

ROSELLE SCHOOL DISTRICT NO. 12
[Roselle, Illinois]

Audited Financial Statements
And
Supplementary Financial Information

June 30, 2015

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Independent Auditors' Report

Board of Education
Roselle School District No. 12
Roselle, IL

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roselle School District No. 12 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, and the budgetary comparison schedule, required pension schedules, and related notes on pages 43 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund schedules and other financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Report of Summarized Comparative Information

We have previously audited Roselle School District No. 12's 2014 financial statements and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015 on our consideration of the District'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 the District's internal control over financial reporting and compliance.

Matheson, Moryski, Austin & Co. LLP

Wheaton, Illinois
September 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Roselle School District No. 12
Management Discussion and Analysis
For the Year Ended June 30, 2015

This section of Roselle School District No. 12's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

During the current year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date pertaining to the District's participation in the Illinois Municipal Retirement Fund (IMRF) and Teacher's Retirement System (TRS). Certain comparative information between the current and prior year is required to be presented in the Management's Discussion and Analysis (MD&A). However, prior year information does not include the effects of GASB Statement No. 68 and No. 71.

Financial Highlights

- The District's total net position decreased \$470,359 during the year.
- The District's bonded debt is currently scheduled to be repaid by 2028. The District currently has additional bonding capability of \$9,625,172. The District sold Working Cash bonds during the 2014-2015 school year.
- The District was in year two of a three-year employment contract with the professional certified staff. A three-year (2013 – 2016) employment contract was ratified and will continue to provide stability in programs, delivery of services, and the ability to provide more accurate financial projections. The current contract expires on June 30, 2016.

Overview of the Financial Statements

This financial report consists of three parts – management's discussion and analysis (this section), basic financial statements, and additional supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The Statement of Net Position and Statement of Activities are government-wide financial statements that provide both short and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District. Fund statements generally report operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of additional supplementary information that further explains and supports the financial statements.

Roselle School District No. 12
Management Discussion and Analysis (continued)
For the Year Ended June 30, 2014

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain is shown in the following table.

Figure A-1. Major Features of the District-Wide and Fund Financial Statements

| | Government-Wide Statements | Fund Financial Statements | |
|--|--|--|---|
| | | Government Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary such as educational and building maintenance. | Assets held by the District on behalf of someone else such as student activities funds. |
| Required financial statements | Statement of Net Position and Statement of activities | Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance | Statement of Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset / liability information | All assets and liabilities, both financial and capital: short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow / outflow information | All revenue and expenses during the year | Revenues for which cash is received during or soon after the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year; regardless of when the cash is received or paid |

The remainder of this overview section of MD&A highlights the structure and contents of each statement.

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources– are one way to measure the District's financial health or position.

Roselle School District No. 12
Management Discussion and Analysis (continued)
For the Year Ended June 30, 2014

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are presented as follows:

- **Governmental Activities** – All of the District's basic services are included here, such as regular and special education, transportation, support services, community programs, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by State law and by bond covenants. The District can establish other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as working cash).

The District has two kinds of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or difference) between them.

Fiduciary funds: The District serves as a trustee, or fiduciary, for assets that belong to others, such as the student activity funds. The District is responsible for ensuring that the assets, reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from government-wide financial statements because the District cannot use these assets to finance its operations.

Roselle School District No. 12
Management Discussion and Analysis (continued)
For the Year Ended June 30, 2014

Financial Analysis of the District as a Whole

Net Position: The District's combined net position was lower on June 30, 2015, than it was the year before, decreasing by \$470,359 to \$2,468,219

Table A-1

Roselle School District No. 12 Net Position

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Assets: | | |
| Current and other assets | \$ 12,954,099 | \$ 10,215,762 |
| Capital assets | <u>5,538,558</u> | <u>5,749,333</u> |
| Total Assets | <u>18,492,657</u> | <u>15,965,095</u> |
| Deferred Outflows of Resources: | | |
| Deferred Charges on Refunding | 63,040 | 45,295 |
| Illinois municipal retirement fund | 165,038 | - |
| Teachers' retirement system | <u>41,591</u> | <u>-</u> |
| Total Deferred Outflows of Resources | <u>269,669</u> | <u>45,295</u> |
| Liabilities: | | |
| Long-term debt outstanding | 7,769,932 | 4,039,266 |
| Other liabilities | <u>872,461</u> | <u>822,779</u> |
| Total Liabilities | <u>8,642,393</u> | <u>4,862,045</u> |
| Deferred Inflows of Resources: | | |
| Property taxes levied for subsequent year | 7,494,489 | 7,335,159 |
| Teachers' retirement system | <u>157,225</u> | <u>-</u> |
| Total deferred inflows of resources | <u>7,651,714</u> | <u>7,335,159</u> |
| Net Position: | | |
| Net invested in capital assets | 5,096,823 | 4,833,231 |
| Restricted | 225,461 | 220,031 |
| Unrestricted | <u>(2,854,065)</u> | <u>(1,240,076)</u> |
| Total net position | <u>\$ 2,468,219</u> | <u>\$ 3,813,186</u> |

* Prior year information has not been updated for the District's implementation of GASB Statements No. 68 and No. 71.

Roselle School District No. 12
Management Discussion and Analysis (continued)
For the Year Ended June 30, 2014

Governmental Activities

Table A-2 presents revenues by major categories and expenditures by major function of the District.

Table A-2

Roselle School District No. 12 Revenues and Expenditures

| | 2015 | | 2014* | |
|---|---------------------|----------------|---------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 202,851 | 1.6% | \$ 197,628 | 2.0% |
| Operating grants and contributions | 792,326 | 6.3% | 1,002,714 | 10.0% |
| State on-behalf payments | 3,684,812 | 29.5% | 1,547,655 | 15.5% |
| General revenues: | | | | |
| Property taxes | 7,339,932 | 58.7% | 6,724,677 | 67.4% |
| Federal and state aid not restricted to specific purposes | 332,022 | 2.7% | 323,146 | 3.2% |
| Earnings on investments | 12,834 | 0.1% | 12,465 | 0.1% |
| Miscellaneous | 133,181 | 1.1% | 178,344 | 1.8% |
| Total Revenues | <u>12,497,958</u> | <u>100.00%</u> | <u>9,986,629</u> | <u>100.00%</u> |
| Expenditures: | | | | |
| Instruction | 5,580,218 | 43.0% | 5,685,156 | 53.8% |
| Supporting services | 3,574,828 | 27.6% | 3,130,507 | 29.7% |
| Interest on long-term liabilities | 128,459 | 1.0% | 191,437 | 1.8% |
| State on-behalf payments | 3,684,812 | 28.4% | 1,547,655 | 14.7% |
| Total Expenditures | <u>12,968,317</u> | <u>100.00%</u> | <u>10,554,755</u> | <u>100.00%</u> |
| Change in net position | (470,359) | | (568,126) | |
| Net position, beginning as restated | <u>2,938,578</u> | | <u>4,381,312</u> | |
| Net position, ending | <u>\$ 2,468,219</u> | | <u>\$ 3,813,186</u> | |

* Prior year information has not been updated for the District's implementation of GASB Statements No. 68 and No. 71.

Financial Analysis of the District's Funds

The financial performance of the District is also reflected in its governmental funds throughout the fund financial statements. Revenues for the District's governmental activities are derived predominantly from local revenues. \$7,876,080 or 62.2%, of the total governmental fund revenues received by the District came from local sources, primarily property taxes.

As a result of intentional deficit spending, to avoid eliminating programs or cutting services, District 12 had received a financial profile of "Early Warning" from the Illinois State Board of Education for the FY14 year. Because the District sold \$3,855,000 on Working Cash Fund Bonds, the District's financial profile was elevated to "Recognition" for FY15. In addition, D12 is preparing for a round of expense reductions (\$420,000) for FY17 and a likely rate increase referendum for the March, 2016 election cycle.

Roselle School District No. 12
Management Discussion and Analysis (continued)
For the Year Ended June 30, 2014

General Fund Budgetary Highlights

District 12 has been engaged in intentional deficit spending to avoid the need to cut programs or services to students. During FY15, the district implemented a process for closely monitoring expenses and budget lines to identify areas for potential reductions. The District is preparing an expense reduction plan of approximately \$420,000 for FY17 along with a likely rate increase attempt at the Spring, 2016 election cycle.

Capital Assets and Debt Administration

Capital Assets: Detailed information on the changes in capital assets can be found on page 24 of the financial statements. The valuation is based upon cost. There was a \$57,832 net decrease to the District's capital assets in fiscal year 2015 primarily due to depreciation.

Long-Term Debt: At the year end, the District had \$6,675,000 in outstanding bonds. This is approximately 41.2% of the District's total bonding capacity. Pages 25 and 26 of the financial statements illustrate the debt that has been incurred, its date of issuance, purpose, retirements, and the principal and interest still outstanding. Long-term liabilities as of June 30, 2015 include:

- \$2,810,000, Series 2004 General Obligation Limited Tax Refunding School Bonds
- \$3,090,000, Series 2012 General Obligation Limited Tax Refunding School Bonds
- \$3,855,000, Series 2015 General Obligation Limited Tax Refunding School Bonds

The District received a Moody's downgrade from A1 to A2.

Factors Bearing on the District's Future

The administration and Board of Education analyze the financial condition of the District on a regular basis using various projection models. This allows the District time to plan strategies as it relates to its financial condition. Enrollment and the demographics of the District will probably remain relatively stable. The changing Federal and State economic pictures make funding hard to predict, but factors such as rising utility costs may negatively impact the economy in the future. Other factors having a bearing on the District's financial future include the following.

- Statewide policy changes related to state pension costs could dramatically reduce revenues received from the State of Illinois or dramatically increase the District's expenses related to staff pensions.
- The cost of providing special education services to students requiring these services continue to increase much faster than other costs.
- The District is anticipating making approximately \$420,000 in expense reductions for FY17.
- The District is anticipating a Spring, 2016 rate increase referendum that will generate approximately \$750,000 in increased revenue annually.

The District is committed to offering our students a quality education while at the same time paying fair wages for the work of our employees. Through the work of the Board of Education, Superintendent, and Director of Financial Support Services, we will continue to monitor and maintain a watchful eye on the district budget and work to establish a strong financial future for the District.

Contacting the District's Financial Management Team

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Melissa Kaczowski, Superintendent, at the District 12 Administrative Office, 100 E. Walnut, Roselle, IL 60172.

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BASIC FINANCIAL STATEMENTS

ROSELLE SCHOOL DISTRICT NO. 12
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Governmental Activities 2015 |
|--|---|
| Assets: | |
| Cash and investments | \$ 8,460,181 |
| Receivables: | |
| Property taxes | 3,925,667 |
| Other governments | 492,306 |
| Interest | 4,508 |
| Prepaid items | 71,437 |
| Capital assets: | |
| Land and construction in progress | 105,279 |
| Other capital assets, net of depreciation | 5,433,279 |
| Total assets | <u>18,492,657</u> |
| Deferred outflows of resources: | |
| Deferred charge on refunding | 63,040 |
| Illinois municipal retirement fund | 165,038 |
| Teachers' retirement system | 41,591 |
| Total deferred outflows of resources | <u>269,669</u> |
| Liabilities: | |
| Accounts payable | 164,290 |
| Accrued payroll | 651,391 |
| Unearned revenue | 56,780 |
| Long-term liabilities | |
| Due within one year | 450,000 |
| Due in more than one year | 7,319,932 |
| Total liabilities | <u>8,642,393</u> |
| Deferred inflows of resources: | |
| Property taxes levied for subsequent year | 7,494,489 |
| Teachers' retirement system | 157,225 |
| Total deferred inflows of resources | <u>7,651,714</u> |
| Net Position: | |
| Net invested in capital assets | 5,096,823 |
| Restricted for: | |
| Debt service | 115,397 |
| Transportation | 31,836 |
| Retirement | 78,228 |
| Unrestricted (Deficit) | (2,854,065) |
| Total net position | <u><u>\$ 2,468,219</u></u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
STATEMENT OF ACTIVITIES
JUNE 30, 2015

| Functions | Expenses | Program Revenues | | Net (Expense) |
|---|---------------------|-------------------|---------------------|---------------------|
| | | Charges for | Grants and | Revenue and |
| | | Services | Contributions | Changes in |
| | | | | Net Position |
| | | | | Total |
| | | | | Governmental |
| | | | | Activities |
| | | | | 2015 |
| Governmental activities: | | | | |
| Instructional services: | | | | |
| Regular programs | \$ 3,546,481 | \$ 132,933 | \$ 45,983 | \$ (3,367,565) |
| Special programs | 1,924,283 | - | 584,290 | (1,339,993) |
| Other programs | 109,454 | - | - | (109,454) |
| State on-behalf payments | 3,684,812 | - | 3,684,812 | - |
| Supporting services: | | | | |
| Students | 311,858 | - | 8,957 | (302,901) |
| Instructional staff | 502,494 | - | - | (502,494) |
| District administration | 248,303 | - | - | (248,303) |
| School administration | 452,921 | - | - | (452,921) |
| Business | 362,545 | - | - | (362,545) |
| Operation and maintenance | | | | |
| of facilities | 815,850 | - | 19,185 | (796,665) |
| Transportation | 338,808 | 12,002 | 58,314 | (268,492) |
| Food service | 170,704 | 57,916 | 75,597 | (37,191) |
| Staff | 230,837 | - | - | (230,837) |
| Other | 101,746 | - | - | (101,746) |
| Community services | 38,762 | - | - | (38,762) |
| Interest on long-term liabilities | 128,459 | - | - | (128,459) |
| Total school district | <u>\$12,968,317</u> | <u>\$ 202,851</u> | <u>\$ 4,477,138</u> | <u>(8,288,328)</u> |
| General revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | 6,340,767 |
| Transportation | | | | 205,159 |
| Retirement | | | | 162,380 |
| Debt service | | | | 606,771 |
| Surplus money from TIF district | | | | 24,855 |
| Federal and state aid not restricted to | | | | |
| specific purposes | | | | 332,022 |
| Earnings on investments | | | | 12,834 |
| Miscellaneous | | | | <u>133,181</u> |
| Total general revenues | | | | <u>7,817,969</u> |
| Change in net position | | | | (470,359) |
| Net position - beginning, as restated | | | | <u>2,938,578</u> |
| Net position - ending | | | | <u>\$ 2,468,219</u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------|-----------------------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 7,791,651 | \$ 668,530 | \$ 8,460,181 |
| Receivables (net of allowance for uncollectibles): | | | |
| Property taxes | 3,397,470 | 528,197 | 3,925,667 |
| Intergovernmental | 436,682 | 55,624 | 492,306 |
| Interest | 4,387 | 121 | 4,508 |
| Prepaid items | 28,334 | 43,103 | 71,437 |
| TOTAL ASSETS | <u>11,658,524</u> | <u>1,295,575</u> | <u>12,954,099</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</u> | | | |
| Liabilities: | | | |
| Accounts payable | 142,446 | 21,844 | 164,290 |
| Accrued payroll | 635,235 | 16,156 | 651,391 |
| Unearned revenue | 33,048 | 23,732 | 56,780 |
| Total Liabilities | <u>810,729</u> | <u>61,732</u> | <u>872,461</u> |
| Deferred inflows of resources: | | | |
| Property taxes levies for subsequent year | 6,486,107 | 1,008,382 | 7,494,489 |
| Total deferred inflows of resources | <u>6,486,107</u> | <u>1,008,382</u> | <u>7,494,489</u> |
| Fund Balances: | | | |
| Nonspendable | 28,334 | - | 28,334 |
| Restricted | - | 225,461 | 225,461 |
| Unassigned | 4,333,354 | - | 4,333,354 |
| Total Fund Balances | <u>4,361,688</u> | <u>225,461</u> | <u>4,587,149</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 11,658,524</u> | <u>\$ 1,295,575</u> | <u>\$ 12,954,099</u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

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

| | |
|---|-----------------------------------|
| Total fund balance - governmental funds | \$ 4,587,149 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$13,219,069 and the accumulated depreciation is \$7,680,511. | 5,538,558 |
| Long-term liabilities, including bonds payable, capital leases, and pension liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| Bonds payable | (6,675,000) |
| Deferred amounts for issuance premium | (2,303) |
| Deferred charge on refunding | 63,040 |
| Net pension liability - Illinois Municipal Retirement Fund | (388,824) |
| Net pension liability - Teachers Retirement System | (703,805) |
| Deferred outflows and deferred inflows, related to pensions, represent a consumption of or increase to net pension that apply to future periods and therefore are not reported in the funds. | |
| Deferred outflow - Illinois municipal retirement fund | 165,038 |
| Deferred outflow - Teachers' retirement system | 41,591 |
| Deferred inflow - Teachers' retirement system | <u>(157,225)</u> |
| Total net position - governmental activities | <u><u>\$ 2,468,219</u></u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | |
| Property taxes | \$ 6,340,767 | \$ 974,310 | \$ 7,315,077 |
| Other local sources | 457,709 | 103,294 | 561,003 |
| State sources | 4,326,276 | 58,314 | 4,384,590 |
| Federal sources | 403,563 | 1,822 | 405,385 |
| Total Revenues | <u>11,528,315</u> | <u>1,137,740</u> | <u>12,666,055</u> |
| EXPENDITURES: | | | |
| Instruction | 8,301,111 | 86,799 | 8,387,910 |
| Support services | 2,947,370 | 436,873 | 3,384,243 |
| Community services | 44,162 | - | 44,162 |
| Payments to other districts and governmental units | 711,777 | - | 711,777 |
| Debt service: | | | |
| Payment of principal on long-term debt | - | 480,000 | 480,000 |
| Interest on long-term debt | - | 128,638 | 128,638 |
| Bond issuance cost | - | 101,746 | 101,746 |
| Total Expenditures | <u>12,004,420</u> | <u>1,234,056</u> | <u>13,238,476</u> |
| Deficiency of revenues over expenditures | <u>(476,105)</u> | <u>(96,316)</u> | <u>(572,421)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 600,000 | - | 600,000 |
| Transfers out | (600,000) | - | (600,000) |
| Principal on bonds sold | 3,000,000 | 855,000 | 3,855,000 |
| Payment to refunded bond escrow agent | - | (753,254) | (753,254) |
| Total other financing sources (uses) | <u>3,000,000</u> | <u>101,746</u> | <u>3,101,746</u> |
| Net change in fund balances | <u>2,523,895</u> | <u>5,430</u> | <u>2,529,325</u> |
| Fund balances at beginning of year | <u>1,837,793</u> | <u>220,031</u> | <u>2,057,824</u> |
| FUND BALANCES AT END OF YEAR | <u><u>\$ 4,361,688</u></u> | <u><u>\$ 225,461</u></u> | <u><u>\$ 4,587,149</u></u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

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

| | |
|---|---------------------|
| Net change in fund balances-total governmental funds | \$ 2,529,325 |
|---|---------------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in current period.

| | | |
|----------------------|------------------|-----------|
| Capital outlays | 143,938 | |
| Depreciation expense | <u>(354,713)</u> | (210,775) |

The governmental funds report bond proceeds as an other financing source, while repayment of principal is reported as an expenditure. Also, governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. Changes in net pension liabilities are reported only in the statement of activities. The net effect of these differences in the treatment of long-term obligations and related items is as follows:

| | | |
|--|----------------|-------------|
| General obligation refunding bond proceeds | (3,855,000) | |
| Payment to refunded bond escrow agent | 753,254 | |
| Repayment of bond principal | 480,000 | |
| Amortization of bond discount | 25,688 | |
| Amortization of deferred charge on refunding | (25,509) | |
| Change in net pension liability - Illinois Municipal Retirement Fund | (305,384) | |
| Change in net pension liability - Teachers' Retirement System | <u>172,141</u> | (2,754,810) |

Changes in deferred inflows and outflows related to pensions are only reported in the statement of activities.

| | | |
|---|------------------|-----------------|
| Change in deferred outflow - Illinois Municipal Retirement Fund | 122,797 | |
| Change in deferred outflow - Teachers' Retirement System | 329 | |
| Change in deferred inflow - Teachers' Retirement System | <u>(157,225)</u> | <u>(34,099)</u> |

| | |
|--|----------------------------|
| Change in net position of governmental activities | \$ <u>(470,359)</u> |
|--|----------------------------|

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2015

| | <u>Student Activity Funds</u> |
|------------------------------|---------------------------------------|
| Assets: | |
| Cash and investments | \$ 22,694 |
| Total assets | <u>22,694</u> |
| Liabilities: | |
| Due to student organizations | <u>22,694</u> |
| Total liabilities | <u>\$ 22,694</u> |

The notes to the financial statements are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
Notes to Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Roselle School District No. 12 (District) is governed by an elected Board of Education. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

a. The Reporting Entity

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

Joint Venture - The District is also a member of the following organization:

- North DuPage Special Education Cooperative (See Note 14)

b. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements (GWFS):

The Statement of Net Position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. The effects of interfund activity have been eliminated.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes and other revenues which are

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements (FFS):

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the GWFS. Major individual governmental funds are reported as separate columns in the FFS. The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund consists of the Educational Account, Operations and Maintenance Account and the Working Cash Account that are legally mandated by the State of Illinois.

Additionally, the District reports the following fund types (not included in the GWFS):

The Student Activities Agency Fund (a fiduciary fund) accounts for assets held on behalf of student groups.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when measurable and available.

Fund financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual generally include property taxes, interest on investments, and intergovernmental revenues. The District considers property taxes as available as described in note h. below. Interest on invested funds is recognized when earned. The availability period for all other revenues is deemed to be within sixty days of the end of the year. If funding is received before the eligibility requirements have been met, that revenue is recorded as unearned.

Fiduciary financial statements

Fiduciary fund reporting focuses on net assets and changes in net assets and is reported using the accrual basis of accounting. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Use of Restricted Funds

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

d. Deposits and Investments

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains and losses are realized for those investments valued at fair value.

e. Capital Assets

Capital assets, which include land (which is not depreciated), buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 for furniture and equipment and \$20,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 40 years |
| Land improvements | 20 years |
| Furniture, equipment and vehicles | 5-15 years |

f. Long-term Obligations

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

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

g. Fund Equity

In the GWFS, net position is reported as restricted when constraints placed on net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the District's policy is to use restricted net position first before unrestricted net position.

h. Property Taxes

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The adoption date for the 2014 tax levy was December 16, 2014. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (on or about June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates. Property taxes for 2014 levy, which are collected during 2015, are considered to be budgeted to fund operations of the 2015/2016 year and are accordingly reported as deferred inflows of resources in the current year.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

The following are the actual rates levied per \$100 of assessed valuation:

| | Maximum | Actual | |
|----------------------------|-----------|---------------|---------------|
| | 2014 Levy | 2014 Levy | 2013 Levy |
| Educational | 3.5000 | 2.5046 | 2.3768 |
| Operations and Maintenance | .5500 | .2606 | .2472 |
| Bond and Interest | | .2669 | .2511 |
| Transportation | | .0895 | .0849 |
| Municipal Retirement | | .0441 | .0513 |
| Social Security | | .0294 | .0159 |
| Total | | 3.1951 | 3.0272 |

i. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement/Social Security Fund with the balance allocated to funds at the discretion of the District.

j. Vacation Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences." No compensated absences liability is reported on the GWFS since accumulated unpaid employee sick leave at the end of the current fiscal year is not significant.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l. Prior Year Comparative Information

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2014 from which the partial information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

m. New Accounting Pronouncements

During the current year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date pertaining to the District's participation in the Illinois Municipal Retirement Fund (IMRF) and Teacher's Retirement System (TRS).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the plan. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

The effect of these changes on the fiscal year 2014 financial statements is as follows:

| | |
|---|---------------------|
| Net Position as previously reported at June 30, 2014 | <u>\$ 3,813,186</u> |
| Prior Period Adjustment: | |
| Net Pension Obligation – Illinois Municipal Retirement Fund | 1,275 |
| Net Pension Liability – Illinois Municipal Retirement Fund | (83,440) |
| Net Pension Liability – Teachers' Retirement System | (875,946) |
| Deferred outflows: | |
| Illinois Municipal Retirement Fund | 42,241 |
| Teachers' Retirement System | <u>41,262</u> |
| Total prior period adjustment | <u>(874,608)</u> |
| Net Position as restated, July 1, 2014 | <u>\$ 2,938,578</u> |

n. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The deferred charge on refunding of bonds results from the difference in the outstanding balance of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the District has deferred outflows related to Teachers' Retirement System and Illinois Municipal Retirement Fund pensions. These deferred outflows are explained further in Note 7.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

In addition to liabilities, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase of net position or fund balance that applies to future periods and so will not be recognized as revenue until that time. The District has one item, which will arise under both full- and modified-accrual basis of accounting that will qualify for reporting in this category. A deferred inflow of resources results from the District's legal claim to receive property taxes prior to the period that those taxes are intended to fund operations. Additionally, the District has deferred inflows, which arise only under full-accrual basis of accounting, related to Teachers' Retirement System and Illinois Municipal Retirement Fund pensions. These deferred outflows are explained further in Note 7.

NOTE 2. CASH AND INVESTMENTS:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2015, \$176,408 of the District's bank balances of \$8,591,096 was exposed to custodial credit risk.

As of June 30, 2015, the District had no investments.

Interest Rate Risk: The District does not have a formal investment policy beyond state guidelines that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Under Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by State laws.

Securities issued or guaranteed by the United States.

Interest-bearing accounts of banks and Savings and Loan Associations insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three 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 or Illinois School District Liquid Asset Fund Plus.
Repurchase agreements which meet instrument transaction requirements of Illinois law.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

The District has no investment policy that would further limit its investment choices.

NOTE 3. CAPITAL ASSETS:

A summary of changes in capital assets follows:

| Governmental Activities: | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|-------------------------|-------------|-----------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$105,279 | \$- | (\$-) | \$105,279 |
| Construction in progress | 9,005 | - | (9,005) | - |
| Total capital assets not being depreciated | \$114,284 | \$- | (\$9,005) | \$105,279 |
| Capital assets, being depreciated: | | | | |
| Land improvements | \$112,168 | \$- | \$- | \$112,168 |
| Buildings | 11,310,384 | 96,995 | - | 11,407,379 |
| Equipment | 1,538,295 | 55,948 | - | 1,594,243 |
| Total capital assets being depreciated | \$12,960,847 | \$152,943 | \$- | \$13,113,790 |
| Accumulated depreciation for: | | | | |
| Land improvements | \$85,320 | \$3,471 | \$- | \$88,791 |
| Buildings | 5,969,551 | 267,303 | - | 6,236,854 |
| Equipment | 1,270,927 | 83,939 | - | 1,354,866 |
| Total accumulated depreciation | \$7,325,798 | \$354,713 | \$- | \$7,680,511 |
| Total capital assets being depreciated, net | \$5,635,049 | (\$201,770) | \$- | \$5,433,279 |
| | | | | |
| Total capital assets, net | \$5,749,333 | (\$48,827) | (\$9,005) | \$5,538,558 |

Depreciation expense was charged to functions of the District as follows:

| | |
|--|------------------|
| Instructional services: | |
| Regular programs | \$240,789 |
| Special programs | 36,094 |
| Supporting services: | |
| Instructional staff | 58,443 |
| School administration | 11,007 |
| Business | 6,050 |
| Operations and maintenance of facilities | 2,330 |
| | <u>\$354,713</u> |

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

NOTE 4. GENERAL LONG-TERM LIABILITIES:

The following is a summary of the components of long-term liabilities and related transactions of the District for the year ended June 30, 2015:

| Governmental Activities: | Balance July 1, 2014 | Additions | Reductions | Refunding | Balance June 30, 2015 | Amount Due In One Year |
|---|-------------------------|--------------------|--------------------|--------------------|-----------------------------|---------------------------|
| General Obligation School Bonds Series 2004 | \$920,000 | \$- | (\$480,000) | \$- | \$440,000 | \$440,000 |
| Taxable General Obligation Limited School Bonds Series 2012 | 3,090,000 | - | - | (710,000) | 2,380,000 | 10,000 |
| Taxable General Obligation Limited School Bonds Series 2015 | - | 3,855,000 | - | - | 3,855,000 | - |
| Deferred Amounts for Issuance Premium | 27,991 | - | (25,688) | - | 2,303 | - |
| Net Pension Liability- Illinois Municipal Retirement Fund | 83,440 | 305,384 | - | - | 388,824 | |
| Net Pension Liability- Teachers' Retirement System | 875,946 | - | (172,141) | - | 703,805 | - |
| Total Long-Term Liabilities | \$4,997,377 | \$4,160,384 | (\$677,829) | (\$710,000) | \$7,769,932 | \$450,000 |

Long-term liabilities at June 30, 2015 are comprised of the following:

General Obligation Bonds:

\$2,810,000, Series 2004 General Obligation Limited Tax Refunding School Bonds with principal payments due in January 2016 of \$440,000. Interest payments are due in July and January at a rate of 5.00%.

\$3,090,000, Series 2012 General Obligation Limited Tax Refunding School Bonds with principal payments due in January, starting in 2016, varying from \$10,000 to \$505,000 through 2022. Interest payments are due in July and January at rates varying from 1.85% to 3.75%.

\$3,855,000, Series 2015 General Obligation Limited Tax Refunding School Bonds with principal payments due in January, starting in 2022, varying from \$270,000 to \$685,000 through 2028. Interest payments are due in July and January at rates varying from 3.00% to 4.10%.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Bond Refunding

On June 26, 2012, the District issued \$3,090,000 in General Obligation Limited Tax Refunding School Bonds to partially defease Series 2004 General Obligation Limited Tax Refunding School Bonds totaling \$105,000. This resulted in an economic gain (difference between the present value of the new debt service payments and the old debt service payments) of \$24,128. Proceeds of \$116,480 were deposited in an irrevocable trust with an escrow agent for all future debt service payments on the refunded debt. As a result, these bonds are considered defeased and the liability has been removed from the financial statements. As of June 30, 2015, there is no outstanding debt considered defeased for the Series 2004 General Obligation Limited Tax Bonds.

On June 3, 2015, the District issued \$3,855,000 in General Obligation Limited Tax Refunding School Bonds to partially defease Series 2012 General Obligation Limited Tax Refunding School Bonds totaling \$710,000. Proceeds of \$753,254 were deposited in an irrevocable trust with an escrow agent for all future debt service payments on the refunded debt. As a result, these bonds are considered defeased and the liability have been removed from the financial statements. As of June 30, 2015, \$710,000 is the outstanding debt considered defeased for the Series 2012 General Obligation Limited Tax Refunding School Bonds.

At June 30, 2015, the annual cash flow requirements of all long-term debt to retirement, including interest of \$1,633,915 were as follows:

| | General Obligation School Bonds | | |
|-----------------------------|---------------------------------|--------------------|--------------------|
| Fiscal Year Ending June 30, | Principal | Interest | Total |
| 2016 | \$450,000 | \$165,665 | \$615,665 |
| 2017 | 425,000 | 201,548 | 626,548 |
| 2018 | 440,000 | 193,048 | 633,048 |
| 2019 | 460,000 | 182,487 | 642,487 |
| 2020 | 485,000 | 170,067 | 655,067 |
| 2021-2028 | 4,415,000 | 721,100 | 5,136,100 |
| Totals | \$6,675,000 | \$1,633,915 | \$8,308,915 |

The Illinois Compiled Statutes limits the amount of bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2015, the statutory debt limit for the District was \$16,184,775, providing a debt margin of \$9,625,172 after taking into account amounts available to the Debt Service Fund.

Payments to retire bonds payable have been made and will be made from debt service levies in future periods. There is \$115,397 of fund equity available in the Debt Service Fund to service outstanding bonds payable.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

NOTE 5. RESTRICTED NET POSITION:

The government-wide statement of net position reports \$225,461 of restricted net position, all of which is restricted by enabling legislation.

NOTE 6. FUND BALANCES – GOVERNMENTAL FUNDS:

The District's fund balances for Governmental Funds are classified as follows:

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 Fund Balance – The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Things such as restrictions imposed by creditors, grantors, contributors, or laws and 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.

Committed – The committed fund balance classification refers to amounts that can only be used for specific purposes as determined by a formal action of the District's highest level of decision making authority (the School Board). Commitments may be established, modified, or rescinded only through resolutions approved by the School Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the School Board itself or the School Board may delegate the authority to assign amounts. Currently the School Board has not delegated the authority.

Unassigned – The unassigned fund balance classification is the residual classification for amounts in the General Fund that have not been restricted, committed, or assigned to specific purposes and any deficit fund balances in other funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance and Working Cash.

ROSELLE SCHOOL DISTRICT NO. 12**Notes to Financial Statements (Cont'd)**

June 30, 2015

As of June 30, 2015, fund balances are composed of the following:

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------|--------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | |
| Prepaid items | \$28,334 | \$- | \$28,334 |
| Restricted: | | | |
| Transportation | - | 31,836 | 31,836 |
| Debt service | - | 115,397 | 115,397 |
| IMRF/Social Security | - | 78,228 | 78,228 |
| Unassigned | 4,333,354 | - | 4,333,354 |
| Total fund balances | <u>\$4,361,688</u> | <u>\$225,461</u> | <u>\$4,587,149</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board or the finance committee has provided otherwise in its commitment or assignment actions.

NOTE 7. RETIREMENT FUND COMMITMENTS:**Retirement Plans**

The District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards, are members of IMRF.

Illinois Teachers' Retirement System:**a. 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 non-annuitants 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

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

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

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

Essentially all Tier I retirees receive an annual 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 districts are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

On behalf contributions to TRS: The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2015, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$2,135,330 in pension contributions from the state of Illinois.

2.2 formula contributions: Districts contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$26,417, and are deferred because they were paid after the June 30, 2014 measurement date.

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

For the year ended June 30, 2015, the District pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$44,854 were paid from federal and special trust funds that required District contributions of \$14,802. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

Employer retirement cost contributions: Under GASB Statement No. 68, contributions that a district is required to pay because of a TRS member retiring are categorized as specific liability payments. The District 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 District ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the District was not required to make employer ERO contributions under the ERO program.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the District was not required to make contributions due on salary increases in excess of 6 percent and sick leave days granted in excess of the normal annual allotment.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

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

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

| | |
|--|---------------------|
| District's proportionate share of the net pension liability | \$703,805 |
| State's proportionate share of the Net Pension Liability associated with the District | <u>26,522,340</u> |
| Total | <u>\$27,226,145</u> |

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the District's proportion was 0.0012%.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the District's proportion was 0.0014%.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$2,135,330 and revenue of \$2,135,330 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 372 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 35,372 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 121,853 |
| District contributions subsequent to the measurement date | 41,219 | - |
| Total | <u>\$ 41,591</u> | <u>\$157,225</u> |

\$41,219 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30, | Deferred (Inflow) Outflow |
|-------------------------|---------------------------------|
| 2016 | \$ 3,262 |
| 2017 | (38,329) |
| 2018 | (38,329) |
| 2019 | (38,329) |
| 2020 | (3,538) |
| Total | <u>(\$115,263)</u> |

c. Actuarial assumptions

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

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

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

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

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|--------------------------------|------------------------------|--|
| U.S. large cap | 18.0% | 8.23% |
| Global equity excluding U.S. | 18.0 | 8.58 |
| Aggregate bonds | 16.0 | 2.27 |
| U.S. TIPS | 2.0 | 3.52 |
| NCREIF | 11.0 | 5.81 |
| Opportunistic real estate | 4.0 | 9.79 |
| ARS | 8.0 | 3.27 |
| Risk parity | 8.0 | 5.57 |
| Diversified inflation strategy | 1.0 | 3.96 |
| Private equity | 14.0 | 13.03 |
| Total | <u>100.0%</u> | |

d. Discount rate

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

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

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

e. Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

| | Discount Rate | Net pension liability (asset) |
|-----------------------|------------------|----------------------------------|
| 1% decrease | 6.50% | \$ 869,165 |
| Current discount rate | 7.50% | \$ 703,805 |
| 1% increase | 8.50% | \$ 566,869 |

f. TRS fiduciary net position

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

Illinois Municipal Retirement Fund:

Plan Description: The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is 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 below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Benefits Provided: IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms: At December 31, 2014, the number of District employees covered by IMRF were:

| | |
|-------------------------------|------------|
| Active members | 21 |
| Retirees and beneficiaries | 43 |
| Inactive, non-retired members | <u>49</u> |
| Total | <u>113</u> |

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Contributions: As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for 2014 was 12.17% of annual covered payroll. 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. Required contributions were \$76,639 and actual contributions were \$76,640, or almost 100.00% of required contributions.

Net Pension Liability: The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine the Total Pension Liability at December 31, 2014:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market Value of Assets |
| Inflation | 3.5% |
| Salary Increases | 3.75% to 14.50% including inflation |
| Investment Rate of Return | 7.44% |
| Projected Retirement Age | Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013. |
| Mortality | For non-disabled retirees, the IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. |
| Disabled Retirees | 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 adjustment that were applied for non-disabled lives. |
| Active Members | 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. |

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

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:

| <u>Asset Class</u> | <u>Approximate Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|---|---|
| Domestic equity | 38.0% | 7.6% |
| International equity | 17.0 | 7.8 |
| Fixed income | 27.0 | 3.0 |
| Real estate | 8.0 | 6.15 |
| Alternative investments | 9.0 | 5.25-8.50 |
| Cash equivalents | 1.0 | 2.25 |

Single Discount Rate: A Single Discount Rate of 7.50% 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 pension plan investments is 7.50%; the municipal bond rate is 3.56%; and the resulting single discount rate is 7.44%.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Changes in the District's Net Pension Liability: Changes in the District's Net Pension Liability for the year ended December 31, 2014 were as follows:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) – (b) |
| Balance, December 31, 2013 | \$ 4,115,224 | \$ 4,031,784 | \$ 83,440 |
| Charges for the year: | | | |
| Service cost | 78,952 | - | 78,952 |
| Interest | 303,971 | - | 303,971 |
| Difference between expected and actual experience | 16,377 | - | 16,377 |
| Changes in assumptions | 247,689 | - | 247,689 |
| Net investment income | - | 242,934 | (242,934) |
| Contributions – employees | - | 28,338 | (28,338) |
| Contributions – employers | - | 76,640 | (76,640) |
| Benefit payments including refunds of employee contributions | (203,497) | (203,497) | - |
| Administrative expenses | - | - | - |
| Other changes | - | (6,307) | 6,307 |
| Net changes | <u>443,492</u> | <u>138,108</u> | <u>305,384</u> |
| Balance, December 31, 2014 | <u>\$ 4,558,716</u> | <u>\$ 4,169,892</u> | <u>\$ 388,824</u> |

Sensitivity of the Net Pension Liability to Changes in the Single Discount Rate: The following presents the Net Pension Liability calculated using the single discount rate of 7.44%, as well as what the Net Pension Liability would be if it were calculated using a single discount rate that is 1% higher and lower:

| | Discount Rate | Net Pension Liability (Asset) |
|-----------------------|------------------|----------------------------------|
| 1% decrease | 6.44% | \$ 930,401 |
| Current discount rate | 7.44% | \$ 388,824 |
| 1% increase | 8.44% | \$ (66,486) |

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2015, the District recognized pension expense of \$258,114.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows / (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Differences between expected and actual experience | \$ 4,930 | \$ - | \$ 4,930 |
| Changes of assumptions | 74,565 | - | 74,565 |
| Net difference between projected and actual earnings on Plan investments | 44,415 | - | 44,415 |
| Employer contributions to plan after measurement date | <u>41,128</u> | <u>-</u> | <u>41,128</u> |
| Total | <u>\$ 165,038</u> | <u>\$ -</u> | <u>\$ 165,038</u> |

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

| Year ending <u>April 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2015 | \$ 131,727 |
| 2016 | 11,104 |
| 2017 | 11,104 |
| 2018 | 11,103 |
| 2019 | - |
| Thereafter | <u>-</u> |
| Total | <u>\$ 165,038</u> |

NOTE 8. COMMON BANK ACCOUNT:

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their invested 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. None of the participating funds reflected a cash overdraft in the common bank account at June 30, 2015.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

NOTE 9. INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2015 consisted of an abatement of the General Fund's Working Cash Account totaling \$600,000. \$450,000 was transferred to the General Fund's Educational Account and \$150,000 was transferred to the General Fund's Operations and Maintenance Account.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RISK MANAGEMENT:

The District has purchased insurance coverage through risk pools (See Notes 11, 12 and 13). Risks covered include general liability, workers compensation, health insurance and other. Premiums have been recorded as expenditures in appropriate funds.

No material decreases in insurance coverages have occurred nor have any insurance claims in excess of insurance coverages been paid or reported during the last three fiscal years.

NOTE 11. ILLINOIS COUNTY RISK MANAGEMENT TRUST (ICRMT):

The District is a member of ICRMT, which has been formed to reduce local governments' workers' compensation costs. ICRMT is controlled by a Board of Directors which is composed of representatives designated by each county member of the pool. The day-to-day operations of ICRMT are managed by Insurance Program Managers Group, LLC (IPMG). Each member has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage.

Complete financial statements for ICRMT can be obtained from the District.

NOTE 12. SUBURBAN SCHOOL COOPERATIVE INSURANCE POOL (SSCIP):

The District is a member of SSCIP, a voluntary cooperative agency consisting of Illinois public school districts and joint agreements. SSCIP's purpose is to manage and fund first-party property losses and third-party liability claims of its members. SSCIP began operations on December 31, 1982 and currently has 55 members. Each member district has a financial responsibility to make annual contributions based on property values, student enrollment, personnel employed, past loss history and vehicles owned.

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

Complete financial statements of SSCIP are available from its accountant at Two Pierce Place, Itasca, Illinois 60143.

NOTE 13. RISK POOL - EDUCATIONAL BENEFIT COOPERATIVE (EBC):

The District is a member of EBC, which was formed in 1984 as a voluntary cooperative agency of Illinois Public School Districts and Joint Agreements. The purpose of EBC is to administer some or all of the employee benefit programs offered by the member districts to their employees and employees' dependents. EBC administers the payment of claims that arise under the benefit programs offered by each member district. Additionally, EBC offers to its members, group life insurance coverage obtained through an outside insurance company. Monthly medical and dental contributions are estimated by the Plan's administrator in advance of each membership year based upon each district's plan of coverage, estimated enrollment, estimated claim costs and service fees.

Complete financial statements for EBC can be obtained from its treasurer at 1105 North Hunt Club Road, Gurnee, Illinois 60031.

NOTE 14. JOINT VENTURE - NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE (NDSEC):

The District and seven other districts within DuPage 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 policy board.

Complete financial statements for NDSEC can be obtained from its Treasurer at 132 E. Pine Avenue, Roselle, IL 60172.

NOTE 15. OTHER POST EMPLOYMENT BENEFITS:

Teacher Health Insurance Security:

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

ROSELLE SCHOOL DISTRICT NO. 12

Notes to Financial Statements (Cont'd)

June 30, 2015

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

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

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02% of pay during the year ended June 30, 2015. State of Illinois contributions were \$46,457, and the District 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 District THIS Fund contribution was 0.76% during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$34,615 to the THIS Fund.

Further information on 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 16. OPERATING LEASE COMMITMENTS:

The District has entered into an operating leases for copier equipment that expires during the 2019 fiscal year.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2015 are:

| Year | Payment |
|-------|------------------|
| 2016 | 61,764 |
| 2017 | 61,764 |
| 2018 | 61,764 |
| 2019 | 15,441 |
| Total | <u>\$200,733</u> |

REQUIRED SUPPLEMENTARY INFORMATION

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015

| | General Fund | | |
|--|--|-------------------|---|
| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
| REVENUES: | | | |
| Local sources | \$ 6,816,247 | \$ 6,798,476 | \$ (17,771) |
| State sources | 2,202,436 | 4,326,276 | 2,123,840 |
| Federal sources | 416,159 | 403,563 | (12,596) |
| Total Revenues | 9,434,842 | 11,528,315 | 2,093,473 |
| EXPENDITURES: | | | |
| Instruction | 6,298,300 | 8,301,111 | (2,002,811) |
| Supporting services | 3,012,653 | 2,947,370 | 65,283 |
| Community services | - | 44,162 | (44,162) |
| Payments to other districts and governmental units | 606,424 | 711,777 | (105,353) |
| Provision for contingencies | 25,000 | - | 25,000 |
| Total Expenditures | 9,942,377 | 12,004,420 | (2,062,043) |
| Deficiency of revenues over expenditures | (507,535) | (476,105) | 31,430 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 600,000 | 600,000 | - |
| Transfers out | (600,000) | (600,000) | - |
| Proceeds from the sale of bonds | - | 3,000,000 | 3,000,000 |
| Total other financing sources (uses) | - | 3,000,000 | 3,000,000 |
| Net change in fund balances | \$ (507,535) | 2,523,895 | \$ 3,031,430 |
| Fund balances at beginning of year | | 1,837,793 | |
| FUND BALANCES AT END OF YEAR | | \$ 4,361,688 | |

The notes to the required supplementary information are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
YEAR ENDED JUNE 30, 2015

| | |
|--|------------|
| Calendar year ending December 31, | 2014 |
| <u>Total pension liability:</u> | |
| Service cost | \$ 78,952 |
| Interest on the total pension liability | 303,971 |
| Difference between expected and actual experience | 16,377 |
| Assumption changes | 247,689 |
| Benefit payments and refunds | (203,497) |
| Net change in total pension liability | 443,492 |
| Total pension liability, beginning | 4,115,224 |
| Total pension liability, ending | 4,558,716 |
| <u>Plan fiduciary net position</u> | |
| Employer contributions | 76,640 |
| Employee contributions | 28,338 |
| Pension plan net investment income | 242,934 |
| Benefit payments and refunds | (203,497) |
| Other | (6,307) |
| Net change in plan fiduciary net position | 138,108 |
| Plan fiduciary net position, beginning | 4,031,784 |
| Plan fiduciary net position, ending | 4,169,892 |
| Net pension liability/(asset), ending | \$ 388,824 |
| Plan fiduciary net position as a percentage of total pension liability | 91.47% |
| Covered valuation payroll | \$ 629,738 |
| Net pension liability as a percentage of covered valuation penalty | 61.74% |

The notes to the required supplementary information are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
YEAR ENDED JUNE 30, 2015

| Calendar Year Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency/ (Excess) | Covered Valuation Payroll | Actual Contribution as a % of Covered Valuation Payroll |
|---|---|------------------------|---|---------------------------------|--|
| 2014 | \$ 76,639 | \$ 76,640 | \$ (1) | \$ 629,738 | 12.17% |

The notes to the required supplementary information are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
YEAR ENDED JUNE 30, 2015

| | |
|---|----------------------|
| District's proportion of the net pension liability | <u>0.0012%</u> |
| District's proportionate share of the net pension liability | \$ 703,805 |
| State's proportionate share of the net pension liability associated with the District | <u>26,522,340</u> |
| Total | <u>\$ 27,226,145</u> |
| District's covered-employee payroll | \$ 4,299,019 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | <u>16.37%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>43.00%</u> |

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

The notes to the required supplementary information are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
YEAR ENDED JUNE 30, 2015

| | | |
|--|----|-----------------|
| Contractually-required contribution | \$ | 41,219 |
| Contributions in relation to the contractually-required contribution | | <u>41,219</u> |
| Contribution deficiency (excess) | \$ | <u><u>-</u></u> |
| District's covered-employee payroll | \$ | 4,554,621 |
| Contribution as a percentage of covered-employee payroll | | 0.90% |

The notes to the required supplementary information are an integral part of this statement.

ROSELLE SCHOOL DISTRICT NO. 12
Notes to Required Supplementary Information
June 30, 2015

NOTE 1. BUDGETARY DATA:

Budgeted amounts for all Governmental Funds are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues. The budget was adopted on September 23, 2014 and was not amended.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. The District has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year. (All appropriations lapse at year end.)

ROSELLE SCHOOL DISTRICT NO. 12
Notes to Required Supplementary Information (Cont'd)
June 30, 2015

NOTE 2. ACTUAL EXPENDITURES OVER BUDGETED EXPENDITURES:

Actual expenditures exceeded budgeted expenditures in the following:

| Fund/Account | Budget | Actual | Excess |
|---|-------------|--------------|-------------|
| General Fund's Education Account | \$9,189,027 | \$11,215,340 | \$2,026,313 |
| General Fund's Operations and Maintenance Account | 753,350 | 789,080 | 35,730 |
| Debt Service Fund | 609,000 | 710,384 | 101,384 |
| IMRF/Social Security Fund | 151,230 | 187,446 | 36,216 |

The above budget and actual comparison for the Educational Fund included on-behalf budget and related expenditures. If on-behalf amounts were not included, the Educational Fund expenditures disbursed would not have exceeded the budgeted amount.

NOTE 3. SCHEDULE OF CONTRIBUTIONS – ILLINOIS MUNICIPAL RETIREMENT FUND:

The following describes the summary of actuarial methods and assumptions used in the calculation of the 2014 contribution rate:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Aggregate Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | Non-Taxing bodies: 10-year rolling period. Taxing bodies: 29-year closed period until remaining period reaches 15 years (than 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage Growth | 4.00% |
| Price Inflation | 3.0% -- approximate; No explicit price inflation assumption is used in this valuation. |
| Salary Increases | 4.40% to 16.00% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010. |
| Mortality | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |

ROSELLE SCHOOL DISTRICT NO. 12
Notes to Required Supplementary Information (Cont'd)
June 30, 2015

NOTE 4. SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of assumptions

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

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SUPPLEMENTARY FINANCIAL INFORMATION

ROSELLE SCHOOL DISTRICT NO. 12
COMBINING BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2015

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Working Cash</u> | <u>Total General</u> |
|---|----------------------------|---------------------------------------|----------------------------|-----------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 3,461,751 | \$ 331,964 | \$ 3,997,936 | \$ 7,791,651 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | 3,077,282 | 320,188 | - | 3,397,470 |
| Intergovernmental | 436,682 | - | - | 436,682 |
| Interest | 3,609 | 60 | 718 | 4,387 |
| Prepaid items | 28,334 | - | - | 28,334 |
| TOTAL ASSETS | <u><u>7,007,658</u></u> | <u><u>652,212</u></u> | <u><u>3,998,654</u></u> | <u><u>11,658,524</u></u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | 122,146 | 20,300 | - | 142,446 |
| Accrued payroll | 635,235 | - | - | 635,235 |
| Unearned revenue | 33,048 | - | - | 33,048 |
| Total Liabilities | <u>790,429</u> | <u>20,300</u> | <u>-</u> | <u>810,729</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levies for subsequent year | 5,874,839 | 611,268 | - | 6,486,107 |
| Total deferred inflows of resources | <u>5,874,839</u> | <u>611,268</u> | <u>-</u> | <u>6,486,107</u> |
| Fund Balances: | | | | |
| Nonspendable | 28,334 | - | - | 28,334 |
| Unassigned | 314,056 | 20,644 | 3,998,654 | 4,333,354 |
| Total Fund Balances | <u>342,390</u> | <u>20,644</u> | <u>3,998,654</u> | <u>4,361,688</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u><u>\$ 7,007,658</u></u> | <u><u>\$ 652,212</u></u> | <u><u>\$ 3,998,654</u></u> | <u><u>\$ 11,658,524</u></u> |

ROSELLE SCHOOL DISTRICT NO. 12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2015

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Working Cash</u> | <u>Total General</u> |
|--|--------------------|---------------------------------------|-------------------------|--------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 5,743,418 | \$ 597,349 | \$ - | \$ 6,340,767 |
| Other local sources | 399,800 | 52,884 | 5,025 | 457,709 |
| State sources | 4,326,276 | - | - | 4,326,276 |
| Federal sources | 403,563 | - | - | 403,563 |
| Total Revenues | <u>10,873,057</u> | <u>650,233</u> | <u>5,025</u> | <u>11,528,315</u> |
| EXPENDITURES: | | | | |
| Instruction | 8,301,111 | - | - | 8,301,111 |
| Supporting services | 2,158,290 | 789,080 | - | 2,947,370 |
| Community services | 44,162 | - | - | 44,162 |
| Payments to other districts and governmental units | 711,777 | - | - | 711,777 |
| Total Expenditures | <u>11,215,340</u> | <u>789,080</u> | <u>-</u> | <u>12,004,420</u> |
| Excess (deficiency) of revenues over expenditures | <u>(342,283)</u> | <u>(138,847)</u> | <u>5,025</u> | <u>(476,105)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 450,000 | 150,000 | - | 600,000 |
| Transfers out | - | - | (600,000) | (600,000) |
| Proceeds from the sale of bonds | - | - | 3,000,000 | 3,000,000 |
| Total other financing sources (uses) | <u>450,000</u> | <u>150,000</u> | <u>2,400,000</u> | <u>3,000,000</u> |
| Net change in fund balances | 107,717 | 11,153 | 2,405,025 | 2,523,895 |
| Fund balances at beginning of year | <u>234,673</u> | <u>9,491</u> | <u>1,593,629</u> | <u>1,837,793</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 342,390</u> | <u>\$ 20,644</u> | <u>\$ 3,998,654</u> | <u>\$ 4,361,688</u> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|---|---------------------------------|---------------|--------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| General tax levies | \$ 5,759,186 | \$ 5,743,418 | \$ 5,224,133 |
| Corporate replacement taxes | 14,000 | 4,598 | 5,740 |
| Tuition | 33,500 | 4,043 | 3,775 |
| Earnings on investments | 4,000 | 6,114 | 6,221 |
| Food services | 81,000 | 57,916 | 60,056 |
| Pupil activities | 55,500 | 56,602 | 50,512 |
| Textbooks | 62,000 | 72,288 | 74,584 |
| Contributions/donations from private sources | - | - | 7,700 |
| Refund of prior years' expenditures - NDSEC | 120,000 | 168,097 | 134,301 |
| Payments of surplus moneys from tif districts | - | 21,205 | - |
| Other | 7,400 | 8,937 | 11,934 |
| Total Local Sources | 6,136,586 | 6,143,218 | 5,578,956 |
| State Sources: | | | |
| General state aid | 320,000 | 332,022 | 323,146 |
| Special education | 304,417 | 269,817 | 307,571 |
| Bilingual education | 29,000 | 25,776 | 19,067 |
| Free lunch and breakfast | 850 | 637 | 944 |
| On-behalf payments - State of Illinois | 1,547,655 | 3,684,812 | 1,547,655 |
| Other | 514 | 13,212 | 736 |
| Total State Sources | 2,202,436 | 4,326,276 | 2,199,119 |
| Federal Sources: | | | |
| Food service | 50,000 | 74,960 | 74,454 |
| Title I - low income | 44,000 | 36,169 | 48,311 |
| IDEA - preschool flow-through | 10,197 | 8,322 | 11,397 |
| IDEA - flow through | 258,212 | 237,414 | 235,616 |
| Title III - english language acquisition | - | 4,970 | 810 |
| Title II - teacher quality | 33,750 | 32,771 | 33,005 |
| Medicaid programs | 20,000 | 8,957 | 16,901 |
| Total Federal Sources | 416,159 | 403,563 | 420,494 |
| Total Revenues | \$ 8,755,181 | \$ 10,873,057 | \$ 8,198,569 |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|--------------|--------------|
| | Original and Final Budget | Actual | Actual |
| EXPENDITURES: | | | |
| Instruction: | | | |
| Regular programs: | | | |
| Salaries | \$ 2,739,473 | \$ 2,715,442 | \$ 2,702,499 |
| Employee benefits | 401,576 | 386,186 | 392,927 |
| On-behalf payments - State of Illinois | 1,547,655 | 3,684,812 | 1,547,655 |
| Purchased services | 57,350 | 47,974 | 43,907 |
| Supplies and materials | 107,400 | 70,960 | 113,144 |
| Other | 18,125 | 17,754 | 15,648 |
| Total | 4,871,579 | 6,923,128 | 4,816,330 |
| Special programs: | | | |
| Salaries | 656,979 | 634,738 | 650,045 |
| Employee benefits | 116,746 | 113,871 | 103,816 |
| Purchased services | 6,740 | 3,446 | 1,832 |
| Supplies and materials | 7,000 | 2,545 | 4,265 |
| Non-capitalized equipment | - | - | 945 |
| Tuition | 120,000 | 40,216 | 135,980 |
| Total | 907,465 | 794,816 | 896,883 |
| Remedial and supplemental programs: | | | |
| Salaries | 100,853 | 116,217 | 121,526 |
| Employee benefits | 13,639 | 14,005 | 17,304 |
| Supplies and materials | 500 | 438 | 472 |
| Total | 114,992 | 130,660 | 139,302 |
| Interscholastic programs: | | | |
| Salaries | 91,504 | 86,531 | 88,245 |
| Purchased services | 7,354 | 3,300 | 4,109 |
| Supplies and materials | 10,700 | 8,969 | 3,546 |
| Other | 2,500 | 2,633 | 4,046 |
| Total | 112,058 | 101,433 | 99,946 |
| Summer school: | | | |
| Salaries | 18,756 | 20,502 | 28,750 |
| Purchased services | 120 | - | - |
| Supplies and materials | 675 | - | 69 |
| Total | \$ 19,551 | \$ 20,502 | \$ 28,819 |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|----------------------------------|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| EXPENDITURES - Continued: | | | |
| Gifted: | | | |
| Salaries | \$ 48,361 | \$ 82,728 | \$ 102,029 |
| Employee benefits | 713 | 7,773 | 717 |
| Purchased services | 850 | - | 397 |
| Supplies and materials | 1,000 | - | 579 |
| Other | 100 | - | - |
| Total | 51,024 | 90,501 | 103,722 |
| Bilingual: | | | |
| Salaries | 198,589 | 200,550 | 153,123 |
| Employee benefits | 17,042 | 24,000 | 17,846 |
| Purchased services | 1,000 | 810 | 1,059 |
| Supplies and materials | 5,000 | 14,711 | 2,311 |
| Total | 221,631 | 240,071 | 174,339 |
| Total Instruction | 6,298,300 | 8,301,111 | 6,259,341 |
| Support Services: | | | |
| Pupils: | | | |
| Attendance and social work : | | | |
| Salaries | 169,078 | 169,078 | 80,746 |
| Employee benefits | 22,360 | 20,511 | 13,966 |
| Purchased services | 350 | 26 | 105 |
| Supplies and materials | 600 | 247 | 407 |
| Total | 192,388 | 189,862 | 95,224 |
| Health services: | | | |
| Salaries | 123,963 | 95,481 | 96,435 |
| Employee benefits | 131 | 141 | 141 |
| Purchased services | 4,500 | 3,475 | 3,889 |
| Supplies and materials | 2,400 | 2,062 | 2,843 |
| Other | - | 156 | 242 |
| Total | 130,994 | 101,315 | 103,550 |
| Total Pupils | \$ 323,382 | \$ 291,177 | \$ 198,774 |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| EXPENDITURES - Continued: | | | |
| Instructional Staff: | | | |
| Improvement of instructional services: | | | |
| Salaries | \$ 123,729 | \$ 98,796 | \$ 16,361 |
| Purchased services | 6,000 | 11,225 | - |
| Supplies and materials | 52,400 | 32,454 | 557 |
| Other | 2,000 | 1,500 | - |
| Total | 184,129 | 143,975 | 16,918 |
| Educational media services: | | | |
| Salaries | 215,527 | 214,197 | 207,035 |
| Employee benefits | 43,900 | 35,311 | 35,027 |
| Purchased services | 15,300 | 12,290 | 10,545 |
| Supplies and materials | 25,400 | 22,483 | 24,830 |
| Total | 300,127 | 284,281 | 277,437 |
| Total Instructional Staff | 484,256 | 428,256 | 294,355 |
| General Administration: | | | |
| Board of education: | | | |
| Purchased services | 106,450 | 89,107 | 105,311 |
| Supplies and materials | 3,500 | 2,882 | 2,979 |
| Other | 20,500 | 3,780 | 5,887 |
| Total | 130,450 | 95,769 | 114,177 |
| Executive administration: | | | |
| Salaries | 118,000 | 107,885 | 127,113 |
| Employee benefits | 37,678 | 36,364 | 18,236 |
| Purchased services | 5,800 | 4,487 | 8,893 |
| Supplies and materials | - | 39 | - |
| Other | 2,000 | 2,194 | 2,042 |
| Total | 163,478 | 150,969 | 156,284 |
| Total General Administration | \$ 293,928 | \$ 246,738 | \$ 270,461 |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| EXPENDITURES - Continued: | | | |
| School Administration: | | | |
| Office of the principal: | | | |
| Salaries | \$ 315,864 | \$ 316,076 | \$ 296,634 |
| Employee benefits | 74,603 | 76,898 | 73,213 |
| Purchased services | 2,350 | 5,272 | 3,809 |
| Supplies and materials | - | - | 30 |
| Other | 1,000 | 532 | 1,141 |
| Total School Administration | 393,817 | 398,778 | 374,827 |
| Business: | | | |
| Fiscal services: | | | |
| Salaries | 191,418 | 200,977 | 262,890 |
| Employee benefits | 49,149 | 36,411 | 50,563 |
| Purchased services | 4,400 | 2,908 | 3,464 |
| Supplies and materials | 8,500 | 3,059 | 5,447 |
| Other | 3,000 | 9,139 | 3,119 |
| Total | 256,467 | 252,494 | 325,483 |
| Operation and maintenance of plant services: | | | |
| Salaries | 32,000 | 45,000 | 53,240 |
| Employee benefits | 4,154 | 5,841 | 6,858 |
| Purchased services | 52,100 | 80,494 | 57,176 |
| Supplies and materials | - | 670 | 650 |
| Total | 88,254 | 132,005 | 117,924 |
| Pupil transportation services | | | |
| Purchased services | - | 2,582 | - |
| Total | - | 2,582 | - |
| Food services | | | |
| Salaries | - | 23,081 | 27,928 |
| Employee benefits | - | - | 304 |
| Supplies and materials | 145,500 | 145,252 | 147,233 |
| Other | 700 | 605 | 958 |
| Total | 146,200 | 168,938 | 176,423 |
| Total Business | \$ 490,921 | \$ 556,019 | \$ 619,830 |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|--------------|--------------|
| | Original and Final Budget | Actual | Actual |
| EXPENDITURES - Continued: | | | |
| Central: | | | |
| Data processing services: | | | |
| Salaries | \$ 77,249 | \$ 67,750 | \$ 245 |
| Employee benefits | - | 7,003 | - |
| Purchased services | 29,750 | 35,772 | 37,079 |
| Supplies and materials | 79,000 | 41,926 | 33,884 |
| Capital outlay | 37,000 | 30,320 | 21,107 |
| Non-capitalized equipment | 60,000 | 54,551 | 51,284 |
| Total Central | 282,999 | 237,322 | 143,599 |
| Total Support Services | 2,269,303 | 2,158,290 | 1,901,846 |
| Community Services: | | | |
| Salaries | - | 7,085 | 6,171 |
| Employee benefits | - | 9,012 | 6,754 |
| Supplies and materials | - | 19,590 | 7,881 |
| Capital outlay | - | 5,400 | 5,600 |
| Non-capitalized equipment | - | 3,075 | 20,692 |
| Total Community Services | - | 44,162 | 47,098 |
| Payments to other districts and governmental units: | | | |
| Purchased services | - | 14,659 | 13,018 |
| Tuition | 606,424 | 697,118 | 733,104 |
| Total payments to other districts and governmental units | 606,424 | 711,777 | 746,122 |
| Provision for contingencies | 15,000 | - | - |
| Total Expenditures | 9,189,027 | 11,215,340 | 8,954,407 |
| Deficiency of revenues over expenditures | \$ (433,846) | \$ (342,283) | \$ (755,838) |

(Continued)

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|------------------------------------|---------------------------------|-------------------|-------------------|
| | Original and Final Budget | Actual | Actual |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | \$ 450,000 | \$ 450,000 | \$ 600,000 |
| Total other financing sources | 450,000 | 450,000 | 600,000 |
| Net change in fund balances | <u>\$ 16,154</u> | 107,717 | (155,838) |
| Fund balances at beginning of year | | <u>234,673</u> | <u>390,511</u> |
| FUND BALANCES AT END OF YEAR | | <u>\$ 342,390</u> | <u>\$ 234,673</u> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE ACCOUNT
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|---|---------------------------------|------------------|------------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| General tax levies | \$ 598,986 | \$ 597,349 | \$ 551,054 |
| Personal property replacement taxes | 23,000 | 28,629 | 40,273 |
| Earnings on investments | 400 | 369 | 361 |
| Rentals | 50,000 | 16,545 | 48,144 |
| Contributions | 7,175 | 2,640 | 36,958 |
| Payments of surplus moneys from tif districts | - | 2,237 | - |
| Other | - | 2,464 | 24,320 |
| Total Revenues | <u>679,561</u> | <u>650,233</u> | <u>701,110</u> |
| EXPENDITURES: | | | |
| Support Services: | | | |
| Business: | | | |
| Operation and maintenance of plant services: | | | |
| Purchased services | 440,150 | 443,377 | 459,162 |
| Supplies and materials | 202,000 | 231,149 | 215,545 |
| Capital outlay | 90,000 | 108,218 | 183,816 |
| Non-capitalized equipment | 11,200 | 6,336 | 40,064 |
| Total Support Services | <u>743,350</u> | <u>789,080</u> | <u>898,587</u> |
| Provision for contingencies | <u>10,000</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>753,350</u> | <u>789,080</u> | <u>898,587</u> |
| Deficiency of revenues over expenditures | <u>(73,789)</u> | <u>(138,847)</u> | <u>(197,477)</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>150,000</u> | <u>150,000</u> | <u>150,000</u> |
| Total other financing sources | <u>150,000</u> | <u>150,000</u> | <u>150,000</u> |
| Net change in fund balances | <u>\$ 76,211</u> | 11,153 | (47,477) |
| Fund balances at beginning of year | | <u>9,491</u> | <u>56,968</u> |
| FUND BALANCES AT END OF YEAR | | <u>\$ 20,644</u> | <u>\$ 9,491</u> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WORKING CASH FUND
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|---------------------|---------------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| Earnings on investments | \$ 100 | \$ 5,025 | \$ 4,957 |
| Total Revenues | 100 | 5,025 | 4,957 |
| Excess of revenues over expenditures | 100 | 5,025 | 4,957 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | (600,000) | (600,000) | (750,000) |
| Proceeds from the sale of bonds | - | 3,000,000 | - |
| Total other financing sources (uses) | (600,000) | 2,400,000 | (750,000) |
| Net change in fund balances | <u>\$ (599,900)</u> | 2,405,025 | (745,043) |
| Fund balances at beginning of year | | 1,593,629 | 2,338,672 |
| FUND BALANCES AT END OF YEAR | | <u>\$ 3,998,654</u> | <u>\$ 1,593,629</u> |

ROSELLE SCHOOL DISTRICT NO. 12
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

| | <u>Special Revenue</u> | | | <u>Debt Service</u> | Total Nonmajor Governmental Funds |
|--|-----------------------------|--|------------------|---------------------|--|
| | <u>Transport- ation</u> | <u>Municipal Retirement/ Social Security</u> | <u>Total</u> | <u>Debt Service</u> | |
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ 121,736 | \$ 176,449 | \$298,185 | \$ 370,345 | \$ 668,530 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property taxes | 109,963 | 90,306 | 200,269 | 327,928 | 528,197 |
| Intergovernmental | 55,624 | - | 55,624 | - | 55,624 |
| Interest | 22 | 32 | 54 | 67 | 121 |
| Prepaid items | - | - | - | 43,103 | 43,103 |
| TOTAL ASSETS | <u>287,345</u> | <u>266,787</u> | <u>554,132</u> | <u>741,443</u> | <u>1,295,575</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 21,844 | - | 21,844 | - | 21,844 |
| Accrued payroll | - | 16,156 | 16,156 | - | 16,156 |
| Unearned revenue | <u>23,732</u> | <u>-</u> | <u>23,732</u> | <u>-</u> | <u>23,732</u> |
| Total Liabilities | <u>45,576</u> | <u>16,156</u> | <u>61,732</u> | <u>-</u> | <u>61,732</u> |
| Deferred inflows of resources: | | | | | |
| Property taxes levies for subsequent year | <u>209,933</u> | <u>172,403</u> | <u>382,336</u> | <u>626,046</u> | <u>1,008,382</u> |
| Total deferred inflows of resources | <u>209,933</u> | <u>172,403</u> | <u>382,336</u> | <u>626,046</u> | <u>1,008,382</u> |
| Fund Balances: | | | | | |
| Restricted | <u>31,836</u> | <u>78,228</u> | <u>110,064</u> | <u>115,397</u> | <u>225,461</u> |
| Total Fund Balances | <u>31,836</u> | <u>78,228</u> | <u>110,064</u> | <u>115,397</u> | <u>225,461</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 287,345</u> | <u>\$ 266,787</u> | <u>\$554,132</u> | <u>\$ 741,443</u> | <u>\$ 1,295,575</u> |

ROSELLE SCHOOL DISTRICT NO. 12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | <u>Special Revenue</u> | | | <u>Debt Service</u> | Total |
|---|------------------------|-----------------------------------|-------------------|---------------------|-----------------------|
| | Transport- | Municipal | | | Nonmajor |
| | ation | Retirement/ Social Security | Total | Debt Service | Governmental Funds |
| REVENUES: | | | | | |
| Property taxes | \$ 205,159 | \$ 162,380 | \$ 367,539 | \$ 606,771 | \$ 974,310 |
| Other local sources | 41,140 | 61,543 | 102,683 | 611 | 103,294 |
| State sources | 58,314 | - | 58,314 | - | 58,314 |
| Federal sources | 1,822 | - | 1,822 | - | 1,822 |
| Total Revenues | <u>306,435</u> | <u>223,923</u> | <u>530,358</u> | <u>607,382</u> | <u>1,137,740</u> |
| EXPENDITURES: | | | | | |
| Current operating: | | | | | |
| Instruction | - | 86,799 | 86,799 | - | 86,799 |
| Support services | 336,226 | 100,647 | 436,873 | - | 436,873 |
| Debt service: | | | | | |
| Payment of principal on long-term debt | - | - | - | 480,000 | 480,000 |
| Interest on long-term debt | - | - | - | 128,638 | 128,638 |
| Bond issuance cost | - | - | - | 101,746 | 101,746 |
| Total Expenditures | <u>336,226</u> | <u>187,446</u> | <u>523,672</u> | <u>710,384</u> | <u>1,234,056</u> |
| Excess (deficiency) of revenues over expenditures | <u>(29,791)</u> | <u>36,477</u> | <u>6,686</u> | <u>(103,002)</u> | <u>(96,316)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Principal on bonds sold | - | - | - | 855,000 | 855,000 |
| Payment to refunded bond escrow agent | - | - | - | (753,254) | (753,254) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>101,746</u> | <u>101,746</u> |
| Net change in fund balances | (29,791) | 36,477 | 6,686 | (1,256) | 5,430 |
| Fund balances at beginning of year | <u>61,627</u> | <u>41,751</u> | <u>103,378</u> | <u>116,653</u> | <u>220,031</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 31,836</u> | <u>\$ 78,228</u> | <u>\$ 110,064</u> | <u>\$ 115,397</u> | <u>\$ 225,461</u> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|---|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| General tax levies | \$ 205,720 | \$ 205,159 | \$ 191,976 |
| Transportation fees | 20,330 | 12,002 | 8,701 |
| Personal property replacement taxes | 10,000 | 27,827 | 17,649 |
| Earnings on investments | 250 | 332 | 310 |
| Other | - | 979 | 200 |
| Total Local Sources | 236,300 | 246,299 | 218,836 |
| State Sources: | | | |
| Transportation aid | | | |
| Regular | 123,500 | 8,990 | 70,926 |
| Special education | 60,000 | 49,324 | 97,874 |
| Total State Sources | 183,500 | 58,314 | 168,800 |
| Federal Sources: | | | |
| Title I - low income | - | 1,822 | - |
| Total Federal Sources | - | 1,822 | - |
| Total Revenues | 419,800 | 306,435 | 387,636 |
| EXPENDITURES: | | | |
| Support Services: | | | |
| Business - Pupil Transportation Services: | | | |
| Salaries | 1,401 | 1,525 | 1,525 |
| Employee benefits | 176 | - | - |
| Purchased services | 377,950 | 334,701 | 319,313 |
| Total Expenditures | 379,527 | 336,226 | 320,838 |
| Net change in fund balances | \$ 40,273 | (29,791) | 66,798 |
| Fund balances (deficits) at beginning of year | | 61,627 | (5,171) |
| FUND BALANCES AT END OF YEAR | | \$ 31,836 | \$ 61,627 |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--------------------------------------|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| Property taxes | | | |
| General tax levies | \$ 124,304 | \$ 123,961 | \$ 119,773 |
| Social security/medicare tax levies | 38,527 | 38,419 | 36,461 |
| Personal property replacement taxes | 73,000 | 60,526 | 70,528 |
| Earnings on investments | 100 | 383 | 251 |
| Other | - | 634 | - |
| Total Revenues | 235,931 | 223,923 | 227,013 |
| EXPENDITURES: | | | |
| Instruction - employee benefits | 75,324 | 86,799 | 94,080 |
| Support Services - employee benefits | 75,906 | 100,647 | 97,450 |
| Total Expenditures | 151,230 | 187,446 | 191,530 |
| Net change in fund balances | \$ 84,701 | 36,477 | 35,483 |
| Fund balances at beginning of year | | 41,751 | 6,268 |
| FUND BALANCES AT END OF YEAR | | \$ 78,228 | \$ 41,751 |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

| | 2015 | | 2014 |
|--|---------------------------------|------------|------------|
| | Original and Final Budget | Actual | Actual |
| REVENUES: | | | |
| Local Sources: | | | |
| Property taxes | \$ 608,436 | \$ 606,771 | \$ 601,280 |
| Earnings on investments | 500 | 611 | 365 |
| Total Revenues | 608,936 | 607,382 | 601,645 |
| EXPENDITURES: | | | |
| Debt Service: | | | |
| Payment of principal on long-term debt | 480,000 | 480,000 | 410,000 |
| Interest on long-term debt | 129,000 | 128,638 | 191,145 |
| Bond issuance cost | - | 101,746 | - |
| Service charges | - | - | 725 |
| Total Expenditures | 609,000 | 710,384 | 601,870 |
| Deficiency of revenues over expenditures | (64) | (103,002) | (225) |
| OTHER FINANCING SOURCES (USES): | | | |
| Principal on bonds sold | - | 855,000 | - |
| Payment to refunded bond escrow agent | - | (753,254) | - |
| Total other financing sources (uses) | - | 101,746 | - |
| Net change in fund balances | \$ (64) | (1,256) | (225) |
| Fund balances at beginning of year | | 116,653 | 116,878 |
| FUND BALANCES AT END OF YEAR | | \$ 115,397 | \$ 116,653 |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF CHANGES IN CASH BALANCES - ACTIVITY FUNDS
JUNE 30, 2015

| <u>FUND</u> | <u>Cash Balance July 1, 2014</u> | <u>6,172,062 Received</u> | <u>Expenditures Disbursed</u> | <u>Cash Balance June 30, 2015</u> |
|---|--|-------------------------------|-----------------------------------|---|
| District: | | | | |
| PTO funded | \$ 11,666 | \$ 1,800 | \$ 4,685 | \$ 8,781 |
| Library fines and lost books | 2,080 | 1,971 | 1,262 | 2,789 |
| Ryba donation | 300 | - | - | 300 |
| Activities Committee's fund | 3,144 | - | 122 | 3,022 |
| Kinesmetrics Lab Study | 18 | - | - | 18 |
| Middle School: | | | | |
| General | (771) | 6,911 | 7,999 | (1,859) |
| P.T.O. discretionary | 2,463 | 400 | 200 | 2,663 |
| Spirit club | 468 | 3,003 | 3,554 | (83) |
| Student council | 1,836 | 2,023 | 2,319 | 1,540 |
| Teachers' lounge | 182 | 1,420 | 765 | 837 |
| Chorus fundraising | 144 | - | - | 144 |
| Intramurals | 983 | 2,402 | 2,307 | 1,078 |
| Outdoor Ed fundraising | 750 | 20 | - | 770 |
| STEM Club | - | 468 | 209 | 259 |
| Spring Hill School: | | | | |
| General | (1,442) | 3,808 | 5,243 | (2,877) |
| P.T.O. discretionary | 526 | 400 | 131 | 795 |
| Art-My Cards donation | 490 | 561 | 429 | 622 |
| Social committee | 200 | 545 | 745 | - |
| Teachers' lounge | 2,991 | 1,078 | 552 | 3,517 |
| Northwest DuPage Athletic Conference | 446 | 3,000 | 3,090 | 356 |
| Interest earned | 11 | 11 | - | 22 |
| Total | <u>\$ 26,485</u> | <u>\$ 29,821</u> | <u>\$ 33,612</u> | <u>\$ 22,694</u> |
| Balance comprised of: | | | | |
| Cash | 4,517 | | | 2,715 |
| Savings | 21,968 | | | 19,979 |
| Total | <u>\$ 26,485</u> | | | <u>\$ 22,694</u> |

OTHER FINANCIAL INFORMATION

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF ASSESSED VALUATIONS, TAX EXTENSIONS AND COLLECTIONS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

| Tax levy year | Assessed Valuation | Rate | Tax Extensions | Collected | Taxes Receivable | Percent of Net Tax Extensions Collected |
|----------------------------|-----------------------|---------------|---------------------|---------------------|---------------------|--|
| 2014 Levy | <u>\$ 234,561,963</u> | | | | | |
| Educational | | 2.5046 | \$ 5,874,839 | \$ 2,797,556 | \$ 3,077,283 | |
| Operations and maintenance | | 0.2606 | 611,268 | 291,081 | 320,187 | |
| Debt service | | 0.2669 | 626,046 | 298,119 | 327,927 | |
| Transportation | | 0.0895 | 209,933 | 99,969 | 109,964 | |
| Municipal retirement | | 0.0441 | 103,442 | 49,258 | 54,184 | |
| Social security | | 0.0294 | 68,961 | 32,839 | 36,122 | |
| | | <u>3.1951</u> | <u>\$ 7,494,489</u> | <u>\$ 3,568,822</u> | <u>\$ 3,925,667</u> | <u>47.62%</u> |
| 2013 Levy | <u>\$ 242,308,418</u> | | | | | |
| Educational | | 2.3768 | \$ 5,759,187 | \$ 5,743,418 | \$ - | |
| Operations and maintenance | | 0.2472 | 598,986 | 597,349 | - | |
| Debt service | | 0.2511 | 608,436 | 606,771 | - | |
| Transportation | | 0.0849 | 205,720 | 205,159 | - | |
| Municipal retirement | | 0.0513 | 124,304 | 123,961 | - | |
| Social security | | 0.0159 | 38,527 | 38,419 | - | |
| | | <u>3.0272</u> | <u>\$ 7,335,160</u> | <u>\$ 7,315,077</u> | <u>\$ -</u> | <u>99.73%</u> |
| 2012 Levy | <u>\$ 241,780,759</u> | | | | | |
| Educational | | 2.1634 | \$ 5,230,685 | \$ 5,224,133 | \$ - | |
| Operations and maintenance | | 0.2282 | 551,744 | 551,053 | - | |
| Debt service | | 0.2490 | 602,034 | 601,281 | - | |
| Transportation | | 0.0795 | 192,216 | 191,975 | - | |
| Municipal retirement | | 0.0496 | 119,923 | 119,774 | - | |
| Social security | | 0.0151 | 36,509 | 36,462 | - | |
| | | <u>2.7848</u> | <u>\$ 6,733,111</u> | <u>\$ 6,724,678</u> | <u>\$ -</u> | <u>99.87%</u> |

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ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2015

| <u>Due Year Ended</u> June 30, | Refunding Bonds February 1, 2004 | | Refunding/Working Cash Bonds June 26, 2012 | |
|-----------------------------------|-------------------------------------|------------------|---|-------------------|
| | Principal | Interest | Principal | Interest |
| 2016 | 440,000 | 22,000 | 10,000 | 64,205 |
| 2017 | - | - | 425,000 | 64,020 |
| 2018 | - | - | 440,000 | 55,520 |
| 2019 | - | - | 460,000 | 44,960 |
| 2020 | - | - | 485,000 | 32,540 |
| 2021 | - | - | 505,000 | 18,475 |
| 2022 | - | - | 55,000 | 2,062 |
| 2023 | - | - | - | - |
| 2024 | - | - | - | - |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028 | - | - | - | - |
| TOTAL | <u>\$ 440,000</u> | <u>\$ 22,000</u> | <u>\$ 2,380,000</u> | <u>\$ 281,782</u> |

Refunding/Working Cash Bonds
June 3, 2015

| Principal | Interest | Total |
|--------------|--------------|--------------|
| - | 79,460 | 615,665 |
| - | 137,527 | 626,547 |
| - | 137,527 | 633,047 |
| - | 137,527 | 642,487 |
| - | 137,527 | 655,067 |
| - | 137,527 | 661,002 |
| 480,000 | 137,528 | 674,590 |
| 560,000 | 123,128 | 683,128 |
| 590,000 | 105,208 | 695,208 |
| 620,000 | 85,148 | 705,148 |
| 650,000 | 62,828 | 712,828 |
| 685,000 | 38,128 | 723,128 |
| 270,000 | 11,070 | 281,070 |
| <hr/> | <hr/> | <hr/> |
| \$ 3,855,000 | \$ 1,330,133 | \$ 8,308,915 |
| <hr/> | <hr/> | <hr/> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF LEGAL BOND DEBT MARGIN
JUNE 30, 2015

| | |
|--|----------------------------|
| Assessed Valuation of Taxable Properties for the Tax Year 2014 | \$ 234,561,963 |
| Statutory Maximum Rate | <u>6.9%</u> |
| Bond Debt Limit | <u>16,184,775</u> |
| Bonds Outstanding - June 30, 2015 | 6,675,000 |
| Less amount available in the Debt Service Fund | <u>(115,397)</u> |
| Amount of debt applicable to debt limit | <u>6,559,603</u> |
| Legal Bond Debt Margin - June 30, 2015 | <u><u>\$ 9,625,172</u></u> |

ROSELLE SCHOOL DISTRICT NO. 12
SCHEDULE OF NET OPERATING EXPENDITURES AND PER CAPITA TUITION CHARGE
YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|---------------------|---------------------|
| OPERATING EXPENDITURES: | | |
| Educational Account (excluding "On-behalf" payments) | \$ 7,530,528 | \$ 7,397,572 |
| Operations and Maintenance Account | 789,080 | 898,587 |
| Debt Service Fund | 710,384 | 601,870 |
| Transportation Fund | 336,226 | 320,838 |
| Municipal Retirement Fund | 187,446 | 191,530 |
| Total Expenditures | <u>9,553,664</u> | <u>9,410,397</u> |
| Less Expenditures Not Applicable: | | |
| Transportation fees | 8,223 | 5,669 |
| Summer school | 20,736 | 29,134 |
| Community services | 35,687 | 20,806 |
| Tuition paid | 751,993 | 882,102 |
| Capital Outlay: | | |
| Educational Account | 35,720 | 26,707 |
| Operations and Maintenance Account | 108,218 | 183,816 |
| Non-Capitalized Equipment: | | |
| Educational Account | 57,626 | 73,471 |
| Operations and Maintenance Account | 6,336 | 40,064 |
| Bond principal retired | 480,000 | 410,000 |
| Total Expenditures Not Applicable | <u>1,504,539</u> | <u>1,671,769</u> |
| Total Operating Expenditures | <u>8,049,125</u> | <u>7,738,628</u> |
| LESS OFFSETTING REVENUES: | | |
| Transportation fees | 3,779 | 3,032 |
| Lunch programs | 57,916 | 60,056 |
| Student fees and charges | 128,890 | 125,660 |
| Operations and Maintenance Account - Rentals | 16,545 | 48,144 |
| State transportation aid | 58,314 | 168,800 |
| Bilingual education | 25,776 | 19,067 |
| Special education aid | 269,817 | 307,571 |
| Other grants in aid | 13,849 | 1,680 |
| Special education IDEA flow through | 237,414 | 235,616 |
| Other federal revenue received | 159,649 | 164,301 |
| Total Offsetting Revenues | <u>971,949</u> | <u>1,133,927</u> |
| Net Operating Expenditures | 7,077,176 | 6,604,701 |
| Net Allowable Depreciation | 361,109 | 354,134 |
| Total Charges Allowable for Tuition Computation | <u>\$ 7,438,285</u> | <u>\$ 6,958,835</u> |
| Average Daily Attendance * | <u>658.08</u> | <u>691.64</u> |
| Per Capita Operating Expenditure | <u>\$ 12,231.23</u> | <u>\$ 11,188.81</u> |
| Per Capita Tuition Charge | <u>\$ 11,303.01</u> | <u>\$ 10,061.35</u> |

* Unaudited, obtained from District's records.

ROSELLE SCHOOL DISTRICT NO. 12
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL FUND TYPES
YEAR ENDED JUNE 30, 2015

| | Educational | Operations and Maintenance | Working Cash |
|--|-------------------|----------------------------------|---------------------|
| REVENUES | | | |
| Local sources | \$ 6,143,218 | \$ 650,233 | \$ 5,025 |
| State sources | 4,326,276 | - | - |
| Federal sources | 403,563 | - | - |
| Total Revenues | 10,873,057 | 650,233 | 5,025 |
| EXPENDITURES | | | |
| Instruction | 8,301,111 | - | - |
| Supporting services | 2,158,290 | 789,080 | - |
| Community services | 44,162 | - | - |
| Payments to other districts and governmental units | 711,777 | - | - |
| Debt service | - | - | - |
| Total Expenditures | 11,215,340 | 789,080 | - |
| Excess (deficiency) of revenues over expenditures | (342,283) | (138,847) | 5,025 |
| Other financing sources (uses): | | | |
| Transfers | 450,000 | 150,000 | (600,000) |
| Principal on bonds sold | - | - | 3,000,000 |
| Payment to refunded bond escrow agent | - | - | - |
| Total other financing sources (uses) | 450,000 | 150,000 | 2,400,000 |
| Net changes in fund balances | 107,717 | 11,153 | 2,405,025 |
| Fund Balances, July 1, 2014 | 234,673 | 9,491 | 1,593,629 |
| FUND BALANCES, JUNE 30, 2015 | \$ 342,390 | \$ 20,644 | \$ 3,998,654 |

| Transportation | Municipal Retirement/ Social Security | Debt Service | Total |
|----------------|--|-----------------|--------------|
| \$ 246,299 | \$ 223,923 | \$ 607,382 | \$ 7,876,080 |
| 58,314 | - | - | 4,384,590 |
| 1,822 | - | - | 405,385 |
| 306,435 | 223,923 | 607,382 | 12,666,055 |
| - | 86,799 | - | 8,387,910 |
| 336,226 | 100,647 | - | 3,384,243 |
| - | - | - | 44,162 |
| - | - | - | 711,777 |
| - | - | 710,384 | 710,384 |
| 336,226 | 187,446 | 710,384 | 13,238,476 |
| (29,791) | 36,477 | (103,002) | (572,421) |
| - | - | - | - |
| - | - | 855,000 | 3,855,000 |
| - | - | (753,254) | (753,254) |
| - | - | 101,746 | 3,101,746 |
| (29,791) | 36,477 | (1,256) | 2,529,325 |
| 61,627 | 41,751 | 116,653 | 2,057,824 |
| \$ 31,836 | \$ 78,228 | \$ 115,397 | \$ 4,587,149 |