

**Naperville Community Unit
School District No. 203**

Naperville, Illinois

**Annual Financial Report
Year Ended June 30, 2016**

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Naperville Community Unit School District No. 203
Naperville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Naperville Community Unit School District No. 203 (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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Naperville Community Unit School District No. 203 as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016, on our consideration of Naperville Community Unit School District No. 203's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Klein Hall CPAs

Klein Hall CPAs
Aurora, Illinois
October 12, 2016

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The discussion and analysis of Naperville Community Unit School District No. 203'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. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$14.6. This represents a 4.8% increase from 2015 due to strong tax collection, grant income growth, coupled with a constraining of expenditures.
- General revenues accounted for \$243.1 in revenue or 76.3% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounts for \$75.7 or 23.7% of total revenues of \$318.8.
- The District had \$304.2 in expenses related to government activities. However, only \$75.7 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic 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, deferred outflows, liabilities, and deferred inflows, with the difference between them 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

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, reader 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 charges in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, Debt Service Fund, Municipal Retirement/Social Security Fund, and Fire Prevention and Life Safety Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget. The District amended its budget in the current year, and the amended budget is used for budgetary comparisons.

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

those funds are not available to support the District's programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's participation in the IMRF and TRS pension funds and other postemployment benefits obligation.

District-Wide Financial Analysis

The District's combined net position was higher on June 30, 2016, than they were the year before (as restated), increasing 4.8% to \$317.8.

Table 1		
Condensed Statements of Net Position		
(in millions of dollars)		
	2015	2016
Assets:		
Current and other assets	\$ 295.9	\$ 316.8
Capital Assets	238.4	237.8
Total Assets	<u>534.3</u>	<u>554.6</u>
Deferred Outflows:		
Deferred outflows related to pensions	<u>7.7</u>	<u>16.4</u>
Liabilities:		
Current liabilities	25.8	26.1
Long-term debt outstanding	84.9	100.4
Total Liabilities	<u>110.7</u>	<u>126.5</u>
Deferred Inflows:		
Property taxes levied for subsequent year	115.3	116.6
Deferred inflows related to pensions	12.7	10.1
Total Deferred Inflows	<u>128.0</u>	<u>126.7</u>
Net Position:		
Net investment in capital assets	204.9	204.4
Restricted	29.4	33.3
Unrestricted	69.0	80.1
Total Net Position	<u>\$ 303.3</u>	<u>\$ 317.8</u>

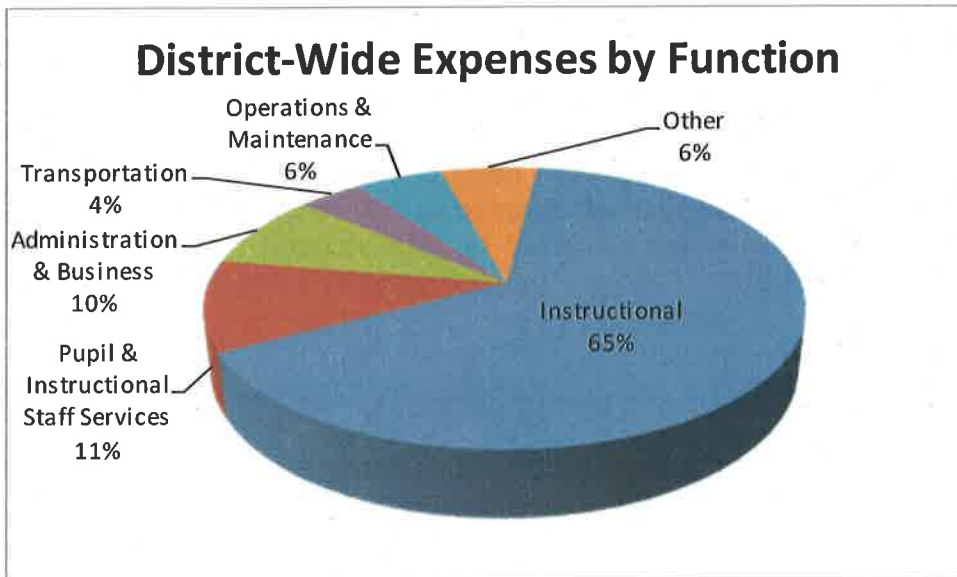
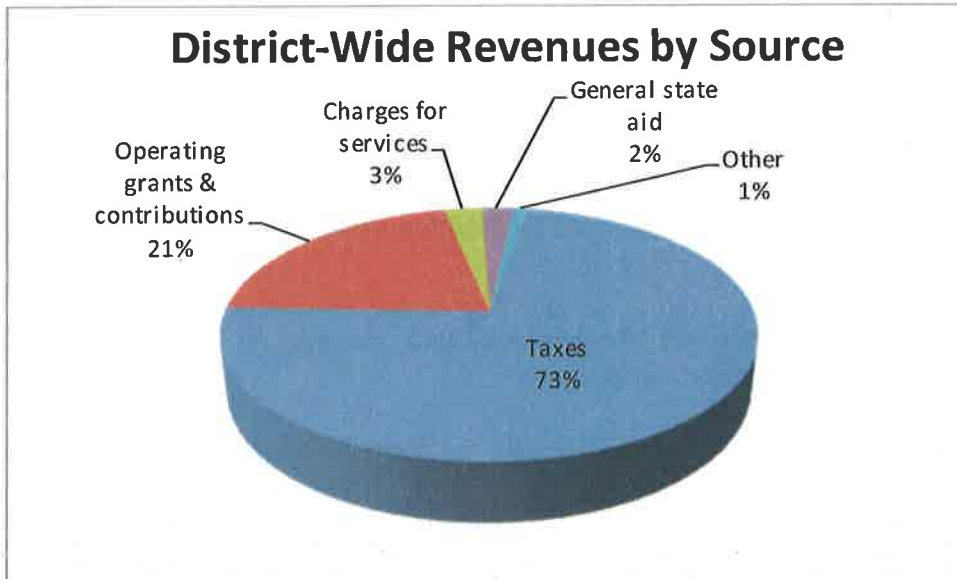
**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues in the governmental activities of the District of \$318.8 exceeded expenses by \$14.6. This was attributable primarily to revenue outpacing expenditures consistent with budget.

	<u>2015</u>	<u>2016</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 8.0	\$ 8.5
Operating grants & contributions	64.3	67.2
Capital grants & Contributions	-	-
<i>General revenues:</i>		
Taxes	226.9	232.4
General state aid	6.9	7.2
Other	3.4	3.5
Total revenues	<u>309.5</u>	<u>318.8</u>
Expenses:		
Instruction	194.9	198.9
Pupil & instructional staff services	31.9	31.8
Administration & Business	23.5	25.6
Transportation	10.9	12.5
Operations & maintenance	23.2	16.8
Other	12.5	18.6
Total expenses	<u>296.9</u>	<u>304.2</u>
Increase (decrease) in net position	<u>12.6</u>	<u>14.6</u>
Net position - beginning of year	324.6	303.3
Restatement	(33.9)	(0.1)
Net position - end of year	<u>\$ 303.3</u>	<u>\$ 317.8</u>

Property taxes accounted for the largest portion of the District's revenues, contributing 72.1%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$304.2, mainly related to instructing and caring for the students and student transportation, which accounts for 79.9% of the expenditures.

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**



Financial Analysis of the District's Funds

The financial performance of the District's funds as a whole is reflected in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Total revenue in the governmental funds was \$318.8 compared to \$309.5 in the prior year, an increase of \$9.3 or 3.0%. There was an increase in total expenditures compared to the prior year of \$9.2 or 3.1%, mainly due to an increase in purchased services and capital outlay (construction of facilities).

Consistent revenues due to property tax collections, controlled salary increases through labor contracts, and stable student enrollment has resulted in the District's Governmental Funds balance increasing from \$154.7 to \$174.1 due to revenue outpacing expenditures consistent with budget, which has resulted in a favorable financial position for the District.

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The District Operating Funds (excluding Capital Projects and Debt Service) budgeted for a \$5.58 increase in fund balance, realizing an actual increase of \$20.4.

The fund balance in the General Fund increased by \$17.2 to \$143.0. Of the total fund balance, \$0.5 is nonspendable prepaid items, \$12.1 is committed for health insurance claims, and \$2.2 is restricted for tort immunity.

The fund balance in the Operations and Maintenance Fund increased \$1.7 to \$17.7. The fund balance is restricted for operating and maintenance costs.

The Transportation Fund experienced an increase in fund balance, all of which is restricted for transportation purposes.

The Municipal Retirement/Social Security Fund experienced a decrease in fund balance, all of which is restricted for employee retirement purposes.

General Fund Budgetary Highlights

General Fund: The largest revenue source in the General Fund is property taxes at 69.1% of all revenue from that fund. Property tax revenue in the 2016 fiscal year was 2.7% higher than the prior fiscal year. State revenue sources represent 23.6% of all revenue in the General Fund, which increased by \$4.6. Increase in the state on-behalf payment compared to 2015 accounts for the increase in state funding reflected in the General Fund. Federal revenue sources represent 2.6% of all revenues, decreasing \$1.6 from the prior year.

Total expenditures of \$250.1 in the General Fund increased by 3.3% over the prior year.

Actual revenues recognized (excluding the State on-behalf payments) were greater than budgeted by \$3.2 (1.2% of budget), due to strong tax collection, grant income growth, coupled with a constraining of expenditures

Actual expenditures (excluding the State on-behalf payments) were \$6.7 under budget (2.6%). The largest positive variance was in support services where expenditures were \$5.0 below budget.

The fund balance at year end was \$143.0, an increase of \$17.2 or 13.6% over the prior year.

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Capital Assets and Debt Administration

Capital Assets

By the end of 2016, the District had compiled a total investment of \$432.7 (\$237.8 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$15.6. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

	<u>2015</u>	<u>2016</u>
Land	\$ 12.8	\$ 12.8
Buildings	182.8	177.0
Land Improvements	33.4	41.6
Machinery and equipment	9.4	6.4
Total	<u>\$ 238.4</u>	<u>\$ 237.8</u>

Long-term Debt

The District retired \$2.5 in long-term debt in 2016. Net Pension Liabilities, Net OPEB Obligations, and Compensated Absences increased by \$15.6. At the end of fiscal year 2016, the District had a debt margin of \$567.1. More detailed information on long-term debt can be found in Note 5 of the basic financial statements.

	<u>2015</u>	<u>2016</u>
General Obligation Bonds	\$ 33.5	\$ 31.6
Capital leases and other	51.4	68.8
Total	<u>\$ 84.9</u>	<u>\$ 100.4</u>

**NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

The District has four labor contracts in place.

- Certified Teaching Staff (NUEA) are contracted through 2019; the contracts has a base increases at 67% of CPI-U with a floor of 1.4% and a ceiling of 2.5% (years 1 and 2), base increase of 67% of PTELL with a floor of 0.0% and a ceiling of 2.5% (year 3).
- Education Support Staff (NESPA) through 2018.
- Maintenance and Custodial Staff (NUMA) are contracted through 2019; salaries will increase by \$1.00 per hour in year #1, 3.0% year #2, and the contracts has a base increases at 100% of CPI-U with a floor of 1.4% and a ceiling of 2.5% for years #3 and #4.
- Transportation Staff (NTA) are contracted through 2017.

The District's self-insurance health program experienced an increase of \$0.37 for the current plan year. The District has a current balance in the self-insurance fund of \$17 (about 53%) – well above the reserve of 30% of plan costs. In addition, the District is taking the appropriate steps to implement the Affordable Care Act in order to avoid additional charges or fees.

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:

Naperville Community Unit School District No. 203
203 West Hillside Road
Naperville, Illinois 60540

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and investments	\$ 195,141,057
Receivables:	
Property taxes	115,244,647
Due from other governments	5,806,578
Accrued interest	196,431
Prepaid items	461,684
Capital assets:	
Land	12,787,618
Other capital assets, net of depreciation	224,981,386
Total Assets	554,619,401
Deferred Outflows:	
Deferred outflows related to pensions	16,385,209
Liabilities:	
Accounts payable	10,799,706
Accrued salaries	15,355,688
Noncurrent liabilities:	
Due within one year	3,798,866
Due in more than one year	96,562,693
Total Liabilities	126,516,953
Deferred Inflows:	
Property taxes levied for subsequent year	116,612,507
Deferred inflows related to pensions	10,066,449
Total deferred inflows	126,678,956
Net Position:	
Net investment in capital assets	204,443,786
Restricted for:	
Tort immunity	2,151,683
Facility maintenance	17,664,513
Student transportation	8,531,869
Employee retirement	3,449,736
Debt service	1,431,332
Unrestricted	80,135,782
Total net position	\$ 317,808,701

See accompanying notes to basic financial statements

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
Instructional services:					
Regular programs	\$ 107,651,458	\$ 4,593,985	\$ 2,223,317	\$ -	\$ (100,834,156)
Special programs	26,164,083	-	11,630,659	-	(14,533,424)
Other programs	18,110,131	-	10,009	-	(18,100,122)
State retirement contributions	46,989,423	-	46,989,423	-	-
Support services:					
Pupils	18,975,330	-	-	-	(18,975,330)
Instructional staff	12,825,449	-	272,083	-	(12,553,366)
General administration	5,077,924	-	-	-	(5,077,924)
School administration	12,691,022	-	-	-	(12,691,022)
Business	7,864,488	2,997,781	1,052,544	-	(3,814,163)
Operation and maintenance of facilities	16,846,341	442,421	-	-	(16,403,920)
Transportation	12,480,544	445,855	4,636,487	-	(7,398,202)
Central	8,781,052	-	-	-	(8,781,052)
Other	2,045,831	-	-	-	(2,045,831)
Community service	618,240	-	-	-	(618,240)
Non-programmed charges	5,539,064	-	-	-	(5,539,064)
Interest on long-term liabilities	1,575,412	-	375,619	-	(1,199,793)
Total governmental activities	\$ 304,235,792	\$ 8,480,042	\$ 67,190,141	\$ -	(228,565,609)
General revenues:					
Property taxes levied for:					
General purposes					183,379,325
Operation & maintenance					29,231,370
Transportation					6,938,253
Retirement					7,302,633
Debt service					3,127,253
Personal property replacement taxes					2,382,260
Federal and state aid not restricted to specific purposes					7,216,223
Earnings on investments					726,223
Miscellaneous					2,899,304
					<u>243,202,844</u>
					Change in net position
					<u>14,637,235</u>
Net position - beginning					303,281,466
Prior period adjustment					(110,000)
Net position - beginning, restated					<u>303,171,466</u>
Net position - ending					<u>\$ 317,808,701</u>

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

<u>ASSETS</u>	General	Operations and Maintenance	Transportation	Municipal Retirement/ Social Security
Assets:				
Cash and investments	\$ 165,078,480	\$ 18,021,172	\$ 7,311,935	\$ 3,469,601
Receivables:				
Property taxes	91,953,681	14,634,871	3,443,499	3,658,717
Due from other governments	4,303,699	84,350	1,238,630	-
Accrued interest	196,431	-	-	-
Prepaid items	461,684	-	-	-
TOTAL ASSETS	<u>\$ 261,993,975</u>	<u>\$ 32,740,393</u>	<u>\$ 11,994,064</u>	<u>\$ 7,128,318</u>
<u>LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 10,438,154	\$ 361,552	\$ -	\$ -
Accrued salaries and related expenditures	15,355,688	-	-	-
Total Liabilities	<u>25,793,842</u>	<u>361,552</u>	<u>-</u>	<u>-</u>
Deferred inflows:				
Property taxes levied for subsequent year	93,195,087	14,714,328	3,462,195	3,678,582
Fund Balances:				
Nonspendable				
Prepaid items	461,684	-	-	-
Restricted				
Tort immunity	2,151,683	-	-	-
Facility maintenance	-	17,664,513	-	-
Student transportation	-	-	8,531,869	-
Employee retirement	-	-	-	3,449,736
Debt service	-	-	-	-
Committed				
Employee health plan	12,137,909	-	-	-
Unassigned	128,253,770	-	-	-
Total Fund Balances	<u>143,005,046</u>	<u>17,664,513</u>	<u>8,531,869</u>	<u>3,449,736</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 261,993,975</u>	<u>\$ 32,740,393</u>	<u>\$ 11,994,064</u>	<u>\$ 7,128,318</u>

See accompanying notes to basic financial statements

<u>Debt Service</u>	<u>Fire Prevention and Safety</u>	<u>Total Governmental Funds</u>
\$ 1,259,869	\$ -	\$ 195,141,057
1,553,879	-	115,244,647
179,899	-	5,806,578
-	-	196,431
-	-	461,684
<u>\$ 2,993,647</u>	<u>\$ -</u>	<u>\$ 316,850,397</u>
\$ -	\$ -	\$ 10,799,706
-	-	15,355,688
-	-	26,155,394
<u>1,562,315</u>	<u>-</u>	<u>116,612,507</u>
-	-	461,684
-	-	2,151,683
-	-	17,664,513
-	-	8,531,869
-	-	3,449,736
1,431,332	-	1,431,332
-	-	12,137,909
-	-	128,253,770
<u>1,431,332</u>	<u>-</u>	<u>174,082,496</u>
<u>\$ 2,993,647</u>	<u>\$ -</u>	<u>\$ 316,850,397</u>

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances - governmental funds	\$ 174,082,496
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of the assets is \$432,716,751 and the accumulated depreciation is \$194,947,747.	237,769,004
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and capital leases	(33,325,218)
Compensated absences	(1,218,044)
Net pension liabilities	(41,668,487)
Net other postemployment benefits obligation	(24,149,810)
Deferred inflows and outflows of resources related to pensions are not reported in governmental funds	
Deferred outflows	16,385,209
Deferred inflows	(10,066,449)
Net position of governmental activities	<u>\$ 317,808,701</u>

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Operations and Maintenance	Transportation	Municipal Retirement/ Social Security
REVENUES				
Local sources				
Property taxes	\$ 183,379,325	\$ 29,231,370	\$ 6,938,253	\$ 7,302,633
Corporate replacement tax	2,147,260	-	-	235,000
Charges for services	7,111,021	64,602	445,855	-
Earnings on investments	724,525	1,553	145	-
Other local revenues	2,722,545	1,031,070	-	-
State sources	62,629,401	-	4,636,487	-
Federal sources	6,764,857	-	-	-
Total Revenues	265,478,934	30,328,595	12,020,740	7,537,633
EXPENDITURES				
Current operating:				
Instruction	177,701,696	-	-	2,818,559
Supporting services	62,853,999	19,053,620	9,571,369	4,670,700
Community services	565,741	-	-	52,499
Non-programmed charges	5,539,064	-	-	-
Capital outlay	3,423,949	9,572,464	906,295	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	250,084,449	28,626,084	10,477,664	7,541,758
Excess (deficiency) of revenues over expenditures	15,394,485	1,702,511	1,543,076	(4,125)
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	2,368,990	-	-	-
Transfers in	-	-	-	-
Transfers out	(603,772)	-	-	-
Total other financing sources (uses)	1,765,218	-	-	-
Net change in fund balances	17,159,703	1,702,511	1,543,076	(4,125)
Fund Balances at beginning of year	125,845,343	15,962,002	6,988,793	3,563,861
Restatement	-	-	-	(110,000)
Fund balance at beginning of year, restated	125,845,343	15,962,002	6,988,793	3,453,861
FUND BALANCES AT END OF YEAR	\$ 143,005,046	\$ 17,664,513	\$ 8,531,869	\$ 3,449,736

See accompanying notes to basic financial statements

Debt Service	Fire Prevention and Safety	Total Governmental Funds
\$ 3,127,253	\$ -	\$ 229,978,834
-	-	2,382,260
-	-	7,621,478
-	-	726,223
4,253	-	3,757,868
-	-	67,265,888
375,619	-	7,140,476
<u>3,507,125</u>	<u>-</u>	<u>318,873,027</u>
-	-	180,520,255
-	-	96,149,688
-	-	618,240
-	-	5,539,064
-	1,025,093	14,927,801
2,543,772	-	2,543,772
1,575,412	-	1,575,412
<u>4,119,184</u>	<u>1,025,093</u>	<u>301,874,232</u>
(612,059)	(1,025,093)	16,998,795
-	-	2,368,990
603,772	-	603,772
-	-	(603,772)
<u>603,772</u>	<u>-</u>	<u>2,368,990</u>
(8,287)	(1,025,093)	19,367,785
1,439,619	1,025,093	154,824,711
-	-	(110,000)
<u>1,439,619</u>	<u>1,025,093</u>	<u>154,714,711</u>
<u>\$ 1,431,332</u>	<u>\$ -</u>	<u>\$ 174,082,496</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds **\$ 19,367,785**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 14,988,115	
Depreciation expense	<u>(15,573,389)</u>	(585,274)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Change in compensated absences	(36,319)	
Change in net pension liability	(13,218,361)	
Change in deferred inflows/outflows related to pensions	11,297,742	
Change in other postemployment benefits obligation	<u>(2,363,120)</u>	(4,320,058)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Capital lease proceeds	(2,368,990)	
Repayment of bond and loan principal	<u>2,543,772</u>	174,782

Change in net position of governmental activities **\$ 14,637,235**

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND - ACTIVITY FUND
YEAR ENDED JUNE 30, 2016

Assets:

Cash	<u>\$ 3,068,351</u>
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Liabilities:

Due to organizations	<u>\$ 3,068,351</u>
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See accompanying notes to basic financial statements

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Naperville Community Unit School District No. 203 (the District) is a public school system governed by a seven-member elected board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District.

a. The Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary district 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 governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

b. Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following summarizes the fund types used by the District:

Major Governmental funds include the following fund types:

General Fund - The General Fund, which consists of the legally mandated Educational Account, Tort Immunity Account and Working Cash Account is used to account for the revenues and expenditures, which are used in providing education in the District. It is used to account for all financial resources except those accounted for in other funds. This Fund is used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Educational Account – These accounts are used for most of the instructional and administrative aspects of the District’s operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

Tort Immunity Account – This fund accounts for revenues and expenditures related to tort immunity. Revenue is primarily derived from local property taxes.

Working Cash Account – This fund accounts for financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied. The Working Cash Account was established and has been used to respond to fluctuations in cash flow resulting from unpredictable property tax collections. The earnings of the fund are allowed to be transferred to another fund under the Illinois Compiled Statutes. The principal of the fund, accumulated from bond issues, can be used as a source from which the District borrows money to support temporary deficiencies in other funds, or may be partially or fully transferred to the General Fund and the Special Revenue Funds Operation and Maintenance and Transportation Funds, upon Board approval.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than Debt Service and Capital Projects Funds) that are legally restricted to expenditures for specified purposes. The District's Special Revenue Funds are described as follows:

Operations and Maintenance Fund – These accounts are used for expenditures made for operation, repair and maintenance of District property. Revenue consists primarily of local property taxes.

Transportation Fund – This fund, elected by the District to be reported as major, accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund – This fund, elected by the District to be reported as major, accounts for the District’s portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Debt Service Fund - The Debt Service Fund, elected by the District to be reported as major, 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.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Fire Prevention and Safety Fund - The Fire Prevention and Safety Fund, elected by the District to be reported as major, accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures.

Fiduciary Fund Type

Agency Funds - The Agency Funds (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. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

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

c. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expense of a given function

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary fund reporting focuses on net position and changes in net position. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as a revenue of the current period. All other revenue items are considered to be measurable and available only when the District receives the cash.

Revenues – Exchange and nonexchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements that specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, grants, entitlements and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses / Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

d. Deposits and Investments

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

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

- 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.
- Illinois Funds. (A state sponsored investment pool.)
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

e. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for furniture, equipment, buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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

Assets	Years
Buildings	40-50 years
Building improvements	20 years
Furniture and Equipment	5-20 years
Vehicles	8 years

f. Long-term obligations

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

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

g. Net Position

Government-Wide Statements

Net position is classified and displayed in three components:

1. 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted. Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

h. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. Nonspendable Fund Balance

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.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. Special Education

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. Expenditures exceeded revenue for this purpose, resulting in no restricted fund balance.

2. Tort Immunity

Expenditures and the related revenues are accounted for in the Tort Immunity Account. Revenues exceeded expenditures for this purpose, resulting in a restricted fund balance of \$2,151,683.

3. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the General Fund and various Special Revenue Funds. At June 30, 2016, expenditures exceeded revenue from state and federal grants, resulting in no restricted balances.

4. Social Security

Expenditures and the related revenues of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures for this purpose, resulting in a restricted fund balance of \$932,731. The remaining balance is restricted for Municipal Retirement purposes.

5. Capital Projects Funds

Expenditures and the related revenues are accounted for in the Fire Prevention and Safety Fund. All equity within this fund is restricted for the associated capital expenditures within these funds.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

The District's self-insured health insurance fund represents funds which have been segregated by the District for the purpose of funding these related insurance costs. As of June 30, 2016, \$12,137,909 was committed for this purpose.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

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

F. Expenditures of Fund Balance

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

i. Property Taxes

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The DuPage/Will County Assessor is responsible for the assessment of all taxable real property within DuPage/Will County except for certain railroad property which is assessed directly by the State.

Property taxes are collected by the DuPage/Will County Treasurer who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following year. Substantial collections are received by the District in June and September. For governmental funds, property tax revenue is recognized to the extent of taxes due and collected within the current year or expected to be collected within 60 days of year end to be used to pay liabilities of the current period.

The 2015 property tax levy is recognized as a receivable in fiscal year 2016. The District considers that the first installment of the 2015 levy is to be used to finance operations in fiscal 2016. This

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

District has determined that the second installment of the 2015 levy is to be used to finance operations in fiscal year 2017 and has deferred the corresponding receivable.

j. Personal Property Replacement Taxes

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

k. Other receivables

The District records receivables for items such as special education costs, rent and other amounts due from individuals as other receivables.

l. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2016 are determined on the basis of current salary rates and include salary related payments.

Employees are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. Accrued but unpaid vacation leave at June 30, 2016, was \$1,218,044 which is reported as a long-term liability in the statement of net position. In prior years the accrued vacation liability was due within one year as all employees had until the end of August of the following year to use vacation time or it was lost. Beginning July 1, 2010 the District implemented a new policy which accrues vacation time on a monthly basis and allows employees to carry over a maximum of 1.5 times their allotment of days (Administrators, NESBA, & Non Union) or 26/12 times their allotment of days (NUMA & NTA) in their vacation time bank. As such, the liability is not considered to be due within one year as of June 30, 2016.

All certified employees receive a specified number of sick days per year. Unused sick leave days accumulate to a maximum of 240 days. Upon retirement, a certified employee may apply up to 170 days of unused sick leave toward service credit for TRS.

Education support personnel receive fifteen sick days per year, which accumulate to a maximum of 260 days. The District does not reimburse employees for unused sick days remaining upon retirement of employment.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Due to the nature of the policies on sick leave no liability is provided in the financial statements for accumulated unpaid sick leave.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

o. 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 accounting principles generally accepted in the United States of America. 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.

NOTE 2. CASH AND INVESTMENTS

Deposits and Custodial Credit Risk

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost.

All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

At June 30, 2016 the carrying amount of the District's deposits totaled \$147,254,526 and the bank balances totaled \$148,377,865. Custodial credit risk is the risk that, in the event of a bank failure,

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all deposits in excess of FDIC limits to be held by a third party custodian in the District's name.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an investment pool created and regulated by the Illinois General Assembly. The fair value of the District's investment in ISDLAF+ has been determined using the net asset value (NAV) per share (or its equivalent) of the investments. The NAV of the Liquid Class and MAX Class are determined as of the close of business on each Illinois banking day. The Multi-Class Series invests in high-quality short-term debt instruments (money market instruments), and shares may be redeemed on any Illinois banking day. The Term Series invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year, and shares may be redeemed with seven days' advance notice. There were no known restrictions on redemption of the District's investments as of June 30, 2016.

The following table represents the investments and maturities of the District as of June 30, 2016:

Investment Type	Fair Value	Maturities (in years)				Greater than 10	% of Portfolio	Agency Rating
		Less than 1	1 to 5	6 to 10				
U.S. Agency Securities	\$ 21,886,002	\$ -	\$ 18,132,257	\$ 3,753,745	\$ -	45.7%	AAA	
Municipal Bonds	16,661,538	-	3,672,610	10,753,889	2,235,039	34.8%	A- to AAA	
Negotiable CDs	4,418,101	4,418,101	-	-	-	9.2%	N/A	
ISDLAF+ Liquid	4,120,286	4,120,286	-	-	-	8.6%	AAAm	
ISDLAF+ MAX	800,604	800,604	-	-	-	1.7%	AAAm	
	<u>\$ 47,886,531</u>	<u>\$ 9,338,991</u>	<u>\$ 21,804,867</u>	<u>\$ 14,507,634</u>	<u>\$ 2,235,039</u>	<u>100.0%</u>		

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2016

At year end, the District's cash and investments was comprised of the following:

	Government-wide	Fiduciary	Total
Cash & Investments	\$ 195,141,057	\$ 3,068,351	\$ 198,209,408
	Cash and Investments		
Deposits with financial institutions	\$ 147,254,526		
Other investments	47,886,531		
Total	\$ 195,141,057		

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to sufficiently liquid to enable the District to meet all operating requirements as they come due.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the District to invest in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. State Statutes limit the investments in commercial paper and corporate bonds to the top four ratings of two nationally recognized statistical rating organization (NRSRO's). The District is also authorized to invest in the ISDLAF and the Illinois Funds. The District restricted its investments to only investments described above.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy does not address concentration of credit risk but requires the Chief Investment Officer to use the judgment and care, under circumstances prevailing, "that persons of prudence, discretion and intelligence exercise is the management of their own affairs, not for speculation, but for investment, considering the safety of capital as well as probably income."

Custodial Credit Risk – Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring all investments be held by a third party custodian.

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2016

account balance attributable to each participating fund. Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

NOTE 3. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units is comprised of the following as of June 30, 2016:

	Other	State Aid	Federal Aid	Total
Educational Fund	\$ 349,950	\$ 2,094,073	\$ 1,859,676	\$ 4,303,699
O&M Fund	84,350	-	-	84,350
Transportation Fund	74,888	1,163,742	-	1,238,630
Debt Service Fund	179,899	-	-	179,899
Total	\$ 689,087	\$ 3,257,815	\$ 1,859,676	\$ 5,806,578

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 12,787,618	\$ -	\$ -	\$ 12,787,618
Total capital assets not being depreciated	12,787,618	-	-	12,787,618
Capital assets, being depreciated				
Buildings	291,269,794	-	-	291,269,794
Improvements other than buildings	42,080,679	10,580,039	-	52,660,718
Equipment	71,776,745	4,408,076	186,200	75,998,621
Total capital assets being depreciated	405,127,218	14,988,115	186,200	419,929,133
Accumulated depreciation for:				
Buildings	108,473,488	5,825,396	-	114,298,884
Improvements other than buildings	8,667,107	2,368,535	-	11,035,642
Equipment	62,419,963	7,379,458	186,200	69,613,221
Total accumulated depreciation	179,560,558	15,573,389	186,200	194,947,747
Total capital assets being depreciated, net	225,566,660	(585,274)	-	224,981,386
Total capital assets, net	\$ 238,354,278	\$ (585,274)	\$ -	\$ 237,769,004

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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

<i>Instructional Services:</i>	
Regular programs	\$ 11,033,922
Special programs	466,093
<i>Supporting Services:</i>	
Pupils	341,860
Instructional Staff	432,210
General Administration	287,635
School administration	1,202
Business	374,192
Operations and maintenance of facilities	749,906
Transportation	1,271,267
Central	615,102
	<u><u>\$ 15,573,389</u></u>

NOTE 5. LONG-TERM DEBT

The following is a summary of the components of long-term debt and related transactions of the District for the year ended June 30, 2016:

Long-Term Debt at June 30, 2016 is comprised of the following:

	Balance			Balance	Amount Due
	June 30, 2015	Additions	Reductions	June 30, 2016	in one year
General Obligation Bonds	\$ 33,500,000	\$ -	\$ 1,940,000	\$ 31,560,000	\$ 2,000,000
Capital Leases	-	2,368,990	603,772	1,765,218	580,822
Compensated Absences	1,181,725	1,218,044	1,181,725	1,218,044	1,218,044
Net OPEB Obligation	21,786,690	2,363,120	-	24,149,810	-
Net Pension Liability	28,450,126	13,218,361	-	41,668,487	-
Total Long-Term Debt	<u><u>\$ 84,918,541</u></u>	<u><u>\$ 19,168,515</u></u>	<u><u>\$ 3,725,497</u></u>	<u><u>\$ 100,361,559</u></u>	<u><u>\$ 3,798,866</u></u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2016

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Carrying Amount</u>
Series 2008 General Library Building Bonds Dated May 1, 2008 are due in annual installments through February 1, 2028	3.875% - 4.00%	\$ 10,000,000	\$ 9,500,000
Series 2009 Build America Bonds dated August 26, 2009, are due in annual installments through February 1, 2029	1.50% - 5.00%	\$ 33,000,000	\$ 22,060,000
Total		\$ 43,000,000	\$ 31,560,000

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,000,000	\$ 1,477,712	\$ 3,477,712
2018	2,070,000	1,377,712	3,447,712
2019	2,130,000	1,274,212	3,404,212
2020	2,200,000	1,167,712	3,367,712
2021	2,270,000	1,057,712	3,327,712
2022	2,350,000	944,212	3,294,212
2023	2,430,000	826,712	3,256,712
2024	2,510,000	705,212	3,215,212
2025	2,590,000	579,712	3,169,712
2026	2,720,000	467,200	3,187,200
2027	2,830,000	361,800	3,191,800
2028	2,440,000	248,600	2,688,600
2029	3,020,000	151,000	3,171,000
Total	\$ 31,560,000	\$ 10,639,508	\$ 42,199,508

The District has entered into an agreement to lease computer equipment. The lease calls for annual payments plus interest at 1.30% payable from the Debt Service Fund through transfers from the Educational Account of the General Fund. The lease currently extends into fiscal year 2019. Total assets received under the lease amount to \$2,368,990.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Remaining principal and interest requirements for the lease is as follows:

	Amount
2017	\$ 603,772
2018	603,772
2019	603,772
Total minimum lease payments	1,811,316
Less: amount representing interest	(46,098)
Present value of minimum lease payments	<u>\$ 1,765,218</u>

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including the installment contracts, to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2016, the statutory debt limit for the District was \$574,518,593 providing a debt margin of \$542,458,212 after taking into account amounts available in the Debt Service Fund.

The payments to retire the compensated absences and other postemployment benefits will be provided by future tax levies within the General Fund and Operations and Maintenance Fund. Payments to retire bonds payable will be made from debt service levies in future periods. There is \$1,431,332 of fund equity available in the Debt Service Fund to service outstanding bonds payable.

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

Teachers' Retirement System of the State of Illinois (TRS)

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253,

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

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

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

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

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% 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% 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 District. For the year ended June 30, 2016, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$45,628,282 in pension contributions from the State of Illinois.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2016 were \$737,815, 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 District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, 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% of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$675,119 were paid from the federal and special trust funds that required employer contributions of \$243,448. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5% 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% 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 District paid \$21,051 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

District's proportionate share of the net pension liability	\$ 18,053,011
State's proportionate share of the net pension liability associated with the District	<u>815,650,689</u>
Total	<u>\$ 833,703,700</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 0.02756%, which was an increase of 0.000026 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$45,628,282 and revenue of \$45,628,282 for support provided by the state. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,709	\$ 19,789
Changes in assumptions	249,654	-
Net difference between projected and actual earnings on pension plan investments	357,528	632,156
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>1,329,489</u>	<u>9,614,504</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,943,380</u>	<u>10,266,449</u>
District contributions subsequent to the measurement date	<u>1,002,314</u>	-
Total	<u>\$ 2,945,694</u>	<u>\$ 10,266,449</u>

\$981,263 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ (2,803,976)
2017	(2,803,976)
2018	(2,803,976)
2019	88,859
2020	-
Total	<u>\$ (8,323,069)</u>

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:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Remaining amortization period	30 year, open
Inflation	3.00%
Salary increases	varies by amount of service credit
Investment rate of return	7.50%
Mortality	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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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%
	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.47%. 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, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on pension plan 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
District's proportionate share of the net pension liability	\$ 22,309,095	\$ 18,053,011	\$ 14,562,907

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.

Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

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

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Continued)
June 30, 2016

Plan Membership

As of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	764
Inactive employees entitled to but not yet receiving benefits	1,307
Active employees	<u>1,057</u>
Total	<u><u>3,128</u></u>

Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actual contribution rate for calendar year 2015 was 11.36% of covered payroll. The District contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Remaining amortization period	30 year, open
Inflation	3.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.46%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	An IMRF specific mortality table was used with fully

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table (for non-disabled retirees), RP-2014 Disabled Retirees Mortality Table (for disabled retirees), and RP-2014 Employee Mortality Table (for active employees), 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 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	38.0%	7.60%
International equities	17.0%	7.80%
Fixed income	27.0%	3.00%
Real estate	8.0%	6.15%
Alternative investments	9.0%	5.25-8.50%
Cash	1.0%	2.25%
	<u>100.0%</u>	

Discount Rate

The Single Discount Rate used to measure the total pension liability for IMRF was 7.46%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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 Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 135,858,589	\$ 122,590,776	\$ 13,267,813
Changes for the year:			
Service Cost	3,491,743	-	3,491,743
Interest on the Total Pension Liability	10,052,411	-	10,052,411
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	2,257,306	-	2,257,306
Changes of Assumptions	329,642	-	329,642
Contributions - Employer	-	3,533,292	(3,533,292)
Contributions - Employees	-	1,408,064	(1,408,064)
Net Investment Income	-	609,238	(609,238)
Benefit Payments, including Refunds of Employee Contributions	(6,427,883)	(6,427,883)	-
Other (Net Transfer)	-	232,845	(232,845)
Net Changes	9,703,219	(644,444)	10,347,663
Balances at December 31, 2015	\$ 145,561,808	\$ 121,946,332	\$ 23,615,476

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

The following presents the net pension liabilities of the District, calculated using the discount rate, as well as what the District's net pension liabilities would be if they were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.46%)	Current Discount Rate (7.46%)	1% Increase (8.46%)
Net pension liability (asset)	\$ 41,473,736	\$ 23,615,476	\$ 8,757,620

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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

For the year ended June 30, 2016, the District recognized pension expense of \$8,032,036. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,658,928	\$ -
Changes in assumptions	2,062,030	-
Net difference between projected and actual earnings on pension plan investments	<u>7,804,058</u>	-
Total deferred amounts to be recognized in pension expense in future periods	<u>11,525,016</u>	-
Contributions subsequent to the measurement date	<u>1,914,499</u>	-
Total	<u>\$ 13,439,515</u>	<u>\$ -</u>

\$1,914,499 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 4,985,966
2017	2,799,288
2018	2,032,149
2019	1,707,613
2020	<u>-</u>
Total	<u>\$ 11,525,016</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

NOTE 7. RISK MANAGEMENT

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

The District is self-insured for medical and workers' compensation coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$210,000 per employee for medical and \$450,000 per employee for workers' compensation, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2016, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$4,800,862. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other non-incremental costs to the claims liability. For the two years ended June 30, 2015 and June 30, 2016, changes in the total liability for unpaid medical claims are summarized as follows:

			Current Year		
	Claims Payable		Claims and	Claims	Claims Payable
	Beginning of		Changes in	Payments	End of Year
	Year		Estimates		
Fiscal Year 2016	\$ 4,800,862	\$	32,937,830	\$ 32,816,254	\$ 4,922,438
Fiscal Year 2015	4,366,102		32,539,291	32,104,531	\$ 4,800,862

NOTE 8. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

NOTE 9. JOINT AGREEMENTS

The District is a member of DuPage Area Occupational Education System (DAOES), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing board, this is not included as a component unit of the District. Financial statements for the DAOES may be obtained by writing to 301 S. Swift Road, Addison, IL 60101 or online at <http://www.tcdupage.org/Page/702>.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Teacher Health Insurance Security (THIS)

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

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

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

On Behalf Contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.07% of pay during the year ended June 30, 2016. State of Illinois contributions were \$1,361,141, and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.80% during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$1,017,676 to the THIS Fund, which was 100% of the required contribution.

Further Information on THIS Fund. The publicly available financial report of the THIS Fund

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

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.”

Defined Post-employment Benefit Plan

The District administers a single-employer defined benefit healthcare plan (the “Defined Post-employment Benefit Plan”). The plan provides medical and prescription drug and dental benefits for eligible retirees and their spouses through the District’s self-insured insurance plan or TRS (TRIP), which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive healthcare insurance for a limited period of (5 years for IMRF and 10 years or \$48,000, whichever comes first, for TRS) at established contribution rates. The Defined Post-employment Benefit Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union. The District pays 100% of the premiums (medical and dental) for individuals eligible for health benefits from the Teacher’s Retirement System (TRS). For individuals retiring under IMRF, the District pays 90% of the medical premium for exempt retirees and 85% for non-exempt retirees. Dental premiums are paid 100% by the retiree. The District makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. Administrative costs of the Defined Post-employment Benefit Plan are finance through investment earnings.

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and 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 Defined Post-employment Benefit Plan, and changes in the District’s net OPEB obligation to the Defined Post-employment Benefit Plan:

	FY 2016	FY 2015
Annual Required Contribution	\$ 6,020,193	\$ 5,588,193
Interest on net OPEB obligation	871,468	769,010
Adjustment to annual required contribution	<u>(986,887)</u>	<u>(870,859)</u>
Annual OPEB cost	5,904,774	5,486,344
Contributions made by the District	<u>(3,541,654)</u>	<u>(2,772,378)</u>
Increase in net OPEB obligation	2,363,120	2,713,966
Net OPEB obligation - Beginning of Year	<u>21,786,690</u>	<u>19,072,724</u>
Net OPEB obligation - End of Year	<u>\$ 24,149,810</u>	<u>\$ 21,786,690</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Defined Post-employment Benefits Plan, and the net OPEB obligation for June 30, 2016 is as follows:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2016

Fiscal Year Ended	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation (Asset)
June 30, 2016	\$ 5,904,774	59.98%	\$ 24,149,810
June 30, 2015	5,486,344	50.53%	21,786,690
June 30, 2014	5,503,674	43.33%	19,072,724

The funded status of the Defined Post-employment Benefit Plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (AAL)	\$ 51,425,293
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 51,425,293</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made amount to the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a an initial healthcare cost trend rate of 4.50%, a second year trend rate of 7.50%, and an ultimate rate of 5.50% by fiscal year 2025. The actuarial value of the plan assets are determined using techniques that spread the effects of short-term volatility in the market value of investments over a thirty year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2016 is 30 years.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Notes to Financial Statements (Concluded)
June 30, 2016

NOTE 11. RESTATEMENT

The Municipal Retirement/Social Security Fund and Governmental Activities was restated by (\$110,000) as of July 1, 2015 due to a change in the District's revenue recognition policy related to the accrual of the Corporate Replacement Tax.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST TWO CALENDAR YEARS

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 3,491,743	\$ 3,747,419
Interest	10,052,411	9,067,363
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	2,257,306	642,263
Changes of Assumptions	329,642	6,069,719
Benefit Payments, Including Refunds of Member Contributions	<u>(6,427,883)</u>	<u>(5,385,288)</u>
Net Change in Total Pension Liability	9,703,219	14,141,476
Total Pension Liability - Beginning	<u>135,858,589</u>	<u>121,717,113</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 145,561,808</u></u>	<u><u>\$ 135,858,589</u></u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 3,533,292	\$ 3,397,889
Contributions - Member	1,408,064	1,426,742
Net Investment Income	609,238	7,060,932
Benefit Payments, Including Refunds of Member Contributions	(6,427,883)	(5,385,288)
Administrative Expense	<u>232,845</u>	<u>57,197</u>
Net Change in Plan Fiduciary Net Position	(644,444)	6,557,472
Plan Net Position - Beginning	<u>122,590,776</u>	<u>116,033,304</u>
PLAN NET POSITION - ENDING	<u><u>\$ 121,946,332</u></u>	<u><u>\$ 122,590,776</u></u>
EMPLOYER'S NET PENSION LIABILITY (ASSET)	<u><u>\$ 23,615,476</u></u>	<u><u>\$ 13,267,813</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.78%	90.23%
Covered-Employee Payroll	\$ 31,101,492	\$ 30,486,599
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	75.93%	43.52%

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to fiscal year 2015 is not available.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST TWO FISCAL YEARS

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 3,365,720	\$ 3,397,889	\$ (32,169)	\$ 30,486,599	11.15%
2016	3,615,502	3,615,502	-	31,422,014	11.51%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.00%
Salary increases	4.40% to 16.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to fiscal year 2015 is not available.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.02756%	0.02495%
District's proportionate share of the net pension liability	\$ 18,053,011	\$ 15,182,313
State's proportionate share of the net pension liability associated with the District	<u>815,650,689</u>	<u>765,170,680</u>
Total	<u>\$ 833,703,700</u>	<u>\$ 780,352,993</u>
District's covered-employee payroll	127,884,574	125,915,919
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	14.12%	12.06%
Plan fiduciary net position as a percentage of the total pension liability	41.50%	43.00%

Notes to Schedule

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.

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to fiscal year 2015 is not available.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 965,524	\$ 965,524	\$ -	\$ 125,915,919	0.77%
2016	1,002,314	1,002,314	-	127,884,574	0.78%

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to fiscal year 2015 is not available.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Funding Progress
Other Post Employment Benefits
June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2016	\$ -	\$ 51,425,293	\$ 51,425,293	0.00%	N/A	N/A
6/30/2014	-	46,937,502	46,937,502	0.00%	N/A	N/A
6/30/2013	-	45,700,283	45,700,283	0.00%	N/A	N/A

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members. A valuation was not performed for the year ended June 30, 2015.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	General Fund			Variance Over/Under Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Local sources	\$ 193,849,000	\$ 193,849,000	\$ 196,084,676	\$ 2,235,676
State sources	60,935,000	14,935,000	62,629,401	47,694,401
Federal sources	7,539,000	7,539,000	6,764,857	(774,143)
Total Revenues	262,323,000	216,323,000	265,478,934	49,155,934
EXPENDITURES				
Current operating:				
Instruction	180,614,127	134,614,127	180,276,463	(45,662,336)
Support services	69,439,673	68,702,928	63,703,181	4,999,747
Community services	521,200	521,200	565,741	(44,541)
Non-programmed charges	6,354,600	6,954,600	5,539,064	1,415,536
Provision for contingencies	-	-	-	-
Total Expenditures	256,929,600	210,792,855	250,084,449	(39,291,594)
Excess of revenues over expenditures	5,393,400	5,530,145	15,394,485	9,864,340
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	2,368,990	2,368,990
Transfers out	-	-	(603,772)	(603,772)
Total other financing sources (uses)	-	-	1,765,218	1,765,218
Net change in fund balances	\$ 5,393,400	\$ 5,530,145	17,159,703	\$ 11,629,558
Fund balances at beginning of year			125,845,343	
FUND BALANCES AT END OF YEAR			\$ 143,005,046	

Operations and Maintenance Fund				Transportation Fund		
Original Budget	Final Budget	Actual	Variance Over/Under Final Budget	Original and Final Budget	Actual	Variance Over/Under
\$ 29,400,000	\$ 29,400,000	\$ 30,328,595	\$ 928,595	\$ 7,134,500	\$ 7,384,253	\$ 249,753
-	-	-	-	4,716,500	4,636,487	(80,013)
-	-	-	-	-	-	-
<u>29,400,000</u>	<u>29,400,000</u>	<u>30,328,595</u>	<u>928,595</u>	<u>11,851,000</u>	<u>12,020,740</u>	<u>169,740</u>
-	-	-	-	-	-	-
28,444,200	29,154,522	28,626,084	528,438	11,651,000	10,477,664	1,173,336
-	-	-	-	-	-	-
-	-	-	-	200,000	-	200,000
-	200,000	-	200,000	-	-	-
<u>28,444,200</u>	<u>29,354,522</u>	<u>28,626,084</u>	<u>728,438</u>	<u>11,851,000</u>	<u>10,477,664</u>	<u>1,373,336</u>
955,800	45,478	1,702,511	1,657,033	-	1,543,076	1,543,076
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 955,800</u>	<u>\$ 45,478</u>	<u>1,702,511</u>	<u>\$ 1,657,033</u>	<u>\$ -</u>	<u>1,543,076</u>	<u>\$ 1,543,076</u>
		<u>15,962,002</u>			<u>6,988,793</u>	
		<u>\$ 17,664,513</u>			<u>\$ 8,531,869</u>	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
AND MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016

	Municipal Retirement/Social Security Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 7,556,000	\$ 7,537,633	\$ (18,367)
Total Revenues	<u>7,556,000</u>	<u>7,537,633</u>	<u>(18,367)</u>
EXPENDITURES			
Current operating:			
Instruction	2,594,500	2,818,559	(224,059)
Support services	4,882,300	4,670,700	211,600
Community services	46,200	52,499	(6,299)
Total Expenditures	<u>7,523,000</u>	<u>7,541,758</u>	<u>(18,758)</u>
Net change in fund balance	<u>\$ 33,000</u>	<u>(4,125)</u>	<u>\$ (37,125)</u>
Fund balance at beginning of year		3,563,861	
Restatement		<u>(110,000)</u>	
Fund balance at beginning of year, restated		<u>3,453,861</u>	
FUND BALANCE AT END OF YEAR		<u><u>\$ 3,449,736</u></u>	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Required Supplementary Information

June 30, 2016

Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments.

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

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to October 1 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget, which was not amended, was adopted on June 15, 2015.
5. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. The legal level of budgetary control is at the individual fund level, therefore, actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Required Supplementary Information

June 30, 2016

Excess of Expenditures over Budgets in Individual Funds:

Expenditures exceeded the budgeted amount in the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Debt Service Fund	\$ 3,515,800	\$ 4,119,184	\$ 603,384
IMRF/Social Security Fund	7,523,000	7,541,758	18,758
Fire Prevention and Safety Fund	1,025,000	1,025,093	93

The expenditure variance was sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2016

<u>ASSETS</u>	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total General</u>
Cash and investments	\$ 154,060,395	\$ 8,814,731	\$ 2,203,354	\$ 165,078,480
Receivables:				
Property taxes	90,314,494	885,922	753,265	91,953,681
Due from other governments	4,303,699	-	-	4,303,699
Accrued interest	196,431	-	-	196,431
Prepaid items	461,684	-	-	461,684
TOTAL ASSETS	\$ 249,336,703	\$ 9,700,653	\$ 2,956,619	\$ 261,993,975
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 10,390,573	\$ -	\$ 47,581	\$ 10,438,154
Accrued salaries and related expenditures	15,355,688	-	-	15,355,688
Total Liabilities	25,746,261	-	47,581	25,793,842
Deferred inflows:				
Property taxes levied for subsequent year	91,547,000	890,732	757,355	93,195,087
Fund balances:				
Nonspendable				
Prepaid items	461,684	-	-	461,684
Restricted				
Tort immunity	-	-	2,151,683	2,151,683
Committed				
Employee health plan	12,137,909	-	-	12,137,909
Unassigned	119,443,849	8,809,921	-	128,253,770
Total Fund Balances	132,043,442	8,809,921	2,151,683	143,005,046
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 249,336,703	\$ 9,700,653	\$ 2,956,619	\$ 261,993,975

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Educational	Working Cash	Tort Immunity	Total General
REVENUES				
Local sources	\$ 192,449,101	\$ 1,745,102	\$ 1,890,473	\$ 196,084,676
State sources	62,629,401	-	-	62,629,401
Federal sources	6,764,857	-	-	6,764,857
Total Revenues	261,843,359	1,745,102	1,890,473	265,478,934
EXPENDITURES				
Current operating:				
Instruction	180,276,463	-	-	180,276,463
Support services	62,488,530	-	1,214,651	63,703,181
Community services	565,741	-	-	565,741
Non-programmed charges	5,539,064	-	-	5,539,064
Total Expenditures	248,869,798	-	1,214,651	250,084,449
Excess of revenues over expenditures	12,973,561	1,745,102	675,822	15,394,485
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	2,368,990	-	-	2,368,990
Transfers out	(603,772)	-	-	(603,772)
Total other financing sources (uses)	1,765,218	-	-	1,765,218
Net change in fund balances	14,738,779	1,745,102	675,822	17,159,703
Fund balances at beginning of year	117,304,663	7,064,819	1,475,861	125,845,343
FUND BALANCES AT END OF YEAR	\$ 132,043,442	\$ 8,809,921	\$ 2,151,683	\$ 143,005,046

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 178,224,000	\$ 179,845,313	\$ 1,621,313	\$ 174,668,379
Corporate replacement tax	2,270,000	2,147,260	(122,740)	2,357,659
Other payments in lieu of tax	-	-	-	557,689
Tuition	710,600	983,537	272,937	834,759
Earnings on investments	821,000	724,525	(96,475)	1,085,130
Food services	3,535,600	2,997,781	(537,819)	3,173,936
Pupil activities and textbooks	2,907,200	3,129,703	222,503	2,871,618
Services provided other LEA's	421,000	374,354	(46,646)	178,328
Other	921,600	2,246,628	1,325,028	1,547,654
Total local sources	189,811,000	192,449,101	2,638,101	187,275,152
State sources:				
Unrestricted:				
General state aid	5,905,000	6,359,072	454,072	6,078,550
Restricted:				
Other grants-in-aid	752,000	857,151	105,151	797,314
Special education	7,200,000	7,113,735	(86,265)	7,625,648
Summer school	-	9,633	9,633	9,766
Bilingual education	340,000	519,207	179,207	105,697
Vocational education	170,000	165,498	(4,502)	164,833
Prekindergarten program for at risk stud	450,000	480,055	30,055	433,293
School lunch aid	10,000	6,092	(3,908)	7,678
Driver education	108,000	119,526	11,526	126,759
On behalf payments - State of Illinois	-	46,989,423	46,989,423	42,601,384
Unallocated	-	10,009	10,009	29,043
Total state sources	14,935,000	62,629,401	47,694,401	57,979,965
Federal sources:				
Restricted:				
Title I	750,000	766,393	16,393	867,856
Education for handicapped	4,570,500	4,157,091	(413,409)	5,396,524
School lunch programs	1,152,500	1,046,452	(106,048)	1,157,894
Title II	285,000	272,083	(12,917)	329,892
Title III - Language Instruction Program	187,000	73,611	(113,389)	175,504
Title III - Immigrant Education Program	52,000	31,353	(20,647)	15,895
Medicaid matching/administrative outre	500,000	350,200	(149,800)	370,296
Other	42,000	67,674	25,674	24,992
Total federal sources	7,539,000	6,764,857	(774,143)	8,338,853
Total revenues	\$ 212,285,000	\$ 261,843,359	\$ 49,558,359	\$ 253,593,970

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs:				
Salaries	\$ 64,211,240	\$ 64,655,808	\$ (444,568)	\$ 64,132,449
Employee benefits	18,716,800	17,135,172	1,581,628	18,463,243
On behalf payments	-	46,989,423	(46,989,423)	42,601,384
Purchased services	1,290,740	1,458,737	(167,997)	1,417,995
Supplies and materials	7,280,872	5,565,451	1,715,421	5,711,336
Capital outlay	69,200	2,451,796	(2,382,596)	423,659
Other	12,000	1,691	10,309	5,419
Total	91,580,852	138,258,078	(46,677,226)	132,755,485
Special education programs:				
Salaries	18,412,940	18,247,435	165,505	18,135,662
Employee benefits	5,065,500	5,407,383	(341,883)	4,942,545
Purchased services	89,200	80,786	8,414	152,514
Supplies and materials	692,425	494,216	198,209	491,605
Capital outlay	14,000	3,622	10,378	30,476
Other	20,000	15,214	4,786	10,974
Total	24,294,065	24,248,656	45,409	23,763,776
Vocational programs:				
Salaries	2,791,000	2,635,562	155,438	2,813,143
Employee benefits	787,000	705,987	81,013	754,212
Purchased services	3,000	1,358	1,642	5,784
Supplies and materials	120,200	146,119	(25,919)	117,196
Capital outlay	119,000	95,877	23,123	114,962
Other	1,000	-	1,000	9,913
Total	3,821,200	3,584,903	236,297	3,815,210
Interscholastic programs:				
Salaries	4,283,000	3,309,934	973,066	3,352,401
Employee benefits	720,900	530,999	189,901	515,808
Purchased services	271,100	265,555	5,545	271,439
Supplies and materials	153,410	318,157	(164,747)	170,580
Capital outlay	3,000	23,472	(20,472)	1,446
Other	89,000	127,769	(38,769)	124,243
Total	\$ 5,520,410	\$ 4,575,886	\$ 944,524	\$ 4,435,917

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Summer school:				
Salaries	\$ 1,171,000	\$ 823,576	\$ 347,424	\$ 1,029,672
Employee benefits	44,000	51,559	(7,559)	39,442
Purchased services	30,000	49,527	(19,527)	-
Supplies and materials	70,000	26,592	43,408	44,509
Termination benefits	-	25,042	25,042	-
Total	1,315,000	976,296	338,704	1,113,623
Gifted:				
Salaries	1,953,000	1,944,934	8,066	1,957,325
Employee benefits	504,100	500,109	3,991	508,844
Total	2,457,100	2,445,043	12,057	2,466,169
Bilingual:				
Salaries	4,471,500	4,657,399	(185,899)	4,226,245
Employee benefits	1,138,000	1,518,962	(380,962)	1,132,772
Total	5,609,500	6,176,361	(566,861)	5,359,017
Truant's altern & optional programming				
Salaries	11,000	8,775	2,225	9,726
Employee benefits	5,000	2,465	2,535	2,684
Total	16,000	11,240	4,760	12,410
Total instruction	134,614,127	180,276,463	(45,662,336)	173,721,607
Support services:				
Pupils:				
Attendance and social work:				
Salaries	2,968,920	2,676,628	292,292	2,742,869
Employee benefits	804,700	783,609	21,091	781,769
Purchased services	8,000	-	8,000	-
Supplies and materials	17,475	8,809	8,666	7,373
Total	\$ 3,799,095	\$ 3,469,046	\$ 330,049	\$ 3,532,011

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Guidance services:				
Salaries	\$ 3,023,000	\$ 3,015,135	\$ 7,865	\$ 3,003,620
Employee benefits	779,900	865,621	(85,721)	787,813
Purchased services	10,000	16,525	(6,525)	12,245
Supplies and materials	7,000	6,788	212	6,963
Total	3,819,900	3,904,069	(84,169)	3,810,641
Health services:				
Salaries	3,041,000	2,847,273	193,727	2,797,790
Employee benefits	612,600	716,817	(104,217)	595,454
Purchased services	5,000	-	5,000	16,659
Supplies and materials	30,000	15,378	14,622	32,283
Total	3,688,600	3,579,468	109,132	3,442,186
Psychological services:				
Salaries	2,059,750	2,173,616	(113,866)	1,928,401
Employee benefits	579,000	589,954	(10,954)	544,823
Purchased services	10,000	8,775	1,225	10,000
Supplies and materials	10,000	7,010	2,990	38,785
Total	2,658,750	2,779,355	(120,605)	2,522,009
Speech pathology and audiology services:				
Salaries	3,133,750	3,067,679	66,071	3,008,040
Employee benefits	858,700	836,510	22,190	822,767
Purchased services	50,000	21,528	28,472	43,427
Supplies and materials	10,890	20,837	(9,947)	22,305
Total	4,053,340	3,946,554	106,786	3,896,539
Other support services:				
Salaries	107,000	102,795	4,205	99,707
Employee benefits	40,000	15,843	24,157	15,186
Purchased services	196,000	313,219	(117,219)	134,120
Total	343,000	431,857	(88,857)	249,013
Total pupils	\$ 18,362,685	\$ 18,110,349	\$ 252,336	\$ 17,452,399

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Instructional staff:				
Improvement of instruction services:				
Salaries	\$ 5,547,550	\$ 5,161,609	\$ 385,941	\$ 4,786,190
Employee benefits	1,249,600	1,282,367	(32,767)	1,166,559
Purchased services	400,000	448,313	(48,313)	508,867
Supplies and materials	389,158	93,508	295,650	254,896
Capital outlay	20,000	9,017	10,983	2,138
Other	164,200	160,121	4,079	142,933
Total	7,770,508	7,154,935	615,573	6,861,583
Educational media services:				
Salaries	3,458,000	2,732,468	725,532	3,214,134
Employee benefits	1,068,800	921,182	147,618	982,682
Purchased services	70,000	61,481	8,519	83,401
Supplies and materials	314,485	357,432	(42,947)	809,115
Capital outlay	-	16,284	(16,284)	144,798
Total	4,911,285	4,088,847	822,438	5,234,130
Assessment and testing:				
Salaries	391,000	304,379	86,621	312,647
Employee benefits	107,000	103,943	3,057	88,497
Purchased services	135,550	267,358	(131,808)	255,149
Supplies and materials	107,650	110,438	(2,788)	14,761
Other	3,800	3,433	367	4,258
Total	745,000	789,551	(44,551)	675,312
Total instructional staff	13,426,793	12,033,333	1,393,460	12,771,025
General administration:				
Board of education:				
Salaries	231,000	127,838	103,162	122,583
Employee benefits	31,400	25,830	5,570	25,441
Purchased services	621,000	378,974	242,026	490,022
Supplies and materials	45,800	33,117	12,683	55,270
Other	70,000	67,598	2,402	67,548
Total	\$ 999,200	\$ 633,357	\$ 365,843	\$ 760,864

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Executive administration:				
Salaries	\$ 1,006,355	\$ 1,072,779	\$ (66,424)	\$ 1,083,756
Employee benefits	241,000	228,054	12,946	224,106
Purchased services	147,750	39,537	108,213	36,830
Supplies and materials	93,950	22,618	71,332	25,247
Other	21,845	6,961	14,884	11,876
Total	1,510,900	1,369,949	140,951	1,381,815
Special area administration services:				
Salaries	1,021,300	1,093,887	(72,587)	970,438
Employee benefits	223,200	263,593	(40,393)	237,241
Purchased services	94,500	63,397	31,103	20,017
Supplies and materials	1,000	23,733	(22,733)	35,323
Capital outlay	50,000	9,042	40,958	3,664
Total	1,390,000	1,453,652	(63,652)	1,266,683
Total general administration	3,900,100	3,456,958	443,142	3,409,362
School administration:				
Office of the principal:				
Salaries	8,479,000	7,581,495	897,505	7,415,681
Employee benefits	2,465,600	2,353,532	112,068	2,201,869
Purchased services	75,000	62,866	12,134	74,766
Supplies and materials	11,500	6,566	4,934	11,659
Other	-	12,364	(12,364)	12,889
Total	11,031,100	10,016,823	1,014,277	9,716,864
Other support services school administration:				
Salaries	1,622,200	1,536,931	85,269	1,628,338
Employee benefits	489,900	497,610	(7,710)	488,625
Purchased services	105,000	43,190	61,810	-
Supplies and materials	16,500	8,348	8,152	5,000
Total	2,233,600	2,086,079	147,521	2,121,963
Total school administration	\$ 13,264,700	\$ 12,102,902	\$ 1,161,798	\$ 11,838,827

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Business:				
Director of business support services:				
Salaries	\$ 180,000	\$ 176,321	\$ 3,679	\$ 172,115
Employee benefits	40,000	42,596	(2,596)	41,028
Purchased services	4,800	-	4,800	1,408
Total	224,800	218,917	5,883	214,551
Fiscal services:				
Salaries	737,000	607,037	129,963	590,796
Employee benefits	170,400	149,668	20,732	141,637
Purchased services	104,000	74,515	29,485	70,970
Supplies and materials	6,000	3,841	2,159	5,130
Capital outlay	-	-	-	3,327
Other	2,700	2,285	415	1,904
Total	1,020,100	837,346	182,754	813,764
Operation and maintenance of plant services:				
Purchased services	695,650	661,386	34,264	677,474
Supplies and materials	85,000	595,700	(510,700)	57,732
Capital outlay	123,000	345,615	(222,615)	44,577
Total	903,650	1,602,701	(699,051)	779,783
Pupil transportation services:				
Salaries	13,000	8,374	4,626	11,820
Total	13,000	8,374	4,626	11,820
Food services:				
Salaries	841,000	753,868	87,132	753,231
Employee benefits	164,200	176,647	(12,447)	150,522
Purchased services	4,461,500	3,220,874	1,240,626	3,248,274
Supplies and materials	76,200	43,035	33,165	33,074
Capital outlay	45,000	10,205	34,795	9,654
Other	1,500	1,007	493	1,009
Total	\$ 5,589,400	\$ 4,205,636	\$ 1,383,764	\$ 4,195,764

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Internal services:				
Salaries	\$ 125,000	\$ 145,699	\$ (20,699)	\$ 147,097
Employee benefits	35,000	64,500	(29,500)	51,414
Supplies and materials	-	66,247	(66,247)	80,931
Total	160,000	276,446	(116,446)	279,442
Total business	7,910,950	7,149,420	761,530	6,295,124
Central:				
Planning, R&D, and evaluation:				
Salaries	16,000	16,953	(953)	16,251
Employee benefits	7,000	6,090	910	5,738
Total	23,000	23,043	(43)	21,989
Information services:				
Salaries	108,000	96,622	11,378	90,000
Employee benefits	-	697	(697)	-
Purchased services	89,200	22,148	67,052	64,469
Supplies and materials	8,000	1,804	6,196	4,147
Other	6,000	3,071	2,929	1,996
Total	211,200	124,342	86,858	160,612
Staff services:				
Salaries	1,027,000	887,240	139,760	854,412
Employee benefits	2,199,900	1,815,292	384,608	1,812,623
Purchased services	143,500	86,479	57,021	158,022
Supplies and materials	7,500	3,631	3,869	11,263
Other	5,700	6,257	(557)	4,470
Total	3,383,600	2,798,899	584,701	2,840,790
Data processing services:				
Salaries	2,342,000	2,024,083	317,917	1,961,697
Employee benefits	449,800	391,438	58,362	373,084
Purchased services	436,500	242,696	193,804	259,477
Supplies and materials	2,140,300	1,560,734	579,566	1,678,955
Capital outlay	291,000	459,019	(168,019)	202,511
Other	15,000	19,502	(4,502)	29,248
Total	5,674,600	4,697,472	977,128	4,504,972
Total central	\$ 9,292,400	\$ 7,643,756	\$ 1,648,644	\$ 7,528,363

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
Other support services:				
Salaries	\$ 299,200	\$ 295,853	\$ 3,347	\$ 290,383
Employee benefits	72,000	74,412	(2,412)	529,280
Purchased services	477,600	659,814	(182,214)	490,288
Supplies and materials	7,500	807,345	(799,845)	1,401
Other objects	-	154,388	(154,388)	298,658
Total	856,300	1,991,812	(1,135,512)	1,610,010
Total support services	67,013,928	62,488,530	4,525,398	60,905,110
Community services:				
Salaries	274,500	271,043	3,457	301,494
Employee benefits	79,600	63,789	15,811	49,924
Purchased services	61,300	139,364	(78,064)	99,378
Supplies and materials	98,000	87,517	10,483	80,286
Other	7,800	4,028	3,772	4,214
Total community services	521,200	565,741	(44,541)	535,296
Non-programmed charges:				
Payments for regular programs:				
Other	-	130,335	(130,335)	150,701
Total	-	130,335	(130,335)	150,701
Payments for special education programs:				
Other	6,354,600	5,408,729	945,871	5,586,844
Total	6,354,600	5,408,729	945,871	5,586,844
Provision for contingencies	600,000	-	600,000	-
Total non-programmed charges	6,954,600	5,539,064	1,415,536	5,737,545
Total expenditures	209,103,855	248,869,798	(39,765,943)	240,899,558
Excess of revenues over expenditures	\$ 3,181,145	\$ 12,973,561	\$ 9,792,416	\$ 12,694,412

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	\$ -	\$ 2,368,990	\$ 2,368,990	\$ -
Transfers out	-	(603,772)	(603,772)	-
Total other financing sources (uses)	-	1,765,218	1,765,218	-
Net change in fund balance	<u>\$ 3,181,145</u>	14,738,779	<u>\$ 11,557,634</u>	12,694,412
Fund balance at beginning of year		<u>117,304,663</u>		<u>104,610,251</u>
FUND BALANCE AT END OF YEAR		<u><u>\$ 132,043,442</u></u>		<u><u>\$ 117,304,663</u></u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WORKING CASH ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 1,998,000	\$ 1,745,102	\$ (252,898)	\$ 1,837,783
Earnings on investments	-	-	-	35
Total local sources	<u>1,998,000</u>	<u>1,745,102</u>	<u>(252,898)</u>	<u>1,837,818</u>
Total revenues	<u>1,998,000</u>	<u>1,745,102</u>	<u>(252,898)</u>	<u>1,837,818</u>
Net change in fund balance	<u>\$ 1,998,000</u>	1,745,102	<u>\$ (252,898)</u>	1,837,818
Fund balance at beginning of year		<u>7,064,819</u>		<u>5,227,001</u>
FUND BALANCE AT END OF YEAR		<u>\$ 8,809,921</u>		<u>\$ 7,064,819</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TORT IMMUNITY ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 2,040,000	\$ 1,788,910	\$ (251,090)	\$ 2,029,172
Earnings on investments	-	-	-	491
Other	-	101,563	101,563	110,411
Total local sources	2,040,000	1,890,473	(149,527)	2,140,074
Total revenues	2,040,000	1,890,473	(149,527)	2,140,074
EXPENDITURES				
Current operating:				
Support services:				
Workers compensation insurance:				
Purchased services	954,000	681,094	272,906	1,211,569
Total	954,000	681,094	272,906	1,211,569
Unemployment insurance payments				
Purchased services	175,000	23,082	151,918	39,852
Total	175,000	23,082	151,918	39,852
Insurance payments (regular or self-insurance):				
Purchased services	560,000	510,475	49,525	-
Total	560,000	510,475	49,525	-
Total support services	1,689,000	1,214,651	474,349	1,251,421
Total expenditures	1,689,000	1,214,651	474,349	1,251,421
Net change in fund balance	\$ 351,000	675,822	\$ 324,822	888,653
Fund balance at beginning of year		1,475,861		587,208
FUND BALANCE AT END OF YEAR		\$ 2,151,683		\$ 1,475,861

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 28,933,000	\$ 29,231,370	\$ 298,370	\$ 28,843,638
Pupil activities - fees	62,000	64,602	2,602	63,720
Earnings on investments	5,000	1,553	(3,447)	4,021
Rentals	400,000	442,421	42,421	404,237
Other	-	588,649	588,649	295,535
Total local sources	<u>29,400,000</u>	<u>30,328,595</u>	<u>928,595</u>	<u>29,611,151</u>
Total revenues	<u>29,400,000</u>	<u>30,328,595</u>	<u>928,595</u>	<u>29,611,151</u>
EXPENDITURES				
Current operating:				
Facilities acquisition and construction services:				
Capital outlay	710,320	710,320	-	-
Total	<u>710,320</u>	<u>710,320</u>	<u>-</u>	<u>-</u>
Operations and maintenance of plant services:				
Salaries	9,119,000	8,553,552	565,448	8,327,131
Employee benefits	2,154,000	2,175,771	(21,771)	2,039,971
Purchased services	2,480,152	3,232,890	(752,738)	2,850,703
Supplies and materials	5,593,000	5,090,913	502,087	5,467,581
Capital outlay	9,096,450	8,862,144	234,306	10,384,557
Other	1,600	494	1,106	1,021
Total	<u>28,444,202</u>	<u>27,915,764</u>	<u>528,438</u>	<u>29,070,964</u>
Total support services	<u>29,154,522</u>	<u>28,626,084</u>	<u>528,438</u>	<u>29,070,964</u>
Provision for contingencies	200,000	-	200,000	-
Total expenditures	<u>29,354,522</u>	<u>28,626,084</u>	<u>728,438</u>	<u>29,070,964</u>
Net change in fund balance	<u>\$ 45,478</u>	1,702,511	<u>\$ 1,657,033</u>	540,187
Fund balance at beginning of year		<u>15,962,002</u>		<u>15,421,815</u>
FUND BALANCE AT END OF YEAR		<u>\$ 17,664,513</u>		<u>\$ 15,962,002</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 6,889,000	\$ 6,938,253	\$ 49,253	\$ 6,687,014
Transportation fees from pupils or parents	10,000	9,309	(691)	8,450
Transportation fees from other districts	15,000	34,409	19,409	-
Transportation fees from private sources	70,000	251,621	181,621	34,090
Transportation fees from co-curricular	150,000	150,516	516	187,917
Earnings on investments	500	145	(355)	118
Other	-	-	-	375
Total local sources	7,134,500	7,384,253	249,753	6,917,964
State sources:				
Restricted:				
Transportation aid	4,716,500	4,636,487	(80,013)	4,444,054
Total state sources	4,716,500	4,636,487	(80,013)	4,444,054
Total revenues	11,851,000	12,020,740	169,740	11,362,018
EXPENDITURES				
Current operating:				
Support services:				
Pupil transportation services:				
Salaries	4,098,500	3,782,505	315,995	3,729,863
Employee benefits	1,208,000	1,314,836	(106,836)	1,240,891
Purchased services	3,850,200	3,776,953	73,247	3,433,321
Supplies and materials	1,219,000	696,935	522,065	893,029
Capital outlay	1,275,000	906,295	368,705	1,265,684
Other	300	140	160	130
Total support services	11,651,000	10,477,664	1,173,336	10,562,918
Provision for contingencies	200,000	-	200,000	-
Total expenditures	11,851,000	10,477,664	1,373,336	10,562,918
Net change in fund balance	\$ -	1,543,076	\$ 1,543,076	799,100
Fund balance at beginning of year		6,988,793		6,189,693
FUND BALANCE AT END OF YEAR		\$ 8,531,869		\$ 6,988,793

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 3,416,000	\$ 3,433,675	\$ 17,675	\$ 3,429,513
Social security/Medicare only levy	3,905,000	3,868,958	(36,042)	3,772,156
Replacement taxes	235,000	235,000	-	230,000
Earnings on investments	-	-	-	131
Total local sources	7,556,000	7,537,633	(18,367)	7,431,800
Total revenues	7,556,000	7,537,633	(18,367)	7,431,800
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs	902,100	1,028,823	(126,723)	995,060
Pre kindergarten programs	2,300	79,985	(77,685)	-
Special education programs	1,161,400	1,229,731	(68,331)	1,289,775
Educationally deprived/remedial program	124,900	139,618	(14,718)	139,908
Vocational programs	43,400	43,542	(142)	45,480
Interscholastic programs	127,500	93,399	34,101	93,824
Summer school programs	97,500	46,519	50,981	45,690
Gifted programs	25,200	27,322	(2,122)	26,094
Bilingual programs	109,900	129,498	(19,598)	121,484
Truant's alternative and optional program:	300	122	178	134
Total instruction	2,594,500	2,818,559	(224,059)	2,757,449
Support services:				
Pupils:				
Attendance and social work services	67,500	62,455	5,045	61,134
Guidance services	58,000	60,316	(2,316)	60,845
Health services	318,400	298,634	19,766	312,927
Psychological services	25,600	31,538	(5,938)	26,627
Speech pathology and audiology services	57,500	67,001	(9,501)	64,044
Other	3,200	3,177	23	3,382
Total pupils	530,200	523,121	7,079	528,959
Instructional staff:				
Improvement of instruction services	104,700	101,437	3,263	95,979
Education media	219,700	221,566	(1,866)	231,208
Assessment and testing	39,900	36,903	2,997	37,584
Total instructional staff	\$ 364,300	\$ 359,906	\$ 4,394	\$ 364,771

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
General administration:				
Board of education services	\$ 31,600	\$ 30,237	\$ 1,363	\$ 29,288
Executive administration services	57,000	42,387	14,613	44,417
Special area administration services	48,000	46,056	1,944	47,012
Total general administration	136,600	118,680	17,920	120,717
School administration:				
Office of the principal services	572,200	538,615	33,585	528,968
Other support services	50,700	48,303	2,397	51,182
Total school administration	622,900	586,918	35,982	580,150
Business:				
Director of business support services	3,200	2,462	738	2,421
Fiscal services	130,400	117,664	12,736	114,154
Operation and maintenance of plant services	1,673,700	1,566,085	107,615	1,498,216
Pupil transportation services	686,300	723,239	(36,939)	701,828
Food services	66,200	69,394	(3,194)	70,245
Internal services	32,900	27,018	5,882	27,138
Total business	2,592,700	2,505,862	86,838	2,414,002
Central:				
Planning, R&D, and evaluation services	200	228	(28)	222
Information services	20,100	18,434	1,666	17,233
Staff services	156,800	145,083	11,717	139,086
Data processing services	397,700	358,449	39,251	345,170
Total central	574,800	522,194	52,606	501,711
Other support services	60,800	54,019	6,781	52,633
Total support services	4,882,300	4,670,700	211,600	4,562,943
Community services	46,200	52,499	(6,299)	49,861
Total expenditures	7,523,000	7,541,758	(18,758)	7,370,253
Net change in fund balance	\$ 33,000	(4,125)	\$ (37,125)	61,547
Fund balance at beginning of year		3,563,861		3,502,314
Restatement		(110,000)		-
Fund balance at beginning of year, restated		3,453,861		3,502,314
FUND BALANCE AT END OF YEAR		\$ 3,449,736		\$ 3,563,861

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
REVENUES				
Local sources:				
Property taxes	\$ 3,138,000	\$ 3,127,253	\$ (10,747)	\$ 3,111,861
Earnings on investments	-	-	-	66
Other	-	4,253	4,253	-
Total local sources	3,138,000	3,131,506	(6,494)	3,111,927
Federal sources:				
Unrestricted:				
Bond interest reimbursement	420,000	375,619	(44,381)	400,167
Total federal sources	420,000	375,619	(44,381)	400,167
Total revenues	3,558,000	3,507,125	(50,875)	3,512,094
EXPENDITURES				
Debt service:				
Principal retirement	1,940,000	2,543,772	(603,772)	1,880,000
Interest on bonds	1,574,800	1,574,712	88	1,641,453
Purchased services	1,000	700	300	850
Total expenditures	3,515,800	4,119,184	(603,384)	3,522,303
Excess (deficiency) of revenues over expenditures	42,200	(612,059)	(654,259)	(10,209)
OTHER FINANCING SOURCES				
Transfers in	-	603,772	(603,772)	-
Total other financing sources	-	603,772	(603,772)	-
Net change in fund balance	<u>\$ 42,200</u>	<u>(8,287)</u>	<u>\$ (50,487)</u>	<u>(10,209)</u>
Fund balance at beginning of year		<u>1,439,619</u>		<u>1,449,828</u>
FUND BALANCE AT END OF YEAR		<u><u>\$ 1,431,332</u></u>		<u><u>\$ 1,439,619</u></u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND - FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Final Budget	Actual	Variance Over/Under	
EXPENDITURES				
Facilities acquisition and construction services:				
Capital outlay	\$ 1,025,000	\$ 1,025,093	\$ (93)	\$ -
Total expenditures	1,025,000	1,025,093	(93)	-
Net change in fund balance	<u>\$ (1,025,000)</u>	(1,025,093)	<u>\$ 93</u>	-
Fund balance at beginning of year		<u>1,025,093</u>		<u>1,025,093</u>
FUND BALANCE AT END OF YEAR		<u>\$ -</u>		<u>\$ 1,025,093</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - AGENCY FUND - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash	\$ 2,630,848	\$ 6,005,272	\$ 5,567,769	\$ 3,068,351
Liabilities:				
Due to organizations	\$ 2,630,848	\$ 6,005,272	\$ 5,567,769	\$ 3,068,351

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
FIVE YEAR SUMMARY OF TAX LEVIES AND COLLECTIONS
JUNE 30, 2016

	2015		2014		2013	
Tax Levies and Collections						
Assessed valuation	\$ 4,327,743,513		\$ 4,163,178,209		\$ 4,143,826,550	
Property tax extensions:						
Educational Fund	\$ 150,471,480		\$ 145,723,727		\$ 150,006,148	
Operations and Maintenance Fund	29,428,656		29,000,699		29,006,413	
Debt Service Fund	3,121,888		3,126,547		3,132,733	
Transportation Fund	6,924,390		6,944,181		6,505,434	
Municipal Retirement Fund	3,462,195		3,401,317		3,432,246	
Tort Immunity Fund	1,514,711		2,060,773		2,020,321	
Working Cash	1,781,463		1,706,903		1,989,037	
Special Education Fund	31,143,844		32,156,388		23,290,880	
Social Security Fund	3,894,969		3,838,450		3,811,574	
Total levies extended	\$ 231,743,596		\$ 227,958,985		\$ 223,194,786	
Current year collections	\$ 116,501,691		\$ 113,077,494		\$ 109,543,622	
Subsequent collections	-		114,105,318		113,299,957	
Total collections	\$ 116,501,691		\$ 227,182,812		\$ 222,843,579	
Percentage of extensions collected	50.27%		99.66%		99.84%	
	2015 Rate		2014 Rate		2013 Rate	
	DuPage	Will	DuPage	Will	DuPage	Will
Rates extended by year of levy (per \$100 of assessed valuation):						
Educational	3.4800	3.4458	3.5003	3.5003	3.6200	3.6199
Operations and Maintenance	0.6800	0.6800	0.6966	0.6966	0.7000	0.6999
Debt Service	0.0722	0.0715	0.0751	0.0751	0.0756	0.0756
Transportation	0.1600	0.1600	0.1668	0.1668	0.1570	0.1569
Illinois Municipal Retirement	0.0800	0.0800	0.0817	0.0817	0.0829	0.0821
Tort Immunity	0.0350	0.0350	0.0495	0.0495	0.0488	0.0483
Special Education	0.7165	0.7511	0.7724	0.7724	0.5619	0.5637
Fire Prevention and Life Safety	-	-	-	-	-	-
Working Cash	0.0412	0.0408	0.0410	0.0410	0.0480	0.0480
Social Security	0.0900	0.0900	0.0922	0.0922	0.0920	0.0918
Total rates extended	5.3549	5.3542	5.4756	5.4756	5.3862	5.3862

Source of information: DuPage and Will Counties, Rate and Extension Reports for 2011-2015

2012		2011	
\$	4,584,207,156	\$	4,584,207,156
\$	166,634,619	\$	163,572,332
	28,236,137		29,976,684
	-		313
	6,082,028		5,980,555
	3,364,526		3,230,987
	1,738,338		1,554,773
	-		-
	5,862,039		3,178,312
	3,364,526		3,228,419
\$	215,282,213	\$	210,722,375
\$	102,668,829	\$	106,286,945
	109,610,703		101,076,688
\$	212,279,532	\$	207,363,633
	98.61%		98.41%

2012 Rate		2011 Rate	
DuPage	Will	DuPage	Will
3.8631	3.8631	3.6487	3.5920
0.6546	0.6546	0.5486	0.5430
-	-	-	-
0.1410	0.1410	0.1297	0.1284
0.0780	0.0780	0.0724	0.0716
0.0403	0.0403	0.0350	0.0346
0.1359	0.1359	0.0998	0.0987
-	-	-	-
-	-	-	-
0.0780	0.0780	0.0724	0.0716
4.9909	4.9909	4.6066	4.5399

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
OPERATING COST AND TUITION CHARGE
LAST THREE FISCAL YEARS

Operating Cost Per Pupil	<u>2016</u>	<u>2015</u>	<u>2014</u>
Average Daily Attendance (ADA):	<u>15,574</u>	<u>15,682</u>	<u>15,897</u>
Operating Costs:			
Educational	\$ 201,880,375	\$ 198,298,174	\$ 196,537,960
Operations and Maintenance	28,626,084	29,070,964	33,105,794
Debt Service	4,119,184	3,522,303	4,075,844
Transportation	10,477,664	10,562,918	11,216,966
Municipal Retirement/Social Security	7,541,758	7,370,253	7,562,335
Tort	<u>1,214,651</u>	<u>1,251,421</u>	<u>1,378,409</u>
Subtotal	<u>253,859,716</u>	<u>250,076,033</u>	<u>253,877,308</u>
Less Revenue/Expenditures of Nonregular Programs:			
Transportation fees from other districts	34,409	-	-
Pre-K programs	1,912,333	-	-
Summer school	2,967,749	1,159,313	759,306
Capital outlay	13,902,708	12,631,453	19,694,623
Debt principal retired	2,543,772	1,880,000	2,330,000
Community services	618,240	585,157	550,743
Payments to other districts & governmental units	<u>5,539,064</u>	<u>5,737,545</u>	<u>6,029,252</u>
Subtotal	<u>27,518,275</u>	<u>21,993,468</u>	<u>29,363,924</u>
Operating costs	<u>\$ 226,341,441</u>	<u>\$ 228,082,565</u>	<u>\$ 224,513,384</u>
Operating Cost Per Pupil - Based on ADA	<u>\$ 14,533</u>	<u>\$ 14,544</u>	<u>\$ 14,123</u>
Tuition Charge			
Operating Costs	226,341,441	228,082,565	224,513,384
Less - revenues from specific programs, such as special education or lunch programs	<u>25,812,532</u>	<u>28,013,896</u>	<u>27,002,949</u>
Net operating costs	200,528,909	200,068,669	197,510,435
Depreciation allowance	<u>15,573,389</u>	<u>14,788,865</u>	<u>13,855,236</u>
Allowable Tuition Costs	<u>\$ 216,102,298</u>	<u>\$ 214,857,534</u>	<u>\$ 211,365,671</u>
Tuition Charge Per Pupil - Based on ADA	<u>\$ 13,876</u>	<u>\$ 13,701</u>	<u>\$ 13,296</u>

Source of information: Annual Financial Report

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
2008 GENERAL OBLIGATION BONDS
JUNE 30, 2016

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	\$ -	\$ 374,712	\$ 374,712
2018	-	374,712	374,712
2019	-	374,712	374,712
2020	-	374,712	374,712
2021	-	374,712	374,712
2022	-	374,712	374,712
2023	-	374,712	374,712
2024	-	374,712	374,712
2025	1,510,000	374,712	1,884,712
2026	2,720,000	316,200	3,036,200
2027	2,830,000	210,800	3,040,800
2028	2,440,000	97,600	2,537,600
Total	\$ 9,500,000	\$ 3,997,008	\$ 13,497,008

Paying Agent: Bond Trust Services Corporation, Minnesota

Principal payment date: February

Interest payment dates: February and August

Interest rates: 3.875% - 4.000%

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
2009 GENERAL OBLIGATION BONDS
JUNE 30, 2016

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	\$ 2,000,000	\$ 1,103,000	\$ 3,103,000
2018	2,070,000	1,003,000	3,073,000
2019	2,130,000	899,500	3,029,500
2020	2,200,000	793,000	2,993,000
2021	2,270,000	683,000	2,953,000
2022	2,350,000	569,500	2,919,500
2023	2,430,000	452,000	2,882,000
2024	2,510,000	330,500	2,840,500
2025	1,080,000	205,000	1,285,000
2026	-	151,000	151,000
2027	-	151,000	151,000
2028	-	151,000	151,000
2029	3,020,000	151,000	3,171,000
Total	\$ 22,060,000	\$ 6,642,500	\$ 28,702,500

Paying Agent:

Bond Trust Services Corporation, Minnesota

Principal payment date:

February 1

Interest payment dates:

February 1 and August 1

Interest rates:

1.50% to 5.00%

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
EMPLOYEE HEALTH BENEFIT PLAN RESERVE
SCHEDULE OF ASSETS AND CHANGES IN FUND BALANCE
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 17,052,347	\$ 16,565,600
Other assets	8,000	-
Total assets	<u>\$ 17,060,347</u>	<u>\$ 16,565,600</u>
Liabilities and fund balance		
Accrued claims outstanding	<u>\$ 4,922,438</u>	<u>\$ 4,800,862</u>
Total liabilities	<u>4,922,438</u>	<u>4,800,862</u>
Fund balances		
Increases during the year		
Contributions	<u>32,731,789</u>	<u>30,422,355</u>
Total increases during the year	<u>32,731,789</u>	<u>30,422,355</u>
Decreases during the year		
Employer benefit claims, premiums and other services	<u>32,358,618</u>	<u>31,485,995</u>
Total decreases during the year	<u>32,358,618</u>	<u>31,485,995</u>
Net increase (decrease) during the year	373,171	(1,063,640)
Beginning fund balance	<u>11,764,738</u>	<u>12,828,378</u>
Ending fund balance	<u>12,137,909</u>	<u>11,764,738</u>
Total liabilities and fund balance	<u>\$ 17,060,347</u>	<u>\$ 16,565,600</u>

Description of reserve:

This reserve was established in fiscal year 1982 to account for amounts reserved to pay employee health benefit plan claims for medical, dental, and vision expense reimbursements. The reserve is funded based upon actuarial assumptions of future claims to be paid. Premiums for minimum insurance coverage (the insurance carrier pays all claims over a maximum limit) are paid from this fund. The Board of Education may elect to reduce the level of contributions into the reserve in order to maintain the fund at a specified limit. If claims exceed the fund balance, the General Fund is obligated to pay the additional claims.

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