

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

Downers Grove Illinois

Annual Financial Report

Year Ended June 30, 2015

Downers Grove Grade School District No. 58

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

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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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Downers Grove Grade School District No. 58's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Downers Grove Grade School District No. 58's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2015 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.

Emphasis of a Matter

As discussed in Note O to the financial statements, deferred outflows, long-term liabilities, and net position as of July 1, 2014 have been restated as a result of an adjustment due to the implementation of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* (GASB 71). Our opinion is not modified with respect to this matter.

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 13, Illinois Municipal Retirement Fund data on pages 62 through 63, Teachers' Retirement System data on pages 64 through 65, the other postemployment benefits data on page 66, and the budgetary comparison schedules and notes to required supplementary information on pages 67 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2015 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.

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, 2015 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information for the year ended June 30, 2015, is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

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, 2014 (not presented herein), and have issued our report thereon dated November 10, 2014, 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, 2014 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 2014 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 2014 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, 2014.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of Downers Grove School District No 58's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Downers Grove School District No 58's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
October 15, 2015

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

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, 2015. 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 \$77.0 million, \$0.1 million greater than the government-wide expenses of \$76.9 million.
- ❑ Governmental funds revenues were \$77.0 million, \$1.4 million less than overall governmental fund expenditures of \$78.4 million. The imbalance was due to Fire Prevention and Safety Fund expenditures and other capital projects.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2014 was \$12,287. This is a per pupil decrease of \$298 over fiscal year 2014.
- ❑ Total net position on a government-wide basis was \$28.5 million. This represents a \$0.1 million, or a 0.4% increase from fiscal year 2014 (as restated).
- ❑ As a result of capital projects, including life safety work, the District's financial position declined for fiscal year 2015. The aggregate fund balance decreased \$1.4 million from \$25.8 million to \$24.4 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2015, the District's long term liabilities, including outstanding long-term bonded debt, were \$22.4 million. This was a \$0.4 million decrease from the previous year (as restated).

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

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

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District's governmental activities include instructional services (regular education, special education, and other), supporting services, operations and maintenance of facilities, and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District does not have any proprietary funds.

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

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

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

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, Financial Reporting for Pensions (GASB 68), and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (GASB 71), which were adopted by the District as of the fiscal year ended June 30, 2015. GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pension liabilities. For defined benefits pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service. GASB 71 established standards for measuring amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB 68 and 71 required the District to record the net pension liability for TRS and IMRF. As a result of this implementation, net position as of July 1, 2014 decreased by \$7,560,876, net pension liability (included in long-term liabilities) increased by \$8,312,592, and deferred outflows increased by \$751,716.

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 that further explains and supports the financial statements.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

Government-Wide Financial Analysis

Table 1			
Condensed Statement of Net Position			
<i>(In millions of dollars)</i>			
	<i>(As Originally Reported)</i>		<i>Percentage</i>
	<u>2014</u>	<u>2015</u>	<u>Change</u>
Assets:			
Current and other assets	\$ 57.8	\$ 56.2	-2.8%
Capital assets	24.2	25.1	3.7%
Total assets	<u>82.0</u>	<u>81.3</u>	<u>-0.9%</u>
Deferred outflows:			
Related to pension	-	2.0	100.0%
Total deferred outflows	<u>0.0</u>	<u>2.0</u>	<u>100.0%</u>
Liabilities:			
Long-term liabilities	14.4	21.2	47.2%
Other liabilities	7.4	8.0	8.1%
Total liabilities	<u>21.8</u>	<u>29.2</u>	<u>33.9%</u>
Deferred inflows:			
Property taxes levied for future periods	24.2	24.4	0.8%
Related to pensions	-	1.1	100.0%
Total deferred inflows	<u>24.2</u>	<u>25.5</u>	<u>5.4%</u>
Net position:			
Net investment in capital assets	11.7	12.2	4.3%
Restricted	5.6	3.8	-32.1%
Unrestricted	18.7	12.6	(32.6%)
Total net position	<u>\$ 36.0 *</u>	<u>\$ 28.6</u>	<u>(20.6%)</u>

* - This amount is presented as originally reported. The amount was restated at July 1, 2014 due to the implementation of GASB 68 and GASB 71.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis
For the Year Ended June 30, 2015

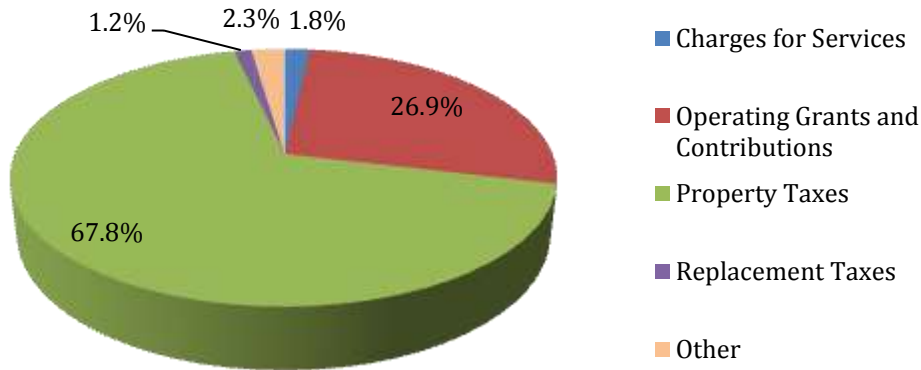
Table 2			
Changes in Net Position			
<i>(In millions of dollars)</i>			
	<i>(As Originally Reported)</i>		<i>Percentage of Total</i>
	<u>2014</u>	<u>2015</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 0.9	\$ 1.4	1.8%
Operating grants and contributions	15.6	20.7	26.9%
General revenues:			
Property taxes	51.3	52.2	67.8%
Replacement taxes	0.8	0.9	1.2%
Other	1.6	1.8	2.3%
Total revenues	<u>70.2</u>	<u>77.0</u>	<u>100.0%</u>
Expenses:			
Instruction	46.2	50.4	65.54%
Support services	26.8	26.0	33.81%
Interest and fees	0.5	0.5	0.65%
Total expenses	<u>73.5</u>	<u>76.9</u>	<u>100.00%</u>
Increase (Decrease) in Net Position	(3.3)	0.1	0.13%
Beginning Net Position	39.3	28.5 **	
Ending Net Position	<u>\$ 36.0 *</u>	<u>\$ 28.6</u>	

* - This amount is presented as originally reported. The amount was restated at July 1, 2014 due to the implementation of GASB 68 and GASB 71.

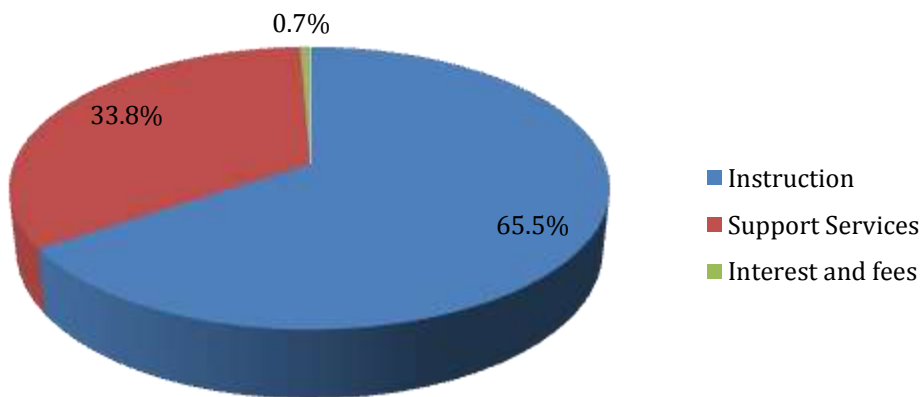
** - The beginning net position was restated due to the implementation of GASB 68 and GASB 71.

Downers Grove Grade School District No. 58 Management's Discussion and Analysis For the Year Ended June 30, 2015

Government-Wide Revenues by Source



District-Wide Expenses by Function



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 (deficit) on pages 18 and 19 of this report. Total revenues in the governmental funds were \$77.0 million compared to \$70.2 million in the prior year. Total expenditures in the governmental funds were \$78.4 million, compared to \$76.7 million in the prior year, an increase of \$1.7 million, or approximately 2.2%. Expenditures exceeded revenues by approximately \$1.4 million. The fund balances in the governmental funds decreased from \$25.8 million in the prior year to \$24.4 million as of June 30, 2015. The decrease was due to capital projects including life safety work.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

General (Educational and Working Cash) Fund Budgetary Highlights

General Fund (Pages 66-75): The largest revenue source in the General Fund is property taxes at 64.5% of all General Fund revenue. The total revenues in the General Fund amounted to \$65.6 million, compared to \$59.5 million in the prior year. Revenues from state sources was \$19.0 million (of which \$15.4 million represents TRS on-behalf contributions), which represented 29.0% of all revenue in the General Fund, a \$4.5 million increase from the prior year. Federal sources of revenue (\$2.0 million) represented 3.0% of all General Fund revenue, and a \$300,000 increase from the prior year total. It is clear that, in poor economic times, the District's reliance on property taxes, a historically stable source of revenue, increases significantly.

There were total expenditures of \$64.9 million (of which \$15.4 million represents TRS on-behalf contributions) in the General Fund, which increased 6.2% from the prior year.

Medical Insurance Balance: At June 30, 2015, the self-funded medical insurance plan (which is a sub-account of the Education Account in the General Fund) had an assigned value of \$1,787,071 for self-insurance claims. The June 30, 2014 assigned value for the medical insurance plan was \$2,372,540.

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2015, the District had compiled a total investment of \$25.1 million (net of accumulated depreciation) in a broad range of capital assets including land, improvements, buildings, equipment, and furniture. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

Table 3				
Capital Assets (net of depreciation)				
<i>(In millions of dollars)</i>				
	<u>2014</u>		<u>2015</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 0.2		\$ 0.2	0.0%
Construction in progress	0.1		0.2	100.0%
Land improvements	0.9		1.1	22.2%
Buildings	21.6		22.5	4.2%
Equipment and furniture	1.4		1.1	-21.4%
Total	\$ 24.2		\$ 25.1	3.7%

Long-term debt

At June 30, 2015, the District had \$22.4 million in general obligation bonds and other long term debt outstanding. For more detailed information on long-term debt activity, refer to Note F in the notes to the financial statements.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

Table 4			
Outstanding Long-Term Debt			
<i>(In millions of dollars)</i>			
	<i>(As Originally Reported)</i>		<i>Percentage</i>
	<u>2014</u>	<u>2015</u>	<u>Change</u>
General obligation bonds	\$ 14.0	\$ 13.0	-7.14%
Other long-term liabilities	0.4	9.4	2250.00%
Total	<u>\$ 14.4 *</u>	<u>\$ 22.4</u>	<u>55.56%</u>

* - This amount is presented as originally reported. The amount was restated at July 1, 2014 due to the implementation of GASB 68 and GASB 71.

Factors Bearing on the District's Future

Like all Illinois public school districts, District 58 is struggling with reduced and/or late funding payments from the State. Given the state of Illinois' finances, this trend is likely to continue for the short term. This reality has had, and will likely continue to have, cash flow implications that the District will need to contend with. Also of concern is mounting legislative pressure to shift more of the teacher pension burden to the local school district level (Senate Bill 1); to adopt a new way of distributing State funding (Senate Bill 16); and to freeze local property taxes for 2016 and 2017, (Senate Bill 318). If any of these changes occur it would significantly impact the finances of the District in a negative way.

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

The Transportation Fund balance finished the year in a deficit position. This is due to increasing costs and decreases in State reimbursements. The deficit will be addressed through future levies.

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

Residential areas in Oak Brook have given indication that they may attempt deannexation. Any successful future deannexation will diminish the District's tax base and revenue stream from the property tax. This would add pressure to the budget.

In FY 2016 the District began providing an all day Kindergarten Option for parents in Title I schools. A decision to expand the program District wide may have an impact of the District's financial situation.

Downers Grove Grade School District No. 58

Management's Discussion and Analysis

For the Year Ended June 30, 2015

The contracts for the Downers Grove Elementary Education Association (DGEEA) and the Downers Grove Custodial/Maintenance Association (DGCMA) both run through FY 2018. The contract with the Downers Grove Educational Service Personnel (DGESP) expires in July, 2016. It will be renegotiated in the Spring of 2016.

The number of certificated retirements each year helps the District maintain a relatively balanced annual operating budget. In 2014-15, the number of certificated retirements dropped dramatically to five. This put pressure on the budget for 2015-16. However, the number of certificated retirements will increase in FY 2016 to 8 and FY 2017 to 14. This will provide for a stable operating environment for the short term.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District's Controller at (630) 719-5829.

BASIC FINANCIAL STATEMENTS

Downers Grove Grade School District No. 58
 STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2015

ASSETS	
Cash and investments	\$ 27,658,308
Receivables (net of allowance for uncollectibles):	
Interest	2,474
Property taxes	26,254,835
Replacement taxes	144,844
Intergovernmental	1,537,594
Other post employment benefit asset	542,238
Capital assets:	
Land	223,031
Construction in progress	153,576
Depreciable buildings, property, and equipment, net	<u>24,768,362</u>
Total assets	<u>81,285,262</u>
 DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	<u>1,949,256</u>
Total deferred outflows	<u>1,949,256</u>
 LIABILITIES	
Accounts payable	1,372,231
Salaries and wages payable	3,208,890
Payroll deductions payable	847,198
Claims payable	433,363
Interest payable	19,307
Unearned school fees	550,566
Other current liabilities	320,194
Long-term liabilities:	
Due within one year	1,200,348
Due after one year	<u>21,220,337</u>
Total liabilities	<u>29,172,434</u>
 DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pensions	1,068,708
Property taxes levied for a future period	<u>24,446,180</u>
Total deferred inflows	<u>25,514,888</u>
 NET POSITION	
Net investment in capital assets	12,174,969
Restricted For:	
Operations and maintenance	2,273,671
Debt service	689,923
Retirement benefits	809,494
Capital projects	2,474
Unrestricted	<u>12,596,665</u>
Total net position	<u>\$ 28,547,196</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, 2015

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 23,471,204	\$ 831,372	\$ 533,559	\$ (22,106,273)
Special programs	10,748,917	34,959	3,514,108	(7,199,850)
Other instructional programs	827,804	42,500	135,587	(649,717)
State retirement contributions	15,397,839	-	15,397,839	-
Support services:				
Pupils	3,447,609	-	-	(3,447,609)
Instructional staff	6,385,567	-	(1,279)	(6,386,846)
General administration	1,390,520	-	-	(1,390,520)
School administration	3,391,370	-	-	(3,391,370)
Business	2,270,620	272,791	155,115	(1,842,714)
Transportation	3,078,158	46,596	937,677	(2,093,885)
Operations and maintenance	4,901,947	196,857	-	(4,705,090)
Central	522,714	-	-	(522,714)
Other supporting services	570,050	-	-	(570,050)
Interest and fees	493,746	-	-	(493,746)
Total governmental activities	<u>\$ 76,912,852</u>	<u>\$ 1,425,075</u>	<u>\$ 20,672,606</u>	<u>\$ (54,815,171)</u>
General revenues:				
Taxes:				
				42,306,046
				8,540,187
				1,439,922
				882,360
				1,366,773
				31,069
				354,658
				<u>54,921,015</u>
				105,844
				<u>28,441,352</u>
				<u>\$ 28,547,196</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2015

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 23,406,857	\$ 2,198,421	\$ 450,189	\$ 783,435
Receivables (net of allowance for uncollectibles):				
Interest	-	-	-	-
Property taxes	21,184,055	2,123,075	1,160,630	1,086,596
Replacement taxes	127,804	17,040	-	-
Intergovernmental	1,277,979	-	259,615	-
Loan to transportation fund	300,000	-	-	-
Total assets	<u>\$ 46,296,695</u>	<u>\$ 4,338,536</u>	<u>\$ 1,870,434</u>	<u>\$ 1,870,031</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ 549,982	\$ 85,437	\$ 578,381	\$ -
Salaries and wages payable	3,208,890	-	-	-
Payroll deductions payable	795,795	2,608	-	48,795
Claims payable	433,363	-	-	-
Other current liabilities	320,194	-	-	-
Loan from working cash account	-	-	300,000	-
Unearned school fees	525,747	-	24,819	-
Total liabilities	<u>5,833,971</u>	<u>88,045</u>	<u>903,200</u>	<u>48,795</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>19,724,718</u>	<u>1,976,820</u>	<u>1,080,676</u>	<u>1,011,742</u>
Total deferred inflows	<u>19,724,718</u>	<u>1,976,820</u>	<u>1,080,676</u>	<u>1,011,742</u>
FUND BALANCES (DEFICIT)				
Restricted	-	1,663,014	-	809,494
Committed	-	610,657	-	-
Assigned	1,787,071	-	-	-
Unassigned	18,950,935	-	(113,442)	-
Total fund balances (deficit)	<u>20,738,006</u>	<u>2,273,671</u>	<u>(113,442)</u>	<u>809,494</u>
Total liabilities, deferred inflows, and fund balances (deficit)	<u>\$ 46,296,695</u>	<u>\$ 4,338,536</u>	<u>\$ 1,870,434</u>	<u>\$ 1,870,031</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 660,975	\$ 158,431	\$ -	\$ 27,658,308
-	-	2,474	2,474
700,479	-	-	26,254,835
-	-	-	144,844
-	-	-	1,537,594
-	-	-	300,000
<u>\$ 1,361,454</u>	<u>\$ 158,431</u>	<u>\$ 2,474</u>	<u>\$ 55,898,055</u>
\$ -	\$ 158,431	\$ -	\$ 1,372,231
-	-	-	3,208,890
-	-	-	847,198
-	-	-	433,363
-	-	-	320,194
-	-	-	300,000
-	-	-	550,566
-	<u>158,431</u>	-	<u>7,032,442</u>
<u>652,224</u>	-	-	<u>24,446,180</u>
<u>652,224</u>	-	-	<u>24,446,180</u>
709,230	-	2,474	3,184,212
-	-	-	610,657
-	-	-	1,787,071
-	-	-	18,837,493
<u>709,230</u>	-	<u>2,474</u>	<u>24,419,433</u>
<u>\$ 1,361,454</u>	<u>\$ 158,431</u>	<u>\$ 2,474</u>	<u>\$ 55,898,055</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, 2015

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

Total fund balances - governmental funds		\$ 24,419,433
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.		25,144,969
The net other postemployment asset resulting from contributions in excess of the annual required contribution is not a current financial resource and, therefore, is not reported in the fund financial statements.		542,238
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	\$ 1,240,283	
Deferred outflows of 2015 employer contributions related to pensions	<u>708,973</u>	1,949,256
Deferred inflows of resources related to pensions		(1,068,708)
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.		(19,307)
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>(22,420,685)</u>
Net position of governmental activities		<u>\$ 28,547,196</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, 2015

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 42,306,046	\$ 4,273,885	\$ 2,195,104	\$ 2,071,198
Replacement taxes	753,816	111,383	-	17,161
State aid	18,980,549	-	937,677	-
Federal aid	2,014,805	-	-	-
Interest	23,724	3,111	834	796
Other	<u>1,480,758</u>	<u>236,856</u>	<u>62,109</u>	<u>10</u>
 Total revenues	 <u>65,559,698</u>	 <u>4,625,235</u>	 <u>3,195,724</u>	 <u>2,089,165</u>
Expenditures				
Current:				
Instruction:				
Regular programs	22,652,398	-	-	317,621
Special programs	7,244,687	-	-	411,478
Other instructional programs	817,853	-	-	13,356
State retirement contributions	15,397,839	-	-	-
Support services:				
Pupils	3,335,257	-	19,510	40,237
Instructional staff	5,656,713	-	-	275,954
General administration	1,355,245	-	-	31,777
School administration	3,249,915	-	-	148,155
Business	1,115,072	31,420	-	98,509
Transportation	-	-	3,078,158	-
Operations and maintenance	14,684	4,032,710	-	473,011
Central	406,769	-	-	33,235
Other supporting services	570,050	-	-	-
Nonprogrammed charges	3,096,247	-	14,787	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>21,375</u>	<u>47,162</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>64,934,104</u>	 <u>4,111,292</u>	 <u>3,112,455</u>	 <u>1,843,333</u>
 Excess (deficiency) of revenues over expenditures	 625,594	 513,943	 83,269	 245,832
Other financing sources (uses)				
Transfers in	-	10,213	-	-
Transfers (out)	(216,937)	(421,025)	-	-
Proceeds from capital leases	<u>6,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(210,465)</u>	 <u>(410,812)</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balance	 415,129	 103,131	 83,269	 245,832
 Fund balance, beginning of year	 <u>20,322,877</u>	 <u>2,170,540</u>	 <u>(196,711)</u>	 <u>563,662</u>
 Fund balance (deficit), end of year	 <u>\$ 20,738,006</u>	 <u>\$ 2,273,671</u>	 <u>\$ (113,442)</u>	 <u>\$ 809,494</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,439,922	\$ -	\$ -	\$ 52,286,155
-	-	-	882,360
-	-	-	19,918,226
106,348	-	-	2,121,153
658	-	8,848	37,971
-	-	-	1,779,733
<u>1,546,928</u>	<u>-</u>	<u>8,848</u>	<u>77,025,598</u>
-	-	-	22,970,019
-	-	-	7,656,165
-	-	-	831,209
-	-	-	15,397,839
-	-	-	3,395,004
-	-	-	5,932,667
-	-	-	1,387,022
-	-	-	3,398,070
-	-	127,661	1,372,662
-	-	-	3,078,158
-	-	-	4,520,405
-	-	-	440,004
-	-	-	570,050
-	-	-	3,111,034
1,214,630	-	-	1,214,630
494,936	-	-	494,936
-	822,774	1,705,879	2,597,190
<u>1,709,566</u>	<u>822,774</u>	<u>1,833,540</u>	<u>78,367,064</u>
(162,638)	(822,774)	(1,824,692)	(1,341,466)
206,724	421,025	-	637,962
-	-	-	(637,962)
-	-	-	6,472
<u>206,724</u>	<u>421,025</u>	<u>-</u>	<u>6,472</u>
44,086	(401,749)	(1,824,692)	(1,334,994)
<u>665,144</u>	<u>401,749</u>	<u>1,827,166</u>	<u>25,754,427</u>
<u>\$ 709,230</u>	<u>\$ -</u>	<u>\$ 2,474</u>	<u>\$ 24,419,433</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, 2015

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

Net change in fund balances - total governmental funds	\$ (1,334,994)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	977,587
The net other postemployment asset is not considered to represent a financial resource and, therefore, is not reported in the funds.	4,421
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	1,197,080
Deferred outflow and inflows or resources related to TRS pension	(1,068,248)
Interest revenue and other revenue included in the statement of activities do not provide current financial resources and, therefore are deferred in the fund financial statements.	(6,902)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	1,190
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>335,710</u>
Change in net position of governmental activities	<u><u>\$ 105,844</u></u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2015

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 135,815</u>
LIABILITIES	
Due to student groups	<u>\$ 135,815</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, 2015

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. 68, *Accounting and Financial Reporting for Pensions*, which was implemented by the District during the fiscal year ended June 30, 2015. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures on the government wide financial statements. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and was implemented by the District during the fiscal year ended June 30, 2015. This Statement established standards for measuring amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Specific changes to the District's financial statements relate to the recognition of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. See Note I and Note O for the effect of this implementation.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting

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

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

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

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

4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c. Debt Service Fund

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

d. Capital Projects Funds

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

The *Fire Prevention and Safety Fund* - accounts for state-approved life safety projects financed through 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. It is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

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, as are the fiduciary agency fund statements.. 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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District reports unearned 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.

6. Deposits and Investments

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

7. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period(s). At June 30, 2015, the District has deferred outflows of resources related to pensions (see Note I). In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period(s). At June 30, 2015, the District's property taxes levied for a future period are reported as deferred inflows of resources. The District also has deferred inflows related to pensions.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$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 estimated fair market value at the date of donation.

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

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

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Accumulated Unpaid Vacation and Sick Pay

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

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

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

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance cost and losses on refunding are reported as debt service expenditures.

11. Personal Property Replacement Taxes

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

12. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the state for the employer's share of the Teacher's Retirement Pension (see the budgetary reconciliation in the notes to the required supplementary information). Annual 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.

13. Restricted Net Position

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance

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

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, 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, 2015, the District has committed \$610,657 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, 2015, the District has assigned \$1,787,071 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Use of Estimates

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

16. 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.

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	\$ 12,970,000
TRS net pension liability	3,939,908
IMRF net pension liability	5,262,830
Capital lease	165,804
Compensated absences	<u>82,143</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position - governmental activities	\$ <u><u>22,420,685</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

(Continued)

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

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

Capital outlay	\$ 2,597,022
Depreciation expense	(1,617,402)
Loss on disposal	<u>(2,033)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>977,587</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	\$ (6,472)
Principal repayments	
General obligation bonds	1,020,000
Capital leases	194,630
TRS pension expense, net	1,197,972
IMRF pension expense, net	(2,065,275)
Compensated absences, net	<u>(5,145)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>335,710</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 27,658,308	\$ 135,815	\$ 27,794,123

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

	<u>Total</u>
Cash on hand	\$ 1,250
Deposits with financial institutions	27,671,241
Illinois Funds	121,632
	<u>\$ 27,794,123</u>

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, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

3. Credit Risk

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations. The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act.

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

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, 2015, the bank balances of the District's deposits with financial institutions totaled \$26,838,039 of which all but \$430 was fully insured and/or collateralized.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2013 tax levy resolution was approved by the Board of Education on December 8, 2014. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

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

The County Clerk adds the Equalized Assessed Valuation of all real property in the District to the valuation of property assessed directly by the state (to which the Equalization Factor is not applied) to arrive at the base amount (the Assessment Base) used to calculate the annual tax rates, as described above. The Equalized Assessed Valuation for the extension for the 2014 tax levy was \$2,292,217,469.

The portion of the 2014 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 property taxes levied for a future period (deferred inflow).

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Transfers / Additions	Transfers / Deletions	Balance June 30, 2015
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	145,925	153,576	145,925	153,576
Total capital assets, not being depreciated	368,956	153,576	145,925	376,607
Capital assets, being depreciated				
Land improvements	2,081,273	245,219	-	2,326,492
Buildings and improvements	42,411,561	2,331,270	-	44,742,831
Equipment	8,024,978	12,882	142,265	7,895,595
Total capital assets, being depreciated	52,517,812	2,589,371	142,265	54,964,918
Less accumulated depreciation for:				
Land improvements	1,132,158	77,620	-	1,209,778
Buildings and improvements	20,964,497	1,215,974	-	22,180,471
Equipment	6,622,731	323,808	140,232	6,806,307
Total accumulated depreciation	28,719,386	1,617,402	140,232	30,196,556
Total capital assets, being depreciated, net	23,798,426	971,969	2,033	24,768,362
Governmental activities capital assets, net	\$ 24,167,382	\$ 1,125,545	\$ 147,958	\$ 25,144,969

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	574,840
Special programs		18,506
Pupils		3,697
Instructional staff		128,324
General administration		3,425
School administration		3,334
Business		850,070
Central		<u>35,206</u>
Total depreciation expense - governmental activities	\$	<u><u>1,617,402</u></u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2015, the following is the long-term liability activity for the District:

	Balance July 1, 2014 (as restated)	Additions	Payments	Balance June 30, 2015
Bonds payable:				
General obligation bonds	\$ 13,990,000	\$ -	\$ 1,020,000	\$ 12,970,000
TRS net pension liability*	5,137,880	101,722	1,299,694	3,939,908
IMRF net pension liability*	3,197,555	7,223,154	5,157,879	5,262,830
Capital leases	353,962	6,472	194,630	165,804
Compensated absences	<u>76,998</u>	<u>115,263</u>	<u>110,118</u>	<u>82,143</u>
Total long-term liabilities - governmental activities	<u>\$ 22,756,395</u>	<u>\$ 7,446,611</u>	<u>\$ 7,782,321</u>	<u>\$ 22,420,685</u>

* The beginning balance as of July 1, 2014 is restated due to the implementation of GASB 68 and GASB 71 (Note O).

Due within one year

General obligation bonds	\$	1,040,000
Capital leases		<u>160,348</u>
	\$	<u><u>1,200,348</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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%	\$ 7,975,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	4,995,000
		\$ 12,970,000

At June 30, 2015, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,040,000	\$ 447,750	\$ 1,487,750
2017	1,060,000	413,335	1,473,335
2018	1,100,000	374,222	1,474,222
2019	1,150,000	331,403	1,481,403
2020	1,210,000	283,890	1,493,890
2021-2025	7,060,000	645,510	7,705,510
2026	350,000	5,250	355,250
Total	\$ 12,970,000	\$ 2,501,360	\$ 15,471,360

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 \$709,230 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, 2015, the statutory debt limit for the District was \$158,163,005, of which \$145,027,201 is fully available.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE F - LONG-TERM LIABILITIES (Continued)

3. Capital Leases

The District has entered into various capital lease agreements for copiers. The leases expire at various dates through November 2017 and require monthly / annual payments of principal and interest ranging from approximately \$2,600 to \$149,700. The obligations are repaid from the Debt Service Fund, with funding provided by transfers from the General (Educational) Fund. The future cash flow requirements for these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 162,405	\$ 4,907	\$ 167,312
2017	2,335	300	2,635
2018	1,064	34	1,098
Total	\$ <u>165,804</u>	\$ <u>5,241</u>	\$ <u>171,045</u>

The gross amount of capital assets recorded under capital leases for equipment purchased is \$841,303.

NOTE G - INTERFUND TRANSACTIONS

1. Interfund Loans

Interfund loans arise when interfund receivables and payables exist which management intends to reimburse within a period of one year. During fiscal 2015, the General (Working Cash account) Fund loaned the Transportation Fund \$300,000 to fund cash deficits. The District intends to repay the loan with an increase in property taxes in the Transportation Fund.

2. Interfund Transfers

The District transferred \$10,213 to the Operations and Maintenance Fund from the General (Working Cash account) Fund at June 30, 2015. Amount transferred represents interest earned on investments.

The District transferred \$421,025 to the Capital Projects Fund from the Operations and Maintenance Fund at June 30, 2015. Amount transferred is to be used for funding capital projects.

The District transferred \$206,724 to the Debt Service Fund from the General (Educational account) Fund at June 30, 2015. Amount transferred to be used for principal and interest payments on capital leases.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$433,363. 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>2015</u>	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ 377,912	\$ 361,762
Incurred claims (including IBNRs)	6,931,751	6,134,674
Claim payments	<u>(6,876,300)</u>	<u>(6,118,524)</u>
Unpaid claims, end of fiscal year	<u>\$ 433,363</u>	<u>\$ 377,912</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - PENSION LIABILITIES

1. Teachers' Retirement 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.

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, 2015

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement 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, 2015, 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, 2015, 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 \$15,090,450 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, 2015, were \$174,790, and are deferred because they were paid after the June 30, 2014 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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$165,379 were paid from federal and special trust funds that required employer contributions of \$54,575. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement 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, 2015, the District paid \$257,646 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, 2015, the District paid \$11,995 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, 2015, 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	\$ 3,939,908
State's proportionate share of the net pension liability associated with the District	<u>187,434,288</u>
Total	<u>\$ 191,374,196</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. 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, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the District's proportion was 0.0064739066 percent.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the District's proportion was 0.0082010374 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$15,401,426 and revenue of \$15,090,450 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,081	\$ -
Net difference between projected and actual earnings on pension plan investments	-	198,010
Changes in proportion and differences between District contributions and proportionate share of contributions	-	870,698
Total deferred amounts to be recognized in pension expense in the future periods	2,081	1,068,708
District contributions subsequent to the measurement date	229,365	-
Total deferred amounts related to pensions	\$ 231,446	\$ 1,068,708

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 \$229,365 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, 2016. 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>	<u>Net Deferred Amounts</u>
2016	\$ 260,332
2017	260,332
2018	260,332
2019	260,332
2020	25,299
Thereafter	-
Total	<u>\$ 1,066,627</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. 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. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18 %	8.23 %
Global equity (excluding U.S.)	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.96
Private equity	14	13.03
Total	100 %	

Discount Rate

The discount rate used to measure the total pension liability was 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.

Based on those assumptions, TRS's fiduciary net position was 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. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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)

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current</u> <u>Discount</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
District's proportionate share of the net pension liability	\$ 4,865,593	\$ 3,939,908	\$ 3,173,335

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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 administer of a 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	279
Inactive plan members entitled to but not yet receiving benefits	529
Active plan members	235
	<hr/>
Total	1,043
	<hr/> <hr/>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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 2014 was 13.70%. For the fiscal year ended June 30, 2015 the District contributed \$280,206 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, 2014. 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, 2014:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	3.50%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
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, 2015

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (continued)

Mortality

For non-disabled retirees, 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 table was used with fully generational projections 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%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

A Single Discount Rate of 7.47% 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 3.56%, and the resulting single discount rate is 7.47%.

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, 2014:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 37,561,016	\$ 34,363,461	\$ 3,197,555
Changes for the year:			
Service cost	830,709	-	830,709
Interest on the total pension liability	2,779,385	-	2,779,385
Difference between expected and actual experience of the total pension liability	150,038	-	150,038
Changes of assumptions	1,726,170	-	1,726,170
Contributions - Employer	-	887,996	(887,996)
Contributions - Employees	-	363,996	(363,996)
Net Investment Income	-	2,081,383	(2,081,383)
Benefit payments, including refunds of employee contributions	(1,736,852)	(1,736,852)	-
Other (net transfer)	-	87,652	(87,652)
Net changes	3,749,450	1,684,175	2,065,275
Balances at December 31, 2014	\$ 41,310,466	\$ 36,047,636	\$ 5,262,830

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 7.47%, 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:

	<u>1% Lower (6.47%)</u>	<u>Current Discount Rate (7.47%)</u>	<u>1% Higher (8.47%)</u>
Net pension liability	\$ <u>10,144,475</u>	\$ <u>5,262,830</u>	\$ <u>1,184,255</u>

For the year ended June 30, 2015, the District recognized pension expense of \$1,715,069. At June 30, 2015, the District reported deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	
Differences between expected and actual experience	\$ 68,247
Change of assumptions	785,170
Net difference between projected and actual earnings on pension plan investments	<u>384,785</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>1,238,202</u>
<i>Pension contributions made subsequent to the measurement date - to be recognized as a reduction of net pension liability in fiscal year 2016.</i>	<u>479,608</u>
Total deferred amounts related to pensions	<u>\$ 1,717,810</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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
2016	\$ 949,613
2017	96,196
2018	96,196
2019	96,197
2020	-
Thereafter	-
Total	<u>\$ 1,238,202</u>

3. Social Security/Medicare

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

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 postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plan.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$307,389 and the District recognized revenue and expenditures of this amount during the year.

District Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District's THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$229,035 to the THIS Fund, which is 100 percent of the required contribution.

Further Information on the THIS Fund

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2015 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>

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 2015, total retiree postemployment contributions were \$178,748.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

	<u>June 30,</u> <u>2015</u>
Annual required contribution	\$ 177,913
Interest on net OPEB obligation	(21,513)
Adjustment to annual required contribution	<u>17,927</u>
Annual OPEB cost	174,327
Contributions made	<u>(178,748)</u>
Increase in net OPEB asset	(4,421)
Net OPEB asset beginning of year	<u>(537,817)</u>
Net OPEB asset end of year	<u><u>\$ (542,238)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>		<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>		<u>Net OPEB</u> <u>Asset</u>
6/30/15	\$	174,327	102.5%	\$	(542,238)
6/30/14*		377,012	153.6%		(537,817)
6/30/13		488,481	102.2%		(335,854)

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Contribution rates:

District	Not Applicable
Plan members	0.00%

Actuarial valuation date July 1, 2014

Actuarial cost method Entry age normal

Amortization period Level percentage of pay, open

Remaining amortization period 30 years

Asset valuation method Market

Actuarial assumptions:

Investment rate of return 4.00%

Projected salary increases 4.00%

Healthcare inflation rate Administrators Explicit Benefit and All Implicit Benefits only: 6.50% initial, 5.00% ultimate (0.17% reduction per year)

Mortality, Turnover, Disability, Retirement ages Similar rates utilized for IMRF

Percentage of active employees assumed to elect benefit Teachers and administrators: 100%
All others: 20%

Assumed Coverage Elections 50% Single Coverage, 50% Single plus Spouse:
Admin to 65: Single \$761/mo; Single plus Spouse \$1,836/mo
Other to 65: Single \$571/mo; Single plus Spouse \$1,571/mo

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE K - JOINT AGREEMENT

The District is a member of the School Association for Special Education in DuPage County (SASED), a joint agreement that provides certain special education services to residents of many school districts. The District believes that, because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these should not be included as component units of the District.

NOTE L - CONTINGENCIES

1. Litigation

The District is a defendant in various 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 - COMMITMENTS

The District has certain commitments in various funds for construction projects and other commitments which have been approved by the Board of Education at June 30, 2015. Commitments approximate \$138,000 at June 30, 2015.

NOTE N - DEFICIT FUND BALANCE

At June 30, 2015, the following fund has a deficit fund balance.

<u>Fund</u>	<u>Deficit</u>
Transportation \$	113,442

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE O - RESTATEMENT

The implementation of GASB 68 and GASB 71 (Note A-2) required a net pension liability (asset) for IMRF and TRS to be recorded. As a result of this implementation, net position as of July 1, 2014 decreased by \$7,560,876, net pension liability (included in long-term liabilities) increased by \$8,312,592, and deferred outflows increased by \$751,716.

NOTE P - SUBSEQUENT EVENT

Management has evaluated subsequent events through October 15, 2015 the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of net position/ balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58
 SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 MOST RECENT CALENDAR YEAR
 Illinois Municipal Retirement Fund
June 30, 2015

Calendar year ended December 31,	<u>2014</u>
Total pension liability	
Service cost	\$ 830,709
Interest on the total pension liability	2,779,385
Difference between expected and actual experience of the total pension liability	150,038
Assumption changes	1,726,170
Benefit payments and refunds	<u>(1,736,852)</u>
Net change in total pension liability	3,749,450
Total pension liability, beginning	37,561,016
Total pension liability, ending	<u><u>\$ 41,310,466</u></u>
Plan fiduciary net position	
Contributions, employer	\$ 887,996
Contributions, employee	363,996
Net investment income	2,081,383
Benefit payments, including refunds of employee contributions	(1,736,852)
Other (net transfer)	<u>87,652</u>
Net change in plan fiduciary net position	1,684,175
Plan fiduciary net position, beginning	<u>34,363,461</u>
Plan fiduciary net position, ending	<u><u>\$ 36,047,636</u></u>
Net pension liability	<u><u>\$ 5,262,830</u></u>
Plan fiduciary net position as a percentage of the total pension liability	87.26 %
Covered Valuation Payroll	\$ 6,788,974
Net pension liability as a percentage of covered valuation payroll	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

SCHEDULE OF CONTRIBUTIONS

Illinois Municipal Retirement Fund

June 30, 2015

<u>Calendar Year</u> Ending December 31,	<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>
2014	\$ 887,997	* \$ 887,996	\$ 1	\$ 6,788,974	13.08 %

* Estimated based on contribution rate of 13.08% and covered valuation payroll of \$6,788,974

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 THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
June 30, 2015

	2014	
District's proportion of the net pension liability (asset)	0.0064739066	%
District's proportionate share of the net pension liability (asset)	\$ 3,939,908	
State's proportionate share of the net pension liability (asset) associated with the District	187,434,288	
Total	\$ 191,374,196	
District's covered-employee payroll	\$ 30,291,184	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.130067811	%
Plan fiduciary net position as a percentage of the total pension liability		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
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
June 30, 2015

	<u>2014</u>
Contractually required contribution	\$ <u>223,244</u>
Contributions in relation to the contractually required contribution	<u>230,986</u>
Contribution deficiency (excess)	\$ <u>(7,742)</u>
District's covered-employee payroll	\$ 30,291,184
Contributions as a percentage of covered-employee payroll	0.762551903 %

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, 2015

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)
6/30/15*	\$ NA	\$ 2,233,279	NA	% \$ 2,233,279	\$ NA	NA %
6/30/14** *	NA	4,875,419	NA	4,875,419	NA	NA
6/30/13	NA	4,875,419	NA	4,875,419	NA	NA

NA - not available

* Significant decrease in the actuarial accrued liability due to a 74.2% decrease in the number of retirees receiving benefits and changes to various assumptions. See Note J in the notes to the financial statements for a summary of number of participants and significant assumptions used.

** 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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$42,355,000	\$42,306,046	\$ (48,954)	\$41,672,859
Corporate personal property replacement taxes	750,000	753,816	3,816	697,616
Regular tuition from pupils or parents	170,000	174,270	4,270	129,392
Summer school tuition from pupils or parents	50,000	42,500	(7,500)	39,188
Special education tuition from other districts	35,000	34,959	(41)	73,494
Interest on investments	56,200	23,724	(32,476)	26,310
Sales to pupils - lunch	320,000	272,781	(47,219)	294,077
Other district/school activity revenue	80,000	84,790	4,790	34,745
Rentals - regular textbook	600,000	530,821	(69,179)	175,672
Local fees	30,000	41,491	11,491	10,626
Other	<u>277,000</u>	<u>299,146</u>	<u>22,146</u>	<u>91,182</u>
Total local sources	<u>44,723,200</u>	<u>44,564,344</u>	<u>(158,856)</u>	<u>43,245,161</u>
State sources				
General State Aid	1,300,000	1,294,763	(5,237)	1,312,171
Special Education - Private Facility Tuition	700,000	582,176	(117,824)	549,394
Special Education - Extraordinary	800,000	584,686	(215,314)	592,848
Special Education - Personnel	1,000,000	891,887	(108,113)	928,819
Special Education - Orphanage - Individual	35,000	6,443	(28,557)	25,295
Special Education -				
Special Education - Orphanage - Summer Individual	-	-	-	505
Special Education - Summer School	4,000	2,706	(1,294)	3,606
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	30,000	30,605	605	34,804
State Free Lunch and Breakfast	3,000	1,752	(1,248)	2,872
Early Childhood - Block Grant	120,000	108,303	(11,697)	106,983
Other state sources	<u>-</u>	<u>79,389</u>	<u>79,389</u>	<u>-</u>
Total state sources	<u>3,992,000</u>	<u>3,582,710</u>	<u>(409,290)</u>	<u>3,557,297</u>

(Continued)

Federal sources

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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
National School Lunch Program	\$ 75,000	\$ 107,565	\$ 32,565	\$ 112,371
Special Milk Program	30,000	45,798	15,798	44,194
Title I - Low Income	300,000	318,908	18,908	247,344
Federal - Special Education - Pre-School Flow Through	-	27,813	27,813	35,384
Federal - Special Education - I.D.E.A. - Flow Through	1,200,000	1,155,023	(44,977)	1,000,832
Federal - Special Education - I.D.E.A. - Room and Board	20,000	25,080	5,080	-
Title II - Teacher Quality	120,000	96,324	(23,676)	115,101
Medicaid Matching Funds - Administrative Outreach	200,000	59,860	(140,140)	53,883
Medicaid Matching Funds - Fee-For-Service-Program	-	178,434	178,434	128,058
	1,945,000	2,014,805	69,805	1,737,167
Total federal sources				
	50,660,200	50,161,859	(498,341)	48,539,625
Expenditures				
Instruction				
Regular programs				
Salaries	19,114,400	18,814,590	299,810	19,055,629
Employee benefits	2,989,750	2,961,912	27,838	2,976,500
Purchased services	84,400	72,737	11,663	70,377
Supplies and materials	808,650	687,326	121,324	729,295
Capital outlay	8,550	7,399	1,151	4,268
Other objects	93,850	115,833	(21,983)	132,417
	23,099,600	22,659,797	439,803	22,968,486
Total				

(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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Special education programs				
Salaries	\$ 5,503,500	\$ 4,802,707	\$ 700,793	\$ 5,147,074
Employee benefits	758,100	620,643	137,457	727,902
Purchased services	61,500	28,702	32,798	33,542
Supplies and materials	90,700	77,678	13,022	51,632
Capital outlay	2,000	-	2,000	-
Other objects	<u>900,000</u>	<u>1,421,142</u>	<u>(521,142)</u>	<u>1,055,696</u>
Total	<u>7,315,800</u>	<u>6,950,872</u>	<u>364,928</u>	<u>7,015,846</u>
Remedial and Supplemental programs K-12				
Salaries	-	179,810	(179,810)	118,342
Purchased services	-	88,556	(88,556)	105,193
Supplies and materials	<u>-</u>	<u>25,449</u>	<u>(25,449)</u>	<u>9,773</u>
Total	<u>-</u>	<u>293,815</u>	<u>(293,815)</u>	<u>233,308</u>
Interscholastic programs				
Salaries	114,000	92,959	21,041	105,392
Employee benefits	300	509	(209)	549
Purchased services	3,500	6,325	(2,825)	6,265
Supplies and materials	<u>-</u>	<u>6,759</u>	<u>(6,759)</u>	<u>7,645</u>
Total	<u>117,800</u>	<u>106,552</u>	<u>11,248</u>	<u>119,851</u>
Summer school programs				
Salaries	69,000	64,971	4,029	49,191
Employee benefits	800	857	(57)	409
Supplies and materials	5,000	619	4,381	982
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>75,800</u>	<u>66,447</u>	<u>9,353</u>	<u>50,582</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, 2015

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

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Gifted programs				
Salaries	\$ 150,750	\$ 80,776	\$ 69,974	\$ 189,947
Employee benefits	10,200	546	9,654	8,841
Purchased services	1,500	-	1,500	240
Supplies and materials	4,000	1,592	2,408	3,863
Capital outlay	1,000	-	1,000	-
Total	<u>167,450</u>	<u>82,914</u>	<u>84,536</u>	<u>202,891</u>
Bilingual programs				
Salaries	518,000	487,613	30,387	461,603
Employee benefits	68,000	67,817	183	74,442
Purchased services	1,500	2,861	(1,361)	1,796
Supplies and materials	15,000	3,649	11,351	15,778
Capital outlay	6,000	-	6,000	-
Total	<u>608,500</u>	<u>561,940</u>	<u>46,560</u>	<u>553,619</u>
Total instruction	<u>31,384,950</u>	<u>30,722,337</u>	<u>662,613</u>	<u>31,144,583</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	785,000	737,387	47,613	797,604
Employee benefits	126,200	106,778	19,422	124,704
Purchased services	500	-	500	-
Supplies and materials	1,950	1,570	380	1,299
Total	<u>913,650</u>	<u>845,735</u>	<u>67,915</u>	<u>923,607</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, 2015

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

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Guidance services				
Salaries	\$ 340,000	\$ 338,231	\$ 1,769	\$ 325,938
Employee benefits	52,800	52,814	(14)	51,844
Supplies and materials	<u>100</u>	<u>274</u>	<u>(174)</u>	<u>49</u>
Total	<u>392,900</u>	<u>391,319</u>	<u>1,581</u>	<u>377,831</u>
Health services				
Salaries	350,000	344,385	5,615	332,711
Employee benefits	59,500	44,867	14,633	45,161
Purchased services	1,500	3,918	(2,418)	860
Supplies and materials	<u>169,350</u>	<u>181,716</u>	<u>(12,366)</u>	<u>144,588</u>
Total	<u>580,350</u>	<u>574,886</u>	<u>5,464</u>	<u>523,320</u>
Psychological services				
Salaries	450,000	451,718	(1,718)	431,931
Employee benefits	64,800	75,240	(10,440)	72,310
Purchased services	2,000	33	1,967	-
Supplies and materials	<u>2,500</u>	<u>2,329</u>	<u>171</u>	<u>2,686</u>
Total	<u>519,300</u>	<u>529,320</u>	<u>(10,020)</u>	<u>506,927</u>
Speech pathology and audiology services				
Salaries	810,000	874,297	(64,297)	903,402
Employee benefits	124,200	117,979	6,221	118,446
Purchased services	150	28	122	79
Supplies and materials	<u>1,950</u>	<u>1,693</u>	<u>257</u>	<u>1,011</u>
Total	<u>936,300</u>	<u>993,997</u>	<u>(57,697)</u>	<u>1,022,938</u>
Total pupils	<u>3,342,500</u>	<u>3,335,257</u>	<u>7,243</u>	<u>3,354,623</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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Instructional staff				
Improvement of instruction services				
Salaries	\$ 1,385,200	\$ 1,613,644	\$ (228,444)	\$ 1,411,481
Employee benefits	186,250	167,693	18,557	163,223
Purchased services	58,000	54,792	3,208	76,995
Supplies and materials	<u>80,000</u>	<u>20,300</u>	<u>59,700</u>	<u>23,071</u>
Total	<u>1,709,450</u>	<u>1,856,429</u>	<u>(146,979)</u>	<u>1,674,770</u>
Educational media services				
Salaries	1,977,000	2,058,127	(81,127)	1,942,547
Employee benefits	353,700	346,515	7,185	316,841
Purchased services	415,500	429,518	(14,018)	488,143
Supplies and materials	1,121,950	900,924	221,026	952,941
Capital outlay	130,000	13,976	116,024	29,121
Other objects	<u>18,500</u>	<u>-</u>	<u>18,500</u>	<u>10,100</u>
Total	<u>4,016,650</u>	<u>3,749,060</u>	<u>267,590</u>	<u>3,739,693</u>
Assessment and testing				
Purchased services	<u>105,000</u>	<u>65,200</u>	<u>39,800</u>	<u>87,382</u>
Total	<u>105,000</u>	<u>65,200</u>	<u>39,800</u>	<u>87,382</u>
Total instructional staff	<u>5,831,100</u>	<u>5,670,689</u>	<u>160,411</u>	<u>5,501,845</u>
General administration				
Board of education services				
Salaries	14,000	15,575	(1,575)	14,695
Purchased services	<u>640,100</u>	<u>445,827</u>	<u>194,273</u>	<u>558,308</u>
Total	<u>654,100</u>	<u>461,402</u>	<u>192,698</u>	<u>573,003</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, 2015

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

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Executive administration services				
Salaries	\$ 566,500	\$ 588,029	\$ (21,529)	\$ 646,923
Employee benefits	216,400	261,790	(45,390)	282,215
Purchased services	61,000	30,012	30,988	50,078
Supplies and materials	23,500	11,274	12,226	20,135
Other objects	5,000	2,738	2,262	3,357
Total	<u>872,400</u>	<u>893,843</u>	<u>(21,443)</u>	<u>1,002,708</u>
Total general administration	<u>1,526,500</u>	<u>1,355,245</u>	<u>171,255</u>	<u>1,575,711</u>
School administration				
Office of the principal services				
Salaries	2,510,000	2,414,485	95,515	2,441,509
Employee benefits	807,500	750,701	56,799	801,743
Purchased services	241,250	84,729	156,521	457,020
Capital outlay	-	-	-	1,685
Total	<u>3,558,750</u>	<u>3,249,915</u>	<u>308,835</u>	<u>3,701,957</u>
Total school administration	<u>3,558,750</u>	<u>3,249,915</u>	<u>308,835</u>	<u>3,701,957</u>
Business				
Direction of business support services				
Salaries	154,000	157,981	(3,981)	153,525
Employee benefits	8,300	8,332	(32)	9,140
Purchased services	105,800	69,960	35,840	72,145
Supplies and materials	70,000	103,326	(33,326)	-
Total	<u>338,100</u>	<u>339,599</u>	<u>(1,499)</u>	<u>234,810</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, 2015

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

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Fiscal services				
Salaries	\$ 134,000	\$ 132,984	\$ 1,016	\$ 125,398
Employee benefits	29,100	27,193	1,907	35,936
Purchased services	<u>15,500</u>	<u>30,235</u>	<u>(14,735)</u>	<u>6,622</u>
Total	<u>178,600</u>	<u>190,412</u>	<u>(11,812)</u>	<u>167,956</u>
Operation and maintenance of Operation and maintenance of plant services				
Purchased services	<u>15,000</u>	<u>14,684</u>	<u>316</u>	<u>11,593</u>
Total	<u>15,000</u>	<u>14,684</u>	<u>316</u>	<u>11,593</u>
Food services				
Salaries	36,000	38,304	(2,304)	36,320
Purchased services	437,000	418,714	18,286	455,600
Supplies and materials	1,500	1,663	(163)	1,357
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>479,500</u>	<u>458,681</u>	<u>20,819</u>	<u>493,277</u>
Internal services				
Salaries	99,000	105,943	(6,943)	99,947
Employee benefits	23,450	20,298	3,152	28,345
Purchased services	<u>750</u>	<u>139</u>	<u>611</u>	<u>105</u>
Total	<u>123,200</u>	<u>126,380</u>	<u>(3,180)</u>	<u>128,397</u>
Total business	<u>1,134,400</u>	<u>1,129,756</u>	<u>4,644</u>	<u>1,036,033</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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Central				
Direction of central support services				
Salaries	\$ 170,000	\$ 179,395	\$ (9,395)	\$ 173,800
Employee benefits	69,050	57,478	11,572	72,894
Purchased services	<u>2,500</u>	<u>1,610</u>	<u>890</u>	<u>2,000</u>
Total	<u>241,550</u>	<u>238,483</u>	<u>3,067</u>	<u>248,694</u>
Information services				
Salaries	40,000	47,250	(7,250)	71,014
Employee benefits	17,600	22,159	(4,559)	22,193
Purchased services	<u>65,000</u>	<u>27,707</u>	<u>37,293</u>	<u>56,810</u>
Total	<u>122,600</u>	<u>97,116</u>	<u>25,484</u>	<u>150,017</u>
Staff services				
Salaries	74,500	43,719	30,781	93,226
Employee benefits	32,500	7,906	24,594	22,679
Purchased services	14,000	16,763	(2,763)	9,070
Supplies and materials	<u>5,000</u>	<u>2,782</u>	<u>2,218</u>	<u>654</u>
Total	<u>126,000</u>	<u>71,170</u>	<u>54,830</u>	<u>125,629</u>
Total central	<u>490,150</u>	<u>406,769</u>	<u>83,381</u>	<u>524,340</u>
Other supporting services				
Employee benefits	<u>531,500</u>	<u>570,050</u>	<u>(38,550)</u>	<u>357,623</u>
Total	<u>531,500</u>	<u>570,050</u>	<u>(38,550)</u>	<u>357,623</u>
Total support services	<u>16,414,900</u>	<u>15,717,681</u>	<u>697,219</u>	<u>16,052,132</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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Payments for special education programs				
Other objects	\$ 2,800,000	\$ 3,096,247	\$ (296,247)	\$ 2,897,050
Total	<u>2,800,000</u>	<u>3,096,247</u>	<u>(296,247)</u>	<u>2,897,050</u>
Total payments to other districts and other government units	<u>2,800,000</u>	<u>3,096,247</u>	<u>(296,247)</u>	<u>2,897,050</u>
Total expenditures	<u>50,599,850</u>	<u>49,536,265</u>	<u>1,063,585</u>	<u>50,093,765</u>
Excess (deficiency) of revenues over expenditures	<u>60,350</u>	<u>625,594</u>	<u>565,244</u>	<u>(1,554,140)</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	-	-	(1,500,000)
Permanent transfer from Working Cash Fund - interest	(20,000)	(10,213)	9,787	(18,235)
Permanent transfer - out	-	-	-	(100,000)
Proceeds from capital leases	-	6,472	6,472	480,621
Transfer to Debt Service Fund for principal on capital leases	-	(194,630)	(194,630)	(280,770)
Transfer to Debt Service Fund for interest on capital leases	-	(12,094)	(12,094)	(8,492)
Total other financing sources (uses)	<u>(20,000)</u>	<u>(210,465)</u>	<u>(190,465)</u>	<u>(1,426,876)</u>
Net change to fund balance	<u>\$ 40,350</u>	415,129	<u>\$ 374,779</u>	(2,981,016)
Fund balance, beginning of year		<u>20,322,877</u>		<u>23,303,893</u>
Fund balance, end of year		<u>\$ 20,738,006</u>		<u>\$ 20,322,877</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 4,301,000	\$ 4,273,885	\$ (27,115)	\$ 4,248,123
Corporate personal property replacement taxes	100,000	111,383	11,383	105,672
Interest on investments	7,000	3,111	(3,889)	2,698
Rentals	170,000	196,857	26,857	181,376
Contributions and donations from private sources	10,000	17,999	7,999	16,263
Other	<u>15,000</u>	<u>22,000</u>	<u>7,000</u>	<u>17,115</u>
Total local sources	<u>4,603,000</u>	<u>4,625,235</u>	<u>22,235</u>	<u>4,571,247</u>
State sources				
General State Aid - Hold Harmless/Supplemental	50,000	-	(50,000)	-
Other Unrestricted Grants-In-Aid from State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total state sources	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>100,000</u>
Total revenues	<u>4,653,000</u>	<u>4,625,235</u>	<u>(27,765)</u>	<u>4,671,247</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	60,000	31,420	28,580	9,794
Capital outlay	<u>80,000</u>	<u>47,162</u>	<u>32,838</u>	<u>44,152</u>
Total	<u>140,000</u>	<u>78,582</u>	<u>61,418</u>	<u>53,946</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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Operation and maintenance of plant services				
Salaries	\$ 2,285,000	\$ 2,265,078	\$ 19,922	\$ 2,341,942
Employee benefits	491,300	461,468	29,832	511,210
Purchased services	621,500	528,412	93,088	692,901
Supplies and materials	1,010,000	777,752	232,248	995,519
Capital outlay	10,000	-	10,000	18,835
Total	4,417,800	4,032,710	385,090	4,560,407
Total business	4,557,800	4,111,292	446,508	4,614,353
Total support services	4,557,800	4,111,292	446,508	4,614,353
Total expenditures	4,557,800	4,111,292	446,508	4,614,353
Excess of revenues over expenditures	95,200	513,943	418,743	56,894
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	-	-	1,500,000
Permanent transfer from Working Cash Fund - interest	20,000	10,213	(9,787)	18,235
Permanent transfer from General Fund	-	-	-	100,000
Transfer to Capital Projects Fund	(300,000)	(421,025)	(121,025)	(2,089,340)
Total other financing	(280,000)	(410,812)	(130,812)	(471,105)
Net change in fund balance	\$ (184,800)	103,131	\$ (287,931)	(414,211)
Fund balance, beginning of year		2,170,540		2,584,751
Fund balance, end of year		\$ 2,273,671		\$ 2,170,540

(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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 2,150,500	\$ 2,195,104	\$ 44,604	\$ 2,024,139
Regular transportation fees from pupils or parents	30,000	46,596	16,596	27
Interest on investments	1,200	834	(366)	558
Other	-	15,513	15,513	4,877
Total local sources	<u>2,181,700</u>	<u>2,258,047</u>	<u>76,347</u>	<u>2,029,601</u>
State sources				
Transportation - Regular/Vocational	100,000	-	(100,000)	27,172
Transportation - Special Education	750,000	937,677	187,677	536,637
Total state sources	<u>850,000</u>	<u>937,677</u>	<u>87,677</u>	<u>563,809</u>
Total revenues	<u>3,031,700</u>	<u>3,195,724</u>	<u>164,024</u>	<u>2,593,410</u>
Expenditures				
Support services				
Pupils				
Other support services				
Purchased services	-	19,510	(19,510)	-
Total	<u>-</u>	<u>19,510</u>	<u>(19,510)</u>	<u>-</u>
Business				
Pupil transportation services				
Purchased services	2,947,000	3,078,158	(131,158)	3,112,689
Total	<u>2,947,000</u>	<u>3,078,158</u>	<u>(131,158)</u>	<u>3,112,689</u>
Total support services	<u>2,947,000</u>	<u>3,097,668</u>	<u>(150,668)</u>	<u>3,112,689</u>

(Continued)

Downers Grove Grade School District No. 58

Transportation Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL

For the Year Ended June 30, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Other payments to in-state governmental units				
Other objects	\$ -	\$ 14,787	\$ (14,787)	\$ -
Total	-	14,787	(14,787)	-
Total nonprogrammed charges	-	14,787	(14,787)	-
Total expenditures	2,947,000	3,112,455	(165,455)	3,112,689
Excess (deficiency) of revenues over expenditures	84,700	83,269	(1,431)	(519,279)
Net change in fund balance	\$ 84,700	83,269	\$ (1,431)	(519,279)
Fund balance (deficit), beginning of year		(196,711)		322,568
Fund deficit, end of year		\$ (113,442)		\$ (196,711)

(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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,025,000	\$ 1,023,715	\$ (1,285)	\$ 554,965
Social security/Medicare only levy	1,055,000	1,047,483	(7,517)	1,371,686
Corporate personal property replacement taxes	17,000	17,161	161	17,161
Interest on investments	<u>2,500</u>	<u>806</u>	<u>(1,694)</u>	<u>709</u>
Total local sources	<u>2,099,500</u>	<u>2,089,165</u>	<u>(10,335)</u>	<u>1,944,521</u>
Total revenues	<u>2,099,500</u>	<u>2,089,165</u>	<u>(10,335)</u>	<u>1,944,521</u>
Expenditures				
Instruction				
Regular programs	383,250	317,621	65,629	344,020
Pre-K programs	-	80	(80)	44
Special education programs	445,700	367,513	78,187	410,215
Special education programs pre-K	-	7,165	(7,165)	8,072
Remedial and supplemental programs K-12	-	36,800	(36,800)	22,597
Summer school programs	6,200	5,314	886	4,015
Gifted programs	3,100	1,171	1,929	2,831
Bilingual programs	<u>6,200</u>	<u>6,791</u>	<u>(591)</u>	<u>6,094</u>
Total instruction	<u>844,450</u>	<u>742,455</u>	<u>101,995</u>	<u>797,888</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 12,000	\$ 11,053	\$ 947	\$ 11,612
Guidance services	5,000	4,760	240	4,586
Health services	9,700	5,607	4,093	12,261
Psychological services	6,000	6,392	(392)	6,131
Speech pathology and audiology services	<u>13,000</u>	<u>12,425</u>	<u>575</u>	<u>12,829</u>
Total pupils	<u>45,700</u>	<u>40,237</u>	<u>5,463</u>	<u>47,419</u>
Instructional staff				
Improvement of instruction services	-	109,684	(109,684)	105,704
Educational media services	<u>271,100</u>	<u>166,270</u>	<u>104,830</u>	<u>164,903</u>
Total instructional staff	<u>271,100</u>	<u>275,954</u>	<u>(4,854)</u>	<u>270,607</u>
General administration				
Board of education services	3,350	3,319	31	3,135
Executive administration services	17,700	19,937	(2,237)	19,025
Special area administrative services	<u>9,300</u>	<u>8,521</u>	<u>779</u>	<u>9,197</u>
Total general administration	<u>30,350</u>	<u>31,777</u>	<u>(1,427)</u>	<u>31,357</u>
School administration				
Office of the principal services	<u>157,000</u>	<u>148,155</u>	<u>8,845</u>	<u>159,293</u>
Total school administration	<u>157,000</u>	<u>148,155</u>	<u>8,845</u>	<u>159,293</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, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services	\$ 94,500	\$ 90,351	\$ 4,149	\$ 86,677
Operation and maintenance of plant services	490,000	473,011	16,989	489,425
Food services	<u>7,800</u>	<u>8,158</u>	<u>(358)</u>	<u>7,750</u>
Total business	<u>592,300</u>	<u>571,520</u>	<u>20,780</u>	<u>583,852</u>
Central				
Direction of central support services	12,000	12,462	(462)	11,975
Information services	10,000	10,071	(71)	15,164
Staff services	15,900	9,291	6,609	19,891
Data processing services	<u>2,000</u>	<u>1,411</u>	<u>589</u>	<u>956</u>
Total central	<u>39,900</u>	<u>33,235</u>	<u>6,665</u>	<u>47,986</u>
Total support services	<u>1,136,350</u>	<u>1,100,878</u>	<u>35,472</u>	<u>1,140,514</u>
Total expenditures	<u>1,980,800</u>	<u>1,843,333</u>	<u>137,467</u>	<u>1,938,402</u>
Net change in fund balance	<u>\$ 118,700</u>	245,832	<u>\$ 127,132</u>	6,119
Fund balance, beginning of year		<u>563,662</u>		<u>557,543</u>
Fund balance, end of year		<u>\$ 809,494</u>		<u>\$ 563,662</u>

(Concluded)

Downers Grove Grade School District No. 58
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) Management is authorized to transfer budget amounts, provided that funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 8, 2014.
- 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	\$ 50,161,859	\$ 49,536,265	
To adjust for on-behalf payments received	15,397,839	-	
To adjust for on-behalf payments made	-	15,397,839	
	\$ 65,559,698	\$ 64,934,104	

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

3. EXPENDITURES IN EXCESS OF BUDGETS

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

<u>Fund</u>	<u>Variance</u>
Transportation Fund	\$ 165,455
Debt Service Fund	211,236
Capital Projects Fund	522,774

4. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

5. SUMMARY OF ACUTARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2014 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, 2015

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

Methods and Assumptions Used to Determine the 2014 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 members): 29-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.
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 calculation 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.

* Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation.

SUPPLEMENTARY FINANCIAL INFORMATION

Downers Grove Grade School District No. 58

General Fund

COMBINING BALANCE SHEET

June 30, 2015

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 14,845,190	\$ 8,561,667	\$ 23,406,857
Receivables (net of allowance for uncollectibles):			
Property taxes	21,133,940	50,115	21,184,055
Replacement taxes	127,804	-	127,804
Intergovernmental	1,277,979	-	1,277,979
Loan to transportation fund	-	300,000	300,000
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 37,384,913</u>	<u>\$ 8,911,782</u>	<u>\$ 46,296,695</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 549,982	\$ -	\$ 549,982
Salaries and wages payable	3,208,890	-	3,208,890
Payroll deductions payable	795,795	-	795,795
Claims payable	433,363	-	433,363
Other current liabilities	320,194	-	320,194
Unearned school fees	525,747	-	525,747
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,833,971</u>	<u>-</u>	<u>5,833,971</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	<u>19,678,055</u>	<u>46,663</u>	<u>19,724,718</u>
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows	<u>19,678,055</u>	<u>46,663</u>	<u>19,724,718</u>
FUND BALANCES			
Assigned	1,787,071	-	1,787,071
Unassigned	<u>10,085,816</u>	<u>8,865,119</u>	<u>18,950,935</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>11,872,887</u>	<u>8,865,119</u>	<u>20,738,006</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 37,384,913</u>	<u>\$ 8,911,782</u>	<u>\$ 46,296,695</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, 2015

	<u>Educational Account</u>	<u>Working Cash Account</u>	<u>Total</u>
Revenues			
Property taxes	\$ 42,205,327	\$ 100,719	\$ 42,306,046
Replacement taxes	753,816	-	753,816
State aid	18,980,549	-	18,980,549
Federal aid	2,014,805	-	2,014,805
Interest	13,511	10,213	23,724
Other	<u>1,480,758</u>	<u>-</u>	<u>1,480,758</u>
Total revenues	<u>65,448,766</u>	<u>110,932</u>	<u>65,559,698</u>
Expenditures			
Current:			
Instruction:			
Regular programs	22,652,398	-	22,652,398
Special programs	7,244,687	-	7,244,687
Other instructional programs	817,853	-	817,853
State retirement contributions	15,397,839	-	15,397,839
Support services:			
Pupils	3,335,257	-	3,335,257
Instructional staff	5,656,713	-	5,656,713
General administration	1,355,245	-	1,355,245
School administration	3,249,915	-	3,249,915
Business	1,115,072	-	1,115,072
Operations and maintenance	14,684	-	14,684
Central	406,769	-	406,769
Other supporting services	570,050	-	570,050
Nonprogrammed charges	3,096,247	-	3,096,247
Capital outlay	<u>21,375</u>	<u>-</u>	<u>21,375</u>
Total expenditures	<u>64,934,104</u>	<u>-</u>	<u>64,934,104</u>
Excess of revenues over expenditures	<u>514,662</u>	<u>110,932</u>	<u>625,594</u>
Other financing sources (uses)			
Transfers (out)	(206,724)	(10,213)	(216,937)
Proceeds from capital leases	<u>6,472</u>	<u>-</u>	<u>6,472</u>
Total other financing	<u>(200,252)</u>	<u>(10,213)</u>	<u>(210,465)</u>
Net change in fund balance	314,410	100,719	415,129
Fund balance, beginning of year	<u>11,558,477</u>	<u>8,764,400</u>	<u>20,322,877</u>
Fund balance, end of year	<u>\$ 11,872,887</u>	<u>\$ 8,865,119</u>	<u>\$ 20,738,006</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, 2015

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

	2015			2014 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,380,500	\$ 1,439,922	\$ 59,422	\$ 1,373,906
Interest on investments	<u>1,200</u>	<u>658</u>	<u>(542)</u>	<u>554</u>
Total local sources	<u>1,381,700</u>	<u>1,440,580</u>	<u>58,880</u>	<u>1,374,460</u>
State sources				
Federal sources				
Build America Bonds Interest Reimbursement	<u>126,000</u>	<u>106,348</u>	<u>(19,652)</u>	<u>114,692</u>
Total federal sources	<u>126,000</u>	<u>106,348</u>	<u>(19,652)</u>	<u>114,692</u>
Total revenues	<u>1,507,700</u>	<u>1,546,928</u>	<u>39,228</u>	<u>1,489,152</u>
Expenditures				
Debt service				
Debt service - interest				
Bonds - interest	<u>-</u>	<u>489,724</u>	<u>(489,724)</u>	<u>507,711</u>
Total debt service - interest	<u>-</u>	<u>489,724</u>	<u>(489,724)</u>	<u>507,711</u>
Principal payments on long-term debt	<u>1,498,330</u>	<u>1,214,630</u>	<u>283,700</u>	<u>1,285,770</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, 2015

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

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Other debt service				
Other objects	\$ -	\$ 5,212	\$ (5,212)	\$ 1,524
Total	-	5,212	(5,212)	1,524
Total debt service	1,498,330	1,709,566	(211,236)	1,795,005
Total expenditures	1,498,330	1,709,566	(211,236)	1,795,005
Excess (deficiency) of revenues over expenditures	9,370	(162,638)	(172,008)	(305,853)
Other financing sources				
Transfer to pay for principal on capital leases	-	194,630	194,630	280,770
Transfer to pay for interest on capital leases	-	12,094	12,094	8,492
Total other financing sources	-	206,724	206,724	289,262
Net change in fund balance	\$ 9,370	44,086	\$ 34,716	(16,591)
Fund balance, beginning of year		665,144		681,735
Fund balance, end of year		\$ 709,230		\$ 665,144

(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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	20,000	-	20,000	65,394
Capital outlay	<u>280,000</u>	<u>822,774</u>	<u>(542,774)</u>	<u>1,622,197</u>
Total	<u>300,000</u>	<u>822,774</u>	<u>(522,774)</u>	<u>1,687,591</u>
Total support services	<u>300,000</u>	<u>822,774</u>	<u>(522,774)</u>	<u>1,687,591</u>
Total expenditures	<u>300,000</u>	<u>822,774</u>	<u>(522,774)</u>	<u>1,687,591</u>
Deficiency of revenues over expenditures	<u>(300,000)</u>	<u>(822,774)</u>	<u>(522,774)</u>	<u>(1,687,591)</u>
Other financing sources				
Permanent transfer from Operations and Maintenance Fund	<u>300,000</u>	<u>421,025</u>	<u>(121,025)</u>	<u>2,089,340</u>
Total other financing sources	<u>300,000</u>	<u>421,025</u>	<u>(121,025)</u>	<u>2,089,340</u>
Net change in fund balance	<u>\$ -</u>	<u>(401,749)</u>	<u>\$ 401,749</u>	401,749
Fund balance, beginning of year		<u>401,749</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ 401,749</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, 2015
 With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance From Final Budget	2014 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 7,500	\$ 8,848	\$ 1,348	\$ 10,555
Total local sources	<u>7,500</u>	<u>8,848</u>	<u>1,348</u>	<u>10,555</u>
Total revenues	<u>7,500</u>	<u>8,848</u>	<u>1,348</u>	<u>10,555</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	200,000	127,661	72,339	259,632
Capital outlay	<u>1,850,000</u>	<u>1,705,879</u>	<u>144,121</u>	<u>2,246,220</u>
Total	<u>2,050,000</u>	<u>1,833,540</u>	<u>216,460</u>	<u>2,505,852</u>
Total support services	<u>2,050,000</u>	<u>1,833,540</u>	<u>216,460</u>	<u>2,505,852</u>
Total expenditures	<u>2,050,000</u>	<u>1,833,540</u>	<u>216,460</u>	<u>2,505,852</u>
Deficiency of revenues over expenditures	<u>(2,042,500)</u>	<u>(1,824,692)</u>	<u>217,808</u>	<u>(2,495,297)</u>
Net change in fund balance	<u>\$ (2,042,500)</u>	(1,824,692)	<u>\$ 217,808</u>	(2,495,297)
Fund balance, beginning of year		<u>1,827,166</u>		<u>4,322,463</u>
Fund balance, end of year		<u>\$ 2,474</u>		<u>\$ 1,827,166</u>

Downers Grove Grade School District No. 58
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Assets				
Cash	\$ 138,481	\$ 516,328	\$ 518,994	\$ 135,815
Liabilities				
Due to student groups				
Belle Aire	6,738	21,673	18,114	10,297
El Sierra	6,217	22,315	21,529	7,003
Fairmount	11,929	20,381	17,997	14,313
Henry Puffer	6,922	48,994	49,281	6,635
Herrick Middle	31,941	127,014	133,767	25,188
Highland	5,662	34,094	33,930	5,826
Hillcrest	6,141	18,223	19,134	5,230
Indian Trail	10,329	37,366	36,998	10,697
Kingsley	10,183	36,394	36,350	10,227
Lester	3,271	37,471	35,652	5,090
O'Neill Middle	26,713	59,652	65,578	20,787
Pierce Downer	6,595	20,762	18,955	8,402
Whittier	5,840	31,989	31,709	6,120
	\$ 138,481	\$ 516,328	\$ 518,994	\$ 135,815

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2015

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
* General Obligation Bonds	2016	\$ 1,040,000	\$ 297,900	\$ 1,337,900
Series 2010B, due	2017	1,060,000	263,485	1,323,485
December 15, 2022	2018	1,085,000	224,598	1,309,598
	2019	1,110,000	182,602	1,292,602
	2020	1,140,000	136,740	1,276,740
	2021	1,170,000	87,353	1,257,353
	2022	1,200,000	34,905	1,234,905
	2023	170,000	3,952	173,952
		<u>7,975,000</u>	<u>1,231,535</u>	<u>9,206,535</u>
Total		\$ 7,975,000	\$ 1,231,535	\$ 9,206,535
General Obligation Bonds	2016	\$ -	\$ 149,850	\$ 149,850
Series 2013, due	2017	-	149,850	149,850
December 15, 2025	2018	15,000	149,625	164,625
	2019	40,000	148,800	188,800
	2020	70,000	147,150	217,150
	2021	100,000	144,600	244,600
	2022	140,000	141,000	281,000
	2023	1,240,000	120,300	1,360,300
	2024	1,480,000	79,500	1,559,500
	2025	1,560,000	33,900	1,593,900
	2026	350,000	5,250	355,250
		<u>4,995,000</u>	<u>1,269,825</u>	<u>6,264,825</u>
Total		\$ 4,995,000	\$ 1,269,825	\$ 6,264,825
Total general obligation bonds payable		<u>\$ 12,970,000</u>	<u>\$ 2,501,360</u>	<u>\$ 15,471,360</u>

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

Downers Grove Grade School District No. 58

OPERATING COSTS AND TUITION CHARGE

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>4,544.64</u>	<u>4,546.06</u>
Operating costs:		
Educational	\$ 49,536,265	\$ 50,093,765
Operations and Maintenance	4,111,292	4,614,353
Debt Service	1,709,566	1,795,005
Transportation	3,112,455	3,112,689
Municipal Retirement/Social Security	<u>1,843,333</u>	<u>1,938,402</u>
Subtotal	<u>60,312,911</u>	<u>61,554,214</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	7,245	8,116
Summer school	71,761	54,597
Capital outlay	68,537	98,061
Debt principal retired	1,214,630	1,285,770
Nonprogrammed charges	<u>3,111,034</u>	<u>2,897,050</u>
Subtotal	<u>4,473,207</u>	<u>4,343,594</u>
Operating costs	<u>\$ 55,839,704</u>	<u>\$ 57,210,620</u>
Operating costs per pupil - based on ADA	<u>\$ 12,287</u>	<u>\$ 12,585</u>
Tuition Charge		
Operating costs	\$ 55,839,704	\$ 57,210,620
Less - revenues from specific programs, such as special education or lunch programs	<u>6,383,997</u>	<u>5,214,950</u>
Net operating costs	49,455,707	51,995,670
Depreciation allowance	<u>1,617,402</u>	<u>1,566,010</u>
Allowance tuition costs	<u>\$ 51,073,109</u>	<u>\$ 53,561,680</u>
Tuition charge per pupil - based on ADA	<u>\$ 11,238</u>	<u>\$ 11,782</u>