parents	117,051	
State Transportation Aid	466,890	2,924,212
NET OPERATING EXPENSE FOR TUITION COMPUTATION		\$ 15,541,681
ADD: Depreciation Allowance		1,022,801
TOTAL ALLOWANCE FOR TUITION COMPUTATION		\$ 16,564,482
AVERAGE DAILY ATTENDANCE		1,577.35
PER CAPITA TUITION CHARGE		\$ 10,501