

**ANNUAL FINANCIAL REPORT
FOX LAKE GRADE SCHOOL
DISTRICT NO. 114
SPRING GROVE, ILLINOIS
JUNE 30, 2016**

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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, 2016 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, 2016, 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, 2016, 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.

Other Matters

Prior-Year Comparative Information

We have previously audited the District’s 2015 financial statements, and we expressed an adverse opinion on the financial statements in our report dated October 1, 2015. In our opinion, the summarized and comparative information presented herein as of and for the year ended June 30, 2015, 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 September 27, 2016, 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
September 27, 2016
(10)



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of Fox Lake Grade School District No. 114, Spring Grove, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Fox Lake Grade School District No. 114's financial statements, and have issued our report thereon dated September 27, 2016. Our opinion was adverse because the financial statements were not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, on the cash basis of accounting, which is a comprehensive basis of accounting other than general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fox Lake Grade School District No. 114's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fox Lake Grade School District No. 114's internal control. Accordingly, we do not express an opinion on the effectiveness of Fox Lake Grade School District No. 114's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fox Lake Grade School District No. 114's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
September 27, 2016

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FOX LAKE GRADE SCHOOL DISTRICT NO. 114
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2016
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2015)

<u>Assets</u>	<u>Educational</u>	<u>Operations & Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
Cash and investments	\$ 109,573	\$ 36,321	\$739,226	\$ 276,467
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>\$ 109,573</u>	<u>\$ 36,321</u>	<u>\$739,226</u>	<u>\$ 276,467</u>
<u>Liabilities</u>				
Due to organizations	\$ -	\$ -	\$ -	\$ -
Due to the flexible benefit plan	-	-	-	-
Bonds payable	-	-	-	-
Due to other funds	4,800,000	100,000	-	-
<u>Total Liabilities</u>	<u>4,800,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>Fund Equity</u>				
Investment in general				
fixed assets	-	-	-	-
Fund balance - unreserved - designated	2,450,096	504,181	811,722	4,156
Fund balance - unreserved - undesignated	(7,140,523)	(567,860)	(72,496)	272,311
<u>Total Fund Balance</u>	<u>(4,690,427)</u>	<u>(63,679)</u>	<u>739,226</u>	<u>276,467</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$ 109,573</u>	<u>\$ 36,321</u>	<u>\$739,226</u>	<u>\$ 276,467</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	2016	2015
\$ 20,253	\$3,172,278	\$ 39,798	\$ -	\$ -	\$ 4,393,916	\$ 5,265,155
-	4,900,000	-	-	-	4,900,000	4,000,000
-	-	-	57,292	-	57,292	57,292
-	-	-	17,437,139	-	17,437,139	17,410,851
-	-	-	383,923	-	383,923	383,923
-	-	-	1,951,062	-	1,951,062	1,885,141
-	-	-	855,723	-	855,723	800,223
-	-	-	-	6,446,604	6,446,604	7,639,324
-	-	-	-	739,226	739,226	741,228
<u>\$ 20,253</u>	<u>\$8,072,278</u>	<u>\$ 39,798</u>	<u>\$20,685,139</u>	<u>\$ 7,185,830</u>	<u>\$37,164,885</u>	<u>\$ 38,183,137</u>
\$ -	\$ -	\$ 23,429	\$ -	\$ -	\$ 23,429	\$ 16,161
-	-	16,369	-	-	16,369	15,666
-	-	-	-	7,185,830	7,185,830	8,380,552
-	-	-	-	-	4,900,000	4,000,000
-	-	39,798	-	7,185,830	12,125,628	12,412,379
-	-	-	20,685,139	-	20,685,139	20,537,430
184,008	44,146	-	-	-	3,998,309	3,996,448
(163,755)	8,028,132	-	-	-	355,809	1,236,880
<u>20,253</u>	<u>8,072,278</u>	<u>-</u>	<u>20,685,139</u>	<u>-</u>	<u>25,039,257</u>	<u>25,770,758</u>
<u>\$ 20,253</u>	<u>\$8,072,278</u>	<u>\$ 39,798</u>	<u>\$20,685,139</u>	<u>\$ 7,185,830</u>	<u>\$37,164,885</u>	<u>\$ 38,183,137</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, 2016
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

	<u>Educational</u>	<u>Operations & Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
<u>Revenues Received:</u>				
Local sources	\$ 5,089,462	\$ 992,212	\$ 1,612,980	\$ 56,118
State sources	1,244,667	-	-	420,283
Federal sources	500,475	-	-	-
<u>Total Direct Revenues Received</u>	<u>6,834,604</u>	<u>992,212</u>	<u>1,612,980</u>	<u>476,401</u>
<u>Revenues for On Behalf Payments</u>	<u>1,873,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures Disbursed:</u>				
Instruction	4,623,064	-	-	-
Supporting services	2,420,866	986,856	-	663,820
Community services	4,540	-	-	-
Other charges	585,169	-	101,560	-
Debt services	-	-	1,618,316	-
<u>Total Direct Expenditures Disbursed</u>	<u>7,633,639</u>	<u>986,856</u>	<u>1,719,876</u>	<u>663,820</u>
<u>Expenditures for On Behalf Payments</u>	<u>1,873,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(Deficiency) of Revenues Received Over Expenditures Disbursed Before Other Financing Sources (Uses)</u>	<u>(799,035)</u>	<u>5,356</u>	<u>(106,896)</u>	<u>(187,419)</u>
<u>Other Financing Sources (Uses)</u>				
Payment to refunded bonds escrow agent	-	-	(4,300,469)	-
Refunding bonds issued	-	-	4,310,000	-
Premium on refunding bonds issued	-	-	95,363	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>104,894</u>	<u>-</u>
<u>Net Changes in Fund Balances</u>	<u>(799,035)</u>	<u>5,356</u>	<u>(2,002)</u>	<u>(187,419)</u>
<u>Fund Balance, July 1,</u>	<u>(3,891,392)</u>	<u>(69,035)</u>	<u>741,228</u>	<u>463,886</u>
<u>Fund Balance, June 30,</u>	<u>\$ (4,690,427)</u>	<u>\$ (63,679)</u>	<u>\$ 739,226</u>	<u>\$ 276,467</u>

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

Municipal Retirement/ Social Security	Working Cash	Total (Memorandum Only)	
		2016	2015
\$ 377,524	\$ 99,710	\$ 8,228,006	\$ 8,168,763
-	-	1,664,950	1,470,606
-	-	500,475	525,933
377,524	99,710	10,393,431	10,165,302
-	-	1,873,900	1,712,371
115,649	-	4,738,713	4,470,543
242,851	-	4,314,393	4,582,089
174	-	4,714	4,787
14,670	-	701,399	774,766
-	-	1,618,316	1,613,188
373,344	-	11,377,535	11,445,373
-	-	1,873,900	1,712,371
4,180	99,710	(984,104)	(1,280,071)
-	-	(4,300,469)	-
-	-	4,310,000	-
-	-	95,363	-
-	-	104,894	-
4,180	99,710	(879,210)	(1,280,071)
16,073	7,972,568	5,233,328	6,513,399
<u>\$ 20,253</u>	<u>\$ 8,072,278</u>	<u>\$ 4,354,118</u>	<u>\$ 5,233,328</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
STATEMENT OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Educational</u>	<u>Operations & Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>
<u>Revenues Received:</u>				
Local Sources:				
General tax levy	\$ 4,757,199	\$ 951,062	\$ 1,612,180	\$ 54,968
Special education levy	79,883	-	-	-
FICA/Medicare levy	-	-	-	-
Corporate replacement tax	78,606	-	-	-
Earnings on investments	190	350	800	1,150
Impact fees	-	22,125	-	-
Food service	98,271	-	-	-
Tuition	9,706	-	-	-
Pupil activities	11,061	-	-	-
Rental	41,885	-	-	-
Donations from private sources	10,298	-	-	-
Other	2,363	18,675	-	-
<u>Total Local Sources</u>	<u>5,089,462</u>	<u>992,212</u>	<u>1,612,980</u>	<u>56,118</u>
States Sources:				
General state aid	738,767	-	-	-
Special education	359,202	-	-	-
State free lunch	1,711	-	-	-
Early childhood	144,237	-	-	-
Other	750	-	-	-
Transportation	-	-	-	420,283
<u>Total State Sources</u>	<u>1,244,667</u>	<u>-</u>	<u>-</u>	<u>420,283</u>
Federal Sources:				
Title I - Low income	144,721	-	-	-
Title II - Teacher quality	34,193	-	-	-
National school lunch	172,958	-	-	-
Special Milk	444	-	-	-
School breakfast program	44,446	-	-	-
IDEA flow -through	67,597	-	-	-
Preschool flow-through	4,398	-	-	-
Medicaid matching - fee-for-service	6,838	-	-	-
Medicaid matching - administrative outreach	24,880	-	-	-
<u>Total Federal Sources</u>	<u>500,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Revenues Received</u>	<u>\$ 6,834,604</u>	<u>\$ 992,212</u>	<u>\$ 1,612,980</u>	<u>\$ 476,401</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>
\$ 121,801	\$ 91,985	\$ 7,589,195
15,058	-	94,941
221,301	-	221,301
19,339	-	97,945
25	7,725	10,240
-	-	22,125
-	-	98,271
-	-	9,706
-	-	11,061
-	-	41,885
-	-	10,298
-	-	21,038
<u>377,524</u>	<u>99,710</u>	<u>8,228,006</u>
-	-	738,767
-	-	359,202
-	-	1,711
-	-	144,237
-	-	750
-	-	420,283
<u>-</u>	<u>-</u>	<u>1,664,950</u>
-	-	144,721
-	-	34,193
-	-	172,958
-	-	444
-	-	44,446
-	-	67,597
-	-	4,398
-	-	6,838
-	-	24,880
<u>-</u>	<u>-</u>	<u>500,475</u>
<u>\$ 377,524</u>	<u>\$ 99,710</u>	<u>\$ 10,393,431</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Salaries	Employee Benefits	Purchased Services	Supplies & Materials
Instruction:				
Regular programs	\$ 2,408,719	\$ 352,235	\$ 147,896	\$ 118,924
Special education programs	1,098,082	157,282	4,772	20,767
Interscholastic programs	136,120	2,430	4,216	3,466
Bilingual	86,459	9,896	-	-
Total Instructional	3,729,380	521,843	156,884	143,157
Support Services:				
Pupil:				
Attendance and social work	138,219	3,340	3,176	993
Health	-	-	4,877	1,018
Psychological	102,565	7,329	97,962	-
Speech and pathology	179,225	13,175	381	-
Other	-	-	4,583	10,385
Total Pupil	420,009	23,844	110,979	12,396
Instructional Staff:				
Improvement of instructional staff	1,264	-	44,131	6,087
Educational media	96,608	7,432	-	9,125
Assessment and testing	-	-	14,541	-
Total Instructional Staff	97,872	7,432	58,672	15,212
General Administration:				
Board of education	5,744	-	227,383	5,142
Executive administration	123,471	41,975	4,881	198
Total General Administration	129,215	41,975	232,264	5,340
School Administration:				
Office of the principal	481,108	103,956	4,110	2,156
Total School Administration	481,108	103,956	4,110	2,156
Business:				
Fiscal	120,674	5,132	14,739	2,671
Food service	136,525	2,051	2,338	259,179
Total Business	257,199	7,183	17,077	261,850

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ 57,419	\$ 12,368	\$ -	\$ -	\$ 3,097,561	\$ 3,035,052
-	127	-	-	1,281,030	1,349,088
-	1,886	-	-	148,118	135,757
-	-	-	-	96,355	94,863
57,419	14,381	-	-	4,623,064	4,614,760
-	-	-	-	145,728	161,445
-	-	-	-	5,895	1,479
-	-	-	-	207,856	198,650
-	-	-	-	192,781	191,454
-	-	-	-	14,968	16,450
-	-	-	-	567,228	569,478
-	-	-	-	51,482	52,883
-	-	-	-	113,165	122,488
-	-	-	-	14,541	19,212
-	-	-	-	179,188	194,583
-	810	-	-	239,079	236,112
-	1,590	-	-	172,115	171,109
-	2,400	-	-	411,194	407,221
-	2,453	-	-	593,783	591,981
-	2,453	-	-	593,783	591,981
-	-	-	-	143,216	148,112
-	-	-	-	400,093	309,739
-	-	-	-	543,309	457,851

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Central:				
Data processing	<u>\$ 106,569</u>	<u>\$ 19,098</u>	<u>\$ -</u>	<u>\$ -</u>
Total Central	<u>106,569</u>	<u>19,098</u>	<u>-</u>	<u>-</u>
Other:	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>
Total Support Services	<u>1,491,972</u>	<u>203,488</u>	<u>423,102</u>	<u>297,451</u>
Community Services:				
Community services	<u>4,074</u>	<u>53</u>	<u>-</u>	<u>413</u>
Total Community Services	<u>4,074</u>	<u>53</u>	<u>-</u>	<u>413</u>
Other Charges:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>66,135</u>	<u>310</u>
Total Other Charges	<u>-</u>	<u>-</u>	<u>66,135</u>	<u>310</u>
Total Expenditures Disbursed	<u>\$ 5,225,426</u>	<u>\$ 725,384</u>	<u>\$ 646,121</u>	<u>\$ 441,331</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>\$ 125,667</u>	<u>\$ 122,033</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,667</u>	<u>122,033</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>500</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>500</u>
<u>-</u>	<u>4,853</u>	<u>-</u>	<u>-</u>	<u>2,420,866</u>	<u>2,343,647</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,540</u>	<u>4,486</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,540</u>	<u>4,486</u>
<u>-</u>	<u>518,724</u>	<u>-</u>	<u>-</u>	<u>585,169</u>	<u>561,368</u>
<u>-</u>	<u>518,724</u>	<u>-</u>	<u>-</u>	<u>585,169</u>	<u>561,368</u>
<u>\$ 57,419</u>	<u>\$ 537,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,633,639</u>	<u>\$ 7,524,261</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, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Support Services:				
Business:				
Operation and maintenance of plant	<u>\$ 410,070</u>	<u>\$ 75,752</u>	<u>\$ 160,337</u>	<u>\$ 283,221</u>
Total Business	<u>410,070</u>	<u>75,752</u>	<u>160,337</u>	<u>283,221</u>
Total Support Services	<u>410,070</u>	<u>75,752</u>	<u>160,337</u>	<u>283,221</u>
Total Expenditures Disbursed	<u><u>\$ 410,070</u></u>	<u><u>\$ 75,752</u></u>	<u><u>\$ 160,337</u></u>	<u><u>\$ 283,221</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>\$ 34,789</u>	<u>\$ 22,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,856</u>	<u>\$ 981,262</u>
<u>34,789</u>	<u>22,687</u>	<u>-</u>	<u>-</u>	<u>986,856</u>	<u>981,262</u>
<u>34,789</u>	<u>22,687</u>	<u>-</u>	<u>-</u>	<u>986,856</u>	<u>981,262</u>
<u><u>\$ 34,789</u></u>	<u><u>\$ 22,687</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 986,856</u></u>	<u><u>\$ 981,262</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, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & 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>
\$ -	\$ 1,289,722	\$ -	\$ -	\$ 1,289,722	\$ 1,224,722
-	328,594	-	-	328,594	389,366
-	101,560	-	-	101,560	3,500
-	1,719,876	-	-	1,719,876	1,617,588
<u>\$ -</u>	<u>\$ 1,719,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,876</u>	<u>\$ 1,617,588</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
TRANSPORTATION FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Support Services:				
Business:				
Pupil transportation services	<u>\$ 295,519</u>	<u>\$ 47,120</u>	<u>\$ 138,657</u>	<u>\$ 64,298</u>
Total Business	<u>295,519</u>	<u>47,120</u>	<u>138,657</u>	<u>64,298</u>
Total Support Services	<u>295,519</u>	<u>47,120</u>	<u>138,657</u>	<u>64,298</u>
Total Expenditures Disbursed	<u><u>\$ 295,519</u></u>	<u><u>\$ 47,120</u></u>	<u><u>\$ 138,657</u></u>	<u><u>\$ 64,298</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>\$ 115,500</u>	<u>\$ 2,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,820</u>	<u>\$ 694,474</u>
<u>115,500</u>	<u>2,726</u>	<u>-</u>	<u>-</u>	<u>663,820</u>	<u>694,474</u>
<u>115,500</u>	<u>2,726</u>	<u>-</u>	<u>-</u>	<u>663,820</u>	<u>694,474</u>
<u><u>\$ 115,500</u></u>	<u><u>\$ 2,726</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 663,820</u></u>	<u><u>\$ 694,474</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, 2016

	Salaries	Employee Benefits	Purchased Services	Supplies & Materials
Instruction:				
Regular programs	\$ -	\$ 33,292	\$ -	\$ -
Special programs	-	76,851	-	-
Interscholastic programs	-	4,318	-	-
Bilingual	-	1,188	-	-
Total Instructional	-	115,649	-	-
Support Services:				
Pupil:				
Attendance and social work	-	1,984	-	-
Health	-	-	-	-
Psychological	-	1,382	-	-
Speech pathology and audiology	-	2,549	-	-
Total Pupil	-	5,915	-	-
Instructional Staff:				
Improvement of instruction	-	1	-	-
Educational media	-	18,416	-	-
Total Instructional Staff	-	18,417	-	-
General Administration:				
Board of education	-	381	-	-
Executive administration	-	1,886	-	-
Total General Administration	-	2,267	-	-
School Administration:				
Office of the principal	-	32,380	-	-
Total School Administration	-	32,380	-	-
Business:				
Fiscal	-	23,004	-	-
Operation and maintenance	-	61,236	-	-
Pupil transportation	-	54,519	-	-
Food services	-	25,296	-	-
Total Business	-	164,055	-	-

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 33,292	\$ 33,518
-	-	-	-	76,851	87,957
-	-	-	-	4,318	24,804
-	-	-	-	1,188	1,262
-	-	-	-	115,649	147,541
-	-	-	-	1,984	2,156
-	-	-	-	-	-
-	-	-	-	1,382	1,487
-	-	-	-	2,549	2,615
-	-	-	-	5,915	6,258
-	-	-	-	1	-
-	-	-	-	18,416	18,986
-	-	-	-	18,417	18,986
-	-	-	-	381	-
-	-	-	-	1,886	1,796
-	-	-	-	2,267	1,796
-	-	-	-	32,380	33,574
-	-	-	-	32,380	33,574
-	-	-	-	23,004	23,465
-	-	-	-	61,236	72,019
-	-	-	-	54,519	54,308
-	-	-	-	25,296	22,109
-	-	-	-	164,055	171,901

(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, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Central:				
Data processing	\$ -	\$ 19,817	\$ -	\$ -
Total Central	-	19,817	-	-
Total Support Services	-	242,851	-	-
Community services	-	174	-	-
Other charges:				
Payments for special education programs	-	14,670	-	-
Total Other charges	-	14,670	-	-
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ 373,344</u>	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT H
(CONCLUDED)

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 19,817	\$ 20,312
-	-	-	-	19,817	20,312
-	-	-	-	242,851	252,827
-	-	-	-	174	571
-	-	-	-	14,670	18,500
-	-	-	-	14,670	18,500
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,344</u>	<u>\$ 419,439</u>

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FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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.

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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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 Deposits

Cash and deposits are considered to be cash on hand, demand deposits, money market accounts and certificates of deposit.

E. Investments

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. The District has no assets that are required to be at fair value.

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.

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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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.

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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – RESERVED FUND BALANCES (CONT'D)

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, 2016 is \$46,467.

NOTE 3 – DESIGNATED FUND BALANCE

The District has designated receipts from the 2015 tax levy for expenditures to be incurred during fiscal year ending June 30, 2017. At June 30, 2016 the following balances were designated:

Fund	Amount
Educational	\$ 2,450,096
Operations and Maintenance	504,181
Debt Service	811,722
Transportation	4,156
Illinois Municipal Retirement/Social Security	184,008
Working Cash	44,146
Total	<u>\$ 3,998,309</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 22, 2015.

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:

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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Expenditures in Excess of Budget

The District over-expended its budget in the Educational Fund by \$109,378 (excluding unbudgeted on-behalf payments); the Operations and Maintenance Fund by \$5,594; and the Debt Service Fund by \$102,288.

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 2015 levy was passed by the Board on December 15, 2015. 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 2014 and 2015 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>2015 Levy</u>	<u>2014 Levy</u>
Educational	3.5000	2.5285	2.4536
Tort Immunity	As needed	0.0000	0.0000
Special Education	0.4000	0.0426	0.0412
Operations and Maintenance	0.5500	0.5290	0.4671
Transportation	As needed	0.0044	0.0531
Municipal Retirement	As needed	0.0660	0.0616
Social Security	As needed	0.1189	0.1129
Debt Service	As needed	0.8517	0.8366
SEDOL Municipal Retirement	As needed	0.0082	0.0075
Working Cash	0.05	0.0460	0.0500
		<u>4.1953</u>	<u>4.0835</u>

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

Tax Year	<u>2015</u>		<u>2014</u>	
Equalized				
Assessed Valuation	\$190,981,898		\$194,863,893	
	<u>Rates</u>	<u>Extensions</u>	<u>Rates</u>	<u>Extensions</u>
Purpose				
Educational	2.5285	\$ 4,828,782	2.4536	\$ 4,781,122
Tort Immunity	0.0000	-	0.0000	-
Special Education	0.0426	81,085	0.0412	80,284
Operations & Maintenance	0.5290	1,010,353	0.4671	910,131
Transportation	0.0044	8,329	0.0531	103,485
Municipal Retirement	0.0660	126,008	0.0616	120,001
Social Security	0.1189	227,005	0.1129	220,001
Debt Service	0.8517	1,626,656	0.8366	1,630,229
SEDOL Municipal Retirement	0.0082	15,739	0.0075	14,671
Working Cash	0.0460	88,465	0.0500	97,432
	<u>4.1953</u>	<u>\$ 8,012,422</u>	<u>4.0835</u>	<u>\$ 7,957,356</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CASH AND DEPOSITS

At June 30, 2016, the District's carrying amount of cash and deposits is \$4,393,766, which does not include \$150 cash on hand. The bank balances total \$4,481,925. Cash and deposits are comprised as follows:

	Total	Maturity less than 1 year
Deposits with financial institutions	\$ 581,759	\$ 581,759
Certificates of deposit	3,900,000	3,900,000
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	166	166
	<u>\$ 4,481,925</u>	<u>\$ 4,481,925</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, 2016, the investments have a weighted average of 106.53 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.

During fiscal year ended June 30, 2016, the District held certificates of deposits and deposits in the Illinois School District Liquid Asset Fund Plus (ISDLAF+). Monies held 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	\$ 4,167,095
Uncollateralized	314,830
Total	<u>\$ 4,481,925</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i><u>Capital assets not being depreciated:</u></i>				
Land	\$ 57,292	\$ -	\$ -	\$ 57,292
Total capital assets not being depreciated	57,292	-	-	57,292
<i><u>Capital assets being depreciated:</u></i>				
Buildings	17,410,851	26,288	-	17,437,139
Improvements other than buildings	383,923	-	-	383,923
Equipment other than transportation	1,885,141	65,921	-	1,951,062
Transportation equipment	800,223	115,500	60,000	855,723
Total capital assets being depreciated	20,480,138	207,709	60,000	20,627,847
<i><u>Less accumulated depreciation for:</u></i>				
Buildings	6,925,964	386,435	-	7,312,399
Improvements other than buildings	329,238	15,682	-	344,920
Equipment other than transportation	1,295,646	76,934	-	1,372,580
Transportation equipment	546,001	96,866	54,000	588,867
Total accumulated depreciation	9,096,849	575,917	54,000	9,618,766
Net capital assets being depreciated	11,383,289	(368,208)	6,000	11,009,081
Net governmental activities capital assets	\$ 11,440,581	\$ (368,208)	\$ 6,000	\$ 11,066,373

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

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

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, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the District.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2016, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$1,827,334 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$25,242 and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the 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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$118,863 were paid from federal and special trust funds that required employer contributions of \$42,862. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

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, 2016, 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, 2016, 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, 2016, 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	\$ 1,123,047
State's proportionate share of the net pension liability associated with the District	22,304,021
Total	<u>\$ 23,427,068</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was 0.00181 percent, which was a decrease of .0001 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,895,438 and revenue of \$1,827,334 for support provided by the state. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 417	\$ 1,231
Net difference between projected and actual earnings on pension plan investments	22,241	39,325
Changes of assumptions	15,531	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	88,097
Employer contributions subsequent to the measurement date	68,104	-
Total	<u>\$ 106,293</u>	<u>\$ 128,653</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

\$68,104 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (28,774)
2018	(28,774)
2019	(28,774)
2020	(4,142)

Actuarial Assumptions

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

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

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

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

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

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

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

Discount Rate

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

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

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidiary provided by Tier II were sufficient to cover all projected benefit payments.

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

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
District's proportionate share of the net pension liability	\$ 1,387,811	\$ 1,123,047	\$ 905,934

TRS Fiduciary Net Position

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

B. Illinois Municipal Retirement Fund (IMRF)

General Information about the Pension Plan

Plan Description

The employer'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 employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

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.

For additional benefit information, please see page B-1 and B-5 of the December 31, 2015, Annual Actuarial Valuation report dated April 1, 2016.

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 2015 was 11.43 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.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

Employees Covered by Benefit Terms.

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

Retirees and beneficiaries	31
Inactive, non-retired members	106
Active members	61
	<hr/>
	198
	<hr/>

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015, 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 following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.48%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

Asset Class	Target Allocation	Return 12/31/2015	Projected Returns/Risks	
			One Year Arithmetic	Ten Year Geometric
Equities	38%	0.02%	8.85%	7.39%
International Equities	17%	-1.90%	9.55%	7.59%
Fixed Income	27%	-0.09%	3.05%	3.00%
Real Estate	8%	11.99%	7.20%	6.00%
Alternatives	9%			
Private Equity		N/A	13.15%	8.15%
Hedge Funds		N/A	5.55%	5.25%
Commodities		N/A	4.40%	2.75%
Cash Equivalents	1%	N/A	2.25%	2.25%
Total	<u>100%</u>			

Single Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

Changes in Net Pension Liability – Calendar Year Ended December 31, 2015

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 5,727,181	\$ 4,878,316	\$ 848,865
Changes for the year:			
Service Cost	181,678	-	181,678
Interest on the Total Pension Liability	424,129	-	424,129
Differences Between Expected and Actual Experience of the Total Pension Liability	(56,157)	-	(56,157)
Changes of Assumptions	-	-	-
Contributions - Employer	-	180,600	(180,600)
Contributions - Employees	-	71,103	(71,103)
Net Investment Income	-	24,282	(24,282)
Benefits Payments, including Refunds of Employee Contributions	(295,699)	(295,699)	-
Other (Net Transfer)	-	93,187	(93,187)
Net Changes	<u>253,951</u>	<u>73,473</u>	<u>180,478</u>
Balances at December 31, 2015	<u>\$ 5,981,132</u>	<u>\$ 4,951,789</u>	<u>\$ 1,029,343</u>

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:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Total pension liability	\$ 6,729,993	\$ 5,981,132	\$ 5,362,665
Plan fiduciary net position	<u>4,951,789</u>	<u>4,951,789</u>	<u>4,951,789</u>
Net pension liability/(asset)	<u>\$ 1,778,204</u>	<u>\$ 1,029,343</u>	<u>\$ 410,876</u>

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

For the year ended December 31, 2015, the District recognized pension expense of \$175,550. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RETIREMENT FUND COMMITMENTS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,411
Changes of assumptions	76,134	-
Net difference between projected and actual earnings on pension plan investments	80,805	-
Employer contributions subsequent to the measurement date	85,592	-
Total	<u>\$ 242,531</u>	<u>\$ 46,411</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:	
2016	\$ 110,528
2017	72,127
2017	78,565
2018	68,688
2019	-
Thereafter	-
Total	<u>\$ 329,908</u>

C. Aggregate Pension Amounts

For the year ended June 30, 2016, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 106,293	\$ 242,531	\$ 348,824
Net Pension Liability	1,123,047	1,029,343	2,152,390
Deferred Inflows of Resources	128,653	46,411	175,064
Pension Expense, Net of State Support	68,104	175,550	243,654

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

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). Annuity holders not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuity holders who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

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. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$46,566, 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 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$34,816 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

NOTE 10 – DEBT SERVICE REQUIREMENTS

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

	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
General Obligation Limited Tax				
Capital Appreciation School Bonds				
Dated 4/29/04	\$ 675,552	\$ -	\$ 104,722	\$ 570,830
General Obligation Refunding 8/13/07	4,890,000	-	4,890,000	-
General Obligation School Bonds				
Dated 10/25/12	2,815,000	-	445,000	2,370,000
General Obligation Refunding 10/6/15	-	4,310,000	65,000	4,245,000
	<u>\$ 8,380,552</u>	<u>\$ 4,310,000</u>	<u>\$ 5,504,722</u>	<u>\$ 7,185,830</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

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – DEBT SERVICE REQUIREMENTS (CONT'D)

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. This issue was refunded by the Refunding bonds issued October 6, 2015.

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.

On October 6, 2015 the District issued \$4,310,000 in General Obligation Refunding Bonds. The bonds' interest rate ranges from 2.00% to 3.00%. Interest is due on the bonds every July 1 and January 1 continuing until January 1, 2021. Principal payments are due every January 1 beginning January 1, 2016 and ending January 1, 2021.

The District issued refunding bonds totaling \$4,310,000 in general obligation refunding bonds with interest rates ranging 2.0% of 3.0%. The proceeds were issued to advance refund \$4,215,000 of the Series 2007 Bonds. As a result these refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$85,469. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This refunding realized a net economic gain of \$147,439.

The District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2016, \$4,215,000 of bonds outstanding are considered defeased.

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 2015, the equalized assessed valuation was \$190,981,898. The District's legal debt limit is \$13,177,751 and as of June 30, 2016, the District has a legal debt margin of \$5,991,921.

At June 30, 2016 the annual debt service requirements to service all long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,318,464	\$ 292,086	\$ 1,610,550
2018	1,372,579	271,271	1,643,850
2019	1,432,045	247,605	1,679,650
2020	1,491,842	220,908	1,712,750
2021	1,436,951	180,899	1,617,850
2022-2023	133,949	276,051	410,000
	<u>\$ 7,185,830</u>	<u>\$ 1,488,820</u>	<u>\$ 8,674,650</u>

NOTE 11 – OPERATING LEASES

The District is engaged in three agreements to lease copiers. The stated monthly payments pursuant to the agreements are \$1,989, \$1,484 and \$2,092 per month. The minimum annual lease payments are as follows:

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – OPERATING LEASES (CONT'D)

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 66,780
2018	45,860
2019	41,676
2020	21,686
2021	<u>5,936</u>
Total	<u>\$ 181,938</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, 2016.

NOTE 13 – DEFICIT FUND BALANCE

Deficit fund balances existed in the following funds:

<u>Fund</u>	<u>June 30, 2016 Fund Balance</u>
Educational	\$ (4,690,427)
Operations and Maintenance	(63,679)

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 2016 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, 2016</u>
Working Cash Fund	Educational Fund	\$ 4,800,000
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, 2016

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 material outstanding construction contracts at June 30, 2016.

NOTE 18 – SPECIAL EDUCATION EXPENDITURES FROM GENERAL STATE AID FUNDS

The District spent \$1,723 of General State Aid funds (Revenue code 3001) for Special Education salary expenditures (Expenditure code 1200-1000).

NOTE 19 – TORT IMMUNITY EXPENSES

The District did not levy for tort immunity nor had any tort immunity funds on hand during the year ended June 30, 2016 in which to pay tort expenses. The District's tort immunity expenditures consisted of payments for:

Workers compensation	\$ 80,953
Liability insurance	51,848
Unemployment insurance	<u>22,066</u>
Total Tort Immunity Expenditures	<u><u>\$ 154,867</u></u>

NOTE 20 – 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, 2016, and the date of this audit report requiring disclosure in the financial statements.

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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 2016

	<u>FY 2015*</u>	<u>FY 2014*</u>
Employer's proportion of the net pension liability	0.0017%	0.0018%
Employer's proportionate share of the net pension liability	\$ 1,123,047	\$ 1,101,881
State's proportionate share of the net pension liability associated with the employer	<u>22,304,021</u>	<u>20,758,697</u>
Total	<u>\$ 23,427,068</u>	<u>\$ 21,860,578</u>
Employer's covered-employee payroll	\$ 4,351,994	\$ 4,027,035
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.81%	27.36%
Plan fiduciary net position as a percentage of the total pension liability	41.50%	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 2016

	FY 2015*	FY 2014*
Contractually-required contribution	\$ 102,920	\$ 94,176
Contributions in relation to the contractually-required contribution	<u>92,224</u>	<u>90,361</u>
Contribution deficiency (excess)	<u>\$ 10,696</u>	<u>\$ 3,815</u>
Employer's covered-employee payroll	\$ 4,351,994	\$ 4,027,035
Contributions as a percentage of covered-employee payroll	2.36%	2.34%

*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 Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Calendar Years ended 2015 and 2014

Calendar year ending December 31,	2015	2014
Total pension liability		
Service cost	\$ 181,678	\$ 185,045
Interest on the total pension liability	424,129	391,735
Benefit changes	-	-
Difference between expected and actual experience of the total pension liability	(56,157)	(90,856)
Changes of assumptions	-	243,239
Benefit payments, including refunds of employee contributions	(295,699)	(279,142)
Net change in pension liability	253,951	450,021
Total pension liability - beginning	5,727,181	5,277,160
Total pension liability - ending (A)	<u>\$ 5,981,132</u>	<u>\$ 5,727,181</u>
Plan fiduciary net position		
Contributions - employer	\$ 180,600	\$ 179,069
Contributions - employees	71,103	70,343
Net investment income	24,282	290,733
Benefit payments, including refunds of employee contributions	(295,699)	(279,142)
Other (net transfer)	93,187	(163,670)
Net change in plan fiduciary net position	73,473	97,333
Plan fiduciary net position - beginning	4,878,316	4,780,983
Plan fiduciary net position - ending (B)	<u>\$ 4,951,789</u>	<u>\$ 4,878,316</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ 1,029,343</u>	<u>\$ 848,865</u>
Plan fiduciary net position as a percentage of total pension liability	82.79%	85.18%
Covered valuation payroll	\$ 1,580,057	\$ 1,564,367
Net pension liability as a percentage of covered valuation payroll	65.15%	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
Calendar Years 2015 and 2014

<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>
2015	\$ 180,601	\$ 180,600	\$ 1	\$ 1,580,057	11.43%
2014	168,326	* 179,069	(10,743)	1,564,367	11.45%

***Estimate based on contribution rate of 11.43% and covered valuation payroll of \$1,580,057.**

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 2015 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>	28-year closed period until remaining period reaches 15 years (then 15-year rolling 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, 2013, actuarial valuation

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, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 4,735,034	\$ 4,757,199	\$ 4,718,519
Special education levy	79,509	79,883	79,233
Corporate replacement taxes	92,402	78,606	92,402
Earnings on investments	23	190	38
Food services	75,368	98,271	75,367
Tuition	-	9,706	-
Pupil activities	12,885	11,061	10,597
Rentals	50,678	41,885	50,678
Donations from private sources	12,000	10,298	13,210
Other	2,800	2,363	2,830
<u>Total From Local Sources</u>	<u>5,060,699</u>	<u>5,089,462</u>	<u>5,042,874</u>
State Sources:			
General state aid	805,312	738,767	672,358
Special education	275,100	359,202	270,416
State free lunch	1,996	1,711	2,826
Early childhood	185,664	144,237	201,010
Other	94,315	750	750
<u>Total From State Sources</u>	<u>1,362,387</u>	<u>1,244,667</u>	<u>1,147,360</u>
Federal Sources:			
Title I - Low Income	139,716	144,721	140,067
Title II - Teacher Quality	36,950	34,193	39,981
National school lunch	155,795	172,958	183,472
Special Milk	636	444	790
School breakfast program	29,472	44,446	40,400
IDEA flow-through	72,004	67,597	71,773
Preschool flow-through	7,800	4,398	7,913
Medicaid matching - administrative outreach	17,065	24,880	31,481
Medicaid matching - fee for service	23,213	6,838	10,056
Other	132,866	-	-
<u>Total From Federal Sources</u>	<u>615,517</u>	<u>500,475</u>	<u>525,933</u>
<u>Total Revenues Received</u>	<u>7,038,603</u>	<u>6,834,604</u>	<u>6,716,167</u>

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Instruction:			
Regular Programs:			
Salaries	\$ 2,355,450	\$ 2,408,719	\$ 2,340,679
Employee benefits	296,637	352,235	302,536
Purchased services	183,124	147,896	190,121
Supplies and materials	138,678	118,924	164,218
Capital outlay	52,785	57,419	73,705
Other	8,378	12,368	8,378
Total	3,035,052	3,097,561	3,079,637
Special Education Programs:			
Salaries	1,128,563	1,098,082	927,836
Employee benefits	206,807	157,282	115,411
Purchased services	3,226	4,772	1,645
Supplies and materials	10,367	20,767	7,099
Capital outlay	-	-	2,321
Other	125	127	123
Total	1,349,088	1,281,030	1,054,435
Interscholastic Programs:			
Salaries	124,000	136,120	122,667
Employee benefits	2,093	2,430	1,748
Purchased services	4,364	4,216	3,022
Supplies and materials	4,000	3,466	4,000
Other	1,300	1,886	1,164
Total	135,757	148,118	132,601
Bilingual:			
Salaries	87,031	86,459	83,360
Employee benefits	7,832	9,896	7,564
Total	94,863	96,355	90,924
<u>Total Instruction</u>	<u>4,614,760</u>	<u>4,623,064</u>	<u>4,357,597</u>

FOX LAKE GRADE SCHOOL DISTRICT NO.114
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Pupils:			
Attendance and Social Work:			
Salaries	\$ 148,671	\$ 138,219	\$ 138,162
Employee benefits	9,174	3,340	7,823
Purchased services	3,600	3,176	3,500
Supplies and materials	-	993	-
Total	161,445	145,728	149,485
Health:			
Purchased services	479	4,877	7,614
Supplies and materials	1,000	1,018	1,000
Total	1,479	5,895	8,614
Psychological:			
Salaries	102,565	102,565	96,759
Employee benefits	7,602	7,329	7,189
Purchased services	87,483	97,962	87,683
Supplies and materials	1,000	-	1,000
Total	198,650	207,856	192,631
Speech Pathology and Audiology:			
Salaries	180,320	179,225	168,084
Employee benefits	9,934	13,175	9,210
Purchased services	1,200	381	1,024
Total	191,454	192,781	178,318
Other Support Services - Pupils			
Salaries	3,150	-	-
Purchased services	4,300	4,583	3,993
Supplies and materials	9,000	10,385	5,727
Total	16,450	14,968	9,720
Instructional Staff:			
Improvement of Instruction Services:			
Salaries	1,200	1,264	2,610
Employee benefits	433	-	-
Purchased services	44,250	44,131	54,149
Supplies and materials	7,000	6,087	7,000
Total	52,883	51,482	63,759

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Education Media:			
Salaries	\$ 94,907	\$ 96,608	\$ 88,589
Employee benefits	12,140	7,432	7,386
Purchased services	1,500	-	-
Supplies and materials	8,941	9,125	8,693
Capital outlay	5,000	-	5,367
Total	122,488	113,165	110,035
Assessment and Testing:			
Purchased services	18,500	14,541	11,938
Supplies and materials	712	-	-
Total	19,212	14,541	11,938
General Administration:			
Board of Education:			
Salaries	2,000	2,000	2,000
Purchased services	216,112	227,383	202,847
Supplies and materials	11,000	5,142	4,997
Other	7,000	810	5,703
Total	236,112	235,335	215,547
Executive Administration:			
Salaries	120,356	123,471	116,482
Employee benefits	43,503	41,975	40,870
Purchased services	5,000	4,881	3,845
Supplies and materials	250	198	250
Other	2,000	1,590	1,415
Total	171,109	172,115	162,862
Special Area Administration Services:			
Salaries	-	3,744	-
Total	-	3,744	-
School Administration:			
Office of the Principal:			
Salaries	487,637	481,108	461,690
Employee benefits	95,891	103,956	104,481
Purchased services	4,000	4,110	2,853
Supplies and materials	2,000	2,156	1,892
Other	2,453	2,453	1,970
Total	591,981	593,783	572,886

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
Business:			
Fiscal:			
Salaries	\$ 123,114	\$ 120,674	\$ 92,428
Employee benefits	5,175	5,132	9,534
Purchased services	16,623	14,739	17,184
Supplies and materials	3,200	2,671	2,348
Total	148,112	143,216	121,494
Food Service:			
Salaries	115,998	136,525	144,335
Employee benefits	13,845	2,051	7,970
Purchased services	3,896	2,338	3,331
Supplies and materials	176,000	259,179	197,031
Total	309,739	400,093	352,667
Data Processing Services:			
Salaries	106,569	106,569	108,711
Employee benefits	15,464	19,098	8,844
Total	122,033	125,667	117,555
Other Support Services:			
Supplies and materials	500	497	400
Total	500	497	400
<u>Total Supporting Services</u>	<u>2,343,647</u>	<u>2,420,866</u>	<u>2,267,911</u>
Community Services:			
Salaries	4,286	4,074	4,286
Employee benefits	-	53	42
Supplies and materials	200	413	195
Total	4,486	4,540	4,523
Other Charges:			
Payments for Special Education Programs:			
Purchased services	52,109	66,135	72,357
Supplies and materials	-	310	-
Other	84,622	193,598	126,343
Tuition	424,637	325,126	555,661
<u>Total Other Charges</u>	<u>561,368</u>	<u>585,169</u>	<u>754,361</u>

FOX LAKE SCHOOL DISTRICT NO. 114
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Expenditures Disbursed:</u>			
<u>Total Expenditures Disbursed</u>	<u>\$ 7,524,261</u>	<u>\$ 7,633,639</u>	<u>\$ 7,384,392</u>
<u>(Deficiency) of Revenues Received Over</u> <u>Expenditures Disbursed</u>	<u>\$ (485,658)</u>	<u>\$ (799,035)</u>	<u>\$ (668,225)</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, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 801,908	\$ 951,062	\$ 799,111
Earnings on investments	350	350	359
Impact fees	6,000	22,125	6,112
Other	18,970	18,675	7,500
<u>Total Local Sources</u>	<u>827,228</u>	<u>992,212</u>	<u>813,082</u>
<u>Total Revenues Received</u>	<u>827,228</u>	<u>992,212</u>	<u>813,082</u>
<u>Expenditures Disbursed:</u>			
Operations and Maintenance of Plant Services:			
Salaries	377,853	410,070	394,994
Employee benefits	73,560	75,752	71,468
Purchased services	166,667	160,337	205,470
Supplies and materials	279,646	283,221	254,484
Capital outlay	60,759	34,789	394,641
Other	22,777	22,687	22,693
<u>Total Supporting Services</u>	<u>981,262</u>	<u>986,856</u>	<u>1,343,750</u>
<u>Total Expenditures Disbursed</u>	<u>981,262</u>	<u>986,856</u>	<u>1,343,750</u>
<u>Excess (Deficiency) of Revenues Received Over Expenditures Disbursed</u>	<u>\$ (154,034)</u>	<u>\$ 5,356</u>	<u>\$ (530,668)</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
DEBT SERVICE FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 1,632,373	\$ 1,612,180	\$ 1,626,680
Earnings on investments	800	800	808
<u>Total Local Sources</u>	<u>1,633,173</u>	<u>1,612,980</u>	<u>1,627,488</u>
<u>Total Revenues Received</u>	<u>1,633,173</u>	<u>1,612,980</u>	<u>1,627,488</u>
<u>Expenditures Disbursed:</u>			
Debt Service:			
Principal retirement	1,224,722	1,289,722	1,196,379
Interest on bonds	389,366	328,594	416,809
Fiscal charges	3,500	101,560	-
<u>Total Expenditures Disbursed</u>	<u>1,617,588</u>	<u>1,719,876</u>	<u>1,613,188</u>
<u>Excess (Deficiency) of Revenues Received Over Expenditures Disbursed Before Other Financing Sources (Uses)</u>	<u>\$ 15,585</u>	<u>\$ (106,896)</u>	<u>\$ 14,300</u>
<u>Other Financing Sources (Uses)</u>			
Payment to refunded bonds escrow agent	-	(4,300,469)	-
Refunding bonds issued	-	4,310,000	-
Premium on refunding bonds issued	-	95,363	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>104,894</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues Received Over Expenditures Disbursed and Other Financing Sources (Uses)</u>	<u>\$ 15,585</u>	<u>\$ (2,002)</u>	<u>\$ 14,300</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
TRANSPORTATION FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 197,041	\$ 54,968	\$ 196,354
Earnings on investments	1,150	1,150	1,168
Miscellaneous	723	-	723
<u>Total Local Sources</u>	<u>198,914</u>	<u>56,118</u>	<u>198,245</u>
State Sources:			
Transportation aid	429,057	420,283	323,246
<u>Total State Sources</u>	<u>429,057</u>	<u>420,283</u>	<u>323,246</u>
<u>Total Revenues Received</u>	<u>627,971</u>	<u>476,401</u>	<u>521,491</u>
<u>Expenditures Disbursed:</u>			
Supporting Services:			
Pupil Transportation Services:			
Salaries	295,053	295,519	313,735
Employee benefits	74,357	47,120	59,403
Purchased services	127,564	138,657	199,491
Supplies and materials	80,000	64,298	62,194
Capital outlay	115,500	115,500	96,300
Other	2,000	2,726	1,346
<u>Total Supporting Services</u>	<u>694,474</u>	<u>663,820</u>	<u>732,469</u>
<u>Total Expenditures Disbursed</u>	<u>694,474</u>	<u>663,820</u>	<u>732,469</u>
<u>(Deficiency) of Revenues Received Over</u>			
<u>Expenditures Disbursed</u>	<u>\$ (66,503)</u>	<u>\$ (187,419)</u>	<u>\$ (210,978)</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, 2016 AND 2015

	2016		2015
	Budget	Actual	Actual
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 177,824	\$ 121,801	\$ 159,595
Special education levy	-	15,058	17,608
FICA/Medicare levy	190,002	221,301	189,339
Corporate replacement taxes	19,339	19,339	13,988
Earnings on investments	25	25	26
<u>Total Local Sources</u>	<u>387,190</u>	<u>377,524</u>	<u>380,556</u>
<u>Total Revenues Received</u>	<u>387,190</u>	<u>377,524</u>	<u>380,556</u>
<u>Expenditures Disbursed:</u>			
Instruction - employee benefits	147,541	115,649	112,946
Supporting services - employee benefits	252,827	242,851	237,959
Community services - employee benefits	571	174	264
Other charges - employee benefits	18,500	14,670	18,777
<u>Total Expenditures Disbursed</u>	<u>419,439</u>	<u>373,344</u>	<u>369,946</u>
<u>Excess of Revenues Received Over</u> <u>Expenditures Disbursed</u>	<u>\$ (32,249)</u>	<u>\$ 4,180</u>	<u>\$ 10,610</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
WORKING CASH FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Revenues Received:</u>			
Local Sources:			
General tax levy	\$ 100,483	\$ 91,985	\$ 100,133
Earnings on investments	6,400	7,725	6,385
<u>Total Local Sources</u>	<u>106,883</u>	<u>99,710</u>	<u>106,518</u>
<u>Total Revenues Received</u>	<u>106,883</u>	<u>99,710</u>	<u>106,518</u>
<u>Excess of Revenues Received Over</u>			
<u>Expenditures Disbursed</u>	<u>\$ 106,883</u>	<u>\$ 99,710</u>	<u>\$ 106,518</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
ACTIVITY FUNDS
STATEMENT OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2016
<u>Lotus School</u>				
Adopt-A-Class	\$ 458	\$ 600	\$ 369	\$ 689
All-stars	(119)	437	332	(14)
Art Clubs	230	-	-	230
Assemblies	288	-	-	288
Choir	(389)	311	-	(78)
Extra curricular activities	461	-	393	68
Field Day	240	1,595	1,750	85
Field Trips	(548)	3,280	2,782	(50)
Fine Arts	275	-	-	275
Gymnastics	500	-	-	500
Ice cream	-	80	80	-
Lotus activity	2,671	2,537	2,490	2,718
Mad minutes	43	-	83	(40)
Principal program	-	400	97	303
Principal awards	-	-	84	(84)
Music	(455)	-	-	(455)
Pay to play	-	800	800	-
PBIS	(89)	1,731	1,614	28
Pottery	100	120	91	129
Skating	272	1,465	1,567	170
Yearbook	881	4,175	4,175	881
	<u>\$ 4,819</u>	<u>\$ 17,531</u>	<u>\$ 16,707</u>	<u>\$ 5,643</u>
Total Lotus School	<u>\$ 4,819</u>	<u>\$ 17,531</u>	<u>\$ 16,707</u>	<u>\$ 5,643</u>
<u>Stanton</u>				
Adopt-A-Class	\$ 300	\$ 300	\$ -	\$ 600
Assemblies	649	3,000	1,502	2,147
Athletics	73	2,376	1,328	1,121
Basketball	5	-	-	5
Cheerleading	155	562	363	354
Cross Country	56	1,140	1,079	117
Drama Club	332	989	491	830
Drugs	3	602	302	303
Field Trips	287	3,932	2,076	2,143
Fitness Club	520	-	432	88
General Activity	300	5,161	5,076	385
Girls Basketball	5	837	791	51
Guardian fund	-	1,000	-	1,000
Library	(19)	250	184	47
Memorial	198	-	52	146
Middle School	20	-	16	4
NJHS	97	943	940	100
Orchesis	4	184	184	4

(CONTINUED)

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
ACTIVITY FUNDS
STATEMENT OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2016
Peer leader	\$ 384	\$ -	\$ -	\$ 384
Physical education grants	111	903	1,000	14
PBIS	140	8,050	5,118	3,072
Scholarship	1,095	300	703	692
Scholastic Bowl	9	362	341	30
Searle	541	-	-	541
Snowflake	15	-	-	15
Soccer	-	310	267	43
Student Council	758	3,103	3,446	415
Student Needs	253	300	149	404
Technology	436	146	371	211
Track	189	1,906	1,673	422
Trip - Springfield	2,409	13,093	14,550	952
Volleyball	159	659	714	104
Wrestling	541	943	931	553
Yearbook	1,317	1,422	2,250	489
	<u>11,342</u>	<u>52,773</u>	<u>46,329</u>	<u>17,786</u>
Total Stanton School	\$ 11,342	\$ 52,773	\$ 46,329	\$ 17,786
	<u>16,161</u>	<u>70,304</u>	<u>63,036</u>	<u>23,429</u>
Total Student Activity	\$ 16,161	\$ 70,304	\$ 63,036	\$ 23,429

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

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%		October 6, 2015 \$4,310,000 Interest Varying From 2.00 to 3.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 98,464	\$ 116,536	\$ 460,000	\$ 72,250	\$ 760,000	\$ 103,300
2018	92,579	122,421	480,000	60,750	800,000	88,100
2019	87,045	127,955	500,000	47,550	845,000	72,100
2020	81,842	133,158	520,000	32,550	890,000	55,200
2021	76,951	138,049	410,000	14,350	950,000	28,500
2022	70,668	139,332	-	-	-	-
2023	63,281	136,719	-	-	-	-
TOTAL	<u>\$ 570,830</u>	<u>\$ 914,170</u>	<u>\$ 2,370,000</u>	<u>\$ 227,450</u>	<u>\$ 4,245,000</u>	<u>\$ 347,200</u>

Totals	
Principal	Interest
\$ 1,318,464	\$ 292,086
1,372,579	271,271
1,432,045	247,605
1,491,842	220,908
1,436,951	180,899
70,668	139,332
63,281	136,719
<u>\$ 7,185,830</u>	<u>\$ 1,488,820</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
PER CAPITA COSTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<u>Total Expenditures Disbursed</u>		
Educational Fund	\$ 7,633,639	\$ 7,384,392
Operation and Maintenance Fund	986,856	1,343,750
Debt Service Fund	1,719,876	1,614,815
Transportation Fund	663,820	732,469
Municipal Retirement/Social Security Fund	373,344	369,946
	<u>11,377,535</u>	<u>11,445,372</u>
<u>Less Revenues Received or Expenditures Disbursed</u>		
<u>Not Applicable to Operating Expenses of Regular Programs</u>		
Capital outlay	207,708	572,334
Payments to other Districts and Governmental units	599,529	773,138
Community service	4,714	4,787
Bond principal	1,289,722	1,196,378
	<u>2,101,673</u>	<u>2,546,637</u>
Operating Expense	<u>9,275,862</u>	<u>8,898,735</u>
<u>Less Offsetting Revenues Received</u>		
Governmental aid claims	1,278,023	890,596
Food service	98,271	300,029
Pupil activities	11,061	10,597
Rentals	41,885	50,678
	<u>1,429,240</u>	<u>1,251,900</u>
<u>Total Deductions for Tuition Computation</u>	<u>3,530,913</u>	<u>3,798,537</u>
Net Operating Expense for Tuition Computation	7,846,622	7,646,835
Add Total Depreciation Allowance	575,917	602,683
<u>Total Allowance for Tuition Computation</u>	<u>\$ 8,422,539</u>	<u>\$ 8,249,518</u>
<u>Average Daily Attendance</u>	<u>714.60</u>	<u>702.00</u>
<u>Per Pupil</u>		
Estimated Operating Expense Per Pupil	<u>\$ 12,980</u>	<u>\$ 12,676</u>
Estimated Per Capita Tuition Charge	<u>\$ 11,786</u>	<u>\$ 11,751</u>

FOX LAKE GRADE SCHOOL DISTRICT NO. 114
NOTES TO OTHER INFORMATION
JUNE 30, 2016

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

Changes of Assumptions

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

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 22, 2015.

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:

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 by \$109,378 (not including on-behalf payments); the Operations and Maintenance Fund by \$5,594; and the Debt Service Fund by \$102,288.