

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

**Downers Grove, Illinois**

**Annual Financial Report**

**Year Ended June 30, 2016**

# Downers Grove Grade School District No. 58

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

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ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2016

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# 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 (the District), as of and for the year ended June 30, 2016, 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***

The District'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.

### ***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, 2016 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 5 through 12, Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension data on pages 61 through 64, the other postemployment benefits data on page 65, and the budgetary comparison schedules and notes to required supplementary information on pages 66 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downers Grove Grade School District No. 58's basic financial statements. The other schedules listed in the table of contents 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.

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***Other Information*** (Continued)

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, 2016 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2016 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 for the year ended June 30, 2016, is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2016.

We also have 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, 2015 (not presented herein), and have issued our report thereon dated October 15, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The audit was conducted for the purpose of forming audit opinions on the financial statements that collectively comprise the Downers Grove School District No. 58's financial statements as a whole. 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, 2015 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 2015 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 2015 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, 2015.

The other supplemental information, as listed in the table of contents, 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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 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.



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Certified Public Accountants

Deerfield, Illinois  
November 15, 2016

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

## **Management's Discussion and Analysis (Unaudited)**

### **For the Year Ended June 30, 2016**

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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, 2016. 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 \$78.9 million, \$1.5 million less than the government-wide expenses of \$80.4 million.
- ❑ Governmental funds revenues were \$78.9 million, \$0.2 million less than overall governmental fund expenditures of \$79.1 million.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2016 was \$12,702. This is a per pupil increase of \$415 over fiscal year 2015.
- ❑ Total net position on a government-wide basis was \$27.0 million. This represents a \$1.5 million, or a 5.3% decrease from fiscal year 2015.
- ❑ As significant capital and life safety work projects undertaken in recent years have been completed, the fund balance impact from these has declined and overall fund balances for this year are relatively stable. The aggregate fund balance decreased \$0.2 million from \$24.4 million to \$24.2 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2016, the District's long term liabilities, including outstanding long-term bonded debt, were \$24.3 million. This was a \$1.9 million increase 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 required supplementary information, supplementary financial information, and 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 (Unaudited)**

### **For the Year Ended June 30, 2016**

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The statement of net position presents information on all of the District's assets and deferred inflows, liabilities and deferred 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 funds 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 (Unaudited)**  
**For the Year Ended June 30, 2016**

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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 better 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 other postemployment benefits and pension data related to the Illinois Municipal Retirement Fund and the Teachers' Retirement System.

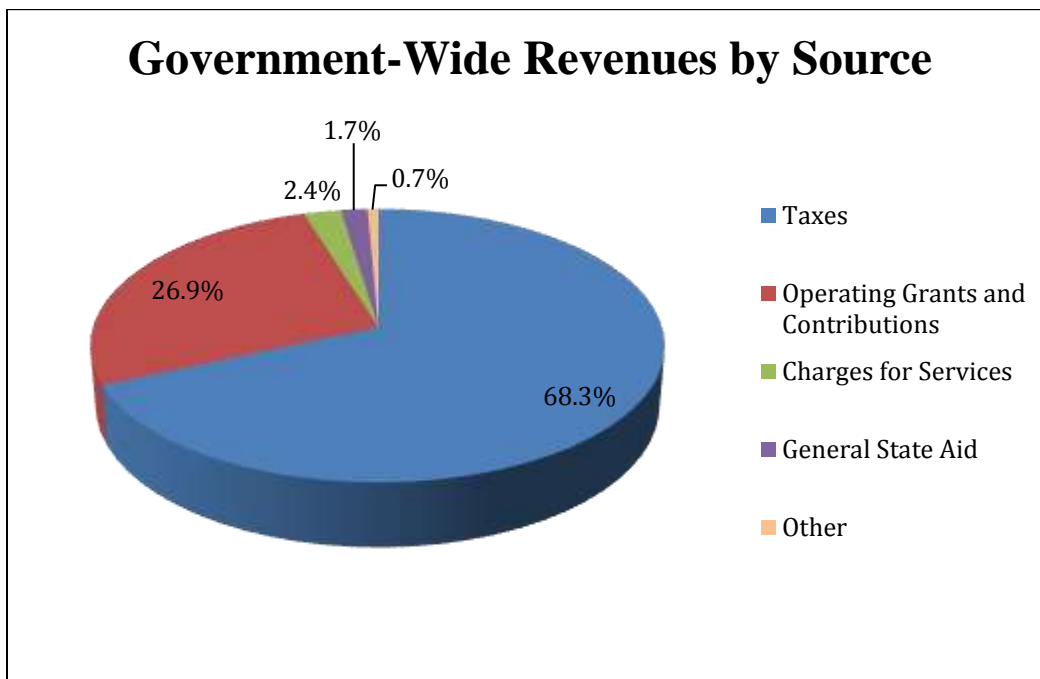
**Downers Grove Grade School District No. 58**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2016**

**Government-Wide Financial Analysis**

<b>Table 1</b>			
<b>Condensed Statement of Net Position</b>			
<i>(In millions of dollars)</i>			
	<u>2015</u>	<u>2016</u>	<u>Percentage Change</u>
<b>Assets:</b>			
Current and other assets	\$ 56.2	\$ 54.8	-2.5%
Capital assets	<u>25.1</u>	<u>23.9</u>	-4.8%
Total assets	<u>81.3</u>	<u>78.7</u>	-3.2%
<b>Deferred outflows:</b>			
Related to pension	<u>2.0</u>	<u>3.5</u>	75.0%
Total deferred outflows	<u>2.0</u>	<u>3.5</u>	75.0%
<b>Liabilities:</b>			
Long-term liabilities	21.2	24.3	14.6%
Other liabilities	<u>8.0</u>	<u>5.3</u>	-33.8%
Total liabilities	<u>29.2</u>	<u>29.6</u>	1.4%
<b>Deferred inflows:</b>			
Property taxes levied for future periods	24.4	24.7	1.2%
Related to pensions	<u>1.1</u>	<u>0.8</u>	-27.3%
Total deferred inflows	<u>25.5</u>	<u>25.5</u>	0.0%
<b>Net position:</b>			
Net investment in capital assets	12.2	12.0	-1.6%
Restricted	3.8	3.9	2.6%
Unrestricted	<u>12.6</u>	<u>11.2</u>	(11.1%)
Total net position	<u>\$ 28.6</u>	<u>\$ 27.1</u>	(5.2%)

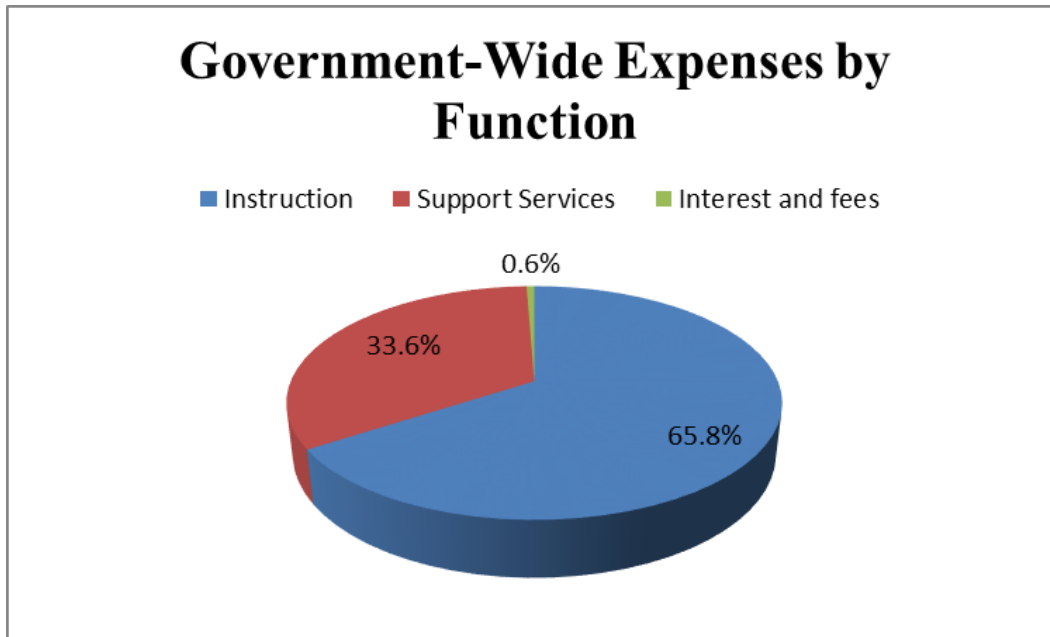
# Downers Grove Grade School District No. 58 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2016

<b>Table 2</b>			
<b>Changes in Net Position</b>			
<i>(In millions of dollars)</i>			
	<u>2015</u>	<u>2016</u>	<u>Percentage of Total</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1.4	\$ 1.9	2.4%
Operating grants and contributions	20.7	21.2	26.9%
General revenues:			
Property taxes	52.2	53.2	67.4%
Replacement taxes	0.9	0.7	0.9%
Other	1.8	1.9	2.4%
<b>Total revenues</b>	<b>77.0</b>	<b>78.9</b>	<b>100.0%</b>
<b>Expenses:</b>			
Instruction	50.4	52.9	65.80%
Support services	26.0	27.0	33.58%
Interest and fees	0.5	0.5	0.62%
<b>Total expenses</b>	<b>76.9</b>	<b>80.4</b>	<b>100.00%</b>
Increase (Decrease) in Net Position	0.1	(1.5)	-1.87%
Beginning Net Position	28.5	28.6	
Ending Net Position	\$ 28.6	\$ 27.1	



**Downers Grove Grade School District No. 58  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2016**

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**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 18 and 19 of this report. Total revenues in the governmental funds were \$78.9 million compared to \$77.0 million in the prior year. Total expenditures in the governmental funds were \$79.1 million, compared to \$78.4 million in the prior year, an increase of \$0.7 million, or approximately 0.9%. Expenditures exceeded revenues by approximately \$0.2 million. The fund balances in the governmental funds decreased from \$24.4 million in the prior year to \$24.2 million as of June 30, 2016. The relatively stable fund balance is reflective of the completion of capital and life safety projects undertaken in recent years.

**General (Educational and Working Cash) Fund Budgetary Highlights**

**General Fund:** The largest revenue source in the General Fund is property taxes at 63.8% of all General Fund revenue. The total revenues in the General Fund amounted to \$67.3 million, compared to \$65.6 million in the prior year. Revenues from state sources was \$19.6 million (of which \$15.8 million represents TRS on-behalf contributions), which represented 29.1% of all revenue in the General Fund, a \$0.4 million increase from the prior year. Revenues from federal sources (\$2.0 million) represented 3.0% of all General Fund revenue, and a \$5,000 decrease from the prior year total. It is clear that, in uncertain economic times, the District's reliance on property taxes, a historically stable source of revenue, increases significantly.

There were total expenditures of \$67.6 million (of which \$15.8 million represents TRS on-behalf contributions) in the General Fund, which increased 4.0% from the prior year.

**Downers Grove Grade School District No. 58**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2016**

**Medical Insurance Balance:** At June 30, 2016, the self-funded medical insurance plan (which is a sub-account of the Education Account in the General Fund) had an assigned value of \$1,483,031 for self-insurance claims. The June 30, 2015 assigned value for the medical insurance plan was \$1,787,071.

**Capital Asset and Debt Administration**

*Capital assets*

By the end of fiscal year 2016, the District had compiled a total investment of \$23.9 million (net of accumulated depreciation) in a broad range of capital assets including land, construction in progress, improvements, buildings, equipment, and furniture. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

<b>Table 3</b>					
<b>Capital Assets (net of depreciation)</b>					
<i>(In millions of dollars)</i>					
	<u>2015</u>		<u>2016</u>		<i>Percentage</i>
					<i>Change</i>
Land	\$	0.2	\$	0.2	0.0%
Construction in progress		0.2		0.0	-100.0%
Land improvements		1.1		1.2	10.9%
Buildings		22.5		21.6	-4.0%
Equipment and furniture		1.1		0.9	-18.2%
Total	\$	<u>25.1</u>	\$	<u>23.9</u>	<u>-4.7%</u>

*Long-term liabilities*

At June 30, 2016, the District had \$24.3 million in general obligation bonds and other long term liabilities outstanding. For more detailed information on long-term debt activity, refer to Note F in the notes to the financial statements.

<b>Table 4</b>					
<b>Outstanding Long-Term Liabilities</b>					
<i>(In millions of dollars)</i>					
	<u>2015</u>		<u>2016</u>		<i>Percentage</i>
					<i>Change</i>
General obligation bonds	\$	13.0	\$	11.9	-8.46%
Other long-term liabilities		9.4		12.4	31.91%
Total	\$	<u>22.4</u>	\$	<u>24.3</u>	<u>8.48%</u>

# **Downers Grove Grade School District No. 58 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2016**

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## **Factors Bearing on the District's Future**

Like all Illinois public school districts, District 58 is struggling with uncertain, reduced and late funding payments from the State. Given the state of Illinois' finances, this trend is likely to continue for the short term, and an Illinois State Board of Education representative has cautioned districts that the State, which was already expected to miss one mandated categorical state aid payment for the 2016-17 fiscal year, may miss a second payment as well. This reality has had, and will likely continue to have, cash flow implications that the District will need to contend with. The political dialogue in the Illinois General Assembly continues to indicate that a teacher pension cost shift to local districts will likely be a part of any school funding reform initiative. This may add \$2 – 3 million in cost to the District without corresponding revenue or taxing authority, although the ultimate form and magnitude of any cost shift if one were to occur is unknown. A freeze on local property tax increases and a possible change in the calculation of state aid entitlements are also being discussed by the General Assembly. If any of these changes occur, it would significantly impact the finances of the District in a negative way.

Property values (overall EAV) in the District have begun to stabilize, and it is projected that valuations and new property construction will begin to grow slightly in the coming years. Commercial real estate vacancies remain high, and weakness in this area shifts a greater portion of the property tax burden on to residential property owners.

In fiscal year 2016 the District began providing an all-day Kindergarten Option for parents in Title I schools, and in fiscal year 2017 the District will expand the program to all elementary schools. The program is intended to break even, although costs to prepare and equip additional schools may have a short term impact on the District's financial situation.

The contracts for the Downers Grove Elementary Education Association (DGEEA) and the Downers Grove Custodial/Maintenance Association (DGCMA) both run through fiscal year 2018. The expiring contract with the Downers Grove Educational Service Personnel (DGESP) was successfully renegotiated and the new contract expires in June 2019.

The number of certificated retirements each year helps the District maintain a relatively balanced annual operating budget. In fiscal year 2014-15, the number of certificated retirements dropped dramatically to five, which put pressure on the budget for fiscal year 2015-16. However, the number of certificated retirements increased in fiscal year 2016 to 9 and is projected to be 13 for fiscal year 2017. While this will provide for a stable operating environment for the short term, after that the number of retirees is again projected to drop which may put pressure on the operating budget.

## **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 Assistant Superintendent for Business and Chief School Business Official at (630) 719-5829.

## **BASIC FINANCIAL STATEMENTS**



**Downers Grove Grade School District No. 58**  
 STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
June 30, 2016

<b>ASSETS</b>	
Cash and investments	\$ 26,539,620
Receivables (net of allowance for uncollectibles):	
Property taxes	26,316,276
Replacement taxes	145,443
Intergovernmental	1,170,167
Prepaid items	56,233
Other post employment benefit asset	569,778
Capital assets:	
Land	223,031
Depreciable buildings, property, and equipment, net	<u>23,630,832</u>
Total assets	<u>78,651,380</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflows related to pensions	<u>3,528,570</u>
Total deferred outflows	<u>3,528,570</u>
<b>LIABILITIES</b>	
Accounts payable	834,906
Salaries and wages payable	3,306,719
Claims payable	417,094
Due to other governments	102,748
Interest payable	18,007
Unearned revenue	666,485
Long-term liabilities:	
Due within one year	1,067,234
Due after one year	<u>23,237,215</u>
Total liabilities	<u>29,650,408</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows related to pensions	815,654
Property taxes levied for a future period	<u>24,670,149</u>
Total deferred inflows	<u>25,485,803</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,923,863
Restricted For:	
Operations and maintenance	2,168,976
Debt service	706,938
Student transportation	11,269
Retirement benefits	1,057,598
Capital projects	4,586
Unrestricted	<u>11,170,509</u>
Total net position	<u>\$ 27,043,739</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, 2016

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 24,983,171	\$ 1,236,290	\$ 526,422	\$ (23,220,459)
Special programs	10,862,648	17,511	3,726,519	(7,118,618)
Other instructional programs	1,303,036	46,778	47,899	(1,208,359)
State retirement contributions	15,808,745	-	15,808,745	-
Support services:				
Pupils	3,712,952	-	-	(3,712,952)
Instructional staff	6,667,324	-	129,959	(6,537,365)
General administration	1,308,851	-	-	(1,308,851)
School administration	3,599,680	-	-	(3,599,680)
Business	2,306,248	323,887	137,090	(1,845,271)
Transportation	3,247,747	48,931	819,713	(2,379,103)
Operations and maintenance	5,293,027	228,494	-	(5,064,533)
Central	595,915	-	-	(595,915)
Other supporting services	270,053	-	-	(270,053)
Interest and fees	454,449	-	-	(454,449)
Total governmental activities	<u>\$ 80,413,846</u>	<u>\$ 1,901,891</u>	<u>\$ 21,196,347</u>	<u>\$ (57,315,608)</u>
General revenues:				
Taxes:				
				42,954,958
				8,852,606
				1,407,431
				705,044
				1,332,342
				64,407
				495,363
				<u>55,812,151</u>
				(1,503,457)
				<u>28,547,196</u>
				<u>\$ 27,043,739</u>

The accompanying notes are an integral part of this statement.

## Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2016

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>ASSETS</b>				
Cash and investments	\$ 22,646,710	\$ 2,180,915	\$ 29,238	\$ 996,430
Receivables (net of allowance for uncollectibles):				
Property taxes	21,250,022	2,101,742	1,295,935	977,886
Replacement taxes	128,915	16,528	-	-
Intergovernmental	964,458	-	205,709	-
Loan to transportation fund	39,783	-	-	-
Prepaid items	56,233	-	-	-
Total assets	<u>\$ 45,086,121</u>	<u>\$ 4,299,185</u>	<u>\$ 1,530,882</u>	<u>\$ 1,974,316</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 441,987	\$ 159,934	\$ 232,985	\$ -
Salaries and wages payable	3,306,719	-	-	-
Claims payable	417,094	-	-	-
Due to other governments	102,748	-	-	-
Loan from working cash account	-	-	39,783	-
Unearned revenue	634,512	-	31,973	-
Total liabilities	<u>4,903,060</u>	<u>159,934</u>	<u>304,741</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Property taxes levied for a future period	<u>19,920,797</u>	<u>1,970,275</u>	<u>1,214,872</u>	<u>916,718</u>
Total deferred inflows	<u>19,920,797</u>	<u>1,970,275</u>	<u>1,214,872</u>	<u>916,718</u>
<b>FUND BALANCES</b>				
Nonspendable	56,233	-	-	-
Restricted	-	1,528,860	11,269	1,057,598
Committed	-	640,116	-	-
Assigned	1,483,031	-	-	-
Unassigned	18,723,000	-	-	-
Total fund balances	<u>20,262,264</u>	<u>2,168,976</u>	<u>11,269</u>	<u>1,057,598</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 45,086,121</u>	<u>\$ 4,299,185</u>	<u>\$ 1,530,882</u>	<u>\$ 1,974,316</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 681,741	\$ -	\$ 4,586	\$ 26,539,620
690,691	-	-	26,316,276
-	-	-	145,443
-	-	-	1,170,167
-	-	-	39,783
-	-	-	56,233
<u>\$ 1,372,432</u>	<u>\$ -</u>	<u>\$ 4,586</u>	<u>\$ 54,267,522</u>
\$ -	\$ -	\$ -	\$ 834,906
-	-	-	3,306,719
-	-	-	417,094
-	-	-	102,748
-	-	-	39,783
-	-	-	666,485
-	-	-	5,367,735
647,487	-	-	24,670,149
647,487	-	-	24,670,149
-	-	-	56,233
724,945	-	4,586	3,327,258
-	-	-	640,116
-	-	-	1,483,031
-	-	-	18,723,000
724,945	-	4,586	24,229,638
<u>\$ 1,372,432</u>	<u>\$ -</u>	<u>\$ 4,586</u>	<u>\$ 54,267,522</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, 2016

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

Total fund balances - governmental funds		\$ 24,229,638
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.		23,853,863
The other postemployment benefit 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.		569,778
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the		
Deferred outflows of resources related to pensions	\$ 2,834,680	
Deferred outflows of 2016 employer contributions related to pensions	<u>693,890</u>	3,528,570
Deferred inflows of resources related to pensions		(815,654)
Interest on long-term liabilities accrued in the statement of net position will not be paid with current financial resources and, accordingly, is not recognized in the governmental funds balance sheet.		(18,007)
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.		<u>(24,304,449)</u>
Net position of governmental activities		<u>\$ 27,043,739</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, 2016

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 42,954,958	\$ 4,274,762	\$ 2,495,744	\$ 2,082,100
Replacement taxes	585,691	102,192	-	17,161
State aid	19,601,939	-	819,713	-
Federal aid	2,009,862	-	-	-
Interest	54,817	2,988	1,167	2,169
Other	2,087,414	254,006	55,834	-
<b>Total revenues</b>	<b>67,294,681</b>	<b>4,633,948</b>	<b>3,372,458</b>	<b>2,101,430</b>
Expenditures				
Current:				
Instruction:				
Regular programs	24,037,680	-	-	320,654
Special programs	7,298,548	-	-	393,560
Other instructional programs	1,283,697	-	-	20,228
State retirement contributions	15,808,745	-	-	-
Support services:				
Pupils	3,572,084	-	-	43,000
Instructional staff	5,756,070	-	-	269,726
General administration	1,270,215	-	-	31,831
School administration	3,435,512	-	-	163,139
Business	1,164,034	48,694	-	106,708
Transportation	-	-	3,247,747	-
Operations and maintenance	-	4,411,765	-	468,790
Central	451,629	-	-	35,690
Other supporting services	270,053	-	-	-
Nonprogrammed charges	3,155,714	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	91,839	161,092	-	-
<b>Total expenditures</b>	<b>67,595,820</b>	<b>4,621,551</b>	<b>3,247,747</b>	<b>1,853,326</b>
Excess (deficiency) of revenues over expenditures	(301,139)	12,397	124,711	248,104
Other financing sources (uses)				
Transfers in	-	17,080	-	-
Transfers (out)	(191,570)	(134,172)	-	-
Proceeds from capital leases	16,967	-	-	-
<b>Total other financing sources (uses)</b>	<b>(174,603)</b>	<b>(117,092)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(475,742)</b>	<b>(104,695)</b>	<b>124,711</b>	<b>248,104</b>
Fund balance (deficit), beginning of year	20,738,006	2,273,671	(113,442)	809,494
<b>Fund balance, end of year</b>	<b>\$ 20,262,264</b>	<b>\$ 2,168,976</b>	<b>\$ 11,269</b>	<b>\$ 1,057,598</b>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,407,431	\$ -	\$ -	\$ 53,214,995
-	-	-	705,044
-	-	-	20,421,652
97,175	-	-	2,107,037
1,154	-	2,112	64,407
-	-	-	2,397,254
<u>1,505,760</u>	<u>-</u>	<u>2,112</u>	<u>78,910,389</u>
-	-	-	24,358,334
-	-	-	7,692,108
-	-	-	1,303,925
-	-	-	15,808,745
-	-	-	3,615,084
-	-	-	6,025,796
-	-	-	1,302,046
-	-	-	3,598,651
-	-	-	1,319,436
-	-	-	3,247,747
-	-	-	4,880,555
-	-	-	487,319
-	-	-	270,053
-	-	-	3,155,714
1,208,786	-	-	1,208,786
455,749	-	-	455,749
-	134,172	-	387,103
<u>1,664,535</u>	<u>134,172</u>	<u>-</u>	<u>79,117,151</u>
(158,775)	(134,172)	2,112	(206,762)
174,490	134,172	-	325,742
-	-	-	(325,742)
-	-	-	16,967
<u>174,490</u>	<u>134,172</u>	<u>-</u>	<u>16,967</u>
15,715	-	2,112	(189,795)
<u>709,230</u>	<u>-</u>	<u>2,474</u>	<u>24,419,433</u>
<u>\$ 724,945</u>	<u>\$ -</u>	<u>\$ 4,586</u>	<u>\$ 24,229,638</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, 2016

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

Net change in fund balances - total governmental funds	\$ (189,795)
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 depreciation expense exceeds capital outlay in the current period.	(1,291,106)
The net postemployment benefit asset is not considered to represent a financial resource and, therefore, is not reported in the funds.	27,540
Changes in deferred outflows and inflows or resources related to pensions are reported only in the statement of activities:	
Deferred outflow and inflows or resources related to IMRF pension	1,410,053
Deferred outflow and inflows or resources related to TRS pension	422,315
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	1,300
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>(1,883,764)</u>
Change in net position of governmental activities	<u>\$ (1,503,457)</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, 2016

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	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 159,790</u>
LIABILITIES	
Due to student groups	<u>\$ 159,790</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, 2016

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### 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. 72, *Fair Value Measurement and Application*, issued in February 2015, which was implemented by the District during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value investments.

#### 3. Fund Accounting

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

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Fund Accounting (Continued)

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

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

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, 2016

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### 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 and personal property replacement 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, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### c. Debt Service Fund

*Debt Service Fund* - accounts 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

*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.

*Fire Prevention and Safety Fund* - accounts for state-approved life safety projects financed through 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 as a convenience for other District activities. Convenience accounts account for assets that are maintained by a local education agency as a convenience for other District activities.

#### 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, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers most revenues are available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, replacement taxes, interest, and intergovernmental 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 and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

The fiduciary fund statements are reported using the accrual basis of accounting.

#### 6. Deposits and Investments

Investments are stated at fair value, cost, amortized cost or net asset value (NAV) per share as disclosed in the related notes. 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 periods. At June 30, 2016, the District reported deferred outflows of resources related to pension liabilities. 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 periods. At June 30, 2016, the District reported deferred inflows related to property taxes levied for a future period and pension liabilities.

#### 8. Prepaid Items

Certain payments to lessors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures during the applicable lease period rather than when initial payment is made.

#### 9. Capital Assets

Capital assets, which include land, construction in progress, 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 \$5,000 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 acquisition 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, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 10. 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 15 days sick leave per year and may accumulate up to a maximum of 355 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.

The liability for accrued vacation, at June 30, 2016, was \$91,538 and is recorded as a long-term liability in the Statement of Net Position. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 11. 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 and losses on refunding of bonds are deferred and amortized over the life of the applicable bonds. 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 costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 12. 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.

#### 13. 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 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. All annual budgets lapse at fiscal year-end.

#### 14. Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position is 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 net positions 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, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 15. 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, or laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds, as well as debt service funds and capital projects 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, 2016, the District has committed \$640,116 in the Operations and Maintenance Fund which represents the balance of a separate sinking fund that was created and funded by the District 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, 2016, the District has assigned \$1,483,031 in the General (Educational Account) 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.

The nonspendable fund balance in the General Fund consists of \$56,233 for prepaid items. The remaining restricted fund balances are for the purpose of the restricted funds as described above.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 16. Use of Estimates

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

#### 17. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are of fair value.

### 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	\$ 11,930,000
TRS net pension liability	4,327,840
IMRF net pension liability	7,941,086
Capital leases	13,985
Compensated absences	<u>91,538</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position - governmental activities	<u>\$ 24,304,449</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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

#### 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	\$ 486,814
Depreciation expense	(1,741,302)
Loss on disposal	<u>(36,618)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>(1,291,106)</u></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	\$ (16,967)
Principal repayments	
General obligation bonds	1,040,000
Capital leases	168,786
TRS pension liability, net	(387,932)
IMRF pension liability, net	(2,678,256)
Compensated absences, net	<u>(9,395)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>(1,883,764)</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE C - DEPOSITS AND INVESTMENTS

#### 1. Cash and investments

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.

At June 30, 2016, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 26,539,620	\$ 159,790	\$ 26,699,410

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

	<u>Total</u>
Cash on hand	\$ 1,250
Deposits with financial institutions*	26,402,901
Illinois Funds	295,259
	<u>\$ 26,699,410</u>

\* Includes primarily accounts held in demand and savings accounts, but also consists of certificates of deposit and money market savings accounts which are valued at cost.

#### 2. Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose, and amount of funds.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

#### 3. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 State statute.

Illinois Funds is a qualified external investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM and are measured at net asset value (NAV) per share using the amortized cost basis provided by the pool. There were no unfunded commitments and no redemption limitations or notice periods.

#### 4. 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.

#### 5. 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, 2016, the bank balances of the District's deposits with financial institutions totaled \$27,599,647 of which all was fully insured and/or collateralized.

### NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board of Education on December 14, 2015. 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).

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

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 2015 tax levy was \$2,419,368,933.

The portion of the 2015 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 deferred inflow - property taxes levied for a future period.

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

#### NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Transfers /</u> <u>Additions</u>	<u>Transfers /</u> <u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	<u>153,576</u>	<u>-</u>	<u>153,576</u>	<u>-</u>
Total capital assets, not being depreciated	<u>376,607</u>	<u>-</u>	<u>153,576</u>	<u>223,031</u>
Capital assets, being depreciated				
Land improvements	2,326,492	119,048	-	2,445,540
Buildings and improvements	44,742,831	283,557	-	45,026,388
Equipment	<u>7,895,595</u>	<u>237,785</u>	<u>555,011</u>	<u>7,578,369</u>
Total capital assets, being depreciated	<u>54,964,918</u>	<u>640,390</u>	<u>555,011</u>	<u>55,050,297</u>
Less accumulated depreciation for:				
Land improvements	1,209,778	82,851	-	1,292,629
Buildings and improvements	22,180,471	1,272,695	-	23,453,166
Equipment	<u>6,806,307</u>	<u>385,756</u>	<u>518,393</u>	<u>6,673,670</u>
Total accumulated depreciation	<u>30,196,556</u>	<u>1,741,302</u>	<u>518,393</u>	<u>31,419,465</u>
Total capital assets, being depreciated, net	<u>24,768,362</u>	<u>(1,100,912)</u>	<u>36,618</u>	<u>23,630,832</u>
Governmental activities capital assets, net	<u>\$ 25,144,969</u>	<u>\$ (1,100,912)</u>	<u>\$ 190,194</u>	<u>\$ 23,853,863</u>



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	618,875
Special programs		19,924
Pupils		3,980
Instructional staff		138,154
General administration		3,687
School administration		3,589
Business		915,190
Central		<u>37,903</u>
Total depreciation expense - governmental activities	\$	<u><u>1,741,302</u></u>

### NOTE F - LONG-TERM LIABILITIES

#### 1. Changes in General Long-term Liabilities

During the year ended June 30, 2016, changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2016</u>
Bonds payable:				
General obligation bonds	\$ 12,970,000	\$ -	\$ 1,040,000	\$ 11,930,000
TRS net pension liability	3,939,908	624,635	236,703	4,327,840
IMRF net pension liability	5,262,830	4,483,191	1,804,935	7,941,086
Capital leases	165,804	16,967	168,786	13,985
Compensated absences	<u>82,143</u>	<u>100,863</u>	<u>91,468</u>	<u>91,538</u>
Total long-term liabilities - governmental activities	<u>\$ 22,420,685</u>	<u>\$ 5,225,656</u>	<u>\$ 3,341,892</u>	<u>\$ 24,304,449</u>
Due within one year				
General obligation bonds	\$ 1,060,000			
Capital leases	<u>7,234</u>			
	<u>\$ 1,067,234</u>			

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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%	\$ 6,935,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	<u>4,995,000</u>
		<u>\$ 11,930,000</u>

At June 30, 2016, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,060,000	\$ 413,335	\$ 1,473,335
2018	1,100,000	374,223	1,474,223
2019	1,150,000	331,403	1,481,403
2020	1,210,000	283,890	1,493,890
2021	1,270,000	231,952	1,501,952
2022-2026	<u>6,140,000</u>	<u>418,808</u>	<u>6,558,808</u>
Total	<u>\$ 11,930,000</u>	<u>\$ 2,053,610</u>	<u>\$ 13,983,610</u>

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

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$724,945 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, 2016, the statutory debt limit for the District was \$166,936,456, of which \$154,992,471 is fully available.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE F - LONG-TERM LIABILITIES (Continued)

#### 3. Capital Leases

The District has entered into various capital lease agreements for copiers and computers. The leases expire at various dates through November 2017 and require monthly / annual payments of principal and interest ranging from approximately \$2,635 to \$6,600. The obligations are repaid from the Debt Service Fund, with funding provided by transfers from the General (Educational Account) Fund. The future cash flow requirements for these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 7,234	\$ 2,001	\$ 9,235
2018	6,750	948	7,698
Total	\$ 13,984	\$ 2,949	\$ 16,933

The gross amount of capital assets recorded under capital leases for equipment purchased is \$858,270.

### NOTE G - INTERFUND TRANSACTIONS

#### 1. Interfund Transfers

The District transferred \$17,080 to the Operations and Maintenance Fund from the General (Working Cash Account) fund at June 30, 2016. Amount transferred represents interest earned on investments.

The District transferred \$134,172 to the Capital Projects Fund from the Operations and Maintenance Fund at June 30, 2016. Amount transferred is to be used for funding capital projects.

The District transferred \$174,490 to the Debt Service Fund from the General (Educational Account) Fund at June 30, 2016. Amount transferred to be used for principal and interest payments on capital leases.

#### 2. Interfund Loans

Interfund loans arise when interfund receivables and payables exist which management intends to reimburse. During fiscal 2016, the General (Working Cash Account) Fund loaned the Transportation Fund \$39,783 to fund cash deficits. The District intends to repay the loan with an increase in property taxes in the Transportation Fund.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### 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, 2016, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$417,094. 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>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 433,363	\$ 377,912
Incurred claims (including IBNRs)	6,189,745	6,931,751
Claim payments	<u>(6,206,014)</u>	<u>(6,876,300)</u>
Unpaid claims, end of fiscal year	<u>\$ 417,094</u>	<u>\$ 433,363</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES

#### 1. Teachers' Retirement System of the State of Illinois

##### **General Information System of the State of Illinois**

###### *Plan Description*

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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

###### *Plan Description (Continued)*

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

###### *Benefits Provided*

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual three percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

#### 1. Teachers' Retirement System of the State of Illinois

##### **General Information System of the State of Illinois (Continued)**

###### *Contributions*

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

###### On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$15,475,161 in pension contributions from the state of Illinois.

###### 2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$180,821, and are deferred because they were paid after the June 30, 2015 measurement date.

###### Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer 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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$14,582 were paid from federal and special trust funds that required employer contributions of \$5,258. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

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

##### **General Information System of the State of Illinois (Continued)**

##### *Contributions* (Continued)

##### Early Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. 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, 2016, the District paid \$46,209 to TRS for employer ERO contributions.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District paid \$3,581 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 4,327,840
State's proportionate share of the net pension liability associated with the District	<u>188,886,330</u>
Total	<u>\$ 193,214,170</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the District's proportion was 0.0066063731 percent, which was an increase of 0.0001324665 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$15,628,979 and revenue of \$15,475,161 for support provided by the state. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,608	\$ 4,744
Change of assumptions	59,850	-
Net difference between projected and actual earnings on pension plan investments	85,710	151,546
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>67,460</u>	<u>659,364</u>
Total deferred amounts to be recognized in pension expense in the future periods	214,628	815,654
District contributions subsequent to the measurement date	<u>186,079</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 400,707</u>	<u>\$ 815,654</u>



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

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

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The District reported \$186,079 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	Net Deferred Inflows (Outflows) of Resources
2017	\$ 208,720
2018	208,720
2019	208,720
2020	(25,134)
Thereafter	<u>-</u>
Total	<u>\$ 601,026</u>

#### Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

##### Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18 %	7.53 %
Global equity (excluding U.S.)	18	7.88
Aggregate bonds	16	1.57
U.S. TIPS	2	2.82
NCREIF	11	5.11
Opportunistic real estate	4	9.09
ARS	8	2.57
Risk parity	8	4.87
Diversified inflation strategy	1	3.26
Private equity	14	12.33
Total	<u>100 %</u>	

##### Discount Rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE I - PENSION LIABILITIES (Continued)

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	<u>1% Decrease</u> (6.47%)	<u>Current</u> Discount (7.47%)	<u>1% Increase</u> (8.47%)
District's proportionate share of the net pension liability	\$ <u>5,348,149</u>	\$ <u>4,327,840</u>	\$ <u>3,491,159</u>

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (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 managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at [www.imrf.org](http://www.imrf.org).

##### **Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

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

##### **Employees Covered by Benefit Terms**

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	292
Inactive plan members entitled to but not yet receiving benefits	522
Active plan members	243
	<hr/>
Total	1,057
	<hr/> <hr/>

##### **Contributions**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2015 was 13.61%. For the fiscal year ended June 30, 2016 the District contributed \$929,079 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

##### **Net Pension Liability**

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

##### **Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.45%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

**Actuarial Assumptions (Continued)**

Mortality

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**NOTE I - PENSION LIABILITIES** (Continued)

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

**Single Discount Rate**

A Single Discount Rate of 7.45% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.45%.

**Changes in Net Pension Liability**

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2015:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 41,310,466	\$ 36,047,636	\$ 5,262,830
Changes for the year:			
Service cost	746,714	-	746,714
Interest on the total pension liability	3,037,325	-	3,037,325
Difference between expected and actual experience of the total pension liability	603,963	-	603,963
Changes of assumptions	95,189	-	95,189
Contributions - employer	-	908,587	(908,587)
Contributions - employees	-	301,130	(301,130)
Net investment income	-	178,145	(178,145)
Benefit payments, including refunds of employee contributions	(2,047,024)	(2,047,024)	-
Other (net transfer)	-	417,073	(417,073)
Net changes	2,436,167	(242,089)	2,678,256
Balances at December 31, 2015	\$ 43,746,633	\$ 35,805,547	\$ 7,941,086

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**NOTE I - PENSION LIABILITIES** (Continued)

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.45%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.45%)	Current Discount Rate (7.45%)	1% Higher (8.45%)
Net pension liability	\$ 13,091,357	\$ 7,941,086	\$ 3,627,804

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the District recognized pension expense of \$2,204,993. At June 30, 2016, the District reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 279,653
Change of assumptions	44,075
Net difference between projected and actual earnings on pension plan investments	2,296,324
Total deferred amounts to be recognized in pension expense in the future periods	2,620,052
Pension contributions made subsequent to the measurement date	507,811
Total deferred amounts related to pensions	\$ 3,127,863



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**NOTE I - PENSION LIABILITIES (Continued)**

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

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The District reported \$507,811 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net position liability in the reporting year ended June, 30 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflows of Resources
2017	\$ 921,858
2018	598,130
2019	598,131
2020	501,933
Thereafter	-
Total	\$ 2,620,052

**3. Summary of Pension Items**

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 186,079	\$ 507,811	\$ 693,890
Experience	1,608	279,653	281,261
Assumptions	59,850	44,075	103,925
Proportionate share	67,460	-	67,460
Investments	85,710	2,296,324	2,382,034
	\$ 400,707	\$ 3,127,863	\$ 3,528,570
Net pension liability	\$ 4,327,840	\$ 7,941,086	\$ 12,268,926
Deferred inflows of resources:			
Experience	\$ 4,744	\$ -	\$ 4,744
Investments	151,546	-	151,546
Proportionate share	659,364	-	659,364
	\$ 815,654	\$ -	\$ 815,654

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE I - PENSION LIABILITIES (Continued)

#### 4. 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.

### NOTE J - OTHER POSTEMPLOYMENT BENEFITS

#### 1. Teachers' Health Insurance Security (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of 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. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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. 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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$333,584, and the District recognized revenue and expenditures of this amount during the year.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 1. Teachers' Health Insurance Security (THIS) (Continued)

##### District Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$249,408 to the THIS Fund, which was 100 percent of the required contribution.

##### Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

#### 2. Retiree Health Plan

##### *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.

As of June 30, 2016 the following employees were covered by the benefit terms:

Actives fully eligible to retire	62
Actives not yet fully eligible to retire	396
Retirees	<u>25</u>
Total	<u><u>483</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 2. Retiree Health Plan (Continued)

##### *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 2016, total retiree postemployment contributions were \$201,838.

##### *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 estimated net OPEB asset to the Retiree Health Plan:

	<u>June 30,</u> <u>2016</u>
Annual required contribution	\$ 177,913
Interest on net OPEB obligation	(21,690)
Adjustment to annual required contribution	<u>18,075</u>
Annual OPEB cost	174,298
Contributions made	<u>(201,838)</u>
Increase in net OPEB asset	(27,540)
Net OPEB asset beginning of year	<u>(542,238)</u>
Net OPEB asset end of year	<u><u>\$ (569,778)</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 2. Retiree Health Plan (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2016 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Asset
6/30/16*	\$ 174,298	115.8%	\$ (569,778)
6/30/15	174,327	102.5%	(542,238)
6/30/14*	377,012	153.6%	(537,817)

\* Annual OPEB cost estimated using ARC from most recent valuation information.

#### *Funding Status and Funding Progress*

As of July 1, 2014 (most recent available), the actuarial accrued liability for benefits was \$2,233,279 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.

The schedule of funding progress, presented as required supplementary information 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.

#### *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, 2016

**NOTE J - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Methods and Assumptions* (Continued)

Actuarial methods and assumptions	
Measurement Date	July 1, 2014
Investment rate of return	
Expected return on plan assets	Not Applicable
Expected return on employer's assets	4.00%
Rate of compensation increase	4.00%
Assumed health care trend rates	
Initial Health Care Cost Trend Rate	
District Medical Plan	6.50%
TRIP Plan Stipend	0.00%
Ultimate Health Care cost Trend Rate	
District Medical Plan	5.00%
TRIP Plan Stipend	Not Applicable
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2025
Additional Information	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Projected Payroll
Amortization Period (years)	30
Method Used To Determine Actuarial Value of Assets	Not Applicable

Election at Retirement	100% of Administrators & Certified Staff are assumed to elect the TRIP coverage subsidy at retirement. 20% of future retirees who are not eligible for free coverage are assumed to elect pay-all medical coverage. 100% of Custodians eligible for subsidized coverage are assumed to elect the one-time cash payment.
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**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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### NOTE L - CONTINGENCIES

#### 1. Litigation

The District is a defendant in various lawsuit and other pending matters. Although the eventual outcome and related liability, if any, is not determinable at this time, 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. No provision has been made in the accompanying financial statements for settlement costs.

#### 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 - SPECIAL EDUCATION - GENERAL STATE AID

In fiscal year 2016, the District must expend from their General State Aid an amount computed for the provision of special education services as defined in Section 14-1.08 of Illinois Public Act PA 99-0523. The amount was computed using the District's final December 1, 2014, special education child count in proportion to the total child count of the state. In accordance with Public Act 99-0523, \$9,578 of Special Education line item 1200 was paid with revenue code 3001.

### NOTE N - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 15, 2016 the date that these financial statements were available to be issued. On July 1, 2016, the District entered into a capital lease for copiers for the District totaling \$168,700, with monthly payments of \$56,233. Management has determined that no other 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

MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 MOST RECENT CALENDAR YEAR  
 Illinois Municipal Retirement Fund  
June 30, 2016

Calendar year ended December 31,	2015	2014
<b>Total pension liability</b>		
Service cost	\$ 746,714	\$ 830,709
Interest on the total pension liability	3,037,325	2,779,385
Difference between expected and actual experience of the total pension liability	603,963	150,038
Assumption changes	95,189	1,726,170
Benefit payments and refunds	<u>(2,047,024)</u>	<u>(1,736,852)</u>
Net change in total pension liability	2,436,167	3,749,450
Total pension liability, beginning	<u>41,310,466</u>	<u>37,561,016</u>
Total pension liability, ending	<u><u>\$ 43,746,633</u></u>	<u><u>\$ 41,310,466</u></u>
<b>Plan fiduciary net position</b>		
Contributions, employer	\$ 908,587	\$ 887,996
Contributions, employee	301,130	363,996
Net investment income	178,145	2,081,383
Benefit payments, including refunds of employee contributions	(2,047,024)	(1,736,852)
Other (net transfer)	<u>417,073</u>	<u>87,652</u>
Net change in plan fiduciary net position	(242,089)	1,684,175
Plan fiduciary net position, beginning	<u>36,047,636</u>	<u>34,363,461</u>
Plan fiduciary net position, ending	<u><u>\$ 35,805,547</u></u>	<u><u>\$ 36,047,636</u></u>
Net pension liability	<u><u>\$ 7,941,086</u></u>	<u><u>\$ 5,262,830</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.85 %	87.26 %
Covered Valuation Payroll	\$ 6,619,221	\$ 6,788,974
Net pension liability as a percentage of covered valuation payroll	119.97 %	77.52 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

**Downers Grove Grade School District No. 58**  
**MULTIYEAR SCHEDULE OF CONTRIBUTIONS**  
 Illinois Municipal Retirement Fund  
June 30, 2016

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<u>Calendar Year</u> Ending <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> as a % of <u>Covered Valuation Payroll</u>
2015	\$ 900,876	* \$ 908,587	\$ (7,711)	\$ 6,619,221	13.73 %
2014	\$ 887,997	\$ 887,996	\$ 1	\$ 6,788,974	13.08 %

\* Estimated based on contribution rate of 13.61% and covered valuation payroll of \$6,619,221.

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

**Downers Grove Grade School District No. 58**  
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
Teachers' Retirement System of the State of Illinois  
June 30, 2016

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0066063731 %	0.0064739066 %
District's proportionate share of the net pension liability	\$ 4,327,840	\$ 3,939,908
State's proportionate share of the net pension liability associated with the District	<u>188,886,330</u>	<u>187,434,288</u>
Total	<u>\$ 193,214,170</u>	<u>\$ 191,374,196</u>
District's covered-employee payroll	\$ 30,136,212	\$ 30,291,184
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.36 %	13.01 %
Plan fiduciary net position as a percentage of the total pension liability	41.5 %	43.0 %

Note 1: The amounts presented were determined as of the prior fiscal-year end.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

**Downers Grove Grade School District No. 58**  
**MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS**  
 Teachers' Retirement System of the State of Illinois  
June 30, 2016

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 229,365	\$ 223,244
Contributions in relation to the contractually required contribution	<u>231,487</u>	<u>230,986</u>
Contribution deficiency (excess)	<u>\$ (2,122)</u>	<u>\$ (7,742)</u>
District's covered-employee payroll	\$ 30,136,212	\$ 30,291,184
Contributions as a percentage of covered-employee payroll	0.77 %	0.76 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

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

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2016

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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)
6/30/16*	\$ NA	\$ 2,233,279	NA	% \$ 2,233,279	\$ NA	NA %
6/30/15	NA	2,233,279	NA	2,233,279	NA	NA
6/30/14*	NA	4,875,419	NA	4,875,419	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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Local sources		83.4%		
General levy	\$42,905,000	\$42,954,958	\$ 49,958	\$42,306,046
Corporate personal property replacement taxes	780,000	585,691	(194,309)	753,816
Regular tuition from pupils or parents	150,000	276,371	126,371	174,270
Summer school tuition from pupils or parents	50,000	46,778	(3,222)	42,500
Special education tuition from other districts	50,000	17,511	(32,489)	34,959
Interest on investments	41,050	54,817	13,767	23,724
Sales to pupils - lunch	330,000	323,887	(6,113)	272,781
Other district/school activity revenue	85,000	71,953	(13,047)	84,790
Rentals - regular textbook	600,000	580,884	(19,116)	530,821
Refund of prior years' expenditures	-	5,120	5,120	-
Local fees	330,000	307,082	(22,918)	41,491
Other	<u>291,000</u>	<u>457,828</u>	<u>166,828</u>	<u>299,146</u>
<b>Total local sources</b>	<u>45,612,050</u>	<u>45,682,880</u>	<u>70,830</u>	<u>44,564,344</u>
<b>State sources</b>				
General State Aid	1,300,000	1,332,342	32,342	1,294,763
Special Education - Private Facility Tuition	700,000	776,988	76,988	582,176
Special Education - Extraordinary	800,000	606,081	(193,919)	584,686
Special Education - Personnel	1,100,000	834,376	(265,624)	891,887
Special Education - Orphanage - Individual	35,000	82,527	47,527	6,443
Special Education - Summer School	4,000	4,213	213	2,706
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	40,000	47,899	7,899	30,605
State Free Lunch and Breakfast	3,000	1,485	(1,515)	1,752
Early Childhood - Block Grant	120,000	104,270	(15,730)	108,303
Other state sources	<u>3,500</u>	<u>3,013</u>	<u>(487)</u>	<u>79,389</u>
<b>Total state sources</b>	<u>4,105,500</u>	<u>3,793,194</u>	<u>(312,306)</u>	<u>3,582,710</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			
	Original and Final Budget	Actual	Variance From Final Budget	2015 Actual
Federal sources				
National School Lunch Program	\$ 90,000	\$ 95,207	\$ 5,207	\$ 107,565
Special Milk Program	50,000	40,398	(9,602)	45,798
Title I - Low Income	300,000	324,977	24,977	318,908
Federal - Special Education - Pre-School Flow Through	20,000	33,037	13,037	27,813
Federal - Special Education - I.D.E.A. - Flow Through	1,200,000	1,010,253	(189,747)	1,155,023
Federal - Special Education - I.D.E.A. - Room and Board	20,000	129,651	109,651	25,080
Title II - Teacher Quality	-	126,946	126,946	96,324
Federal charter schools	120,000	-	(120,000)	-
Medicaid Matching Funds - Administrative Outreach	-	58,560	58,560	59,860
Medicaid Matching Funds - Fee-For-Service-Program	200,000	190,833	(9,167)	178,434
Total federal sources	2,000,000	2,009,862	9,862	2,014,805
Total revenues	51,717,550	51,485,936	(231,614)	50,161,859
Expenditures				
Instruction				
Regular programs				
Salaries	19,693,000	19,342,409	350,591	18,814,590
Employee benefits	3,016,600	3,748,029	(731,429)	2,961,912
Purchased services	93,700	83,121	10,579	72,737
Supplies and materials	792,057	723,080	68,977	687,326
Capital outlay	3,800	2,164	1,636	7,399
Other objects	128,550	141,041	(12,491)	115,833
Total	23,727,707	24,039,844	(312,137)	22,659,797
Charter School Programs				
Purchased Services	4,000	-	4,000	-
Total	4,000	-	4,000	-

(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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Pre-K programs</b>				
Salaries	\$ 232,000	\$ 285,183	\$ (53,183)	\$ -
Employee benefits	26,950	63,404	(36,454)	-
Purchased services	4,000	-	4,000	-
Supplies and materials	<u>500</u>	<u>1,542</u>	<u>(1,042)</u>	<u>-</u>
Total	<u>263,450</u>	<u>350,129</u>	<u>(86,679)</u>	<u>-</u>
<b>Special education programs</b>				
Salaries	3,902,000	4,227,064	(325,064)	4,802,707
Employee benefits	655,550	521,882	133,668	620,643
Purchased services	58,000	32,359	25,641	28,702
Supplies and materials	46,500	48,547	(2,047)	77,678
Other objects	<u>1,125,000</u>	<u>1,621,332</u>	<u>(496,332)</u>	<u>1,421,142</u>
Total	<u>5,787,050</u>	<u>6,451,184</u>	<u>(664,134)</u>	<u>6,950,872</u>
<b>Special education programs pre-K</b>				
Salaries	709,000	409,893	299,107	-
Employee benefits	128,000	69,905	58,095	-
Purchased services	11,000	10,782	218	-
Supplies and materials	12,500	22,483	(9,983)	-
Capital outlay	<u>2,000</u>	<u>2,170</u>	<u>(170)</u>	<u>-</u>
Total	<u>862,500</u>	<u>515,233</u>	<u>347,267</u>	<u>-</u>
<b>Remedial and Supplemental programs K-12</b>				
Salaries	290,000	197,172	92,828	179,810
Employee benefits	-	4,404	(4,404)	-
Purchased services	7,000	-	7,000	88,556
Supplies and materials	<u>80,000</u>	<u>132,725</u>	<u>(52,725)</u>	<u>25,449</u>
Total	<u>377,000</u>	<u>334,301</u>	<u>42,699</u>	<u>293,815</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			
	Original and Final Budget	Actual	Variance From Final Budget	2015 Actual
<b>Interscholastic programs</b>				
Salaries	\$ 114,000	\$ 65,588	\$ 48,412	\$ 92,959
Employee benefits	550	809	(259)	509
Purchased services	3,500	5,040	(1,540)	6,325
Supplies and materials	<u>7,000</u>	<u>5,538</u>	<u>1,462</u>	<u>6,759</u>
Total	<u>125,050</u>	<u>76,975</u>	<u>48,075</u>	<u>106,552</u>
<b>Summer school programs</b>				
Salaries	66,500	58,536	7,964	64,971
Employee benefits	800	1,284	(484)	857
Purchased services	-	1,010	(1,010)	-
Supplies and materials	5,000	1,312	3,688	619
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>73,300</u>	<u>62,142</u>	<u>11,158</u>	<u>66,447</u>
<b>Gifted programs</b>				
Salaries	75,750	73,732	2,018	80,776
Employee benefits	3,200	19,367	(16,167)	546
Purchased services	1,500	-	1,500	-
Supplies and materials	3,400	2,192	1,208	1,592
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>84,850</u>	<u>95,291</u>	<u>(10,441)</u>	<u>82,914</u>
<b>Bilingual programs</b>				
Salaries	598,600	604,628	(6,028)	487,613
Employee benefits	74,000	80,776	(6,776)	67,817
Purchased services	1,700	9,710	(8,010)	2,861
Supplies and materials	15,000	4,046	10,954	3,649
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>690,300</u>	<u>699,160</u>	<u>(8,860)</u>	<u>561,940</u>
Total instruction	<u>31,995,207</u>	<u>32,624,259</u>	<u>(629,052)</u>	<u>30,722,337</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 765,000	\$ 833,033	\$ (68,033)	\$ 737,387
Employee benefits	125,700	115,005	10,695	106,778
Purchased services	500	11,421	(10,921)	-
Supplies and materials	1,950	1,856	94	1,570
Total	<u>893,150</u>	<u>961,315</u>	<u>(68,165)</u>	<u>845,735</u>
Guidance services				
Salaries	350,000	347,812	2,188	338,231
Employee benefits	52,900	64,379	(11,479)	52,814
Supplies and materials	300	243	57	274
Total	<u>403,200</u>	<u>412,434</u>	<u>(9,234)</u>	<u>391,319</u>
Health services				
Salaries	406,000	431,313	(25,313)	344,385
Employee benefits	46,600	51,843	(5,243)	44,867
Purchased services	41,500	137,393	(95,893)	3,918
Supplies and materials	55,850	43,083	12,767	181,716
Capital outlay	20,000	-	20,000	-
Total	<u>569,950</u>	<u>663,632</u>	<u>(93,682)</u>	<u>574,886</u>
Psychological services				
Salaries	468,000	467,633	367	451,718
Employee benefits	72,800	76,661	(3,861)	75,240
Purchased services	2,000	1,272	728	33
Supplies and materials	2,500	2,550	(50)	2,329
Total	<u>545,300</u>	<u>548,116</u>	<u>(2,816)</u>	<u>529,320</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Speech pathology and audiology services</b>				
Salaries	\$ 905,000	\$ 865,029	\$ 39,971	\$ 874,297
Employee benefits	109,200	119,011	(9,811)	117,979
Purchased services	150	839	(689)	28
Supplies and materials	<u>1,950</u>	<u>1,708</u>	<u>242</u>	<u>1,693</u>
Total	<u>1,016,300</u>	<u>986,587</u>	<u>29,713</u>	<u>993,997</u>
Total pupils	<u>3,427,900</u>	<u>3,572,084</u>	<u>(144,184)</u>	<u>3,335,257</u>
<b>Instructional staff</b>				
<b>Improvement of instruction services</b>				
Salaries	1,860,000	1,868,875	(8,875)	1,613,644
Employee benefits	251,350	282,509	(31,159)	167,693
Purchased services	151,200	116,457	34,743	54,792
Supplies and materials	<u>38,000</u>	<u>26,171</u>	<u>11,829</u>	<u>20,300</u>
Total	<u>2,300,550</u>	<u>2,294,012</u>	<u>6,538</u>	<u>1,856,429</u>
<b>Educational media services</b>				
Salaries	2,126,500	2,933,250	(806,750)	2,058,127
Employee benefits	388,700	153,782	234,918	346,515
Purchased services	676,000	69	675,931	429,518
Supplies and materials	758,500	374,957	383,543	900,924
Capital outlay	65,000	87,505	(22,505)	13,976
Other objects	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Total	<u>4,026,700</u>	<u>3,549,563</u>	<u>477,137</u>	<u>3,749,060</u>
<b>Assessment and testing</b>				
Purchased services	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,200</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,200</u>
Total instructional staff	<u>6,327,250</u>	<u>5,843,575</u>	<u>483,675</u>	<u>5,670,689</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
General administration				
Board of education services				
Salaries	\$ 15,000	\$ 16,511	\$ (1,511)	\$ 15,575
Employee benefits	-	16,086	(16,086)	-
Purchased services	641,800	620,403	21,397	445,827
Supplies and materials	10,000	12,107	(2,107)	-
Other objects	-	722	(722)	-
Total	<u>666,800</u>	<u>665,829</u>	<u>971</u>	<u>461,402</u>
Executive administration services				
Salaries	274,000	285,253	(11,253)	588,029
Employee benefits	148,000	70,049	77,951	261,790
Purchased services	25,500	13,942	11,558	30,012
Supplies and materials	19,500	9,224	10,276	11,274
Other objects	5,000	1,222	3,778	2,738
Total	<u>472,000</u>	<u>379,690</u>	<u>92,310</u>	<u>893,843</u>
Special area administrative services				
Salaries	154,500	157,267	(2,767)	-
Employee benefits	63,550	58,639	4,911	-
Purchased services	4,500	4,418	82	-
Supplies and materials	4,000	4,372	(372)	-
Total	<u>226,550</u>	<u>224,696</u>	<u>1,854</u>	<u>-</u>
Total general administration	<u>1,365,350</u>	<u>1,270,215</u>	<u>95,135</u>	<u>1,355,245</u>
School administration				
Office of the principal services				
Salaries	2,461,000	2,508,495	(47,495)	2,414,485
Employee benefits	839,500	799,976	39,524	750,701
Purchased services	169,350	127,041	42,309	84,729
Total	<u>3,469,850</u>	<u>3,435,512</u>	<u>34,338</u>	<u>3,249,915</u>
Total school administration	<u>3,469,850</u>	<u>3,435,512</u>	<u>34,338</u>	<u>3,249,915</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Business</b>				
Direction of business support services				
Salaries	\$ 265,000	\$ 274,317	\$ (9,317)	\$ 157,981
Employee benefits	30,800	30,885	(85)	8,332
Purchased services	20,500	154	20,346	69,960
Supplies and materials	-	-	-	103,326
Total	<u>316,300</u>	<u>305,356</u>	<u>10,944</u>	<u>339,599</u>
Fiscal services				
Salaries	136,000	152,954	(16,954)	132,984
Employee benefits	61,750	35,078	26,672	27,193
Purchased services	170,500	196,042	(25,542)	30,235
Supplies and materials	1,000	157	843	-
Total	<u>369,250</u>	<u>384,231</u>	<u>(14,981)</u>	<u>190,412</u>
Operation and maintenance of plant services				
Purchased services	-	-	-	14,684
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,684</u>
Food services				
Salaries	37,000	37,530	(530)	38,304
Purchased services	457,000	426,940	30,060	418,714
Supplies and materials	1,500	9,977	(8,477)	1,663
Capital outlay	5,000	-	5,000	-
Total	<u>500,500</u>	<u>474,447</u>	<u>26,053</u>	<u>458,681</u>
Internal services				
Salaries	-	-	-	105,943
Employee benefits	-	-	-	20,298
Purchased services	-	-	-	139
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,380</u>
Total business	<u>1,186,050</u>	<u>1,164,034</u>	<u>22,016</u>	<u>1,129,756</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
Central				
Direction of central support services				
Salaries	\$ 249,500	\$ 237,023	\$ 12,477	\$ 179,395
Employee benefits	93,950	77,464	16,486	57,478
Purchased services	<u>6,000</u>	<u>6,910</u>	<u>(910)</u>	<u>1,610</u>
Total	<u>349,450</u>	<u>321,397</u>	<u>28,053</u>	<u>238,483</u>
Information services				
Salaries	48,000	56,640	(8,640)	47,250
Employee benefits	24,600	21,022	3,578	22,159
Purchased services	<u>65,000</u>	<u>41,942</u>	<u>23,058</u>	<u>27,707</u>
Total	<u>137,600</u>	<u>119,604</u>	<u>17,996</u>	<u>97,116</u>
Staff services				
Salaries	-	1,456	(1,456)	43,719
Employee benefits	-	-	-	7,906
Purchased services	5,500	1,439	4,061	16,763
Supplies and materials	<u>5,000</u>	<u>7,733</u>	<u>(2,733)</u>	<u>2,782</u>
Total	<u>10,500</u>	<u>10,628</u>	<u>(128)</u>	<u>71,170</u>
Total central	<u>497,550</u>	<u>451,629</u>	<u>45,921</u>	<u>406,769</u>
Other supporting services				
Employee benefits	<u>409,500</u>	<u>270,053</u>	<u>139,447</u>	<u>570,050</u>
Total	<u>409,500</u>	<u>270,053</u>	<u>139,447</u>	<u>570,050</u>
Total support services	<u>16,683,450</u>	<u>16,007,102</u>	<u>676,348</u>	<u>15,717,681</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Payments for special education programs				
Other objects	\$ 3,000,000	\$ 3,155,714	\$ (155,714)	\$ 3,096,247
Total	<u>3,000,000</u>	<u>3,155,714</u>	<u>(155,714)</u>	<u>3,096,247</u>
Total payments to other districts and other government units	<u>3,000,000</u>	<u>3,155,714</u>	<u>(155,714)</u>	<u>3,096,247</u>
Total expenditures	<u>51,678,657</u>	<u>51,787,075</u>	<u>(108,418)</u>	<u>49,536,265</u>
Excess (deficiency) of revenues over expenditures	<u>38,893</u>	<u>(301,139)</u>	<u>(340,032)</u>	<u>625,594</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - interest	(20,000)	(17,080)	2,920	(10,213)
Proceeds from Capital Leases	-	16,967	16,967	6,472
Transfer to Debt Service Fund for principal on capital leases	-	(168,786)	(168,786)	(194,630)
Transfer to Debt Service Fund for interest on capital leases	<u>-</u>	<u>(5,704)</u>	<u>(5,704)</u>	<u>(12,094)</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(174,603)</u>	<u>(154,603)</u>	<u>(210,465)</u>
Net change in fund balance	<u>\$ 18,893</u>	<u>(475,742)</u>	<u>\$ (494,635)</u>	415,129
Fund balance, beginning of year		<u>20,738,006</u>		<u>20,322,877</u>
Fund balance, end of year		<u>\$20,262,264</u>		<u>\$20,738,006</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 4,331,000	\$ 4,274,762	\$ (56,238)	\$ 4,273,885
Corporate personal property replacement taxes	100,000	102,192	2,192	111,383
Interest on investments	5,900	2,988	(2,912)	3,111
Rentals	180,000	228,494	48,494	196,857
Contributions and donations from private sources	20,000	12,379	(7,621)	17,999
Impact fees from municipal or county governments	10,000	-	(10,000)	-
Refund of prior years' expenditures	-	7,925	7,925	-
Other	5,000	5,208	208	22,000
Total local sources	<u>4,651,900</u>	<u>4,633,948</u>	<u>(17,952)</u>	<u>4,625,235</u>
<b>State sources</b>				
General State Aid - Hold Harmless/Supplemental	50,000	-	(50,000)	-
Total state sources	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Total revenues	<u>4,701,900</u>	<u>4,633,948</u>	<u>(67,952)</u>	<u>4,625,235</u>
<b>Expenditures</b>				
<b>Support services</b>				
Facilities acquisition and construction services				
Purchased services	40,000	48,694	(8,694)	31,420
Capital outlay	40,000	-	40,000	47,162
Total	<u>80,000</u>	<u>48,694</u>	<u>31,306</u>	<u>78,582</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
Operation and maintenance of plant services				
Salaries	\$ 2,190,000	\$ 2,179,634	\$ 10,366	\$ 2,265,078
Employee benefits	494,800	465,908	28,892	461,468
Purchased services	654,500	811,884	(157,384)	528,412
Supplies and materials	1,015,000	954,339	60,661	777,752
Capital outlay	45,000	161,092	(116,092)	-
Total	<u>4,399,300</u>	<u>4,572,857</u>	<u>(173,557)</u>	<u>4,032,710</u>
Total business	<u>4,479,300</u>	<u>4,621,551</u>	<u>(142,251)</u>	<u>4,111,292</u>
Total support services	<u>4,479,300</u>	<u>4,621,551</u>	<u>(142,251)</u>	<u>4,111,292</u>
Total expenditures	<u>4,479,300</u>	<u>4,621,551</u>	<u>(142,251)</u>	<u>4,111,292</u>
Excess of revenues over expenditures	<u>222,600</u>	<u>12,397</u>	<u>(210,203)</u>	<u>513,943</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - interest	20,000	17,080	(2,920)	10,213
Transfer to Capital Projects Fund	<u>(350,000)</u>	<u>(134,172)</u>	<u>215,828</u>	<u>(421,025)</u>
Total other financing sources (uses)	<u>(330,000)</u>	<u>(117,092)</u>	<u>212,908</u>	<u>(410,812)</u>
Net change in fund balance	<u>\$ (107,400)</u>	(104,695)	<u>\$ 2,705</u>	103,131
Fund balance, beginning of year		<u>2,273,671</u>		<u>2,170,540</u>
Fund balance, end of year		<u>\$ 2,168,976</u>		<u>\$ 2,273,671</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 2,275,500	\$ 2,495,744	\$ 220,244	\$ 2,195,104
Regular transportation fees from pupils or parents	35,000	48,931	13,931	46,596
Interest on investments	1,100	1,167	67	834
Other	-	6,903	6,903	15,513
Total local sources	2,311,600	2,552,745	241,145	2,258,047
<b>State sources</b>				
Transportation - Regular/Vocational	50,000	25,048	(24,952)	-
Transportation - Special Education	1,000,000	794,665	(205,335)	937,677
Total state sources	1,050,000	819,713	(230,287)	937,677
Total revenues	3,361,600	3,372,458	10,858	3,195,724
<b>Expenditures</b>				
<b>Support services</b>				
<b>Pupils</b>				
<b>Other support services</b>				
Purchased services	-	-	-	19,510
Total	-	-	-	19,510
<b>Business</b>				
<b>Pupil transportation services</b>				
Purchased services	3,205,000	3,247,747	(42,747)	3,078,158
Total	3,205,000	3,247,747	(42,747)	3,078,158
Total support services	3,205,000	3,247,747	(42,747)	3,097,668

(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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other payments to in-state governmental units				
Other objects	\$ -	\$ -	\$ -	\$ 14,787
Total	-	-	-	14,787
Total nonprogrammed charges	-	-	-	14,787
Total expenditures	3,205,000	3,247,747	(42,747)	3,112,455
Excess (deficiency) of revenues over expenditures	\$ 156,600	124,711	\$ (31,889)	83,269
Fund deficit, beginning of year		(113,442)		(196,711)
Fund balance (deficit), end of year		\$ 11,269		\$ (113,442)

(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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 2,120,000	\$ 1,043,811	\$ (1,076,189)	\$ 1,023,715
Social security/Medicare only levy	-	1,038,289	1,038,289	1,047,483
Corporate personal property replacement taxes	17,000	17,161	161	17,161
Interest on investments	<u>1,000</u>	<u>2,169</u>	<u>1,169</u>	<u>806</u>
Total local sources	<u>2,138,000</u>	<u>2,101,430</u>	<u>(36,570)</u>	<u>2,089,165</u>
Total revenues	<u>2,138,000</u>	<u>2,101,430</u>	<u>(36,570)</u>	<u>2,089,165</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	375,050	320,654	54,396	317,621
Pre-K programs	2,600	3,994	(1,394)	80
Special education programs	424,000	334,605	89,395	367,513
Special education programs pre-K	8,800	16,469	(7,669)	7,165
Remedial and supplemental programs K-12	34,500	42,486	(7,986)	36,800
Interscholastic programs	-	1,733	(1,733)	-
Summer school programs	6,200	4,930	1,270	5,314
Gifted programs	2,000	1,030	970	1,171
Bilingual programs	<u>6,200</u>	<u>8,541</u>	<u>(2,341)</u>	<u>6,791</u>
Total instruction	<u>859,350</u>	<u>734,442</u>	<u>124,908</u>	<u>742,455</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 12,000	\$ 12,179	\$ (179)	\$ 11,053
Guidance services	-	4,916	(4,916)	4,760
Health services	13,200	7,140	6,060	5,607
Psychological services	7,000	6,611	389	6,392
Speech pathology and audiology services	<u>14,000</u>	<u>12,154</u>	<u>1,846</u>	<u>12,425</u>
Total pupils	<u>46,200</u>	<u>43,000</u>	<u>3,200</u>	<u>40,237</u>
Instructional staff				
Improvement of instruction services	102,200	103,798	(1,598)	109,684
Educational media services	<u>186,800</u>	<u>165,928</u>	<u>20,872</u>	<u>166,270</u>
Total instructional staff	<u>289,000</u>	<u>269,726</u>	<u>19,274</u>	<u>275,954</u>
General administration				
Board of education services	-	3,556	(3,556)	3,319
Executive administration services	24,150	19,367	4,783	19,937
Special area administrative services	<u>9,600</u>	<u>8,908</u>	<u>692</u>	<u>8,521</u>
Total general administration	<u>33,750</u>	<u>31,831</u>	<u>1,919</u>	<u>31,777</u>
School administration				
Office of the principal services	<u>162,000</u>	<u>163,139</u>	<u>(1,139)</u>	<u>148,155</u>
Total school administration	<u>162,000</u>	<u>163,139</u>	<u>(1,139)</u>	<u>148,155</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Business</b>				
Direction of business support services	\$ 27,000	\$ 65,576	\$ (38,576)	\$ 90,351
Fiscal services	68,000	32,977	35,023	-
Operation and maintenance of plant services	476,000	468,790	7,210	473,011
Food services	<u>7,800</u>	<u>8,155</u>	<u>(355)</u>	<u>8,158</u>
Total business	<u>578,800</u>	<u>575,498</u>	<u>3,302</u>	<u>571,520</u>
<b>Central</b>				
Direction of central support services	17,300	23,460	(6,160)	12,462
Information services	12,500	12,230	270	10,071
Staff services	13,700	-	13,700	9,291
Data processing services	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411</u>
Total central	<u>43,500</u>	<u>35,690</u>	<u>7,810</u>	<u>33,235</u>
Total support services	<u>1,153,250</u>	<u>1,118,884</u>	<u>34,366</u>	<u>1,100,878</u>
Total expenditures	<u>2,012,600</u>	<u>1,853,326</u>	<u>159,274</u>	<u>1,843,333</u>
Excess of revenues over expenditures	<u>\$ 125,400</u>	248,104	<u>\$ 122,704</u>	245,832
Fund balance, beginning of year		<u>809,494</u>		<u>563,662</u>
Fund balance, end of year		<u>\$ 1,057,598</u>		<u>\$ 809,494</u>

(Concluded)

**Downers Grove Grade School District No. 58**  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016

**1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS**

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- 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 15, 2015.
- g) All budget appropriations lapse at the end of the fiscal year.

**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	\$ 51,485,936	\$ 51,787,075
To adjust for on-behalf payments received	15,808,745	-
To adjust for on-behalf payments made	-	15,808,745
	\$ 67,294,681	\$ 67,595,820

**Downers Grove Grade School District No. 58**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016

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3. EXPENDITURES IN EXCESS OF BUDGETS

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

<u>Funds</u>	<u>Variance</u>
General	\$ 108,418
Operations and Maintenance	142,251
Debt Service	272,735
Transportation	42,747

4. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

Amounts reported in 2015 reflect an investment rate of return of 7.50 percent, an inflation rate of 3.00 percent and real return rate of 4.50 percent, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.50 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases of 5.75 percent.

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 IMRF CONTRIBUTION RATE\*

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.



**Downers Grove Grade School District No. 58**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2014 IMRF CONTRIBUTION RATE\* (Continued)

**Methods and Assumptions Used to Determine the 2015 Contribution Rate:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes	There were no benefit changes during the year.
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\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

**SUPPLEMENTARY FINANCIAL INFORMATION**

# Downers Grove Grade School District No. 58

General Fund

## COMBINING BALANCE SHEET

June 30, 2016

	Educational Account	Working Cash Account	Total
<b>ASSETS</b>			
Cash and investments	\$ 13,724,537	\$ 8,922,173	\$ 22,646,710
Receivables (net of allowance for uncollectibles):			
Property taxes	21,201,365	48,657	21,250,022
Replacement taxes	128,915	-	128,915
Intergovernmental	964,458	-	964,458
Loan to transportation fund	-	39,783	39,783
Prepaid items	56,233	-	56,233
Total assets	<u>\$ 36,075,508</u>	<u>\$ 9,010,613</u>	<u>\$ 45,086,121</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 441,987	\$ -	\$ 441,987
Salaries and wages payable	3,306,719	-	3,306,719
Claims payable	417,094	-	417,094
Due to other governments	102,748	-	102,748
Unearned revenue	634,512	-	634,512
Total liabilities	<u>4,903,060</u>	<u>-</u>	<u>4,903,060</u>
<b>DEFERRED INFLOWS</b>			
Property taxes levied for a future period	<u>19,875,184</u>	<u>45,613</u>	<u>19,920,797</u>
Total deferred inflows	<u>19,875,184</u>	<u>45,613</u>	<u>19,920,797</u>
<b>FUND BALANCES</b>			
Nonspendable	56,233	-	56,233
Assigned	1,483,031	-	1,483,031
Unassigned	9,758,000	8,965,000	18,723,000
Total fund balances	<u>11,297,264</u>	<u>8,965,000</u>	<u>20,262,264</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 36,075,508</u>	<u>\$ 9,010,613</u>	<u>\$ 45,086,121</u>

## Downers Grove Grade School District No. 58

General Fund

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

For the Year Ended June 30, 2016

	Educational Account	Working Cash Account	Total
<b>Revenues</b>			
Property taxes	\$ 42,855,076	\$ 99,882	\$ 42,954,958
Replacement taxes	585,691	-	585,691
State aid	19,601,939	-	19,601,939
Federal aid	2,009,862	-	2,009,862
Interest	37,738	17,079	54,817
Other	2,087,414	-	2,087,414
<b>Total revenues</b>	<u>67,177,720</u>	<u>116,961</u>	<u>67,294,681</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular programs	24,037,680	-	24,037,680
Special programs	7,298,548	-	7,298,548
Other instructional programs	1,283,697	-	1,283,697
State retirement contributions	15,808,745	-	15,808,745
<b>Support services:</b>			
Pupils	3,572,084	-	3,572,084
Instructional staff	5,756,070	-	5,756,070
General administration	1,270,215	-	1,270,215
School administration	3,435,512	-	3,435,512
Business	1,164,034	-	1,164,034
Central	451,629	-	451,629
Other supporting services	270,053	-	270,053
Nonprogrammed charges	3,155,714	-	3,155,714
Capital outlay	91,839	-	91,839
<b>Total expenditures</b>	<u>67,595,820</u>	<u>-</u>	<u>67,595,820</u>
Excess (deficiency) of revenues over expenditures	<u>(418,100)</u>	<u>116,961</u>	<u>(301,139)</u>
<b>Other financing sources (uses)</b>			
Transfers (out)	(174,490)	(17,080)	(191,570)
Proceeds from capital leases	16,967	-	16,967
<b>Total other financing sources (uses)</b>	<u>(157,523)</u>	<u>(17,080)</u>	<u>(174,603)</u>
Net change in fund balance	(575,623)	99,881	(475,742)
Fund balance, beginning of year	<u>11,872,887</u>	<u>8,865,119</u>	<u>20,738,006</u>
Fund balance, end of year	<u>\$ 11,297,264</u>	<u>\$ 8,965,000</u>	<u>\$ 20,262,264</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,420,100	\$ 1,407,431	\$ (12,669)	\$ 1,439,922
Interest on investments	<u>550</u>	<u>1,154</u>	<u>604</u>	<u>658</u>
Total local sources	<u>1,420,650</u>	<u>1,408,585</u>	<u>(12,065)</u>	<u>1,440,580</u>
State sources				
Federal sources				
Build America Bonds Interest Reimbursement	<u>120,000</u>	<u>97,175</u>	<u>(22,825)</u>	<u>106,348</u>
Total federal sources	<u>120,000</u>	<u>97,175</u>	<u>(22,825)</u>	<u>106,348</u>
Total revenues	<u>1,540,650</u>	<u>1,505,760</u>	<u>(34,890)</u>	<u>1,546,928</u>
Expenditures				
Debt service				
Debt service - interest				
Bonds - interest	<u>-</u>	<u>453,454</u>	<u>(453,454)</u>	<u>489,724</u>
Total debt service - interest	<u>-</u>	<u>453,454</u>	<u>(453,454)</u>	<u>489,724</u>
Principal payments on long-term debt	<u>1,390,000</u>	<u>1,208,786</u>	<u>181,214</u>	<u>1,214,630</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
Other debt service				
Other objects	\$ 1,800	\$ 2,295	\$ (495)	\$ 5,212
Total	<u>1,800</u>	<u>2,295</u>	<u>(495)</u>	<u>5,212</u>
Total debt service	<u>1,391,800</u>	<u>1,664,535</u>	<u>(272,735)</u>	<u>1,709,566</u>
Total expenditures	<u>1,391,800</u>	<u>1,664,535</u>	<u>(272,735)</u>	<u>1,709,566</u>
Excess (deficiency) of revenues over expenditures	<u>148,850</u>	<u>(158,775)</u>	<u>(307,625)</u>	<u>(162,638)</u>
Other financing sources				
Transfer to pay for principal on capital leases	-	168,786	168,786	194,630
Transfer to pay for interest on capital leases	<u>-</u>	<u>5,704</u>	<u>5,704</u>	<u>12,094</u>
Total other financing sources	<u>-</u>	<u>174,490</u>	<u>174,490</u>	<u>206,724</u>
Net change in fund balance	<u>\$ 148,850</u>	15,715	<u>\$ (133,135)</u>	44,086
Fund balance, beginning of year		<u>709,230</u>		<u>665,144</u>
Fund balance, end of year		<u>\$ 724,945</u>		<u>\$ 709,230</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	\$ 350,000	\$ 134,172	\$ 215,828	\$ 822,774
Total support services	<u>350,000</u>	<u>134,172</u>	<u>215,828</u>	<u>822,774</u>
Total expenditures	<u>350,000</u>	<u>134,172</u>	<u>215,828</u>	<u>822,774</u>
Deficiency of revenues over expenditures	<u>(350,000)</u>	<u>(134,172)</u>	<u>215,828</u>	<u>(822,774)</u>
Other financing sources				
Permanent transfer from Operations and Maintenance Fund	<u>350,000</u>	<u>134,172</u>	<u>215,828</u>	<u>421,025</u>
Total other financing sources	<u>350,000</u>	<u>134,172</u>	<u>215,828</u>	<u>421,025</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(401,749)</u>
Fund balance, beginning of year		<u>-</u>		<u>401,749</u>
Fund balance, end of year		<u>\$ -</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, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance From Final Budget	2015 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
Interest on investments	\$ -	\$ 2,112	\$ 2,112	\$ 8,848
Total local sources	-	2,112	2,112	8,848
Total revenues	-	2,112	2,112	8,848
<b>Expenditures</b>				
<b>Support services</b>				
Facilities acquisition and construction services				
Purchased services	-	-	-	127,661
Capital outlay	-	-	-	1,705,879
Total support services	-	-	-	1,833,540
Total expenditures	-	-	-	1,833,540
Excess (deficiency) of revenues over expenditures	\$ -	2,112	\$ 2,112	(1,824,692)
Fund balance, beginning of year		2,474		1,827,166
Fund balance, end of year		\$ 4,586		\$ 2,474



**Downers Grove Grade School District No. 58**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Assets</b>				
Cash	\$ 135,815	\$ 593,591	\$ 569,616	\$ 159,790
<b>Liabilities</b>				
Due to student groups				
Belle Aire	10,297	19,452	20,113	9,636
El Sierra	7,003	30,365	30,710	6,658
Fairmount	14,313	13,478	12,761	15,030
Henry Puffer	6,635	65,537	58,208	13,964
Herrick Middle	25,188	112,169	100,396	36,961
Highland	5,826	43,054	45,068	3,812
Hillcrest	5,230	29,411	28,588	6,053
Indian Trail	10,697	42,832	40,993	12,536
Kingsley	10,227	52,229	52,007	10,449
Lester	5,090	45,378	43,609	6,859
O'Neill Middle	20,787	82,285	82,906	20,166
Pierce Downer	8,402	27,378	25,308	10,472
Whittier	6,120	30,023	28,949	7,194
	\$ 135,815	\$ 593,591	\$ 569,616	\$ 159,790

**OTHER SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

## Downers Grove Grade School District No. 58

### GENERAL LONG-TERM DEBT

#### SCHEDULE OF GENERAL OBLIGATION BONDS

Year Ended June 30, 2016

		Maturity as follows			
		for the Year			
		Ended June 30	Principal	Interest	Total
		_____	_____	_____	_____
*	General Obligation Bonds	2017	\$ 1,060,000	\$ 263,485	\$ 1,323,485
	Series 2010B, due	2018	1,085,000	224,598	1,309,598
	December 15, 2022	2019	1,110,000	182,602	1,292,602
		2020	1,140,000	136,740	1,276,740
		2021	1,170,000	87,353	1,257,353
		2022	1,200,000	34,905	1,234,905
		2023	170,000	3,952	173,952
			_____	_____	_____
	Total		\$ 6,935,000	\$ 933,635	\$ 7,868,635
			_____	_____	_____
	General Obligation Bonds	2017	\$ -	\$ 149,850	\$ 149,850
	Series 2013, due	2018	15,000	149,625	164,625
	December 15, 2025	2019	40,000	148,800	188,800
		2020	70,000	147,150	217,150
		2021	100,000	144,600	244,600
		2022	140,000	141,000	281,000
		2023	1,240,000	120,300	1,360,300
		2024	1,480,000	79,500	1,559,500
		2025	1,560,000	33,900	1,593,900
		2026	350,000	5,250	355,250
			_____	_____	_____
	Total		\$ 4,995,000	\$ 1,119,975	\$ 6,114,975
			_____	_____	_____
	Total general obligation bonds payable		\$ 11,930,000	\$ 2,053,610	\$ 13,983,610
			_____	_____	_____

\* 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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Operating costs per pupil</b>		
Average Daily Attendance (ADA):	<u>4,535.23</u>	<u>4,544.64</u>
Operating costs:		
Educational	\$ 51,787,075	\$ 49,536,265
Operations and Maintenance	4,621,551	4,111,292
Debt Service	1,664,535	1,709,566
Transportation	3,247,747	3,112,455
Municipal Retirement/Social Security	<u>1,853,326</u>	<u>1,843,333</u>
Subtotal	<u>63,174,234</u>	<u>60,312,911</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	883,655	7,245
Summer school	67,072	71,761
Capital outlay	252,931	68,537
Debt principal retired	1,208,786	1,214,630
Nonprogrammed charges	<u>3,155,714</u>	<u>3,111,034</u>
Subtotal	<u>5,568,158</u>	<u>4,473,207</u>
Operating costs	<u>\$ 57,606,076</u>	<u>\$ 55,839,704</u>
Operating costs per pupil - based on ADA	<u>\$ 12,702</u>	<u>\$ 12,287</u>
<b>Tuition Charge</b>		
Operating costs	\$ 57,606,076	\$ 55,839,704
Less - revenues from specific programs, such as special education or lunch programs	<u>6,811,526</u>	<u>6,383,997</u>
Net operating costs	50,794,550	49,455,707
Depreciation allowance	<u>1,741,302</u>	<u>1,617,402</u>
Allowance tuition costs	<u>\$ 52,535,852</u>	<u>\$ 51,073,109</u>
Tuition charge per pupil - based on ADA	<u>\$ 11,584</u>	<u>\$ 11,238</u>