

Downers Grove Grade School
District No. 58

Annual Financial Report

Year Ended June 30, 2014

Downers Grove Grade School District No. 58
 ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2014

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(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, 2014, 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, 2014 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 11, the Illinois Municipal Retirement Fund historical data on page 52, the other postemployment benefits data on page 53, and the budgetary comparison schedules and notes to required supplementary information on pages 54 through 72 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 for the year ended June 30, 2014 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 as 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 for the year ended June 30, 2014 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 for the year ended June 30, 2014.

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 School District No 58, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated November 15, 2013, 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, 2013 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 2013 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 2013 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, 2013.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2014 on our consideration of Downers Grove 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 School District No 58's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
November 10, 2014

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2014

The discussion and analysis of Downers Grove Grade School District 58's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014. 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 \$70.2 million, \$3.3 million less than the government-wide expenses of \$73.5 million.
- ❑ Governmental funds revenues were \$70.2 million, \$6.5 million less than overall governmental fund expenditures of \$76.7 million. The shortfall was primarily due to Fire Prevention and Safety Fund expenditures and other capital projects.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2014 was \$12,585. This is a per pupil increase of \$542 over fiscal year 2013.
- ❑ Total net position on a government-wide basis was \$36.0 million. This represents a \$3.3 million, or an 8.4% decrease from fiscal year 2013.
- ❑ Primarily as a result of capital projects, including life safety work, the District's financial position declined for fiscal year 2014. The aggregate fund balance decreased \$6.0 million from \$31.8 million to \$25.8 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2014, the District's long term liabilities, including outstanding long-term bonded debt, were \$14.4 million. This was a \$900,000 improvement from the previous year.

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, 2014

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows and outflows, with the difference between these 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.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2014

The Governmental Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65), which was adopted by the District as of the fiscal year ended June 30, 2014. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and other accounting guidance. Please refer to the *Notes to the Financial Statements, Note A, Item 2* for further information.

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.

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.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis
For the Year Ended June 30, 2014

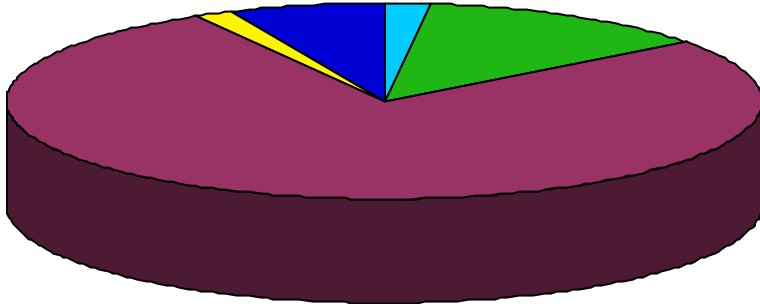
Government-Wide Financial Analysis

Table 1				
Condensed Statement of Net Position				
<i>(In millions of dollars)</i>				
	<u>2013</u>	<u>2014</u>	<u>Percentage</u> <u>Change</u>	
Current and other assets	\$ 62.2	\$ 57.8	-7.1%	
Capital assets	22.5	24.2	7.6%	
<i>Total assets</i>	<u>84.7</u>	<u>82.0</u>	<u>-3.2%</u>	
Long-term liabilities	15.3	14.4	(5.9%)	
Other liabilities	6.4	7.4	15.6%	
<i>Total liabilities</i>	<u>21.7</u>	<u>21.8</u>	<u>0.5%</u>	
Unavailable property tax revenues	23.7	24.2	2.1%	
<i>Total deferred inflows</i>	<u>23.7</u>	<u>24.2</u>	<u>2.1%</u>	
<i>Net position:</i>				
Net investment in capital assets	7.3	11.7	60.3%	
Restricted	8.5	5.6	-34.1%	
Unrestricted	23.5	18.7	(20.4%)	
<i>Total net position</i>	<u>\$ 39.3</u>	<u>\$ 36.0</u>	<u>(8.4%)</u>	

Table 2				
Changes in Net Position				
<i>(In millions of dollars)</i>				
	<u>2013</u>	<u>2014</u>	<u>Percentage</u> <u>of Total</u>	
Revenues:				
<i>Program revenues:</i>				
Charges for services	\$ 1.5	\$ 0.9	1.30%	
Operating grants and contributions	13.3	15.6	22.22%	
<i>General revenues:</i>				
Property taxes	49.6	51.3	73.08%	
Replacement taxes	0.8	0.8	1.14%	
Other	1.8	1.6	2.28%	
<i>Total revenues</i>	<u>67.0</u>	<u>70.2</u>	<u>100.02%</u>	
Expenses:				
Instruction	41.7	46.2	62.86%	
Support services	25.5	26.8	36.46%	
Interest and fees	0.2	0.5	0.68%	
<i>Total expenses</i>	<u>67.4</u>	<u>73.5</u>	<u>100.00%</u>	
<i>Increase in Net Position</i>	<u>\$ (0.4)</u>	<u>\$ (3.3)</u>		

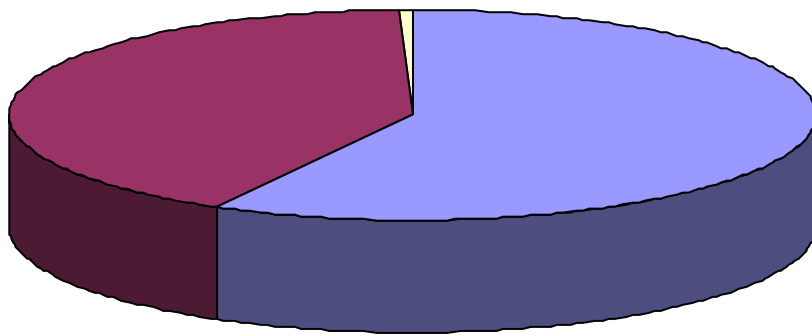
Downers Grove Grade School District No. 58
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Government-Wide Revenue By Source



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

District-Wide Expenses By Function



- Instruction
- Support Services
- Interest on Long-Term Debt

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2014

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 17 and 18 of this report. Total revenues in the governmental funds were \$70.2 million compared to \$67.0 million in the prior year. Total expenditures in the governmental funds were \$76.7 million, compared to \$69.9 million in the prior year, an increase of \$6.8 million, or approximately 9.7%. Expenditures exceeded revenues by approximately \$6.5 million. The fund balances in the governmental funds decreased from \$31.8 million in the prior year to \$25.8 million as of June 30, 2014. The decrease was primarily due to capital projects including life safety work.

General (Educational and Working Cash) Fund Budgetary Highlights

General Fund (Pages 55-64): The largest revenue source in the General Fund is property taxes at 70.0% of all General Fund revenue. The total revenues in the General Fund amounted to \$59.5 million, compared to \$56.7 million in the prior year. Revenues from state sources was \$14.5 million (of which \$11 million represents TRS on-behalf contributions), which represented 24.3% of all revenue in the General Fund, a \$2.6 million increase from the prior year. Federal sources of revenue (\$1.7 million) represented 3.6% of all General Fund revenue, and a \$200,000 decrease from 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.

There were total expenditures of \$61.1 million (of which \$11 million represents TRS on-behalf contributions) in the General Fund increased by 9.7% from the prior year.

Medical Insurance Balance: At June 30, 2014, the self-funded medical insurance plan (which is a sub-account of the Education Account in the General Fund) had an assigned value of \$2,372,540 for self-insurance claims. The June 30, 2013 assigned value for the medical insurance plan was \$3,236,535.

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2014, the District had compiled a total investment of \$24.2 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.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 3					
Capital Assets (net of depreciation)					
<i>(In millions of dollars)</i>					
	<u>2013</u>		<u>2014</u>		<u>Percentage</u>
					<u>Change</u>
Land	\$	0.2	\$	0.2	0.0%
Construction in progress		1.0		0.1	-90.0%
Land improvements		0.8		0.9	12.5%
Buildings		19.3		21.6	11.9%
Equipment and furniture		1.2		1.4	16.7%
Total	\$	22.5	\$	24.2	7.6%

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, 2014, the District had \$14.4 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>2013</u>		<u>2014</u>		<u>Percentage</u>
					<u>Change</u>
General obligation bonds	\$	15.0	\$	14.0	-6.67%
Other long-term liabilities		0.3		0.4	33.33%
Total	\$	15.3	\$	14.4	-5.88%

Factors Bearing on the District's Future

Like all Illinois public school districts, District 58 is struggling with reduced and/or late funding payments from the State. Given the state of Illinois' finances, this trend is likely to continue for the short term. This reality has had and will likely continue to have cash flow implications that the District will need to contend with. Also of concern is mounting legislative pressure to shift more of the teacher pension burden to the local school district level (Senate Bill 1) and to adopt a new way of distributing State funding (Senate Bill 16). If approved, either of these changes would significantly impact the finances of the District in a negative way.

Recent increases in the number of high needs, high cost special education students have begun to put budget pressure on both the Education and Transportation Funds. For the short term the District will need to review its options related to service delivery in this area in an effort to reduce costs.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Property values (overall EAV) in the District have declined in recent years due to the downturn in the economy. However, property value decline is subsiding and the short term projection is for stable and/or growing valuations.

A 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. Other residential areas in Oak Brook have given indication that they may also attempt deannexation. Any successful future deannexation will diminish the tax base and revenue stream from the property tax and add pressure to the budget.

The contracts for the Downers Grove Elementary Education Association (DGEEA) and the Downers Grove Custodial/Maintenance Association (DGCMA) have both been negotiated in FY 2014 and renewed through FY 2018.

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. This will put pressure on the budget for 2015-16. Beyond that the financial projections indicate a stable operating environment for the short term.

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, 2014

ASSETS

Cash and investments	\$	30,877,524
Receivables (net of allowance for uncollectibles):		
Interest		10,387
Property taxes		26,012,099
Replacement taxes		139,273
Intergovernmental		189,517
Other post employment benefit asset		537,817
Capital assets:		
Land		223,031
Construction in progress		145,925
Depreciable buildings, property, and equipment, net		<u>23,798,426</u>
Total assets		<u>81,933,999</u>

LIABILITIES

Accounts payable		2,011,100
Salaries and wages payable		3,144,972
Payroll deductions payable		879,941
Claims payable		377,912
Other current liabilities		395,799
Interest payable		20,497
Unearned school fees		497,276
Long-term liabilities:		
Due within one year		1,213,614
Due after one year		<u>13,230,189</u>
Total liabilities		<u>21,771,300</u>

DEFERRED INFLOW OF RESOURCES

Unavailable property tax revenue		<u>24,160,471</u>
Total deferred inflows		<u>24,160,471</u>

NET POSITION

Net investment in capital assets		11,650,586
Restricted For:		
Operations and maintenance		2,170,540
Debt service		644,647
Retirement benefits		563,662
Capital projects		2,228,915
Unrestricted		<u>18,743,878</u>
Total net position	\$	<u>36,002,228</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, 2014

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	\$ 23,645,348	\$ 350,435	\$ 469,019	\$ (22,825,894)
Special programs	10,605,006	73,494	3,318,624	(7,212,888)
Other instructional programs	939,927	39,188	34,804	(865,935)
State retirement contributions	10,972,377	-	10,972,377	-
Support services:				
Pupils	3,402,042	-	-	(3,402,042)
Instructional staff	5,871,158	-	115,101	(5,756,057)
General administration	1,610,384	-	-	(1,610,384)
School administration	3,862,793	-	-	(3,862,793)
Business	2,154,637	294,113	159,437	(1,701,087)
Transportation	3,112,689	27	563,809	(2,548,853)
Operations and maintenance	5,865,649	181,376	-	(5,684,273)
Central	606,413	-	-	(606,413)
Other supporting services	357,623	-	-	(357,623)
Interest and fees	508,626	-	-	(508,626)
Total governmental activities	<u>\$ 73,514,672</u>	<u>\$ 938,633</u>	<u>\$ 15,633,171</u>	<u>\$ (56,942,868)</u>
General revenues:				
Taxes:				
				41,672,859
				8,198,913
				1,373,906
				820,449
				1,412,171
				48,250
				129,437
				<u>53,655,985</u>
				(3,286,883)
				<u>39,289,111</u>
				<u>\$ 36,002,228</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2014

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 24,349,961	\$ 2,101,965	\$ 220,045	\$ 542,214
Receivables (net of allowance for uncollectibles):				
Interest	-	-	-	-
Property taxes	21,114,055	2,152,241	1,026,081	977,768
Replacement taxes	121,864	17,409	-	-
Accounts	-	-	-	-
Intergovernmental	189,517	-	-	-
Total assets	<u>\$ 45,775,397</u>	<u>\$ 4,271,615</u>	<u>\$ 1,246,126</u>	<u>\$ 1,519,982</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ 613,616	\$ 99,914	\$ 471,990	\$ -
Salaries and wages payable	3,144,972	-	-	-
Payroll deductions payable	829,664	2,124	-	48,153
Claims payable	377,912	-	-	-
Other current liabilities	395,799	-	-	-
Unearned school fees	479,470	-	17,806	-
Total liabilities	<u>5,841,433</u>	<u>102,038</u>	<u>489,796</u>	<u>48,153</u>
DEFERRED INFLOWS				
Unavailable interest revenue	-	-	-	-
Unavailable property taxes	19,611,087	1,999,037	953,041	908,167
Total deferred inflows	<u>19,611,087</u>	<u>1,999,037</u>	<u>953,041</u>	<u>908,167</u>
FUND BALANCES (DEFICIT)				
Restricted	-	1,588,947	-	563,662
Committed	-	581,593	-	-
Assigned	2,372,540	-	-	-
Unassigned	17,950,337	-	(196,711)	-
Total fund balances (deficit)	<u>20,322,877</u>	<u>2,170,540</u>	<u>(196,711)</u>	<u>563,662</u>
Total liabilities, deferred inflows, and fund balances (deficit)	<u>\$ 45,775,397</u>	<u>\$ 4,271,615</u>	<u>\$ 1,246,126</u>	<u>\$ 1,519,982</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 612,329	\$ 401,749	\$ 2,649,261	\$ 30,877,524
-	-	10,387	10,387
741,954	-	-	26,012,099
-	-	-	139,273
-	-	-	-
-	-	-	189,517
<u>\$ 1,354,283</u>	<u>\$ 401,749</u>	<u>\$ 2,659,648</u>	<u>\$ 57,228,800</u>
\$ -	\$ -	\$ 825,580	\$ 2,011,100
-	-	-	3,144,972
-	-	-	879,941
-	-	-	377,912
-	-	-	395,799
-	-	-	497,276
-	-	825,580	7,307,000
-	-	6,902	6,902
689,139	-	-	24,160,471
689,139	-	6,902	24,167,373
665,144	401,749	1,827,166	5,046,668
-	-	-	581,593
-	-	-	2,372,540
-	-	-	17,753,626
665,144	401,749	1,827,166	25,754,427
<u>\$ 1,354,283</u>	<u>\$ 401,749</u>	<u>\$ 2,659,648</u>	<u>\$ 57,228,800</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, 2014

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

Total fund balances - governmental funds	\$ 25,754,427
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.	24,167,382
The net other postemployment asset resulting from contributions in excess of the annual required contribution is not a current financial resource and, therefore, is not reported in the fund financial statements.	537,817
Certain revenues receivable by the District and recognized in the statement of net position do not provide current financial resources and are unearned revenue in the governmental funds balance sheet.	6,902
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.	(20,497)
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>(14,443,803)</u>
Net position - governmental activities	<u><u>\$ 36,002,228</u></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 (DEFICIT) For the Year Ended June 30, 2014

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 41,672,859	\$ 4,248,123	\$ 2,024,139	\$ 1,926,651
Replacement taxes	697,616	105,672	-	17,161
State aid	14,529,674	100,000	563,809	-
Federal aid	1,737,167	-	-	-
Interest	26,310	2,698	558	673
Other	<u>848,376</u>	<u>214,754</u>	<u>4,904</u>	<u>36</u>
 Total revenues	 <u>59,512,002</u>	 <u>4,671,247</u>	 <u>2,593,410</u>	 <u>1,944,521</u>
Expenditures				
Current:				
Instruction:				
Regular programs	22,964,218	-	-	344,020
Special programs	7,249,154	-	-	440,884
Other instructional programs	926,943	-	-	12,984
State retirement contributions	10,972,377	-	-	-
Support services:				
Pupils	3,354,623	-	-	47,419
Instructional staff	5,472,724	-	-	270,607
General administration	1,575,711	-	-	31,357
School administration	3,700,272	-	-	159,293
Business	1,024,440	9,794	-	94,427
Transportation	-	-	3,112,689	-
Operations and maintenance	11,593	4,541,572	-	489,425
Central	524,340	-	-	47,986
Other supporting services	357,623	-	-	-
Community services	-	-	-	-
Nonprogrammed charges	2,897,050	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>35,074</u>	<u>62,987</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>61,066,142</u>	 <u>4,614,353</u>	 <u>3,112,689</u>	 <u>1,938,402</u>
 Excess (deficiency) of revenues over expenditures	 (1,554,140)	 56,894	 (519,279)	 6,119
Other financing sources (uses)				
Transfers in	-	1,618,235	-	-
Transfers (out)	(1,907,497)	(2,089,340)	-	-
Proceeds from capital leases	<u>480,621</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(1,426,876)</u>	 <u>(471,105)</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balance	 (2,981,016)	 (414,211)	 (519,279)	 6,119
 Fund balance, beginning of year	 <u>23,303,893</u>	 <u>2,584,751</u>	 <u>322,568</u>	 <u>557,543</u>
 Fund balance (deficit), end of year	 <u>\$ 20,322,877</u>	 <u>\$ 2,170,540</u>	 <u>\$ (196,711)</u>	 <u>\$ 563,662</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,373,906	\$ -	\$ -	\$ 51,245,678
-	-	-	820,449
-	-	-	15,193,483
114,692	-	-	1,851,859
554	-	10,555	41,348
-	-	-	1,068,070
<u>1,489,152</u>	<u>-</u>	<u>10,555</u>	<u>70,220,887</u>
-	-	-	23,308,238
-	-	-	7,690,038
-	-	-	939,927
-	-	-	10,972,377
-	-	-	3,402,042
-	-	-	5,743,331
-	-	-	1,607,068
-	-	-	3,859,565
-	65,394	259,632	1,453,687
-	-	-	3,112,689
-	-	-	5,042,590
-	-	-	572,326
-	-	-	357,623
-	-	-	-
-	-	-	2,897,050
1,285,770	-	-	1,285,770
509,235	-	-	509,235
-	1,622,197	2,246,220	3,966,478
<u>1,795,005</u>	<u>1,687,591</u>	<u>2,505,852</u>	<u>76,720,034</u>
(305,853)	(1,687,591)	(2,495,297)	(6,499,147)
289,262	2,089,340	-	3,996,837
-	-	-	(3,996,837)
-	-	-	480,621
<u>289,262</u>	<u>2,089,340</u>	<u>-</u>	<u>480,621</u>
(16,591)	401,749	(2,495,297)	(6,018,526)
<u>681,735</u>	<u>-</u>	<u>4,322,463</u>	<u>31,772,953</u>
<u>\$ 665,144</u>	<u>\$ 401,749</u>	<u>\$ 1,827,166</u>	<u>\$ 25,754,427</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, 2014

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

Net change in fund balances - total governmental funds	\$ (6,018,526)
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.	1,699,518
The net other postemployment asset is not considered to represent a financial resource and, therefore, is not reported in the funds.	201,963
Interest revenue and other revenue included in the statement of activities do not provide current financial resources and, therefore are deferred in the fund financial statements.	6,902
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.	609
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>822,651</u>
Change in net position - governmental activities	<u><u>\$ (3,286,883)</u></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, 2014

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 138,481</u>
LIABILITIES	
Due to student groups	<u>\$ 138,481</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, 2014

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. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which was implemented by the District during the fiscal year ended June 30, 2014. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in limiting the use of the term deferred in financial statement presentations.

Specific changes to the District's financial statements relate to unearned and unavailable property taxes. Deferred charges on refunded debt are now reported as a deferred outflow rather than an asset. Deferred property taxes are now reported as a deferred inflow of unavailable revenue rather than a liability. These reclassifications for reporting purposes had no impact on the net position of the District. Bond issuances costs are no longer considered an asset and are expensed in the year the costs are incurred.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

e. Fiduciary Fund

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

The *Student Activity 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.

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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

The District reports unearned/unavailable revenue on its financial statements. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned/unavailable revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned/unavailable revenue is removed from the balance sheet and revenue is recognized.

6. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value approximates 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. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period(s). At June 30, 2014, the District has no deferred outflows of resources. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period(s). At June 30, 2014, the District's unavailable property taxes and unavailable interest are reported as deferred inflows of resources.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. 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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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 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. Bond issuance costs are expensed in the period in which the bonds are issued.

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.

11. 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.

12. 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 required 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.

13. 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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- 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 other 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, 2014, the District has committed \$581,593 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 nor committed. Intent may be expressed by the Board of Education or the individual to which 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, 2014, the District has assigned \$2,372,540 in the General (Educational) 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.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, 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.

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	\$ (13,990,000)
Capital leases	(353,962)
Compensated absences	(76,998)
IMRF pension obligation	<u>(22,843)</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position - governmental activities	\$ <u><u>(14,443,803)</u></u>

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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	\$ 3,265,528
Depreciation expense	<u>(1,566,010)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 1,699,518</u>

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 capital leases	\$ (480,621)
Principal repayments	
General obligation bonds	1,005,000
Capital leases	280,770
Compensated absences, net	17,980
IMRF pension obligation, net	<u>(478)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 822,651</u>

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE C - DEPOSITS AND INVESTMENTS

At June 30, 2014, the District's cash and investments consisted of the following:

	Governmental	Fiduciary	Total
Cash and investments	\$ 30,877,524	\$ 138,481	\$ 31,016,005

For disclosure purposes, this amount is segregated into three components as follows:

	Total
Cash on hand	\$ 1,250
Deposits with financial institutions	30,927,555
Illinois Funds	87,200
	\$ 31,016,005

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, 2014, the District had no investments in commercial paper or corporate bonds.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk (Continued)

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, 2014, the bank balances of the District's deposits with financial institutions totaled \$31,443,792, of which all but \$360 was fully insured and/or collateralized.

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, 2014, the District had no unsecured investments.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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 2013 tax levy resolution was approved by the Board of Education on December 9, 2013. 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 County Clerk adds the Equalized Assessed Valuation of all real property in the District to the valuation of property assessed directly by the state (to which the Equalization Factor is not applied) to arrive at the base amount (the Assessment Base) used to calculate the annual tax rates, as described above. The Equalized Assessed Valuation for the extension for the 2013 tax levy was \$2,293,778,253.

The portion of the 2013 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 unavailable revenues.

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance July 1, 2013</u>	<u>Transfers / Additions</u>	<u>Transfers / Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	<u>976,941</u>	<u>145,925</u>	<u>976,941</u>	<u>145,925</u>
Total capital assets, not being depreciated	<u>1,199,972</u>	<u>145,925</u>	<u>976,941</u>	<u>368,956</u>
Capital assets, being depreciated				
Land improvements	1,841,453	239,820	-	2,081,273
Buildings and improvements	39,087,677	3,323,884	-	42,411,561
Equipment	<u>7,671,528</u>	<u>532,840</u>	<u>179,390</u>	<u>8,024,978</u>
Total capital assets, being depreciated	<u>48,600,658</u>	<u>4,096,544</u>	<u>179,390</u>	<u>52,517,812</u>
Less accumulated depreciation for:				
Land improvements	1,053,814	78,344	-	1,132,158
Buildings and improvements	19,832,357	1,132,140	-	20,964,497
Equipment	<u>6,446,595</u>	<u>355,526</u>	<u>179,390</u>	<u>6,622,731</u>
Total accumulated depreciation	<u>27,332,766</u>	<u>1,566,010</u>	<u>179,390</u>	<u>28,719,386</u>
Total capital assets, being depreciated, net	<u>21,267,892</u>	<u>2,530,534</u>	<u>-</u>	<u>23,798,426</u>
Governmental activities capital assets, net	<u>\$ 22,467,864</u>	<u>\$ 2,676,459</u>	<u>\$ 976,941</u>	<u>\$ 24,167,382</u>

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	556,575
Special programs		17,918
Pupils		3,580
Instructional staff		124,247
General administration		3,316
School administration		3,228
Business		823,059
Central		<u>34,087</u>
Total depreciation expense - governmental activities	\$	<u><u>1,566,010</u></u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2014, the following is the long-term liability activity for the District:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2014</u>
Bonds payable:				
General obligation bonds	\$ 14,995,000	\$ -	\$ 1,005,000	\$ 13,990,000
Capital leases	154,111	480,621	280,770	353,962
Compensated absences	94,978	126,608	144,588	76,998
IMRF pension obligation	<u>22,365</u>	<u>951,134</u>	<u>950,656</u>	<u>22,843</u>
 Total long-term liabilities - governmental activities	 <u>\$ 15,266,454</u>	 <u>\$ 1,558,363</u>	 <u>\$ 2,381,014</u>	 <u>\$ 14,443,803</u>
 Due within one year				
General obligation bonds	\$ 1,020,000			
Capital leases payable	<u>193,614</u>			
	 <u>\$ 1,213,614</u>			

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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%	\$ 8,995,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	4,995,000
		\$ 13,990,000

At June 30, 2014, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
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	374,222	1,474,222
2019	1,150,000	331,403	1,481,403
2020-2024	6,710,000	895,500	7,605,500
2025-2026	1,910,000	39,150	1,949,150
Total	\$ 13,990,000	\$ 2,978,990	\$ 16,968,990

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, 2014

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 \$665,144 in the Debt Service Fund to service the outstanding bonds payable. The District is required to maintain compliance with certain financial and non financial 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, 2014, the statutory debt limit for the District was \$158,270,699, of which \$143,926,737 is fully available.

3. Capital Leases

The District has entered into various capital lease agreements for copiers. The leases expire at various dates through December 2015 and require annual payments of principal and interest ranging from approximately \$2,600 to \$149,700. 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
2015	\$ 193,614	\$ 11,573	\$ 205,187
2016	160,348	4,907	165,255
Total	\$ <u>353,962</u>	\$ <u>16,480</u>	\$ <u>370,442</u>

The gross amount of capital assets recorded under capital leases for equipment purchased is \$834,831.

NOTE G - INTERFUND TRANSFERS

The District transferred \$18,235 to the Operations and Maintenance Fund from the General (Working Cash) Fund at June 30, 2014. Amount transferred represents interest earned on investments.

The District transferred \$1,500,000 to the Operations and Maintenance Fund from the General (Working Cash) Fund at June 30, 2014. Amount transferred represent an abatement of the Working Cash Account to be used for funding capital projects.

The District transferred \$100,000 to the Operations and Maintenance Fund from the General (Educational) Fund at June 30, 2014. Amount represents excess medical reserve funds.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE G - INTERFUND TRANSFERS (Continued)

The District transferred \$2,089,340 to the Capital Projects Fund from the Operations and Maintenance Fund at June 30, 2014. Amount transferred is to be used for funding capital projects.

The District transferred \$289,262 to the Debt Service Fund from the General (Educational) Fund at June 30, 2014. Amount transferred to be used for principal and interest payments on capital leases.

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, 2014, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$377,912. These estimates, which consider historical lag experience and current claims experience, 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>2014</u>	<u>2013</u>
Unpaid claims, beginning of fiscal year	\$ 361,762	\$ 523,904
Incurred claims (including IBNRs)	6,134,674	5,372,724
Claim payments	<u>(6,118,524)</u>	<u>(5,534,866)</u>
Unpaid claims, end of fiscal year	<u>\$ 377,912</u>	<u>\$ 361,762</u>

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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.

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 licensure is required. The active member contribution rate for the year ended June 30, 2014 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, 2013 and 2012.

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, 2014, state of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$10,678,553 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05 percent, \$8,040,585 and 24.91 percent, \$6,944,766, 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, 2014 were \$175,689. Contributions for the years ending June 30, 2013 and June 30, 2012 were \$167,599 and \$162,422, respectively.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$134,299 were paid from federal and special trust funds that required employer contributions of \$47,555. For the years ended June 30, 2013 and June 30, 2012, required District contributions were \$64,872 and \$31,848, 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 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the District paid \$45,687 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the District paid \$189,784 and \$282,855, respectively, in employer ERO contributions.

Salary Increases Over 6 percent and Excess Sick Leave

If the District grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the District 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, 2014, the District paid \$15,740 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and June 30, 2012, the District paid \$31,329 and \$15,783, respectively.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Salary Increases Over 6 percent and Excess Sick Leave (Continued)

If the District grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the District makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2013 and June 30, 2012, the District paid \$0 and \$0, respectively.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

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 website 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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions (Continued)

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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$293,825, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of District employees were \$265,847 and \$246,464, respectively.

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the District paid \$218,097 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the District paid \$199,386 and \$184,848, respectively, 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 current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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 (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the District's regular plan members are required to contribute 4.5 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 District annual required contribution rate for calendar year 2013 was 13.67 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, 2014

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, 2014.

	<u>June 30, 2014</u>
Annual Required Contribution (ARC)	\$ 950,656
Interest on net IMRF pension obligation	1,677
Adjustment to annual required contribution	<u>(1,199)</u>
Annual IMRF cost	951,134
Contributions made	<u>(950,656)</u>
Increase in IMRF pension obligation	478
Net IMRF obligation, beginning of year	<u>22,365</u>
Net IMRF obligation, end of year	<u><u>\$ 22,843</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 2014 was \$950,656.

Trend Information					
Fiscal Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
06/30/14	\$ 951,134	100%	\$ 22,843		
06/30/13	942,768	100%	22,365		
06/30/12	869,270	100%	21,897		

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost (Continued)

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 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 and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2011 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, 2013, the most recent actuarial valuation date, the regular plan was 70.72 percent funded. The actuarial accrued liability for benefits was \$21,677,846 and the actuarial value of assets was \$15,331,634, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,346,212. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$6,884,090 and the ratio of the UAAL to the covered payroll was 92 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, 2014

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 2014, 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 2014, total retiree postemployment contributions were \$578,975.

Downers Grove Grade School District No. 58
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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:

	<u>June 30, 2014</u>
Annual required contribution	\$ 379,251
Interest on net OPEB obligation	(13,434)
Adjustment to annual required contribution	<u>11,195</u>
Annual OPEB cost	377,012
Contributions made	<u>(578,975)</u>
Increase in net OPEB asset	(201,963)
Net OPEB asset beginning of year	<u>(335,854)</u>
Net OPEB asset end of year	<u><u>\$ (537,817)</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 2014 and the two preceding fiscal years were as follows:

<u>Actuarial Valuation Date</u>		<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>		<u>Net OPEB Asset</u>
6/30/14	\$	377,012	153.6%	\$	(537,817)
6/30/13		488,481	102.2%		(335,854)
6/30/12*		485,456	102.8%		(325,206)

* 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, 2014

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of June 30, 2013 (most recent available), 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, 2014

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 Benefits only: 8.00% initial, 6.00% ultimate (0.5% reduction per year)
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%
Assumed Coverage Elections	50% Single Coverage, 50% Single plus Spouse: Admin to 65: Single \$761/mo; Single plus Spouse \$1,836/mo Other to 65: Single \$571/mo; Single plus Spouse \$1,571/mo

*Includes inflation at 3.00%

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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, 2014. Commitments approximate \$1,652,000 at June 30, 2014.

NOTE N - DEFICIT FUND BALANCE

At June 30, 2014, the following fund has a deficit fund balance.

<u>Fund</u>	<u>Deficit</u>
Transportation \$	196,711

District management expects to fund this deficit through future operating revenues.

Downers Grove Grade School District No. 58
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE O - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 10, 2014 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, 2014

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)
12/31/13	\$ 15,331,634	\$ 21,677,846	70.72 %	\$ 6,346,212	\$ 6,884,090	92.19 %
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

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$18,630,928.
 On a market basis, the funded ratio would be 85.94%.

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, 2014

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)
6/30/14 *\$	NA	\$ 4,875,419	NA	% \$ 4,875,419	\$ NA	NA %
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

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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$41,555,000	\$41,672,859	\$ 117,859	\$40,594,682
Corporate personal property replacement taxes	700,000	697,616	(2,384)	690,806
Regular tuition from pupils or parents	160,000	129,392	(30,608)	155,106
Summer school tuition from pupils or parents	50,000	39,188	(10,812)	52,655
Special education tuition from other districts	35,000	73,494	38,494	49,699
Interest on investments	56,200	26,310	(29,890)	78,678
Sales to pupils - lunch	340,000	294,077	(45,923)	320,348
Other district/school activity revenue	60,000	34,745	(25,255)	88,900
Rentals - regular textbook	450,000	175,672	(274,328)	657,949
Impact fees from municipal or county governments	-	-	-	4,979
Local fees	30,000	10,626	(19,374)	27,988
Other	279,000	91,182	(187,818)	269,418
Total local sources	<u>43,715,200</u>	<u>43,245,161</u>	<u>(470,039)</u>	<u>42,991,208</u>
State sources				
General State Aid	1,200,000	1,312,171	112,171	1,266,028
Special Education - Private Facility Tuition	600,000	549,394	(50,606)	571,767
Special Education - Extraordinary	800,000	592,848	(207,152)	605,146
Special Education - Personnel	1,000,000	928,819	(71,181)	992,615
Special Education - Orphanage - Individual	35,000	25,295	(9,705)	4,173
Special Education - Orphanage - Summer Individual	-	505	505	-
Special Education - Summer School	4,000	3,606	(394)	4,097
CTE - Student Organizations	4,000	-	(4,000)	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	45,000	34,804	(10,196)	27,149
State Free Lunch and Breakfast	4,000	2,872	(1,128)	2,929
Early Childhood - Block Grant	120,000	106,983	(13,017)	90,449
Other state sources	4,500	-	(4,500)	7,383
Total state sources	<u>3,816,500</u>	<u>3,557,297</u>	<u>(259,203)</u>	<u>3,571,736</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Federal sources				
National School Lunch Program	\$ 95,000	\$ 112,371	\$ 17,371	\$ 95,403
Special Milk Program	45,000	44,194	(806)	44,502
Title I - Low Income	150,000	247,344	97,344	249,642
Safe and Drug Free Schools - Formula (Title IV)	2,500	-	(2,500)	-
Federal - Special Education - Pre-School Flow Through	-	35,384	35,384	67,673
Federal - Special Education - I.D.E.A. - Flow Through	1,200,000	1,000,832	(199,168)	1,102,435
Federal - Special Education - I.D.E.A. - Room and Board	30,000	-	(30,000)	7,185
Other ARRA Funds - XI	-	-	-	1,736
IASA - Title II -				
Eisenhower - Professional Development Formula	120,000	-	(120,000)	-
Title II - Teacher Quality	-	115,101	115,101	125,763
Medicaid Matching Funds - Administrative Outreach	200,000	53,883	(146,117)	63,026
Medicaid Matching Funds - Fee-For-Service-Program	-	128,058	128,058	113,323
Total federal sources	<u>1,842,500</u>	<u>1,737,167</u>	<u>(105,333)</u>	<u>1,870,688</u>
Total revenues	<u>49,374,200</u>	<u>48,539,625</u>	<u>(834,575)</u>	<u>48,433,632</u>
Expenditures				
Instruction				
Regular programs				
Salaries	18,860,800	19,055,629	(194,829)	18,241,980
Employee benefits	2,990,200	2,976,500	13,700	2,248,417
Purchased services	89,400	70,377	19,023	68,008
Supplies and materials	877,475	729,295	148,180	924,778
Capital outlay	6,050	4,268	1,782	10,905
Other objects	96,450	132,417	(35,967)	90,089
Total	<u>22,920,375</u>	<u>22,968,486</u>	<u>(48,111)</u>	<u>21,584,177</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Special education programs				
Salaries	\$ 5,317,000	\$ 5,147,074	\$ 169,926	\$ 4,985,627
Employee benefits	735,500	727,902	7,598	698,741
Purchased services	47,700	33,542	14,158	33,993
Supplies and materials	90,150	51,632	38,518	29,535
Capital outlay	2,000	-	2,000	-
Other objects	<u>1,050,000</u>	<u>1,055,696</u>	<u>(5,696)</u>	<u>1,034,689</u>
Total	<u>7,242,350</u>	<u>7,015,846</u>	<u>226,504</u>	<u>6,782,585</u>
Remedial and Supplemental programs K-12				
Salaries	-	118,342	(118,342)	160,578
Purchased services	-	105,193	(105,193)	19,298
Supplies and materials	<u>-</u>	<u>9,773</u>	<u>(9,773)</u>	<u>29,506</u>
Total	<u>-</u>	<u>233,308</u>	<u>(233,308)</u>	<u>209,382</u>
Interscholastic programs				
Salaries	112,000	105,392	6,608	103,508
Employee benefits	700	549	151	515
Purchased services	6,000	6,265	(265)	6,110
Supplies and materials	<u>8,000</u>	<u>7,645</u>	<u>355</u>	<u>8,006</u>
Total	<u>126,700</u>	<u>119,851</u>	<u>6,849</u>	<u>118,139</u>
Summer school programs				
Salaries	69,000	49,191	19,809	60,178
Employee benefits	800	409	391	425
Supplies and materials	7,000	982	6,018	1,258
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>77,800</u>	<u>50,582</u>	<u>27,218</u>	<u>61,861</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Gifted programs				
Salaries	\$ 210,750	\$ 189,947	\$ 20,803	\$ 210,367
Employee benefits	18,300	8,841	9,459	9,390
Purchased services	3,200	240	2,960	192
Supplies and materials	5,000	3,863	1,137	3,583
Capital outlay	1,000	-	1,000	-
Total	<u>238,250</u>	<u>202,891</u>	<u>35,359</u>	<u>223,532</u>
Bilingual programs				
Salaries	453,000	461,603	(8,603)	431,008
Employee benefits	47,200	74,442	(27,242)	69,042
Purchased services	1,500	1,796	(296)	1,593
Supplies and materials	15,000	15,778	(778)	9,562
Capital outlay	6,000	-	6,000	6,271
Total	<u>522,700</u>	<u>553,619</u>	<u>(30,919)</u>	<u>517,476</u>
Total instruction	<u>31,128,175</u>	<u>31,144,583</u>	<u>(16,408)</u>	<u>29,497,152</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	735,000	797,604	(62,604)	705,154
Employee benefits	123,350	124,704	(1,354)	118,056
Purchased services	500	-	500	-
Supplies and materials	1,950	1,299	651	1,203
Total	<u>860,800</u>	<u>923,607</u>	<u>(62,807)</u>	<u>824,413</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Guidance services				
Salaries	\$ 325,000	\$ 325,938	\$ (938)	\$ 312,070
Employee benefits	52,800	51,844	956	52,085
Supplies and materials	<u>250</u>	<u>49</u>	<u>201</u>	<u>55</u>
Total	<u>378,050</u>	<u>377,831</u>	<u>219</u>	<u>364,210</u>
Health services				
Salaries	320,000	332,711	(12,711)	310,234
Employee benefits	57,300	45,161	12,139	55,240
Purchased services	1,400	860	540	1,668
Supplies and materials	<u>169,050</u>	<u>144,588</u>	<u>24,462</u>	<u>171,426</u>
Total	<u>547,750</u>	<u>523,320</u>	<u>24,430</u>	<u>538,568</u>
Psychological services				
Salaries	430,000	431,931	(1,931)	410,789
Employee benefits	63,900	72,310	(8,410)	62,827
Purchased services	2,000	-	2,000	1,793
Supplies and materials	<u>2,500</u>	<u>2,686</u>	<u>(186)</u>	<u>2,195</u>
Total	<u>498,400</u>	<u>506,927</u>	<u>(8,527)</u>	<u>477,604</u>
Speech pathology and audiology services				
Salaries	910,000	903,402	6,598	845,821
Employee benefits	140,000	118,446	21,554	114,802
Purchased services	1,000	79	921	226
Supplies and materials	<u>1,950</u>	<u>1,011</u>	<u>939</u>	<u>845</u>
Total	<u>1,052,950</u>	<u>1,022,938</u>	<u>30,012</u>	<u>961,694</u>
Total pupils	<u>3,337,950</u>	<u>3,354,623</u>	<u>(16,673)</u>	<u>3,166,489</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Instructional staff				
Improvement of instruction services				
Salaries	\$ 1,610,000	\$ 1,411,481	\$ 198,519	\$ 1,597,827
Employee benefits	183,600	163,223	20,377	178,411
Purchased services	58,000	76,995	(18,995)	82,057
Supplies and materials	<u>124,600</u>	<u>23,071</u>	<u>101,529</u>	<u>16,622</u>
Total	<u>1,976,200</u>	<u>1,674,770</u>	<u>301,430</u>	<u>1,874,917</u>
Educational media services				
Salaries	1,771,500	1,942,547	(171,047)	1,692,239
Employee benefits	337,800	316,841	20,959	288,719
Purchased services	418,000	488,143	(70,143)	525,079
Supplies and materials	992,570	952,941	39,629	504,507
Capital outlay	181,000	29,121	151,879	56,781
Other objects	<u>18,500</u>	<u>10,100</u>	<u>8,400</u>	<u>17,355</u>
Total	<u>3,719,370</u>	<u>3,739,693</u>	<u>(20,323)</u>	<u>3,084,680</u>
Assessment and testing				
Purchased services	<u>102,500</u>	<u>87,382</u>	<u>15,118</u>	<u>79,644</u>
Total	<u>102,500</u>	<u>87,382</u>	<u>15,118</u>	<u>79,644</u>
Total instructional staff	<u>5,798,070</u>	<u>5,501,845</u>	<u>296,225</u>	<u>5,039,241</u>
General administration				
Board of education services				
Salaries	14,000	14,695	(695)	14,260
Purchased services	<u>590,600</u>	<u>558,308</u>	<u>32,292</u>	<u>487,240</u>
Total	<u>604,600</u>	<u>573,003</u>	<u>31,597</u>	<u>501,500</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Executive administration services				
Salaries	\$ 611,000	\$ 646,923	\$ (35,923)	\$ 618,880
Employee benefits	216,400	282,215	(65,815)	241,865
Purchased services	62,500	50,078	12,422	54,701
Supplies and materials	21,500	20,135	1,365	11,112
Other objects	5,000	3,357	1,643	2,636
Total	<u>916,400</u>	<u>1,002,708</u>	<u>(86,308)</u>	<u>929,194</u>
Total general administration	<u>1,521,000</u>	<u>1,575,711</u>	<u>(54,711)</u>	<u>1,430,694</u>
School administration				
Office of the principal services				
Salaries	2,533,000	2,441,509	91,491	2,482,119
Employee benefits	806,400	801,743	4,657	766,252
Purchased services	274,075	457,020	(182,945)	255,199
Capital outlay	-	1,685	(1,685)	-
Total	<u>3,613,475</u>	<u>3,701,957</u>	<u>(88,482)</u>	<u>3,503,570</u>
Total school administration	<u>3,613,475</u>	<u>3,701,957</u>	<u>(88,482)</u>	<u>3,503,570</u>
Business				
Direction of business support services				
Salaries	150,000	153,525	(3,525)	150,702
Employee benefits	9,000	9,140	(140)	7,410
Purchased services	76,000	72,145	3,855	66,150
Total	<u>235,000</u>	<u>234,810</u>	<u>190</u>	<u>224,262</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Fiscal services				
Salaries	\$ 136,000	\$ 125,398	\$ 10,602	\$ 121,225
Employee benefits	34,100	35,936	(1,836)	26,254
Purchased services	<u>6,500</u>	<u>6,622</u>	<u>(122)</u>	<u>8,072</u>
Total	<u>176,600</u>	<u>167,956</u>	<u>8,644</u>	<u>155,551</u>
Operation and maintenance of plant services				
Purchased services	<u>15,000</u>	<u>11,593</u>	<u>3,407</u>	<u>13,960</u>
Total	<u>15,000</u>	<u>11,593</u>	<u>3,407</u>	<u>13,960</u>
Food services				
Salaries	35,190	36,320	(1,130)	34,916
Purchased services	417,000	455,600	(38,600)	408,139
Supplies and materials	2,000	1,357	643	2,191
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>459,190</u>	<u>493,277</u>	<u>(34,087)</u>	<u>445,246</u>
Internal services				
Salaries	99,000	99,947	(947)	96,162
Employee benefits	23,450	28,345	(4,895)	23,328
Purchased services	<u>1,950</u>	<u>105</u>	<u>1,845</u>	<u>500</u>
Total	<u>124,400</u>	<u>128,397</u>	<u>(3,997)</u>	<u>119,990</u>
Total business	<u>1,010,190</u>	<u>1,036,033</u>	<u>(25,843)</u>	<u>959,009</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Central				
Direction of central support services				
Salaries	\$ 165,000	\$ 173,800	\$ (8,800)	\$ 166,891
Employee benefits	68,900	72,894	(3,994)	62,207
Purchased services	<u>2,500</u>	<u>2,000</u>	<u>500</u>	<u>3,260</u>
Total	<u>236,400</u>	<u>248,694</u>	<u>(12,294)</u>	<u>232,358</u>
Planning, research, development				
Information services				
Salaries	66,000	71,014	(5,014)	65,467
Employee benefits	24,600	22,193	2,407	23,210
Purchased services	<u>80,000</u>	<u>56,810</u>	<u>23,190</u>	<u>54,019</u>
Total	<u>170,600</u>	<u>150,017</u>	<u>20,583</u>	<u>142,696</u>
Staff services				
Salaries	74,500	93,226	(18,726)	71,921
Employee benefits	32,500	22,679	9,821	27,950
Purchased services	16,000	9,070	6,930	2,065
Supplies and materials	<u>6,000</u>	<u>654</u>	<u>5,346</u>	<u>9,814</u>
Total	<u>129,000</u>	<u>125,629</u>	<u>3,371</u>	<u>111,750</u>
Total central	<u>536,000</u>	<u>524,340</u>	<u>11,660</u>	<u>486,804</u>
Other supporting services				
Employee benefits	<u>616,500</u>	<u>357,623</u>	<u>258,877</u>	<u>812,452</u>
Total	<u>616,500</u>	<u>357,623</u>	<u>258,877</u>	<u>812,452</u>
Total support services	<u>16,433,185</u>	<u>16,052,132</u>	<u>381,053</u>	<u>15,398,259</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Payments to other districts and government units				
Payments for special education programs				
Other objects	\$ 2,700,000	\$ 2,897,050	\$ (197,050)	\$ 2,537,686
Total	<u>2,700,000</u>	<u>2,897,050</u>	<u>(197,050)</u>	<u>2,537,686</u>
Total payments to other districts and other government units	<u>2,700,000</u>	<u>2,897,050</u>	<u>(197,050)</u>	<u>2,537,686</u>
Total expenditures	<u>50,261,360</u>	<u>50,093,765</u>	<u>167,595</u>	<u>47,433,097</u>
Deficiency of revenues over expenditures	<u>(887,160)</u>	<u>(1,554,140)</u>	<u>(666,980)</u>	<u>1,000,535</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	(1,500,000)	(1,500,000)	-	-
Permanent transfer from Working Cash Fund - interest	(20,000)	(18,235)	1,765	(22,693)
Permanent transfer - in	900,000	-	(900,000)	-
Permanent transfer - out	(1,000,000)	(100,000)	900,000	(1,000,000)
Proceeds from capital leases	-	480,621	480,621	114,059
Transfer to Debt Service Fund for principal on capital leases	-	(280,770)	(280,770)	(116,023)
Transfer to Debt Service Fund for interest on capital leases	-	(8,492)	(8,492)	(7,985)
Total other financing sources (uses)	<u>(1,620,000)</u>	<u>(1,426,876)</u>	<u>193,124</u>	<u>(1,032,642)</u>
Net change to fund balance	<u>\$ (2,507,160)</u>	<u>(2,981,016)</u>	<u>\$ (473,856)</u>	<u>(32,107)</u>
Fund balance, beginning of year		<u>23,303,893</u>		<u>23,336,000</u>
Fund balance, end of year		<u>\$ 20,322,877</u>		<u>\$ 23,303,893</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 4,196,000	\$ 4,248,123	\$ 52,123	\$ 4,089,821
Corporate personal property replacement taxes	100,000	105,672	5,672	103,056
Interest on investments	7,000	2,698	(4,302)	5,618
Rentals	170,000	181,376	11,376	164,485
Contributions and donations from private sources	-	16,263	16,263	7,281
Impact fees from municipal or county governments	-	-	-	3,336
Other	<u>15,000</u>	<u>17,115</u>	<u>2,115</u>	<u>31,341</u>
Total local sources	<u>4,488,000</u>	<u>4,571,247</u>	<u>83,247</u>	<u>4,404,938</u>
State sources				
General State Aid - Hold Harmless/Supplemental	50,000	-	(50,000)	-
Other Unrestricted Grants-In-Aid from State Sources	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>
Total state sources	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
Total revenues	<u>4,538,000</u>	<u>4,671,247</u>	<u>133,247</u>	<u>4,454,938</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	40,000	9,794	30,206	144,905
Capital outlay	<u>330,000</u>	<u>44,152</u>	<u>285,848</u>	<u>578,108</u>
Total	<u>370,000</u>	<u>53,946</u>	<u>316,054</u>	<u>723,013</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, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Operation and maintenance of plant services				
Salaries	\$ 2,235,000	\$ 2,341,942	\$ (106,942)	\$ 2,203,023
Employee benefits	477,800	511,210	(33,410)	463,476
Purchased services	589,500	692,901	(103,401)	571,691
Supplies and materials	920,000	995,519	(75,519)	918,467
Capital outlay	<u>10,000</u>	<u>18,835</u>	<u>(8,835)</u>	<u>9,410</u>
Total	<u>4,232,300</u>	<u>4,560,407</u>	<u>(328,107)</u>	<u>4,166,067</u>
Total business	<u>4,602,300</u>	<u>4,614,353</u>	<u>(12,053)</u>	<u>4,889,080</u>
Total support services	<u>4,602,300</u>	<u>4,614,353</u>	<u>(12,053)</u>	<u>4,889,080</u>
Total expenditures	<u>4,602,300</u>	<u>4,614,353</u>	<u>(12,053)</u>	<u>4,889,080</u>
Excess (deficiency) of revenues over expenditures	<u>(64,300)</u>	<u>56,894</u>	<u>121,194</u>	<u>(434,142)</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	1,500,000	1,500,000	-	-
Permanent transfer from Working Cash Fund - interest	20,000	18,235	1,765	22,693
Permanent transfer from General Fund	100,000	100,000	-	1,000,000
Transfer to Capital Projects Fund	<u>(2,200,000)</u>	<u>(2,089,340)</u>	<u>(110,660)</u>	<u>(401,749)</u>
Total other financing sources (uses)	<u>(580,000)</u>	<u>(471,105)</u>	<u>(108,895)</u>	<u>620,944</u>
Net change in fund balance	<u>\$ (644,300)</u>	<u>(414,211)</u>	<u>\$ 12,299</u>	186,802
Fund balance, beginning of year		<u>2,584,751</u>		<u>2,397,949</u>
Fund balance, end of year		<u>\$ 2,170,540</u>		<u>\$ 2,584,751</u>

(Concluded)

Downers Grove Grade School District No. 58
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 2,000,500	\$ 2,024,139	\$ 23,639	\$ 1,898,773
Regular transportation fees from pupils or parents	4,200	27	(4,173)	2,508
Interest on investments	1,200	558	(642)	1,463
Other	-	4,877	4,877	11,540
Total local sources	<u>2,005,900</u>	<u>2,029,601</u>	<u>23,701</u>	<u>1,914,284</u>
State sources				
Transportation - Regular/Vocational	100,000	27,172	(72,828)	63,740
Transportation - Special Education	<u>700,000</u>	<u>536,637</u>	<u>(163,363)</u>	<u>562,469</u>
Total state sources	<u>800,000</u>	<u>563,809</u>	<u>(236,191)</u>	<u>626,209</u>
Total revenues	<u>2,805,900</u>	<u>2,593,410</u>	<u>(212,490)</u>	<u>2,540,493</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>2,866,900</u>	<u>3,112,689</u>	<u>(245,789)</u>	<u>2,862,043</u>
Total	<u>2,866,900</u>	<u>3,112,689</u>	<u>(245,789)</u>	<u>2,862,043</u>
Total support services	<u>2,866,900</u>	<u>3,112,689</u>	<u>(245,789)</u>	<u>2,862,043</u>
Total expenditures	<u>2,866,900</u>	<u>3,112,689</u>	<u>(245,789)</u>	<u>2,862,043</u>

(Continued)

Downers Grove Grade School District No. 58
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
 For the Year Ended June 30, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Deficiency of revenues over expenditures	\$ (61,000)	\$ (519,279)	\$ (458,279)	\$ (321,550)
Net change in fund balance	<u>\$ (61,000)</u>	(519,279)	<u>\$ (458,279)</u>	(321,550)
Fund balance, beginning of year		<u>322,568</u>		<u>644,118</u>
Fund balance (deficit), end of year		<u>\$ (196,711)</u>		<u>\$ 322,568</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, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,839,500	\$ 554,965	\$ (1,284,535)	\$ 516,207
Social security/Medicare only levy	-	1,371,686	1,371,686	1,302,759
Corporate personal property replacement taxes	17,000	17,161	161	17,161
Interest on investments	2,500	709	(1,791)	2,022
Total local sources	<u>1,859,000</u>	<u>1,944,521</u>	<u>85,521</u>	<u>1,838,149</u>
Total revenues	<u>1,859,000</u>	<u>1,944,521</u>	<u>85,521</u>	<u>1,838,149</u>
Expenditures				
Instruction				
Regular programs	369,900	344,020	25,880	296,198
Pre-K programs	-	44	(44)	65,478
Special education programs	424,900	410,215	14,685	399,124
Special education programs pre-K	-	8,072	(8,072)	-
Remedial and supplemental programs K-12	-	22,597	(22,597)	33,505
Summer school programs	7,700	4,015	3,685	4,953
Gifted programs	2,500	2,831	(331)	3,030
Bilingual programs	<u>6,200</u>	<u>6,094</u>	<u>106</u>	<u>5,904</u>
Total instruction	<u>811,200</u>	<u>797,888</u>	<u>13,312</u>	<u>808,192</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 8,200	\$ 11,612	\$ (3,412)	\$ 10,254
Guidance services	5,000	4,586	414	4,499
Health services	8,000	12,261	(4,261)	8,755
Psychological services	5,500	6,131	(631)	5,874
Speech pathology and audiology services	<u>12,000</u>	<u>12,829</u>	<u>(829)</u>	<u>12,129</u>
Total pupils	<u>38,700</u>	<u>47,419</u>	<u>(8,719)</u>	<u>41,511</u>
Instructional staff				
Improvement of instruction services	-	105,704	(105,704)	104,526
Educational media services	<u>267,000</u>	<u>164,903</u>	<u>102,097</u>	<u>164,188</u>
Total instructional staff	<u>267,000</u>	<u>270,607</u>	<u>(3,607)</u>	<u>268,714</u>
General administration				
Board of education services	3,350	3,135	215	2,950
Executive administration services	18,600	19,025	(425)	18,141
Special area administrative services	<u>9,100</u>	<u>9,197</u>	<u>(97)</u>	<u>8,891</u>
Total general administration	<u>31,050</u>	<u>31,357</u>	<u>(307)</u>	<u>29,982</u>
School administration				
Office of the principal services	<u>157,000</u>	<u>159,293</u>	<u>(2,293)</u>	<u>165,841</u>
Total school administration	<u>157,000</u>	<u>159,293</u>	<u>(2,293)</u>	<u>165,841</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, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services	\$ 98,200	\$ 86,677	\$ 11,523	\$ 83,954
Operation and maintenance of plant services	469,000	489,425	(20,425)	459,495
Food services	<u>7,800</u>	<u>7,750</u>	<u>50</u>	<u>7,432</u>
Total business	<u>575,000</u>	<u>583,852</u>	<u>(8,852)</u>	<u>550,881</u>
Central				
Direction of central support services	12,000	11,975	25	11,393
Information services	13,000	15,164	(2,164)	13,938
Staff services	15,400	19,891	(4,491)	15,305
Data processing services	<u>2,000</u>	<u>956</u>	<u>1,044</u>	<u>1,404</u>
Total central	<u>42,400</u>	<u>47,986</u>	<u>(5,586)</u>	<u>42,040</u>
Total support services	<u>1,111,150</u>	<u>1,140,514</u>	<u>(29,364)</u>	<u>1,098,969</u>
Total expenditures	<u>1,922,350</u>	<u>1,938,402</u>	<u>(16,052)</u>	<u>1,907,161</u>
Excess (deficiency) of revenues over expenditures	<u>(63,350)</u>	<u>6,119</u>	<u>69,469</u>	<u>(69,012)</u>
Net change in fund balance	<u>\$ (63,350)</u>	6,119	<u>\$ 69,469</u>	(69,012)
Fund balance, beginning of year		<u>557,543</u>		<u>626,555</u>
Fund balance, end of year		<u>\$ 563,662</u>		<u>\$ 557,543</u>

(Concluded)

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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 9, 2013.
- 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, 2014

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:

	Revenues	Expenditures
General fund - budgetary basis	\$ 48,539,625	\$ 50,093,765
To adjust for on-behalf payments received	10,972,377	-
To adjust for on-behalf payments made	-	10,972,377
	\$ 59,512,002	\$ 61,066,142

3. EXPENDITURES IN EXCESS OF BUDGETS

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

Funds	Variance
Operations and Maintenance	\$ 12,053
Transportation	245,789
Municipal Retirement / Social Security	16,052
Debt Service	435,005
Fire Prevention and Safety	1,135,852

SUPPLEMENTARY FINANCIAL INFORMATION

Downers Grove Grade School District No. 58

General Fund

COMBINING BALANCE SHEET

June 30, 2014

	Educational	Working Cash	Total
ASSETS			
Cash and investments	\$ 15,589,164	\$ 8,760,797	\$ 24,349,961
Receivables (net of allowance for uncollectibles):			
Property taxes	21,063,441	50,614	21,114,055
Replacement taxes	121,864	-	121,864
Intergovernmental	189,517	-	189,517
Total assets	\$ 36,963,986	\$ 8,811,411	\$ 45,775,397
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 613,616	\$ -	\$ 613,616
Salaries and wages payable	3,144,972	-	3,144,972
Payroll deductions payable	829,664	-	829,664
Claims payable	377,912	-	377,912
Other current liabilities	395,799	-	395,799
Unearned school fees	479,470	-	479,470
Total liabilities	5,841,433	-	5,841,433
DEFERRED INFLOWS			
Unavailable property taxes	19,564,076	47,011	19,611,087
Total deferred inflows	19,564,076	47,011	19,611,087
FUND BALANCES			
Assigned	2,372,540	-	2,372,540
Unassigned	9,185,937	8,764,400	17,950,337
Total fund balances	11,558,477	8,764,400	20,322,877
Total liabilities, deferred inflows, and fund balances	\$ 36,963,986	\$ 8,811,411	\$ 45,775,397

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, 2014

	Educational	Working Cash	Total
Revenues			
Property taxes	\$ 41,571,782	\$ 101,077	\$ 41,672,859
Replacement taxes	697,616	-	697,616
State aid	14,529,674	-	14,529,674
Federal aid	1,737,167	-	1,737,167
Interest	16,410	9,900	26,310
Other	848,376	-	848,376
Total revenues	<u>59,401,025</u>	<u>110,977</u>	<u>59,512,002</u>
Expenditures			
Current:			
Instruction:			
Regular programs	22,964,218	-	22,964,218
Special programs	7,249,154	-	7,249,154
Other instructional programs	926,943	-	926,943
State retirement contributions	10,972,377	-	10,972,377
Support services:			
Pupils	3,354,623	-	3,354,623
Instructional staff	5,472,724	-	5,472,724
General administration	1,575,711	-	1,575,711
School administration	3,700,272	-	3,700,272
Business	1,024,440	-	1,024,440
Operations and maintenance	11,593	-	11,593
Central	524,340	-	524,340
Other supporting services	357,623	-	357,623
Nonprogrammed charges	2,897,050	-	2,897,050
Capital outlay	35,074	-	35,074
Total expenditures	<u>61,066,142</u>	<u>-</u>	<u>61,066,142</u>
Excess (deficiency) of revenues over expenditures	<u>(1,665,117)</u>	<u>110,977</u>	<u>(1,554,140)</u>
Other financing sources (uses)			
Transfers (out)	(389,262)	(1,518,235)	(1,907,497)
Proceeds from capital leases	480,621	-	480,621
Total other financing sources (uses)	<u>91,359</u>	<u>(1,518,235)</u>	<u>(1,426,876)</u>
Net change in fund balance	<u>(1,573,758)</u>	<u>(1,407,258)</u>	<u>(2,981,016)</u>
Fund balance, beginning of year	<u>13,132,235</u>	<u>10,171,658</u>	<u>23,303,893</u>
Fund balance, end of year	<u>\$ 11,558,477</u>	<u>\$ 8,764,400</u>	<u>\$ 20,322,877</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,240,500	\$ 1,373,906	\$ 133,406	\$ 1,217,044
Interest on investments	<u>1,200</u>	<u>554</u>	<u>(646)</u>	<u>693</u>
Total local sources	<u>1,241,700</u>	<u>1,374,460</u>	<u>132,760</u>	<u>1,217,737</u>
State sources				
Federal sources				
Build America Bonds Interest Reimbursement	<u>126,000</u>	<u>114,692</u>	<u>(11,308)</u>	<u>121,915</u>
Total federal sources	<u>126,000</u>	<u>114,692</u>	<u>(11,308)</u>	<u>121,915</u>
Total revenues	<u>1,367,700</u>	<u>1,489,152</u>	<u>121,452</u>	<u>1,339,652</u>
Expenditures				
Debt service				
Debt service - interest				
Bonds - interest	-	507,711	(507,711)	381,455
State aid anticipation certificates - interest	<u>1,360,000</u>	<u>-</u>	<u>1,360,000</u>	<u>-</u>
Total debt service - interest	<u>1,360,000</u>	<u>507,711</u>	<u>852,289</u>	<u>381,455</u>
Principal payments on long-term debt	<u>-</u>	<u>1,285,770</u>	<u>(1,285,770)</u>	<u>1,046,023</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other debt service				
Other objects	\$ -	\$ 1,524	\$ (1,524)	\$ 1,326
Total	-	1,524	(1,524)	1,326
Total debt service	1,360,000	1,795,005	(435,005)	1,428,804
Total expenditures	1,360,000	1,795,005	(435,005)	1,428,804
Excess (deficiency) of revenues over expenditures	7,700	(305,853)	(313,553)	(89,152)
Other financing sources				
Principal on bonds sold	-	-	-	99,900
Transfer to pay for principal on capital leases	-	280,770	(280,770)	116,023
Transfer to pay for interest on capital leases	-	8,492	(8,492)	7,985
Total other financing sources	-	289,262	(289,262)	223,908
Net change in fund balance	<u>\$ 7,700</u>	(16,591)	<u>\$ (602,815)</u>	134,756
Fund balance, beginning of year		681,735		546,979
Fund balance, end of year		<u>\$ 665,144</u>		<u>\$ 681,735</u>

(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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance From Final Budget	2013 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Contributions and donations from private sources	\$ 15,000	\$ -	\$ (15,000)	\$ 19,985
Total local sources	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>19,985</u>
Total revenues	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>19,985</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	10,000	65,394	(55,394)	32,191
Capital outlay	<u>2,200,000</u>	<u>1,622,197</u>	<u>577,803</u>	<u>389,543</u>
Total	<u>2,210,000</u>	<u>1,687,591</u>	<u>522,409</u>	<u>421,734</u>
Total support services	<u>2,210,000</u>	<u>1,687,591</u>	<u>522,409</u>	<u>421,734</u>
Total expenditures	<u>2,210,000</u>	<u>1,687,591</u>	<u>522,409</u>	<u>421,734</u>
Deficiency of revenues over expenditures	<u>(2,195,000)</u>	<u>(1,687,591)</u>	<u>507,409</u>	<u>(401,749)</u>
Other financing sources				
Permanent transfer from Operations and Maintenance Fund	<u>2,200,000</u>	<u>2,089,340</u>	<u>110,660</u>	<u>401,749</u>
Total other financing sources	<u>2,200,000</u>	<u>2,089,340</u>	<u>110,660</u>	<u>401,749</u>
Net change in fund balance	<u>\$ 5,000</u>	401,749	<u>\$ 618,069</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ 401,749</u>		<u>\$ -</u>

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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
Interest on investments	\$ 2,000	\$ 10,555	\$ 8,555	\$ 45,668
Total local sources	<u>2,000</u>	<u>10,555</u>	<u>8,555</u>	<u>45,668</u>
Total revenues	<u>2,000</u>	<u>10,555</u>	<u>8,555</u>	<u>45,668</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	70,000	259,632	(189,632)	119,494
Capital outlay	<u>1,300,000</u>	<u>2,246,220</u>	<u>(946,220)</u>	<u>2,424,366</u>
Total	<u>1,370,000</u>	<u>2,505,852</u>	<u>(1,135,852)</u>	<u>2,543,860</u>
Other support services				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,030</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,030</u>
Total support services	<u>1,370,000</u>	<u>2,505,852</u>	<u>(1,135,852)</u>	<u>2,647,890</u>
Total expenditures	<u>1,370,000</u>	<u>2,505,852</u>	<u>(1,135,852)</u>	<u>2,647,890</u>
Deficiency of revenues over expenditures	<u>(1,368,000)</u>	<u>(2,495,297)</u>	<u>(1,127,297)</u>	<u>(2,602,222)</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, 2014
 With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Principal on bonds sold	\$ -	\$ -	\$ -	\$ 4,895,100
Premium on bonds sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,916</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,065,016</u>
Net change in fund balance	<u><u>\$ (1,368,000)</u></u>	(2,495,297)	<u><u>\$ (1,127,297)</u></u>	2,462,794
Fund balance, beginning of year		<u>4,322,463</u>		<u>1,859,669</u>
Fund balance, end of year		<u><u>\$ 1,827,166</u></u>		<u><u>\$ 4,322,463</u></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, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Cash	\$ 159,483	\$ 482,803	\$ 503,805	\$ 138,481
Liabilities				
Due to student groups				
Belle Aire	6,113	22,244	21,619	6,738
El Sierra	5,674	16,244	15,701	6,217
Fairmount	10,254	22,717	21,042	11,929
Henry Puffer	5,859	40,925	39,862	6,922
Herrick Middle	28,536	130,972	127,567	31,941
Highland	7,583	20,063	21,984	5,662
Hillcrest	11,634	25,575	31,068	6,141
Indian Trail	7,673	24,666	22,010	10,329
Kingsley	26,913	18,788	35,518	10,183
Lester	7,764	30,214	34,707	3,271
O'Neill Middle	28,393	85,885	87,565	26,713
Pierce Downer	8,553	16,837	18,795	6,595
Whittier	4,534	27,673	26,367	5,840
	\$ 159,483	\$ 482,803	\$ 503,805	\$ 138,481

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2014

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
* General Obligation Bonds	2015	\$ 1,020,000	\$ 327,780	\$ 1,347,780
Series 2010B, due	2016	1,040,000	297,900	1,337,900
December 15, 2022	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	<u>170,000</u>	<u>3,952</u>	<u>173,952</u>
Total		<u>\$ 8,995,000</u>	<u>\$ 1,559,315</u>	<u>\$ 10,554,315</u>
General Obligation Bonds	2015	\$ -	\$ 149,850	\$ 149,850
Series 2013, due	2016	-	149,850	149,850
December 15, 2025	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	<u>350,000</u>	<u>5,250</u>	<u>355,250</u>
Total		<u>\$ 4,995,000</u>	<u>\$ 1,419,675</u>	<u>\$ 6,414,675</u>
Total general obligation bonds payable		<u>\$ 13,990,000</u>	<u>\$ 2,978,990</u>	<u>\$ 16,968,990</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>4,546.06</u>	<u>4,495.66</u>
Operating costs:		
Educational	\$ 50,093,765	\$ 47,433,097
Operations and Maintenance	4,614,353	4,889,080
Debt Service	1,795,005	1,428,804
Transportation	3,112,689	2,862,043
Municipal Retirement/Social Security	<u>1,938,402</u>	<u>1,907,161</u>
Subtotal	<u>61,554,214</u>	<u>58,520,185</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	8,116	65,478
Summer school	54,597	66,814
Capital outlay	98,061	661,475
Debt principal retired	1,285,770	1,046,023
Nonprogrammed charges	<u>2,897,050</u>	<u>2,537,686</u>
Subtotal	<u>4,343,594</u>	<u>4,377,476</u>
Operating costs	<u>\$ 57,210,620</u>	<u>\$ 54,142,709</u>
Operating costs per pupil - based on ADA	<u>\$ 12,585</u>	<u>\$ 12,043</u>
Tuition Charge		
Operating costs	\$ 57,210,620	\$ 54,142,709
Less - revenues from specific programs, such as special education or lunch programs	<u>5,214,950</u>	<u>6,028,576</u>
Net operating costs	51,995,670	48,114,133
Depreciation allowance	<u>1,566,010</u>	<u>1,456,053</u>
Allowance tuition costs	<u>\$ 53,561,680</u>	<u>\$ 49,570,186</u>
Tuition charge per pupil - based on ADA	<u>\$ 11,782</u>	<u>\$ 11,026</u>