

**ANNUAL FINANCIAL REPORT  
FOX LAKE GRADE SCHOOL  
DISTRICT NO. 114  
SPRING GROVE, ILLINOIS  
JUNE 30, 2015**

**FOX LAKE GRADE SCHOOL DISTRICT NO. 114**  
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**JUNE 30, 2015**

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## EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

1875 Hicks Road  
Rolling Meadows, Illinois 60008

PAUL H. THERMEN, C.P.A.  
JEFFERY M. ROLLEFSON, C.P.A.

### INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Fox Lake Grade School District No. 114  
Spring Grove, Illinois

We have audited the accompanying financial statements of Fox Lake Grade School District No. 114, Spring Grove, Illinois, as of and for the fiscal year ended June 30, 2015, and the related notes, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America. Also, as described in Note 1, management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

#### Auditor's Responsibility

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

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

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

#### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements of Fox Lake Grade School District No. 114 are prepared on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting

other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Fox Lake Grade School District No. 114 as of June 30, 2015, and the changes in its financial position for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of Fox Lake Grade School District No. 114, as of June 30, 2015, and its revenue received and expenditures disbursed during the year then ended, on the basis of the financial reporting provisions of Illinois State Board of Education as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Change in Accounting Principle**

We draw attention to Note 18 of the financial statements, which describes that the District adopted new accounting guidance; *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Prior-Year Comparative Information*

We have previously audited the District’s 2014 financial statements, and we expressed an adverse opinion on the financial statements in our report dated October 16, 2014. In our opinion, the summarized and comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Disclaimer of Opinion on Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fox Lake Grade School District No. 114’s financial statements. The Schedule of the Employer’s Proportionate Share of the Net Pension Liability - Teachers’ Retirement System of the State of Illinois, Schedule of Employer Contributions – Teachers’ Retirement System of the State of Illinois, Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund, Schedule of Employer Contributions – Illinois Municipal Retirement Fund, detailed schedules of revenues received and expenditures disbursed, Schedule of Bonded Debt Maturities and Interest, Per Capita Costs and notes to other information, which are the responsibility of management, are presented as Other Information for purposes of additional analysis and are not a required part of the financial statements.

We have applied certain limited procedures to the Other 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015, on our consideration of Fox Lake Grade School District No. 114's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fox Lake Grade School District No. 114's internal control over financial reporting and compliance.

*Evans, Marshall & Pease, P.C.*

Evans, Marshall and Pease, P.C.  
Certified Public Accountants

Rolling Meadows, Illinois  
October 1, 2015  
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FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
STATEMENT OF ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2015  
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2014)

<u>Assets</u>	<u>Educational</u>	<u>Operations &amp; Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
Cash and investments	\$ 8,608	\$ 30,965	\$741,228	\$ 463,886
Due from other funds	-	-	-	-
Capital assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Equipment	-	-	-	-
Transportation equipment	-	-	-	-
Other debits:				
Amount to be provided for payment of:				
Bond principal	-	-	-	-
Amount available in debt:				
Debt service fund	-	-	-	-
<u>Total Assets</u>	<u>\$ 8,608</u>	<u>\$ 30,965</u>	<u>\$741,228</u>	<u>\$ 463,886</u>
<u>Liabilities</u>				
Due to organizations	\$ -	\$ -	\$ -	\$ -
Due to the flexible benefit plan	-	-	-	-
Bonds payable	-	-	-	-
Due to other funds	3,900,000	100,000	-	-
<u>Total Liabilities</u>	<u>3,900,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>Fund Equity</u>				
Investment in general fixed assets	-	-	-	-
Fund balance - unreserved - designated	2,441,554	457,099	818,756	51,972
Fund balance - unreserved - undesignated	(6,332,946)	(526,134)	(77,528)	411,914
<u>Total Fund Balance</u>	<u>(3,891,392)</u>	<u>(69,035)</u>	<u>741,228</u>	<u>463,886</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$ 8,608</u>	<u>\$ 30,965</u>	<u>\$741,228</u>	<u>\$ 463,886</u>

The accompanying notes are an integral part of these financial statements.

Municipal Retirement/ Social Security	Working Cash	Agency	General Fixed Assets	General Long Term Debt	2015	2014
\$ 16,073	\$3,972,568	\$ 31,827	\$ -	\$ -	\$ 5,265,155	\$ 6,545,411
-	4,000,000	-	-	-	4,000,000	3,300,000
-	-	-	57,292	-	57,292	57,292
-	-	-	17,410,851	-	17,410,851	17,025,109
-	-	-	383,923	-	383,923	383,923
-	-	-	1,885,141	-	1,885,141	1,794,848
-	-	-	800,223	-	800,223	703,923
-	-	-	-	7,639,324	7,639,324	8,848,375
-	-	-	-	741,228	741,228	728,556
<u>\$ 16,073</u>	<u>\$7,972,568</u>	<u>\$ 31,827</u>	<u>\$20,537,430</u>	<u>\$ 8,380,552</u>	<u>\$38,183,137</u>	<u>\$ 39,387,437</u>
\$ -	\$ -	\$ 16,161	\$ -	\$ -	\$ 16,161	\$ 18,651
-	-	15,666	-	-	15,666	13,361
-	-	-	-	8,380,552	8,380,552	9,576,931
-	-	-	-	-	4,000,000	3,300,000
-	-	31,827	-	8,380,552	12,412,379	12,908,943
-	-	-	20,537,430	-	20,537,430	19,965,095
178,132	48,935	-	-	-	3,996,448	3,812,811
(162,059)	7,923,633	-	-	-	1,236,880	2,700,588
<u>16,073</u>	<u>7,972,568</u>	<u>-</u>	<u>20,537,430</u>	<u>-</u>	<u>25,770,758</u>	<u>26,478,494</u>
<u>\$ 16,073</u>	<u>\$7,972,568</u>	<u>\$ 31,827</u>	<u>\$20,537,430</u>	<u>\$ 8,380,552</u>	<u>\$38,183,137</u>	<u>\$ 39,387,437</u>



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	<u>Educational</u>	<u>Operations &amp; Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
<u>Revenues Received:</u>				
Local sources	\$ 5,042,874	\$ 813,082	\$ 1,627,488	\$ 198,245
State sources	1,147,360	-	-	323,246
Federal sources	525,933	-	-	-
<u>Total Direct Revenues Received</u>	<u>6,716,167</u>	<u>813,082</u>	<u>1,627,488</u>	<u>521,491</u>
<u>Revenues for On Behalf Payments</u>	<u>1,712,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures Disbursed:</u>				
Instruction	4,357,597	-	-	-
Supporting services	2,267,911	1,343,750	-	732,469
Community services	4,523	-	-	-
Other charges	754,361	-	1,628	-
Debt services	-	-	1,613,188	-
<u>Total Direct Expenditures Disbursed</u>	<u>7,384,392</u>	<u>1,343,750</u>	<u>1,614,816</u>	<u>732,469</u>
<u>Expenditures for On Behalf Payments</u>	<u>1,712,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Changes in Fund Balances</u>	<u>(668,225)</u>	<u>(530,668)</u>	<u>12,672</u>	<u>(210,978)</u>
<u>Fund Balance, July 1,</u>	<u>(3,223,167)</u>	<u>461,633</u>	<u>728,556</u>	<u>674,864</u>
<u>Fund Balance, June 30,</u>	<u>\$ (3,891,392)</u>	<u>\$ (69,035)</u>	<u>\$ 741,228</u>	<u>\$ 463,886</u>

The accompanying notes are an integral part of these financial statements.

Municipal Retirement/ Social Security	Working Cash	Total (Memorandum Only)	
		2015	2014
\$ 380,556	\$ 106,518	\$ 8,168,763	\$ 8,061,129
-	-	1,470,606	1,810,139
-	-	525,933	491,965
380,556	106,518	10,165,302	10,363,233
-	-	1,712,371	1,404,028
112,946	-	4,470,543	4,478,922
237,959	-	4,582,089	4,355,972
264	-	4,787	3,793
18,777	-	774,766	584,703
-	-	1,613,188	1,613,657
369,946	-	11,445,373	11,037,047
-	-	1,712,371	1,404,028
10,610	106,518	(1,280,071)	(673,814)
5,463	7,866,050	6,513,399	7,187,213
<u>\$ 16,073</u>	<u>\$ 7,972,568</u>	<u>\$ 5,233,328</u>	<u>\$ 6,513,399</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
STATEMENT OF REVENUES RECEIVED  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Educational</u>	<u>Operations &amp; Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
<u>Revenues Received:</u>				
Local Sources:				
General tax levy	\$ 4,718,519	\$ 799,111	\$ 1,626,680	\$ 196,354
Special education levy	79,233	-	-	-
FICA/Medicare levy	-	-	-	-
Corporate replacement tax	92,402	-	-	-
Earnings on investments	38	359	808	1,168
Impact fees	-	6,112	-	-
Food service	75,367	-	-	-
Pupil activities	10,597	-	-	-
Rental	50,678	-	-	-
Donations from private sources	13,210	-	-	-
Other	2,830	7,500	-	723
<u>Total Local Sources</u>	<u>5,042,874</u>	<u>813,082</u>	<u>1,627,488</u>	<u>198,245</u>
States Sources:				
General state aid	672,358	-	-	-
Special education	270,416	-	-	-
State free lunch	2,826	-	-	-
Early childhood	201,010	-	-	-
Other	750	-	-	-
Transportation	-	-	-	323,246
<u>Total State Sources</u>	<u>1,147,360</u>	<u>-</u>	<u>-</u>	<u>323,246</u>
Federal Sources:				
Title I - Low income	140,067	-	-	-
Title II - Teacher quality	39,981	-	-	-
National school lunch	183,472	-	-	-
Special Milk	790	-	-	-
School breakfast program	40,400	-	-	-
IDEA flow -through	71,773	-	-	-
Preschool flow-through	7,913	-	-	-
Medicaid matching - fee-for-service	10,056	-	-	-
Medicaid matching - administrative outreach	31,481	-	-	-
<u>Total Federal Sources</u>	<u>525,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Revenues Received</u>	<u>\$ 6,716,167</u>	<u>\$ 813,082</u>	<u>\$ 1,627,488</u>	<u>\$ 521,491</u>

The accompanying notes are an integral part of these financial statements.

<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Total</u>
\$ 159,595	\$ 100,133	\$ 7,600,392
17,608	-	96,841
189,339	-	189,339
13,988	-	106,390
26	6,385	8,784
-	-	6,112
-	-	75,367
-	-	10,597
-	-	50,678
-	-	13,210
-	-	11,053
<u>380,556</u>	<u>106,518</u>	<u>8,168,763</u>
-	-	672,358
-	-	270,416
-	-	2,826
-	-	201,010
-	-	750
-	-	323,246
<u>-</u>	<u>-</u>	<u>1,470,606</u>
-	-	140,067
-	-	39,981
-	-	183,472
-	-	790
-	-	40,400
-	-	71,773
-	-	7,913
-	-	10,056
-	-	31,481
<u>-</u>	<u>-</u>	<u>525,933</u>
<u>\$ 380,556</u>	<u>\$ 106,518</u>	<u>\$ 10,165,302</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	Salaries	Employee Benefits	Purchased Services	Supplies & Materials
Instruction:				
Regular programs	\$ 2,340,679	\$ 302,536	\$ 190,121	\$ 164,218
Special education programs	927,836	115,411	1,645	7,099
Interscholastic programs	122,667	1,748	3,022	4,000
Bilingual	83,360	7,564	-	-
Total Instructional	3,474,542	427,259	194,788	175,317
Support Services:				
Pupil:				
Attendance and social work	138,162	7,823	3,500	-
Health	-	-	7,614	1,000
Psychological	96,759	7,189	87,683	1,000
Speech and pathology	168,084	9,210	1,024	-
Other	-	-	3,993	5,727
Total Pupil	403,005	24,222	103,814	7,727
Instructional Staff:				
Improvement of instructional staff	2,610	-	54,149	7,000
Educational media	88,589	7,386	-	8,693
Assessment and testing	-	-	11,938	-
Total Instructional Staff	91,199	7,386	66,087	15,693
General Administration:				
Board of education	2,000	-	202,847	4,997
Executive administration	116,482	40,870	3,845	250
Total General Administration	118,482	40,870	206,692	5,247
School Administration:				
Office of the principal	461,690	104,481	2,853	1,892
Total School Administration	461,690	104,481	2,853	1,892
Business:				
Fiscal	92,428	9,534	17,184	2,348
Food service	144,335	7,970	3,331	197,031
Total Business	236,763	17,504	20,515	199,379

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ 73,705	\$ 8,378	\$ -	\$ -	\$ 3,079,637	\$ 3,082,351
2,321	123	-	-	1,054,435	1,000,953
-	1,164	-	-	132,601	140,664
-	-	-	-	90,924	92,074
76,026	9,665	-	-	4,357,597	4,316,042
-	-	-	-	149,485	151,355
-	-	-	-	8,614	1,461
-	-	-	-	192,631	206,817
-	-	-	-	178,318	188,832
-	-	-	-	9,720	13,300
-	-	-	-	538,768	561,765
-	-	-	-	63,759	66,205
5,367	-	-	-	110,035	114,711
-	-	-	-	11,938	11,938
5,367	-	-	-	185,732	192,854
-	5,703	-	-	215,547	215,656
-	1,415	-	-	162,862	166,301
-	7,118	-	-	378,409	381,957
-	1,970	-	-	572,886	579,103
-	1,970	-	-	572,886	579,103
-	-	-	-	121,494	120,517
-	-	-	-	352,667	329,657
-	-	-	-	474,161	450,174

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Central:				
Data processing	<u>\$ 108,711</u>	<u>\$ 8,844</u>	<u>\$ -</u>	<u>\$ -</u>
Total Central	<u>108,711</u>	<u>8,844</u>	<u>-</u>	<u>-</u>
Other:	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
Total Support Services	<u>1,419,850</u>	<u>203,307</u>	<u>399,961</u>	<u>230,338</u>
Community Services:				
Community services	<u>4,286</u>	<u>42</u>	<u>-</u>	<u>195</u>
Total Community Services	<u>4,286</u>	<u>42</u>	<u>-</u>	<u>195</u>
Other Charges:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>72,357</u>	<u>-</u>
Total Other Charges	<u>-</u>	<u>-</u>	<u>72,357</u>	<u>-</u>
Total Expenditures Disbursed	<u>\$ 4,898,678</u>	<u>\$ 630,608</u>	<u>\$ 667,106</u>	<u>\$ 405,850</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,555</u>	<u>\$ 116,432</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,555</u>	<u>116,432</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
<u>5,367</u>	<u>9,088</u>	<u>-</u>	<u>-</u>	<u>2,267,911</u>	<u>2,282,685</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,523</u>	<u>5,507</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,523</u>	<u>5,507</u>
<u>-</u>	<u>682,004</u>	<u>-</u>	<u>-</u>	<u>754,361</u>	<u>568,759</u>
<u>-</u>	<u>682,004</u>	<u>-</u>	<u>-</u>	<u>754,361</u>	<u>568,759</u>
<u>\$ 81,393</u>	<u>\$ 700,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,384,392</u>	<u>\$ 7,172,993</u>



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
 OPERATIONS AND MAINTENANCE FUND  
 STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Support Services:				
Business:				
Operation and maintenance of plant	<u>\$ 394,994</u>	<u>\$ 71,468</u>	<u>\$ 205,470</u>	<u>\$ 254,484</u>
Total Business	<u>394,994</u>	<u>71,468</u>	<u>205,470</u>	<u>254,484</u>
Total Support Services	<u>394,994</u>	<u>71,468</u>	<u>205,470</u>	<u>254,484</u>
Total Expenditures Disbursed	<u><u>\$ 394,994</u></u>	<u><u>\$ 71,468</u></u>	<u><u>\$ 205,470</u></u>	<u><u>\$ 254,484</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ 394,641</u>	<u>\$ 22,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,343,750</u>	<u>\$ 1,352,352</u>
<u>394,641</u>	<u>22,693</u>	<u>-</u>	<u>-</u>	<u>1,343,750</u>	<u>1,352,352</u>
<u>394,641</u>	<u>22,693</u>	<u>-</u>	<u>-</u>	<u>1,343,750</u>	<u>1,352,352</u>
<u><u>\$ 394,641</u></u>	<u><u>\$ 22,693</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,343,750</u></u>	<u><u>\$ 1,352,352</u></u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
DEBT SERVICE FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Debt Services:				
Principal retirements	\$ -	\$ -	\$ -	\$ -
Interest on bonds	-	-	-	-
Fiscal charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures Disbursed	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
\$ -	\$ 1,196,379	\$ -	\$ -	\$ 1,196,379	\$ 1,613,188
-	416,809	-	-	416,809	-
-	1,628	-	-	1,628	7,000
-	1,614,816	-	-	1,614,816	1,620,188
<u>\$ -</u>	<u>\$ 1,614,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,816</u>	<u>\$ 1,620,188</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
TRANSPORTATION FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Support Services:				
Business:				
Pupil transportation services	<u>\$ 313,735</u>	<u>\$ 59,403</u>	<u>\$ 199,491</u>	<u>\$ 62,194</u>
Total Business	<u>313,735</u>	<u>59,403</u>	<u>199,491</u>	<u>62,194</u>
Total Support Services	<u>313,735</u>	<u>59,403</u>	<u>199,491</u>	<u>62,194</u>
Total Expenditures Disbursed	<u><u>\$ 313,735</u></u>	<u><u>\$ 59,403</u></u>	<u><u>\$ 199,491</u></u>	<u><u>\$ 62,194</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ 96,300</u>	<u>\$ 1,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,469</u>	<u>\$ 744,456</u>
<u>96,300</u>	<u>1,346</u>	<u>-</u>	<u>-</u>	<u>732,469</u>	<u>744,456</u>
<u>96,300</u>	<u>1,346</u>	<u>-</u>	<u>-</u>	<u>732,469</u>	<u>744,456</u>
<u><u>\$ 96,300</u></u>	<u><u>\$ 1,346</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 732,469</u></u>	<u><u>\$ 744,456</u></u>

FOX LAKE GRADE SCHOOL DISTRICT NO.114  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	Salaries	Employee Benefits	Purchased Services	Supplies & Materials
Instruction:				
Regular programs	\$ -	\$ 30,472	\$ -	\$ -
Special programs	-	76,708	-	-
Interscholastic programs	-	4,577	-	-
Bilingual	-	1,188	-	-
Total Instructional	-	112,945	-	-
Support Services:				
Pupil:				
Attendance and social work	-	1,923	-	-
Health	-	-	-	-
Psychological	-	1,182	-	-
Speech pathology and audiology	-	2,422	-	-
Total Pupil	-	5,527	-	-
Instructional Staff:				
Improvement of instruction	-	1	-	-
Educational media	-	16,863	-	-
Total Instructional Staff	-	16,864	-	-
General Administration:				
Board of education	-	381	-	-
Executive administration	-	1,785	-	-
Total General Administration	-	2,166	-	-
School Administration:				
Office of the principal	-	31,177	-	-
Total School Administration	-	31,177	-	-
Business:				
Fiscal	-	17,602	-	-
Operation and maintenance	-	60,103	-	-
Pupil transportation	-	58,926	-	-
Food services	-	27,366	-	-
Total Business	-	163,997	-	-

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 30,472	\$ 34,206
-	-	-	-	76,708	75,940
-	-	-	-	4,577	5,478
-	-	-	-	1,188	1,222
-	-	-	-	112,945	116,846
-	-	-	-	1,923	2,016
-	-	-	-	-	-
-	-	-	-	1,182	1,420
-	-	-	-	2,422	2,527
-	-	-	-	5,527	5,963
-	-	-	-	1	-
-	-	-	-	16,863	17,242
-	-	-	-	16,864	17,242
-	-	-	-	381	1,694
-	-	-	-	1,785	-
-	-	-	-	2,166	1,694
-	-	-	-	31,177	32,691
-	-	-	-	31,177	32,691
-	-	-	-	17,602	13,193
-	-	-	-	60,103	68,777
-	-	-	-	58,926	59,229
-	-	-	-	27,366	24,147
-	-	-	-	163,997	165,346

(CONTINUED)



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

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	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Central:				
Data processing	\$ -	\$ 18,229	\$ -	\$ -
Total Central	-	18,229	-	-
Total Support Services	-	237,960	-	-
Community services	-	264	-	-
Other charges:				
Payments for special education programs	-	18,777	-	-
Total Other charges	-	18,777	-	-
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ 369,946</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 18,229	\$ 17,891
-	-	-	-	18,229	17,891
-	-	-	-	237,960	240,827
-	-	-	-	264	115
-	-	-	-	18,777	18,777
-	-	-	-	18,777	18,777
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,946</u>	<u>\$ 376,565</u>

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FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fox Lake Grade School District No. 114's (the "District") accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

***A. Principles Used to Determine Scope of Entity***

The reporting entity includes the governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit its citizens, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreement has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and is therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreement. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

***B. Basis of Presentation – Fund Accounting***

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District.

Educational Fund – The Educational Fund is the general operating fund of the District. It is used to account for all transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional programs, health and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. Tort Immunity and Special Education are included in this fund.

Operations and Maintenance Fund – The Operations and Maintenance Fund is used to account for all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings. Operations of this fund are generally financed by a special tax levied for these purposes and contributions and donations from private sources.

Debt Service Fund – The Debt Service Fund is used to account for all principal, interest, and administrative costs for tax-financed bond payments. Operations of this fund are generally financed by a special tax levied for these purposes.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Transportation Fund – The Transportation Fund is used to account for the costs associated with transporting pupils for any purpose. Revenue received for transportation purposes from any source must be deposited into this fund, including property taxes levied and state grants received for these purposes.

Illinois Municipal Retirement/Social Security Fund – The Illinois Municipal Retirement/Social Security Fund is used to account for costs of providing retirement benefits under Illinois Municipal Retirement Fund and Social Security if there are separate taxes levied for these purposes. If separate taxes are not levied for these purposes, then the payments shall be charged to the fund where the salaries are charged.

Working Cash Fund – The Working Cash Fund is used to account for a separate tax levied for working cash purposes and for any bonds sold for this purpose. Cash available in this fund may be loaned to any fund of the District.

Tort Fund – The Tort Fund is used to account for costs associated with District liability coverage.

Agency Fund – The Agency Fund is used to account for Student Activity Funds and Convenience Accounts, which are assets held by the District as an agent for the students and teachers. This fund is custodial in nature and does not involve the measurement of the results of operations. The amounts due to the Activity Fund organizations are equal to the assets.

General Fixed Assets Account Group – The General Fixed Assets Account Group is used to record physical assets of the District that have a long-term (i.e. more than one year) period of usefulness.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to record total bonded debt and other long-term debt of the District.

Measurement Focus

The financial statements of all funds, except the agency fund and two account groups, focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. Capital assets used in operations are accounted for in the General Fixed Assets Account Group rather than in the funds. Long-term liabilities expected to be financed from funds are accounted for in the General Long-Term Debt Account Group, not in the funds.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

***C. Basis of Accounting***

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

If the District utilized accounting principles generally accepted in the United States of America, the basic financial statements would be replaced with government-wide financial statements and fund financial statements. The fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

***D. Cash and Cash Equivalents***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***E. Investments***

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization.

***F. Inventories***

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

***G. Capital Assets***

Capital assets have been acquired for general governmental purposes. At the time of purchase, capital assets are recorded as disbursements in the fund for which the asset was purchased and capitalized at cost in the General Fixed Assets Account Group. Donated capital assets are stated at estimated fair market value as of the date of acquisition.

Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year or more. Such assets are recorded at historical cost or 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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Improvements, other than buildings	20
Buildings	40
Equipment	5-10

**H. Total Memorandum Only**

The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund type and account group. No consolidations or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

**I. Fund Balance Reporting**

Governmental fund balances are to be classified into five major classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

*Nonspendable* – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

*Restricted* – the restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account.
- *State Grants* – proceeds from state grants and the related expenditures have been included in the Educational Account and Transportation Fund.
- *Federal Grants* – proceeds from federal grants and the related expenditures have been included in the Educational Account.
- *Social Security* – expenditures and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund.

*Committed* – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

*Assigned* – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Unassigned* – the unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**NOTE 2 – RESERVED FUND BALANCES**

Reserved fund balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

***Social Security Tax Levy***

Cash receipts and the related cash disbursements of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. The Social Security portion of the fund balance at June 30, 2015 is \$3,347.

**NOTE 3 – DESIGNATED FUND BALANCE**

The District has designated receipts from the 2014 tax levy for expenditures to be incurred during fiscal year ending June 30, 2016. At June 30, 2015 the following balances were designated:

Fund	Amount
Educational	\$ 2,441,554
Operations and Maintenance	457,099
Debt Service	818,756
Transportation	51,972
Illinois Municipal Retirement/Social Security	178,132
Working Cash	48,935
Total	<u>\$ 3,996,448</u>

**NOTE 4 – BUDGETS AND BUDGETARY ACCOUNTING**

***Budgets and Budgetary Accounting***

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 23, 2014.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 4 – BUDGETS AND BUDGETARY ACCOUNTING (CONT'D)**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

***Expenditures in Excess of Budget***

The District over-expended its budget in the Educational Fund; actual expenditures of \$7,384,392 exceeded budgeted expenditures of \$7,172,993 by a difference of \$211,399.

**NOTE 5 – PROPERTY TAXES**

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2014 levy was passed by the Board on December 17, 2014. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these dates. Taxes recorded in these financial statements are from the 2013 and 2014 tax levies.

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation:

	<u>Tax Rate Limits</u>	<u>2014 Levy</u>	<u>2013 Levy</u>
Educational	3.5000	2.4536	2.2630
Tort Immunity	As needed	0.0000	0.0000
Special Education	0.4000	0.0412	0.0380
Operations and Maintenance	0.5500	0.4671	0.3340
Transportation	As needed	0.0531	0.1410
Municipal Retirement	As needed	0.0616	0.0970
Social Security	As needed	0.1129	0.0770
Debt Service	As needed	0.8366	0.7890
SEDOL Municipal Retirement	As needed	0.0075	0.0100
Working Cash	0.05	0.0500	0.0500
		<u>4.0835</u>	<u>3.7990</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 5 – PROPERTY TAXES (CONT'D)**

A summary of the past two years' assessed valuation, tax rates, and extensions follows:

Tax Year	2014		2013	
Equalized				
Assessed Valuation	\$194,863,893		\$206,669,083	
Purpose	Rates	Extensions	Rates	Extensions
Educational	2.4536	\$ 4,781,122	2.2630	\$ 4,676,921
Tort Immunity	0.0000	-	0.0000	-
Special Education	0.0412	80,284	0.0380	78,534
Operations & Maintenance	0.4671	910,131	0.3340	690,275
Transportation	0.0531	103,485	0.1410	291,403
Municipal Retirement	0.0616	120,001	0.0970	200,469
Social Security	0.1129	220,001	0.0770	159,135
Debt Service	0.8366	1,630,229	0.7890	1,630,619
SEDOL Municipal Retirement	0.0075	14,671	0.0100	20,667
Working Cash	0.0500	97,432	0.0500	103,335
	<u>4.0835</u>	<u>\$ 7,957,356</u>	<u>3.7990</u>	<u>\$ 7,851,358</u>

**NOTE 6 - CASH AND INVESTMENTS**

At June 30, 2015, the District's carrying amount of cash and investments is \$5,265,005, which does not include \$150 cash on hand. The bank balances total \$5,355,758. Cash and investments are comprised as follows:

Deposits with financial institutions	\$ 1,060,758
Certificates of deposit	2,595,000
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	<u>1,700,000</u>
	<u>\$ 5,355,758</u>

*Interest Rate Risk.* The District limits its exposure to fair value losses arising from increasing interest rates by limiting the amount of investments held for a period longer than one year. At June 30, 2015, the investments have a weighted average of 147.36 days. All investments mature in less than one year.

*Credit Risk.* The District is allowed to invest in securities as authorized by the Illinois Revised Statutes, Chapter 85, paragraphs 902 and 906, and Chapter 122, paragraph 8-7.

The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States;
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation (FDIC);
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the highest classifications by at least two rating agencies;
- Insured accounts of an Illinois credit union chartered under United States or Illinois Law;
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations;
- The Illinois Funds Money Market Fund;
- The Illinois School District Liquid Asset Fund;
- Repurchase agreements, which meet instrument transactions, requirements of Illinois law.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6 - CASH AND INVESTMENTS (CONT'D)**

During fiscal year ended June 30, 2015, the District invested in certificates of deposits and the Illinois School District Liquid Asset Fund Plus (ISDLAF+). Investments in the Illinois School District Liquid Asset Fund Plus are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. The ISDLAF+ is not registered with the SEC as an investment company.

*Custodial Risk.* Custodial risk is the risk that, in the event of the failure of the bank or counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Of the District's deposits and investments, the bank balance of \$5,355,758 is exposed to custodial credit risk as follows:

Depository Account	Amount
Insured	\$ 4,584,184
Uncollateralized	771,574
Total	<u>\$ 5,355,758</u>

**NOTE 7 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<i><u>Capital assets not being depreciated:</u></i>				
Land	\$ 57,292	\$ -	\$ -	\$ 57,292
Total capital assets not being depreciated	<u>57,292</u>	<u>-</u>	<u>-</u>	<u>57,292</u>
<i><u>Capital assets being depreciated:</u></i>				
Buildings	17,025,109	385,742	-	17,410,851
Improvements other than buildings	383,923	-	-	383,923
Equipment other than transportation	1,794,848	90,293	-	1,885,141
Transportation equipment	703,923	96,300	-	800,223
Total capital assets being depreciated	<u>19,907,803</u>	<u>572,335</u>	<u>-</u>	<u>20,480,138</u>
<i><u>Less accumulated depreciation for:</u></i>				
Buildings	6,544,679	381,285	-	6,925,964
Improvements other than buildings	313,556	15,682	-	329,238
Equipment other than transportation	1,197,995	97,651	-	1,295,646
Transportation equipment	437,936	108,065	-	546,001
Total accumulated depreciation	<u>8,494,166</u>	<u>602,683</u>	<u>-</u>	<u>9,096,849</u>
Net capital assets being depreciated	<u>11,413,637</u>	<u>(30,348)</u>	<u>-</u>	<u>11,383,289</u>
Net governmental activities capital assets	<u>\$ 11,470,929</u>	<u>\$ (30,348)</u>	<u>\$ -</u>	<u>\$ 11,440,581</u>

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – RETIREMENT FUND COMMITMENTS**

**A. Teachers Retirement System (TRS) of the State of Illinois**

**General Information about the Pension Plan**

*Plan Description*

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the system's administration.

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

*Benefits Provided*

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

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

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

*Contributions*

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the District.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2015, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$1,671,295 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$19,979, and are deferred because they were paid after the June 30, 2014 measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$121,861 were paid from federal and special trust funds that required employer contributions of \$40,214. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the employer paid \$ -0- to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the employer paid \$ -0- to TRS for employer contributions due on salary increases in excess of 6 percent and \$ -0- for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,101,881
State's proportionate share of the net pension liability associated with the District	20,758,697
	<hr/>
Total	<u>\$ 21,860,578</u>

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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the employer's proportion was 0.00191 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the District's proportion was 0.00181 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,734,866 and revenue of \$1,671,295 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 582	\$ -
Net difference between projected and actual earnings on pension plan investments	-	55,378
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	51,602
Employer contributions subsequent to the measurement date	63,571	-
Total	<u>\$ 64,153</u>	<u>\$ 106,980</u>

\$63,571 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (26,228)
2017	(26,228)
2018	(26,228)
2019	(26,228)
2020	(1,486)

*Actuarial Assumptions*

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

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

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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

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

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investment was applied to all periods of projected benefit payments to determine the total pension liability.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 1,360,769	\$ 1,101,881	\$ 887,492

*TRS Fiduciary Net Position*

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

**B. Teacher Health Insurance Security (THIS) Fund**

*Contributions*

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

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

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

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$41,076, and the employer recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$30,605 to the THIS Fund, which was 100 percent of the required contribution.



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

**Further information on the THIS Fund**

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

**C. Illinois Municipal Retirement Fund (IMRF)**

**General Information about the Pension Plan**

*Plan Description.*

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multi-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 other information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Benefits Provided*

IMRF provides retirement, disability, post retirement increases, and death benefits. Your "Tier" determines your IMRF benefits. Your tier is determined by the first date you began participating in IMRF or certain Illinois reciprocal systems. Most IMRF members participate in the Regular plan. Regular plan members work for local units of government that participate in IMRF. Government types include school districts, cities, villages, townships, counties (except Cook), fire protection districts, library districts, and park districts.

If you first participated in IMRF or reciprocal system (except Judges or General Assembly retirement systems):

- Before January 1, 2011, you are in Tier 1
- On or after January 1, 2011, you are in Tier 2

To begin receiving an IMRF Tier 1 Regular Plan pension, you:

- Must have at least eight years of service credit (can include reciprocal retirement system service credit)
- Cannot be working in any position which qualifies for IMRF participation.
- Must be at least age 55.

Although you can retire as early as age 55, age 60 is your full retirement age. Your pension may be reduced if you retire before age 60, depending upon the amount of service credit you have.

Under Tier 1, your pension is increased by 3% of the original amount on January 1 every year after you retire. Your first annual increase is based upon the number of months you are retired in your first year. If your pension effective date is January 1, your first year increase will also be 3%. Otherwise, your first year increase will be less than 3%.

Under Tier 2, your pension is increased by the lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. Annual increases begin the January following the year you reach age 67 or after you receive one year of pension payments, whichever is later. If the CPI decreases or is zero, no increase is paid.

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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

For additional benefit information, please see pages B-1 - B-5 of the December 31, 2014 Annual Actuarial Valuation report dated April 8, 2015 or Article 7 of the Illinois Pension Code.

*Contributions*

As set by statute, the District's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual required contribution rate for calendar year 2014 was 11.38 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 statute.

*Employees Covered by Benefit Terms.*

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

Retirees and beneficiaries	32
Inactive, non-retired members	90
Active members	58
	<hr/>
	180
	<hr/>

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

The District's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

*Actuarial Assumptions*

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	3.75 percent to 14.50 percent including inflation
Investment rate of return	7.49 percent

Mortality rates were based on the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2014 – December 31, 2014. The actuarial cost method used was the entry age normal method. The asset valuation method used was the market value of assets.

The long-term expected rate of return on pension plan investments is 7.50 percent; the municipal bond rate is 3.56 percent (based on the weekly rate closet to but not later than the measurement date of the 20-year Bond Buyer Index as published by the Federal Reserve); and the resulting single discount rate is 7.49 percent.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.49 percent. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Pension Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required.

*Changes in Net Pension Liability – Calendar Year Ended December 31, 2014*

<b>Total pension liability</b>	
Service cost	\$ 185,045
Interest on the total pension liability	391,735
Changes of benefit terms	-
Difference between expected and actual experience	(90,856)
Changes of assumptions	243,239
Benefit payments, including refunds of employee contributions	<u>(279,142)</u>
Net change in total pension liability	\$ 450,021
Total pension liability - beginning	<u>5,277,160</u>
Total pension liability - ending	<u><u>\$ 5,727,181</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 179,069
Contributions - employee	70,343
Net investment income	290,733
Benefit payments, including refunds of employee contributions	(279,142)
Other (net transfer)	<u>(163,670)</u>
Net change in plan fiduciary net position	\$ 97,333
Plan fiduciary net position - beginning	<u>4,780,983</u>
Plan fiduciary net position - ending	<u><u>\$ 4,878,316</u></u>
<b>Net pension liability/(asset)</b>	<u><u>\$ 848,865</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	85.18%
<b>Covered valuation payroll</b>	\$ 1,599,629
<b>Net pension liability as a percentage of covered payroll</b>	53.07%

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

The following presents the net pension liability of the District, calculated using the discount rate of 7.48 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

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**NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)**

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Total pension liability	\$ 6,462,853	\$ 5,727,181	\$ 5,119,784
Plan fiduciary net position	4,878,316	4,878,316	4,878,316
Net pension liability/(asset)	<u>\$ 1,584,537</u>	<u>\$ 848,865</u>	<u>\$ 241,468</u>

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

For the year ended December 31, 2014, the District recognized pension expense of \$178,029. At December 31, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,438
Changes of assumptions	76,134	-
Net difference between projected and actual earnings on pension plan investments	12,118	-
Employer contributions subsequent to the measurement date	83,170	-
Total	<u>\$ 171,422</u>	<u>\$ 28,438</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ 59,814
2016	59,814
2017	21,413
2018	12,116
2019	-
Thereafter	-
Total	<u>\$ 153,157</u>

**D. Aggregate Pension Amounts**

For the Year Ended June 30, 2015, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 60,338	\$ 171,422	\$ 231,760
Net Pension Liability	1,101,881	848,865	1,950,746
Deferred Inflows of Resources	106,980	28,438	135,418
Pension Expense, Net of State Support	63,571	178,029	241,600

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – CHANGES IN GENERAL LONG-TERM DEBT**

Changes in general long-term debt are summarized as follows:

	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
General Obligation Limited Tax				
Capital Appreciation School Bonds				
Dated 4/29/04	\$ 786,931	\$ -	\$ 111,379	\$ 675,552
General Obligation Refunding 8/13/07	5,510,000	-	620,000	4,890,000
General Obligation School Bonds				
Dated 10/25/12	3,280,000	-	465,000	2,815,000
	<u>\$ 9,576,931</u>	<u>\$ -</u>	<u>\$ 1,196,379</u>	<u>\$ 8,380,552</u>

On April 29, 2004 the District issued \$1,459,463 in General Obligation Limited Tax Capital Appreciation School Bonds. The bond's interest rate ranges from 4.7% to 6.7%. Interest is due on the bonds every July 1 and January 1 beginning January 1, 2010 and continuing until January 1, 2023. Principal payments are due every January 1 beginning January 1, 2010 and ending January 1, 2023.

On August 13, 2007 the District issued \$7,695,000 (including \$173,992 Working Cash Bonds) in General Obligation School Bonds to advance refund \$7,165,000 of outstanding 2001 Series Building Bonds. Securities were purchased and deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the debt refunded. The bonds' interest rate ranges from 4.00% to 4.125%. Interest is due on the bonds every July 1 and January 1 beginning January 1, 2008 and continuing until January 1, 2021. Principal payments are due every January 1 beginning January 1, 2008 and ending January 1, 2021.

On October 25, 2012 the District issued \$3,740,000 in General Obligation School Bonds. The bonds' interest rate ranges from 2.00% to 3.5%. Interest is due on the bonds every July 1 and January 1 beginning July 1, 2013 and continuing until January 1, 2021. Principal payments are due every January 1 beginning January 1, 2014 and ending January 1, 2021.

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. For the tax year 2014, the equalized assessed valuation was \$194,863,893. The District's legal debt limit is \$13,445,609 and as of June 30, 2015, the District has a legal debt margin of \$5,065,057.

**NOTE 10 – DEBT SERVICE REQUIREMENTS**

At June 30, 2015 the annual debt service requirements to service all long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,224,722	\$ 389,366	\$ 1,614,088
2017	1,283,464	359,724	1,643,188
2018	1,352,579	325,109	1,677,688
2019	1,427,045	286,243	1,713,288
2020	1,501,842	242,846	1,744,688
2021-2023	1,590,900	468,463	2,059,363
	<u>\$ 8,380,552</u>	<u>\$ 2,071,751</u>	<u>\$ 10,452,303</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 11 – OPERATING LEASES**

The District is engaged in three agreements to lease copiers. The stated monthly payments pursuant to the agreements are \$1,893, \$1,484 and \$2,092 per month. The minimum annual lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 48,591
2017	31,040
2018	<u>4,184</u>
Total	<u>\$ 83,815</u>

**NOTE 12 – COMMON BANK ACCOUNT**

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

No District fund had a cash overdraft at June 30, 2015.

**NOTE 13 – DEFICIT FUND BALANCE**

Deficit fund balances existed in the following funds:

<u>Fund</u>	<u>June 30, 2015 Fund Balance</u>
Educational	\$ (3,891,392)
Operations and Maintenance	(69,035)

**NOTE 14 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2015 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 15 – INTERFUND LOANS**

<u>From</u>	<u>To</u>	<u>Balance June 30, 2015</u>
Working Cash Fund	Educational Fund	\$ 3,900,000
Working Cash Fund	Operations and Maintenance Fund	100,000

The purpose of the interfund loans was to help with cash flow needs prior to receiving property tax revenue.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 16 – JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF LAKE COUNTY (SEDOL)**

The District and thirty-five other districts within Lake County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

Complete financial statements for SEDOL can be obtained from the Administrative Offices at 18160 Gages Lake Road, Gages Lake, Illinois 60030-1819.

**NOTE 17 – CONTINGENCIES/COMMITMENTS**

The District is not aware of any litigation which might have a material adverse affect on the District's financial position. The District had no outstanding construction contracts at June 30, 2015.

**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended June 30, 2015, the District adopted new accounting guidance; *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**NOTE 19 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2015, and the date of this audit report requiring disclosure in the financial statements.

## OTHER INFORMATION





FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
Other Information  
Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Teachers' Retirement System of the State of Illinois  
Fiscal Year 2015\*

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Employer's proportion of the net pension liability	0.0018%
Employer's proportionate share of the net pension liability	\$ 1,101,881
State's proportionate share of the net pension liability associated with the employer	<u>20,758,697</u>
Total	<u>\$ 21,860,578</u>
Employer's covered-employee payroll	\$ 4,027,035
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.36%
Plan fiduciary net position as a percentage of the total pension liability	43.00%

\*The amounts presented were determined as of the prior fiscal-year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
Other Information  
Schedule of Employer Contributions  
Teachers' Retirement System of the State of Illinois  
Fiscal Year 2015

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Contractually-required contribution	\$ 23,357
Contributions in relation to the contractually-required contribution	<u>19,979</u>
Contribution deficiency (excess)	<u><u>\$ 3,378</u></u>
Employer's covered-employee payroll	\$ 4,027,035
Contributions as a percentage of covered-employee payroll	0.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
Other Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
Illinois Municipal Retirement Fund  
Most Recent Calendar Year

Calendar year ending December 31,	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 185,045
Interest on the total pension liability	391,735
Benefit changes	-
Difference between expected and actual experience of the total pension liability	(90,856)
Changes of assumptions	243,239
Benefit payments, including refunds of employee contributions	<u>(279,142)</u>
<b>Net change in pension liability</b>	450,021
<b>Total pension liability - beginning</b>	<u>5,277,160</u>
<b>Total pension liability - ending (A)</b>	<u><u>\$ 5,727,181</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 179,069
Contributions - employees	70,343
Net investment income	290,733
Benefit payments, including refunds of employee contributions	(279,142)
Other (net transfer)	<u>(163,670)</u>
<b>Net change in plan fiduciary net position</b>	97,333
<b>Plan fiduciary net position - beginning</b>	4,780,983
<b>Plan fiduciary net position - ending (B)</b>	<u><u>\$ 4,878,316</u></u>
<b>Net pension liability/(asset) - ending (A) - (B)</b>	<u><u>\$ 848,865</u></u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	85.18%
<b>Covered valuation payroll</b>	\$ 1,564,367
<b>Net pension liability as a percentage of covered valuation payroll</b>	54.26%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
Other Information  
Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Most Recent Calendar Year

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 168,326	\$ 179,069	\$ (10,743)	\$ 1,564,367	11.45%

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate\****

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2014 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%. Approximate; No explicit price inflation assumption is used in this valuation
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 4,729,022	\$ 4,718,519	\$ 4,610,588
Special education levy	79,409	79,233	77,214
Corporate replacement taxes	96,172	92,402	89,243
Earnings on investments	23	38	1,004
Food services	99,520	75,367	99,520
Pupil activities	14,000	10,597	12,316
Rentals	58,029	50,678	43,803
Donations from private sources	9,455	13,210	17,951
Other	2,517	2,830	9,429
<u>Total From Local Sources</u>	<u>5,088,147</u>	<u>5,042,874</u>	<u>4,961,068</u>
State Sources:			
General state aid	686,459	672,358	679,561
Special education	388,237	270,416	462,002
State free lunch	3,632	2,826	4,092
Early childhood	182,219	201,010	182,566
Other	21,926	750	-
<u>Total From State Sources</u>	<u>1,282,473</u>	<u>1,147,360</u>	<u>1,328,221</u>
Federal Sources:			
Title I - Low Income	157,356	140,067	128,762
Title II - Teacher Quality	42,163	39,981	32,964
National school lunch	169,735	183,472	169,735
Special Milk	542	790	593
School breakfast program	56,582	40,400	56,494
IDEA flow-through	72,073	71,773	70,306
Preschool flow-through	7,920	7,913	9,023
Medicaid matching - administrative outreach	7,009	31,481	17,079
Medicaid matching - fee for service	23,213	10,056	7,009
Other	83,286	-	-
<u>Total From Federal Sources</u>	<u>619,879</u>	<u>525,933</u>	<u>491,965</u>
<u>Total Revenues Received</u>	<u>6,990,499</u>	<u>6,716,167</u>	<u>6,781,254</u>

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Instruction:			
Regular Programs:			
Salaries	\$ 2,366,514	\$ 2,340,679	\$ 2,257,439
Employee benefits	274,401	302,536	283,160
Purchased services	193,104	190,121	271,414
Supplies and materials	166,812	164,218	199,982
Capital outlay	74,000	73,705	81,944
Other	7,520	8,378	7,516
Total	3,082,351	3,079,637	3,101,455
Special Education Programs:			
Salaries	896,461	927,836	924,694
Employee benefits	93,302	115,411	101,758
Purchased services	1,645	1,645	3,191
Supplies and materials	7,099	7,099	11,135
Capital outlay	2,321	2,321	1,507
Other	125	123	119
Total	1,000,953	1,054,435	1,042,404
Interscholastic Programs:			
Salaries	130,000	122,667	129,758
Employee benefits	1,300	1,748	1,284
Purchased services	4,064	3,022	3,972
Supplies and materials	4,000	4,000	3,100
Other	1,300	1,164	1,458
Total	140,664	132,601	139,572
Bilingual:			
Salaries	84,286	83,360	78,026
Employee benefits	7,788	7,564	7,276
Total	92,074	90,924	85,302
<u>Total Instruction</u>	<u>4,316,042</u>	<u>4,357,597</u>	<u>4,368,733</u>

FOX LAKE GRADE SCHOOL DISTRICT NO.114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Pupils:			
Attendance and Social Work:			
Salaries	\$ 139,069	\$ 138,162	\$ 129,490
Employee benefits	8,686	7,823	7,572
Purchased services	3,600	3,500	3,460
Total	151,355	149,485	140,522
Health:			
Purchased services	461	7,614	7,471
Supplies and materials	1,000	1,000	733
Total	1,461	8,614	8,204
Psychological:			
Salaries	97,914	96,759	91,283
Employee benefits	7,450	7,189	7,089
Purchased services	100,453	87,683	86,296
Supplies and materials	1,000	1,000	971
Total	206,817	192,631	185,639
Speech Pathology and Audiology:			
Salaries	177,943	168,084	136,132
Employee benefits	9,866	9,210	8,486
Purchased services	1,023	1,024	1,200
Total	188,832	178,318	145,818
Other Support Services - Pupils			
Purchased services	6,900	3,993	4,056
Supplies and materials	6,400	5,727	5,996
Total	13,300	9,720	10,052
Instructional Staff:			
Improvement of Instruction Services:			
Salaries	3,200	2,610	2,000
Employee benefits	1,056	-	26
Purchased services	54,949	54,149	47,232
Supplies and materials	7,000	7,000	6,654
Total	66,205	63,759	55,912

(CONTINUED)



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Education Media:			
Salaries	\$ 90,399	\$ 88,589	\$ 85,978
Employee benefits	9,312	7,386	10,967
Supplies and materials	10,000	8,693	13,961
Capital outlay	5,000	5,367	3,747
Total	114,711	110,035	114,653
Assessment and Testing:			
Purchased services	11,938	11,938	12,325
Total	11,938	11,938	12,325
General Administration:			
Board of Education:			
Salaries	5,150	2,000	2,000
Purchased services	199,006	202,847	194,531
Supplies and materials	5,000	4,997	5,039
Other	6,500	5,703	6,500
Total	215,656	215,547	208,070
Executive Administration:			
Salaries	116,845	116,482	110,231
Employee benefits	42,206	40,870	41,329
Purchased services	5,000	3,845	2,320
Supplies and materials	250	250	193
Other	2,000	1,415	1,419
Total	166,301	162,862	155,492
Special Area Administration Services:			
Salaries	-	-	3,157
Employee benefits	-	-	626
Total	-	-	3,783
School Administration:			
Office of the Principal:			
Salaries	469,247	461,690	448,185
Employee benefits	101,856	104,481	116,757
Purchased services	4,000	2,853	3,322
Supplies and materials	2,000	1,892	1,968
Other	2,000	1,970	1,977
Total	579,103	572,886	572,209

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Business:			
Fiscal:			
Salaries	\$ 92,435	\$ 92,428	\$ 89,880
Employee benefits	9,573	9,534	8,940
Purchased services	16,009	17,184	16,493
Supplies and materials	2,500	2,348	2,332
Total	120,517	121,494	117,645
Food Service:			
Salaries	135,772	144,335	130,668
Employee benefits	8,102	7,970	8,858
Purchased services	3,783	3,331	3,783
Supplies and materials	182,000	197,031	176,998
Capital outlay	-	-	13,043
Total	329,657	352,667	333,350
Data Processing Services:			
Salaries	106,807	108,711	131,074
Employee benefits	9,625	8,844	17,530
Total	116,432	117,555	148,604
Other Support Services:			
Supplies and materials	400	400	502
Total	400	400	502
<u>Total Supporting Services</u>	<u>2,282,685</u>	<u>2,267,911</u>	<u>2,212,780</u>
Community Services:			
Salaries	4,286	4,286	2,960
Employee benefits	-	42	52
Purchased services	1,021	-	500
Supplies and materials	200	195	163
Total	5,507	4,523	3,675
Other Charges:			
Payments for Special Education Programs:			
Purchased services	58,463	72,357	57,502
Other	-	126,343	86,069
Tuition	510,296	555,661	428,977
<u>Total Other Charges</u>	<u>568,759</u>	<u>754,361</u>	<u>572,548</u>

(CONTINUED)

FOX LAKE SCHOOL DISTRICT NO. 114  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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	2015		2014
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
<u>Total Expenditures Disbursed</u>	<u>\$ 7,172,993</u>	<u>\$ 7,384,392</u>	<u>\$ 7,157,736</u>
<u>(Deficiency) of Revenues Received Over Expenditures Disbursed</u>	<u>\$ (182,494)</u>	<u>\$ (668,225)</u>	<u>\$ (376,482)</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
OPERATIONS AND MAINTENANCE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 800,203	\$ 799,111	\$ 680,895
Earnings on investments	359	359	1,063
Impact fees	900	6,112	900
Other	5,500	7,500	6,101
<u>Total Local Sources</u>	<u>806,962</u>	<u>813,082</u>	<u>688,959</u>
State Sources:			
School infrastructure - maintenance projects	-	-	100,000
<u>Total State Sources</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>Total Revenues Received</u>	<u>806,962</u>	<u>813,082</u>	<u>788,959</u>
<u>Expenditures Disbursed:</u>			
Operations and Maintenance of Plant Services:			
Salaries	388,065	394,994	394,755
Employee benefits	71,217	71,468	65,209
Purchased services	191,271	205,470	230,539
Supplies and materials	256,000	254,484	244,307
Capital outlay	422,773	394,641	346,505
Other	23,026	22,693	20,418
<u>Total Supporting Services</u>	<u>1,352,352</u>	<u>1,343,750</u>	<u>1,301,733</u>
<u>Total Expenditures Disbursed</u>	<u>1,352,352</u>	<u>1,343,750</u>	<u>1,301,733</u>
<u>(Deficiency) of Revenues Received Over</u> <u>Expenditures Disbursed</u>	<u>\$ (545,390)</u>	<u>\$ (530,668)</u>	<u>\$ (512,774)</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 1,630,424	\$ 1,626,680	\$ 1,625,862
Earnings on investments	807	808	500
<u>Total Local Sources</u>	<u>1,631,231</u>	<u>1,627,488</u>	<u>1,626,362</u>
<u>Total Revenues Received</u>	<u>1,631,231</u>	<u>1,627,488</u>	<u>1,626,362</u>
<u>Expenditures Disbursed:</u>			
Debt Service:			
Principal retirement	1,613,188	1,196,379	1,153,459
Interest on bonds	-	416,809	460,198
Fiscal charges	7,000	1,628	1,351
<u>Total Expenditures Disbursed</u>	<u>1,620,188</u>	<u>1,614,816</u>	<u>1,615,008</u>
<u>Excess of Revenues Received Over</u> <u>Over Expenditures Disbursed</u>	<u>\$ 11,043</u>	<u>\$ 12,672</u>	<u>\$ 11,354</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 197,444	\$ 196,354	\$ 330,593
Earnings on investments	1,168	1,168	1,274
Miscellaneous	750	723	139
<u>Total Local Sources</u>	<u>199,362</u>	<u>198,245</u>	<u>332,006</u>
State Sources:			
Transportation aid	329,189	323,246	381,918
<u>Total State Sources</u>	<u>329,189</u>	<u>323,246</u>	<u>381,918</u>
<u>Total Revenues Received</u>	<u>528,551</u>	<u>521,491</u>	<u>713,924</u>
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Pupil Transportation Services:			
Salaries	319,478	313,735	301,774
Employee benefits	57,788	59,403	45,926
Purchased services	188,890	199,491	186,339
Supplies and materials	80,000	62,194	79,641
Capital outlay	96,300	96,300	-
Other	2,000	1,346	1,103
<u>Total Supporting Services</u>	<u>744,456</u>	<u>732,469</u>	<u>614,783</u>
<u>Total Expenditures Disbursed</u>	<u>744,456</u>	<u>732,469</u>	<u>614,783</u>
<u>Excess (Deficiency) of Revenues Received</u> <u>Over Expenditures Disbursed</u>	<u>\$ (215,905)</u>	<u>\$ (210,978)</u>	<u>\$ 99,141</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 177,904	\$ 159,595	\$ 159,088
Special education levy	-	17,608	16,106
FICA/Medicare levy	189,568	189,339	149,748
Corporate replacement taxes	13,988	13,988	12,401
Earnings on investments	25	26	35
<u>Total Local Sources</u>	<u>381,485</u>	<u>380,556</u>	<u>337,378</u>
<u>Total Revenues Received</u>	<u>381,485</u>	<u>380,556</u>	<u>337,378</u>
<u>Expenditures Disbursed:</u>			
Instruction - employee benefits	116,846	112,946	110,189
Supporting services - employee benefits	240,827	237,959	226,676
Community services - employee benefits	115	264	118
Other charges - employee benefits	18,777	18,777	10,804
<u>Total Expenditures Disbursed</u>	<u>376,565</u>	<u>369,946</u>	<u>347,787</u>
<u>Excess (Deficiency) of Revenues Received</u> <u>Over Expenditures Disbursed</u>	<u>\$ 4,920</u>	<u>\$ 10,610</u>	<u>\$ (10,409)</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
WORKING CASH FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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	2015		2014
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 100,383	\$ 100,133	\$ 109,121
Earnings on investments	8,000	6,385	6,235
<u>Total Local Sources</u>	<u>108,383</u>	<u>106,518</u>	<u>115,356</u>
<u>Total Revenues Received</u>	<u>108,383</u>	<u>106,518</u>	<u>115,356</u>
<u>Excess of Revenues Received Over</u>			
<u>Expenditures Disbursed</u>	<u>\$ 108,383</u>	<u>\$ 106,518</u>	<u>\$ 115,356</u>



FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
ACTIVITY FUNDS  
STATEMENT OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2015

	Cash Balance July 1, 2014	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2015
<u>Lotus School</u>				
Adopt-A-Class	\$ 457	\$ 666	\$ 665	\$ 458
All-stars	738	-	857	(119)
Art Clubs	230	-	-	230
Assemblies	288	-	-	288
Choir	179	2,825	3,393	(389)
Early childhood	689	-	689	-
Extra curricular activities	461	-	-	461
Field Day	299	1,974	2,033	240
Field Trips	-	2,585	3,133	(548)
Fine Arts	275	-	-	275
Gymnastics	-	500	-	500
Lotus activity	1,813	2,011	1,153	2,671
Mad minutes	180	-	137	43
Memorial	90	-	90	-
Music	-	444	899	(455)
PBIS	-	720	809	(89)
Pottery	-	100	-	100
Skating	217	2,203	2,148	272
Yearbook	815	3,400	3,334	881
	<u>\$ 6,731</u>	<u>\$ 17,428</u>	<u>\$ 19,340</u>	<u>\$ 4,819</u>
Total Lotus School				
<u>Stanton</u>				
Adopt-A-Class	\$ -	\$ 300	\$ -	\$ 300
Assemblies	63	1,400	814	649
Athletics	-	433	360	73
Basketball	-	405	400	5
Cheerleading	293	617	755	155
Cross Country	54	804	802	56
Drama Club	330	256	254	332
Drugs	1,364	900	2,261	3
Field Trips	284	300	297	287
Fitness Club	85	1,766	1,331	520
General Activity	180	2,127	2,007	300
Girls Basketball	131	705	831	5
Library	171	93	283	(19)
Memorial	198	-	-	198
Middle School	63	-	43	20
NJHS	110	1,083	1,096	97
Orchesis	18	143	157	4

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
ACTIVITY FUNDS  
STATEMENT OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2015

	Cash Balance July 1, 2014	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2015
Peer leader	\$ 434	\$ -	\$ 50	\$ 384
Physical education grants	155	1,848	1,892	111
PBIS	272	4,230	4,362	140
Principal's Pride	297	-	297	-
Scholarship	439	1,750	1,094	1,095
Scholastic Bowl	1	258	250	9
Searle	487	779	725	541
Snowflake	15	-	-	15
Student Council	830	2,253	2,325	758
Student Needs	290	125	162	253
Technology	494	-	58	436
Track	223	2,039	2,073	189
Trip - Springfield	2,277	9,556	9,424	2,409
Volleyball	190	668	699	159
Wrestling	672	-	131	541
Yearbook	1,500	1,462	1,645	1,317
Total Stanton School	<u>\$ 11,920</u>	<u>\$ 36,300</u>	<u>\$ 36,878</u>	<u>\$ 11,342</u>
Total	<u>\$ 18,651</u>	<u>\$ 53,728</u>	<u>\$ 56,218</u>	<u>\$ 16,161</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST  
JUNE 30, 2015

Year Ended June 30,	April 29, 2004 \$1,459,463 Interest Varying From 3.75 To 4.65%		October 25, 2012 \$3,740,000 Interest Varying From 2.00 To 3.5%		August 13, 2007 \$7,695,000 Interest Varying From 4.00 to 4.125%	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 104,722	\$ 110,278	\$ 445,000	\$ 81,150	\$ 675,000	\$ 197,938
2017	98,464	116,536	460,000	72,250	725,000	170,938
2018	92,579	122,421	480,000	60,750	780,000	141,938
2019	87,045	127,955	500,000	47,550	840,000	110,738
2020	81,842	133,158	520,000	32,550	900,000	77,138
2021	76,951	138,049	410,000	14,350	970,000	40,013
2022	70,668	139,332	-	-	-	-
2023	63,281	136,719	-	-	-	-
TOTAL	<u>\$ 675,552</u>	<u>\$ 1,024,448</u>	<u>\$ 2,815,000</u>	<u>\$ 308,600</u>	<u>\$ 4,890,000</u>	<u>\$ 738,703</u>

Totals	
Principal	Interest
\$ 1,224,722	\$ 389,366
1,283,464	359,724
1,352,579	325,109
1,427,045	286,243
1,501,842	242,846
1,456,951	192,412
70,668	139,332
63,281	136,719
<u>\$ 8,380,552</u>	<u>\$ 2,071,751</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
PER CAPITA COSTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
<u>Total Expenditures Disbursed</u>		
Educational Fund	\$ 7,384,392	\$ 7,157,736
Operation and Maintenance Fund	1,343,750	1,301,733
Debt Service Fund	1,614,815	1,615,008
Transportation Fund	732,469	614,783
Municipal Retirement/Social Security Fund	369,946	347,787
Total	<u>11,445,372</u>	<u>11,037,047</u>
<u>Less Revenues Received or Expenditures Disbursed</u>		
<u>Not Applicable to Operating Expenses of Regular Programs</u>		
Capital outlay	572,334	442,999
Payments to other Districts and Governmental units	773,138	583,352
Community service	4,787	3,792
Bond principal	1,196,378	1,153,459
Total	<u>2,546,637</u>	<u>2,183,602</u>
Operating Expense	<u>8,898,735</u>	<u>8,853,445</u>
<u>Less Offsetting Revenues Received</u>		
Governmental aid claims	890,596	1,204,132
Food service	300,029	326,342
Pupil activities	10,597	12,316
Rentals	50,678	43,803
Total	<u>1,251,900</u>	<u>1,586,593</u>
<u>Total Deductions for Tuition Computation</u>	<u>3,798,537</u>	<u>3,770,195</u>
Net Operating Expense for Tuition Computation	7,646,835	7,266,852
Add Total Depreciation Allowance	602,683	613,587
<u>Total Allowance for Tuition Computation</u>	<u>\$ 8,249,518</u>	<u>\$ 7,880,439</u>
<u>Average Daily Attendance</u>	<u>702.00</u>	<u>752.50</u>
<u>Per Pupil</u>		
Estimated Operating Expense Per Pupil	<u>\$ 12,676</u>	<u>\$ 11,765</u>
Estimated Per Capita Tuition Charge	<u>\$ 11,751</u>	<u>\$ 10,472</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114  
NOTES TO OTHER INFORMATION  
JUNE 30, 2015

**NOTE 1 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (TRS)**

*Changes of Assumptions*

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

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

***Budgets and Budgetary Accounting***

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 23, 2014.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

2. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

***Expenditures in Excess of Budget***

The District over-expended its budget in the Educational Fund; actual expenditures of \$7,384,392 exceeded budgeted expenditures of \$7,172,993 by a difference of \$211,399.