

**Naperville Community Unit
School District No. 203
Naperville, Illinois**

**Audited Financial Statements
Year Ended June 30, 2013**

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Independent Auditor's Report

Board of Education
Naperville Community School District No. 203
Naperville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Naperville Community School District No. 203, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Naperville Community School District No. 203's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Naperville Community School District No. 203's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Naperville Community School District No. 203, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

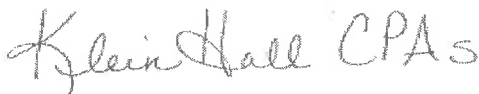
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Naperville Community School District No. 203's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013 on our consideration of Naperville Community School District No. 203'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 Naperville Community School District No. 203's internal control over financial reporting and compliance.



Klein Hall CPAs
Aurora, Illinois
September 26, 2013

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

The discussion and analysis of Naperville Community Unit School District No. 203's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2013. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net assets increased by \$8.6. This represents a 3% increase from 2012 due to revenue outpacing expenditures consistent with budget.
- General revenues accounted for \$218.3 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounts for \$68.2 or 24% of total revenues of \$286.5.
- The District had \$277.9 in expenses related to government activities. However, only \$68.2 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements.

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

Government-wide financial statements

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

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

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund financial statements

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, Debt Service Fund, Municipal Retirement/Social Security Fund, and Fire Prevention and Life Safety Fund, all of which are considered to be major funds.

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

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

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

Notes to basic financial statements

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

Other information

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

District-Wide Financial Analysis

The District's combined net assets were higher on June 30, 2013, than they were the year before, increasing 3% to \$317.2.

Table 1		
Condensed Statements of Net Assets		
(in millions of dollars)		
	2012	2013
Assets:		
Current and other assets	\$ 253.6	\$ 265.5
Capital Assets	235.3	236.2
Total Assets	<u>488.9</u>	<u>501.7</u>
Liabilities:		
Current liabilities	125.9	129.4
Long-term debt outstanding	54.4	55.1
Total Liabilities	<u>180.3</u>	<u>184.5</u>
Net Assets:		
Invested in capital assets, net of related debt	196.8	199.6
Restricted	20.4	27.5
Unrestricted	91.4	90.1
Total Net Assets	<u>\$ 308.6</u>	<u>\$ 317.2</u>

Revenues in the governmental activities of the District of \$286.5 exceeded expenses by \$8.6. This was attributable primarily to revenue outpacing expenditures consistent with budget.

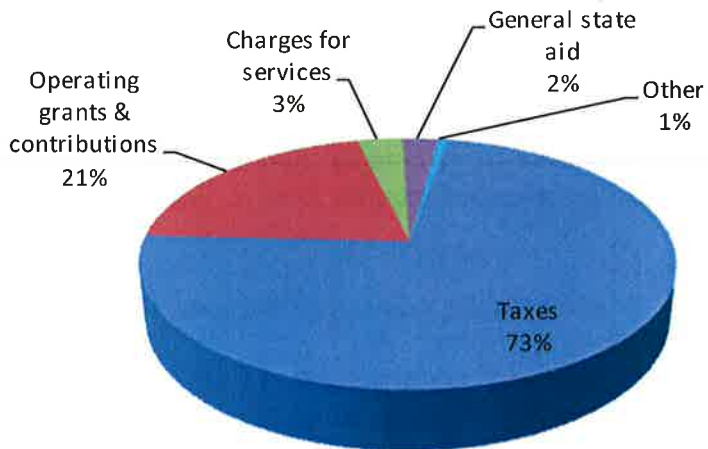
**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

Table 2		
Changes in Net Assets		
(in millions of dollars)		
	<u>2012</u>	<u>2013</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 10.5	\$ 9.3
Operating grants & contributions	51.6	58.9
Capital grants & Contributions	-	-
<i>General revenues:</i>		
Taxes	213.1	209.0
General state aid	6.6	7.1
Other	1.3	2.2
Total revenues	<u>283.1</u>	<u>286.5</u>
Expenses:		
Instruction	173.0	183.1
Pupil & instructional staff services	27.0	28.4
Administration & Business	26.3	24.3
Transportation	10.1	11.0
Operations & maintenance	18.0	19.6
Other	10.5	11.5
Total expenses	<u>264.9</u>	<u>277.9</u>
Increase (decrease) in net assets	<u>\$ 18.2</u>	<u>\$ 8.6</u>

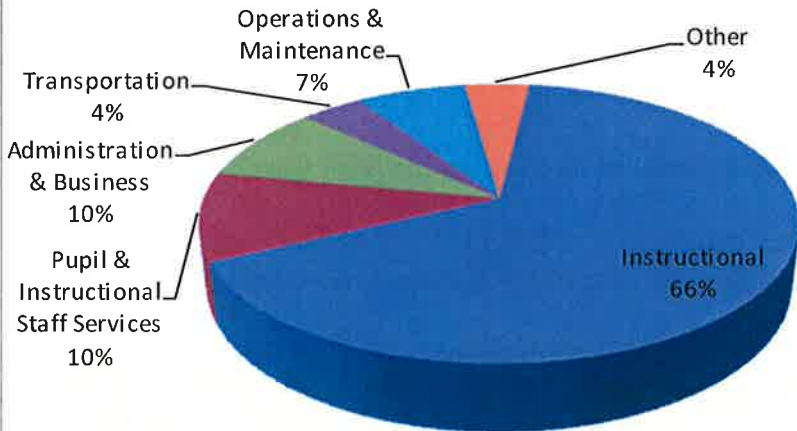
Property taxes accounted for the largest portion of the District's revenues, contributing 74%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$277.9, mainly related to instructing and caring for the students and student transportation, which accounts for 79% of the expenditures.

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

District-Wide Revenues by Source



District-Wide Expenses by Function



**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

Financial Analysis of the District's Funds

The financial performance of the District's funds as a whole is reflected in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Total revenue in the governmental funds was \$286.4 compared to \$283.1 in the prior year, an increase of \$3.3 or 1%. There was an increase in total expenditures compared to the prior year of \$1.6 or 0.5%, mainly due to an increase of capital outlay (construction of facilities).

Consistent revenues due to property tax collections, controlled salary increases through labor contracts, and stable student enrollment has resulted in the District's Governmental Funds balance increasing from \$127.7 to \$136.1 due to revenue outpacing expenditures consistent with budget, which has resulted in a favorable financial position for the District.

The District Operating Funds (excluding Capital Projects and Debt Service) budgeted for an \$8.2 increase in fund balance, realizing an actual increase of \$8.4.

Operations and Maintenance Fund: The fund balance in the Operations and Maintenance Fund increased \$5.2 due to a \$3.6 transfer from the General Fund.

General Fund Budgetary Highlights

General Fund: The largest revenue source in the General Fund is property taxes at 70% of all revenue from that fund. Property tax revenue in the 2013 fiscal year was 0.2% higher than the prior fiscal year. State revenue sources represent 22% of all revenue in the General Fund, which increased by \$5.6. Increases in Special Education funding compared to 2012 account for the increase in state funding reflected in the General Fund. Federal revenue sources represent 2.9% of all revenues, increasing \$0.6 from the prior year.

Total expenditures of \$232.2 in the General Fund increased by 5% over the prior year.

Actual revenues recognized were greater than budgeted by \$33.6 (16% of budget), attributable to State Funding including an on behalf payment to the Teacher Retirement System of \$34.0 (not budgeted).

Actual expenditures were \$39.5 over budget (14%), \$34.0 attributable to the State on behalf payment to TRS (not budgeted), and health insurance and capital outlay being greater than budgeted.

The fund balance at year end was \$107.7, an increase of \$1.0 or 0.9% over the prior year.

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

By the end of 2013, the District had compiled a total investment of \$387.8 (\$236.3 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$12.8. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

Table 3		
Capital Assets (net of depreciation)		
(in millions of dollars)		
	<u>2012</u>	<u>2013</u>
Land	\$ 12.5	\$ 12.8
Buildings	200.3	194.4
Land Improvements	5.9	13.5
Machinery and equipment	16.6	15.6
Total	<u>\$ 235.3</u>	<u>\$ 236.3</u>

Long-term Debt

The District retired \$1.8 in bonds in 2013. Net OPEB Obligations and Compensated Absences increased by \$2.5. At the end of fiscal 2013, the District had a debt margin of \$593.6. More detailed information on long-term debt can be found in Note 5 of the basic financial statements.

Table 4		
Outstanding Long-Term Debt		
(in millions of dollars)		
	<u>2012</u>	<u>2013</u>
General Obligation Bonds	\$ 39.5	\$ 37.7
Capital leases and other	14.9	17.4
Total	<u>\$ 54.4</u>	<u>\$ 55.1</u>

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED June 30, 2013
UNAUDITED**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

The District has four labor contracts in place.

- Certified Teaching Staff (NUEA) are contracted through 2016; the contracts has a base increases at 67% of CPI-U with a floor of 1.4% and a ceiling of 2.5%.
- Education Support Staff (NESPA) through 2015.
- Maintenance and Custodial Staff (NUMA) are contracted through 2014; the contracts has a base increases at 75% of CPI-U with a floor of 1.4% and a ceiling of 2.7%.
- Transportation Staff (NTA) are contracted through 2017.

The District's self-insurance health program is actual performance has been favorable for the current plan year. The District has a current balance in the self insurance fund of \$13 (about 54%) – well above the reserve of 30% of plan costs. In addition, the District is taking the appropriate steps to implement the Affordable Care Act in order to avoid additional charges and fees estimated to range from \$1.2 to \$1.7.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

Naperville Community Unit School District No. 203
203 West Hillside Road
Naperville, Illinois 60540

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 147,352,452
Receivables:	
Property taxes	112,613,384
Due from other governments	5,089,395
Other receivables	238,531
Prepaid Items	110,304
Capital assets:	
Land	12,787,618
Other capital assets, net of depreciation	<u>223,466,041</u>
Total Assets	<u>501,657,725</u>
Liabilities:	
Accounts payable	6,018,027
Accrued salaries	15,082,626
Unearned revenue	108,206,101
Noncurrent liabilities:	
Due within one year	1,830,000
Due in more than one year	<u>53,313,463</u>
	<u>184,450,217</u>
Net Position:	
Invested in capital assets, net of related debt	199,568,752
Restricted for:	
Operations and maintenance	16,642,806
Debt service	452,899
Transportation	6,270,176
Retirement benefits	4,044,595
Other purposes	113,050
Unrestricted	<u>90,115,230</u>
Total net position	<u>\$ 317,207,508</u>

See accompanying notes to basic financial statements

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instructional services:					
Regular programs	\$ 101,917,716	\$ 4,737,299	\$ 2,312,400	\$ -	\$ (94,868,017)
Special programs	30,602,927	-	14,013,215	-	(16,589,712)
Other programs	16,562,518	-	13,001	-	(16,549,517)
State retirement contributions	33,980,906	-	33,980,906	-	-
Support services:					
Pupils	17,074,758	-	-	-	(17,074,758)
Instructional staff	11,369,786	-	345,374	-	(11,024,412)
General administration	5,677,709	-	-	-	(5,677,709)
School administration	12,064,152	-	-	-	(12,064,152)
Business	6,517,616	3,478,212	1,008,602	-	(2,030,802)
Operation and maintenance of facilities	19,610,542	475,793	-	-	(19,134,749)
Transportation	11,040,078	646,194	6,791,021	-	(3,602,863)
Central	8,320,419	-	-	-	(8,320,419)
Other	844,125	-	-	-	(844,125)
Community service	537,784	-	-	-	(537,784)
Interest on long-term liabilities	1,765,742	-	451,359	-	(1,314,383)
Total school district	\$ 277,886,778	\$ 9,337,498	\$ 58,915,878	\$ -	(209,633,402)
General revenues:					
Property taxes levied for:					
General purposes					168,641,037
Operation & maintenance					25,938,177
Transportation					5,835,166
Retirement					6,487,492
Debt service					-
Personal property replacement taxes					2,041,668
Federal and state aid not restricted to specific purposes					7,068,266
Earnings on investments					225,762
Miscellaneous					1,946,591
					<u>218,184,159</u>
					Change in net assets 8,550,757
					<u>308,656,751</u>
					<u>\$ 317,207,508</u>

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	<u>General</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
Assets:				
Cash and investments	\$ 121,638,353	\$ 15,960,085	\$ 4,709,315	\$ 3,778,311
Receivables:				
Property taxes	91,141,726	14,770,226	3,181,488	3,519,944
Due from other governments	3,559,791	-	1,419,604	110,000
Other receivables	-	26,927	-	-
Prepaid items	110,304	-	-	-
TOTAL ASSETS	<u><u>\$ 216,450,174</u></u>	<u><u>\$ 30,757,238</u></u>	<u><u>\$ 9,310,407</u></u>	<u><u>\$ 7,408,255</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 6,018,027	\$ -	\$ -	\$ -
Accrued salaries and related expenditures	15,082,626	-	-	-
Deferred revenue	87,687,778	14,114,432	3,040,231	3,363,660
Total Liabilities	<u>108,788,431</u>	<u>14,114,432</u>	<u>3,040,231</u>	<u>3,363,660</u>
Fund Balances:				
Nonspendable	110,304	-	-	-
Committed	15,369,038	-	-	-
Restricted	113,050	16,642,806	6,270,176	4,044,595
Unassigned	92,069,351	-	-	-
Total Fund Balances	<u>107,661,743</u>	<u>16,642,806</u>	<u>6,270,176</u>	<u>4,044,595</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 216,450,174</u></u>	<u><u>\$ 30,757,238</u></u>	<u><u>\$ 9,310,407</u></u>	<u><u>\$ 7,408,255</u></u>

See accompanying notes to basic financial statements

Debt Service	Fire Prevention and Safety	Total Governmental Funds
\$ 241,295	\$ 1,025,093	\$ 147,352,452
-	-	112,613,384
-	-	5,089,395
211,604	-	238,531
-	-	110,304
<u>\$ 452,899</u>	<u>\$ 1,025,093</u>	<u>\$ 265,404,066</u>
\$ -	\$ -	\$ 6,018,027
-	-	15,082,626
-	-	108,206,101
-	-	129,306,754
-	-	110,304
-	-	15,369,038
452,899	1,025,093	28,548,619
-	-	92,069,351
<u>452,899</u>	<u>1,025,093</u>	<u>136,097,312</u>
<u>\$ 452,899</u>	<u>\$ 1,025,093</u>	<u>\$ 265,404,066</u>

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances - governmental funds	\$ 136,097,312
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 in the funds. The cost of the assets is \$387,753,716 and the accumulated depreciation is \$151,500,057.	236,253,659
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(55,143,463)</u>
Net position of governmental activities	<u><u>\$ 317,207,508</u></u>

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement/ Social Security
REVENUES				
Local sources	\$ 181,132,185	\$ 26,527,639	\$ 6,156,006	\$ 6,637,561
State sources	51,782,640	-	6,791,021	-
Federal sources	6,959,124	-	-	-
Total Revenues	239,873,949	26,527,639	12,947,027	6,637,561
EXPENDITURES				
Current operating:				
Instruction	162,523,905	-	-	2,616,686
Supporting services	62,771,922	24,903,619	10,417,934	4,273,381
Community services	483,187	-	-	54,597
Non-programmed charges	6,476,856	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	232,255,870	24,903,619	10,417,934	6,944,664
Excess of revenues over expenditures	7,618,079	1,624,020	2,529,093	(307,103)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,600,000	-	-
Transfers out	(6,676,233)	-	-	-
Total other financing sources (uses)	(6,676,233)	3,600,000	-	-
Net changes in fund balance	941,846	5,224,020	2,529,093	(307,103)
Fund Balances (Deficits) at beginning of year	106,719,897	11,418,786	3,741,083	4,351,698
FUND BALANCES AT END OF YEAR	\$ 107,661,743	\$ 16,642,806	\$ 6,270,176	\$ 4,044,595

See accompanying notes to basic financial statements

Debt Service	Fire Prevention and Safety	Total Governmental Funds
\$ -	\$ -	\$ 220,453,391
-	-	58,573,661
451,359	-	7,410,483
451,359	-	286,437,535
-	-	165,140,591
-	-	102,366,856
-	-	537,784
-	-	6,476,856
1,790,000	-	1,790,000
1,765,742	-	1,765,742
-	-	-
3,555,742	-	278,077,829
(3,104,383)	-	8,359,706
3,076,233	-	6,676,233
-	-	(6,676,233)
3,076,233	-	-
(28,150)	-	8,359,706
481,049	1,025,093	127,737,606
\$ 452,899	\$ 1,025,093	\$ 136,097,312

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds **\$ 8,359,706**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 13,703,824	
Depreciation expense	<u>(12,782,999)</u>	920,825

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in compensated absences	\$ (307,600)	
Increase in other postemployment benefits	<u>(2,212,174)</u>	(2,519,774)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Repayment of bond and loan principal		<u>1,790,000</u>
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Change in net position of governmental activities **\$ 8,550,757**

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND - ACTIVITY FUND
YEAR ENDED JUNE 30, 2013

Assets:

Cash	\$ 2,680,854
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Liabilities:

Due to organizations	\$ 2,680,854
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See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Naperville Community Unit School District No. 203 (the District) is governed by an elected Board of Education. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

In June 1999 the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include;

- A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations.
- Financial statements prepared using the full-accrual basis of accounting for all the District’s activities.
- A change in the fund financial statements to focus on major funds.

a. The Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is legally separate organization for which the District is financially accountable and other organizations for which nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District also may be financially accountable if an organization is fiscally dependent on the District, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the District’s reporting entity. Even though there are local government agencies within the geographic area served by the District, such as the municipality, library and park district, these agencies have been excluded from the report because they are legally separate and the District is not financially accountable for them. The District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

b. Fund Accounting

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

GASB statement No. 54 refined the definitions of various governmental funds. These updated definitions are incorporated into the following fund descriptions.

Major Governmental funds include the following fund types:

General Fund - The General Fund, which consists of the legally mandated Educational Account, Tort Immunity Account and Working Cash Account is used to account for the revenues and expenditures, which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds. This Fund is used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

Educational Account – These accounts are used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

Tort Immunity Account – This fund accounts for revenues and expenditures related to tort immunity. Revenue is primarily derived from local property taxes.

Working Cash Account – This fund accounts for financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied. The Working Cash Account was established and has been used to respond to fluctuations in cash flow resulting from unpredictable property tax collections. The earnings of the fund are allowed to be transferred to another fund under the Illinois Compiled Statutes. The principal of the fund, accumulated from bond issues, can be used as a source from which the District borrows money to support temporary deficiencies in other funds, or may be partially or fully transferred to the General Fund and the Special Revenue Funds Operation and Maintenance and Transportation Funds, upon Board approval.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than Debt Service and Capital Projects Funds) that are legally restricted to expenditures for specified purposes. The District's Special Revenue Funds are described as follows:

Operations and Maintenance Fund – These accounts are used for expenditures made for operation, repair and maintenance of District property. Revenue consists primarily of local property taxes.

Transportation Fund – This fund accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund – This fund accounts for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures, which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Projects Fund – Capital Projects Funds include the Fire Prevention and Safety Fund. The Fire Prevention and Safety Fund accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

Fiduciary Fund Type

Agency Funds - The Agency Funds (Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District has adopted a policy consistent with GASB Statement No. 34 to net the interfund receivables and payables for combined totals used to determine the major funds. Consequently, the interfund loan balances, which net to zero, are not utilized to determine major funds.

c. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary fund reporting focuses on net assets and changes in net assets. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as a revenue of the current period. All other revenue items are considered to be measurable and available only when the District receives the cash.

Revenues – Exchange and nonexchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements that specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, grants, entitlements and student fees.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

At June 30, 2013, the various components of deferred revenue and unearned revenue were as follows:

Property taxes receivable for subsequent year	\$ 107,613,384
Local revenue receivable	592,716
	<u>\$ 108,206,100</u>

Expenses / Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

d. Deposits and Investments

Under Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

- Illinois Funds. (A state sponsored investment pool.)
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

e. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$500 for furniture, equipment, buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50 years
Building improvements	20 years
Furniture and Equipment	5-20 years
Vehicles	8 years

f. Long-term obligations

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

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

g. Net Position

Government-Wide Statements

Net position is classified and displayed in three components:

1. Net investment in capital assets. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted. Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

h. 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.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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 and prepaid amounts.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

1. Special Education

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. Expenditures exceeded revenue for this purpose, resulting in no restricted fund balance.

2. Tort Immunity

Expenditures and the related revenues are accounted for in the Tort Immunity Account. Revenues exceeded expenditures for this purpose, resulting in a restricted fund balance of \$113,050.

3. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the General Fund and various Special Revenue Funds. At June 30, 2013, expenditures exceeded revenue from state and federal grants, resulting in no restricted balances.

4. Social Security

Expenditures and the related revenues of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures for this purpose, resulting in a restricted fund balance of \$1,740,679. The remaining balance is restricted for Municipal Retirement purposes.

5. Capital Projects Funds

Expenditures and the related revenues are accounted for in the Fire Prevention and Safety Fund. All equity within this fund is restricted for the associated capital expenditures within these funds.

C. 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 government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The District's self insured health insurance fund represents funds which have been segregated by the District for the purpose of funding these related insurance costs. As of June 30, 2013, \$15,369,038 was committed for this purpose.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

No assigned balances existed as of June 30, 2013.

E. Unassigned Fund Balance

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

F. Reconciliation of Fund Balance Reporting

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
Educational	\$ 110,304		\$ 15,369,038	\$ -	\$ 87,836,869
Operations & Maintenance	-		-	-	16,642,806
Debt Service	-	452,899	-	-	-
Transportation	-	6,270,176	-	-	-
Municipal Retirement	-	4,044,595	-	-	-
Working Cash	-	-	-	-	4,232,482
Tort Liability	-	113,050	-	-	-
Fire Prevention & Safety	-	1,025,093	-	-	-

G. Expenditures of Fund Balance

Unless specifically identified, expenditures disbursed act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures disbursed for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

i. Property Taxes

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The Dupage/Will County Assessor is responsible for the assessment of all taxable real property within Dupage/Will County except for certain railroad property which is assessed directly by the State.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

Property taxes are collected by the Dupage/Will County Treasurer who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following year. Substantial collections are received by the District in June and September. For governmental funds, property tax revenue is recognized to the extent of taxes due and collected within the current year or expected to be collected within 60 days of year end to be used to pay liabilities of the current period.

Based upon collection histories, the District has provided at June 30, 2013 an allowance for uncollectible real property taxes equivalent to 0.5% of the current levy. All property taxes receivable over one year old have been written off.

j. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement/Social Security Fund with the balance allocated to funds at the discretion of the District.

k. Other receivables

The District records receivables for items such as special education costs, rent and other amounts due from individuals as "other receivables".

l. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2013 are determined on the basis of current salary rates and include salary related payments.

Employees are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. Accrued but unpaid vacation leave at June 30, 2013, was \$1,479,577 which is reported as a long-term liability in the Statement of Net Assets. In prior years the accrued vacation liability was due within one year as all employees had until the end of August of the following year to use vacation time or it was lost. Beginning July 1, 2010 the District implemented a new policy which accrues vacation time on a monthly basis and allows employees to carry over a maximum of 1.5 times their allotment of days (Administrators, NESBA, & Non Union) or 26/12 times their

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

allotment of days (NUMA & NTA) in their vacation time bank. As such, the liability is not considered to be due within one year as of June 30, 2013.

All certified employees receive a specified number of sick days per year. Unused sick leave days accumulate to a maximum of 240 days. Upon retirement, a certified employee may apply up to 170 days of unused sick leave toward service credit for TRS.

Education support personnel receive fifteen sick days per year, which accumulate to a maximum of 260 days. The District does not reimburse employees for unused sick days remaining upon retirement of employment.

Due to the nature of the policies on sick leave no liability is provided in the financial statements for accumulated unpaid sick leave.

m. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

n. Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2012, from which such summarized information was derived.

NOTE 2. CASH AND INVESTMENTS

Deposits and Custodial Credit Risk

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost. All other investments are reported at fair value. Gains or losses 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.

At June 30, 2013 the carrying amount of the District's deposits, which include both cash and certificates of deposit totaled \$142,165,139 and the bank balances totaled \$142,915,657. These amounts were entirely insured or collateralized as of June 30, 2013.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

Investments

As of June 30, 2013, the District had the following investments and maturities.

Investment Type	Fair Value	Maturities (in years) Less than 1	% of Portfolio	Agency Rating
Illinois Funds	\$ 7,868,165	\$ 7,868,165	100.0%	AAA
Illinois School District Liquid Asset Fund	2	2	0.0%	AAA
	<u>\$ 7,868,167</u>	<u>\$ 7,868,167</u>	<u>100.0%</u>	

At year end, the District's cash and investments was comprised of the following:

	Government-wide	Fiduciary	Total
Cash & Investments	<u>\$ 147,352,452</u>	<u>\$ 2,680,854</u>	<u>\$ 150,033,306</u>
Total	<u>\$ 147,352,452</u>	<u>\$ 2,680,854</u>	<u>\$ 150,033,306</u>

**Cash and
Investments**

Deposits with financial institutions	\$ 142,165,139
Other investments	<u>7,868,167</u>
Total	<u>\$ 150,033,306</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to sufficiently liquid to enable the District to meet all operating requirements as they come due.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State Statutes limit the investments in commercial paper and corporate bonds

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

to the top three ratings of two nationally recognized statistical rating organization (NRSRO's). The District's investment policy authorizes the following investments:

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois are rated AAAM and are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy does not address concentration of credit risk but requires the Chief Investment Officer to use the judgment and care, under circumstances prevailing, "that persons of prudence, discretion and intelligence exercise is the management of their own affairs, not for speculation, but for investment, considering the safety of capital as well as probably income."

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2013, the bank balance of the District's deposits with financial institutions totaled \$142,915,657; all of which was collateralized and insured.

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

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

Foreign Currency Risk. The District held no foreign investments during the fiscal year.

NOTE 3. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units is comprised of the following as of June 30, 2013:

	Other	State Aid	Federal Aid	Total
Educational Fund	\$ 258,239	\$ 1,926,433	\$1,375,119	\$ 3,559,791
Transportation Fund	45,921	1,373,683	-	1,419,604
Municipal Retirement/Social Security Fund	-	-	-	-
	110,000	-	-	110,000
Total	\$ 414,160	\$ 3,300,116	\$1,375,119	5,089,395

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance			Balance
	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 12,497,354	\$ 290,264	\$ -	\$ 12,787,618
Construction in process	-	-	-	-
Total capital assets not being depreciated	<u>\$ 12,497,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,787,618</u>
Capital assets, being depreciated				
Buildings	291,269,794	-	-	291,269,794
Improvements other than buildings	10,647,182	8,359,617	-	19,006,799
Equipment	59,999,762	5,053,943	364,200	64,689,505
Total capital assets being depreciated	<u>\$361,916,738</u>	<u>\$ 13,413,560</u>	<u>\$ 364,200</u>	<u>374,966,098</u>
Accumulated depreciation for:				
Buildings	90,997,300	5,825,396	-	96,822,696
Improvements other than buildings	4,733,472	741,350	-	5,474,822
Equipment	43,350,486	6,216,253	364,200	49,202,539
Total accumulated depreciation	<u>\$139,081,258</u>	<u>\$ 12,782,999</u>	<u>\$ 364,200</u>	<u>151,500,057</u>
Total capital assets being depreciated, net	<u>\$222,835,480</u>	<u>\$ 630,561</u>	<u>\$ -</u>	<u>\$ 223,466,041</u>
Total capital assets, net	<u>\$235,332,834</u>	<u>\$ 920,825</u>	<u>\$ -</u>	<u>\$ 236,253,659</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

Depreciation expense was charged to functions of the District as follows:

Instructional Services:

Regular programs	\$ 9,056,898
Special programs	382,580

Supporting Services:

Pupils	280,607
Instructional Staff	354,768
General Administration	236,097
School administration	987
Business	307,145
Operations and maintenance of facilities	615,541
Transportation	1,043,486
Central	504,890
	<u><u>\$ 12,782,999</u></u>

NOTE 5. LONG-TERM DEBT

The following is a summary of the components of long-term debt and related transactions of the District for the year ended June 30, 2013:

Long-Term Debt at June 30, 2013 is comprised of the following:

	Balance			Balance	Amount Due
	June 30, 2012	Additions	Reductions	June 30, 2013	in one year
General Obligation Bonds	\$ 39,500,000	\$ -	\$ 1,790,000	\$ 37,710,000	\$ 1,830,000
Compensated Absences	1,171,977	307,600	-	1,479,577	-
Net OPEB Obligation	13,741,712	2,212,174	-	15,953,886	-
Total Long-Term Debt	\$ 54,413,689	\$ 2,519,774	\$ 1,790,000	\$ 55,143,463	\$ 1,830,000

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

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

Purpose	Interest Rates	Original Indebtedness	Carrying Amount
Series 2008 General Library Building Bonds Dated May 1, 2008 are due in annual installments through February 1, 2028	3.875% - 4.00%	\$ 10,000,000	\$ 10,000,000
Series 2009 Build America Bonds dated August 26, 2009, are due in annual installments through February 1, 2029	1.50% - 5.00%	\$ 33,000,000	\$ 27,710,000
Total		\$ 43,000,000	\$ 37,710,000

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

	Principal	Interest	Total
2014	\$ 1,830,000	\$ 1,719,097	\$ 3,549,097
2015	1,880,000	1,661,452	3,541,452
2016	1,940,000	1,594,712	3,534,712
2017	2,000,000	1,497,712	3,497,712
2018	2,070,000	1,397,712	3,467,712
2019-2023	11,380,000	5,370,560	16,750,560
2024-2028	13,590,000	2,462,524	16,052,524
2029	3,020,000	151,000	3,171,000
Total	\$ 37,710,000	\$ 15,854,769	\$ 53,564,769

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including the installment contracts, to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2013, the statutory debt limit for the District was \$595,262,286 providing a debt margin of \$558,005,185 after taking into account amounts available in the Debt Service Fund.

The payments to retire the compensated absences and other post employment benefits will be provided by future tax levies within the General Fund and Operations and Maintenance Fund. Payments to retire bonds payable will be made from debt service levies in future periods. There is \$452,899 of fund equity available in the Debt Service Fund to service outstanding bonds payable.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

NOTE 6. RETIREMENT FUND COMMITMENTS

Retirement Plans

The District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards are members of IMRF.

Illinois Teachers' Retirement System:

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 primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 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. For the year ended June 30, 2013 earnings of \$120,023,062 were reported to TRS.

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

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 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 \$32,876,694 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 were 24.91 percent (\$28,342,660) and 23.10 percent (\$25,672,167), 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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

ended June 30, 2013 were \$696,134. Contributions for the years ending June 30, 2012, and June 30, 2011, were \$674,827 and \$662,360, 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 year ended June 30, 2012 and 2011 the employer 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 \$2,815,598 were paid from federal and special trust funds that required employer contributions of \$789,775. For the years ended June 30, 2012 and June 30, 2011, required district contributions were \$639,995 and \$718,780, respectively.

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

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

For the year ended June 30, 2013, the district paid \$310,709 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the district paid \$120,566 and \$70,514 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave.

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

For the year ended June 30, 2013, the District paid \$31,715 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2012 and 2011, the District paid \$86,686 and \$74,653 to TRS in 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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

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 the excess of the normal annual allotment. For the year ended June 30, 2012 and 2011, the District paid \$123 and \$0 in employer contributions granted for sick leave days, respectively.

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, 2013. 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, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

Teacher's Health Insurance Security (THIS)

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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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 the TRS who are not employees of the state to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On Behalf Contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$1,104,212, 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 2011 were 0.88 percent of pay, both years. State contributions on behalf of district employees were \$1,023,875, and \$1,005,369, respectively.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District 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 \$828,159 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$767,907 and \$754,027 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."

Illinois Municipal Retirement Fund:

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

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes required employers 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 2011 was 11.66 percent. Your employer 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 \$3,324,397.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 3,324,397	100%	\$ -
12/31/2011	3,312,877	100%	-
12/31/2010	3,048,382	100%	-

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

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 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Your employer Regular plan'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.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 75.92 percent funded. The actuarial accrued liability for benefits was \$70,016,408 and the actuarial value of assets was \$53,156,430, resulting in an underfunded actuarial accrued liability (UAAL) of \$16,859,978. The covered payroll (annual payroll of active employees covered by the plan) was \$28,511,120 and the ratio of the UAAL to the covered payroll was 59 percent.

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

NOTE 7. SPECIAL TAX LEVIES AND RESTRICTED EQUITY

Proceeds from the Special Education tax levy and the related expenditures are accounted for in the General Fund's Education Account. At June 30, 2013, cumulative expenditures had exceeded related cumulative revenues.

NOTE 8. COMMITMENTS

As of June 30, 2013, the District had entered into various contractual commitments for construction projects. The unpaid balance of these contracts is approximately \$83,000 as of June 30, 2013.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The District has purchases insurance from private insurance companies and a risk pool for general liability, workers' compensation and other coverages not included below. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

The District is self-insured for medical and workers' compensation coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$210,000 per employee for medical and \$400,000 per employee for workers' compensation, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2013, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$4,334,994. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2012 and June 30, 2013, changes in the total liability for unpaid claims are summarized as follows:

	Claims Payable	Current Year			
	Beginning of	Claims and		Claims	Claims Payable
	Year	Changes in		Payments	End of Year
		Estimates			
Fiscal Year 2013	\$ 5,000,668	\$ 28,105,070	\$ 28,770,744	\$ 4,334,994	
Fiscal Year 2012	\$ 4,533,215	\$ 27,927,210	\$ 27,459,757	\$ 5,000,668	

NOTE 10. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

NOTE 11. JOINT AGREEMENTS

The District is a member of DuPage Area Occupational Education System (DAOES), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing board, this is not included as a component unit of the District.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

Defined Post-employment Benefit Plan

The District administers a single-employer defined benefit healthcare plan (the “Defined Post-employment Benefit Plan”). The plan provides medical and prescription drug and dental benefits for eligible retirees and their spouses through the District’s self-insured insurance plan or TRS (TRIP), which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive healthcare insurance for a limited period of (5 years for IMRF and 10 years or \$48,000, whichever comes first, for TRS) at established contribution rates. The Defined Post-employment Benefit Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union. The District pays 100% of the premiums (medical and dental) for individuals eligible for health benefits from the Teacher’s Retirement System (TRS). For individuals retiring under IMRF, the District pays 90% of the medical premium for exempt retirees and 85% for non-exempt retirees. Dental premiums are paid 100% by the retiree. The District makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. Administrative costs of the Defined Post-employment Benefit Plan are finance through investment earnings.

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Defined Post-employment Benefit Plan, and changes in the District’s net OPEB obligation to the Defined Post-employment Benefit Plan:

	FY 2013	FY 2012
Annual Required Contribution	\$ 4,594,332	\$ 4,504,246
Interest on net OPEB obligation	549,668	459,494
Adjustment to annual required contribution	(608,897)	(509,006)
Annual OPEB cost (expense)	<u>4,535,103</u>	<u>4,454,734</u>
Contributions made by the District	<u>(2,322,929)</u>	<u>(1,894,748)</u>
Increase in net OPEV obligations (4-5)	2,212,174	2,559,986
Net OPEB obligation - Beginning of Year	<u>13,741,712</u>	<u>11,181,726</u>
Net OPEB obligation - End of Year	<u>\$ 15,953,886</u>	<u>\$ 13,741,712</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Defined Post-employment Benefits Plan, and the net OPEB obligation for June 30, 2013 is as follows:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2013

Fiscal Year Ended	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation (Asset)
June 30, 2013	\$ 4,535,103	51.22%	\$ 15,953,886
June 30, 2012	4,454,734	49.40%	13,741,712
June 30, 2011	4,249,314	41.97%	11,181,726
June 30, 2010	4,249,314	41.97%	8,715,661

The funded status of the Defined Post-employment Benefit Plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (AAL)	\$ 45,700,283
Actuarial value of plan assets	
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 45,700,283</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 120,444,306
UAAL as a percentage of covered payroll	37.94%

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements

June 30, 2013

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

In the June 30, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 3.50 percent investment rate of return and an annual healthcare cost trend rate of 8.5% for TRIP premiums initially and then graded down to 5.6% over 6 years, 8.5% for medical and prescription drugs initially, then graded down to 5.6% over 7 years, and 4.9% for dental. The actuarial value of the plan assets are determined using techniques that spread the effects of short-term volatility in the market value of investments over a thirty year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2013 is 30 years.

NOTE 13. INTERFUND TRANSFERS

The following interfund transfers were made during the year ended June 30, 2013:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund-Educational Account	Operations and Maintenance Fund	\$ 3,600,000
General Fund - Educational account	Debt Service Fund	3,076,233
	Total Transfers	<u>\$ 6,676,233</u>

The \$3,600,000 transfer to the Operations and Maintenance Fund provided funds for operations. Transfers to the Debt Service Fund were made to provide funds for the debt service payments on loans.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Funding Progress (unaudited)
Illinois Municipal Retirement Fund
June 30, 2013

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]
12/31/2012	\$ 53,156,430	\$ 70,016,408	\$ 16,859,978	75.92%	\$ 28,511,120	59.13%
12/31/2011	50,669,553	68,555,412	17,885,859	73.91%	28,485,617	62.79%
12/31/2010	47,634,130	64,422,944	16,788,814	73.94%	27,290,798	61.52%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$55,090,795.
On a market basis, the funded ratio would be 78.68%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Naperville Community Unit School District No. 203. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Funding Progress (unaudited)
Other Post Employment Benefits
June 30, 2013

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]
12/31/2013	\$ -	\$ 45,700,283	\$ 45,700,283	0.00%	N/A	N/A
12/31/2012	-	44,804,199	44,804,199	0.00%	120,444,306	40.52%
12/31/2011	-	44,179,035	44,179,035	0.00%	142,971,828	30.90%
12/31/2010	-	44,659,004	44,659,004	0.00%	132,646,284	33.70%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND,
OPERATIONS AND MAINTENANCE FUND AND TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2013

	General Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 183,303,469	\$ 181,132,185	\$ (2,171,284)
State sources	15,695,230	51,782,640	36,087,410
Federal sources	7,244,800	6,959,124	(285,676)
Total Revenues	206,243,499	239,873,949	33,630,450
EXPENDITURES			
Current operating:			
Instruction	127,488,739	162,523,905	(35,035,166)
Support services	56,965,693	62,771,922	(5,806,229)
Community services	521,731	483,187	38,544
Non-programmed charges	7,794,054	6,476,856	1,317,198
Total Expenditures	192,770,217	232,255,870	(39,485,653)
Excess (deficiency) of revenues over expenditures	13,473,282	7,618,079	(5,855,203)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(6,676,233)	(6,676,233)	-
Total other financing sources (uses)	(6,676,233)	(6,676,233)	-
Net changes in fund balance	<u>\$ 6,797,049</u>	941,846	<u>\$ (5,855,203)</u>
Fund balances at beginning of year		<u>106,719,897</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 107,661,743</u>	

Operations and Maintenance Fund			Transportation Fund		
Original and Final Budget	Actual	Variance Over/Under	Original and Final Budget	Actual	Variance Over/Under
\$ 25,715,429	\$ 26,527,639	\$ 812,210	\$ 6,231,172	\$ 6,156,006	\$ (75,166)
-	-	-	5,249,713	6,791,021	1,541,308
-	-	-	-	-	-
<u>25,715,429</u>	<u>26,527,639</u>	<u>812,210</u>	<u>11,480,885</u>	<u>12,947,027</u>	<u>1,466,142</u>
-	-	-	-	-	-
28,254,802	24,903,619	3,351,183	10,428,050	10,417,934	10,116
-	-	-	-	-	-
200,000	-	200,000	100,000	-	100,000
<u>28,454,802</u>	<u>24,903,619</u>	<u>3,551,183</u>	<u>10,528,050</u>	<u>10,417,934</u>	<u>110,116</u>
<u>(2,739,373)</u>	<u>1,624,020</u>	<u>4,363,393</u>	<u>952,835</u>	<u>2,529,093</u>	<u>1,576,258</u>
3,600,000	3,600,000	-	-	-	-
-	-	-	-	-	-
<u>3,600,000</u>	<u>3,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 860,627</u>	<u>5,224,020</u>	<u>\$ 4,363,393</u>	<u>\$ 952,835</u>	<u>2,529,093</u>	<u>\$ 1,576,258</u>
	<u>11,418,786</u>			<u>3,741,083</u>	
	<u>\$ 16,642,806</u>			<u>\$ 6,270,176</u>	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND,
DEBT SERVICE FUND AND FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2013

	Municipal Retirement/Social Security Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 6,722,584	\$ 6,637,561	\$ (85,023)
Federal sources	-	-	-
Total Revenues	<u>6,722,584</u>	<u>6,637,561</u>	<u>(85,023)</u>
EXPENDITURES			
Current operating:			
Instruction	2,697,200	2,616,686	80,514
Support services	4,464,200	4,273,381	190,819
Community services	-	54,597	(54,597)
Principal retirement	-	-	-
Interest on bonds	-	-	-
Total Expenditures	<u>7,161,400</u>	<u>6,944,664</u>	<u>216,736</u>
Excess (deficiency) of revenues over expenditures	<u>(438,816)</u>	<u>(307,103)</u>	<u>(131,713)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (438,816)</u>	<u>(307,103)</u>	<u>\$ (131,713)</u>
Fund balances at beginning of year		<u>4,351,698</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 4,044,595</u>	

Debt Service Fund			Fire Prevention and Safety Fund		
Original and Final Budget	Actual	Variance Over/Under	Original and Final Budget	Actual	Variance Over/Under
\$ 500	\$ -	\$ (500)	\$ -	\$ -	\$ -
479,511	451,359	(28,152)	-	-	-
480,011	451,359	(28,652)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,790,000	1,790,000	-	-	-	-
1,765,744	1,765,742	2	-	-	-
3,555,744	3,555,742	2	-	-	-
(3,075,733)	(3,104,383)	(28,650)	-	-	-
3,076,233	3,076,233	-	-	-	-
-	-	-	-	-	-
3,076,233	3,076,233	-	-	-	-
\$ 500	(28,150)	\$ (28,650)	\$ -	-	\$ -
	481,049			1,025,093	
	\$ 452,899			\$ 1,025,093	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Required Supplementary Information

June 30, 2013

Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments.

The Board of Education 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. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to October 1 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget, which was not amended, was adopted on June 18, 2012.
5. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. The legal level of budgetary control is at the individual fund level, therefore, actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Required Supplementary Information

June 30, 2013

Excess of Expenditures Over Budgets in Individual Funds and Account:

Expenditures exceeded the budgeted amount in the following Fund and Account:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund - Educational Account	\$ 191,248,717	\$ 230,374,554	\$ 39,125,837
Tort Immunity Fund	1,521,500	1,881,316	359,816

The expenditure variance was sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance -- Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teacher's Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
General Fund Budgetary Basis	\$ 205,893,043	\$ 198,274,964
To adjust for on-behalf payments received	33,980,906	-
To adjust for on-behalf payments made	-	33,980,906
General Fund GAAP Basis	<u>\$ 239,873,949</u>	<u>\$ 232,255,870</u>

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2013

<u>ASSETS</u>	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total General</u>
Cash and investments	\$ 117,333,193	\$ 4,232,482	\$ 72,678	\$ 121,638,353
Receivables:				
Property taxes	90,232,407	-	909,319	91,141,726
Due from other governments	3,559,791	-	-	3,559,791
Other receivables	-	-	-	-
Prepaid items	110,304	-	-	110,304
TOTAL ASSETS	\$ 211,235,695	\$ 4,232,482	\$ 981,997	\$ 216,450,174
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 6,018,027	\$ -	\$ -	\$ 6,018,027
Accrued salaries and related expenditures	15,082,626	-	-	15,082,626
Deferred revenue	86,818,831	-	868,947	87,687,778
Total Liabilities	107,919,484	-	868,947	108,788,431
Fund balances:				
Nonspendable	110,304	-	-	110,304
Committed	15,369,038	-	-	15,369,038
Restricted	-	-	113,050	113,050
Unassigned	87,836,869	4,232,482	-	92,069,351
Total Fund Balances	103,316,211	4,232,482	113,050	107,661,743
TOTAL LIABILITIES AND FUND BALANCES	\$ 211,235,695	\$ 4,232,482	\$ 981,997	\$ 216,450,174

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Educational	Working Cash	Tort Immunity	Total General
REVENUES				
Local sources	\$ 179,508,177	\$ -	\$ 1,624,008	\$ 181,132,185
State sources	51,782,640	-	-	51,782,640
Federal sources	6,959,124	-	-	6,959,124
Total Revenues	238,249,941	-	1,624,008	239,873,949
EXPENDITURES				
Current operating:				
Instruction	162,523,905	-	-	162,523,905
Support services	60,890,606	-	1,881,316	62,771,922
Community services	483,187	-	-	483,187
Non-programmed charges	6,476,856	-	-	6,476,856
Total Expenditures	230,374,554	-	1,881,316	232,255,870
Excess of revenues over expenditures	7,875,387	-	(257,308)	7,618,079
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(6,676,233)	-	-	(6,676,233)
Total other financing sources (uses)	(6,676,233)	-	-	(6,676,233)
Net changes in fund balance	1,199,154	-	(257,308)	941,846
Fund balances at beginning of year	102,117,057	4,232,482	370,358	106,719,897
FUND BALANCES AT END OF YEAR	\$ 103,316,211	\$ 4,232,482	\$ 113,050	\$ 107,661,743

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources:				
Property taxes	\$ 169,609,333	\$ 167,018,934	\$ (2,590,399)	\$ 166,750,644
Corporate replacement tax	1,800,000	1,891,668	91,668	2,192,629
Tuition	725,000	735,751	10,751	717,007
Earnings on investments	150,000	208,679	58,679	144,462
Food services	3,785,000	3,478,212	(306,788)	3,711,308
Pupil activities and textbooks	3,140,000	2,891,011	(248,989)	3,074,570
Services provided other LEA's	-	325,981	325,981	341,481
Other	2,425,000	2,957,941	532,941	2,813,877
Total local sources	181,634,333	179,508,177	(2,126,156)	179,745,978
State sources:				
Unrestricted:				
General state aid	5,926,230	6,130,450	204,220	6,674,711
Restricted:				
Other grants-in-aid	990,000	937,816	(52,184)	816,238
Special education	7,733,300	9,677,226	1,943,926	8,180,161
Summer school	16,700	15,329	(1,371)	16,713
Bilingual education	210,000	217,581	7,581	226,120
Vocational education	55,000	175,075	120,075	60,643
Prekindergarten program for at risk student	490,000	450,604	(39,396)	594,426
School lunch aid	32,000	17,402	(14,598)	28,374
Driver education	180,000	167,250	(12,750)	91,943
On behalf payments - State of Illinois	-	33,980,906	33,980,906	29,366,535
Unallocated	62,000	13,001	(48,999)	92,674
Total state sources	15,695,230	51,782,640	36,087,410	46,148,538
Federal sources:				
Restricted:				
Title I	600,000	353,223	(246,777)	536,596
Education for handicapped	4,300,000	4,320,660	20,660	3,626,803
School lunch programs	855,800	991,200	135,400	887,806
Title II	340,000	345,374	5,374	274,121
Title III	125,000	141,984	16,984	113,537
Medicaid matching/administrative outreac	1,000,000	741,741	(258,259)	903,341
Other	24,000	64,942	40,942	24,992
Total federal sources	\$ 7,244,800	\$ 6,959,124	\$ (285,676)	\$ 6,367,196

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Total revenues	\$ 204,574,363	\$ 238,249,941	\$ 33,675,578	\$ 232,261,712
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs:				
Salaries	63,894,900	63,279,613	615,287	61,691,755
Employee benefits	17,421,500	18,814,337	(1,392,837)	21,456,343
On behalf payments	-	33,980,906	(33,980,906)	29,366,535
Purchased services	1,371,865	1,402,722	(30,857)	1,022,937
Supplies and materials	4,299,268	5,870,833	(1,571,565)	4,969,663
Capital outlay	2,668,559	417,252	2,251,307	952,077
Other	10,000	4,886	5,114	1,286
Total	89,666,092	123,770,549	(34,104,457)	119,460,596
Special education programs:				
Salaries	16,632,000	15,951,593	680,407	15,391,508
Employee benefits	4,979,645	4,783,716	195,929	4,717,033
Purchased services	342,662	178,799	163,863	258,954
Supplies and materials	466,497	786,623	(320,126)	205,415
Capital outlay	26,588	6,585	20,003	9,679
Other	12,200	9,748	2,452	9,816
Total	22,459,592	21,717,064	742,528	20,592,405
Educationally deprived/remedial programs:				
Salaries	-	680,701	(680,701)	788,683
Employee benefits	-	64,303	(64,303)	46,097
Total	-	745,004	(745,004)	834,780
Vocational programs:				
Salaries	3,267,425	3,054,293	213,132	3,124,760
Employee benefits	957,525	920,589	36,936	860,998
Purchased services	10,000	6,801	3,199	15,761
Supplies and materials	159,333	140,963	18,370	96,842
Capital outlay	70,000	88,340	(18,340)	33,720
Other	7,300	18,748	(11,448)	6,563
Total	\$ 4,471,583	\$ 4,229,734	\$ 241,849	\$ 4,138,644

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Interscholastic programs:				
Salaries	\$ 3,002,000	\$ 3,133,170	\$ (131,170)	\$ 3,034,351
Employee benefits	426,600	491,434	(64,834)	480,731
Purchased services	296,194	244,643	51,551	244,530
Supplies and materials	127,196	148,676	(21,480)	139,572
Capital outlay	6,300	455	5,845	8,159
Other	70,810	124,284	(53,474)	112,229
Total	3,929,100	4,142,662	(213,562)	4,019,572
Summer school:				
Salaries	816,368	878,689	(62,321)	1,014,315
Employee benefits	2,415	21,629	(19,214)	21,878
Purchased services	16,300	-	16,300	-
Supplies and materials	32,649	28,527	4,122	28,984
Total	867,732	928,845	(61,113)	1,065,177
Gifted:				
Salaries	1,896,250	2,048,115	(151,865)	1,848,661
Employee benefits	570,150	653,474	(83,324)	602,637
Total	2,466,400	2,701,589	(235,189)	2,451,298
Bilingual:				
Salaries	2,972,500	3,315,085	(342,585)	2,900,062
Employee benefits	629,740	933,749	(304,009)	660,056
Supplies and materials	20,000	26,744	(6,744)	24,181
Total	3,622,240	4,275,578	(653,338)	3,584,299
Truant's altern & optional programming				
Salaries	6,000	9,819	(3,819)	4,125
Employee benefits	-	3,061	(3,061)	1,233
Total	6,000	12,880	(6,880)	5,358
Total instruction	\$ 127,488,739	\$ 162,523,905	\$ (35,035,166)	\$ 156,152,129

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Support services:				
Pupils:				
Attendance and social work:				
Salaries	\$ 2,404,500	\$ 2,386,692	\$ 17,808	\$ 2,460,184
Employee benefits	568,500	644,892	(76,392)	629,468
Purchased services	2,500	7,459	(4,959)	-
Supplies and materials	15,266	10,543	4,723	18,033
Capital outlay	1,000	-	1,000	-
Total	<u>2,991,766</u>	<u>3,049,586</u>	<u>(57,820)</u>	<u>3,107,685</u>
Guidance services:				
Salaries	3,625,000	3,396,925	228,075	3,427,140
Employee benefits	713,750	837,931	(124,181)	770,156
Purchased services	10,000	2,375	7,625	2,263
Supplies and materials	6,600	6,564	36	5,239
Total	<u>4,355,350</u>	<u>4,243,795</u>	<u>111,555</u>	<u>4,204,798</u>
Health services:				
Salaries	2,195,000	2,385,200	(190,200)	2,163,650
Employee benefits	467,500	548,068	(80,568)	504,267
Purchased services	87,000	3,140	83,860	6,598
Supplies and materials	22,000	21,863	137	19,901
Capital outlay	5,000	-	5,000	2,335
Total	<u>2,776,500</u>	<u>2,958,271</u>	<u>(181,771)</u>	<u>2,696,751</u>
Psychological services:				
Salaries	1,630,000	1,749,298	(119,298)	1,665,151
Employee benefits	356,700	530,241	(173,541)	462,279
Purchased services	20,000	14,445	5,555	8,200
Supplies and materials	46,500	21,024	25,476	41,650
Total	<u>2,053,200</u>	<u>2,315,008</u>	<u>(261,808)</u>	<u>2,177,280</u>
Speech pathology and audiology services:				
Salaries	2,351,000	2,642,017	(291,017)	2,555,805
Employee benefits	519,900	708,285	(188,385)	620,501
Purchased services	36,110	80,700	(44,590)	57,117
Supplies and materials	15,410	14,448	962	13,659
Total	<u>\$ 2,922,420</u>	<u>\$ 3,445,450</u>	<u>\$ (523,030)</u>	<u>\$ 3,247,082</u>

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Other support services:				
Salaries	\$ 84,000	\$ 91,652	\$ (7,652)	\$ 311,969
Employee benefits	11,000	14,220	(3,220)	12,358
Purchased services	200,000	231,495	(31,495)	-
Total	295,000	337,367	(42,367)	324,327
Total pupils	15,394,236	16,349,477	(955,241)	15,757,923
Instructional staff:				
Improvement of instruction services:				
Salaries	3,766,200	3,781,214	(15,014)	3,551,884
Employee benefits	927,520	918,252	9,268	831,397
Purchased services	533,900	363,386	170,514	654,791
Supplies and materials	333,971	228,322	105,649	150,460
Capital outlay	276,000	236,674	39,326	319,279
Other	135,725	123,332	12,393	122,836
Total	5,973,316	5,651,180	322,136	5,630,647
Educational media services:				
Salaries	3,175,000	3,268,865	(93,865)	3,145,951
Employee benefits	868,375	1,015,544	(147,169)	922,091
Purchased services	10,000	33,903	(23,903)	6,459
Supplies and materials	208,205	315,124	(106,919)	231,161
Capital outlay	150,000	71,768	78,232	230,465
Total	4,411,580	4,705,204	(293,624)	4,536,127
Assessment and testing:				
Salaries	250,000	273,676	(23,676)	136,219
Employee benefits	54,400	85,022	(30,622)	30,849
Purchased services	179,500	172,405	7,095	102,670
Supplies and materials	119,900	90,333	29,567	100,015
Capital outlay	30,000	-	30,000	-
Other	1,000	2,746	(1,746)	30
Total	634,800	624,182	10,618	369,783
Total instructional staff	\$ 11,019,696	\$ 10,980,566	\$ 39,130	\$ 10,536,557

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
General administration:				
Board of education:				
Salaries	\$ 163,000	\$ 109,947	\$ 53,053	\$ 93,491
Employee benefits	27,075	24,353	2,722	11,360
Purchased services	647,500	861,385	(213,885)	723,945
Supplies and materials	45,900	42,039	3,861	51,069
Other	60,000	67,334	(7,334)	39,953
Total	943,475	1,105,058	(161,583)	919,818
Executive administration:				
Salaries	854,500	725,262	129,238	886,879
Employee benefits	225,000	158,133	66,867	193,410
Purchased services	89,000	22,978	66,022	72,684
Supplies and materials	26,000	18,692	7,308	18,770
Capital outlay	-	167	(167)	281
Other	3,000	8,231	(5,231)	7,302
Total	1,197,500	933,463	264,037	1,179,326
Special area administration services:				
Salaries	1,020,000	1,125,861	(105,861)	1,031,718
Employee benefits	257,500	278,294	(20,794)	246,583
Purchased services	8,236	2,870	5,366	2,902
Supplies and materials	16,705	12,073	4,632	5,970
Capital outlay	5,000	-	5,000	1,090
Total	1,307,441	1,419,098	(111,657)	1,288,263
Tort immunity services:				
Purchased services	-	-	-	79,264
Total	-	-	-	79,264
Total general administration	\$ 3,448,416	\$ 3,457,619	\$ (9,203)	\$ 3,466,671

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
School administration:				
Office of the principal:				
Salaries	\$ 7,012,500	\$ 7,375,030	\$ (362,530)	\$ 7,123,066
Employee benefits	1,905,000	2,164,924	(259,924)	2,000,634
Purchased services	89,000	110,245	(21,245)	105,023
Supplies and materials	26,000	11,893	14,107	8,651
Capital outlay	-	13,090	(13,090)	-
Other	3,000	-	3,000	13,107
Total	9,035,500	9,675,182	(639,682)	9,250,481
Other support services school administration:				
Salaries	1,220,000	1,439,968	(219,968)	1,247,397
Employee benefits	329,000	398,722	(69,722)	328,431
Total	1,549,000	1,838,690	(289,690)	1,575,828
Total school administration	10,584,500	11,513,872	(929,372)	10,826,309
Business:				
Director of business support services:				
Salaries	180,000	186,974	(6,974)	175,197
Employee benefits	31,000	30,445	555	31,548
Purchased services	2,000	3,376	(1,376)	165
Supplies and materials	1,000	-	1,000	369
Capital outlay	-	-	-	648
Other	1,500	40	1,460	-
Total	215,500	220,835	(5,335)	207,927
Fiscal services:				
Salaries	532,800	521,773	11,027	516,546
Employee benefits	88,500	133,437	(44,937)	105,495
Purchased services	78,500	71,079	7,421	84,654
Supplies and materials	6,500	4,176	2,324	9,642
Capital outlay	100,000	2,938,243	(2,838,243)	386,493
Other	2,100	860	1,240	1,191
Total	\$ 808,400	\$ 3,669,568	\$ (2,861,168)	\$ 1,104,021

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Operation and maintenance of plant services:				
Purchased services	\$ -	\$ 802,931	\$ (802,931)	\$ 1,037,636
Supplies and materials	-	251,876	(251,876)	36,600
Capital outlay	-	150,046	(150,046)	134,489
Total	-	1,204,853	(1,204,853)	1,208,725
Food services:				
Salaries	600,000	635,324	(35,324)	615,505
Employee benefits	52,500	149,547	(97,047)	134,196
Purchased services	4,316,652	4,055,831	260,821	4,183,184
Supplies and materials	35,500	37,207	(1,707)	34,131
Capital outlay	45,000	-	45,000	4,259
Other	-	672	(672)	1,228
Total	5,049,652	4,878,581	171,071	4,972,503
Internal services:				
Salaries	57,000	149,227	(92,227)	153,487
Employee benefits	68,025	47,578	20,447	47,365
Supplies and materials	-	-	-	80,393
Total	125,025	196,805	(71,780)	281,245
Total business	6,198,577	10,170,642	(3,972,065)	7,774,421
Central:				
Planning, R&D, and evaluation:				
Salaries	10,000	15,039	(5,039)	14,504
Employee benefits	24,150	5,666	18,484	5,132
Total	\$ 34,150	\$ 20,705	\$ 13,445	\$ 19,636

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Information services:				
Salaries	\$ 85,000	\$ 84,723	\$ 277	\$ 82,278
Employee benefits	15,750	26,496	(10,746)	5,852
Purchased services	210,000	92,608	117,392	81,570
Supplies and materials	12,000	5,266	6,734	4,456
Other	1,500	1,370	130	1,759
Total	324,250	210,463	113,787	175,915
Staff services:				
Salaries	600,000	792,549	(192,549)	698,221
Employee benefits	2,035,900	1,947,266	88,634	1,917,801
Purchased services	138,170	132,056	6,114	93,404
Supplies and materials	11,500	7,803	3,697	5,263
Other	5,700	3,698	2,002	3,996
Total	2,791,270	2,883,372	(92,102)	2,718,685
Data processing services:				
Salaries	1,630,000	1,665,611	(35,611)	1,607,665
Employee benefits	352,000	307,819	44,181	286,686
Purchased services	858,054	671,307	186,747	794,575
Supplies and materials	1,586,294	1,621,202	(34,908)	1,376,145
Capital outlay	327,000	239,679	87,321	393,050
Other	1,000	2,464	(1,464)	5,209
Total	4,754,348	4,508,082	246,266	4,463,330
Total central	7,904,018	7,622,622	281,396	7,377,566
Other support services:				
Salaries	247,200	257,284	(10,084)	245,258
Employee benefits	66,000	-	66,000	63,837
Purchased services	640,400	453,719	186,681	525,795
Supplies and materials	16,150	84,805	(68,655)	1,504
Total	969,750	795,808	173,942	836,394
Total support services	\$ 55,519,193	\$ 60,890,606	\$ (5,371,413)	\$ 56,575,841

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Community services:				
Salaries	\$ 329,000	\$ 320,900	\$ 8,100	\$ 410,141
Employee benefits	66,500	71,895	(5,395)	94,128
Purchased services	32,275	25,813	6,462	35,388
Supplies and materials	83,956	59,279	24,677	78,589
Other	10,000	5,300	4,700	3,675
Total community services	<u>521,731</u>	<u>483,187</u>	<u>38,544</u>	<u>621,921</u>
Non-programmed charges:				
Payments for regular programs:				
Purchased services	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Total	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Payments for special education programs:				
Purchased services	<u>6,439,054</u>	<u>6,476,856</u>	<u>(37,802)</u>	<u>6,331,255</u>
Total	<u>6,439,054</u>	<u>6,476,856</u>	<u>(37,802)</u>	<u>6,331,255</u>
Provision for contingencies	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>
Total non-programmed charges	<u>7,719,054</u>	<u>6,476,856</u>	<u>1,242,198</u>	<u>6,331,255</u>
Total expenditures	<u>191,248,717</u>	<u>230,374,554</u>	<u>(39,125,837)</u>	<u>219,681,146</u>
Excess of revenues over expenditures	<u>\$ 13,325,646</u>	<u>\$ 7,875,387</u>	<u>\$ (5,450,259)</u>	<u>\$ 12,580,566</u>

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ 35,000
Transfers out	(6,676,233)	(6,676,233)	-	(23,070,401)
Total other financing sources (uses)	(6,676,233)	(6,676,233)	-	(23,035,401)
Net changes in fund balance	<u>\$ 6,649,413</u>	1,199,154	<u>\$ (5,450,259)</u>	(10,454,835)
Fund balance at beginning of year		<u>102,117,057</u>		<u>112,571,892</u>
FUND BALANCE AT END OF YEAR		<u>\$ 103,316,211</u>		<u>\$ 102,117,057</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WORKING CASH ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Earnings on investments	5,000	\$ -	\$ (5,000)	\$ -
Total local sources	5,000	-	(5,000)	-
Total revenues	5,000	-	(5,000)	-
Excess of revenues over expenditures	<u>\$ 5,000</u>	-	<u>\$ (5,000)</u>	-
Fund balance at beginning of year		4,232,482		4,232,482
FUND BALANCE AT END OF YEAR		<u>\$ 4,232,482</u>		<u>\$ 4,232,482</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TORT IMMUNITY ACCOUNT
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 1,586,136	\$ 1,622,103	\$ 35,967	\$ 1,554,773
Earnings on investments	3,000	1,905	(1,095)	2,331
Other	75,000	-	(75,000)	19,558
Total local sources	<u>1,664,136</u>	<u>1,624,008</u>	<u>(40,128)</u>	<u>1,576,662</u>
Total revenues	<u>1,664,136</u>	<u>1,624,008</u>	<u>(40,128)</u>	<u>1,576,662</u>
EXPENDITURES				
Current operating:				
Support services:				
Workers compensation insurance:				
Purchased services	606,500	1,881,316	(1,274,816)	682,938
Total	<u>606,500</u>	<u>1,881,316</u>	<u>(1,274,816)</u>	<u>682,938</u>
Unemployment insurance payments				
Purchased services	150,000	-	150,000	119,191
Total	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>119,191</u>
Insurance payments (regular or self-insurance):				
Purchased services	690,000	-	690,000	406,251
Total	<u>690,000</u>	<u>-</u>	<u>690,000</u>	<u>406,251</u>
Total support services	<u>1,446,500</u>	<u>1,881,316</u>	<u>(434,816)</u>	<u>1,208,380</u>
Provision for contingencies	75,000	-	75,000	-
Total expenditures	<u>1,521,500</u>	<u>1,881,316</u>	<u>(359,816)</u>	<u>1,208,380</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 142,636</u>	<u>(257,308)</u>	<u>\$ (399,944)</u>	<u>368,282</u>
Fund balance at beginning of year		<u>370,358</u>		<u>2,076</u>
FUND BALANCE AT END OF YEAR		<u>\$ 113,050</u>		<u>\$ 370,358</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 24,896,829	\$ 25,938,177	\$ 1,041,348	\$ 29,976,684
Pupil activities - fees	65,000	58,993	(6,007)	58,360
Impact fees from other governments	3,300	-	(3,300)	-
Earnings on investments	10,000	15,047	5,047	13,381
Rentals	530,000	475,793	(54,207)	466,276
Other	210,300	39,629	(170,671)	143,894
Total local sources	25,715,429	26,527,639	812,210	30,658,595
Total revenues	25,715,429	26,527,639	812,210	30,658,595
EXPENDITURES				
Current operating:				
Support services:				
Facility acquisition and construction services:				
Salaries	-	-	-	67,374
Employee benefits	-	-	-	18,315
Total	-	-	-	85,689
Operations and maintenance of plant services:				
Salaries	8,129,700	8,059,903	69,797	8,183,630
Employee benefits	2,012,700	1,991,565	21,135	1,866,922
Purchased services	2,372,350	2,948,259	(575,909)	2,478,540
Supplies and materials	4,300,000	4,672,028	(372,028)	4,021,052
Capital outlay	11,428,052	7,218,637	4,209,415	18,057,826
Other	12,000	13,227	(1,227)	13,869
Total	28,254,802	24,903,619	3,351,183	34,621,839
Total support services	28,254,802	24,903,619	3,351,183	34,707,528
Provision for contingencies	\$ 200,000	\$ -	\$ 200,000	\$ -

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Total expenditures	\$ 28,454,802	\$ 24,903,619	\$ 3,551,183	\$ 34,707,528
Excess (deficiency) of revenues over expenditures	(2,739,373)	1,624,020	4,363,393	(4,048,933)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,600,000	3,600,000	-	20,000,000
Transfers out	-	-	-	(136,398)
Total other financing sources (uses)	3,600,000	3,600,000	-	19,863,602
Net changes in fund balance	<u>\$ 860,627</u>	5,224,020	<u>\$ 4,363,393</u>	15,814,669
Fund balance (deficit) at beginning of year		<u>11,418,786</u>		<u>(4,395,883)</u>
FUND BALANCE (DEFICIT) AT END OF YEAR		<u>\$ 16,642,806</u>		<u>\$ 11,418,786</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 5,886,122	\$ 5,835,166	\$ (50,956)	\$ 5,980,555
Transportation fees from pupils or parents	220,000	5,600	(214,400)	7,500
Transportation fees from private sources	-	53,877	53,877	32,630
Transportation fees from co-curricular	-	168,547	168,547	146,804
Transportation fees - other sources	-	92,189	92,189	85,535
Earnings on investments	50	62	12	40
Other	125,000	565	(124,435)	5,438
Total local sources	6,231,172	6,156,006	(75,166)	6,258,502
State sources:				
Restricted:				
Transportation aid	5,249,713	6,791,021	1,541,308	5,276,435
Total state sources	5,249,713	6,791,021	1,541,308	5,276,435
Total revenues	11,480,885	12,947,027	1,466,142	11,534,937
EXPENDITURES				
Current operating:				
Support services:				
Pupil transportation services:				
Salaries	3,794,000	3,578,682	215,318	4,063,073
Employee benefits	1,132,950	1,254,454	(121,504)	1,101,628
Purchased services	3,252,400	3,495,780	(243,380)	3,066,852
Supplies and materials	1,118,000	964,681	153,319	969,775
Capital outlay	1,130,000	1,124,142	5,858	848,990
Other	700	195	505	673
Total support services	10,428,050	10,417,934	10,116	10,050,991
Provision for contingencies	\$ 100,000	\$ -	\$ 100,000	\$ -

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Total expenditures	\$ 10,528,050	\$ 10,417,934	\$ 10,116	\$ 10,050,991
Excess (deficiency) of revenues over expenditures	<u>\$ 952,835</u>	2,529,093	<u>\$ 1,576,258</u>	1,483,946
Fund balance at beginning of year		<u>3,741,083</u>		<u>2,257,137</u>
FUND BALANCE AT END OF YEAR		<u>\$ 6,270,176</u>		<u>\$ 3,741,083</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources:				
Property taxes	\$ 6,564,584	\$ 3,240,344	\$ (3,324,240)	\$ 3,230,987
Social security/medicare only levy	-	3,247,148	3,247,148	3,228,419
Replacement taxes	150,000	150,000	-	150,000
Earnings on investments	8,000	69	(7,931)	41
Total local sources	6,722,584	6,637,561	(85,023)	6,609,447
Total revenues	6,722,584	6,637,561	(85,023)	6,609,447
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs	1,767,200	968,653	798,547	979,761
Special education programs	700,000	1,170,947	(470,947)	1,133,798
Educationally deprived/remedial programs	70,000	117,061	(47,061)	135,044
Vocational programs	-	50,050	(50,050)	52,316
Interscholastic programs	-	73,630	(73,630)	72,677
Summer school programs	-	46,032	(46,032)	51,765
Gifted programs	60,000	70,200	(10,200)	65,568
Bilingual programs	100,000	119,985	(19,985)	166,821
Truant's alternative and optional programs	-	128	(128)	57
Total instruction	2,697,200	2,616,686	80,514	2,657,807
Support services:				
Pupils:				
Attendance and social work services	17,000	55,308	(38,308)	53,337
Guidance services	35,000	68,730	(33,730)	70,442
Health services	145,000	261,531	(116,531)	235,246
Psychological services	-	25,647	(25,647)	23,526
Speech pathology and audiology services	-	30,471	(30,471)	33,724
Other	-	2,987	(2,987)	2,579
Total pupils	\$ 197,000	\$ 444,674	\$ (247,674)	\$ 418,854

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Instructional staff:				
Improvement of instruction services	\$ 23,000	\$ 80,713	\$ (57,713)	\$ 79,190
Education media	238,000	227,755	10,245	226,613
Assessment and testing	-	34,426	(34,426)	15,428
Total instructional staff	<u>261,000</u>	<u>342,894</u>	<u>(81,894)</u>	<u>321,231</u>
General administration:				
Board of education services	8,200	24,983	(16,783)	20,995
Executive administration services	32,000	30,759	1,241	33,603
Special area administration services	41,000	47,102	(6,102)	46,188
Total general administration	<u>81,200</u>	<u>102,844</u>	<u>(21,644)</u>	<u>100,786</u>
School administration:				
Office of the principal services	500,000	516,723	(16,723)	499,486
Other support services	40,000	45,660	(5,660)	42,553
Total school administration	<u>540,000</u>	<u>562,383</u>	<u>(22,383)</u>	<u>542,039</u>
Business:				
Director of business support services	-	2,622	(2,622)	2,544
Fiscal services	80,000	102,741	(22,741)	100,485
Facility acquisition and construction service	-	-	-	11,971
Operation and maintenance of plant services	1,900,000	1,453,958	446,042	1,500,165
Pupil transportation services	1,050,000	702,800	347,200	706,387
Food services	-	52,715	(52,715)	53,587
Internal services	60,000	24,847	35,153	22,445
Total business	<u>3,090,000</u>	<u>2,339,683</u>	<u>750,317</u>	<u>2,397,584</u>
Central:				
Planning, R&D, and evaluation services	-	198	(198)	197
Information services	15,000	16,036	(1,036)	15,793
Staff services	60,000	127,664	(67,664)	120,271
Data processing services	220,000	288,688	(68,688)	281,097
Total central	<u>\$ 295,000</u>	<u>\$ 432,586</u>	<u>\$ (137,586)</u>	<u>\$ 417,358</u>

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
Other:				
Other support services	\$ -	\$ 48,317	\$ (48,317)	\$ 46,629
Total other	-	48,317	(48,317)	46,629
Total support services	4,464,200	4,273,381	190,819	4,244,481
Community services	-	54,597	(54,597)	57,055
Total expenditures	7,161,400	6,944,664	216,736	6,959,343
Deficiency of revenues over expenditures	<u>\$ (438,816)</u>	(307,103)	<u>\$ 131,713</u>	(349,896)
Fund balance at beginning of year		<u>4,351,698</u>		<u>4,701,594</u>
FUND BALANCE AT END OF YEAR		<u>\$ 4,044,595</u>		<u>\$ 4,351,698</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 313
Earnings on investments	500	-	(500)	-
Total local sources	500	-	(500)	313
Federal sources:				
Unrestricted:				
Bond interest reimbursement	479,511	451,359	(28,152)	486,287
Total federal sources	479,511	451,359	(28,152)	486,287
Total revenues	480,011	451,359	(28,652)	486,600
EXPENDITURES				
Debt service:				
Principal retirement	1,790,000	1,790,000	-	1,856,800
Interest on bonds	1,764,744	1,764,742	2	1,808,060
Purchased services	1,000	1,000	-	850
Total expenditures	3,555,744	3,555,742	2	3,665,710
Excess (deficiency) of revenues over expenditures	(3,075,733)	(3,104,383)	(28,650)	(3,179,110)
OTHER FINANCING SOURCES				
Transfers in	3,076,233	3,076,233	-	3,171,799
Total other financing sources	3,076,233	3,076,233	-	3,171,799
Net changes in fund balance	<u>\$ 500</u>	(28,150)	<u>\$ (28,650)</u>	(7,311)
Fund balance at beginning of year		481,049		488,360
FUND BALANCE AT END OF YEAR		<u>\$ 452,899</u>		<u>\$ 481,049</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND - FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	2013			2012 Actual
	Final Budget	Actual	Variance Over/Under	
EXPENDITURES				
Current operating:				
Support services:				
Facilities acquisition and construction:				
Capital outlay	\$ -	\$ -	\$ -	\$ 221,237
Total support services	-	-	-	221,237
Total expenditures	-	-	-	221,237
Deficiency of revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	(221,237)
Fund balance at beginning of year		<u>1,025,093</u>		<u>1,246,330</u>
FUND BALANCE AT END OF YEAR		<u>\$ 1,025,093</u>		<u>\$ 1,025,093</u>

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - AGENCY FUND - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Assets:				
Cash	\$ 2,837,368	\$ 5,623,377	\$ 5,779,891	\$ 2,680,854
Liabilities:				
Due to organizations	\$ 2,837,368	\$ 5,623,377	\$ 5,779,891	\$ 2,680,854

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
FIVE YEAR SUMMARY OF TAX LEVIES AND COLLECTIONS
JUNE 30, 2013

	2012	2011	2010
Tax Levies and Collections			
Assessed valuation	\$ 4,584,207,156	\$ 4,584,207,156	\$ 4,828,639,663
Property tax extensions:			
Educational Fund	\$ 166,634,619	\$ 163,572,332	\$ 156,849,126
Operations and Maintenance Fund	28,236,137	29,976,684	33,901,879
Debt Service Fund	0	313	-
Transportation Fund	6,082,028	5,980,555	5,813,682
Municipal Retirement Fund	3,364,526	3,230,987	3,031,962
Tort Immunity Fund	1,738,338	1,554,773	1,453,421
Special Education Fund	5,862,039	3,178,312	-
Social Security Fund	3,364,526	3,228,419	3,031,962
Total levies extended	\$ 215,282,213	\$ 210,722,375	\$ 204,082,032
Total collected through June 30, 2012	\$ -	\$ 101,076,688	\$ 204,305,701
Total collected in year ended June 30, 2013	102,668,829	106,286,945	-
Total collections	\$ 102,668,829	\$ 207,363,633	\$ 204,305,701
Percentage of extensions collected	47.69%	98.41%	100.11%

	2012 Rate		2011 Rate		2010 Rate	
	DuPage	Will	DuPage	Will	DuPage	Will
Rates extended by year of levy (per \$100 of assessed valuation):						
Educational	3.8631	3.8631	3.6487	3.5920	3.2142	3.2142
Operations and Maintenance	0.6546	0.6546	0.5486	0.5430	0.7021	0.7021
Debt Service	-	-	-	-	-	-
Transportation	0.1410	0.1410	0.1297	0.1284	0.1204	0.1204
Illinois municipal retirement	0.0780	0.0780	0.0724	0.0716	0.0628	0.0627
Tort Immunity	0.0403	0.0403	0.0350	0.0346	0.0301	0.0301
Special Education	0.1359	0.1359	0.0998	0.0987	0.0341	0.0342
Fire Prevention and Life Safety	-	-	-	-	-	-
Working Cash	-	-	-	-	-	-
Social Security	0.0780	0.0780	0.0724	0.0716	0.0628	0.0627
Total rates extended	4.9909	4.9909	4.6066	4.5399	4.2265	4.2264

Source of information: Dekalb County Levy, Rate and Extension Reports for 2008-2012

2009		2008	
<u>\$ 4,997,542,884</u>		<u>\$ 4,944,002,672</u>	
\$ 155,548,522	\$ 157,485,822		
24,447,540	22,248,012		
3,095,739	-		
4,522,777	3,955,202		
3,013,519	2,966,402		
2,009,012	988,801		
1,759,136	1,977,601		
3,013,519	2,966,402		
<u>\$ 197,409,764</u>	<u>\$ 192,588,242</u>		
\$ 197,166,546	\$ 192,372,258		
-	-		
<u>\$ 197,166,546</u>	<u>\$ 192,372,258</u>		
<u>99.88%</u>	<u>99.89%</u>		

2009 Rate		2008 Rate	
DuPage	Will	DuPage	Will
3.1125	3.1125	3.1854	3.1854
0.4892	0.4891	0.4500	0.4500
0.0620	0.0614	-	-
0.0905	0.0905	0.0800	0.0800
0.0603	0.0603	0.0600	0.0600
0.0402	0.0402	0.0200	0.0200
0.0352	0.0352	0.0400	0.0400
-	-	-	-
-	-	-	-
<u>0.0603</u>	<u>0.0603</u>	<u>0.0600</u>	<u>0.0600</u>
<u>3.9502</u>	<u>3.9495</u>	<u>3.8954</u>	<u>3.8954</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
OPERATING COST AND TUITION CHARGE
JUNE 30, 2013

Operating Cost Per Pupil	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average Daily Attendance (ADA):	<u>16,035</u>	<u>16,336</u>	<u>16,721</u>
Operating Costs:			
Educational	\$ 196,393,648	\$ 190,314,611	\$ 181,217,006
Operations and Maintenance	24,903,619	34,707,528	50,709,212
Debt Service	3,555,742	3,665,710	3,672,008
Transportation	10,417,934	10,050,991	9,787,684
Municipal Retirement/Social Security	6,944,664	6,959,343	6,674,638
Tort	<u>1,881,316</u>	<u>1,208,380</u>	<u>1,549,726</u>
Subtotal	<u>244,096,923</u>	<u>246,906,563</u>	<u>253,610,274</u>
Less Revenue/Expenditures of Nonregular Programs:			
Pre-K programs	212,539	-	2,117
Summer school	974,877	1,116,942	897,321
Capital outlay	12,496,069	21,382,840	39,419,646
Debt principal retired	1,790,000	1,856,800	1,832,500
Community services	537,784	678,976	660,880
Payments to other districts & governmental units	<u>6,476,856</u>	<u>6,331,255</u>	<u>5,710,483</u>
Subtotal	<u>22,488,125</u>	<u>31,366,813</u>	<u>48,522,947</u>
Operating costs	<u>\$ 221,608,798</u>	<u>\$ 215,539,750</u>	<u>\$ 205,087,327</u>
Operating Cost Per Pupil - Based on ADA	<u>\$ 13,820</u>	<u>\$ 13,194</u>	<u>\$ 12,265</u>
Tuition Charge			
Operating Costs	221,608,798	215,539,750	205,087,327
Less - revenues from specific programs, such as special education or lunch programs	<u>31,887,087</u>	<u>28,670,129</u>	<u>32,083,217</u>
Net operating costs	189,721,711	186,869,621	173,004,110
Depreciation allowance	<u>12,782,999</u>	<u>11,322,177</u>	<u>10,117,177</u>
Allowable Tuition Costs	<u>\$ 202,504,710</u>	<u>\$ 198,191,798</u>	<u>\$ 183,121,287</u>
Tuition Charge Per Pupil - Based on ADA	<u>\$ 12,629</u>	<u>\$ 12,132</u>	<u>\$ 10,952</u>

Source of information: Annual Financial Report

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
2008 GENERAL OBLIGATION BONDS
JUNE 30, 2013

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2014	\$ -	\$ 394,712	\$ 394,712
2015	-	394,712	394,712
2016	-	394,712	394,712
2017	-	394,712	394,712
2018	-	394,712	394,712
2019	-	394,712	394,712
2020	-	394,712	394,712
2021	-	394,712	394,712
2022	-	394,712	394,712
2023	-	394,712	394,712
2024	-	394,712	394,712
2025	1,510,000	394,712	1,904,712
2026	2,720,000	336,200	3,056,200
2027	2,830,000	230,800	3,060,800
2028	2,940,000	117,600	3,057,600
Total	\$ 10,000,000	\$ 5,421,144	\$ 15,421,144

Paying Agent: Bond Trust Services Corporation, Minnesota

Principal payment date: February

Interest payment dates: February and August

Interest rates: 3.875% - 4.000%

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
2009 GENERAL OBLIGATION BONDS
JUNE 30, 2013

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2014	\$ 1,830,000	\$ 1,324,385	\$ 3,154,385
2015	1,880,000	1,266,740	3,146,740
2016	1,940,000	1,200,000	3,140,000
2017	2,000,000	1,103,000	3,103,000
2018	2,070,000	1,003,000	3,073,000
2019	2,130,000	899,500	3,029,500
2020	2,200,000	793,000	2,993,000
2021	2,270,000	683,000	2,953,000
2022	2,350,000	569,500	2,919,500
2023	2,430,000	452,000	2,882,000
2024	2,510,000	330,500	2,840,500
2025	1,080,000	205,000	1,285,000
2026	-	151,000	151,000
2027	-	151,000	151,000
2028	-	151,000	151,000
2029	3,020,000	151,000	3,171,000
Total	\$ 27,710,000	\$ 10,433,625	\$ 38,143,625

Paying Agent: Bond Trust Services Corporation, Minnesota

Principal payment date: February 1

Interest payment dates: February 1 and August 1

Interest rates: 1.50% to 5.00%