

**Downers Grove Grade School
District No. 58**

Annual Financial Report

Year Ended June 30, 2013

Downers Grove Grade School District No. 58
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position - Governmental Activities	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13 - 14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16 - 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Assets and Liabilities - Agency Fund	19
Notes to the Financial Statements	20 - 47
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress - Illinois Municipal Retirement Fund	48
Schedule of Funding Progress - Other Postemployment Benefits	49
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund - Budgetary Basis	50 - 60
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Operations and Maintenance Fund	61 - 63
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Fund	64 - 65
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Municipal Retirement/Social Security Fund	66 - 68
Notes to the Required Supplementary Information	69 - 70

(Continued)

Downers Grove Grade School District No. 58
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Financial Information	
General Fund	
Combining Balance Sheet	71
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual - Debt Service Fund	73 - 74
Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual - Capital Projects Fund	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual - Fire Prevention and Safety Fund	76 - 77
Statement of Changes in Assets and Liabilities - Agency Fund - Student Activity Fund	78
Other Supplemental Information (Unaudited)	
General Long-Term Debt - Schedule of General Obligation Bonds	79
Operating Costs and Tuition Charge	80

(Concluded)

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Downers Grove Grade School District No. 58
Downers Grove, 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 Downers Grove Grade School District No. 58, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Downers Grove Grade School District No. 58's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Downers Grove Grade School District No. 58'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.

Auditors' 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.

(Continued)

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 Downers Grove Grade School District No. 58, 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 on pages 4 through 10, the Illinois Municipal Retirement Fund historical data on page 49, the other postemployment benefits data on page 50, and the budgetary comparison schedules and notes to required supplementary information on pages 51 through 71 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 Downers Grove Grade School District No. 58's basic financial statements. The other schedules listed in the table of contents the supplementary financial information and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary financial information is 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 supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information (Continued)

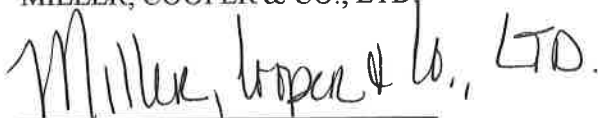
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Downers Grove Grade School District No. 58, as of and for the year ended June 30, 2012 (not presented herein), and have issued our report thereon dated October 15, 2012, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund with comparative actual amounts for the year ended June 30, 2012 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund have been subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

The Other Supplemental Information 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 November 15, 2013 on our consideration of Downers Grove Grade School District No. 58'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 Downers Grove Grade School District No. 58's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD



Certified Public Accountants

Deerfield, Illinois
November 15, 2013

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2013

The discussion and analysis of Downers Grove Grade School District No. 58'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 thousands of dollars. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- ❑ Government-wide revenues were \$67.0 million, \$.4 million less than the government-wide expenses of \$67.4 million.
- ❑ Governmental funds revenues were \$67.0 million, \$2.9 million less than overall governmental fund expenditures of \$69.9 million. The shortfall was primarily due to one-time Fire Prevention and Safety Fund expenditures for projects.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2013 was \$12,043. This is a per pupil increase of \$150.0 over fiscal year 2012.
- ❑ Total net position on a government-wide basis was \$39.3 million. This represents a \$.4 million, or a .01% decrease from fiscal year 2012.
- ❑ Primarily as a result of a \$5.0 million Life Safety bond issue, the District's financial status improved for fiscal year 2013. The aggregate fund balance increased \$2.4 million from \$29.4 million to \$31.8 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2013, the District's long term liabilities including outstanding long-term debt was \$15.3 million.

Overview of the Financial Statements

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

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

This report 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.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2013

The statement of net position 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 position 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 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's governmental activities include instructional services (regular education, special education, and other), supporting services, operations 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 three categories: governmental funds, proprietary funds, and fiduciary funds. The District does not have any 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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all funds.

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

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2013

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

Notes to the financial statements

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

Other information

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

Government-Wide Financial Analysis

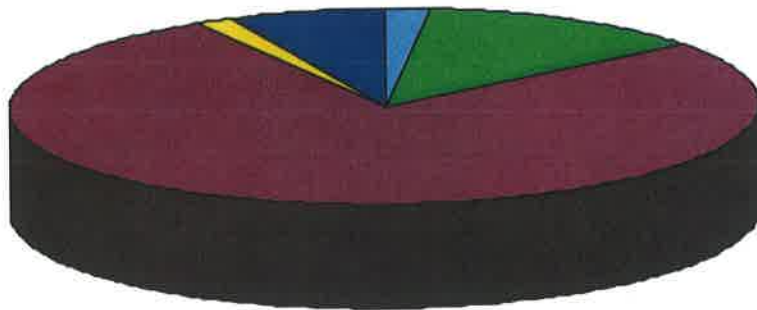
Table 1			
Condensed Statement of Net Position			
<i>(In millions of dollars)</i>			
	<u>2012</u>	<u>2013</u>	<u>Percentage Change</u>
Current and other assets	\$ 59.9	\$ 62.2	3.8%
Capital assets	21.2	22.5	6.1%
Total assets	<u>81.1</u>	<u>84.7</u>	<u>4.4%</u>
Long-term liabilities	11.2	15.3	36.6%
Other liabilities	30.2	30.1	-0.3%
Total liabilities	<u>41.4</u>	<u>45.4</u>	<u>9.7%</u>
Net position:			
Invested in capital assets, net of related debt	12.5	7.3	-41.6%
Restricted	1.8	8.5	372.2%
Unrestricted	25.4	23.5	(7.5%)
Total net position	<u>\$ 39.7</u>	<u>\$ 39.3</u>	<u>(1.0%)</u>

Downers Grove Grade School District No. 58 Management's Discussion and Analysis For the Year Ended June 30, 2013

Table 2
Changes in Net Position
(In millions of dollars)

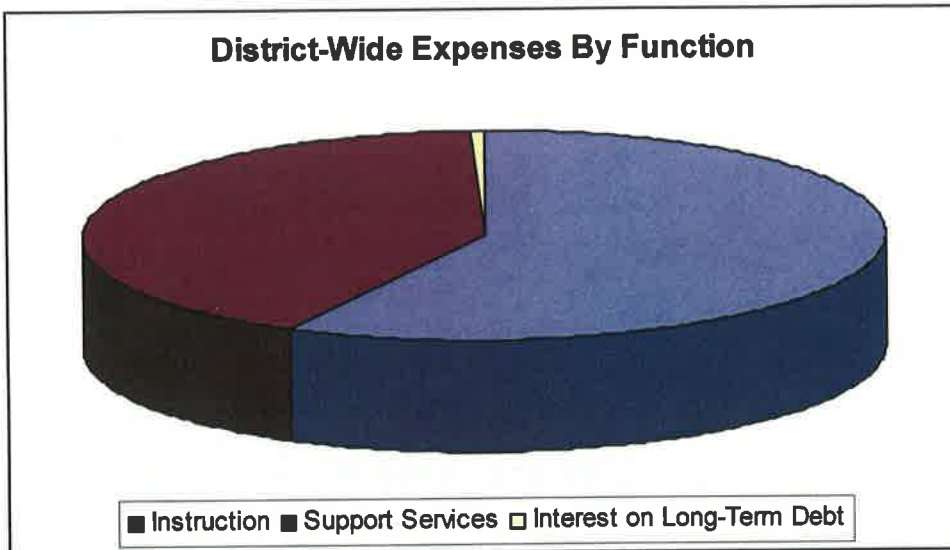
	<u>2012</u>	<u>2013</u>	<u>Percentage of Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1.2	\$ 1.5	2.20%
Operating grants and contributions	12.2	13.3	19.85%
General revenues:			
Property taxes	47.5	49.6	74.03%
Replacement taxes	0.8	0.8	1.19%
Other	1.8	1.8	2.69%
Total revenues	<u>63.5</u>	<u>67.0</u>	<u>99.96%</u>
Expenses:			
Instruction	39.9	41.7	61.87%
Support services	24.8	25.5	37.83%
Interest and fees	0.4	0.2	0.30%
Total expenses	<u>65.1</u>	<u>67.4</u>	<u>100.00%</u>
Increase in Net Assets	<u>\$ (1.6)</u>	<u>\$ (0.4)</u>	

Government-Wide Revenue By Source



- Charges for services
 - Property taxes
 - Other
- Operating grants and contributions
 - Replacement taxes

Downers Grove Grade School District No. 58 Management's Discussion and Analysis For the Year Ended June 30, 2013



Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in the governmental funds statement of revenues, expenditures, and changes in fund balances on pages 16 and 17 of this report. Total revenues in the governmental funds were \$67.0 million compared to \$63.5 million in the prior year. Total expenditures in the governmental funds were \$69.9 million, compared to \$67.0 million in the prior year, an increase of \$2.9 million, or approximately 4.3%. Expenditures exceeded revenues by approximately \$2.9 million. The fund balances in the governmental funds increased from \$29.4 million in the prior year to \$31.8 million as of June 30, 2013. The increase was primarily due to the sale of \$5.0 million in Life Safety bonds.

General (Educational and Working Cash) Fund Budgetary Highlights

General Fund (Pages 50-60): The largest revenue source in the General Fund is property taxes at 83.8% of all General Fund revenue. The total revenues in the General Fund amounted to \$48.4 million, compared to \$47.3 million in the prior year. Revenues from state sources were \$3.6 million, which represented 7.4% of all revenue in the General Fund, decreased by \$100,000 from the prior year. Federal sources of revenue (\$1.9 million), which represented 3.9% of all General Fund revenue, is equal to the prior year total. It is clear that, in poor economic times, the District's reliance on property taxes, a historically stable source of revenue, increases significantly.

Total expenditures of \$47.4 million in the General Fund decreased by (0.30%) from the prior year.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Medical Insurance Balance: At June 30, 2013, the self-funded medical insurance plan (which is a sub-account of the Educational Fund) had a net fund balance of \$3,236,535 (\$3,598,297 - \$361,762 unpaid claims). The June 30, 2012 net fund balance for the medical insurance plan was \$2,568,705 (\$3,092,609 - \$523,904 unpaid claims).

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2013, the District had compiled a total investment of \$22.5 million (net of accumulated depreciation) in a broad range of capital assets including land, improvements, buildings, equipment, and furniture. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

Table 3				
Capital Assets (net of depreciation)				
<i>(In millions of dollars)</i>				
	<u>2012</u>		<u>2013</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 0.2	\$	0.2	0.0%
Construction in progress	1.3		1.0	-23.1%
Land improvements	0.7		0.8	14.3%
Buildings	17.7		19.3	9.0%
Equipment and furniture	1.3		1.2	-7.7%
Total	<u>\$ 21.2</u>	<u>\$</u>	<u>22.5</u>	<u>6.1%</u>

Long-term debt

In February 2010, \$10,000,000 in Life Safety bonds were issued and the remainder of the outstanding bonds from 2001 were refunded. In June 2013 another \$4,995,000 in Life Safety bonds were issued. At June 30, 2013, the District had \$15.3 million in general obligation bonds and other long term debt outstanding. For more detailed information on long-term debt activity, refer to Note F in the notes to the financial statements.

Table 4				
Outstanding Long-Term Debt				
<i>(In millions of dollars)</i>				
	<u>2012</u>		<u>2013</u>	<u>Percentage</u> <u>Change</u>
General obligation bonds	\$ 10.9	\$	15.0	37.61%
Other long-term liabilities	0.3		0.3	0.00%
Total	<u>\$ 11.2</u>	<u>\$</u>	<u>15.3</u>	<u>36.61%</u>

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Factors Bearing on the District's Future

The administration and Board of Education secured approvals of Life Safety amendments and issued \$4,995,000 in Life Safety bonds in June 2013. The money will be used for needed repairs and security upgrades at all District school buildings. Projects include a number of flooring and fire alarm replacements as well as plumbing and boiler/HVAC replacements. All of the approved Life Safety Projects will be substantially completed by August 2014. Also the District has locked in natural gas and electric utility rates for both FY 2013-14 and FY 2014-15.

Like all Illinois public school districts, District 58 is struggling with reduced and/or late funding payments from the State. District 58 finished FY 2012-13 with the State owing the District \$700,000 in categorical aid payments. Given the state of Illinois' finances, this trend is likely to continue for the short term. Also of concern is mounting legislative pressure to shift more of the teacher pension burden to the local school district level. If approved, this change would significantly impact the finances of the District in a negative way.

A recent deannexation request from 16 homeowners in the Ginger Creek subdivision located in Oak Brook was recently approved and upheld upon appeal. The net impact to the District's revenue is an annual property tax loss of approximately \$92,500.

The contract for the Downers Grove Education Association (DGEA) teacher employee group runs through August 2014. Also the Custodial/Maintenance contract runs through June 2014. Both of these contracts will be renegotiated in FY 2013-14.

The number of certificated retirements each year has recently helped the District maintain a relatively balanced annual operating budget. In 2014-15, the number of certificated retirements will drop dramatically to five, which will put added pressure on the budget for 2015-16.

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 District's Controller at (630) 719-5829.

BASIC FINANCIAL STATEMENTS

Downers Grove Grade School District No. 58
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2013

ASSETS

Cash and investments	\$ 35,275,039
Receivables (net of allowance for uncollectibles):	
Interest	8,336
Property taxes	25,343,980
Replacement taxes	156,507
Intergovernmental	1,141,006
Other postemployment benefit asset	335,854
Capital assets:	
Land	223,031
Construction in progress	976,941
Depreciable buildings, property, and equipment, net	<u>21,267,892</u>
Total assets	<u>84,728,586</u>

LIABILITIES

Accounts payable	2,390,642
Salaries and wages payable	2,816,096
Payroll deductions payable	396,515
Claims payable	361,762
Other current liabilities	690,208
Interest payable	21,106
Unearned revenue	23,496,692
Long-term liabilities:	
Due within one year	1,121,123
Due after one year	<u>14,145,331</u>
Total liabilities	<u>45,439,475</u>

NET POSITION

Invested in capital assets, net of related debt	7,318,753
Restricted For:	
Operations and maintenance	2,584,751
Debt service	660,629
Student transportation	322,568
Retirement benefits	557,543
Capital projects	4,322,463
Unrestricted	<u>23,522,404</u>
Total net position	<u>\$ 39,289,111</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 22,409,050	\$ 929,943	\$ 340,091	\$ (21,139,016)
Special programs	9,979,048	49,699	3,705,091	(6,224,258)
Other instructional programs	994,105	52,655	27,149	(914,301)
State retirement contributions	8,306,432	-	8,306,432	-
Support services:				
Pupils	3,211,339	-	-	(3,211,339)
Instructional staff	5,366,763	-	133,146	(5,233,617)
General administration	1,463,766	-	-	(1,463,766)
School administration	3,672,453	-	-	(3,672,453)
Business	2,835,624	320,348	142,834	(2,372,442)
Transportation	2,862,043	2,508	626,209	(2,233,326)
Operations and maintenance	4,639,522	164,485	-	(4,475,037)
Central	560,548	-	-	(560,548)
Other supporting services	916,482	-	-	(916,482)
Interest and fees	218,022	-	-	(218,022)
Total governmental activities	<u>\$ 67,435,197</u>	<u>\$ 1,519,638</u>	<u>\$ 13,280,952</u>	<u>(52,634,607)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				40,594,682
Real estate taxes, levied for specific purposes				7,807,560
Real estate taxes, levied for debt service				1,217,044
Personal property replacement taxes				811,023
State aid-formula grants				1,266,028
Investment earnings				134,142
Miscellaneous				347,880
Total general revenues				<u>52,178,359</u>
Change in net position				(456,248)
Net position, beginning of year				<u>39,745,359</u>
Net position, end of year				<u>\$ 39,289,111</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 25,458,148	\$ 2,639,629	\$ 643,463	\$ 537,529
Receivables (net of allowance for uncollectibles):				
Interest	8,336	-	-	-
Property taxes	20,652,088	2,105,553	1,002,643	953,117
Replacement taxes	138,102	18,405	-	-
Intergovernmental	<u>974,646</u>	<u>-</u>	<u>166,360</u>	<u>-</u>
Total assets	<u>\$ 47,231,320</u>	<u>\$ 4,763,587</u>	<u>\$ 1,812,466</u>	<u>\$ 1,490,646</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 594,988	\$ 208,723	\$ 553,314	\$ -
Salaries and wages payable	2,816,096	-	-	-
Payroll deductions payable	350,449	3,283	-	42,783
Claims payable	361,762	-	-	-
Other current liabilities	690,208	-	-	-
Deferred revenue	<u>19,113,924</u>	<u>1,966,830</u>	<u>936,584</u>	<u>890,320</u>
Total liabilities	<u>23,927,427</u>	<u>2,178,836</u>	<u>1,489,898</u>	<u>933,103</u>
Fund balances:				
Restricted	-	2,057,512	322,568	557,543
Committed	-	527,239	-	-
Assigned	3,236,535	-	-	-
Unassigned	<u>20,067,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>23,303,893</u>	<u>2,584,751</u>	<u>322,568</u>	<u>557,543</u>
Total liabilities and fund balance	<u>\$ 47,231,320</u>	<u>\$ 4,763,587</u>	<u>\$ 1,812,466</u>	<u>\$ 1,490,646</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 640,190	\$ 421,734	\$ 4,934,346	\$ 35,275,039
-	-	-	8,336
630,579	-	-	25,343,980
-	-	-	156,507
-	-	-	1,141,006
<u>\$ 1,270,769</u>	<u>\$ 421,734</u>	<u>\$ 4,934,346</u>	<u>\$ 61,924,868</u>
\$ -	\$ 421,734	\$ 611,883	\$ 2,390,642
-	-	-	2,816,096
-	-	-	396,515
-	-	-	361,762
-	-	-	690,208
589,034	-	-	23,496,692
<u>589,034</u>	<u>421,734</u>	<u>611,883</u>	<u>30,151,915</u>
681,735	-	4,322,463	7,941,821
-	-	-	527,239
-	-	-	2,730,847
-	-	-	20,573,046
<u>681,735</u>	<u>-</u>	<u>4,322,463</u>	<u>31,772,953</u>
<u>\$ 1,270,769</u>	<u>\$ 421,734</u>	<u>\$ 4,934,346</u>	<u>\$ 61,924,868</u>

Downers Grove Grade School District No. 58
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2013

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

Total fund balances - governmental funds	\$ 31,772,953
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,467,864
The net other postemployment asset resulting from contributions in excess of the annual required contribution is not a financial resource and, therefore, is not reported in the funds.	335,854
Interest on long-term liabilities (interest payable) accrued in the statement of net position will not be paid with current financial resources and, accordingly, is not included in the governmental funds balance sheet.	(21,106)
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet.	<u>(15,266,454)</u>
Net position - governmental activities	<u>\$ 39,289,111</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 40,594,682	\$ 4,089,821	\$ 1,898,773	\$ 1,818,966
Replacement taxes	690,806	103,056	-	17,161
State aid	11,878,168	50,000	626,209	-
Federal aid	1,870,688	-	-	-
Interest	78,678	5,618	1,463	2,022
Other	1,627,042	206,443	14,048	-
Total revenues	<u>56,740,064</u>	<u>4,454,938</u>	<u>2,540,493</u>	<u>1,838,149</u>
Expenditures				
Current:				
Instruction:				
Regular programs	21,573,272	-	-	361,676
Special programs	6,991,967	-	-	432,629
Other instructional programs	914,737	-	-	13,887
State retirement contributions	8,306,432	-	-	-
Support services:				
Pupils	3,166,489	-	-	41,511
Instructional staff	4,982,460	-	-	268,714
General administration	1,430,694	-	-	29,982
School administration	3,503,570	-	-	165,841
Business	945,049	144,905	-	91,386
Transportation	-	-	2,862,043	-
Operations and maintenance	13,960	4,156,657	-	459,495
Central	486,804	-	-	42,040
Other supporting services	812,452	-	-	-
Nonprogrammed charges	2,537,686	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	73,957	587,518	-	-
Total expenditures	<u>55,739,529</u>	<u>4,889,080</u>	<u>2,862,043</u>	<u>1,907,161</u>
Excess (deficiency) of revenues over expenditures	<u>1,000,535</u>	<u>(434,142)</u>	<u>(321,550)</u>	<u>(69,012)</u>
Other financing sources (uses)				
Transfers in	-	1,022,693	-	-
Transfers (out)	(1,146,701)	(401,749)	-	-
Bond proceeds	-	-	-	-
Premium on bonds sold	-	-	-	-
Proceeds from capital leases	114,059	-	-	-
Total other financing sources (uses)	<u>(1,032,642)</u>	<u>620,944</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(32,107)	186,802	(321,550)	(69,012)
Fund balance, beginning of year	23,336,000	2,397,949	644,118	626,555
Fund balance, end of year	<u>\$ 23,303,893</u>	<u>\$ 2,584,751</u>	<u>\$ 322,568</u>	<u>\$ 557,543</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,217,044	\$ -	\$ -	\$ 49,619,286
-	-	-	811,023
-	-	-	12,554,377
121,915	-	-	1,992,603
693	-	45,668	134,142
-	19,985	-	1,867,518
<u>1,339,652</u>	<u>19,985</u>	<u>45,668</u>	<u>66,978,949</u>
-	-	-	21,934,948
-	-	-	7,424,596
-	-	-	928,624
-	-	-	8,306,432
-	-	-	3,208,000
-	-	-	5,251,174
-	-	-	1,460,676
-	-	-	3,669,411
-	32,191	119,494	1,333,025
-	-	-	2,862,043
-	-	-	4,630,112
-	-	-	528,844
-	-	104,030	916,482
-	-	-	2,537,686
1,046,023	-	-	1,046,023
382,781	-	-	382,781
-	389,543	2,424,366	3,475,384
<u>1,428,804</u>	<u>421,734</u>	<u>2,647,890</u>	<u>69,896,241</u>
<u>(89,152)</u>	<u>(401,749)</u>	<u>(2,602,222)</u>	<u>(2,917,292)</u>
124,008	401,749	-	1,548,450
-	-	-	(1,548,450)
99,900	-	4,895,100	4,995,000
-	-	169,916	169,916
-	-	-	114,059
<u>223,908</u>	<u>401,749</u>	<u>5,065,016</u>	<u>5,278,975</u>
134,756	-	2,462,794	2,361,683
<u>546,979</u>	<u>-</u>	<u>1,859,669</u>	<u>29,411,270</u>
<u>\$ 681,735</u>	<u>\$ -</u>	<u>\$ 4,322,463</u>	<u>\$ 31,772,953</u>

Downers Grove Grade School District No. 58
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ 2,361,683
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	1,263,025
The net other postemployment asset is not considered to represent a financial resource and, therefore, is not reported in the funds.	10,648
Accrued interest reported in the statement of activities does not require the use of current financial resources and is not reported as expenditures in the governmental funds.	(5,157)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	<u>(4,086,447)</u>
Change in net position - governmental activities	<u>\$ (456,248)</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2013

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 159,483</u>
LIABILITIES	
Due to student groups	<u>\$ 159,483</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Downers Grove Grade School District No. 58 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The governmental accounting standards board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

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

1. Reporting Entity

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

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

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

2. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), which was adopted by the District, as of the fiscal year ended June 30, 2013. In the government-wide financial statements, the District is now required to report five elements on the statement of net position (formerly known as the statement of net assets), assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net position (formerly known as net assets). The types of deferred outflows and inflows of resources to be reported currently consist of service concession arrangements and derivative instruments. As of June 30, 2013, the District has no deferred outflows or deferred inflows of resources.

3. Fund Accounting

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

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

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (Debt Service Fund), and the acquisition or construction of major capital facilities (Capital Projects Fund and Fire Prevention and Safety Fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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

4. 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 the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

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

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

a. General Fund

The *General Fund* includes the Educational Account and the Working Cash Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the Educational Account or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the debt service, capital projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

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

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

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

c. Debt Service Fund

The *Debt Service Fund* - is used for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Funds

The *Capital Projects Fund* - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bond proceeds or transfers from other funds.

The *Fire Prevention and Safety Fund* - accounts for state-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Government-Wide and Fund Financial Statements (Continued)

e. Fiduciary Fund

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are the fiduciary agency fund statements. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues and most other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues that are paid to the District by the Illinois State Board of Education are considered available if they are vouchered by year end. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value equals cost. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity.

7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 20
Buildings and improvements	45
Equipment	5 - 15

Construction in progress is stated at cost and includes engineering, design, material, and labor incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Accumulated Unpaid Vacation and Sick Pay

All employees are provided sick leave and vacation benefits in accordance with their contractual agreements (teachers, secretaries, instructional aides, custodians, maintenance) or employee handbooks (administrators, technology, food service). Teachers receive 15 days of sick leave per year and may accumulate up to a maximum of 195 days, not including the current year's allocation. Secretaries, clerks, and instructional aides receive sick leave benefits as follows: 12-month employees receive 18 days per year up to a maximum of 260; 10-month employees receive 15 days per year up to a maximum of 210; and instructional aides receive 10 days per year up to maximum of 180. Custodial/maintenance employees receive 1.5 days of sick leave per month, cumulative up to 260 days. Part-time custodians receive 10 days of sick leave per year, cumulative to 180 days. Administrators receive an annual accumulation at the beginning of each fiscal year as follows: 10-month administrators receive 198 days; 11-month administrators receive 216 days; and 12-month administrators receive 226 days. Upon retirement, a certified employee may apply up to 355 days of unused sick leave toward service credit for the Teachers' Retirement System (TRS); therefore, the District does not pay an employee for any unused sick days.

Full-time and 600-hour or more secretarial/clerical employees scheduled on a 12-month basis receive 10 days of vacation annually. After the fifth year, an additional day is added each year to a maximum of 20 days annually. At no time may the accumulation of vacation days exceed 40 days.

Full-time custodial/technology/maintenance employees earn one vacation day each full month after 90 days of employment to a maximum of 10 days during the first 5 years of employment. Thereafter, an employee will continue to earn one additional day each year to a maximum of 20 days vacation. All vacation must be exhausted within the allocated work year.

Twelve-month administrators receive 20 days vacation each year with a maximum accumulation of 50 days. After the fifteenth year, an additional day is added each year to a maximum of 25 days annually. At no time may the accumulation of vacation days exceed 60 days.

Upon leaving employment, employees are paid for any unused vacation days up to 50. Current compensated absences would be reported within the individual funds as salary-related payments.

9. 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, losses on refunding of bonds and issuance costs, are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and 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 cost and losses on refunding are reported as debt service expenditures.

10. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

11. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the state for the employer's share of the Teacher's Retirement Pension (see the budgetary reconciliation in the notes to the other supplementary information). Annual appropriated budgets are adopted at the fund level for the governmental funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

12. Restricted Net Position

For the government-wide financial statements, fund balances are reported as restricted when constraints placed on fund balance are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. All of the District's restricted fund balances were restricted as a result of enabling legislation.

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

13. Fund Balance

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), the governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance (Continued)

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2013, the District has committed \$527,239 in the Operations and Maintenance Fund to fund future projects.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Controller. At June 30, 2013, the District has assigned \$3,236,535 in the General Fund associated with the medical reserve account for self-insurance claims.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

14. Use of Estimates

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

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

General obligation bonds	\$ (14,995,000)
Capital leases	(154,111)
Compensated absences	(94,978)
IMRF pension obligation	<u>(22,365)</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position - governmental activities	\$ <u><u>(15,266,454)</u></u>

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

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

Capital outlay	\$ 2,728,610
Depreciation expense	(1,456,053)
Loss on disposal of capital assets	<u>(9,532)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>1,263,025</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

(Continued)

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

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Proceeds from general obligation bonds	\$ (4,995,000)
Proceeds from capital leases	(114,059)
Principal repayments	
General obligation bonds	930,000
Capital leases	116,023
Compensated absences, net	(22,943)
IMRF pension obligation, net	<u>(468)</u>
 Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 \$ <u><u>(4,086,447)</u></u>

NOTE C - DEPOSITS AND INVESTMENTS

At June 30, 2013, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>35,275,039</u>	\$ <u>159,483</u>	\$ <u>35,434,522</u>

For disclosure purposes, this amount is segregated into three components: 1) Cash on hand, 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit, and 3) an investment in Illinois Funds.

	<u>Total</u>
Cash on hand	\$ 1,250
Deposits with financial institutions	35,157,261
Illinois Funds	<u>276,011</u>
	\$ <u><u>35,434,522</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Interest Rate Risk

The District's investment policy is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

2. Credit Risk

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations. The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. As of June 30, 2013, the District had no investments in commercial paper or corporate bonds.

The Illinois Funds, a state investment pool, was rated AAAM by Standard & Poor's. The State Treasurer is the regulatory oversight agency for the pool and the State Treasurer is audited by the Illinois Auditor General to ensure that all state statutes are being followed. Each member owns a prorated share of each investment or deposit, which is held in the name of the fund. The fair value of the position in the external investment pool is the same as the value of the pool shares.

3. Concentration of Credit Risk

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

4. Custodial Credit Risk

With respect to deposits, custodial credit risk is 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. At June 30, 2013, the bank balances of the District's deposits with financial institutions totaled \$35,973,969, all of which was fully insured and/or collateralized.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. Custodial Credit Risk (Continued)

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be secured by private insurance or collateral. As of June 30, 2013, the District had no unsecured investments.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2012 tax levy resolution was approved by the Board of Education on December 10, 2012. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

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

The portion of the 2012 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1.0%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as unearned revenues.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Transfers /</u> <u>Additions</u>	<u>Transfers /</u> <u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	<u>1,349,382</u>	<u>976,941</u>	<u>1,349,382</u>	<u>976,941</u>
Total capital assets, not being depreciated	<u>1,572,413</u>	<u>976,941</u>	<u>1,349,382</u>	<u>1,199,972</u>
Capital assets, being depreciated				
Land improvements	1,641,907	199,546	-	1,841,453
Buildings and improvements	36,441,452	2,646,225	-	39,087,677
Other equipment	<u>7,645,590</u>	<u>255,280</u>	<u>229,342</u>	<u>7,671,528</u>
Total capital assets, being depreciated	<u>\$ 45,728,949</u>	<u>\$ 3,101,051</u>	<u>\$ 229,342</u>	<u>\$ 48,600,658</u>
Less accumulated depreciation for:				
Land improvements	\$ 991,468	\$ 62,346	\$ -	\$ 1,053,814
Buildings and improvements	18,754,159	1,078,198	-	19,832,357
Other equipment	<u>6,350,896</u>	<u>315,509</u>	<u>219,810</u>	<u>6,446,595</u>
Total accumulated depreciation	<u>26,096,523</u>	<u>1,456,053</u>	<u>219,810</u>	<u>27,332,766</u>
Total capital assets, being depreciated, net	<u>19,632,426</u>	<u>1,644,998</u>	<u>9,532</u>	<u>21,267,892</u>
Governmental activities capital assets, net	<u>\$ 21,204,839</u>	<u>\$ 2,621,939</u>	<u>\$ 1,358,914</u>	<u>\$ 22,467,864</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	517,495
Special programs		16,660
Pupils		3,329
Instructional staff		115,523
General administration		3,083
School administration		3,001
Business		765,268
Central		<u>31,694</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>1,456,053</u></u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2013, the following is the long-term liability activity for the District:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>
Bonds payable:				
General obligation bonds	\$ 10,930,000	\$ 4,995,000	\$ 930,000	\$ 14,995,000
Compensated absences	72,035	126,423	103,480	94,978
Capital leases	156,075	114,059	116,023	154,111
IMRF pension obligation	<u>21,897</u>	<u>942,768</u>	<u>942,300</u>	<u>22,365</u>
 Total long-term liabilities - governmental activities	 <u>\$ 11,180,007</u>	 <u>\$ 6,178,250</u>	 <u>\$ 2,091,803</u>	 <u>\$ 15,266,454</u>
 Due within one year				
General obligation bonds	\$ 1,005,000			
Capital leases payable		<u>116,123</u>		
	<u>\$ 1,121,123</u>			

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE F - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds

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

Purpose	Interest Rates	Amount
2010B General Obligation Bonds, due December 15, 2022 (Build America Bonds)	2.2% - 4.65%	\$ 10,000,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	<u>4,995,000</u>
		<u>\$ 14,995,000</u>

At June 30, 2013, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,005,000	\$ 499,219	\$ 1,504,219
2015	1,020,000	477,630	1,497,630
2016	1,040,000	447,750	1,487,750
2017	1,060,000	413,335	1,473,335
2018	1,100,000	374,223	1,474,223
2019-2023	6,380,000	1,147,402	7,527,402
2024-2026	<u>3,390,000</u>	<u>118,650</u>	<u>3,508,650</u>
Total	<u>\$ 14,995,000</u>	<u>\$ 3,478,209</u>	<u>\$ 18,473,209</u>

35% of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE F - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$681,735 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2013, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2013, the statutory debt limit for the District was \$165,839,798, of which \$150,690,687 is fully available.

3. Capital Leases

The District has entered into various capital lease agreements for copiers. The leases expire through December 2014 and require annual payments of principal and interest ranging from approximately \$2,800 to \$51,800. The obligations are repaid from the Debt Service Fund, with funding provided by transfers from the General (Educational) Fund. The future cash flow requirements for these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 116,123	\$ 7,885	\$ 124,008
2015	37,988	1,943	39,931
Total	\$ 154,111	\$ 9,828	\$ 163,939

The gross amount of capital assets recorded under capital leases for equipment purchased is \$354,210.

NOTE G - INTERFUND TRANSFERS

The District transferred \$1,000,000 to the Operations and Maintenance Fund from the General (Educational) Fund at June 30, 2013. Amount transferred is to be used for funding future projects.

The District transferred \$22,693 to the Operations and Maintenance Fund from the General (Working Cash) Fund at June 30, 2013. The amount transferred represents interest earned on investments.

The District transferred \$124,008 to the General (Educational) Fund from the Debt Service Fund at June 30, 2013. Amount transferred is to be used for principal and interest payments on capital leases.

The District transferred \$401,749 to the Capital Projects Fund from the Operations and Maintenance Fund at June 30, 2013. Amount transferred is to be used for funding capital projects.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased insurance from private insurance companies 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 prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The District is self-insured for medical and dental coverage that is provided to District personnel. A third-party administrator processes 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 and dental claims, and administration fees. The District's liability will not exceed \$100,000 per employee, 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 \$361,762. These 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. Claims incurred but not yet reported (IBNRs) include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported.

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

		<u>2013</u>		<u>2012</u>
Unpaid claims, beginning of fiscal year	\$	523,904	\$	916,845
Incurred claims (including IBNRs)		5,372,724		4,612,995
Claim payments		<u>(5,534,866)</u>		<u>(5,005,936)</u>
Unpaid claims, end of fiscal year	\$	<u>361,762</u>	\$	<u>523,904</u>

NOTE I - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

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

On-behalf Contributions

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 \$8,040,585 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent, \$6,944,766 and 23.10 percent, \$6,438,462, respectively.

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

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$167,599. Contributions for the years ending June 30, 2012 and June 30, 2011 were \$162,422 and \$161,658, 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Federal and Special Trust Fund Contributions (Continued)

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2013, salaries totaling \$231,274 were paid from federal and special trust funds that required employer contributions of \$64,872. For the years ended June 30, 2012 and June 30, 2011, required District contributions were \$31,848 and \$29,677, 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 under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the District paid \$189,784 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the District paid \$282,855 and \$558,677, respectively, in employer ERO contributions.

Salary Increased 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 \$31,329 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and June 30, 2011, the District paid \$15,783 and \$3,195, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

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 a four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

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

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2012. The report for the year ended June 30, 2013 is expected to be available in late 2013.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 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>.

THIS Fund Employer Contributions

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action, with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$265,847, and the District recognized revenue and expenditures of this amount during the year.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

On-behalf Contributions to the THIS Fund (Continued)

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of District employees were \$246,464 and \$245,275, respectively.

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years 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 \$199,386 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$184,848 and \$183,956, respectively, to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the 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."

2. Illinois Municipal Retirement Fund

Plan Description

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

Funding Policy

As set by state statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 13.59 percent. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Fiscal IMRF Pension Cost and Net IMRF Pension Obligation

The District's annual IMRF pension cost is calculated based on the annual required contribution (ARC) of the employer. The following table shows the components of the District's annual IMRF pension cost for the fiscal year, the amount actually contributed to the plan for the fiscal year, and changes in the District's net IMRF pension obligation as of June 30, 2013.

		<u>June 30, 2013</u>
Annual Required Contribution (ARC)	\$	942,300
Interest on net IMRF pension obligation		1,642
Adjustment to annual required contribution		<u>(1,174)</u>
Annual IMRF cost		942,768
Contributions made		<u>(942,300)</u>
Increase in IMRF pension obligation		468
Net IMRF pension obligation at July 1, 2012		<u>21,897</u>
Net IMRF pension obligation at June 30, 2013	\$	<u><u>22,365</u></u>

Annual Pension Cost

Information related to the employer's contributions are on a fiscal year basis. The actuarial and trend information are on a calendar basis as that is the year used by the IMRF. The annual required contribution for fiscal year 2013 was \$942,300.

Trend Information			
Fiscal Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$ 942,768	100% \$	22,365
06/30/12	869,270	100%	21,897
06/30/11	845,193	99%	21,438

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

Annual Pension Cost (Continued)

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 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The District's 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 67.87 percent funded. The actuarial accrued liability for benefits was \$20,294,680 and the actuarial value of assets was \$13,773,029, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,521,651. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$6,563,880 and the ratio of the UAAL to the covered payroll was 99 percent.

The schedule of funding progress, presented as Required Supplementary Information (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 liabilities for benefits.

3. **Social Security/Medicare**

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides the ability for a retired administrator, custodian, maintenance, clerical personnel, and aides and their spouses/dependents to access the District's self insured group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement and until the age of 65. Retirees may be responsible to contribute a portion or all of the premium toward the cost of their health insurance. Retired administrators meeting certain service qualifications receive 100% Board-paid coverage for themselves and their spouse/dependents. Retired teachers access the health plan coverage provided through the Teachers' Retirement System (TRS). Retired teachers meeting certain qualifications may be eligible to have a portion of their health insurance with TRS be paid for by the Board. Retirees may access dental benefits. Retirees may also be responsible to contribute a portion or all of the premium toward the cost of their dental insurance. For fiscal year 2013, 14 former employees and/or spouses/dependents accessed a postemployment benefit through the District's plan. Also, the Board made contributions for 83 retired teachers to be in the TRS plan of insurance benefits.

Funding Policy

Retired employees (except teachers) have the option to access the District's group health plan. Teachers access the TRS plan of health benefits. Depending on circumstances and qualifications, the retiree will contribute between 0% and 100% of the cost of the premiums for health and dental coverage. For fiscal year 2013, the District contributed \$299,020 toward the premium cost of the postemployment benefits for retirees to the District's plan and \$200,109 to TRS for retired teacher coverage. For fiscal year 2013, total retiree postemployment contributions were \$499,129.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

		June 30, 2013
Annual required contribution	\$	490,649
Interest on net OPEB obligation		(13,008)
Adjustment to annual required contribution		<u>10,840</u>
Annual OPEB cost		488,481
Contributions made		<u>(499,129)</u>
Increase in net OPEB asset		(10,648)
Net OPEB asset beginning of year		<u>(325,206)</u>
Net OPEB asset end of year	\$	<u><u>(335,854)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2013 and the two preceding fiscal years were as follows:

Actuarial Valuation Date		Annual OPEB Cost	Percentage Annual OPEB Cost Contributed		Net OPEB Asset
6/30/13	\$	488,481	102.2%	\$	(335,854)
6/30/12 *		485,456	102.8%		(325,206)
6/30/11		437,196	114.2%		(311,533)

* Annual OPEB cost estimated using ARC from prior year valuation information.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of June 30, 2013, the actuarial accrued liability for benefits was \$4,875,419, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

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

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Contribution rates:	
District	Not applicable
Plan members	0.00%
Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	Administrators Explicit Benefit and All Implicit 8.00% initial, 6.00% ultimate (0.5% reduction per
Mortality, Turnover, Disability, Retirement ages	Similar rates utilized for IMRF
Percentage of active employees assumed to elect benefit	Teachers and administrators: 100% All others: 20%
Employer provided benefit	Explicit (teachers and administrators): \$363/mo-\$1,730/mo to age 65 Implicit (all employees except teachers): 40% of premium to age 65 (50% of \$761/mo- Admin: (50% of \$761/mo +50% of \$1,836/mo) Other: (50% of \$571/mo +50% of \$1,571/mo)

*Includes inflation at 3.00%

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE K - JOINT AGREEMENT

The District is a member of the School Association for Special Education in DuPage County (SASED), 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 boards, these should not be included as component units of the District.

NOTE L - CONTINGENCIES

1. Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's management, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

2. Grants

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

NOTE M - COMMITMENTS

The District has certain commitments in various funds for construction projects and other commitments which have been approved by the Board of Education at June 30, 2013. Commitments approximate \$2,800,000 at June 30, 2013.

NOTE N - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 15, 2013 the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of net position/ balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58

SCHEDULE OF FUNDING PROGRESS ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/12	\$ 13,773,029	\$ 20,294,680	67.87 %	\$ 6,521,651	\$ 6,563,880	99.36 %
12/31/11	13,419,904	19,694,316	68.14	6,274,412	6,530,876	96.07
12/31/10	12,173,966	18,831,882	64.65	6,657,916	6,623,416	100.52

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$14,356,967.
On a market basis, the funded ratio would be 70.74%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Downers Grove Grade School District No. 58. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Downers Grove Grade School District No. 58

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
6/30/13	\$ NA	\$ 4,875,419	NA	% \$ 4,875,419	\$ NA	NA %
6/30/12 *	NA	5,521,632	NA	5,521,632	NA	NA
6/30/11	NA	5,521,632	NA	5,521,632	NA	NA

NA - not available

* Balance estimated using prior year information.

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 40,502,500	\$ 40,594,682	\$ 92,182	\$ 39,519,434
Corporate personal property replacement taxes	750,000	690,806	(59,194)	677,790
Regular tuition from pupils or parents	171,000	155,106	(15,894)	28,900
Summer school tuition from pupils or parents	44,000	52,655	8,655	26,135
Special Ed tuition from other Districts	30,000	49,699	19,699	32,312
Interest on investments	72,200	78,678	6,478	57,956
Sales to pupils - lunch	340,000	320,348	(19,652)	337,235
Other District/school activity revenue	70,000	88,900	18,900	51,200
Rentals - regular textbook	450,000	657,949	207,949	556,110
Impact fees from municipal or county governments	-	4,979	4,979	-
Local fees	43,500	27,988	(15,512)	17,013
Other	279,000	269,418	(9,582)	429,422
Total local sources	<u>42,752,200</u>	<u>42,991,208</u>	<u>239,008</u>	<u>41,733,507</u>
State sources				
General State Aid	1,200,000	1,266,028	66,028	1,278,123
Special Education - Private Facility Tuition	500,000	571,767	71,767	536,462
Special Education - Extraordinary	800,000	605,146	(194,854)	655,895
Special Education - Personnel	1,150,000	992,615	(157,385)	1,015,172
Special Education - Orphanage - Individual	50,000	4,173	(45,827)	28,287
Special Education - Summer School	3,000	4,097	1,097	4,123
CTE - Student Organizations	4,000	-	(4,000)	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	35,000	27,149	(7,851)	20,122
State Free Lunch and Breakfast	4,000	2,929	(1,071)	4,229
Early Childhood - Block Grant	110,000	90,449	(19,551)	113,955
Other state sources	4,500	7,383	2,883	38,432
Total state sources	<u>3,860,500</u>	<u>3,571,736</u>	<u>(288,764)</u>	<u>3,694,800</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			
	Original and Final Budget	Actual	Variance From Final Budget	2012 Actual
Federal sources				
National School Lunch Program	\$ 75,000	\$ 95,403	\$ 20,403	\$ 89,863
Special Milk Program	30,000	44,502	14,502	48,652
Title I - Low Income	150,000	249,642	99,642	192,489
Safe and Drug Free Schools - Form. (Title IV)	2,500	-	(2,500)	-
Fed. - Sp. Ed. - Pre-School Flow Through	-	67,673	67,673	29,019
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	1,200,000	1,102,435	(97,565)	1,090,813
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	50,000	7,185	(42,815)	26,992
ARRA IDEA - Part B - Preschool	-	-	-	1,018
ARRA IDEA - Part B - Flow-Through	-	-	-	4,433
Other ARRA Funds - XI	-	1,736	1,736	-
Eisenhower - Professional Dvlpmnt Formul:	150,000	-	(150,000)	-
Title II - Teacher Quality	-	125,763	125,763	119,481
Medicaid Matching Funds - Administrative Outreach	250,000	63,026	(186,974)	74,497
Medicaid Matching Funds - Fee-For-Service-Program	-	113,323	113,323	241,470
Total federal sources	<u>1,907,500</u>	<u>1,870,688</u>	<u>(36,812)</u>	<u>1,918,727</u>
Total revenues	<u>48,520,200</u>	<u>48,433,632</u>	<u>(86,568)</u>	<u>47,347,034</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 18,365,100	\$ 18,241,980	\$ 123,120	\$ 17,495,215
Employee benefits	2,849,460	2,248,417	601,043	2,523,447
Purchased services	98,900	68,008	30,892	76,399
Supplies and materials	1,028,340	924,778	103,562	1,271,976
Capital outlay	11,650	10,905	745	7,617
Other objects	65,950	90,089	(24,139)	70,159
Total	<u>22,419,400</u>	<u>21,584,177</u>	<u>835,223</u>	<u>21,444,813</u>
Pre-K programs				
Purchased services	-	-	-	107,088
Supplies and materials	-	-	-	46,077
Capital outlay	-	-	-	520
Other objects	-	-	-	3,614
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,299</u>
Special education programs				
Salaries	4,963,000	4,985,627	(22,627)	4,782,356
Employee benefits	636,800	698,741	(61,941)	603,233
Purchased services	75,700	33,993	41,707	25,966
Supplies and materials	94,750	29,535	65,215	33,030
Capital outlay	2,000	-	2,000	-
Other objects	1,000,000	1,034,689	(34,689)	965,312
Total	<u>6,772,250</u>	<u>6,782,585</u>	<u>(10,335)</u>	<u>6,409,897</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Remedial and Supplemental programs K-12				
Salaries	\$ -	\$ 160,578	\$ (160,578)	\$ 114,737
Purchased services	-	19,298	(19,298)	9,954
Supplies and materials	-	29,506	(29,506)	58,167
Total	-	209,382	(209,382)	182,858
Interscholastic programs				
Salaries	110,000	103,508	6,492	103,504
Employee benefits	700	515	185	513
Purchased services	6,000	6,110	(110)	8,020
Supplies and materials	7,900	8,006	(106)	8,427
Total	124,600	118,139	6,461	120,464
Summer school programs				
Salaries	69,000	60,178	8,822	78,795
Employee benefits	800	425	375	776
Supplies and materials	7,000	1,258	5,742	108
Capital outlay	1,000	-	1,000	-
Total	77,800	61,861	15,939	79,679
Gifted programs				
Salaries	198,750	210,367	(11,617)	184,976
Employee benefits	18,300	9,390	8,910	9,134
Purchased services	4,200	192	4,008	3,212
Supplies and materials	6,500	3,583	2,917	2,944
Capital outlay	2,000	-	2,000	1,197
Total	229,750	223,532	6,218	201,463

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Bilingual programs				
Salaries	\$ 468,000	\$ 431,008	\$ 36,992	\$ 445,844
Employee benefits	41,600	69,042	(27,442)	47,578
Purchased services	1,100	1,593	(493)	1,900
Supplies and materials	700	9,562	(8,862)	617
Capital outlay	6,300	6,271	29	-
Total	<u>517,700</u>	<u>517,476</u>	<u>224</u>	<u>495,939</u>
Total instruction	<u>30,141,500</u>	<u>29,497,152</u>	<u>644,348</u>	<u>29,092,412</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	615,000	705,154	(90,154)	565,643
Employee benefits	97,100	118,056	(20,956)	97,672
Purchased services	500	-	500	122
Supplies and materials	1,950	1,203	747	1,277
Total	<u>714,550</u>	<u>824,413</u>	<u>(109,863)</u>	<u>664,714</u>
Guidance services				
Salaries	270,000	312,070	(42,070)	255,103
Employee benefits	53,600	52,085	1,515	32,080
Supplies and materials	250	55	195	389
Total	<u>323,850</u>	<u>364,210</u>	<u>(40,360)</u>	<u>287,572</u>
Health services				
Salaries	290,000	310,234	(20,234)	271,207
Employee benefits	41,900	55,240	(13,340)	41,456
Purchased services	1,400	1,668	(268)	1,378
Supplies and materials	168,950	171,426	(2,476)	96,960
Total	<u>502,250</u>	<u>538,568</u>	<u>(36,318)</u>	<u>411,001</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Psychological services				
Salaries	\$ 385,000	\$ 410,789	\$ (25,789)	\$ 371,158
Employee benefits	65,900	62,827	3,073	58,886
Purchased services	800	1,793	(993)	180
Supplies and materials	2,500	2,195	305	728
Total	<u>454,200</u>	<u>477,604</u>	<u>(23,404)</u>	<u>430,952</u>
Speech pathology and audiology services				
Salaries	865,000	845,821	19,179	818,722
Employee benefits	107,500	114,802	(7,302)	102,745
Purchased services	1,000	226	774	300
Supplies and materials	1,950	845	1,105	1,369
Total	<u>975,450</u>	<u>961,694</u>	<u>13,756</u>	<u>923,136</u>
Total pupils	<u>2,970,300</u>	<u>3,166,489</u>	<u>(196,189)</u>	<u>2,717,375</u>
Instructional staff				
Improvement of instruction services				
Salaries	1,527,500	1,597,827	(70,327)	1,462,500
Employee benefits	152,900	178,411	(25,511)	134,696
Purchased services	66,000	82,057	(16,057)	104,431
Supplies and materials	129,000	16,622	112,378	23,868
Total	<u>1,875,400</u>	<u>1,874,917</u>	<u>483</u>	<u>1,725,495</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Educational media services				
Salaries	\$ 1,862,000	\$ 1,692,239	\$ 169,761	\$ 1,856,262
Employee benefits	366,100	288,719	77,381	297,992
Purchased services	568,400	525,079	43,321	489,116
Supplies and materials	770,650	504,507	266,143	816,158
Capital outlay	221,000	56,781	164,219	387,323
Other objects	18,500	17,355	1,145	16,250
Total	<u>3,806,650</u>	<u>3,084,680</u>	<u>721,970</u>	<u>3,863,101</u>
Assessment and testing				
Purchased services	90,000	79,644	10,356	76,964
Total	<u>90,000</u>	<u>79,644</u>	<u>10,356</u>	<u>76,964</u>
Total instructional staff	<u>5,772,050</u>	<u>5,039,241</u>	<u>732,809</u>	<u>5,665,560</u>
General administration				
Board of education services				
Salaries	14,000	14,260	(260)	15,959
Purchased services	659,100	487,240	171,860	731,562
Other objects	-	-	-	44,664
Total	<u>673,100</u>	<u>501,500</u>	<u>171,600</u>	<u>792,185</u>
Executive administration services				
Salaries	585,500	618,880	(33,380)	599,938
Employee benefits	216,100	241,865	(25,765)	217,094
Purchased services	66,500	54,701	11,799	54,563
Supplies and materials	21,500	11,112	10,388	15,570
Other objects	5,000	2,636	2,364	2,008
Total	<u>894,600</u>	<u>929,194</u>	<u>(34,594)</u>	<u>889,173</u>
Total general administration	<u>1,567,700</u>	<u>1,430,694</u>	<u>137,006</u>	<u>1,681,358</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
School administration				
Office of the principal services				
Salaries	\$ 2,338,000	\$ 2,482,119	\$ (144,119)	\$ 2,455,276
Employee benefits	836,400	766,252	70,148	767,610
Purchased services	<u>265,600</u>	<u>255,199</u>	<u>10,401</u>	<u>392,741</u>
Total	<u>3,440,000</u>	<u>3,503,570</u>	<u>(63,570)</u>	<u>3,615,627</u>
Total school administration	<u>3,440,000</u>	<u>3,503,570</u>	<u>(63,570)</u>	<u>3,615,627</u>
Business				
Direction of business support services				
Salaries	146,000	150,702	(4,702)	146,349
Employee benefits	8,850	7,410	1,440	7,049
Purchased services	<u>73,000</u>	<u>66,150</u>	<u>6,850</u>	<u>78,016</u>
Total	<u>227,850</u>	<u>224,262</u>	<u>3,588</u>	<u>231,414</u>
Fiscal services				
Salaries	180,000	121,225	58,775	183,578
Employee benefits	32,950	26,254	6,696	22,014
Purchased services	<u>6,500</u>	<u>8,072</u>	<u>(1,572)</u>	<u>17,873</u>
Total	<u>219,450</u>	<u>155,551</u>	<u>63,899</u>	<u>223,465</u>
Operation and maintenance of plant services				
Purchased services	<u>13,000</u>	<u>13,960</u>	<u>(960)</u>	<u>16,221</u>
Total	<u>13,000</u>	<u>13,960</u>	<u>(960)</u>	<u>16,221</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Food services				
Salaries	\$ 34,500	\$ 34,916	\$ (416)	\$ 33,962
Purchased services	432,000	408,139	23,861	456,829
Supplies and materials	1,500	2,191	(691)	1,835
Capital outlay	5,000	-	5,000	-
Total	<u>473,000</u>	<u>445,246</u>	<u>27,754</u>	<u>492,626</u>
Internal services				
Salaries	91,500	96,162	(4,662)	92,526
Employee benefits	23,300	23,328	(28)	22,248
Purchased services	1,950	500	1,450	1,216
Total	<u>116,750</u>	<u>119,990</u>	<u>(3,240)</u>	<u>115,990</u>
Total business	<u>1,050,050</u>	<u>959,009</u>	<u>91,041</u>	<u>1,079,716</u>
Central				
Direction of central support services				
Salaries	160,000	166,891	(6,891)	160,031
Employee benefits	67,400	62,207	5,193	62,710
Purchased services	2,500	3,260	(760)	2,190
Total	<u>229,900</u>	<u>232,358</u>	<u>(2,458)</u>	<u>224,931</u>
Information services				
Salaries	65,000	65,467	(467)	63,046
Employee benefits	23,300	23,210	90	22,027
Purchased services	80,000	54,019	25,981	49,391
Capital outlay	-	-	-	1,199
Total	<u>168,300</u>	<u>142,696</u>	<u>25,604</u>	<u>135,663</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			
	Original and Final Budget	Actual	Variance From Final Budget	2012 Actual
Staff services				
Salaries	\$ 71,500	\$ 71,921	\$ (421)	\$ 69,678
Employee benefits	30,850	27,950	2,900	26,615
Purchased services	16,000	2,065	13,935	8,781
Supplies and materials	6,000	9,814	(3,814)	11,919
Total	<u>124,350</u>	<u>111,750</u>	<u>12,600</u>	<u>116,993</u>
Total central	<u>522,550</u>	<u>486,804</u>	<u>35,746</u>	<u>477,587</u>
Other supporting services				
Employee benefits	861,500	812,452	49,048	910,628
Total	<u>861,500</u>	<u>812,452</u>	<u>49,048</u>	<u>910,628</u>
Total support services	<u>16,184,150</u>	<u>15,398,259</u>	<u>785,891</u>	<u>16,147,851</u>
Payments to Other Districts and Gov't Units				
Payments for special education programs				
Other objects	2,300,000	2,537,686	(237,686)	2,334,958
Total	<u>2,300,000</u>	<u>2,537,686</u>	<u>(237,686)</u>	<u>2,334,958</u>
Total payments to other districts and other Gov'ts	<u>2,300,000</u>	<u>2,537,686</u>	<u>(237,686)</u>	<u>2,334,958</u>
Total expenditures	<u>48,625,650</u>	<u>47,433,097</u>	<u>1,192,553</u>	<u>47,575,221</u>
Excess (deficiency) of revenues over expenditures	<u>(105,450)</u>	<u>1,000,535</u>	<u>1,105,985</u>	<u>(228,187)</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Other financing sources (uses)				
Permanent transfer from working cash fund - interest	\$ -	\$ (22,693)	\$ (22,693)	\$ (11,120)
Proceeds from capital leases	-	114,059	114,059	240,151
Permanent transfer to operations and maintenance fund	(1,000,000)	(1,000,000)	-	(100,000)
Transfer to debt service fund for principal on capital leases	-	(116,023)	(116,023)	(84,076)
Transfer to debt service fund for interest on capital leases	-	(7,985)	(7,985)	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,032,642)</u>	<u>(32,642)</u>	<u>44,955</u>
Net change to fund balance	<u>\$ (1,105,450)</u>	<u>(32,107)</u>	<u>\$ 1,073,343</u>	<u>(183,232)</u>
Fund balance, beginning of year		<u>23,336,000</u>		<u>23,519,232</u>
Fund balance, end of year		<u>\$ 23,303,893</u>		<u>\$ 23,336,000</u>

(Concluded)

Downers Grove Grade School District No. 58
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 4,050,500	\$ 4,089,821	\$ 39,321	\$ 3,923,212
Corporate personal property replacement taxes	100,000	103,056	3,056	98,813
Interest on investments	9,000	5,618	(3,382)	6,248
Rentals	170,000	164,485	(5,515)	168,932
Contributions and donations from private sources	20,000	7,281	(12,719)	2,883
Impact fees from municipal or county gov'ts	-	3,336	3,336	-
Other	5,000	31,341	26,341	14,403
Total local sources	<u>4,354,500</u>	<u>4,404,938</u>	<u>50,438</u>	<u>4,214,491</u>
State sources				
Other Unrest. Grants-In-Aid from State Sources	5,000	50,000	45,000	-
Total state sources	<u>5,000</u>	<u>50,000</u>	<u>45,000</u>	<u>-</u>
Total revenues	<u>4,359,500</u>	<u>4,454,938</u>	<u>95,438</u>	<u>4,214,491</u>

(Continued)

Downers Grove Grade School District No. 58
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	\$ 30,000	\$ 144,905	\$ (114,905)	\$ 127,694
Capital outlay	<u>540,000</u>	<u>578,108</u>	<u>(38,108)</u>	<u>422,522</u>
Total	<u>570,000</u>	<u>723,013</u>	<u>(153,013)</u>	<u>550,216</u>
Operation and maintenance of plant services				
Salaries	2,200,000	2,203,023	(3,023)	2,137,685
Employee benefits	477,200	463,476	13,724	451,949
Purchased services	576,000	571,691	4,309	596,343
Supplies and materials	975,500	918,467	57,033	810,391
Capital outlay	<u>10,000</u>	<u>9,410</u>	<u>590</u>	<u>27,522</u>
Total	<u>4,238,700</u>	<u>4,166,067</u>	<u>72,633</u>	<u>4,023,890</u>
Total business	<u>4,808,700</u>	<u>4,889,080</u>	<u>(80,380)</u>	<u>4,574,106</u>
Total support services	<u>4,808,700</u>	<u>4,889,080</u>	<u>(80,380)</u>	<u>4,574,106</u>
Total expenditures	<u>4,808,700</u>	<u>4,889,080</u>	<u>(80,380)</u>	<u>4,574,106</u>
Deficiency of revenues over expenditures	<u>(449,200)</u>	<u>(434,142)</u>	<u>15,058</u>	<u>(359,615)</u>

(Continued)

Downers Grove Grade School District No. 58
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Permanent transfer from working cash fund - interest	\$ 20,000	\$ 22,693	\$ 2,693	\$ -
Permanent transfer from general fund	1,000,000	1,000,000	-	100,000
Permanent transfer to capital projects fund	-	(401,749)	(401,749)	-
Total other financing sources (uses)	<u>1,020,000</u>	<u>620,944</u>	<u>(399,056)</u>	<u>100,000</u>
Net change in fund balance	<u>\$ 570,800</u>	186,802	<u>\$ (383,998)</u>	(259,615)
Fund balance, beginning of year		<u>2,397,949</u>		<u>2,657,564</u>
Fund balance, end of year		<u>\$ 2,584,751</u>		<u>\$ 2,397,949</u>

(Concluded)

Downers Grove Grade School District No. 58
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,820,500	\$ 1,898,773	\$ 78,273	\$ 1,764,733
Regular transportation fees from pupils or parents	4,200	2,508	(1,692)	3,868
Interest on investments	1,200	1,463	263	1,645
Other	-	11,540	11,540	3,800
Total local sources	<u>1,825,900</u>	<u>1,914,284</u>	<u>88,384</u>	<u>1,774,046</u>
State sources				
Transportation - Regular/Vocational	450,000	63,740	(386,260)	28,462
Transportation - Special Education	450,000	562,469	112,469	491,896
Total state sources	<u>900,000</u>	<u>626,209</u>	<u>(273,791)</u>	<u>520,358</u>
Total revenues	<u>2,725,900</u>	<u>2,540,493</u>	<u>(185,407)</u>	<u>2,294,404</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	2,708,900	2,862,043	(153,143)	2,197,748
Total support services	<u>2,708,900</u>	<u>2,862,043</u>	<u>(153,143)</u>	<u>2,197,748</u>
Total expenditures	<u>2,708,900</u>	<u>2,862,043</u>	<u>(153,143)</u>	<u>2,197,748</u>
Excess (deficiency) of revenues over expenditures	<u>17,000</u>	<u>(321,550)</u>	<u>(338,550)</u>	<u>96,656</u>

(Continued)

Downers Grove Grade School District No. 58
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources				
Permanent transfer from working cash fund - interest	\$ -	\$ -	\$ -	\$ 11,120
Total other financing sources	-	-	-	11,120
Net change in fund balance	<u>\$ 17,000</u>	(321,550)	<u>\$ (338,550)</u>	107,776
Fund balance, beginning of year		<u>644,118</u>		<u>536,342</u>
Fund balance, end of year		<u>\$ 322,568</u>		<u>\$ 644,118</u>

(Concluded)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 550,000	\$ 516,207	\$ (33,793)	\$ 954,617
Social security/medicare only levy	1,225,000	1,302,759	77,759	755,736
Corporate personal property				
Replacement taxes	17,000	17,161	161	17,161
Interest on investments	3,200	2,022	(1,178)	1,820
	<u>1,795,200</u>	<u>1,838,149</u>	<u>42,949</u>	<u>1,729,334</u>
Total local sources				
	<u>1,795,200</u>	<u>1,838,149</u>	<u>42,949</u>	<u>1,729,334</u>
Total revenues				
Expenditures				
Instruction				
Regular programs	333,400	296,198	37,202	260,142
Pre-K programs	401,900	65,478	336,422	63,708
Special education programs	-	399,124	(399,124)	366,408
Remedial and supplemental programs K-12	-	33,505	(33,505)	24,133
Summer school programs	8,300	4,953	3,347	6,181
Gifted programs	2,500	3,030	(530)	2,629
Bilingual programs	6,200	5,904	296	6,205
	<u>752,300</u>	<u>808,192</u>	<u>(55,892)</u>	<u>729,406</u>
Total instruction				

(Continued)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			
	Original and Final Budget	Actual	Variance From Final Budget	2012 Actual
Support services				
Pupils				
Attendance and social work services	\$ 36,500	\$ 10,254	\$ 26,246	\$ 7,926
Guidance services	-	4,499	(4,499)	3,675
Health services	-	8,755	(8,755)	7,506
Psychological services	-	5,874	(5,874)	5,288
Speech pathology and audiology services	-	12,129	(12,129)	11,697
Total pupils	<u>36,500</u>	<u>41,511</u>	<u>(5,011)</u>	<u>36,092</u>
Instructional staff				
Improvement of instruction services	-	104,526	(104,526)	96,051
Educational media services	<u>252,200</u>	<u>164,188</u>	<u>88,012</u>	<u>170,546</u>
Total instructional staff	<u>252,200</u>	<u>268,714</u>	<u>(16,514)</u>	<u>266,597</u>
General administration				
Board of education services	3,100	2,950	150	2,827
Executive administration services	17,200	18,141	(941)	16,858
Special area administrative services	<u>9,000</u>	<u>8,891</u>	<u>109</u>	<u>8,426</u>
Total general administration	<u>29,300</u>	<u>29,982</u>	<u>(682)</u>	<u>28,111</u>
School administration				
Office of the principal services	<u>149,000</u>	<u>165,841</u>	<u>(16,841)</u>	<u>150,681</u>
Total school administration	<u>149,000</u>	<u>165,841</u>	<u>(16,841)</u>	<u>150,681</u>

(Continued)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services	\$ 93,200	\$ 83,954	\$ 9,246	\$ 93,996
Operation and maintenance of plant services	442,000	459,495	(17,495)	438,335
Food services	<u>6,400</u>	<u>7,432</u>	<u>(1,032)</u>	<u>7,144</u>
Total business	<u>541,600</u>	<u>550,881</u>	<u>(9,281)</u>	<u>539,475</u>
Central				
Direction of central support services	11,300	11,393	(93)	10,702
Information services	13,100	13,938	(838)	13,241
Staff services	14,800	15,305	(505)	14,634
Data processing services	<u>2,000</u>	<u>1,404</u>	<u>596</u>	<u>1,359</u>
Total central	<u>41,200</u>	<u>42,040</u>	<u>(840)</u>	<u>39,936</u>
Total support services	<u>1,049,800</u>	<u>1,098,969</u>	<u>(49,169)</u>	<u>1,060,892</u>
Total expenditures	<u>1,802,100</u>	<u>1,907,161</u>	<u>(105,061)</u>	<u>1,790,298</u>
Deficiency of revenues over expenditures	<u>\$ (6,900)</u>	(69,012)	<u>\$ (62,112)</u>	(60,964)
Fund balance, beginning of year		<u>626,555</u>		<u>687,519</u>
Fund balance, end of year		<u>\$ 557,543</u>		<u>\$ 626,555</u>

(Concluded)

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) Management is authorized to transfer budget amounts, provided that funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 10, 2012.
- g) All budget appropriations lapse at the end of the fiscal year.

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

2. BUDGET RECONCILIATION

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 Teachers' 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	\$ 48,433,632	\$ 47,433,097
To adjust for on-behalf payments received	8,306,432	-
To adjust for on-behalf payments made	-	8,306,432
	\$ 56,740,064	\$ 55,739,529

3. EXPENDITURES IN EXCESS OF BUDGETS

The following funds have an excess of expenditures over budget as follows:

<u>Funds</u>	<u>Variance</u>
Operations and Maintenance	\$ 80,380
Transportation	153,143
Municipal Retirement / Social Security	105,061
Debt Service	123,804
Capital Projects	421,734

SUPPLEMENTARY FINANCIAL INFORMATION

Downers Grove Grade School District No. 58

General Fund

COMBINING BALANCE SHEET

June 30, 2013

	Educational	Working Cash	Total
ASSETS			
Cash and investments	\$ 15,298,246	\$ 10,159,902	\$ 25,458,148
Receivables (net of allowance for uncollectibles):			
Interest	-	8,336	8,336
Property taxes	20,602,523	49,565	20,652,088
Replacement taxes	138,102	-	138,102
Intergovernmental	<u>974,646</u>	<u>-</u>	<u>974,646</u>
Total assets	<u>\$ 37,013,517</u>	<u>\$ 10,217,803</u>	<u>\$ 47,231,320</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 594,988	\$ -	\$ 594,988
Salaries and wages payable	2,816,096	-	2,816,096
Payroll deductions payable	350,449	-	350,449
Claims payable	361,762	-	361,762
Other current liabilities	690,208	-	690,208
Deferred revenue	<u>19,067,779</u>	<u>46,145</u>	<u>19,113,924</u>
Total liabilities	<u>23,881,282</u>	<u>46,145</u>	<u>23,927,427</u>
Fund balances:			
Assigned	3,236,535	-	3,236,535
Unassigned	<u>9,895,700</u>	<u>10,171,658</u>	<u>20,067,358</u>
Total fund balance	<u>13,132,235</u>	<u>10,171,658</u>	<u>23,303,893</u>
Total liabilities and fund balance	<u>\$ 37,013,517</u>	<u>\$ 10,217,803</u>	<u>\$ 47,231,320</u>

Downers Grove Grade School District No. 58

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2013

	Educational	Working Cash	Total
Revenues			
Property taxes	\$ 40,493,701	\$ 100,981	\$ 40,594,682
Replacement taxes	690,806	-	690,806
State aid	11,878,168	-	11,878,168
Federal aid	1,870,688	-	1,870,688
Interest	47,649	31,029	78,678
Other	1,627,042	-	1,627,042
Total revenues	<u>56,608,054</u>	<u>132,010</u>	<u>56,740,064</u>
Expenditures			
Current:			
Instruction:			
Regular programs	21,573,272	-	21,573,272
Special programs	6,991,967	-	6,991,967
Other instructional programs	914,737	-	914,737
State retirement contributions	8,306,432	-	8,306,432
Support services:			
Pupils	3,166,489	-	3,166,489
Instructional staff	4,982,460	-	4,982,460
General administration	1,430,694	-	1,430,694
School administration	3,503,570	-	3,503,570
Business	945,049	-	945,049
Operations and maintenance	13,960	-	13,960
Central	486,804	-	486,804
Other supporting services	812,452	-	812,452
Nonprogrammed charges	2,537,686	-	2,537,686
Debt service:			
Capital outlay	73,957	-	73,957
Total expenditures	<u>55,739,529</u>	<u>-</u>	<u>55,739,529</u>
Excess of revenues over expenditures	<u>868,525</u>	<u>132,010</u>	<u>1,000,535</u>
Other financing sources (uses)			
Transfers (out)	(1,124,008)	(22,693)	(1,146,701)
Proceeds from capital leases	114,059	-	114,059
Total other financing sources (uses)	<u>(1,009,949)</u>	<u>(22,693)</u>	<u>(1,032,642)</u>
Net change in fund balance	(141,424)	109,317	(32,107)
Fund balance, beginning of year	<u>13,273,659</u>	<u>10,062,341</u>	<u>23,336,000</u>
Fund balance, end of year	\$ <u>13,132,235</u>	\$ <u>10,171,658</u>	\$ <u>23,303,893</u>

Downers Grove Grade School District No. 58
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,260,500	\$ 1,217,044	\$ (43,456)	\$ 607,406
Interest on investments	<u>1,200</u>	<u>693</u>	<u>(507)</u>	<u>1,370</u>
Total local sources	<u>1,261,700</u>	<u>1,217,737</u>	<u>(43,963)</u>	<u>608,776</u>
Federal sources				
Build America Bonds Interest Reimbursement	<u>126,000</u>	<u>121,915</u>	<u>(4,085)</u>	<u>127,460</u>
Total federal sources	<u>126,000</u>	<u>121,915</u>	<u>(4,085)</u>	<u>127,460</u>
Total revenues	<u>1,387,700</u>	<u>1,339,652</u>	<u>(48,048)</u>	<u>736,236</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	-	381,455	(381,455)	391,920
State aid anticipation certificates - interest	<u>1,305,000</u>	<u>-</u>	<u>1,305,000</u>	<u>-</u>
Total debt service - interest	<u>1,305,000</u>	<u>381,455</u>	<u>923,545</u>	<u>391,920</u>
Principal payments on long-term debt	<u>-</u>	<u>1,046,023</u>	<u>(1,046,023)</u>	<u>999,076</u>

(Continued)

Downers Grove Grade School District No. 58
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Other debt service				
Other objects	\$ -	\$ 1,326	\$ (1,326)	\$ 1,713
Total other debt service	-	1,326	(1,326)	1,713
Total debt service	1,305,000	1,428,804	(123,804)	1,392,709
Total expenditures	1,305,000	1,428,804	(123,804)	1,392,709
Excess (deficiency) of revenues over expenditures	82,700	(89,152)	(171,852)	(656,473)
Other financing sources				
Principal on bonds sold	-	99,900	99,900	-
Transfer to pay for principal on capital leases	-	116,023	116,023	84,076
Transfer to pay for interest on capital leases	-	7,985	7,985	-
Total other financing sources	-	223,908	223,908	84,076
Net change in fund balance	\$ 82,700	134,756	\$ 52,056	(572,397)
Fund balance, beginning of year		546,979		1,119,376
Fund balance, end of year		\$ 681,735		\$ 546,979

(Concluded)

Downers Grove Grade School District No. 58
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
Contributions and donations from private sources	\$ -	\$ 19,985	\$ 19,985	\$ -
Total local sources	-	19,985	19,985	-
Total revenues	-	19,985	19,985	-
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	-	32,191	(32,191)	-
Capital outlay	-	389,543	(389,543)	-
Total support services	-	421,734	(421,734)	-
Total expenditures	-	421,734	(421,734)	-
Deficiency of revenues over expenditures	-	(401,749)	(401,749)	-
Other financing sources				
Permanent transfer from operations and maintenance fund	-	401,749	(401,749)	-
Total other financing sources (uses)	-	401,749	401,749	-
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

Downers Grove Grade School District No. 58
Fire Prevention and Safety Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
Interest on investments	\$ 4,000	\$ 45,668	\$ 41,668	\$ 19,383
Total local sources	<u>4,000</u>	<u>45,668</u>	<u>41,668</u>	<u>19,383</u>
Total revenues	<u>4,000</u>	<u>45,668</u>	<u>41,668</u>	<u>19,383</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	20,000	119,494	(99,494)	255,061
Capital outlay	<u>2,700,000</u>	<u>2,424,366</u>	<u>275,634</u>	<u>2,043,646</u>
Total	<u>2,720,000</u>	<u>2,543,860</u>	<u>176,140</u>	<u>2,298,707</u>
Other support services				
Other objects	<u>-</u>	<u>104,030</u>	<u>(104,030)</u>	<u>-</u>
Total	<u>-</u>	<u>104,030</u>	<u>(104,030)</u>	<u>-</u>
Total support services	<u>2,720,000</u>	<u>2,647,890</u>	<u>72,110</u>	<u>2,298,707</u>
Total expenditures	<u>2,720,000</u>	<u>2,647,890</u>	<u>72,110</u>	<u>2,298,707</u>
Deficiency of revenues over expenditures	<u>(2,716,000)</u>	<u>(2,602,222)</u>	<u>113,778</u>	<u>(2,279,324)</u>

(Continued)

Downers Grove Grade School District No. 58
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Other financing sources				
Principal on bonds sold	\$ -	\$ 4,895,100	\$ 4,895,100	\$ -
Premium on bonds sold	<u>-</u>	<u>169,916</u>	<u>169,916</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>5,065,016</u>	<u>5,065,016</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,716,000)</u>	2,462,794	<u>\$ 5,178,794</u>	(2,279,324)
Fund balance, beginning of year		<u>1,859,669</u>		<u>4,138,993</u>
Fund balance, end of year		<u>\$ 4,322,463</u>		<u>\$ 1,859,669</u>

(Concluded)

Downers Grove Grade School District No. 58
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Assets				
Cash	\$ 238,478	\$ 665,790	\$ 744,785	\$ 159,483
Liabilities				
Due to student groups				
Belle Aire	9,663	48,056	51,606	6,113
El Sierra	3,837	37,570	35,733	5,674
Fairmount	24,598	24,051	38,395	10,254
Henry Puffer	4,823	47,100	46,064	5,859
Herrick Middle	41,607	125,528	138,599	28,536
Highland	18,479	27,378	38,274	7,583
Hillcrest	18,440	36,869	43,675	11,634
Indian Trail	6,300	33,561	32,188	7,673
Kingsley	21,251	39,551	33,889	26,913
Lester	40,845	67,061	100,142	7,764
O'Neill Middle	32,606	104,689	108,902	28,393
Pierce Downer	8,051	37,542	37,040	8,553
Whittier	7,978	36,834	40,278	4,534
	\$ 238,478	\$ 665,790	\$ 744,785	\$ 159,483

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58

GENERAL LONG-TERM DEBT

SCHEDULE OF GENERAL OBLIGATION BONDS

Year Ended June 30, 2013

		Maturity as follows			
		for the Year			
		<u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
*	General Obligation Bonds	2014	\$ 1,005,000	\$ 353,115	\$ 1,358,115
	Series 2010B, due	2015	1,020,000	327,780	1,347,780
	December 15, 2022	2016	1,040,000	297,900	1,337,900
		2017	1,060,000	263,485	1,323,485
		2018	1,085,000	224,598	1,309,598
		2019	1,110,000	182,602	1,292,602
		2020	1,140,000	136,740	1,276,740
		2021	1,170,000	87,353	1,257,353
		2022	1,200,000	34,905	1,234,905
		2023	170,000	3,952	173,952
	Total		<u>\$ 10,000,000</u>	<u>\$ 1,912,430</u>	<u>\$ 11,912,430</u>
	General Obligation Bonds	2014	-	146,104	146,104
	Series 2013, due	2015	-	149,850	149,850
	December 15, 2025	2016	-	149,850	149,850
		2017	-	149,850	149,850
		2018	15,000	149,625	164,625
		2019	40,000	148,800	188,800
		2020	70,000	147,150	217,150
		2021	100,000	144,600	244,600
		2022	140,000	141,000	281,000
		2023	1,240,000	120,300	1,360,300
		2024	1,480,000	79,500	1,559,500
		2025	1,560,000	33,900	1,593,900
		2026	350,000	5,250	355,250
	Total		<u>\$ 4,995,000</u>	<u>\$ 1,565,779</u>	<u>\$ 6,560,779</u>
	Total general obligation bonds payable		<u>\$ 14,995,000</u>	<u>\$ 3,478,209</u>	<u>\$ 18,473,209</u>

* 35% of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government.

Downers Grove Grade School District No. 58
OPERATING COSTS AND TUITION CHARGE
JUNE 30, 2013 AND 2012

	2013	2012
Operating costs per pupil		
Average Daily Attendance (ADA):	4,495.66	4,460.08
Operating costs:		
Educational	\$ 47,433,097	\$ 47,575,221
Operations and Maintenance	4,889,080	4,574,106
Debt Service	1,428,804	1,392,709
Transportation	2,862,043	2,197,748
Municipal Retirement/Social Security	1,907,161	1,790,298
Subtotal	58,520,185	57,530,082
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	65,478	221,007
Summer school	66,814	85,860
Capital outlay	661,475	847,380
Debt principal retired	1,046,023	999,076
Nonprogrammed charges	2,537,686	2,334,958
Subtotal	4,377,476	4,488,281
Operating costs	\$ 54,142,709	\$ 53,041,801
Operating costs per pupil - based on ADA	\$ 12,043	\$ 11,893
Tuition Charge		
Operating costs	\$ 54,142,709	\$ 53,041,801
Less - revenues from specific programs, such as special education or lunch programs	6,028,576	5,973,588
Net operating costs	48,114,133	47,068,213
Depreciation allowance	1,456,053	1,384,828
Allowance tuition costs	\$ 49,570,186	\$ 48,453,041
Tuition charge per pupil - based on ADA	\$ 11,026	\$ 10,864