

Downers Grove Grade School  
District No. 58

Annual Financial Report

Year Ended June 30, 2012

Downers Grove Grade School District No. 58  
 ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2012

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(Concluded)

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education  
Downers Grove Grade School District No. 58  
Downers Grove, Illinois

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, 2012, which collectively comprise Downers Grove Grade School District No. 58's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Downers Grove Grade School District No. 58's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2011 financial statements and, in our report dated November 8, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated October 15, 2012 on our consideration of Downers Grove Grade School District No. 58's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, the Illinois Municipal Retirement Fund historical data on page 43, the other postemployment benefits data on page 44, and the budgetary comparison schedules and notes to required supplementary information on pages 45 through 63 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downers Grove Grade School District No. 58's basic financial statements. The other schedules, listed in the table of contents as supplementary financial information and other supplementary information, 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 financial statements. The information, except for the average daily attendance figure, used in the Schedule of Operating Costs and Tuition Charge, which is unaudited, 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

MILLER, COOPER & CO., LTD.

*Miller, Cooper & Co., Ltd.*

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Certified Public Accountants

Deerfield, Illinois  
October 15, 2012

# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

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The discussion and analysis of Downers Grove Grade School District 58's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2012. 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 \$63.5 million, \$1.6 million less than the overall government-wide expenses of \$65.1 million.
- ❑ Governmental funds revenues were \$63.5 million, \$3.5 million less than overall governmental fund expenditures of \$67.0 million. The shortfall was primarily due to one-time Fire Prevention and Safety Fund expenditures for projects.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2012 was \$11,893. This is an increase of \$8.0 over fiscal year 2011.
- ❑ Total net assets on a government-wide basis were \$39.7 million. This represents a \$1.6 million, or a 3.8% decrease from fiscal year 2011.
- ❑ Primarily as a result of one-time capital expenditures for Life Safety projects, the District's financial status declined for fiscal year 2012. The aggregate fund balance dropped \$3.3 million from \$32.7 million to \$29.4 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2012, the District's outstanding long-term debt was at \$11.2 million.
- ❑ The District's Financial Profile score of 3.65 earned the designation of Recognition with ISBE.

#### 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, 2012

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year being reported. All changes in net assets 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 six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all funds.

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

# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

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

#### *Notes to the financial statements*

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

#### *Other information*

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

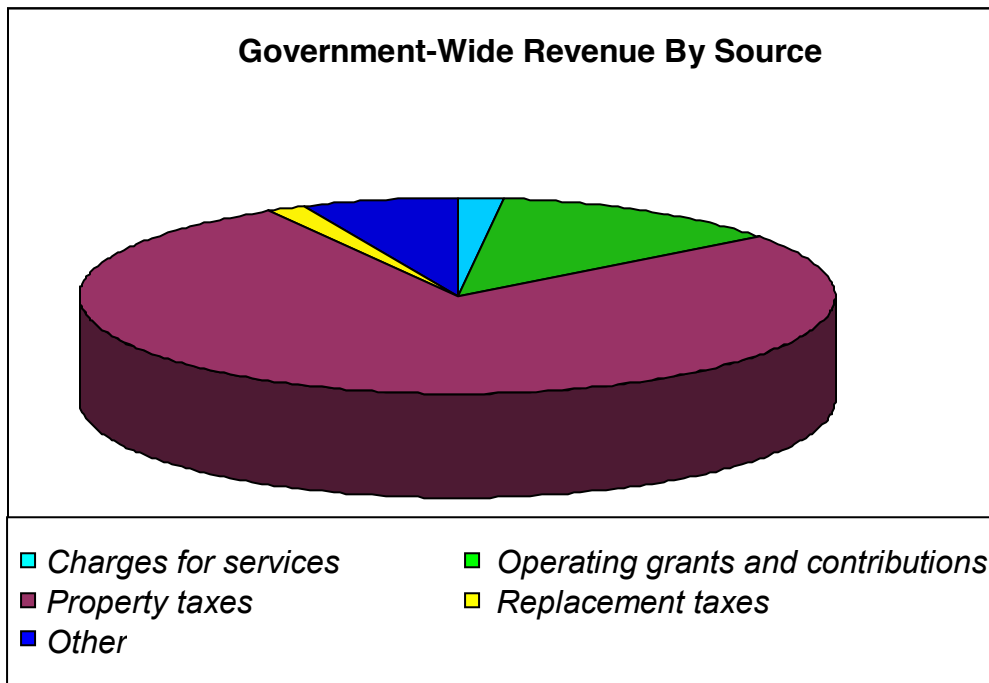
#### Government-Wide Financial Analysis

<b>Table 1</b>				
<b>Condensed Statement of Net Assets</b>				
<b>(In millions of dollars)</b>				
	<u>2011</u>	<u>2012</u>	<u>Percentage</u>	
			<u>Change</u>	
<i>Current and other assets</i>	\$ 61.7	\$ 59.9	-2.9%	
<i>Capital assets</i>	20.2	21.2	5.0%	
<i>Total assets</i>	<u>81.9</u>	<u>81.1</u>	<u>-1.0%</u>	
<i>Long-term liabilities</i>	12.0	11.2	(6.7%)	
<i>Other liabilities</i>	28.6	30.2	5.6%	
<i>Total liabilities</i>	<u>40.6</u>	<u>41.4</u>	<u>2.0%</u>	
<i>Net assets:</i>				
<i>Invested in capital assets, net of related debt</i>	12.4	12.5	0.8%	
<i>Restricted</i>	2.5	1.8	-28.0%	
<i>Unrestricted</i>	26.4	25.4	(3.8%)	
<i>Total net assets</i>	<u>\$ 41.3</u>	<u>\$ 39.7</u>	<u>(3.9%)</u>	



Downers Grove Grade School District No. 58  
**Management's Discussion and Analysis**  
 For the Year Ended June 30, 2012

<b>Table 2</b>			
<b>Changes in Net Assets</b>			
<i>(In millions of dollars)</i>			
	<u>2011</u>	<u>2012</u>	<u>Percentage of Total</u>
<b>Revenues:</b>			
<i>Program revenues:</i>			
Charges for services	\$ 1.2	\$ 1.2	1.90%
Operating grants and contributions	12.0	12.2	19.21%
<i>General revenues:</i>			
Property taxes	47.6	47.5	74.80%
Replacement taxes	0.9	0.8	1.26%
Other	1.8	1.8	2.83%
<b>Total revenues</b>	<b>63.5</b>	<b>63.5</b>	<b>100.00%</b>
<b>Expenses:</b>			
Instruction	38.1	39.9	61.29%
Support services	24.5	24.8	38.10%
Interest and fees	0.4	0.4	0.61%
<b>Total expenses</b>	<b>63.0</b>	<b>65.1</b>	<b>100.00%</b>
<b>Increase in Net Assets</b>	<b>\$ 0.5</b>	<b>\$ (1.6)</b>	

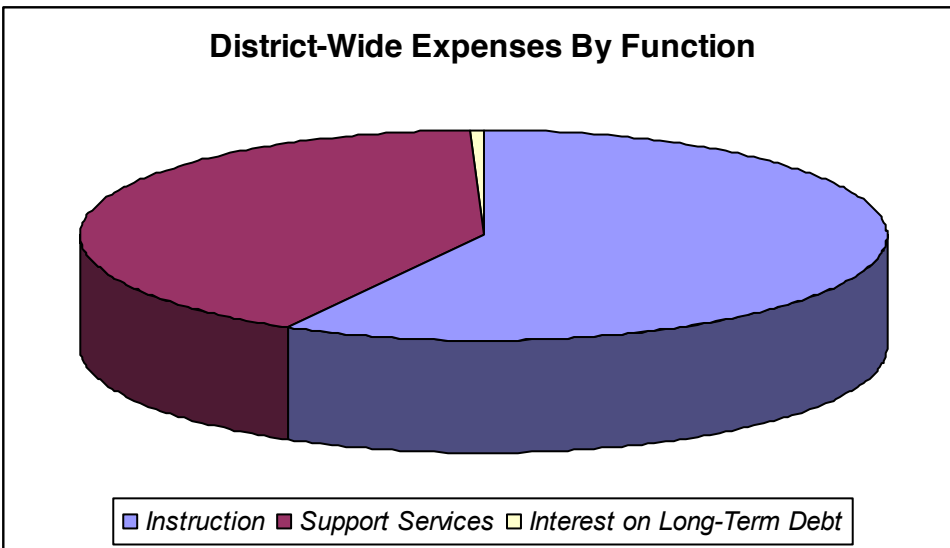


# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

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#### Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in the governmental funds statement of revenues, expenditures, and changes in fund balances on pages 16 and 17 of this report. Total revenues in the governmental funds were \$63.5 million compared to \$63.5 million in the prior year. Total expenditures in the governmental funds were \$67.0 million, compared to \$66.3 million in the prior year, an increase of \$700,000, or approximately 1.0%. Expenditures exceeded revenues by approximately \$3.5 million. The fund balances in the governmental funds decreased from \$32.7 million in the prior year to \$29.4 million as of June 30, 2012. The decrease was primarily due to the completion of one-time capital projects using Life Safety proceeds from a bond issue.

#### General (General and Working Cash) Fund Budgetary Highlights

*General Fund* (Pages 45-54): The largest revenue source in the General Fund is property taxes at 83.5% of all General Fund revenue. The total revenues in the General Fund amounted to \$47.3 million, which is equal to the prior year total. Revenues from state sources was \$3.7 million, and represented 7.8% of all revenue in the General Fund, which decreased by \$200,000 from the prior year. Federal sources of revenue (\$1.9 million) represented 4.0% of all General Fund revenue, which decreased by approximately \$200,000 from the prior year. It is clear that, in poor economic times, the District's reliance on property taxes, a historically stable source of revenue, increases significantly.

Total expenditures of \$47.6 million in the General Fund increased by 2.4% over the prior year.

# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

*Medical Insurance Balance:* At June 30, 2012, the self-funded medical insurance plan (which is a sub-account of the Education Fund) had a net fund balance of \$2,568,705 (\$3,092,609 – \$523,904 unpaid claims). The June 30, 2011 net fund balance for the medical insurance plan was \$3,468,278 (\$4,385,123 - \$916,845 unpaid claims). It should be noted that \$1.0 million was transferred out of the Medical Reserve Balance to other funds of the District in fiscal year 2011-12.

#### Capital Asset and Debt Administration

##### *Capital assets*

By the end of fiscal year 2012, the District had compiled a total investment of \$21.2 million (net of accumulated depreciation) in a broad range of capital assets including land, improvements, buildings, equipment, and furniture. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

<b>Table 3</b>					
<b>Capital Assets (net of depreciation)</b>					
<b>(In millions of dollars)</b>					
	<u>2011</u>		<u>2012</u>		<u>Percentage</u>
					<u>Change</u>
Land	\$	0.2	\$	0.2	0.0%
Construction in progress		0.5		1.3	160.0%
Land improvements		0.7		0.7	0.0%
Buildings		17.5		17.7	1.1%
Equipment and furniture		1.3		1.3	0.0%
<b>Total</b>	<b>\$</b>	<b>20.2</b>	<b>\$</b>	<b>21.2</b>	<b>5.0%</b>

##### *Long-term debt*

In February 2010, \$10,000,000 in Life Safety bonds were issued and the remainder of the outstanding bonds from 2001 were refunded. At June 30, 2012, the District had \$11.2 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.

<b>Table 4</b>					
<b>Outstanding Long-Term Debt</b>					
<b>(In millions of dollars)</b>					
	<u>2011</u>		<u>2012</u>		<u>Percentage</u>
					<u>Change</u>
General obligation bonds	\$	11.9	\$	10.9	-8.40%
Other long-term liabilities		0.1		0.3	200.00%
<b>Total</b>	<b>\$</b>	<b>12.0</b>	<b>\$</b>	<b>11.2</b>	<b>-6.67%</b>

# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis

### For the Year Ended June 30, 2012

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

The administration and Board of Education secured approval of Life Safety amendments and issued \$10.0 million in Life Safety bonds in February 2010. The money has been used for needed repairs to all District buildings. Completed projects include a number of roof replacements. Also plumbing and boiler/HVAC replacements and curtain wall/window replacements, etc., have recently occurred. These projects will help the District operate its facilities more efficiently in the future by containing Operations and Maintenance Fund expenditures for utilities and maintenance. All of the approved Life Safety Projects were substantially completed by August, 2012. All Life Safety funds will be expended in FY 2012-13. Also, the District has locked in natural gas and electric utility rates for the next year.

Like all Illinois public school districts, District 58 is struggling with reduced and/or late funding payments from the State. District 58 finished FY 2011-12 with the State owing the District \$1.0 million in categorical aid payments. Given the state of Illinois' finances, this trend is likely to continue for the short term. Also of concern are proposed and/or potential legislative changes that may limit a school district's ability to access property tax revenue in an era of declining property values. Also there is mounting legislative pressure to shift the teacher pension burden to the local school district level. If approved, either and/or both of these changes would significantly change the financial landscape of the District in a negative way.

The contract for the Downers Grove Education Association (DGEA) teacher employee group runs through August 2014. Also the Custodial/Maintenance contract runs through June, 2014. The Educational Support Personnel (ESP) contract is due to expire in June, 2013 and will be negotiated in FY 2012-13.

The number of certificated retirements each year has recently helped the District maintain a relatively balanced annual operating budget. In 2012-13, the number of certificated retirements will drop dramatically to five, which will put added pressure on the budget for 2013-14. In 2013-14, the number of certificated retirements will rise again to approximately 20.

With the aid of a school architectural firm, the District recently conducted a physical assessment of all of its facilities and evaluated each school building for general adequacy. The results identified an estimated \$39 million in facilities needs over the next 5 years. The results of the study may have implications for future facilities construction and funding needs. The District administration is currently prioritizing needs and exploring options to address a new round of facilities projects.

#### 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 School District No. 58  
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
June 30, 2012

ASSETS

Cash and investments	\$	33,609,403
Receivables (net of allowance for uncollectibles):		
Interest		40,717
Property taxes		24,288,334
Replacement taxes		144,776
Intergovernmental		1,508,189
Other postemployment benefit asset		325,206
Capital assets:		
Land		223,031
Construction in progress		1,349,382
Depreciable buildings, property, and equipment, net		<u>19,632,426</u>
Total assets		<u>81,121,464</u>

LIABILITIES

Accounts payable		3,519,191
Salaries and wages payable		1,992,682
Payroll deductions payable		383,536
Claims Payable		523,904
Other current liabilities		690,208
Interest payable		15,949
Unearned revenue		23,070,628
Long-term liabilities:		
Due within one year		1,006,091
Due after one year		<u>10,173,916</u>
Total liabilities		<u>41,376,105</u>

NET ASSETS

Invested in capital assets, net of related debt		12,468,203
Restricted For:		
Debt service		531,030
Student transportation		644,118
Retirement benefits		626,555
Unrestricted		<u>25,475,453</u>
Total net assets	\$	<u><u>39,745,359</u></u>

The accompanying notes are an integral part of this statement.

Downers Grove School District No. 58  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 22,248,558	\$ 653,223	\$ 306,444	\$ (21,288,891)
Special programs	9,329,323	32,312	3,835,641	(5,461,370)
Other instructional programs	1,131,407	26,135	20,122	(1,085,150)
State retirement contributions	7,191,230	-	7,191,230	-
Support services:				
Pupils	2,756,191	-	-	(2,756,191)
Instructional staff	5,651,445	-	157,913	(5,493,532)
General administration	1,712,057	-	-	(1,712,057)
School administration	3,767,319	-	-	(3,767,319)
Business	2,786,473	337,235	142,744	(2,306,494)
Transportation	2,197,748	3,868	520,358	(1,673,522)
Operations and maintenance	4,478,446	168,932	-	(4,309,514)
Central	547,178	-	-	(547,178)
Other supporting services	910,628	-	-	(910,628)
Interest and fees	<u>392,870</u>	<u>-</u>	<u>-</u>	<u>(392,870)</u>
Total governmental activities	<u>\$ 65,100,873</u>	<u>\$ 1,221,705</u>	<u>\$ 12,174,452</u>	<u>(51,704,716)</u>
General revenues:				
Taxes:				
				39,519,434
				7,398,298
				607,406
				793,764
				1,278,123
				88,422
				<u>450,508</u>
				<u>50,135,955</u>
				(1,568,761)
				<u>41,314,120</u>
				<u>\$ 39,745,359</u>

The accompanying notes are an integral part of this statement.

# Downers Grove School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2012

With Comparative Totals for June 30, 2011

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>ASSETS</b>				
Cash and investments	\$ 26,032,826	\$ 2,535,113	\$ 688,825	\$ 612,896
Receivables (net of allowance for uncollectibles):				
Interest	-	-	-	-
Property taxes	19,959,185	1,984,193	894,175	864,542
Replacement taxes	127,750	17,026	-	-
Intergovernmental	<u>1,247,334</u>	<u>-</u>	<u>260,855</u>	<u>-</u>
 Total assets	 <u>\$ 47,367,095</u>	 <u>\$ 4,536,332</u>	 <u>\$ 1,843,855</u>	 <u>\$ 1,477,438</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 1,548,786	\$ 255,045	\$ 351,891	\$ -
Salaries and wages payable	1,992,682	-	-	-
Payroll deductions payable	350,449	1,950	-	31,137
Claims payable	523,904	-	-	-
Other current liabilities	690,208	-	-	-
Deferred revenue	<u>18,925,066</u>	<u>1,881,388</u>	<u>847,846</u>	<u>819,746</u>
 Total liabilities	 <u>24,031,095</u>	 <u>2,138,383</u>	 <u>1,199,737</u>	 <u>850,883</u>
<b>Fund balances:</b>				
Restricted	-	2,397,949	644,118	626,555
Assigned	2,568,705	-	-	-
Unassigned	<u>20,767,295</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance	 <u>23,336,000</u>	 <u>2,397,949</u>	 <u>644,118</u>	 <u>626,555</u>
 Total liabilities and fund balance	 <u>\$ 47,367,095</u>	 <u>\$ 4,536,332</u>	 <u>\$ 1,843,855</u>	 <u>\$ 1,477,438</u>

The accompanying notes are an integral part of this statement.



Debt Service	Fire Prevention and Safety	Total 2012	Total 2011
\$ 516,605	\$ 3,223,138	\$ 33,609,403	\$ 35,892,943
-	40,717	40,717	48,650
586,239	-	24,288,334	23,272,498
-	-	144,776	106,205
-	-	1,508,189	1,936,836
<u>\$ 1,102,844</u>	<u>\$ 3,263,855</u>	<u>\$ 59,591,419</u>	<u>\$ 61,257,132</u>
\$ -	\$ 1,363,469	\$ 3,519,191	\$ 1,507,779
-	-	1,992,682	2,490,823
-	-	383,536	321,054
-	-	523,904	916,845
-	-	690,208	790,746
<u>555,865</u>	<u>40,717</u>	<u>23,070,628</u>	<u>22,570,859</u>
<u>555,865</u>	<u>1,404,186</u>	<u>30,180,149</u>	<u>28,598,106</u>
546,979	1,859,669	6,075,270	12,608,073
-	-	2,568,705	3,468,279
-	-	20,767,295	16,582,674
<u>546,979</u>	<u>1,859,669</u>	<u>29,411,270</u>	<u>32,659,026</u>
<u>\$ 1,102,844</u>	<u>\$ 3,263,855</u>	<u>\$ 59,591,419</u>	<u>\$ 61,257,132</u>

**Downers Grove Grade School District No. 58**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET ASSETS**  
**For the Year Ended June 30, 2012**

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

Total fund balances - governmental funds	\$ 29,411,270
Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	21,204,839
The net other postemployment asset resulting from contributions in excess of the annual required contribution is not a financial resource and, therefore, is not reported in the funds.	325,206
Interest on long-term liabilities (interest payable) accrued in the statement of net assets will not be paid with current financial resources and, accordingly, is not included in the governmental funds balance sheet.	(15,949)
Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet.	<u>(11,180,007)</u>
Net assets - governmental activities	<u>\$ 39,745,359</u>

The accompanying notes are an integral part of this statement.

**Downers Grove School District No. 58**  
 Governmental Funds  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For the Year Ended June 30, 2012  
With Comparative Actual Totals for the Year Ended June 30, 2011

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 39,519,434	\$ 3,923,212	\$ 1,764,733	\$ 1,710,353
Replacement taxes	677,790	98,813	-	17,161
State aid	10,886,030	-	520,358	-
Federal aid	1,918,727	-	-	-
Interest	57,956	6,248	1,645	1,820
Other	1,478,327	186,218	7,668	-
<b>Total revenues</b>	<b>54,538,264</b>	<b>4,214,491</b>	<b>2,294,404</b>	<b>1,729,334</b>
Expenditures				
Current:				
Instruction:				
Regular programs	21,437,196	-	-	323,850
Special programs	6,592,755	-	-	390,541
Other instructional programs	1,053,647	-	-	15,015
State retirement contributions	7,191,230	-	-	-
Support services:				
Pupils	2,717,375	-	-	36,092
Instructional staff	5,278,237	-	-	266,597
General administration	1,681,358	-	-	28,111
School administration	3,615,627	-	-	150,681
Business	1,063,495	127,694	-	101,140
Transportation	-	-	2,197,748	-
Operations and maintenance	16,221	3,996,368	-	438,335
Central	476,388	-	-	39,936
Other supporting services	910,628	-	-	-
Nonprogrammed charges	2,334,958	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	397,336	450,044	-	-
<b>Total expenditures</b>	<b>54,766,451</b>	<b>4,574,106</b>	<b>2,197,748</b>	<b>1,790,298</b>
Excess (deficiency) of revenues over expenditures	(228,187)	(359,615)	96,656	(60,964)
Other financing sources (uses)				
Transfers in	-	100,000	11,120	-
Transfers (out)	(195,196)	-	-	-
Proceeds from capital leases	240,151	-	-	-
<b>Total other financing sources (uses)</b>	<b>44,955</b>	<b>100,000</b>	<b>11,120</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(183,232)</b>	<b>(259,615)</b>	<b>107,776</b>	<b>(60,964)</b>
Fund balance, beginning of year	23,519,232	2,657,564	536,342	687,519
<b>Fund balance, end of year</b>	<b>\$ 23,336,000</b>	<b>\$ 2,397,949</b>	<b>\$ 644,118</b>	<b>\$ 626,555</b>

The accompanying notes are an integral part of this statement.

Debt Service	Fire Prevention and Safety	Total	
		2012	2011
\$ 607,406	\$ -	\$ 47,525,138	\$ 47,590,850
-	-	793,764	862,857
-	-	11,406,388	11,020,044
127,460	-	2,046,187	2,286,320
1,370	19,383	88,422	88,437
-	-	1,672,213	1,651,439
<u>736,236</u>	<u>19,383</u>	<u>63,532,112</u>	<u>63,499,947</u>
-	-	21,761,046	20,950,395
-	-	6,983,296	7,353,330
-	-	1,068,662	926,759
-	-	7,191,230	6,683,737
-	-	2,753,467	2,969,535
-	-	5,544,834	5,423,031
-	-	1,709,469	1,519,100
-	-	3,766,308	3,531,602
-	255,061	1,547,390	1,258,940
-	-	2,197,748	2,547,811
-	-	4,450,924	4,339,927
-	-	516,324	489,053
-	-	910,628	1,388,802
-	-	2,334,958	1,959,637
999,076	-	999,076	930,000
393,633	-	393,633	412,050
-	2,043,646	2,891,026	3,617,032
<u>1,392,709</u>	<u>2,298,707</u>	<u>67,020,019</u>	<u>66,300,741</u>
<u>(656,473)</u>	<u>(2,279,324)</u>	<u>(3,487,907)</u>	<u>(2,800,794)</u>
84,076	-	195,196	-
-	-	(195,196)	-
-	-	240,151	-
<u>84,076</u>	<u>-</u>	<u>240,151</u>	<u>-</u>
(572,397)	(2,279,324)	(3,247,756)	(2,800,794)
<u>1,119,376</u>	<u>4,138,993</u>	<u>32,659,026</u>	<u>35,459,820</u>
<u>\$ 546,979</u>	<u>\$ 1,859,669</u>	<u>\$ 29,411,270</u>	<u>\$ 32,659,026</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, 2012

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

Net change in fund balances - total governmental funds	\$ (3,247,756)
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.	958,446
The net other postemployment asset is not considered to represent a financial resource and, therefore, is not reported in the funds.	(70,798)
Accrued interest reported in the statement of activities does not require the use of current financial resources and is not reported as expenditures in the governmental funds.	763
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>790,584</u>
Change in net assets - governmental activities	<u><u>\$ (1,568,761)</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, 2012

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	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 238,478</u>
LIABILITIES	
Due to student groups	<u>\$ 238,478</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, 2012

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 1. Reporting Entity

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

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

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

#### 2. 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 Funds), and the acquisition or construction of major capital facilities (Capital Projects 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.

Downers Grove Grade School District No. 58  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

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

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

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

a. General Fund

The *General Fund* includes the Educational Account and the Working Cash Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Included in the Educational Account is a medical reserve associated with self insurance (see Note G). 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 Fund 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* - is used for expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

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



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

##### b. Special Revenue Funds (Continued)

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

##### c. Debt Service Fund

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

##### d. Capital Projects Funds

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

##### e. Fiduciary Fund

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

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

#### 4. 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 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, 2012

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

#### 4. 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 most 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.

#### 5. Deposits and Investments

State statutes authorize the District's Treasurer to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, other investments and money market funds allowed by state statute and money market mutual funds registered under the Investment Company Act of 1940, with certain restrictions. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

#### 6. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 20
Buildings and improvements	45
Other 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, 2012

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

#### 7. 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 20 years, an additional day is added each year to a maximum accumulation of 50 days annually.

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.

#### 8. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

#### 9. 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.

#### 10. Budgetary Data

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

#### 11. Restricted Net Assets

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets 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 net assets 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.

#### 12. Fund Balance

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

a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.

b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.

c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

#### 12. Fund Balance (Continued)

d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Controller. At June 30, 2012, the District has assigned \$2,568,705 in the general fund associated with the medical reserve account for self-insurance claims.

e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

#### 13. Use of Estimates

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

#### 14. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

### 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 Assets

The governmental funds balance sheet includes a reconciliation between total fund balances - governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities included in the statement of net assets 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:

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets (Continued)

General obligation bonds	\$	(10,930,000)
Capital leases		(156,075)
Compensated absences		(72,035)
IMRF pension obligation		(21,897)
		(11,180,007)
Net adjustment to reduce total fund balance - governmental funds to arrive at net assets - governmental activities	\$	(11,180,007)

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 assets - 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 outlays	\$	2,344,459
Depreciation expense		(1,384,828)
Loss on disposal of capital assets		(1,185)
		958,446
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	\$	958,446

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	\$	(240,151)
Principal repayments		
General obligation bonds		915,000
Capital leases		84,076
Compensated absences, net		32,118
IMRF pension obligation		(459)
		790,584
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	\$	790,584

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE C - DEPOSITS AND INVESTMENTS

At June 30, 2012, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 33,609,403	\$ 238,478	\$ 33,847,881

For disclosure purposes, this amount is segregated into three components: 1) Cash on hand, 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit, 3) an investment in the Illinois Institutional Investors Trust, and 4) an investment in Illinois Funds.

	<u>Total</u>
Cash on hand	\$ 1,250
Deposits with financial institutions	32,811,957
Illinois Funds	81,103
Illinois Institutional Investors Trust	<u>953,571</u>
	<u>\$ 33,847,881</u>

#### 1. Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

#### 2. Credit Risk

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations. The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. As of June 30, 2012, the District had no investments in commercial paper or corporate bonds.

#### 3. Concentration of Credit Risk

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

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

#### 4. Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government'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, 2012, the bank balances of the District's deposits with financial institutions totaled \$32,893,060, all of which was fully insured and collateralized.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be secured by private insurance or collateral. As of June 30, 2012, the District had no unsecured investments.

### NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2011 tax levy resolution was approved by the Board of Education on December 12, 2011. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

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

The portion of the 2011 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1.0%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as unearned revenues.



## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

#### NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance July 1, 2011</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Balance June 30, 2012</u>
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in Progress	478,485	1,994,097	1,123,200	1,349,382
Total capital assets, not being depreciated	<u>701,516</u>	<u>1,994,097</u>	<u>1,123,200</u>	<u>1,572,413</u>
Capital assets, being depreciated				
Land improvements	1,641,907	-	-	1,641,907
Buildings and improvements	35,318,252	1,123,200	-	36,441,452
Other equipment	7,308,975	350,362	13,747	7,645,590
Total capital assets, being depreciated	<u>44,269,134</u>	<u>1,473,562</u>	<u>13,747</u>	<u>45,728,949</u>
Less accumulated depreciation for:				
Land improvements	933,154	58,314	-	991,468
Buildings and improvements	17,782,713	971,446	-	18,754,159
Other equipment	6,008,390	355,068	12,562	6,350,896
Total accumulated depreciation	<u>24,724,257</u>	<u>1,384,828</u>	<u>12,562</u>	<u>26,096,523</u>
Total capital assets, being depreciated, net	<u>19,544,877</u>	<u>88,734</u>	<u>1,185</u>	<u>19,632,426</u>
Governmental activities capital assets, net	<u>\$ 20,246,393</u>	<u>\$ 2,082,831</u>	<u>\$ 1,124,385</u>	<u>\$ 21,204,839</u>

Downers Grove Grade School District No. 58  
 NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$ 492,181
Special programs	15,845
Pupils	3,166
Instructional staff	109,872
General administration	2,932
School administration	2,854
Business	727,834
Central	<u>30,144</u>
Total depreciation expense - governmental activities	<u>\$ 1,384,828</u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2012, the following is the long-term liability activity for the District:

	<u>Balance</u> July 1, 2011	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> June 30, 2012
Bonds payable:				
General obligation bonds	\$ 11,845,000	\$ -	\$ 915,000	\$ 10,930,000
Compensated absences	104,153	62,181	94,299	72,035
Capital leases	-	240,151	84,076	156,075
IMRF pension obligation	<u>21,438</u>	<u>459</u>	<u>-</u>	<u>21,897</u>
Total long-term liabilities - governmental activities	<u>\$ 11,970,591</u>	<u>\$ 302,791</u>	<u>\$ 1,093,375</u>	<u>\$ 11,180,007</u>
Due within one year				
General obligation bonds	\$ 930,000			
Capital leases payable	<u>76,091</u>			
	<u>\$ 1,006,091</u>			

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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
2010A General Obligation Bonds, due December 15, 2012	2.00%	\$ 930,000
2010B General Obligation Bonds, due December 15, 2022 (Build America Bonds)	2.2% - 4.65%	10,000,000
		\$ 10,930,000

At June 30, 2012, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 930,000	\$ 373,470	\$ 1,303,470
2014	1,005,000	353,115	1,358,115
2015	1,020,000	327,780	1,347,780
2016	1,040,000	297,900	1,337,900
2017	1,060,000	263,485	1,323,485
2018-2022	5,705,000	666,197	6,371,197
2023	170,000	3,953	173,953
Total	\$ 10,930,000	\$ 2,285,900	\$ 13,215,900

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 \$546,979 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2012, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2011, the statutory debt limit for the District was \$178,162,755, of which \$167,076,680 is fully available.

Downers Grove Grade School District No. 58  
 NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

NOTE F - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds (Continued)

During fiscal year 2010, the District defeased the 2001A General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2012, \$570,000 of bonds outstanding are considered defeased.

3. Capital Leases

The District entered into various capital lease agreements during fiscal year 2012, for the acquisition of copiers totaling \$240,151. The leases expire throughout fiscal year 2014 and have annual payments of principal and interest. The obligations were repaid from the Debt Service Fund, with funding provided by transfers from the General Fund. The future cash flow requirements for this lease are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 76,091	\$ 7,985	\$ 84,076
2014	<u>79,984</u>	<u>4,092</u>	<u>84,076</u>
Total	<u>\$ 156,075</u>	<u>\$ 12,077</u>	<u>\$ 168,152</u>

The gross amount of assets recorded under this lease for equipment purchased is \$240,151.

NOTE G - INTERFUND TRANSFERS

The District transferred \$100,000 to the Operations and Maintenance Fund from the General Fund at June 30, 2012. The amount transferred is to be used for operating purposes.

The District transferred \$11,120 to the Transportation Fund from the Working Cash Fund at June 30, 2012. The amount transferred represents interest earned on investments.

The District transferred \$84,076 to the Debt Service Fund from the General Fund at June 30, 2012. The amount transferred was used for principal payments on capital leases.

NOTE H - RISK MANAGEMENT

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

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE H - RISK MANAGEMENT (Continued)

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, 2012, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$523,904. These estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. Claims incurred but not yet reported (IBNRs) include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported.

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

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of fiscal year	\$ 916,845	\$ 873,514
Incurred claims (including IBNRs)	4,612,995	5,903,018
Claim payments	<u>(5,005,936)</u>	<u>(5,859,687)</u>
Unpaid claims, end of fiscal year	<u>\$ 523,904</u>	<u>\$ 916,845</u>

### NOTE I - RETIREMENT FUND COMMITMENTS

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

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

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

##### On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2012, state of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$6,944,766 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent, or \$6,438,462 and 23.38 percent, or \$6,486,597, respectively.

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

##### 2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$162,422. Contributions for the years ended June 30, 2011 and June 30, 2010, were \$161,658 and \$160,916, respectively.

##### Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2012, salaries totaling \$127,852 were paid from federal and special trust funds that required employer contributions of \$31,848. For the years ended June 30, 2011 and June 30, 2010, required District contributions were \$29,677 and \$64,008, respectively.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

##### Early Retirement Option (ERO)

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

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

For the year ended June 30, 2012, the District paid \$282,855 to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the District paid \$558,677 and \$154,044, respectively, in employer ERO contributions.

##### Salary Increased Over 6 percent and Excess Sick Leave

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

For the year ended June 30, 2012, the District paid \$15,783 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and June 30, 2010, the District paid \$3,195 and \$21,026, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during a four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2011 and June 30, 2010, the District paid \$0 and \$0, respectively, in employer contributions granted for sick leave days.

##### Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2011. The report for the year ended June 30, 2012 is expected to be available in late 2012.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

##### THIS Fund Employer Contributions

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

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

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

##### On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$246,464, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of District employees were \$245,275 and \$233,051, respectively.

##### Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the District paid \$184,848 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the District paid \$183,956 and \$174,789, respectively, to the THIS Fund, which was 100 percent of the required

##### Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

#### 2. Illinois Municipal Retirement Fund

##### *Plan Description*

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

##### *Funding Policy*

As set by state statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 13.13 percent. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

##### *Fiscal IMRF Pension Cost and Net IMRF Pension Obligation*

The District's annual IMRF pension cost is calculated based on the annual required contribution (ARC) of the employer. The following table shows the components of the District's annual IMRF pension cost for the fiscal year, the amount actually contributed to the plan for the fiscal year, and changes in the District's net IMRF pension obligation as of June 30, 2012.

	<u>June 30, 2012</u>
Annual Required Contribution (ARC)	\$ 868,811
Interest on net IMRF pension obligation	1,608
Adjustment to annual required contribution	<u>(1,149)</u>
Annual IMRF cost	869,270
Contributions made	<u>(868,811)</u>
Increase in IMRF pension obligation	459
Net IMRF pension obligation at July 1, 2011	<u>21,438</u>
Net IMRF pension obligation at June 30, 2012	<u>\$ 21,897</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

### NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

##### *Annual Pension Cost*

Information related to the employer's contributions are on a fiscal year basis. The actuarial and trend information are on a calendar basis as that is the year used by the IMRF. The required contribution for fiscal year 2012 was \$868,811.

Trend Information				
Fiscal Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	\$	Net Pension Obligation
6/30/12	\$ 869,270	100%	\$	21,897
6/30/11	845,193	99%		21,438
6/30/10	824,819	98%		11,328

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

##### *Funded Status and Funding Progress*

As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 68.14 percent funded. The actuarial accrued liability for benefits was \$19,694,316 and the actuarial value of assets was \$13,419,904, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,274,412. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$6,530,876 and the ratio of the UAAL to the covered payroll was 96 percent.

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

#### 3. Social Security/Medicare

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

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS

#### *Plan Description*

The District administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides the ability for a retired administrator, custodian, maintenance, clerical personnel, and aides and their spouses/dependents to access the District's self insured group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement and until the age of 65. Retirees may be responsible to contribute a portion or all of the premium toward the cost of their health insurance. Retired administrators meeting certain service qualifications receive 100% Board-paid coverage for themselves and their spouse/dependents. Retired teachers access the health plan coverage provided through the Teachers' Retirement System (TRS). Retired teachers meeting certain qualifications may be eligible to have a portion of their health insurance with TRS paid for by the Board. Retirees may access dental benefits. Retirees may also be responsible to contribute a portion or all of the premium toward the cost of their dental insurance. For fiscal year 2010 (most recent date available), 17 former employees and/or spouses/dependents accessed a postemployment benefit through the District's plan. Also, the Board made contributions for 57 retired teachers to be in the TRS health insurance plan to obtain insurance benefits.

#### *Funding Policy*

Retired employees (except teachers) have the option to access the District's group health plan. Teachers access the TRS plan of health benefits. Depending on circumstances and qualifications, the retiree will contribute between 0% and 100% of the cost of the premiums for health and dental coverage. For fiscal year 2012, the District contributed \$299,020 toward the premium cost of the postemployment benefits for retirees to the District's plan and \$200,109 to TRS for retired teacher coverage. For fiscal year 2012, total retiree postemployment contributions were \$414,658.

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

	<u>June 30,</u> <u>2012</u>
Annual required contribution	\$ 490,649
Interest on net OPEB obligation	(15,577)
Adjustment to annual required contribution	<u>10,384</u>
Annual OPEB cost	485,456
Contributions made	<u>(414,658)</u>
Increase in net OPEB asset	70,798
Net OPEB asset beginning of year	<u>(396,004)</u>
Net OPEB asset end of year	<u>\$ (325,206)</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

*Annual OPEB Cost and Net OPEB Obligation* (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2012 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Asset
6/30/12*	\$ 485,456	102.8%	\$ (325,206)
6/30/11	428,876	134.1%	(396,004)
6/30/10	439,460	130.9%	(249,600)

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

*Funding Status and Funding Progress*

As of June 30, 2011 (most recent date available), the actuarial accrued liability for benefits was \$5,521,632, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

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

*Methods and Assumptions*

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

Downers Grove Grade School District No. 58  
 NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

*Methods and Assumptions* (Continued)

The following simplifying assumptions were made:

Contribution rates:	
District	Not applicable
Plan members	0.00%
Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases	5.00%
Healthcare inflation rate	8.00% initial 6.00% ultimate
Mortality, Turnover, Disability, Retirement ages	Same rates utilized for IMRF
Percentage of active employees assumed to elect benefit	Teachers and administrators: 100% All others: 20%
Employer provided benefit	Explicit (teachers and administrators): \$363/mo-\$1,730/mo to age 65  Implicit (all employees except teachers): 40% of premium to age 65 (50% of \$754/mo-\$1,730/mo)

\*Includes inflation at 3.00%

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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### NOTE K - JOINT AGREEMENT

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

### NOTE L - CONTINGENCIES

#### 1. Litigation

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

#### 2. Grants

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

### NOTE M - CONSTRUCTION COMMITMENTS

The District has certain commitments in various funds for construction projects which have been approved by the Board of Education at June 30, 2012. Commitments approximate \$3,500,000.

### NOTE N - SUBSEQUENT EVENT

Management has evaluated subsequent events through October 15, 2012, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)

**Downers Grove Grade School District No. 58**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
June 30, 2012

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/11	\$ 13,419,904	\$ 19,694,316	68.14 %	\$ 6,274,412	\$ 6,530,876	96.07 %
12/31/10	12,173,966	18,831,882	64.65	6,657,916	6,623,416	100.52
12/31/09	11,289,671	17,110,844	65.98	5,821,173	6,301,160	92.38

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$12,647,902.  
On a market basis, the funded ratio would be 64.22%.



# Downers Grove Grade School District No. 58

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS

June 30, 2012

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Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
6/30/12	\$ NA	\$ 5,521,632	NA	% \$ 5,521,632	\$ NA	NA %
6/30/11	NA	5,521,632	NA	5,521,632	NA	NA
6/30/10	NA	5,486,203	NA	5,486,203	NA	NA

NA - not available

Downers Grove School District No. 58  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$39,602,000	\$39,519,434	\$ (82,566)	\$ 39,060,228
Corporate personal property replacement taxes	750,000	677,790	(72,210)	735,734
Regular tuition from pupils or parents	1,000	28,900	27,900	616
Summer school tuition from pupils or parents	44,000	26,135	(17,865)	42,355
Special Ed tuition from other Districts	50,000	32,312	(17,688)	50,766
Interest on investments	90,500	57,956	(32,544)	59,142
Sales to pupils - lunch	360,000	337,235	(22,765)	385,244
Other District/school activity revenue	70,000	51,200	(18,800)	101,950
Rentals - regular textbook	450,000	556,110	106,110	418,076
Refund of prior years' expenditures	-	-	-	1,002
Local fees	40,000	17,013	(22,987)	47,208
Other	429,500	429,422	(78)	409,942
Total local sources	<u>41,887,000</u>	<u>41,733,507</u>	<u>(153,493)</u>	<u>41,312,263</u>
State sources				
General State Aid	1,200,000	1,278,123	78,123	1,268,500
Special Education - Private Facility Tuition	300,000	536,462	236,462	389,341
Special Education - Extraordinary	700,000	655,895	(44,105)	920,348
Special Education - Personnel	1,100,000	1,015,172	(84,828)	1,051,765
Special Education - Orphanage - Individual	50,000	28,287	(21,713)	47,831
Special Education - Summer School	3,000	4,123	1,123	3,435
CTE - Student Organizations	5,000	-	(5,000)	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	35,000	20,122	(14,878)	26,852
State Free Lunch and Breakfast	3,000	4,229	1,229	5,238
Early Childhood - Block Grant	120,000	113,955	(6,045)	147,159
Other state sources	5,500	38,432	32,932	8,928
Total state sources	<u>3,521,500</u>	<u>3,694,800</u>	<u>173,300</u>	<u>3,869,397</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Federal sources				
National School Lunch Program	\$ 60,000	\$ 89,863	\$ 29,863	\$ 79,241
Special Milk Program	30,000	48,652	18,652	43,177
Title I - Low Income	150,000	192,489	42,489	190,551
Safe and Drug Free Schools - Form. (Title IV)	2,500	-	(2,500)	3,094
Fed. - Sp. Ed. - Pre-School Flow Through	-	29,019	29,019	28,198
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	1,150,000	1,090,813	(59,187)	1,038,543
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	50,000	26,992	(23,008)	7,877
ARRA IDEA - Part B - Preschool	-	1,018	1,018	17,142
ARRA IDEA - Part B - Flow-Through	100,000	4,433	(95,567)	362,082
Other ARRA Funds - XI	-	-	-	115,497
Title II - Teacher Quality	150,000	119,481	(30,519)	112,697
Medicaid Matching Funds - Administrative Outreach	250,000	74,497	(175,503)	121,139
Medicaid Matching Funds - Fee-For-Service-Program	-	241,470	241,470	22,345
Other federal sources	-	-	-	1,410
Total federal sources	<u>1,942,500</u>	<u>1,918,727</u>	<u>(23,773)</u>	<u>2,142,993</u>
Total revenues	<u>47,351,000</u>	<u>47,347,034</u>	<u>(3,966)</u>	<u>47,324,653</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Expenditures				
Instruction				
Regular programs				
Salaries	\$17,499,600	\$17,495,215	\$ 4,385	\$ 17,398,684
Employee benefits	2,751,550	2,523,447	228,103	2,723,239
Purchased services	83,650	76,399	7,251	66,121
Supplies and materials	1,115,879	1,271,976	(156,097)	466,231
Capital outlay	5,575	7,617	(2,042)	12,087
Other objects	<u>70,825</u>	<u>70,159</u>	<u>666</u>	<u>52,395</u>
Total	<u>21,527,079</u>	<u>21,444,813</u>	<u>82,266</u>	<u>20,718,757</u>
Pre-K programs				
Purchased services	114,000	107,088	6,912	101,238
Supplies and materials	29,900	46,077	(16,177)	41,382
Capital outlay	3,000	520	2,480	818
Other objects	<u>4,400</u>	<u>3,614</u>	<u>786</u>	<u>2,569</u>
Total	<u>151,300</u>	<u>157,299</u>	<u>(5,999)</u>	<u>146,007</u>
Special education programs				
Salaries	4,986,500	4,782,356	204,144	4,868,456
Employee benefits	605,650	603,233	2,417	581,425
Purchased services	80,200	25,966	54,234	30,819
Supplies and materials	68,650	33,030	35,620	118,003
Capital outlay	2,500	-	2,500	-
Other objects	<u>1,000,000</u>	<u>965,312</u>	<u>34,688</u>	<u>1,112,089</u>
Total	<u>6,743,500</u>	<u>6,409,897</u>	<u>333,603</u>	<u>6,710,792</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
<b>Remedial and Supplemental programs K-12</b>				
Salaries	\$ -	\$ 114,737	\$ (114,737)	\$ 175,456
Employee benefits	-	-	-	3,075
Purchased services	-	9,954	(9,954)	36
Supplies and materials	-	58,167	(58,167)	36,230
Total	-	182,858	(182,858)	214,797
<b>Interscholastic programs</b>				
Salaries	94,000	103,504	(9,504)	90,533
Employee benefits	700	513	187	450
Purchased services	5,000	8,020	(3,020)	9,134
Supplies and materials	7,900	8,427	(527)	7,895
Total	107,600	120,464	(12,864)	108,012
<b>Summer school programs</b>				
Salaries	47,250	78,795	(31,545)	966
Employee benefits	1,150	776	374	1
Supplies and materials	7,000	108	6,892	2,388
Capital outlay	1,000	-	1,000	-
Total	56,400	79,679	(23,279)	3,355
<b>Gifted programs</b>				
Salaries	180,750	184,976	(4,226)	229,332
Employee benefits	38,800	9,134	29,666	13,541
Purchased services	1,300	3,212	(1,912)	(1,475)
Supplies and materials	6,850	2,944	3,906	2,318
Capital outlay	1,500	1,197	303	7,000
Total	229,200	201,463	27,737	250,716

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Bilingual programs				
Salaries	\$ 341,300	\$ 445,844	\$ (104,544)	\$ 308,441
Employee benefits	39,550	47,578	(8,028)	37,481
Purchased services	1,000	1,900	(900)	1,827
Supplies and materials	<u>750</u>	<u>617</u>	<u>133</u>	<u>751</u>
Total	<u>382,600</u>	<u>495,939</u>	<u>(113,339)</u>	<u>348,500</u>
Total instruction	<u>29,197,679</u>	<u>29,092,412</u>	<u>105,267</u>	<u>28,500,936</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	533,000	565,643	(32,643)	591,172
Employee benefits	95,100	97,672	(2,572)	90,309
Purchased services	500	122	378	29
Supplies and materials	<u>1,950</u>	<u>1,277</u>	<u>673</u>	<u>1,274</u>
Total	<u>630,550</u>	<u>664,714</u>	<u>(34,164)</u>	<u>682,784</u>
Guidance services				
Salaries	315,000	255,103	59,897	354,400
Employee benefits	51,400	32,080	19,320	51,284
Supplies and materials	<u>350</u>	<u>389</u>	<u>(39)</u>	<u>64</u>
Total	<u>366,750</u>	<u>287,572</u>	<u>79,178</u>	<u>405,748</u>
Health services				
Salaries	275,000	271,207	3,793	314,369
Employee benefits	49,700	41,456	8,244	35,853
Purchased services	1,400	1,378	22	1,037
Supplies and materials	<u>209,661</u>	<u>96,960</u>	<u>112,701</u>	<u>112,024</u>
Total	<u>535,761</u>	<u>411,001</u>	<u>124,760</u>	<u>463,283</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Psychological services				
Salaries	\$ 400,000	\$ 371,158	\$ 28,842	\$ 370,828
Employee benefits	64,950	58,886	6,064	58,859
Purchased services	800	180	620	285
Supplies and materials	<u>2,500</u>	<u>728</u>	<u>1,772</u>	<u>1,493</u>
Total	<u>468,250</u>	<u>430,952</u>	<u>37,298</u>	<u>431,465</u>
Speech pathology and audiology services				
Salaries	865,000	818,722	46,278	845,972
Employee benefits	105,200	102,745	2,455	99,919
Purchased services	5,000	300	4,700	273
Supplies and materials	<u>1,950</u>	<u>1,369</u>	<u>581</u>	<u>870</u>
Total	<u>977,150</u>	<u>923,136</u>	<u>54,014</u>	<u>947,034</u>
Total pupils	<u>2,978,461</u>	<u>2,717,375</u>	<u>261,086</u>	<u>2,930,314</u>
Instructional staff				
Improvement of instruction services				
Salaries	1,384,600	1,462,500	(77,900)	1,373,936
Employee benefits	152,050	134,696	17,354	147,682
Purchased services	45,800	104,431	(58,631)	40,547
Supplies and materials	<u>75,000</u>	<u>23,868</u>	<u>51,132</u>	<u>87,944</u>
Total	<u>1,657,450</u>	<u>1,725,495</u>	<u>(68,045)</u>	<u>1,650,109</u>
Educational media services				
Salaries	1,944,000	1,856,262	87,738	1,980,611
Employee benefits	351,690	297,992	53,698	325,988
Purchased services	567,400	489,116	78,284	410,381
Supplies and materials	737,550	816,158	(78,608)	707,210
Capital outlay	197,000	387,323	(190,323)	144,290
Other objects	<u>18,500</u>	<u>16,250</u>	<u>2,250</u>	<u>15,730</u>
Total	<u>3,816,140</u>	<u>3,863,101</u>	<u>(46,961)</u>	<u>3,584,210</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Assessment and testing				
Purchased services	\$ 60,000	\$ 76,964	\$ (16,964)	\$ 84,390
Total	<u>60,000</u>	<u>76,964</u>	<u>(16,964)</u>	<u>84,390</u>
Total instructional staff	<u>5,533,590</u>	<u>5,665,560</u>	<u>(131,970)</u>	<u>5,318,709</u>
General administration				
Board of education services				
Salaries	13,000	15,959	(2,959)	13,260
Purchased services	563,300	731,562	(168,262)	580,454
Other objects	44,700	44,664	36	44,664
Total	<u>621,000</u>	<u>792,185</u>	<u>(171,185)</u>	<u>638,378</u>
Executive administration services				
Salaries	578,000	599,938	(21,938)	579,888
Employee benefits	216,890	217,094	(204)	208,653
Purchased services	67,000	54,563	12,437	51,024
Supplies and materials	22,000	15,570	6,430	13,111
Other objects	5,000	2,008	2,992	1,317
Total	<u>888,890</u>	<u>889,173</u>	<u>(283)</u>	<u>853,993</u>
Total general administration	<u>1,509,890</u>	<u>1,681,358</u>	<u>(171,468)</u>	<u>1,492,371</u>
School administration				
Office of the principal services				
Salaries	2,422,000	2,455,276	(33,276)	2,362,282
Employee benefits	798,000	767,610	30,390	781,179
Purchased services	265,550	392,741	(127,191)	249,089
Total	<u>3,485,550</u>	<u>3,615,627</u>	<u>(130,077)</u>	<u>3,392,550</u>
Total school administration	<u>3,485,550</u>	<u>3,615,627</u>	<u>(130,077)</u>	<u>3,392,550</u>

(Continued)



Downers Grove School District No. 58  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Business				
Direction of business support services				
Salaries	\$ 142,000	\$ 146,349	\$ (4,349)	\$ 140,373
Employee benefits	22,230	7,049	15,181	6,982
Purchased services	<u>62,250</u>	<u>78,016</u>	<u>(15,766)</u>	<u>61,130</u>
Total	<u>226,480</u>	<u>231,414</u>	<u>(4,934)</u>	<u>208,485</u>
Fiscal services				
Salaries	193,500	183,578	9,922	194,486
Employee benefits	33,300	22,014	11,286	27,088
Purchased services	<u>6,500</u>	<u>17,873</u>	<u>(11,373)</u>	<u>6,743</u>
Total	<u>233,300</u>	<u>223,465</u>	<u>9,835</u>	<u>228,317</u>
Operation and maintenance of plant services				
Purchased services	<u>13,000</u>	<u>16,221</u>	<u>(3,221)</u>	<u>13,324</u>
Total	<u>13,000</u>	<u>16,221</u>	<u>(3,221)</u>	<u>13,324</u>
Food services				
Salaries	33,000	33,962	(962)	32,448
Purchased services	441,500	456,829	(15,329)	420,441
Supplies and materials	2,000	1,835	165	1,160
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>481,500</u>	<u>492,626</u>	<u>(11,126)</u>	<u>454,049</u>
Internal services				
Salaries	89,000	92,526	(3,526)	89,430
Employee benefits	25,000	22,248	2,752	21,939
Purchased services	<u>1,950</u>	<u>1,216</u>	<u>734</u>	<u>1,200</u>
Total	<u>115,950</u>	<u>115,990</u>	<u>(40)</u>	<u>112,569</u>
Total business	<u>1,070,230</u>	<u>1,079,716</u>	<u>(9,486)</u>	<u>1,016,744</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
<b>Central</b>				
Direction of central support services				
Salaries	\$ 156,000	\$ 160,031	\$ (4,031)	\$ 155,102
Employee benefits	70,000	62,710	7,290	61,423
Purchased services	2,500	2,190	310	2,320
<b>Total</b>	<u>228,500</u>	<u>224,931</u>	<u>3,569</u>	<u>218,845</u>
Information services				
Salaries	63,500	63,046	454	56,317
Employee benefits	23,200	22,027	1,173	21,844
Purchased services	80,000	49,391	30,609	55,193
Capital outlay	-	1,199	(1,199)	-
<b>Total</b>	<u>166,700</u>	<u>135,663</u>	<u>31,037</u>	<u>133,354</u>
Staff services				
Salaries	70,500	69,678	822	68,830
Employee benefits	30,200	26,615	3,585	26,001
Purchased services	17,500	8,781	8,719	4,190
Supplies and materials	6,200	11,919	(5,719)	-
<b>Total</b>	<u>124,400</u>	<u>116,993</u>	<u>7,407</u>	<u>99,021</u>
<b>Total central</b>	<u>519,600</u>	<u>477,587</u>	<u>42,013</u>	<u>451,220</u>
Other supporting services				
Employee benefits	970,000	910,628	59,372	1,388,802
<b>Total</b>	<u>970,000</u>	<u>910,628</u>	<u>59,372</u>	<u>1,388,802</u>
<b>Total support services</b>	<u>16,067,321</u>	<u>16,147,851</u>	<u>(80,530)</u>	<u>15,990,710</u>

(Continued)

**Downers Grove School District No. 58**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Payments to Other Districts and Gov't Units				
Payments for special education programs				
Other objects	<u>\$ 2,000,000</u>	<u>\$ 2,334,958</u>	<u>\$ (334,958)</u>	<u>\$ 1,959,637</u>
Total	<u>2,000,000</u>	<u>2,334,958</u>	<u>(334,958)</u>	<u>1,959,637</u>
Total payments to other districts and other Gov'ts	<u>2,000,000</u>	<u>2,334,958</u>	<u>(334,958)</u>	<u>1,959,637</u>
Total expenditures	<u>47,265,000</u>	<u>47,575,221</u>	<u>(310,221)</u>	<u>46,451,283</u>
Excess (deficiency) of revenues over expenditures	<u>86,000</u>	<u>(228,187)</u>	<u>(314,187)</u>	<u>873,370</u>
Other financing sources (uses)				
Permanent transfer from working cash fund - interest	(35,000)	(11,120)	23,880	-
Proceeds from capital leases	-	240,151	240,151	-
Permanent transfer to operations and maintenance fund	(100,000)	(100,000)	-	-
Transfer to debt service for principal on capital leases	<u>-</u>	<u>(84,076)</u>	<u>(84,076)</u>	<u>-</u>
Total other financing sources (uses)	<u>(135,000)</u>	<u>44,955</u>	<u>179,955</u>	<u>-</u>
Net change to fund balance	<u>\$ (49,000)</u>	<u>(183,232)</u>	<u>\$ (134,232)</u>	<u>873,370</u>
Fund balance, beginning of year		<u>23,519,232</u>		<u>22,645,862</u>
Fund balance, end of year		<u>\$23,336,000</u>		<u>\$ 23,519,232</u>

(Concluded)

**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 3,951,000	\$ 3,923,212	\$ (27,788)	\$ 3,883,966
Corporate personal property replacement taxes	100,000	98,813	(1,187)	109,962
Interest on investments	9,000	6,248	(2,752)	7,031
Rentals	170,000	168,932	(1,068)	162,721
Contributions and donations from private sources	10,000	2,883	(7,117)	3,337
Impact fees from municipal or county gov'ts	10,000	-	(10,000)	-
Other	5,000	14,403	9,403	20,574
<b>Total local sources</b>	<u>4,255,000</u>	<u>4,214,491</u>	<u>(40,509)</u>	<u>4,187,591</u>
<b>Other State Sources</b>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>9,513</u>
<b>Total state sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,513</u>
<b>Total revenues</b>	<u>4,260,000</u>	<u>4,214,491</u>	<u>(45,509)</u>	<u>4,197,104</u>
<b>Expenditures</b>				
<b>Support services</b>				
<b>Business</b>				
Facilities acquisition and construction services				
Purchased services	80,000	127,694	(47,694)	40,915
Capital outlay	260,000	422,522	(162,522)	221,433
<b>Total</b>	<u>340,000</u>	<u>550,216</u>	<u>(210,216)</u>	<u>262,348</u>

(Continued)

**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Operation and maintenance of plant services				
Salaries	\$ 2,140,000	\$ 2,137,685	\$ 2,315	\$ 2,068,772
Employee benefits	455,000	451,949	3,051	441,838
Purchased services	500,100	596,343	(96,243)	461,001
Supplies and materials	955,500	810,391	145,109	941,015
Capital outlay	<u>10,000</u>	<u>27,522</u>	<u>(17,522)</u>	<u>12,492</u>
Total	<u>4,060,600</u>	<u>4,023,890</u>	<u>36,710</u>	<u>3,925,118</u>
Total business	<u>4,400,600</u>	<u>4,574,106</u>	<u>(173,506)</u>	<u>4,187,466</u>
Total support services	<u>4,400,600</u>	<u>4,574,106</u>	<u>(173,506)</u>	<u>4,187,466</u>
Total expenditures	<u>4,400,600</u>	<u>4,574,106</u>	<u>(173,506)</u>	<u>4,187,466</u>
Excess (deficiency) of revenues over expenditures	<u>(140,600)</u>	<u>(359,615)</u>	<u>(219,015)</u>	<u>9,638</u>
Other financing sources				
Permanent transfer from general fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (40,600)</u>	(259,615)	<u>\$ (219,015)</u>	9,638
Fund balance, beginning of year		<u>2,657,564</u>		<u>2,647,926</u>
Fund balance, end of year		<u>\$ 2,397,949</u>		<u>\$ 2,657,564</u>

(Concluded)

Downers Grove School District No. 58  
Transportation Fund  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,780,500	\$ 1,764,733	\$ (15,767)	\$ 1,716,075
Regular transportation fees from pupils or parents	4,200	3,868	(332)	7,648
Interest on investments	1,500	1,645	145	926
Other	-	3,800	3,800	-
Total local sources	<u>1,786,200</u>	<u>1,774,046</u>	<u>(12,154)</u>	<u>1,724,649</u>
State sources				
Transportation - Regular/Vocational	450,000	28,462	(421,538)	26,947
Transportation - Special Education	<u>220,000</u>	<u>491,896</u>	<u>271,896</u>	<u>430,450</u>
Total state sources	<u>670,000</u>	<u>520,358</u>	<u>(149,642)</u>	<u>457,397</u>
Total revenues	<u>2,456,200</u>	<u>2,294,404</u>	<u>(161,796)</u>	<u>2,182,046</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>2,238,900</u>	<u>2,197,748</u>	<u>41,152</u>	<u>2,547,811</u>
Total support services	<u>2,238,900</u>	<u>2,197,748</u>	<u>41,152</u>	<u>2,547,811</u>
Total expenditures	<u>2,238,900</u>	<u>2,197,748</u>	<u>41,152</u>	<u>2,547,811</u>
Excess (deficiency) of revenues over expenditures	<u>217,300</u>	<u>96,656</u>	<u>(120,644)</u>	<u>(365,765)</u>

(Continued)

**Downers Grove School District No. 58**  
 Transportation Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources				
Permanent transfer from working cash fund - interest	\$ 35,000	\$ 11,120	\$ (23,880)	\$ -
Total other financing sources	<u>35,000</u>	<u>11,120</u>	<u>(23,880)</u>	<u>-</u>
Net change in fund balance	<u>\$ 252,300</u>	107,776	<u>\$ (144,524)</u>	(365,765)
Fund balance, beginning of year		<u>536,342</u>		<u>902,107</u>
Fund balance, end of year		<u>\$ 644,118</u>		<u>\$ 536,342</u>

(Concluded)

**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 975,000	\$ 954,617	\$ (20,383)	\$ 958,732
Social security/medicare only levy	775,000	755,736	(19,264)	756,966
Corporate personal property				
Replacement taxes	17,000	17,161	161	17,161
Interest on investments	<u>3,500</u>	<u>1,820</u>	<u>(1,680)</u>	<u>1,788</u>
Total local sources	<u>1,770,500</u>	<u>1,729,334</u>	<u>(41,166)</u>	<u>1,734,647</u>
Total revenues	<u>1,770,500</u>	<u>1,729,334</u>	<u>(41,166)</u>	<u>1,734,647</u>
Expenditures				
Instruction				
Regular programs	257,250	260,142	(2,892)	243,725
Pre-K programs	67,500	63,708	3,792	68,038
Special education programs	398,500	366,408	32,092	395,218
Remedial and supplemental programs K-12	26,000	24,133	1,867	32,523
Summer school programs	5,400	6,181	(781)	128
Gifted programs	4,700	2,629	2,071	4,751
Bilingual programs	<u>4,200</u>	<u>6,205</u>	<u>(2,005)</u>	<u>4,252</u>
Total instruction	<u>763,550</u>	<u>729,406</u>	<u>34,144</u>	<u>748,635</u>

(Continued)



**Downers Grove 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, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 8,500	\$ 7,926	\$ 574	\$ 9,080
Guidance services	5,000	3,675	1,325	5,091
Health services	11,500	7,506	3,994	7,398
Psychological services	5,800	5,288	512	5,296
Speech pathology and audiology services	<u>12,500</u>	<u>11,697</u>	<u>803</u>	<u>12,356</u>
Total pupils	<u>43,300</u>	<u>36,092</u>	<u>7,208</u>	<u>39,221</u>
Instructional staff				
Improvement of instruction services	400	96,051	(95,651)	81,806
Educational media services	<u>247,750</u>	<u>170,546</u>	<u>77,204</u>	<u>166,806</u>
Total instructional staff	<u>248,150</u>	<u>266,597</u>	<u>(18,447)</u>	<u>248,612</u>
General administration				
Board of education services	3,000	2,827	173	2,712
Executive administration services	12,900	16,858	(3,958)	15,878
Special area administrative services	<u>2,500</u>	<u>8,426</u>	<u>(5,926)</u>	<u>8,139</u>
Total general administration	<u>18,400</u>	<u>28,111</u>	<u>(9,711)</u>	<u>26,729</u>
School administration				
Office of the principal services	<u>137,000</u>	<u>150,681</u>	<u>(13,681)</u>	<u>139,052</u>
Total school administration	<u>137,000</u>	<u>150,681</u>	<u>(13,681)</u>	<u>139,052</u>

(Continued)

**Downers Grove 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, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			2011 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Business</b>				
Direction of business support services	\$ 88,500	\$ 93,996	\$ (5,496)	\$ 91,810
Operation and maintenance of plant services	420,000	438,335	(18,335)	413,977
Food services	<u>6,400</u>	<u>7,144</u>	<u>(744)</u>	<u>6,651</u>
Total business	<u>514,900</u>	<u>539,475</u>	<u>(24,575)</u>	<u>512,438</u>
<b>Central</b>				
Direction of central support services	9,700	10,702	(1,002)	10,127
Information services	12,200	13,241	(1,041)	11,506
Staff services	13,600	14,634	(1,034)	14,079
Data processing services	<u>3,000</u>	<u>1,359</u>	<u>1,641</u>	<u>2,121</u>
Total central	<u>38,500</u>	<u>39,936</u>	<u>(1,436)</u>	<u>37,833</u>
Total support services	<u>1,000,250</u>	<u>1,060,892</u>	<u>(60,642)</u>	<u>1,003,885</u>
Total expenditures	<u>1,763,800</u>	<u>1,790,298</u>	<u>(26,498)</u>	<u>1,752,520</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 6,700</u>	(60,964)	<u>\$ (67,664)</u>	(17,873)
Fund balance, beginning of year		<u>687,519</u>		<u>705,392</u>
Fund balance, end of year		<u>\$ 626,555</u>		<u>\$ 687,519</u>

(Concluded)

Downers Grove Grade School District No. 58  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2012

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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 12, 2011.
- g) All budget appropriations lapse at the end of the fiscal year.

Downers Grove Grade School District No. 58  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2012

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	\$ 47,347,034	\$ 47,575,221
To adjust for on-behalf payments received	7,191,230	-
To adjust for on-behalf payments made	-	7,191,230
	\$ 54,538,264	\$ 54,766,451

3. EXPENDITURES IN EXCESS OF BUDGETS

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

Funds	Variance
General	\$ 310,221
Operations and Maintenance	173,506
Municipal Retirement / Social Security	26,498
Debt Service	85,209
Fire Prevention and Safety Fund	898,707

SUPPLEMENTARY FINANCIAL INFORMATION

# Downers Grove School District No. 58

General Fund

## COMBINING BALANCE SHEET

June 30, 2012

	<u>Educational</u>	<u>Working Cash</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 15,973,087	\$ 10,059,739	\$ 26,032,826
Receivables (net of allowance for uncollectibles):			
Property taxes	19,908,936	50,249	19,959,185
Replacement taxes	127,750	-	127,750
Intergovernmental	<u>1,247,334</u>	<u>-</u>	<u>1,247,334</u>
Total assets	<u>\$ 37,257,107</u>	<u>\$ 10,109,988</u>	<u>\$ 47,367,095</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 1,548,786	\$ -	\$ 1,548,786
Salaries and wages payable	1,992,682	-	1,992,682
Payroll deductions payable	350,449	-	350,449
Claims payable	523,904	-	523,904
Other current liabilities	690,208	-	690,208
Deferred revenue	<u>18,877,419</u>	<u>47,647</u>	<u>18,925,066</u>
Total liabilities	<u>23,983,448</u>	<u>47,647</u>	<u>24,031,095</u>
<b>Fund balances:</b>			
Assigned	3,092,609	-	3,092,609
Unassigned	<u>10,181,050</u>	<u>10,062,341</u>	<u>20,243,391</u>
Total fund balance	<u>13,273,659</u>	<u>10,062,341</u>	<u>23,336,000</u>
Total liabilities and fund balance	<u>\$ 37,257,107</u>	<u>\$ 10,109,988</u>	<u>\$ 47,367,095</u>

## Downers Grove School District No. 58

### General Fund

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

For the Year Ended June 30, 2012

	<u>General</u>	<u>Working Cash</u>	<u>Total</u>
<b>Revenues</b>			
Property taxes	\$ 39,418,668	\$ 100,766	\$ 39,519,434
Replacement taxes	677,790	-	677,790
State aid	10,886,030	-	10,886,030
Federal aid	1,918,727	-	1,918,727
Interest	34,076	23,880	57,956
Other	<u>1,478,327</u>	<u>-</u>	<u>1,478,327</u>
 Total revenues	 <u>54,413,618</u>	 <u>124,646</u>	 <u>54,538,264</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular programs	21,437,196	-	21,437,196
Special programs	6,592,755	-	6,592,755
Other instructional programs	1,053,647	-	1,053,647
State retirement contributions	7,191,230	-	7,191,230
<b>Support services:</b>			
Pupils	2,717,375	-	2,717,375
Instructional staff	5,278,237	-	5,278,237
General administration	1,681,358	-	1,681,358
School administration	3,615,627	-	3,615,627
Business	1,063,495	-	1,063,495
Operations and maintenance	16,221	-	16,221
Central	476,388	-	476,388
Other supporting services	910,628	-	910,628
Nonprogrammed charges	2,334,958	-	2,334,958
Capital outlay	<u>397,336</u>	<u>-</u>	<u>397,336</u>
 Total expenditures	 <u>54,766,451</u>	 <u>-</u>	 <u>54,766,451</u>
 Excess (deficiency) of revenues over expenditures	 <u>(352,833)</u>	 <u>124,646</u>	 <u>(228,187)</u>
 <b>Other financing sources (uses)</b>			
Transfers (out)	(184,076)	(11,120)	(195,196)
Procees from capital leases	<u>240,151</u>	<u>-</u>	<u>240,151</u>
 Total other financing sources (uses)	 <u>56,075</u>	 <u>(11,120)</u>	 <u>44,955</u>
 Net change in fund balance	 (296,758)	 113,526	 (183,232)
 Fund balance, beginning of year	 <u>13,570,417</u>	 <u>9,948,815</u>	 <u>23,519,232</u>
 Fund balance, end of year	 <u>\$ 13,273,659</u>	 <u>\$ 10,062,341</u>	 <u>\$ 23,336,000</u>

The accompanying notes are an integral part of this statement.

**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 610,500	\$ 607,406	\$ (3,094)	\$ 1,214,883
Interest on investments	<u>12,000</u>	<u>1,370</u>	<u>(10,630)</u>	<u>3,537</u>
Total local sources	<u>622,500</u>	<u>608,776</u>	<u>(13,724)</u>	<u>1,218,420</u>
<b>Federal sources</b>				
Build America Bonds Interest Reimbursement	<u>126,000</u>	<u>127,460</u>	<u>1,460</u>	<u>143,327</u>
Total federal sources	<u>126,000</u>	<u>127,460</u>	<u>1,460</u>	<u>143,327</u>
Total revenues	<u>748,500</u>	<u>736,236</u>	<u>(12,264)</u>	<u>1,361,747</u>
<b>Expenditures</b>				
<b>Debt service</b>				
Bonds - interest	<u>1,307,500</u>	<u>391,920</u>	<u>915,580</u>	<u>410,370</u>
Total debt service - interest	<u>1,307,500</u>	<u>391,920</u>	<u>915,580</u>	<u>410,370</u>
Principal payments on long-term debt	<u>-</u>	<u>999,076</u>	<u>(999,076)</u>	<u>930,000</u>
Other debt service				
Other objects	<u>-</u>	<u>1,713</u>	<u>(1,713)</u>	<u>1,680</u>
Total	<u>-</u>	<u>1,713</u>	<u>(1,713)</u>	<u>1,680</u>
Total debt service	<u>1,307,500</u>	<u>1,392,709</u>	<u>(85,209)</u>	<u>1,342,050</u>
Total expenditures	<u>1,307,500</u>	<u>1,392,709</u>	<u>(85,209)</u>	<u>1,342,050</u>

(Continued)



**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	<u>\$ (559,000)</u>	<u>\$ (656,473)</u>	<u>\$ (97,473)</u>	<u>\$ 19,697</u>
Other financing sources				
Transfer to pay for principal on capital leases	<u>-</u>	<u>84,076</u>	<u>84,076</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>84,076</u>	<u>84,076</u>	<u>-</u>
Net change in fund balance	<u>\$ (559,000)</u>	<u>(572,397)</u>	<u>\$ (13,397)</u>	<u>19,697</u>
Fund balance, beginning of year		<u>1,119,376</u>		<u>1,099,679</u>
Fund balance, end of year		<u>\$ 546,979</u>		<u>\$ 1,119,376</u>

(Concluded)

**Downers Grove 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, 2012  
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance From Final Budget	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 33,000	\$ 19,383	\$ (13,617)	\$ 16,013
Total local sources	<u>33,000</u>	<u>19,383</u>	<u>(13,617)</u>	<u>16,013</u>
Total revenues	<u>33,000</u>	<u>19,383</u>	<u>(13,617)</u>	<u>16,013</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	200,000	255,061	(55,061)	116,144
Capital outlay	<u>1,200,000</u>	<u>2,043,646</u>	<u>(843,646)</u>	<u>3,219,730</u>
Total support services	<u>1,400,000</u>	<u>2,298,707</u>	<u>(898,707)</u>	<u>3,335,874</u>
Total expenditures	<u>1,400,000</u>	<u>2,298,707</u>	<u>(898,707)</u>	<u>3,335,874</u>
Deficiency of revenues over expenditures	<u>\$ (1,367,000)</u>	(2,279,324)	<u>\$ (912,324)</u>	(3,319,861)
Fund balance, beginning of year		<u>4,138,993</u>		<u>7,458,854</u>
Fund balance, end of year		<u>\$ 1,859,669</u>		<u>\$ 4,138,993</u>

**Downers Grove Grade School District No. 58**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Assets</b>				
Cash	\$ 133,971	\$ 640,606	\$ 536,099	\$ 238,478
<b>Liabilities</b>				
Due to student groups				
Belle Aire	2,785	37,424	30,546	9,663
El Sierra	3,165	24,765	24,093	3,837
Fairmount	5,898	38,235	19,535	24,598
Henry Puffer	3,381	42,469	41,027	4,823
Highland	4,026	33,721	19,268	18,479
Hillcrest	8,942	53,737	44,239	18,440
Indian Trail	9,088	33,031	35,819	6,300
Kingsley	25,953	33,510	38,212	21,251
Lester	2,606	70,034	31,795	40,845
Pierce Downer	9,990	29,206	31,145	8,051
Whittier	10,078	36,852	38,952	7,978
Herrick Middle	28,507	112,573	99,473	41,607
O'Neill Middle	19,552	95,049	81,995	32,606
	\$ 133,971	\$ 640,606	\$ 536,099	\$ 238,478

## OTHER SUPPLEMENTAL INFORMATION

**Downers Grove Grade School District No. 58**  
**GENERAL LONG-TERM DEBT**  
**SCHEDULE OF GENERAL OBLIGATION BONDS**  
Year Ended June 30, 2012

	Maturity as follows			Total
	for the Year Ended June 30	Principal	Interest	
General Obligation Bonds Series 2010A, due December 15, 2012	2013	\$ 930,000	\$ 9,300	\$ 939,300
* General Obligation Bonds Series 2010B, due December 15, 2022	2013	-	364,170	364,170
	2014	1,005,000	353,115	1,358,115
	2015	1,020,000	327,780	1,347,780
	2016	1,040,000	297,900	1,337,900
	2017	1,060,000	263,485	1,323,485
	2018	1,085,000	224,598	1,309,598
	2019	1,110,000	182,602	1,292,602
	2020	1,140,000	136,740	1,276,740
	2021	1,170,000	87,353	1,257,353
	2022	1,200,000	34,905	1,234,905
	2023	170,000	3,952	173,952
Total		\$ 10,000,000	\$ 2,276,600	\$ 12,276,600
Total general obligation bonds payable		\$ 10,930,000	\$ 2,285,900	\$ 13,215,900

\* 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, 2012 AND 2011

	2012	2011
Operating costs per pupil		
Average Daily Attendance (ADA):	4,460	4,441
Operating costs:		
Educational	\$ 47,575,221	\$ 46,451,283
Operations and Maintenance	4,574,106	4,187,466
Debt Service	1,392,709	1,342,050
Transportation	2,197,748	2,547,811
Municipal Retirement/Social Security	1,790,298	1,752,520
Subtotal	57,530,082	56,281,130
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	221,007	214,045
Summer school	85,860	3,483
Capital outlay	847,380	397,302
Debt principal retired	999,076	930,000
Nonprogrammed charges	2,334,958	1,959,637
Subtotal	4,488,281	3,504,467
Operating costs	\$ 53,041,801	\$ 52,776,663
Operating costs per pupil - based on ADA	\$ 11,893	\$ 11,885
Tuition Charge		
Operating costs	\$ 53,041,801	\$ 52,776,663
Less - revenues from specific programs, such as special education or lunch programs	5,973,588	6,301,617
Net operating costs	47,068,213	46,475,046
Depreciation allowance	1,384,828	1,617,903
Allowance tuition costs	\$ 48,453,041	\$ 48,092,949
Tuition charge per pupil - based on ADA	\$ 10,864	\$ 10,830