

ANNUAL FINANCIAL REPORT
GAVIN SCHOOL DISTRICT NO. 37
INGLESIDE, ILLINOIS
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Gavin School District No. 37
Ingleside, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gavin School District No. 37, Ingleside, Illinois, (the "District") as of and for the year ended June 30, 2016, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gavin School District No. 37, as of June 30, 2016, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gavin School District No. 37's financial statements. The other information as listed in the table of contents, which are the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such 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

Prior-Year Comparative Information

We have previously audited Gavin School District No. 37's 2015 financial statements, and we expressed unmodified audit opinions on the respective modified cash basis statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2016, on our consideration of Gavin School District No. 37'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 Gavin School District No. 37's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
October 11, 2016



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

To the Board of Education
Gavin School District No. 37
Ingleside, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gavin School District No. 37, Ingleside, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Gavin School District No. 37's financial statements, and have issued our report thereon dated October 11, 2016. The financial statements were found to be fairly stated on the modified cash basis of accounting, which is a comprehensive basis of accounting other than general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gavin School District No. 37's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gavin School District No. 37's internal control. Accordingly, we do not express an opinion on the effectiveness of Gavin School District No. 37's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we identified a deficiency in internal control that we consider to be a material weakness: one employee has the ability to add new employees into the payroll system, process checks and print with automated signatures, as well as access to the purchasing system and cash disbursement functions. The District does not have adequate controls over purchasing, cash disbursements and payroll; therefore, the combination increases the chance for errors and irregularities.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gavin School District No. 37's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*: one employee has the ability to add new employees into the payroll system, process checks and print with automated signatures, as well as access to the purchasing system and cash disbursement functions. The District does not have adequate controls over purchasing, cash disbursements and payroll; therefore, the combination increases the chance for errors and irregularities.

Management's Response to Findings

Gavin School District No. 37's response to the finding identified in our audit related to the duties assigned to one employee is that the District strives to reallocate duties whenever possible. Gavin School District No. 37's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
October 11, 2016

OTHER INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The discussion and analysis of Gavin School District 37's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2016. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Total governmental fund balances decreased from \$3,995,535 to \$3,686,486 during the fiscal year.

In the district-wide statements the net position increased from \$4,502,202 on July 1, 2015 to \$5,022,624 on June 30, 2016.

In the governmental funds expenditures disbursed, excluding state on-behalf payments for retirement contributions, were \$11,433,269, an increase of 1.2% over last year, while revenues, excluding on-behalf payments and refunding bond receipts, were \$11,124,220, a decrease of 2.4% over last year.

Local revenues account for approximately 60% of all revenues in the governmental funds.

The District retired \$847,503 in long-term debt during fiscal year 2016.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

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

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General (Educational and Working Cash Accounts), Operations and Maintenance, Bond and Interest, Transportation, and Illinois Municipal Retirement, all of which are considered to be major funds. The District considers all of its funds to be major funds.

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

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

Notes to the financial statements

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

Other information

In addition to the basic financial statement and accompanying notes, this report also presents certain other information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees.

District-Wide Financial Analysis

The District's combined net position improved to \$5,022,624 from \$4,502,202 in fiscal year 2016.

Table 1		
Condensed Statement of Net Position		
	2016	2015
Current assets	\$ 3,688,840	\$ 3,997,086
Non-current assets	4,799,631	4,817,663
Total assets	8,488,471	8,814,749
Current liabilities	2,354	1,551
Non-current liabilities	3,463,493	4,310,996
Total liabilities	3,465,847	4,312,547
Net Position:		
Net Invested in capital assets	1,336,138	506,667
Restricted	2,728,328	2,749,650
Unrestricted	958,158	1,245,885
Total net position	\$ 5,022,624	\$ 4,502,202

The following chart depicts district-wide revenues by source and the cost of services by their function.

Table 2 Changes in Net Position				
	2016	Percentage of Total	2015	Percentage of Total
Revenues:				
Program revenues:				
Charges for services	\$ 234,389	1.8%	\$ 245,775	1.9%
Operating grants & contributions	3,662,000	27.7%	3,350,827	26.0%
General revenues:				
Property taxes	7,665,934	57.9%	7,546,960	58.5%
General state aid	1,637,993	12.4%	1,608,040	12.5%
Other	35,662	0.3%	151,273	1.2%
Total revenues	<u>13,235,978</u>		<u>12,902,875</u>	
Expenses:				
Instruction	6,749,921	53.1%	6,325,301	48.9%
Support	3,501,088	27.5%	3,764,123	29.1%
Other	2,464,547	19.4%	2,838,526	22.0%
Total expenses	<u>12,715,556</u>		<u>12,927,950</u>	
Increase (decrease) in net position	520,422		(25,075)	
Net position, beginning	<u>4,502,202</u>		<u>4,527,277</u>	
Net position, ending	<u>\$ 5,022,624</u>		<u>\$ 4,502,202</u>	

The following bullet points show the financial burden placed on the District's taxpayers for all governmental activities. Net cost is the total cost less fees and state or federal grants and aid.

- The total cost of all governmental activities this year was \$12,715,556.
- Of that cost, \$234,389 was financed by fees and charges for services.
- The state and federal government subsidized certain programs with aid totaling \$5,299,993.
- The remainder and the major proportion of the District's expenses were financed by the District's taxpayers.

Financial Analysis of the District's Funds

The District's governmental funds have a combined fiscal year-end fund balance of \$3,686,486, a decrease of 7.7%. Individually, the General Fund decreased \$49,670 to an ending fund balance of \$1,244,443, the Operations and Maintenance Fund decreased \$238,057 to an ending fund balance of \$(286,285), the Debt Service Fund decreased \$53,793 to an ending fund balance of \$1,433,932, the Transportation Fund increased \$50,719 to an ending fund balance of \$1,051,310 and the Municipal Retirement Fund decreased \$18,248 to an ending fund balance of \$243,086. The combined governmental funds' deficiency was \$309,049.

Fund Budgetary Highlights

During the year ended June 30, 2016, actual expenditures exceeded budgeted expenditures in the Educational Account by \$1,858,470 (mainly due to unbudgeted on-behalf payments of \$2,111,758), the Operations and Maintenance Fund by \$58,831 and the Debt Service Fund by \$16,550.

Capital Asset and Debt Administration

Capital assets

Overall, the District saw a decrease of 0.48% in capital assets due to depreciation expense of \$274,701. For more information please see Note 4 in Notes to Financial Statements.

Table 3 Net Capital Assets			
	2016	2015	Percentage Change
Non Depreciable	\$ 162,832	\$ 158,453	2.69%
Depreciable	4,636,799	4,659,210	-0.48%
Total	<u>\$ 4,799,631</u>	<u>\$ 4,817,663</u>	<u>-0.48%</u>

Long-term debt

At year-end the District had \$3,463,493 general obligation bonds outstanding. The District made payments of \$847,503 for a net decrease in long-term debt. For more information please see Note 5 in Notes to Financial Statements.

Table 4 Outstanding Long-Term Debt			
	2016	2015	Percentage Change
G. O. bonds and other	<u>\$ 3,463,493</u>	<u>\$ 4,310,996</u>	<u>-24.47%</u>
Total	<u><u>\$ 3,463,493</u></u>	<u><u>\$ 4,310,996</u></u>	<u><u>-24.47%</u></u>

Factors Bearing on the District's Future

The District is monitoring the current financial situation and how it will impact revenues and expenditures. A factor that will continue to impact future revenues is the limited revenue due to the low increases in the Consumer Price Index. The District is only seven square miles and essentially has no new land available for development. Fuel and energy costs will continue to affect the District's budget. Staff is asked to conserve energy as much as possible. Special education costs continue to rise as more children are identified and the services are more expensive. Continued pressure from increasing health insurance costs and uncertainty about payments from the State has been affecting future budget planning. The general cost of doing business as a school district will rise and make budgets tighter.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

Gavin School District No. 37
25775 West Highway 134
Ingleside, IL 60041

BASIC FINANCIAL STATEMENTS

GAVIN SCHOOL DISTRICT NO. 37
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	Governmental Activities	
	2016	2015
ASSETS		
Current assets:		
Cash and deposits	\$ 3,688,840	\$ 3,997,086
Total current assets	3,688,840	3,997,086
Non-current assets:		
Capital assets, not being depreciated:		
Land	158,453	158,453
Construction in progress	4,379	-
Total depreciable capital assets, net of depreciation	162,832	158,453
Depreciable capital assets, net of accumulated depreciation:		
Improvements, other than buildings	372	1,234
Buildings	4,329,421	4,367,322
Equipment	307,006	290,654
Total depreciable capital assets, net of depreciation	4,636,799	4,659,210
Total non-current assets	4,799,631	4,817,663
Total Assets	8,488,471	8,814,749
LIABILITIES		
Current liabilities:		
Payroll deductions	2,354	1,551
Non-current liabilities:		
Due within one year	1,973,493	847,503
Due in more than one year	1,490,000	3,463,493
Total non-current liabilities	3,463,493	4,310,996
Total Liabilities	3,465,847	4,312,547
NET POSITION		
Net investment in capital assets	1,336,138	506,667
Restricted:		
Debt service	1,433,932	1,487,725
Transportation	1,051,310	1,000,591
Municipal retirement	243,086	261,334
Unrestricted	958,158	1,245,885
Total Net Position	\$ 5,022,624	\$ 4,502,202

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

GAVIN SCHOOL DISTRICT NO. 37
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/ PROGRAMS	EXPENSES DISBURSED	PROGRAM REVENUES RECEIVED		NET (EXPENSES DISBURSED), REVENUES RECEIVED AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
				2016	2015
Governmental activities					
Instruction	\$ 6,749,921	\$ 126,356	\$ 2,756,094	\$ (3,867,471)	\$ (3,711,057)
Support services	3,501,088	108,033	905,906	(2,487,149)	(2,781,765)
Community services	4,998	-	-	(4,998)	(12,892)
Payments to other districts	708,101	-	-	(708,101)	(820,674)
Depreciation - unallocated	274,701	-	-	(274,701)	(277,492)
Interest and fees	1,476,747	-	-	(1,476,747)	(1,727,468)
Total Governmental Activities	<u>\$12,715,556</u>	<u>\$ 234,389</u>	<u>\$ 3,662,000</u>	(8,819,167)	(9,331,348)
GENERAL REVENUES RECEIVED:					
Real estate taxes				5,395,477	5,300,512
Real estate taxes, debt service				2,270,457	2,246,448
Personal property replacement taxes				32,951	35,792
State aid - formula grants				1,637,993	1,608,040
Premium on refunding bond				-	113,956
Investment earnings				2,711	1,525
Total General Revenues Received				<u>9,339,589</u>	<u>9,306,273</u>
CHANGE IN NET POSITION				520,422	(25,075)
NET POSITION, BEGINNING				<u>4,502,202</u>	<u>4,527,277</u>
NET POSITION, ENDING				<u>\$ 5,022,624</u>	<u>\$ 4,502,202</u>

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

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GAVIN SCHOOL DISTRICT NO. 37
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - MODIFIED CASH BASIS
JUNE 30, 2016
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
ASSETS				
Cash and deposits	\$ 1,196,445	\$ -	\$ 1,433,932	\$ 1,051,323
Interfund loans receivable	50,000	-	-	-
Total Assets	<u>1,246,445</u>	<u>-</u>	<u>1,433,932</u>	<u>1,051,323</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	-	236,006	-	-
Payroll deductions and withholdings	2,002	279	-	13
Interfund loans payable	-	50,000	-	-
Total Liabilities	<u>2,002</u>	<u>286,285</u>	<u>-</u>	<u>13</u>
Fund Balances:				
Restricted	-	-	1,433,932	1,051,310
Committed	240,000	-	-	-
Unassigned	1,004,443	(286,285)	-	-
Total Fund Balances	<u>1,244,443</u>	<u>(286,285)</u>	<u>1,433,932</u>	<u>1,051,310</u>
Total Liabilities and Fund Balances	<u>\$ 1,246,445</u>	<u>\$ -</u>	<u>\$ 1,433,932</u>	<u>\$ 1,051,323</u>

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

MUNICIPAL RETIREMENT FUND	TOTAL	
	2016	2015
\$ 243,146	\$ 3,924,846	\$ 3,997,086
-	50,000	50,000
243,146	3,974,846	4,047,086
-	236,006	-
60	2,354	1,551
-	50,000	50,000
60	288,360	51,551
243,086	2,728,328	2,749,650
-	240,000	240,000
-	718,158	1,005,885
243,086	3,686,486	3,995,535
\$ 243,146	\$ 3,974,846	\$ 4,047,086

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES - MODIFIED CASH BASIS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2016

	<u>2016</u>
Total fund balances-governmental funds (Exhibit C)	\$ 3,686,486
Amounts reported for governmental activities in the statement of assets, liabilities and fund balances - modified cash basis are different because:	
When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds. However, the statement of net position - modified cash basis includes those capital assets among the assets of the District as a whole.	
Cost of capital assets:	
Land	\$ 158,453
Construction in progress	4,379
Improvements, other than buildings	173,345
Buildings	10,171,270
Equipment	<u>1,518,301</u>
	12,025,748
Accumulated depreciation	<u>(7,226,117)</u>
	4,799,631
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Bonds payable	<u>(3,463,493)</u>
	<u>(3,463,493)</u>
Total net position - modified cash basis - governmental activities (Exhibit A)	<u><u>\$ 5,022,624</u></u>

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

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GAVIN SCHOOL DISTRICT NO. 37
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
REVENUES RECEIVED:				
General tax levies	\$ 4,157,074	\$ 808,496	\$ 2,270,457	\$ 168,547
Replacement taxes	28,811	-	-	-
State aid	4,251,260	-	-	451,126
Federal aid	597,607	-	-	-
Interest	2,711	-	-	-
Other	219,761	11,278	-	3,350
Total Revenues Received	9,257,224	819,774	2,270,457	623,023
EXPENDITURES DISBURSED:				
Current:				
Instruction:				
Regular programs	3,117,581	-	-	-
Special programs	1,052,480	-	-	-
Other instructional programs	357,078	-	-	-
State retirement contributions	2,111,758	-	-	-
Support services:				
Pupils	365,163	-	-	-
Instructional staff	57,298	-	-	-
General administration	338,426	-	-	-
School administration	416,235	-	-	-
Business	198,612	-	-	-
Transportation	-	-	-	572,304
Operations and maintenance	5,433	853,040	-	-
Food service	310,437	-	-	-
Other supporting services	222,392	-	-	-
Community services	4,998	-	-	-
Payments to other districts and gov't units	697,125	-	-	-
Debt service:				
Principal	-	-	847,503	-
Interest and other	-	-	1,476,747	-
Capital outlay	51,878	204,791	-	-
Total Expenditures Disbursed	9,306,894	1,057,831	2,324,250	572,304

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

MUNICIPAL RETIREMENT FUND	TOTAL	
	2016	2015
\$ 261,360	\$ 7,665,934	\$ 7,546,960
4,140	32,951	35,792
-	4,702,386	4,382,184
-	597,607	576,683
-	2,711	1,525
-	234,389	245,775
265,500	13,235,978	12,788,919
35,191	3,152,772	3,033,459
61,060	1,113,540	1,066,361
14,773	371,851	304,203
-	2,111,758	1,921,278
15,789	380,952	400,056
5,494	62,792	70,934
11,968	350,394	407,828
21,822	438,057	518,023
6,311	204,923	184,068
33,962	606,266	640,409
44,046	902,519	924,898
2,909	313,346	283,003
19,447	241,839	334,904
-	4,998	12,892
10,976	708,101	820,674
-	847,503	542,520
-	1,476,747	1,660,671
-	256,669	91,641
283,748	13,545,027	13,217,822

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2014

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES (USES)	<u>\$ (49,670)</u>	<u>\$ (238,057)</u>	<u>\$ (53,793)</u>	<u>\$ 50,719</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(49,670)	(238,057)	(53,793)	50,719
FUND BALANCES, BEGINNING OF YEAR	<u>1,294,113</u>	<u>(48,228)</u>	<u>1,487,725</u>	<u>1,000,591</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,244,443</u></u>	<u><u>\$ (286,285)</u></u>	<u><u>\$ 1,433,932</u></u>	<u><u>\$ 1,051,310</u></u>

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

MUNICIPAL RETIREMENT FUND	TOTAL	
	2016	2015
<u>\$ (18,248)</u>	<u>\$ (309,049)</u>	<u>\$ (428,903)</u>
-	-	3,485,000
-	-	113,956
<u>-</u>	<u>-</u>	<u>(3,531,797)</u>
<u>-</u>	<u>-</u>	<u>67,159</u>
(18,248)	(309,049)	(361,744)
<u>261,334</u>	<u>3,995,535</u>	<u>4,357,279</u>
<u>\$ 243,086</u>	<u>\$ 3,686,486</u>	<u>\$ 3,995,535</u>

GAVIN SCHOOL DISTRICT NO. 37
RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED,
EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES - MODIFIED
CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>
Total net change in fund balances-governmental funds (Exhibit D)	\$ (309,049)
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities - modified cash basis, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. Capital outlay expenditures for items below the District's capitalization threshold, repairs and maintenance are expensed.</p>	
Depreciation expense	\$ (274,701)
Capital outlay	<u>256,669</u>
	(18,032)
<p>Repayment of debt principal is reported as an expenditure in governmental funds and thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal reduces the liabilities in the statement of net position - modified cash basis and does not result in an expense on the statement of activities - modified cash basis. The District's debt was reduced by principal payments made to bondholders. In the governmental funds, the proceeds of bonds sold are reported as other financing sources, while in the government as a whole, liabilities increase on the statement of net position - modified cash basis.</p>	
Principal payments made	<u>847,503</u>
	<u>847,503</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 520,422</u></u>

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

GAVIN SCHOOL DISTRICT NO. 37
 AGENCY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - MODIFIED CASH BASIS
 JUNE 30, 2016
 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	<u>Total Agency Funds</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	<u>\$ 108,198</u>	<u>\$ 103,700</u>
Total Assets	<u><u>\$ 108,198</u></u>	<u><u>\$ 103,700</u></u>
LIABILITIES		
Flex benefit account	<u>\$ 22,351</u>	<u>\$ 21,628</u>
Due to organizations	<u>85,847</u>	<u>82,072</u>
Total Liabilities	<u><u>\$ 108,198</u></u>	<u><u>\$ 103,700</u></u>

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements are as follows:

A. Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

B. Basis of Presentation – Fund Accounting

Government-wide Financial Statements

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the District.

The Statement of Activities – Modified Cash Basis demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is considered an indirect expense and, as such, is not allocated to specific functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds required by the Illinois State Board of Education (ISBE). Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow.

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

General Fund – The General Fund, which consists solely of the legally mandated Educational Account and Working Cash Account, is the primary operating fund of the District and is always classified as a major fund. It is used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds. This method of reporting is required for reports filed with the ISBE.

Special Revenue Funds – The Special Revenue Funds, which include the Operations and Maintenance Fund, the Transportation Fund and the Municipal Retirement Fund, are used to account for revenues received from specific sources (other than those accounted for in the Debt Service and Capital Projects Funds) that are legally restricted to expenditures disbursed for specified purposes.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Fiduciary Fund Types (not included in government-wide statements)

Agency Funds – The Agency Funds (Student Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues received or expenditures disbursed of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues received or expenditures disbursed of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The District has classified all funds as major:

Major:

Educational Account	Included in the General Fund; see above for description.
Operations and Maintenance Fund	A Special Revenue Fund used for expenses paid for repair and maintenance of District property. Revenue consists primarily of local revenues.
Transportation Fund	A Special Revenue Fund to account for activity relating to student transportation to and from school.
Municipal Retirement Fund	A Special Revenue Fund to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund for noncertified employees.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Debt Service Fund	A Debt Service Fund used to accumulate resources for, and payment of, general long-term debt, principal, interest, and related costs.
Working Cash Account	Included in the General Fund; used to account for financial resources held for temporarily loaned funds.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Measurement Focus/Basis of Accounting

Measurement Focus

The basic financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Agency funds are not involved in the measurement of the results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

D. Cash and Deposits

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

E. Capital Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets which exceed a capitalization threshold are capitalized and valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized. Prior to July 1, 2003, infrastructure assets were not capitalized. Such assets have been valued at estimated historical cost. Depreciation of all exhaustible fixed assets is

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

recorded as an allocation in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings, improvements and infrastructure, 20 to 50 years; transportation equipment, 5 to 10 years; and equipment, 5 to 20 years.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

F. Long-term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

G. Equity Classifications/Fund Balance Reporting

Equity Classifications

Equity is classified as net position and displayed in three components:

Government-wide Fund Balance Reporting:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation. Restricted fund balances include the: Debt Service Fund, Transportation Fund, and Municipal Retirement Fund.

Unrestricted net position – Consists of all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

Fund Balance Reporting

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

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

Restricted – The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. At June 30, 2016, expenditures exceeded revenues for this purpose, resulting in no restricted fund balance.
- *State Grants* – Proceeds from state grants and the related expenditures have been included in the Educational Account and the Transportation Fund. At June 30, 2016, expenditures exceeded revenues from state grants, resulting in no restricted balance.
- *Federal Grants* – Proceeds from federal grants and the related expenditures have been included in the Educational Account. At June 30, 2016, expenditures exceeded revenues from federal grants, resulting in no restricted balance.
- *Social Security* – Expenditures and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement Fund. At June 30, 2016, expenditures disbursed exceeded revenue received, resulting in no restricted balance.

Committed – The committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The Board of Education has committed \$240,000 within the General Fund for future roof repairs at Gavin Central Elementary School. These committed funds will be released as the District expends monies on roof repairs.

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

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

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

H. Program Revenues

Amounts reported as program revenues include 1) tuition and fees and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than as program revenues.

I. Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which such summarized information was derived.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

J. Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 – CASH AND DEPOSITS

At June 30, 2016, the carrying amount of cash and deposits was \$3,688,929, while the bank balance was \$3,987,393. The District's cash and deposits were comprised of the following:

Cash and Deposits	Total	Maturities	
		Less Than 1 Year	1 - 3 Years
Cash with financial institutions	\$ 295,564	\$ 295,564	\$ -
Certificates of deposit	249,083	249,083	-
ISDLAF+	3,442,746	3,442,746	-
Total	<u>\$ 3,987,393</u>	<u>\$ 3,987,393</u>	<u>\$ -</u>

Interest Rate Risk. The District limits its exposure to losses arising from increasing interest rates by limiting the amount of deposits held for a period longer than one year. At June 30, 2016, the weighted average of the portfolio maturity was 48.69 days and the weighted portfolio yield was 0.343%.

Investments in the Illinois School District Liquid Asset Fund and Illinois Institutional Investor's Trust are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

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

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

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

During the year ended June 30, 2016, the District held certificates of deposit and deposits in the Illinois School District Liquid Asset Fund Plus (ISDLAF+). Monies held in the Illinois School District Liquid Asset Fund Plus are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH AND DEPOSITS (CONT'D)

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

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the bank or counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Of the District's cash and deposits, the bank balance of \$3,987,393 is exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
FDIC Insured	\$ 499,083
Collateralized	45,564
Uncollateralized	<u>3,442,746</u>
Total Deposits	<u><u>\$ 3,987,393</u></u>

NOTE 3 – 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 of the subsequent year. The 2015 tax levy was adopted on December 15, 2015 and the 2014 tax levy was adopted on December 16, 2014. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (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. Taxes recorded on these financial statements are from the 2015 and 2014 tax levy years.

The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA). The PTELA limitation is applied in the aggregate to the total tax levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent that there is "new growth" in the District's tax base. "New growth" includes new construction, annexations and tax increment finance district property becoming eligible for taxation.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above.

Property taxes are collected by the Lake and McHenry County Collector/Treasurer, who remits to the District its share of collections. Property taxes are normally distributed to the District within 60 days of the respective installment dates.

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – PROPERTY TAXES (CONT'D)

Tax Year	2015		2014	
Equalized Assessed Valuation	\$	146,492,218	\$	148,616,443
	Rates	Extensions	Rates	Extensions
Educational	2.8394	\$ 4,159,542	2.7520	\$ 4,031,422
Special Education	0.0152	22,274	0.0154	22,544
Operations & Maintenance	0.5500	805,707	0.5442	797,279
Bond & Interest	1.4950	2,190,034	1.5784	2,312,198
Transportation	0.1134	166,087	0.1148	168,104
Municipal Retirement	0.0819	120,040	0.0829	121,498
SEDOL Municipal Retirement	0.0082	12,002	0.0074	10,820
Social Security	0.0861	126,161	0.0872	127,691
Working Cash	0.0020	2,971	0.0021	3,006
Totals	5.1913	\$ 7,604,818	5.1843	\$ 7,594,562

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Not being depreciated:				
Land	\$ 158,453	\$ -	\$ -	\$ 158,453
Construction in progress	-	4,379	-	4,379
Subtotal	158,453	4,379	-	162,832
Other Capital Assets:				
Improvements, other than buildings	173,345	-	-	173,345
Buildings	9,976,201	195,069	-	10,171,270
Equipment	1,461,080	57,221	-	1,518,301
Subtotal	11,610,626	252,290	-	11,862,916
Accumulated Depreciation:				
Improvements, other than buildings	172,111	862	-	172,973
Buildings	5,608,879	232,970	-	5,841,849
Equipment	1,170,426	40,869	-	1,211,295
Subtotal	6,951,416	274,701	-	7,226,117
Net Capital Assets	\$ 4,817,663	\$ (18,032)	\$ -	\$ 4,799,631

Depreciation was charged to functions as follows:

Governmental Activities:

Unallocated \$ 274,701

Total Governmental Activities Depreciation Expense \$ 274,701

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Balance Due Within One Year
General Obligation Bonds:					
06/01/97 Cap. Appreciation	\$ 171,457	\$ -	\$ 171,457	\$ -	\$ -
06/01/98 Cap. Appreciation	734,539	-	651,046	83,493	83,493
12/1/14 Refunding	3,405,000	-	25,000	3,380,000	1,890,000
Total Bonds Payable	4,310,996	-	847,503	3,463,493	1,973,493
Total Long Term Debt	<u>\$ 4,310,996</u>	<u>\$ -</u>	<u>\$ 847,503</u>	<u>\$ 3,463,493</u>	<u>\$ 1,973,493</u>

A summary of bonds payable at June 30, 2016 is as follows:

Purpose	Interest Rate	Amount
Capital appreciation bonds, Series 1998	5.40-5.55%	\$ 83,493
Refunding bonds, Series 2014	2.00-3.00%	3,380,000
		<u>\$ 3,463,493</u>

On September 8, 2014, the District issued \$3,485,000 of General Obligation Refunding Bonds to retire \$3,465,000 of principal from the General Obligation School Bonds issued on December 1, 2004 in advance. The net proceeds of \$3,531,797 (which includes a \$113,956 premium and after payment of \$67,159 in underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, a portion of the 2004 General Obligation School Bonds are considered to be defeased and the liability for those bonds has been removed from the District's obligations.

Prior year defeasance of debt. In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As June 30, 2016, \$3,465,000 of bonds outstanding is considered defeased.

At June 30, 2016, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Bonds Payable		Total	
	Principal	Interest	Principal	Interest
2017	\$ 1,973,493	\$ 194,857	\$ 1,973,493	\$ 194,857
2018	1,025,000	24,200	1,025,000	24,200
2019	230,000	10,500	230,000	10,500
2020	235,000	3,525	235,000	3,525
Totals	<u>\$ 3,463,493</u>	<u>\$ 233,082</u>	<u>\$ 3,463,493</u>	<u>\$ 233,082</u>

Legal debt margin

At June 30, 2016, the legal debt margin for the District was limited to 6.9% of the most recent assessed valuation available. Based on an assessed valuation of \$146,492,218, the debt limit was \$10,107,963. The remaining legal debt margin was \$6,644,470.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – OPERATING LEASE

The District entered into an agreement to lease six copiers over a sixty month period. The stated rate pursuant to the agreement is \$2,299 per month. During the year ended June 30, 2016, the District expended \$27,588 in lease payments. The minimum future lease payments are as follows:

Year Ending June 30	Lease Obligation
2017	\$ 2,299
Total	\$ 2,299

NOTE 7 – RETIREMENT SYSTEMS

A. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the system's administration.

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

Benefits Provided

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

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

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$2,111,758 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$23,637, and are deferred because they were paid after the June 30, 2015 measurement date.

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

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$91,540 were paid from federal and special trust funds that required employer contributions of \$33,009. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Employer retirement contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer paid \$-0- to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the employer paid \$ -0- to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

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

At June 30, 2016, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net pension liability	\$ 983,750
State's proportionate share of the net pension liability associated with the employer	<u>25,243,387</u>
Total	<u><u>\$ 26,227,137</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was .001502 percent, which was an increase of 0.00 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the employer recognized pension expense of \$2,135,395 and revenue of \$2,111,758 for support provided by the state. At June 30, 2016, the employer 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	\$ 366	\$ 1,078
Net difference between projected and actual earnings on pension plan investments	19,483	34,448
Changes of assumptions	13,604	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	153,985
Employer contributions subsequent to the measurement date	<u>23,637</u>	<u>-</u>
Total	<u><u>\$ 57,090</u></u>	<u><u>\$ 189,511</u></u>

\$23,637 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (52,661)
2018	(52,661)
2019	(52,661)
2020	1,925

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

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

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 1,215,674	\$ 983,750	\$ 793,566

TRS Fiduciary Net Position

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

B. Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

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

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to but not yet receiving benefits	84
Active Plan Members	<u>47</u>
Total	<u><u>158</u></u>

Contributions

As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2015 was 12.01%. For the year ended December 31, 2015, the employer contributed \$133,441 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.46%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Single Discount Rate

A Single Discount Rate of 7.46% 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:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.46%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 5,456,059	\$ 4,927,868	\$ 528,191
Changes for the year:			
Service Cost	122,800	-	122,800
Interest on the Total Pension Liability	403,235	-	403,235
Differences Between Expected and Actual Experience of the Total Pension Liability	97,312	-	97,312
Changes of Assumptions	13,119	-	13,119
Contributions - Employer	-	133,441	(133,441)
Contributions - Employees	-	52,548	(52,548)
Net Investment Income	-	24,471	(24,471)
Benefits Payments, including Refunds of Employee Contributions	(253,236)	(253,236)	-
Other (Net Transfer)	-	(41,771)	41,771
Net Changes	383,230	(84,547)	467,777
Balances at December 31, 2015	\$ 5,839,289	\$ 4,843,321	\$ 995,968

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.46%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.46%	Current Discount 7.46%	1% Higher 8.46%
Total Pension Liability	\$ 6,552,090	\$ 5,839,289	\$ 5,251,840
Plan Fiduciary Net Position	4,843,321	4,843,321	4,843,321
Net Pension Liability	\$ 1,708,769	\$ 995,968	\$ 408,519

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

For the year ended June 30, 2016, the employer recognized pension expense of \$129,807. At June 30, 2016, the deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 63,535	\$ 8,030	\$ 55,505
Changes of assumptions	65,814	-	65,814
Net difference between projected and actual earnings on pension plan investments	312,066	-	312,066
Total Deferred Amounts to be recognized in pension expense in future periods	441,415	8,030	433,385
<i>Pension Contributions made subsequent to the Measurement Date</i>	65,990	-	65,990
Total Deferred Amounts Related to Pensions	\$ 507,405	\$ 8,030	\$ 499,375

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 168,837
2017	115,056
2018	81,285
2019	68,207
2020	-
Thereafter	-
Total	\$ 433,385

C. Aggregate Pension Amounts

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

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 57,090	\$ 507,405	\$ 564,495
Net Pension Liability	983,750	995,968	1,979,718
Deferred Inflows of Resources	189,511	8,030	197,541
Pension Expense, Net of State Support	23,637	129,807	153,444

D. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security (THIS) Fund

Contributions

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

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

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

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$42,968, and the employer recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the employer paid \$32,126 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

B. Retiree Health Plan

Plan Description

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides the ability for retirees and their spouses to access the District's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. If a retiree elects to leave the health plan, they may not return to the plan in a future year. Retirees are responsible to contribute a premium toward the cost of their insurance. Retirees may also access dental and life insurance benefits on a "direct pay" basis.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Funding Policy

Retirees under the age of 65 contribute the full Consolidated Omnibus Budget Reconciliation Act (COBRA) equivalent rate. The contributions required by the District are negotiated between the District and union representatives. Retirees who are Medicare eligible may access a Medicare supplemental policy through the District. For the year ended June 30, 2016, the District contributed \$6,649 toward the cost of the postemployment benefits for retirees.

Annual OPEB Cost and Net OPEB (Asset)

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

	June 30, 2016
Annual required contribution	\$ 6,407
Interest on net OPEB (asset)	(297)
Adjustment to annual required contribution	247
Annual OPEB cost	6,357
Contributions made	(6,649)
(Increase) in net OPEB (asset)	(292)
Net OPEB (asset), beginning of year	(7,417)
Net OPEB (asset), end of year	<u>\$ (7,709)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB (asset) for the year ended June 30, 2016 and the preceding two years are as follows:

Fiscal Year Ending June 30,	Annual OPEB Cost	Net OPEB (Asset)
2016	\$ 6,357	\$ (7,709)
2015	6,358	(7,417)
2014	11,404	(7,382)

Funding Status and Funding Progress

As of the most recent valuation date, July 1, 2014, the actuarial accrued liability for benefits was not available (the plan is funded on a "pay as you go" basis). The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Other Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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

Plan Member Contribution Rates	0%
Actuarial valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit Normal Cost Actuarial Accrued Liability
Amortization period	30 years
Asset valuation method	N/A
Actuarial Assumptions:	
Investment rate of return*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	7.00% initial, 4.00% ultimate

*Includes inflation at 2.50%

Health Care Trend Rate

Healthcare trend rates were developed by a healthcare actuary. The ultimate trend rate is based on 2.50% long-term inflation, 0.75% real GDP growth, and 0.75% medical technology.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

<u>Fiscal Year</u>	<u>Trend Rate</u>
2015	7.00%
2016	6.85%
2017	6.70%
2018	6.55%
2019	6.40%
2020	6.25%
2021	6.10%
2022	5.95%
2023	5.80%
2024	5.65%
2025	5.50%
2026	5.35%
2027	5.20%
2028	5.05%
2029	4.90%
2030	4.75%
2031	4.60%
2032	4.45%
2033	4.30%
2034	4.15%
2035+	4.00%

NOTE 9 – COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally certain of the funds participating in the common bank account could incur overdrafts (deficits) in the account. The overdrafts result from expenses paid that have been approved by the District's Board of Education.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years. Premiums have been displayed as expenditures disbursed in the appropriate funds.

NOTE 11 – TORT IMMUNITY EXPENSES

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – TORT IMMUNITY EXPENSES (CONT'D)

Workers compensation	\$ 71,404
Liability insurance	39,106
Legal expenses	<u>15,214</u>
Total Tort Immunity Expenditures	<u><u>\$ 125,724</u></u>

NOTE 12 – CONTINGENCIES

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 13 – COMMITMENTS

At June 30, 2016, the District had committed to a purchase order for concrete replacement in the amount of \$32,000.

NOTE 14 – GENERAL STATE AID EXPENDITURES FOR SPECIAL EDUCATION SERVICES

For the year ended June 30, 2016, \$1,981 of Special Education (line item 1200) was paid with revenue code 3001, General State Aid.

NOTE 15 – DEFICIT FUND BALANCES

At June 30, 2016, the unrestricted fund balance of the Operations and Maintenance Fund was in a deficit position in the amount of \$286,285.

NOTE 16 – INTERFUND LOANS

The following interfund loans were made during the year ended June 30, 2016 to support normal operations; all interfund loans are expected to be repaid with one year.

Account/Fund	From	To
Working Cash Account	\$ 50,000	\$ -
Operations and Maintenance Fund	<u>-</u>	<u>50,000</u>
	<u><u>\$ 50,000</u></u>	<u><u>\$ 50,000</u></u>

NOTE 17 – SUBSEQUENT EVENTS

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

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2016, and the date of this audit report requiring disclosure in the financial statements.

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OTHER INFORMATION

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FISCAL YEAR 2016

	FY 15*	FY 14*
Employer's proportion of the net pension liability	0.001502%	0.001502%
Employer's proportionate share of the net pension liability	\$ 983,750	\$ 913,901
State's proportionate share of the net pension liability associated with the employer	<u>25,243,387</u>	<u>23,368,443</u>
Total	<u>\$26,227,137</u>	<u>\$24,282,344</u>
Employer's covered-employee payroll	\$ 4,075,393	\$ 3,908,807
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.14%	23.38%
Plan fiduciary net position as a percentage of the total pension liability	41.50%	43.00%

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

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FISCAL YEAR 2016

	FY 15*	FY 14*
Contractually-required contribution	\$ 23,637	\$ 22,671
Contributions in relation to the contractually-required contribution	<u>23,637</u>	<u>22,671</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 4,075,393	\$ 3,908,807
Contributions as a percentage of covered-employee payroll	0.579993%	0.579998%

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

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2015 AND 2014

Calendar year ending December 31,	2015	2014
Total pension liability		
Service cost	\$ 122,800	\$ 122,608
Interest on the total pension liability	403,235	372,660
Changes to benefit terms	-	-
Difference between expected and actual experience of the total pension liability	97,312	(26,666)
Changes of assumption	13,119	190,093
Benefit payments, including refunds of employee contributions	<u>(253,236)</u>	<u>(233,525)</u>
Net change in total pension liability	383,230	425,170
Total pension liability - beginning	<u>5,456,059</u>	<u>5,030,889</u>
Total pension liability - ending (A)	<u>\$ 5,839,289</u>	<u>\$ 5,456,059</u>
Plan fiduciary net position		
Contributions - employer	\$ 133,441	\$ 132,986
Contributions - employees	52,548	48,812
Net investment income	24,471	284,714
Benefit payments, including refunds of employee contributions	(253,236)	(233,525)
Other (net transfer)	<u>(41,771)</u>	<u>1,581</u>
Net change in plan fiduciary net position	(84,547)	234,568
Plan fiduciary net position - beginning	<u>4,927,868</u>	<u>4,693,300</u>
Plan fiduciary net position - ending (B)	<u>\$ 4,843,321</u>	<u>\$ 4,927,868</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ 995,968</u>	<u>\$ 528,191</u>
Plan fiduciary net position as a percentage of total pension liability	82.94%	90.32%
Covered valuation payroll	\$ 1,111,081	\$ 1,084,711
Net pension liability as a percentage of covered valuation payroll	89.64%	48.69%

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2015 AND 2014

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 133,441	\$ 133,441	\$ -	\$ 1,111,081	12.01%
2014	134,435	132,986	1,449	1,096,536	12.13%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate Entry Age Normal
<i>Amortization Method:</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period:</i>	28-year closed period until remaining period reaches 15 years (then 15-year rolling period)
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4.00%
<i>Price Inflation:</i>	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16.00%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
OTHER POST-EMPLOYMENT BENEFITS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll [(b-a)/c]
7/1/2014	\$ -	\$ 84,948	\$ 84,948	0.00%	Not Available	Not Available
7/1/2011	-	115,113	115,113	0.00%	Not Available	Not Available
7/1/2008	-	259,910	259,910	0.00%	Not Available	Not Available

Schedule of Contributions

Actuarial Valuation Date	Annual Required Contribution (ARC)	Contributions as a % of ARC
7/1/2015	\$ 6,407	99.22%
7/1/2014	6,407	99.24%
7/1/2013	11,368	0.00%

Note: 7/1/2014 information is the most recent actuarial information available.

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2016
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	Educational Account	Working Cash Account	Total	
			2016	2015
ASSETS				
Cash and investments	\$ 1,066,929	\$ 129,516	\$ 1,196,445	\$ 1,245,330
Interfund loan	-	50,000	50,000	50,000
Total Assets	<u>\$ 1,066,929</u>	<u>\$ 179,516</u>	<u>\$ 1,246,445</u>	<u>\$ 1,295,330</u>
LIABILITIES				
Payroll deductions and withholdings	\$ 2,002	\$ -	\$ 2,002	\$ 1,217
Total Liabilities	<u>\$ 2,002</u>	<u>\$ -</u>	<u>\$ 2,002</u>	<u>\$ 1,217</u>
FUND BALANCE				
Committed	\$ 240,000	\$ -	\$ 240,000	\$ 240,000
Unassigned	824,927	179,516	1,004,443	1,054,113
Total Fund Balances	<u>1,064,927</u>	<u>179,516</u>	<u>1,244,443</u>	<u>1,294,113</u>
Total Liabilities and Fund Balances	<u>\$ 1,066,929</u>	<u>\$ 179,516</u>	<u>\$ 1,246,445</u>	<u>\$ 1,295,330</u>

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GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account Actual	Working Cash Account Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 4,178,000	\$ 4,131,456	\$ 3,014
Special education levy	23,000	22,604	-
Corporate replacement taxes	35,000	28,811	-
Interest on investments	1,500	2,711	-
Sales to pupils - lunch	75,000	82,711	-
Other food service	9,000	10,694	-
Admissions - athletic	12,000	2,200	-
Gym uniforms	-	-	-
Fees	1,500	11,796	-
Other District/school activity revenue	-	37,487	-
Rentals - regular textbook	58,000	65,530	-
Rentals	82,000	24	-
Other	-	9,319	-
Total Local Sources	4,475,000	4,405,343	3,014
State Sources:			
General state aid	1,960,000	1,637,993	-
Special education - Private facility tuition	40,000	65,910	-
Special education - Extraordinary	100,000	110,585	-
Special education - Personnel	160,000	178,704	-
Special education - Summer school	500	591	-
Bilingual Education - Downstate - TPI and TPE	-	872	-
State free lunch and breakfast	3,000	1,658	-
Early Childhood - Block grant	174,000	142,439	-
On-behalf payments - State of Illinois	-	2,111,758	-
School safety and educational block grant	5,000	-	-
State library grant	-	750	-
Total State Sources	2,442,500	4,251,260	-
Federal Sources:			
National School Lunch program	195,000	189,828	-
Special Milk program	1,500	1,761	-
School breakfast program	44,000	39,762	-
Food service - other	-	23,026	-
Title I - Low Income	145,000	202,112	-
Fed. - Sp. Ed. - Pre-School Flow Through	7,800	-	-
Fed. - Sp. Ed. - I.D.E.A. Flow Through	85,000	69,558	-

	2015
Total of Actuals	Actual
\$ 4,134,470	\$ 4,023,003
22,604	22,886
28,811	31,727
2,711	1,525
82,711	71,305
10,694	9,377
2,200	2,889
-	1,595
11,796	9,140
37,487	81,819
65,530	54,605
24	2,427
9,319	7,842
<u>4,408,357</u>	<u>4,320,140</u>
1,637,993	1,608,040
65,910	51,557
110,585	82,305
178,704	121,746
591	779
872	11,961
1,658	3,235
142,439	177,198
2,111,758	1,921,278
-	37,597
750	1,500
<u>4,251,260</u>	<u>4,017,196</u>
189,828	199,132
1,761	1,760
39,762	44,173
23,026	13,421
202,112	156,101
-	7,920
69,558	77,275

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
REVENUES RECEIVED			
Title III - English Language Acquisition	\$ -	\$ -	\$ -
Title II - Teacher Quality	51,600	55,556	-
Medicaid matching funds - Fee for Service	15,000	16,004	-
Total Federal Sources	544,900	597,607	-
Total Revenues Received	7,462,400	9,254,210	3,014
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	2,653,663	2,460,862	-
Employee benefits	472,234	460,071	-
On-behalf payments - State of Illinois	-	2,111,758	-
Purchased services	43,300	19,600	-
Supplies and materials	108,250	177,048	-
Capital outlay	62,000	12,906	-
Total	3,339,447	5,242,245	-
Special Education Programs:			
Salaries	931,367	871,154	-
Employee benefits	140,640	137,101	-
Purchased services	13,000	29,204	-
Supplies and materials	12,050	15,021	-
Capital outlay	2,458	1,099	-
Total	1,099,515	1,053,579	-
Educationally Deprived/Remedial Programs:			
Salaries	139,401	179,058	-
Employee benefits	35,700	70,367	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Total	175,101	249,425	-

SCHEDULE 2
(Continued)

	2015
Total	Actual
\$ -	\$ 5,800
55,556	53,896
16,004	17,205
597,607	576,683
9,257,224	8,914,019
2,460,862	2,359,353
460,071	491,974
2,111,758	1,921,278
19,600	23,026
177,048	124,666
12,906	13,158
5,242,245	4,933,455
871,154	842,673
137,101	134,296
29,204	13,291
15,021	14,657
1,099	-
1,053,579	1,004,917
179,058	126,785
70,367	33,689
-	(50)
-	13,610
249,425	174,034

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Interscholastic Programs:			
Salaries	\$ 37,000	\$ 37,216	\$ -
Employee benefits	480	454	-
Purchased services	8,000	5,305	-
Supplies and materials	4,000	3,735	-
Total	49,480	46,710	-
Bilingual:			
Salaries	52,500	51,583	-
Employee benefits	8,625	9,360	-
Total	61,125	60,943	-
Total Instruction	4,724,668	6,652,902	-
Support Services:			
Attendance and Social Work Services:			
Salaries	100,000	91,200	-
Employee benefits	21,300	19,732	-
Supplies and materials	-	-	-
Total	121,300	110,932	-
Health Services:			
Salaries	42,000	39,449	-
Employee benefits	100	93	-
Purchased services	2,000	4,280	-
Supplies and materials	2,500	3,373	-
Total	46,600	47,195	-
Psychological Services:			
Salaries	43,500	44,374	-
Benefits	9,210	9,409	-
Supplies and Materials	1,000	1,953	-
Total	53,710	55,736	-

SCHEDULE 2
(Continued)

	2015
Total	Actual
\$ 37,216	\$ 35,965
454	444
5,305	7,005
3,735	4,723
46,710	48,137
51,583	58,096
9,360	10,147
60,943	68,243
6,652,902	6,228,786
91,200	95,337
19,732	20,454
-	773
110,932	116,564
39,449	40,703
93	97
4,280	2,438
3,373	3,354
47,195	46,592
44,374	49,078
9,409	8,890
1,953	2,855
55,736	60,823

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Speech Pathology & Audiology Services:			
Salaries	\$ 110,000	\$ 92,317	\$ -
Employee benefits	11,025	11,256	-
Purchased services	150	226	-
Supplies and materials	-	1,031	-
Total	121,175	104,830	-
Other Support Services - Pupils:			
Salaries	48,000	46,284	-
Employee benefits	75	186	-
Total	48,075	46,470	-
Improvement of Instruction:			
Purchased services	16,130	9,178	-
Supplies and materials	-	-	-
Other	-	6,216	-
Total	16,130	15,394	-
Educational Media Services:			
Salaries	30,000	28,130	-
Employee benefits	75	49	-
Purchased services	-	-	-
Supplies and materials	4,100	3,725	-
Total	34,175	31,904	-
Assessment and Testing:			
Purchased services	10,000	10,000	-
Total	10,000	10,000	-
Board of Education:			
Salaries	1,200	-	-
Purchased services	75,500	73,776	-
Supplies and materials	4,500	3,848	-
Total	81,200	77,624	-

SCHEDULE 2
(Continued)

	2015
Total	Actual
\$ 92,317	\$ 103,784
11,256	10,398
226	150
1,031	-
104,830	114,332
46,284	45,842
186	60
46,470	45,902
9,178	31,819
-	311
6,216	3,083
15,394	35,213
28,130	28,576
49	49
-	10
3,725	2,172
31,904	30,807
10,000	-
10,000	-
-	-
73,776	81,667
3,848	5,276
77,624	86,943

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Executive Administration:			
Salaries	\$ 226,000	\$ 205,837	\$ -
Employee benefits	47,700	50,778	-
Purchased services	1,500	1,452	-
Supplies and materials	1,500	1,090	-
Other objects	2,000	1,645	-
Total	278,700	260,802	-
Office of the Principal:			
Salaries	358,000	347,673	-
Employee benefits	69,500	67,389	-
Purchased services	1,000	869	-
Supplies and materials	1,000	304	-
Total	429,500	416,235	-
Director of Business Services:			
Salaries	98,800	98,260	-
Employee benefits	44,750	44,298	-
Total	143,550	142,558	-
Fiscal Services:			
Salaries	22,000	25,122	-
Employee benefits	100	49	-
Purchased services	18,000	29,485	-
Supplies and materials	2,000	1,398	-
Other objects	658	-	-
Total	42,758	56,054	-
Operations and Maintenance of Plant Services:			
Salaries	-	5,418	-
Employee benefits	-	15	-
Total	-	5,433	-

SCHEDULE 2
(Continued)

	2015	
Total	Actual	
\$ 205,837	\$ 242,313	
50,778	53,385	
1,452	249	
1,090	1,287	
1,645	1,635	
260,802	298,869	
347,673	415,233	
67,389	75,295	
869	1,485	
304	587	
416,235	492,600	
98,260	96,342	
44,298	44,996	
142,558	141,338	
25,122	21,805	
49	49	
29,485	12,442	
1,398	2,384	
-	295	
56,054	36,975	
5,418	16,604	
15	40	
5,433	16,644	

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Food Services:			
Salaries	\$ 15,400	\$ 14,885	\$ -
Employee benefits	60	49	-
Purchased services	275,000	269,239	-
Supplies and materials	1,700	25,197	-
Capital outlay	7,000	-	-
Other	500	1,067	-
Total	299,660	310,437	-
Information Services:			
Salaries	102,000	99,488	-
Employee benefits	17,000	17,742	-
Purchased services	45,000	10,078	-
Supplies and materials	5,000	34,384	-
Capital outlay	15,000	37,873	-
Total	184,000	199,565	-
Data Processing:			
Purchased services	45,000	42,073	-
Supplies and materials	14,500	18,627	-
Total	59,500	60,700	-
Total Support Services	1,970,033	1,951,869	-
Community Services:			
Salaries	3,262	418	-
Employee benefits	5,230	4	-
Purchased services	1,600	4,576	-
Supplies and materials	4,607	-	-
Total Community Services	14,699	4,998	-
Payments to Other Districts and Gov't Units			
Special Education Programs			
Purchased services	750,000	593,735	-
Other objects	-	-	-
Total	750,000	593,735	-

SCHEDULE 2
(Continued)

	2015
Total	Actual
\$ 14,885	\$ 14,698
49	51
269,239	251,216
25,197	13,421
-	7,952
1,067	661
310,437	287,999
99,488	98,603
17,742	16,120
10,078	62,950
34,384	65,608
37,873	23,540
199,565	266,821
42,073	54,467
18,627	17,323
60,700	71,790
1,951,869	2,150,212
418	-
4	-
4,576	1,007
-	11,885
4,998	12,892
593,735	698,927
-	113
593,735	699,040

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Other Payments to In-State Governmental Units			
Other objects	\$ -	\$ 103,390	\$ -
Total	-	103,390	-
Total Payments to Other Districts and Gov't Units	750,000	697,125	-
Total Expenditures Paid	7,459,400	9,306,894	-
NET CHANGES IN FUND BALANCE	3,000	(52,684)	3,014
Fund Balance - beginning of year		1,117,611	176,502
Fund Balance - end of year		\$ 1,064,927	\$ 179,516

SCHEDULE 2
(Concluded)

	2015
Total	Actual
<u>\$ 103,390</u>	<u>\$ 121,634</u>
<u>103,390</u>	<u>121,634</u>
<u>697,125</u>	<u>820,674</u>
<u>9,306,894</u>	<u>9,212,564</u>
(49,670)	(298,545)
<u>1,294,113</u>	<u>1,592,658</u>
<u><u>\$ 1,244,443</u></u>	<u><u>\$ 1,294,113</u></u>

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 4,175,000	\$ 4,131,456	\$ 4,020,001
Special education levy	23,000	22,604	22,886
Corporate replacement taxes	35,000	28,811	31,727
Interest on investments	1,500	2,711	1,525
Sales to pupils - lunch	75,000	82,711	71,345
Other food service	9,000	10,694	9,377
Admissions - athletic	12,000	2,200	2,889
Gym uniforms	-	-	1,595
Fees	1,500	11,796	9,140
Other District/school activity revenue	-	37,487	81,819
Rentals - regular textbook	58,000	65,530	54,605
Rentals	82,000	24	2,427
Other	-	9,319	7,842
Total Local Sources	4,472,000	4,405,343	4,317,178
State Sources:			
General state aid	1,960,000	1,637,993	1,608,040
Special education - Private facility tuition	40,000	65,910	51,557
Special education - Extraordinary	100,000	110,585	82,305
Special education - Personnel	160,000	178,704	121,746
Special education - Summer school	500	591	779
Bilingual Education - Downstate - TPI and TPE	-	872	11,961
State free lunch and breakfast	3,000	1,658	3,235
Early Childhood - Block grant	174,000	142,439	177,198
On-behalf payments - State of Illinois	-	2,111,758	1,921,278
Other state revenue	5,000	-	37,597
State library grant	-	750	1,500
Total State Sources	2,442,500	4,251,260	4,017,196

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
Federal Sources:			
National School Lunch program	\$ 195,000	\$ 189,828	\$ 199,132
Special Milk program	1,500	1,761	1,760
School breakfast program	44,000	39,762	44,173
Food service - other	-	23,026	13,421
Title I - Low Income	145,000	202,112	156,101
Fed. - Sp. Ed. - Pre-School Flow Through	7,800	-	7,920
Fed. - Sp. Ed. - I.D.E.A. Flow Through	85,000	69,558	77,275
Title III - English Language Acquisition	-	-	5,800
Title II - Teacher Quality	51,600	55,556	53,896
Medicaid matching funds - Fee for Service	15,000	16,004	17,205
Total Federal Sources	544,900	597,607	576,683
Total Revenues Received	7,459,400	9,254,210	8,911,057
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	2,653,663	2,460,862	2,359,353
Employee benefits	472,234	460,071	491,974
On-behalf payments - State of Illinois	-	2,111,758	1,921,278
Purchased services	43,300	19,600	23,026
Supplies and materials	108,250	177,048	124,666
Capital outlay	62,000	12,906	13,158
Total	3,339,447	5,242,245	4,933,455
Special Education Programs:			
Salaries	931,367	871,154	842,673
Employee benefits	140,640	137,101	134,296
Purchased services	13,000	29,204	13,291
Supplies and materials	12,050	15,021	14,657
Capital outlay	2,458	1,099	-
Total	1,099,515	1,053,579	1,004,917

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Remedial and Supplemental Programs:			
Salaries	\$ 139,401	\$ 179,058	\$ 126,785
Employee benefits	35,700	70,367	33,689
Purchased services	-	-	(50)
Supplies and materials	-	-	13,610
Total	175,101	249,425	174,034
Interscholastic Programs:			
Salaries	37,000	37,216	35,965
Employee benefits	480	454	444
Purchased services	8,000	5,305	7,005
Supplies and materials	4,000	3,735	4,723
Total	49,480	46,710	48,137
Bilingual:			
Salaries	52,500	51,583	58,096
Employee benefits	8,625	9,360	10,147
Total	61,125	60,943	68,243
Total Instruction	4,724,668	6,652,902	6,228,786
Support Services:			
Attendance and Social Work Services:			
Salaries	100,000	91,200	95,337
Employee benefits	21,300	19,732	20,454
Supplies and materials	-	-	773
Total	121,300	110,932	116,564
Health Services:			
Salaries	42,000	39,449	40,703
Employee benefits	100	93	97
Purchased services	2,000	4,280	2,438
Supplies and materials	2,500	3,373	3,354
Total	46,600	47,195	46,592

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Psychological Services:			
Salaries	\$ 43,500	\$ 44,374	\$ 49,078
Employee benefits	9,210	9,409	8,890
Supplies and Materials	1,000	1,953	2,855
Total	53,710	55,736	60,823
Speech Pathology & Audiology Services:			
Salaries	110,000	92,317	103,784
Employee benefits	11,025	11,256	10,398
Purchased services	150	226	150
Supplies and materials	-	1,031	-
Total	121,175	104,830	114,332
Other Support Services - Pupils:			
Salaries	48,000	46,284	45,842
Employee benefits	75	186	60
Total	48,075	46,470	45,902
Improvement of Instruction:			
Purchased services	16,130	9,178	31,819
Supplies and materials	-	-	311
Other	-	6,216	3,083
Total	16,130	15,394	35,213
Educational Media Services:			
Salaries	30,000	28,130	28,576
Employee benefits	75	49	49
Purchased services	-	-	10
Supplies and materials	4,100	3,725	2,172
Total	34,175	31,904	30,807
Assessment and Testing:			
Purchased services	10,000	10,000	-
Total	10,000	10,000	-

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Board of Education:			
Salaries	\$ 1,200	\$ -	\$ -
Purchased services	75,500	73,776	81,667
Supplies and materials	4,500	3,848	5,276
Total	81,200	77,624	86,943
Executive Administration:			
Salaries	226,000	205,837	242,313
Employee benefits	47,700	50,778	53,385
Purchased services	1,500	1,452	249
Supplies and materials	1,500	1,090	1,287
Other objects	2,000	1,645	1,635
Total	278,700	260,802	298,869
Office of the Principal:			
Salaries	358,000	347,673	415,233
Employee benefits	69,500	67,389	75,295
Purchased services	1,000	869	1,485
Supplies and materials	1,000	304	587
Total	429,500	416,235	492,600
Director of Business Services:			
Salaries	98,800	98,260	96,342
Employee benefits	44,750	44,298	44,996
Total	143,550	142,558	141,338
Fiscal Services:			
Salaries	22,000	25,122	21,805
Employee benefits	100	49	49
Purchased services	18,000	29,485	12,442
Supplies and materials	2,000	1,398	2,384
Other objects	658	-	295
Total	42,758	56,054	36,975

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Operations and Maintenance of Plant Services:			
Salaries	\$ -	\$ 5,418	\$ 16,604
Employee benefits	-	15	40
Total	-	5,433	16,644
Food Services:			
Salaries	15,400	14,885	14,698
Employee benefits	60	49	51
Purchased services	275,000	269,239	251,216
Supplies and materials	1,700	25,197	13,421
Capital outlay	7,000	-	7,952
Other	500	1,067	661
Total	299,660	310,437	287,999
Information Services:			
Salaries	102,000	99,488	98,603
Employee benefits	17,000	17,742	16,120
Purchased services	45,000	10,078	62,950
Supplies and materials	5,000	34,384	65,608
Capital outlay	15,000	37,873	23,540
Total	184,000	199,565	266,821
Data Processing:			
Purchased services	45,000	42,073	54,467
Supplies and materials	14,500	18,627	17,323
Total	59,500	60,700	71,790
Total Support Services	1,970,033	1,951,869	2,150,212
Community Services:			
Salaries	3,262	418	-
Employee benefits	5,230	4	-
Purchased services	1,600	4,576	1,007
Supplies and materials	4,607	-	11,885
Total Community Services	14,699	4,998	12,892

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Payments to Other Districts and Gov't Units			
Special Education Programs			
Purchased services	\$ 750,000	\$ 593,735	\$ 698,927
Other objects	-	-	113
Total	750,000	593,735	699,040
Other Payments to In-State Governmental Units			
Other objects	-	103,390	121,634
Total	-	103,390	121,634
Total Payments to Other Districts and Gov't Units	750,000	697,125	820,674
Total Expenditures Disbursed	7,459,400	9,306,894	9,212,564
NET CHANGES IN FUND BALANCE	\$ -	(52,684)	(301,507)
Fund Balance - beginning of year		1,117,611	1,419,158
Fund Balance - end of year		\$ 1,064,927	\$ 1,117,651

GAVIN SCHOOL DISTRICT NO. 37
WORKING CASH ACCOUNT

SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES RECEIVED			
Local Sources:			
General tax levy	<u>\$ 3,000</u>	<u>\$ 3,014</u>	<u>\$ 3,002</u>
Total Local Sources	<u>3,000</u>	<u>3,014</u>	<u>3,002</u>
Total Revenues Received	<u>3,000</u>	<u>3,014</u>	<u>3,002</u>
EXPENDITURES DISBURSED			
Total Expenditures Disbursed	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u><u>\$ 3,000</u></u>	<u>3,014</u>	<u>3,002</u>
Fund Balance - beginning of year		<u>176,502</u>	<u>173,500</u>
Fund Balance - end of year		<u><u>\$ 179,516</u></u>	<u><u>\$ 176,502</u></u>

GAVIN SCHOOL DISTRICT NO. 37
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 808,000	\$ 808,496	\$ 815,496
Other revenue	1,000	11,278	2,929
Total Local Sources	809,000	819,774	818,425
State Sources:			
Other state sources	190,000	-	4,823
Total State Sources	190,000	-	4,823
Total Revenues Received	999,000	819,774	823,248
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Service:			
Salaries	225,000	225,572	209,114
Benefits	55,000	57,907	50,044
Purchased services	504,500	315,168	355,116
Supplies and materials	212,500	254,393	250,950
Capital outlay	2,000	204,791	46,991
Total Support Services	999,000	1,057,831	912,215
Total Expenditures Disbursed	999,000	1,057,831	912,215
NET CHANGES IN FUND BALANCE	\$ -	(238,057)	(88,967)
Fund Balance - beginning of year		(48,228)	40,739
Fund Balance - end of year		\$ (286,285)	\$ (48,228)

GAVIN SCHOOL DISTRICT NO. 37

DEBT SERVICE FUND

SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 2,300,000	\$ 2,270,457	\$ 2,246,448
Total Local Sources	2,300,000	2,270,457	2,246,448
Total Revenues Received	2,300,000	2,270,457	2,246,448
EXPENDITURES DISBURSED			
Debt Service:			
Principal	-	847,503	542,520
Interest	2,305,000	1,474,997	1,590,997
Other objects	2,700	1,750	69,674
Total Debt Service	2,307,700	2,324,250	2,203,191
Total Expenditures Disbursed	2,307,700	2,324,250	2,203,191
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(7,700)	(53,793)	43,257
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	3,485,000
Premium on refunding bonds issued	-	-	113,956
Payment to refunded bond escrow agent	-	-	(3,531,797)
Total Other Financing Sources (Uses)	-	-	67,159
NET CHANGES IN FUND BALANCE	\$ (7,700)	(53,793)	110,416
Fund Balance - beginning of year		1,487,725	1,377,309
Fund Balance - end of year		\$ 1,433,932	\$ 1,487,725

GAVIN SCHOOL DISTRICT NO. 37
TRANSPORTATION FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 170,000	\$ 168,547	\$ 172,432
Other	1,000	3,350	1,847
Total Local Sources	171,000	171,897	174,279
State Sources:			
Transportation aid - regular	200,000	196,966	200,738
Transportation aid - special education	225,000	254,160	159,427
Total State Sources	425,000	451,126	360,165
Total Revenues Received	596,000	623,023	534,444
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	180,000	177,856	171,593
Employee benefits	9,000	9,180	8,419
Purchased services	394,550	347,769	375,836
Supplies and materials	52,500	37,499	50,993
Capital outlay	10,000	-	-
Total Support Services	646,050	572,304	606,841
Total Expenditures Disbursed	646,050	572,304	606,841
NET CHANGES IN FUND BALANCE	<u>\$ (50,050)</u>	50,719	(72,397)
Fund Balance - beginning of year		<u>1,000,591</u>	<u>1,072,988</u>
Fund Balance - end of year		<u>\$ 1,051,310</u>	<u>\$ 1,000,591</u>

GAVIN SCHOOL DISTRICT NO. 37
MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 138,000	\$ 121,818	\$ 130,148
Social security/medicare only levy	129,000	128,029	124,049
Other tax levies	-	11,513	12,498
Corporate replacement taxes	-	4,140	4,065
Total Local Sources	267,000	265,500	270,760
Total Revenues Received	267,000	265,500	270,760
EXPENDITURES DISBURSED			
Instruction - Employee Benefits			
Regular programs	31,000	35,191	34,440
Special education programs	64,341	61,060	61,444
Remedial and supplemental programs K-12	9,500	10,264	9,276
Interscholastic programs	1,200	1,320	1,053
Bilingual programs	3,450	3,189	3,460
Total Instruction	109,491	111,024	109,673
Support Services - Employee benefits			
Pupils:			
Attendance and social work services	1,400	1,295	1,342
Health services	8,300	7,706	8,190
Psychological services	625	643	712
Speech pathology and audiology services	1,600	1,324	1,488
Other support services - pupils	4,250	4,821	4,111
Total Pupils	16,175	15,789	15,843
Instructional Staff:			
Educational medial services	5,100	5,494	4,914
Total Instructional Staff	5,100	5,494	4,914
General Administration:			
Executive administration services	22,400	11,968	22,016
Total General Administration	22,400	11,968	22,016

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
School Administration:			
Office of the principal services	\$ 25,700	\$ 21,822	\$ 25,423
Total School Administration	25,700	21,822	25,423
Business:			
Direction of business support services	1,400	1,403	1,375
Fiscal services	4,425	4,908	4,380
Operation and maintenance of plant services	45,000	44,046	43,030
Pupil transportation services	35,000	33,962	33,568
Food services	2,925	2,909	2,956
Total Business	88,750	87,228	85,309
Central:			
Information services	20,100	19,447	19,833
Total Central	20,100	19,447	19,833
Total Support Services	178,225	161,748	173,338
Payments to Other Districts and Gov't Units			
Special Education Programs			
Employee benefits	-	10,976	-
Total Payments to Other Districts and Gov't Units	-	10,976	-
Total Expenditures Disbursed	287,716	283,748	283,011
NET CHANGES IN FUND BALANCE	\$ (20,716)	(18,248)	(12,251)
Fund Balance - beginning of year		261,334	273,585
Fund Balance - end of year		\$ 243,086	\$ 261,334

GAVIN SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2016
ASSETS				
Cash and investments	<u>\$ 82,072</u>	<u>\$ 120,700</u>	<u>\$ 116,925</u>	<u>\$ 85,847</u>
LIABILITIES				
Student Activity Fund				
DS Cremmin Memorial Fund	\$ 197	\$ -	\$ -	\$ 197
Drama Club	292	-	-	292
NJHS	503	-	-	503
Athletic Tournament	2,650	4,679	4,916	2,413
Gavin Music	12,567	7,813	19,242	1,138
CURB	135	-	-	135
Concessions - S	506	-	-	506
Central PBIS	2,671	3,550	3,001	3,220
South PBIS	268	224	113	379
Central AF	3,220	18,008	16,859	4,369
South AF	7,490	5,734	5,345	7,879
JCE AF	3,966	-	-	3,966
South Cheerleading	2,443	4,423	4,225	2,641
Central Student Council	4,832	4,512	5,732	3,612
South Student Council	4,534	5,197	4,898	4,833
South Trip Fund	16,752	7,901	6,425	18,228
South Springfield Trip	1,846	10,512	9,183	3,175
Special Bank Grants	747	-	-	747
Interest	101	53	177	(23)
Yearbook Central	4,372	2,532	3,080	3,824
Yearbook South	1,075	5,384	2,343	4,116
Zach Tran Mem Fd	500	-	-	500
South Spanish Club	771	-	-	771
Central Spanish Club	607	-	-	607
Retirement Party	1,850	-	-	1,850
Central PE	2,114	851	1,841	1,124
PTA field trips	(4,350)	4,550	-	200
Lullabye	-	2,347	1,545	802
PIG	9,413	32,430	28,000	13,843
Total Student Activity Fund	<u>\$ 82,072</u>	<u>\$ 120,700</u>	<u>\$ 116,925</u>	<u>\$ 85,847</u>

GAVIN SCHOOL DISTRICT NO. 37
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
JUNE 30, 2016

	Maturity as follows for the Year Ended June 30,	Principal	Interest	Total
Capital Appreciation Bonds, Series 1998 (Interest payable June 1 and December 1)	2017	\$ 83,493	\$ 141,507	\$ 225,000
Total		83,493	141,507	225,000
Refunding Bonds, Series 2014 (Interest payable June 1 and December 1)	2017	1,890,000	53,350	1,943,350
	2018	1,025,000	24,200	1,049,200
	2019	230,000	10,500	240,500
	2020	235,000	3,525	238,525
Total		3,380,000	91,575	3,471,575
Grand Total		\$ 3,463,493	\$ 233,082	\$ 3,696,575

GAVIN SCHOOL DISTRICT NO. 37
SCHEDULE OF PER CAPITA TUITION CHARGE
AND AVERAGE DAILY ATTENDANCE

	2016	2015
Operating Costs per Pupil		
Average Daily Attendance (ADA):	716.61	729.60
<u>Operating costs:</u>		
Educational Fund	\$ 7,183,086	\$ 7,277,915
Operations and Maintenance Fund	1,057,831	912,215
Bond and Interest Fund	2,324,250	2,203,191
Transportation Fund	572,304	606,841
Municipal Retirement Fund	272,772	283,011
Subtotal	11,410,243	11,283,173
Less Revenues Received or Expenditures Disbursed		
<u>Not Applicable to Operating Expenses of Regular Programs</u>		
Community services	4,998	12,892
Capital outlay	256,669	91,641
Payments to other districts	708,101	820,674
Principal retired	847,503	542,520
Subtotal	1,817,271	1,467,727
Operating costs	\$ 9,592,972	\$ 9,815,446
Operating costs per pupil - based on ADA	\$ 13,387	\$ 13,453
Tuition Charge		
Operating costs	\$ 9,592,972	\$ 9,815,446
Less - revenues from specific programs, such as special education or lunch programs	1,557,732	1,382,348
Net operating costs	8,035,240	8,433,098
Depreciation allowance	274,701	277,492
Allowance tuition costs	\$ 8,309,941	\$ 8,710,590
Tuition charge per pupil - based on ADA	\$ 11,596	\$ 11,939

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GAVIN SCHOOL DISTRICT NO. 37
NOTES TO OTHER INFORMATION
JUNE 30, 2016

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

Changes of Assumptions

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Fund types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The original and final budget was passed on September 22, 2016.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. All encumbrances lapse at the end of the fiscal year.

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

1. After July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 3 – OVEREXPENDITURE OF BUDGET

During the year ended June 30, 2016, actual expenditures exceeded budgeted expenditures in the following funds:

	Actual Disbursed	Budgeted Expenditures
Educational Account	\$ 9,317,870	\$ 7,459,400
Operations and Maintenance Fund	1,057,831	999,000
Debt Service Fund	2,324,250	2,307,700

The Educational Account was overexpended primarily due to unbudgeted on-behalf payments. The Operations and Maintenance Fund was overexpended due to increases in operating expenses. The Debt Service Fund was overexpended due to decreases in expected revenues.