

Gorenz and Associates, Ltd.
Certified Public Accountants

Thomas R. Pepper, CPA
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Communication with Those Charged with Governance

To the Board of Education
Geneseo Community Unit School District No. 228
Geneseo, Illinois

We have audited the basic financial statements (regulatory basis) of Geneseo Community Unit School District No. 228 for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 23, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Geneseo Community Unit School District No. 228 are described in Note #1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The District prepares their financial statements using the cash basis of accounting, and while some estimates are used to prepare the notes to financial statements, there are no estimates that we believe would cause a significant variance in the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of Retirement Commitments in Note #6 to the financial statements due to the current unfunded future liability of the retirement plans.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the basis of accounting as described in Note #1 of the financial statements, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Board of Education and management of Geneseo Community Unit School District No. 228 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gorenz and Associates, Ltd.

Peoria, Illinois
September 22, 2016

Geneseo Community Unit School District No. 228

Geneseo, Illinois

*Annual Financial Report
and other Financial Information*

June 30, 2016

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228

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GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228

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Independent Auditor's Report

To the Board of Education
Geneseo Community Unit School District No. 228
Geneseo, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Geneseo Community Unit School District No. 228 as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Geneseo Community Unit School District No. 228's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed and permitted by the Illinois State Board of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note #1 of the financial statements, the financial statements are prepared by Geneseo Community Unit School District No. 228 on the basis of the financial reporting provisions prescribed by the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the audit requirements of the State of Illinois.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note #1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Geneseo Community Unit School District No. 228 as of June 30, 2016, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of Geneseo Community Unit School District No. 228 as of June 30, 2016, and its revenue received and expenditures disbursed during the fiscal year then ended and the respective budgetary comparison statements, in accordance with the financial reporting provisions prescribed by the Illinois State Board of Education and described in Note #1.

Other Reporting Responsibilities***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Geneseo Community Unit School District No. 228’s basic financial statements. The schedules listed in the table of contents as “Supplemental Information” are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Geneseo Community Unit School District No. 228. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Supplemental Information and the schedule of expenditures of federal awards 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 “Supplemental Information” and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The 2015 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures applied by us and our report dated October 6, 2015 expressed an unqualified opinion that such information was fairly stated in all material respects in relation to the 2015 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016, on our consideration of Geneseo Community Unit School District No. 228 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 testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Geneseo Community Unit School District No. 228’s internal control over financial reporting and compliance.

Goerenz and Associates, Ltd.

Peoria, Illinois
September 22, 2016

Gorenz and Associates, Ltd.

Certified Public Accountants

Thomas R. Peffer, CPA
Stephanie K. Ramsay, CPA

Tim C. Custis, CPA
Russell J. Rumbold II, CPA

Geneseo Community Unit School District No. 228
**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Education
Geneseo Community Unit School District No. 228
Geneseo, Illinois

Report on Internal Control and Compliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Geneseo Community Unit School District No. 228 as of and for the year ended June 30, 2016 and the related notes to the financial statements which collectively comprise Geneseo Community Unit School District No. 228's basic financial statements, and have issued our report thereon dated September 22, 2016. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Geneseo Community Unit School District No. 228's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Geneseo Community Unit School District No. 228's internal control. Accordingly we do not express an opinion on the effectiveness of Geneseo Community Unit School District No. 228's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Geneseo Community Unit School District No. 228's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gorenz and Associates, Ltd.

Peoria, Illinois
September 22, 2016

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**Independent Auditor's Report on Compliance
For Each Major Program and on
Internal Control Over Compliance Required by
The Uniform Guidance**

To the Board of Education
Geneseo Community Unit School District No. 228
Geneseo, Illinois

Report on Compliance for Each Major Federal Program

We have audited Geneseo Community Unit School District No. 228's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Geneseo Community Unit School District No. 228's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Geneseo Community Unit School District No. 228's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Geneseo Community Unit School District No. 228's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Geneseo Community Unit School District No. 228's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Geneseo Community Unit School District No. 228 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Geneseo Community Unit School District No. 228 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Geneseo Community Unit School District No. 228's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Geneseo Community Unit School District No. 228's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

Gerenz and Associates, Ltd.

Peoria, Illinois
September 22, 2016

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF ASSETS AND LIABILITIES
 ARISING FROM CASH TRANSACTIONS
JUNE 30, 2016

	Commercial Paper	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Trust and Agency Funds	Account Groups		Total (Memorandum Only)
											General Fixed Assets	General Long Term Debt	
<u>Assets</u>													
<u>Current Assets</u>													
Cash and Cash Equivalents	4,590,300	2,753,095	3,468,172	1,539,380	735,825	27,601,534	2,801,818	569,584	7,868,505	3,045,374			54,973,587
Investments										113,642			113,642
<u>Capital Assets</u>													
Land											542,305		542,305
Buildings & Building Improvements											26,947,352		26,947,352
Site Improvements & Infrastructure											587,130		587,130
Capitalized Equipment											2,657,734		2,657,734
Amounts Available in Debt Service Funds												3,468,172	3,468,172
Amounts to be Provided for Payment of Debt												34,710,155	34,710,155
Total Assets	4,590,300	2,753,095	3,468,172	1,539,380	735,825	27,601,534	2,801,818	569,584	7,868,505	3,159,016	30,734,521	38,178,327	124,000,077
<u>Liabilities and Fund Balances</u>													
<u>Liabilities:</u>													
Due to Organizations										307,536			307,536
Long Term Debt Payable												38,178,327	38,178,327
Total Liabilities	0	0	0	0	0	0	0	0	0	307,536	0	38,178,327	38,485,863
<u>Fund Balances:</u>													
Reserved	256,057				281,196	1,298,826				2,851,480			4,687,559
Unreserved	4,334,243	2,753,095	3,468,172	1,539,380	454,629	26,302,708	2,801,818	569,584	7,868,505		30,734,521		50,092,134
Investments in General Fixed Assets													30,734,521
Total Fund Balances	4,590,300	2,753,095	3,468,172	1,539,380	735,825	27,601,534	2,801,818	569,584	7,868,505	2,851,480	30,734,521	0	85,514,214
Total Liabilities and Fund Balances	4,590,300	2,753,095	3,468,172	1,539,380	735,825	27,601,534	2,801,818	569,584	7,868,505	3,159,016	30,734,521	38,178,327	124,000,077

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
 OTHER SOURCES (USES) AND CHANGES IN FUND BALANCES (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts:										
Local Sources	10,329,727	1,757,947	2,260,903	702,959	853,505	981,965	86,774	520,360	98,541	17,592,681
State Sources	5,064,369			954,790				39,816		6,058,975
Federal Sources	842,801									842,801
Total Direct Receipts	16,236,897	1,757,947	2,260,903	1,657,749	853,505	981,965	86,774	560,176	98,541	24,494,457
Receipts for On-Behalf Payments	3,748,880									3,748,880
Total Receipts	19,985,777	1,757,947	2,260,903	1,657,749	853,505	981,965	86,774	560,176	98,541	28,243,337
Disbursements:										
Instruction	10,451,819				160,308					10,612,127
Support Services	5,169,951	1,919,378		1,856,508	399,387	1,824,211		485,312	364,030	12,018,777
Community Services	128,296				13,085					141,381
Payments to Other Governmental Units	1,098,468				33,920					1,132,388
Debt Services			2,066,600							2,066,600
Total Direct Disbursements	16,848,534	1,919,378	2,066,600	1,856,508	606,700	1,824,211	0	485,312	364,030	25,971,273
Disbursements for On-Behalf Payments	3,748,880									3,748,880
Total Disbursements	20,597,414	1,919,378	2,066,600	1,856,508	606,700	1,824,211	0	485,312	364,030	29,720,153
Excess of Direct Receipts Over (Under) Direct Disbursements	(611,637)	(161,431)	194,303	(198,759)	246,805	(842,246)	86,774	74,864	(265,489)	(1,476,816)
Other Sources of Funds:										
Permanent Transfers - Abolishment or Abatement of the Working Cash Fund	1,000,000									1,000,000
Sale of Bonds										
Principal on Bonds Sold			826,228			26,337,099	2,000,000		7,585,000	36,748,327
Premium on Bonds Sold						1,751,843	363			1,752,206
Sale of Fixed Assets		295,826								295,826
Other Sources			798,668							798,668
Other (Uses) of Funds:										
Permanent Transfers - Abolishment of Abatement of the Working Cash Fund							(1,000,000)			(1,000,000)
Other Uses						(798,668)				(798,668)
Total Other Sources and (Uses) of Funds	1,000,000	295,826	1,624,896	0	0	27,290,274	1,000,363	0	7,585,000	38,796,359
Excess of Receipts and Other Sources of Funds Over (Under) Disbursements and Other Uses of Funds	388,363	134,395	1,819,199	(198,759)	246,805	26,448,028	1,087,137	74,864	7,319,511	37,319,543
Fund Balances - July 1, 2015	4,201,937	2,618,700	1,648,973	1,738,139	489,020	1,153,506	1,714,681	494,720	548,994	14,608,670
Fund Balances - June 30, 2016	4,590,300	2,753,095	3,468,172	1,539,380	735,825	27,601,534	2,801,818	569,584	7,868,505	51,928,213

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF REVENUES RECEIVED (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts From Local Sources:										
Ad Valorem Taxes Levied By Local Education Agency:										
Designated Purposes Levies	8,175,962	1,739,566	2,251,658	695,827	391,535		78,626	519,032	78,404	13,930,610
Leasing Levy	4,974									4,974
Special Education Levy	139,165									139,165
Social Security/Medicare Levy					429,290					429,290
Payments in Lieu of Taxes:										
Local Housing Authorities	547	132	1	51	368		12	52	96	1,259
Corporate Personal Property Replacement Taxes	436,830				27,769					464,599
Tuition:										
Summer School - Tuition From Pupils or Parents (In State)	7,337									7,337
Transportation Fees:										
Regular - Transp. Fees From Pupils or Parents (In State)				1,131						1,131
Interest on Investments	11,361	8,825	9,244	5,950	1,901	39,274	8,136	1,276	20,041	106,008
Food Services:										
Sales to Pupils - Lunch	725,481									725,481
Sales to Pupils - Other	32,996									32,996
Other Food Services	498									498
District/School Activity Income:										
Admissions - Athletic	70,072									70,072
Fees	2,296									2,296
Book Store Sales	925									925
Other Pupil Activity Revenue	133,234									133,234
Textbook Income:										
Rentals - Regular Textbooks	183,408									183,408
Sales - Other	539									539
Other Receipts from Local Sources:										
Rentals		8,620								8,620
Contributions from Private Sources	147,285									147,285
Services Provided Other LEAs	2,898									2,898
Refund of Prior Years' Expenditures	36,255	780			2,642					39,677
Drivers' Education Fees	19,567									19,567
School Facility Occupation Tax Proceeds						942,691				942,691
Payments from Other LEAs	8,353									8,353
Sale of Vocational Projects	186,687									186,687
Other Local Revenue	3,057	24								3,081
Total Receipts from Local Sources	10,329,727	1,757,947	2,260,903	702,959	853,505	981,965	86,774	520,360	98,541	17,592,681

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF REVENUES RECEIVED (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts From State Sources:										
Unrestricted Grants-in-Aid:										
General State Aid - Sec. 18-8.05	4,355,072									4,355,072
Restricted Grants-in-Aid:										
Special Education:										
Private Facilities Tuition	4,057									4,057
Extraordinary	307,379									307,379
Personnel	164,520									164,520
Orphanage - Individual	20,168									20,168
Career and Technical Education (CTE):										
CTE - Secondary Program Improvement (CTEI)	47,843									47,843
CTE - Agriculture Education	1,368									1,368
State Free Lunch and Breakfast	2,366									2,366
Driver Education	37,033									37,033
Transportation:										
Transportation - Regular / Vocational				781,852						781,852
Transportation - Special Education				172,938						172,938
Early Childhood - Block Grant	120,035									120,035
Other Restricted Revenues from State Funds	4,528							39,816		44,344
Total Receipts from State Sources	5,064,369	0	0	954,790	0	0	0	39,816	0	6,058,975
Receipts From Federal Sources:										
Restricted Grants-in-Aid Received Directly from the Federal Government Through the State:										
Food Service										
National School Lunch Program	305,875									305,875
School Breakfast Program	68,262									68,262
Title I:										
Low Income	189,965									189,965
Federal - Special Education:										
I.D.E.A.-Flow Through	49,708									49,708
I.D.E.A.-Room & Board	120,700									120,700
Title II - Teacher Quality	36,264									36,264
Medicaid Matching - Administrative Outreach	15,881									15,881
Medicaid Matching - Fee for Service Program	25,176									25,176
Other Federal	30,970									30,970
Total Receipts from Federal Sources	842,801	0	0	0	0	0	0	0	0	842,801
Total Direct Receipts	16,236,897	1,757,947	2,260,903	1,657,749	853,505	981,965	86,774	560,176	98,541	24,494,457

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Salaries	6,697,383	6,877,975	180,592
Employee Benefits	1,084,937	1,229,318	144,381
Purchased Services	50,722	72,170	21,448
Supplies and Materials	224,041	506,018	281,977
Other Objects	600	0	(600)
Total Regular Programs	<u>8,057,683</u>	<u>8,685,481</u>	<u>627,798</u>
Pre-K Programs:			
Salaries	67,119	67,250	131
Employee Benefits	5,607	6,006	399
Supplies and Materials	176	200	24
Total Pre-K Programs	<u>72,902</u>	<u>73,456</u>	<u>554</u>
Special Education Programs:			
Salaries	739,124	800,200	61,076
Employee Benefits	127,888	133,555	5,667
Purchased Services	181	4,375	4,194
Supplies and Materials	2,363	11,950	9,587
Other Objects	1,184	128,800	127,616
Total Special Education Programs	<u>870,740</u>	<u>1,078,880</u>	<u>208,140</u>
Remedial and Supplemental Programs K-12:			
Salaries	102,777	71,585	(31,192)
Employee Benefits	16,437	4,019	(12,418)
Supplies and Materials	950	15,000	14,050
Total Remedial and Supplemental Programs K-12	<u>120,164</u>	<u>90,604</u>	<u>(29,560)</u>
CTE Programs:			
Salaries	236,242	240,785	4,543
Employee Benefits	34,196	52,490	18,294
Purchased Services	3,506	23,725	20,219
Supplies and Materials	46,571	50,500	3,929
Capital Outlay	199	1,800	1,601
Total CTE Programs	<u>320,714</u>	<u>369,300</u>	<u>48,586</u>
Interscholastic Programs:			
Salaries	435,390	417,450	(17,940)
Employee Benefits	32,150	32,378	228
Purchased Services	162,432	156,025	(6,407)
Supplies and Materials	58,104	67,700	9,596
Other Objects	6,560	6,900	340
Total Interscholastic Programs	<u>694,636</u>	<u>680,453</u>	<u>(14,183)</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Summer School Programs:			
Salaries	5,633	6,700	1,067
Employee Benefits	133	73	(60)
Supplies and Materials	1,113	1,000	(113)
Total Summer School Programs	<u>6,879</u>	<u>7,773</u>	<u>894</u>
Gifted Programs:			
Salaries	0	975	975
Employee Benefits	0	13	13
Supplies and Materials	750	3,500	2,750
Total Gifted Programs	<u>750</u>	<u>4,488</u>	<u>3,738</u>
Driver's Education Programs:			
Salaries	122,447	127,200	4,753
Employee Benefits	14,710	22,610	7,900
Purchased Services	3,825	3,500	(325)
Supplies and Materials	3,141	5,000	1,859
Total Drivers Education Programs	<u>144,123</u>	<u>158,310</u>	<u>14,187</u>
Special Education Programs K-12 - Private Tuition	<u>163,228</u>	<u>130,000</u>	<u>(33,228)</u>
Total Instruction	<u>10,451,819</u>	<u>11,278,745</u>	<u>826,926</u>
Supporting Services:			
Support Services - Pupils:			
Attendance and Social Work Services:			
Salaries	143,942	138,000	(5,942)
Employee Benefits	30,546	37,996	7,450
Purchased Services	0	360	360
Supplies and Materials	0	100	100
Total Attendance and Social Work Services	<u>174,488</u>	<u>176,456</u>	<u>1,968</u>
Guidance Services:			
Salaries	310,956	341,150	30,194
Employee Benefits	46,190	53,780	7,590
Purchased Services	721	1,000	279
Supplies and Materials	813	800	(13)
Total Guidance Services	<u>358,680</u>	<u>396,730</u>	<u>38,050</u>
Health Services:			
Salaries	106,845	119,000	12,155
Employee Benefits	21,797	5,266	(16,531)
Purchased Services	920	3,125	2,205
Supplies and Materials	4,176	4,500	324
Total Health Services	<u>133,738</u>	<u>131,891</u>	<u>(1,847)</u>
Total Support Services-Pupils	<u>666,906</u>	<u>705,077</u>	<u>38,171</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016.

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Support Services-Instructional Staff:			
Improvement of Instruction Services:			
Salaries	71,932	61,135	(10,797)
Employee Benefits	17,750	5,005	(12,745)
Purchased Services	113,287	249,130	135,843
Supplies and Materials	4,601	53,000	48,399
Total Improvement of Instructional Services	<u>207,570</u>	<u>368,270</u>	<u>160,700</u>
Educational Media Services:			
Salaries	449,912	442,050	(7,862)
Employee Benefits	62,094	57,052	(5,042)
Purchased Services	22,725	19,785	(2,940)
Supplies and Materials	204,121	233,500	29,379
Capital Outlay	204,727	50,000	(154,727)
Non-Capitalized Equipment	11,402	400,000	388,598
Total Educational Media Services	<u>954,981</u>	<u>1,202,387</u>	<u>247,406</u>
Total Support Services-Instructional Staff	<u>1,162,551</u>	<u>1,570,657</u>	<u>408,106</u>
Support Services-General Administration:			
Board of Education Services:			
Salaries	2,200	2,200	0
Purchased Services	105,670	159,150	53,480
Supplies and Materials	5,993	5,000	(993)
Other Objects	561	7,000	6,439
Total Board of Education Services	<u>114,424</u>	<u>173,350</u>	<u>58,926</u>
Executive Administration Services:			
Salaries	194,365	179,700	(14,665)
Employee Benefits	20,940	37,950	17,010
Purchased Services	5,713	4,000	(1,713)
Supplies and Materials	3,288	2,800	(488)
Other Objects	10,054	2,500	(7,554)
Total Executive Administration Services	<u>234,360</u>	<u>226,950</u>	<u>(7,410)</u>
Total Support Services-General Administration	<u>348,784</u>	<u>400,300</u>	<u>51,516</u>
Support Services-School Administration:			
Office of the Principal Services:			
Salaries	1,002,178	991,400	(10,778)
Employee Benefits	246,489	254,592	8,103
Purchased Services	19,729	25,175	5,446
Supplies and Materials	10,963	11,250	287
Other Objects	2,899	5,300	2,401
Total Office of the Principal Service	<u>1,282,258</u>	<u>1,287,717</u>	<u>5,459</u>
Total Support Services-School Administration	<u>1,282,258</u>	<u>1,287,717</u>	<u>5,459</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Support Services-Business:			
Fiscal Services:			
Salaries	255,762	249,500	(6,262)
Employee Benefits	36,010	37,625	1,615
Purchased Services	86,044	85,050	(994)
Supplies and Materials	15,626	17,000	1,374
Other Objects	1,248	1,500	252
Total Fiscal Services	<u>394,690</u>	<u>390,675</u>	<u>(4,015)</u>
Pupil Transportation Services:			
Purchased Services	<u>60,557</u>	<u>62,000</u>	<u>1,443</u>
Food Services:			
Salaries	442,458	451,600	9,142
Employee Benefits	50,177	32,791	(17,386)
Purchased Services	17,251	20,320	3,069
Supplies and Materials	544,593	573,200	28,607
Capital Outlay	0	35,000	35,000
Other Objects	4,722	3,400	(1,322)
Non-Capitalized Equipment	2,648	8,000	5,352
Total Food Services	<u>1,061,849</u>	<u>1,124,311</u>	<u>62,462</u>
Total Support Services-Business	<u>1,517,096</u>	<u>1,576,986</u>	<u>59,890</u>
Support Services-Central:			
Information Services:			
Salaries	1,096	18,000	16,904
Employee Benefits	6	66	60
Purchased Services	20,694	25,000	4,306
Supplies and Materials	0	500	500
Total Information Services	<u>21,796</u>	<u>43,566</u>	<u>21,770</u>
Data Processing Services:			
Purchased Services	44,887	45,000	113
Supplies and Materials	3,762	3,500	(262)
Total Data Processing Services	<u>48,649</u>	<u>48,500</u>	<u>(149)</u>
Total Support Service-Central	<u>70,445</u>	<u>92,066</u>	<u>21,621</u>
Other Support Services:			
Salaries	109,893	148,350	38,457
Employee Benefits	3,913	3,900	(13)
Purchased Services	318	10,000	9,682
Supplies and Materials	7,787	29,900	22,113
Total Other Supporting Services	<u>121,911</u>	<u>192,150</u>	<u>70,239</u>
Total Supporting Services	<u>5,169,951</u>	<u>5,824,953</u>	<u>655,002</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Community Services:			
Salaries	100,695	178,000	77,305
Employee Benefits	14,707	14,516	(191)
Purchased Services	3,907	2,900	(1,007)
Supplies and Materials	8,987	6,900	(2,087)
Total Community Services	<u>128,296</u>	<u>202,316</u>	<u>74,020</u>
Payments to Other Governmental Units			
(In-State):			
Payments for Special Education Programs:			
Other Objects	49,708	0	(49,708)
Total Payments for Spec. Ed. Programs	<u>49,708</u>	<u>0</u>	<u>(49,708)</u>
Other Payments to Governmental Units:			
Other Objects	7,096	5,000	(2,096)
Total Other Payments to Governmental Units	<u>7,096</u>	<u>5,000</u>	<u>(2,096)</u>
Total Payments to Other Governmental Units (In-State)	<u>56,804</u>	<u>5,000</u>	<u>(51,804)</u>
Payments to Other Governmental Units - Tuition (In-State):			
Regular Programs - Tuition	0	7,500	7,500
Special Education Programs - Tuition	1,041,664	950,000	(91,664)
Total Payments to Other Governmental Units - Tuition (In-State)	<u>1,041,664</u>	<u>957,500</u>	<u>(84,164)</u>
Total Payments to Other Governmental Units	<u>1,098,468</u>	<u>962,500</u>	<u>(135,968)</u>
Total Direct Disbursements	<u><u>16,848,534</u></u>	<u><u>18,268,514</u></u>	<u><u>1,419,980</u></u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Supporting Services:			
Support Services-Business:			
Facilities Acquisition and Construction Services:			
Salaries	3,401	0	(3,401)
Purchased Services	0	85,000	85,000
Total Facilities Acquisition and Construction Services:	<u>3,401</u>	<u>85,000</u>	<u>81,599</u>
Operation and Maintenance of Plant Services:			
Salaries	835,503	850,500	14,997
Employee Benefits	120,231	107,595	(12,636)
Purchased Services	258,480	316,000	57,520
Supplies and Materials	600,684	833,900	233,216
Capital Outlay	67,476	101,500	34,024
Non-Capitalized Equipment	33,603	35,000	1,397
Total Operation and Maintenance of Plant Services	<u>1,915,977</u>	<u>2,244,495</u>	<u>328,518</u>
Total Support Services	<u>1,919,378</u>	<u>2,329,495</u>	<u>410,117</u>
Total Direct Disbursements	<u><u>1,919,378</u></u>	<u><u>2,329,495</u></u>	<u><u>410,117</u></u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 DEBT SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Interest on Long-Term Debt	126,600	3,036,479	2,909,879
Payments of Principal on Long-Term Debt	1,940,000	0	(1,940,000)
Total Direct Disbursements	<u>2,066,600</u>	<u>3,036,479</u>	<u>969,879</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services-Business:			
Pupil Transportation Services:			
Salaries	7,605	7,000	(605)
Purchased Services	1,700,759	1,707,000	6,241
Supplies and Materials	140,190	225,800	85,610
Other Objects	7,954	10,000	2,046
Total Direct Disbursements	1,856,508	1,949,800	93,292

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Employee Benefits	97,575	86,760	(10,815)
Pre-K Programs:			
Employee Benefits	3,380	37,375	33,995
Special Education Programs:			
Employee Benefits	30,334	38,935	8,601
Remedial and Supplemental Programs K-12:			
Employee Benefits	14,505	14,540	35
CTE Programs:			
Employee Benefits	2,281	3,200	919
Interscholastic Programs:			
Employee Benefits	10,407	11,280	873
Summer School Programs:			
Employee Benefits	124	300	176
Gifted Programs:			
Employee Benefits	0	65	65
Driver's Education Programs:			
Employee Benefits	1,702	2,200	498
Total Instruction	<u>160,308</u>	<u>194,655</u>	<u>34,347</u>
Supporting Services:			
Support Services-Pupils:			
Attendance and Social Work Services:			
Employee Benefits	2,494	3,000	506
Guidance Services:			
Employee Benefits	4,387	5,300	913
Health Services:			
Employee Benefits	19,044	28,100	9,056
Total Support Services-Pupils	<u>25,925</u>	<u>36,400</u>	<u>10,475</u>
Support Services-Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	7,910	10,130	2,220
Educational Media Services:			
Employee Benefits	29,197	29,850	653
Total Support Services-Instructional Staff	<u>37,107</u>	<u>39,980</u>	<u>2,873</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Support Services-General Administration:			
Board of Education Services:			
Employee Benefits	168	195	27
Executive Administration Services:			
Employee Benefits	2,916	3,225	309
Risk Management and Claims Service Payments			
Employee Benefits	0	150	150
Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction			
Employee Benefits	773	1,050	277
Total Support Services-General Administration	<u>3,857</u>	<u>4,620</u>	<u>763</u>
Support Services-School Administration:			
Office of the Principal Services:			
Employee Benefits	65,271	77,800	12,529
Support Services-Business:			
Fiscal Services:			
Employee Benefits	34,678	46,700	12,022
Operation and Maintenance of Plant Services:			
Employee Benefits	156,807	186,900	30,093
Pupil Transportation Services:			
Employee Benefits	582	555	(27)
Food Services:			
Employee Benefits	73,449	89,100	15,651
Total Support Services-Business	<u>265,516</u>	<u>323,255</u>	<u>57,739</u>
Support Services-Central:			
Information Services:			
Employee Benefits	212	8,450	8,238
Other Support Services:			
Employee Benefits	1,499	1,855	356
Total Support Services	<u>399,387</u>	<u>492,360</u>	<u>92,973</u>
Community Services:			
Employee Benefits	13,085	18,925	5,840
Payments to Other Governmental Units			
Payments for Special Education Programs:			
Employee Benefits	33,920	33,200	(720)
Total Direct Disbursements	<u>606,700</u>	<u>739,140</u>	<u>132,440</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Support Services:			
Support Services-Business:			
Facilities Acquisition & Construction:			
Purchased Services	1,636,006	1,435,000	(201,006)
Supplies and Materials	61,534	100,000	38,466
Capital Outlay	126,672	4,020,000	3,893,328
Total Support Services	1,824,212	5,555,000	3,730,788
Provision for Contingencies	0	100,000	100,000
Total Direct Disbursements	1,824,212	5,655,000	3,830,788

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Support Services:			
Support Services-General Administration			
Workers' Compensation or Workers' Occupation Disease Act Payments:			
Purchased Services	80,490	150,000	69,510
Unemployment Insurance Payments:			
Purchased Services	4,871	15,000	10,129
Insurance Payments (regular or self-insurance):			
Purchased Services	187,486	200,000	12,514
Risk Management and Claims Services Payments:			
Salaries	0	1,000	1,000
Purchased Services	99,097	115,000	15,903
Non-Capitalized Equipment	24,258	35,000	10,742
Total Risk Management and Claims Payments	123,355	151,000	27,645
Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction:			
Salaries	4,000	5,000	1,000
Purchased Services	85,110	110,000	24,890
Total Educational, Inspectional, Supervisory Services	89,110	115,000	25,890
Legal Services:			
Purchased Services	0	2,000	2,000
 Total Direct Disbursements	 <u>485,312</u>	 <u>633,000</u>	 <u>147,688</u>

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 FIRE PREVENTION AND SAFETY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Support Services:			
Support Services-Business:			
Facilities Acquisition & Construction:			
Purchased Services	364,030	390,000	25,970
Total Direct Disbursements	364,030	390,000	25,970

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 - Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. Principles Used to Determine the Scope of the Reporting Entity

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

Component Units

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

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

B. Basis of Presentation – Fund Accounting

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

Governmental Funds -

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

Note #1 - Summary of Significant Accounting Policies (cont'd.)

B. Basis of Presentation - Fund Accounting (cont'd.)

Governmental Funds - (cont'd.)

The Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund are used to account for cash received from specific sources (other than those accounted for in the Debt Services Fund, Capital Projects Fund, or Fiduciary Funds) that are legally restricted to cash disbursements for a specified purpose.

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Tort Fund accounts for financial resources held by the District to be used for tort immunity and tort judgment purposes.

The Capital Projects and Fire Prevention and Safety Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

Fiduciary Funds -

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

The Expendable Trust Fund (Insurance Trust Fund) accounts for financial operations of a self-insured health insurance plan. The District contributes premiums to this fund and pays claims out of the fund for insurance claims.

The Agency Funds include Student Activity Funds, Memorial and Scholarship Funds, and Convenience Accounts. They account for assets held by the District as an agent for the students, teachers, and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the agencies are equal to the assets.

Scholarship funds account for assets held by the District for the purpose of providing scholarships to District graduates on an annual basis. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the scholarship fund organizations are equal to the assets.

Governmental and Expendable Trust Funds - Measurement Focus

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

General Fixed Assets and General Long-Term Debt Account Group

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District records purchases of property and equipment as expenditures of various funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 - Summary of Significant Accounting Policies (cont'd.)

B. Basis of Presentation - Fund Accounting (cont'd.)

General Fixed Assets and General Long-Term Debt Account Group (cont'd.)

The District adopted a \$5,000 capitalization policy and follows the applicable capitalization in accordance with grant guidelines, when applicable.

No depreciation has been provided on fixed assets in these financial statements. The Illinois State Board of Education's Annual Financial Report (ISBE Form SD50-35/JA50-60) includes depreciation of \$744,973, which has been utilized for the calculation of the per capita tuition charge, and accumulated depreciation totaling \$14,857,654. Depreciation has been computed over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Depreciable Land	50 years
Buildings	
Permanent	50 years
Temporary	20 years
Infrastructure Improvements other than Building	20 years
Capitalized Equipment	3-10 years

Long-term liabilities expected to be financed from Debt Services Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

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

C. Basis of Accounting

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

Cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions. Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 - Summary of Significant Accounting Policies (cont'd.)

D. Budgets and Budgetary Accounting

The budget for all Governmental Fund Types and for the Working Cash Fund is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17-1 of the Illinois Compiled Statutes. The original budget was passed on September 10, 2015.

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

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

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

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposit (savings) accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of less than 90 days.

F. Investments

Investments are stated at cost or amortized cost, which approximates market. The District, under 30 ILCS 235/2, may legally invest in all securities guaranteed by the full faith and credit of the United States, as well as interest-bearing savings accounts, certificates of deposit, or time deposits constituting direct obligations of banks insured by FDIC and savings and loan associates insured by FSLIC. The District may also invest in short-term obligations of the Federal National Mortgage Association, the Public Treasurer's Investment Pool, and all interest-bearing obligations of the State of Illinois.

G. Inventories

Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #1 - Summary of Significant Accounting Policies (cont'd.)

H. Total Memorandum Only

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

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

Note #2 - Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. Taxes are levied in Henry and Whiteside Counties. The 2015 levy was passed by the board on December 10, 2015. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates. The District received \$7,991,749 in taxes from the 2015 tax levy prior to June 30, 2016. The balance of taxes recorded in these statements are from 2014 and prior tax levies.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	<u>Maximum Rate</u>	<u>Actual 2015 Rate</u>	<u>Actual 2014 Rate</u>	<u>Actual 2013 Rate</u>
Educational	2.35000	2.3500	2.3500	2.3106
Operations & Maintenance	0.50000	0.5000	0.5000	0.4917
Transportation	0.20000	0.2000	0.2000	0.1967
Debt Services	None	0.7159	0.5637	0.6114
Municipal Retirement	None	0.1038	0.1232	0.0999
Social Security	None	0.1187	0.1292	0.0878
Tort Immunity	None	0.1632	0.1322	0.1271
Leasing	0.05000	0.0000	0.0031	0.0227
Special Education	0.04000	0.0400	0.0400	0.0394
Fire Prevention and Safety	0.05000	0.0000	0.0500	0.0046
Working Cash	0.05000	<u>0.0000</u>	<u>0.0500</u>	<u>0.0492</u>
Total		<u>4.1916</u>	<u>4.1414</u>	<u>4.0411</u>

Note #3 - 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. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

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. Due to the cash basis nature of the district, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 – Fund Balance Reporting (cont'd.)

B. Restricted Fund Balance

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

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2. Leasing Levy

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Educational Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$256,057. This balance is included in the financial statements as Reserved in the Educational Fund.

3. Facilities Tax

Cash receipts for the facilities tax recorded in the Capital Projects fund exceeded the expenditures disbursed for this purpose resulting in a restricted fund balance of \$1,298,826. This balance is included in the financial statements as Reserved in the Capital Projects Fund.

4. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2016, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.

5. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2016, expenditures disbursed from federal grants exceeded the revenue received for those specific purposes in the Educational Fund, resulting in no restricted balance.

6. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in a restricted fund balance of \$281,196. This balance is included in the financial statements as unreserved in the Municipal Retirement/Social Security Fund.

7. Trust and Agency Funds

Cash received for the Self-Funded Health Insurance Trust account exceeded related expenditures for this trust resulting in a restricted fund balance of \$2,732,265. The District also had a trust account for memorials totaling \$119,215 as of June 30, 2016. These balances totaling \$2,851,480 are included in the financial statements as reserved in the Trust and Agency Fund.

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.

The School Board commits fund balance by making motions or passing resolutions to adopt policies or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #3 – Fund Balance Reporting (cont'd.)

C. Committed Fund Balance (cont'd.)

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2016, the total amount of unpaid contracts and benefits for services performed during the fiscal year ended June 30, 2016 amounted to \$1,684,753. This amount is shown as Unreserved in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board 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 Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational and Working Cash Funds.

F. Regulatory – Fund Balance Definitions

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

G. Reconciliation of Fund Balance Reporting

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

Fund	Generally Accepted Accounting Principles					Regulatory Basis	
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Financial Statements - Reserved	Financial Statements - Unreserved
Educational	0	256,057	1,684,753	0	2,649,490	256,057	4,334,243
Operations & Maintenance	0	2,753,095	0	0	0	0	2,753,095
Debt Services	0	3,468,172	0	0	0	0	3,468,172
Transportation	0	1,539,380	0	0	0	0	1,539,380
Municipal Retirement	0	735,825	0	0	0	281,196	454,629
Working Cash	0	0	0	0	2,801,818	0	2,801,818
Capital Project	0	27,601,534	0	0	0	1,298,826	26,302,708
Tort Liability	0	569,584	0	0	0	0	569,584
Fire Life Safety	0	7,868,505	0	0	0	0	7,868,505
Trust and Agency	0	2,851,480	0	0	0	2,851,480	0

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 – Fund Balance Reporting (cont'd.)

H. Expenditures of Fund Balance

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

Note #4 – Deposits and Investments

The District is allowed to invest in securities as authorized by the District's investment policy, Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235), and Section 8-7 of the School Code of Illinois (105 ILCS 5). These include the following items:

- (1) in bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- (2) in interest-bearing savings accounts, interest-bearing certificates of deposits, interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
- (3) in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000;
- (4) in money market mutual funds registered under the Investment Company Act of 1940;
- (5) in short term discount obligations of the Federal National Mortgage Association;
- (6) in dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States and is located within the State of Illinois;
- (7) in a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act;
- (8) in the Illinois School District Liquid Asset Fund Plus;
- (9) in repurchase agreements of government securities;
- (10) in any investment as authorized by the Public Funds Investment Act, and Acts amendatory thereto.

Custodial Credit Risk Related to Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by securities eligible for District investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating services to include Standard & Poor's, Moody's, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The District's investment policy states the preferred method for safekeeping of collateral is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #4 – Deposits and Investments (cont'd.)

Custodial Credit Risk Related to Deposits with Financial Institutions (cont'd.)

As of June 30, 2016 \$6,232,009 of the District's bank balances were exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging financial institution's trust department, but not in the District's name	<u>\$ 6,232,009</u>
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Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, none of the District's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the District and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the District's name

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

As of June 30, 2016, the district had the following investments and maturities:

<u>Investment Type</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Commercial Paper	6,000,000	5,998,989	5,998,989	0	0	0
Mutual Funds	113,641	114,040	114,040	0	0	0
ISDLAF	<u>353,060</u>	<u>353,060</u>	<u>353,060</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>6,466,701</u>	<u>6,466,089</u>	<u>6,466,089</u>	<u>0</u>	<u>0</u>	<u>0</u>

Credit Risk

As of June 30, 2016, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Commercial Paper-Short Term	5,998,989	AAA
Mutual Funds	116,548	AAA

All of the other investment types of Geneseo Community Unit School District No. 228 are not rated.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #4 – Deposits and Investments (cont'd.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The District's investment policy places no limit on the amount the District may invest in any one issuer. The following percentages reflect the breakdown of investments for the District as of June 30, 2016:

92% - Commercial Paper
 5% - ISDLAF

ISDLAF+ (Investment Pool) -

During the year ended June 30, 2016, the District maintained an account with the Illinois School District Liquid Asset Fund Plus (also known as ISDLAF+). ISDLAF+ is an external investment pool created in cooperation by the Illinois Association of School Boards, the Illinois Association of School Business Officials, and the Illinois Association of School Administrators. Its primary purpose is to provide School Districts, Community College Districts, and Educational Service Regions with an alternative investment vehicle which will enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The Multi-Class Series invests in money market instruments having a maximum remaining maturity of one year (except that U.S. government obligations may have remaining maturities of up to two years). It has earned an AAA rating from Standard & Poor's ("S&P"). The Multi-Class Series consists of two classes of shares: the Liquid Class and the MAX Class. The Liquid Class offers check writing privileges, while the MAX Class does not.

ISDLAF+ also provides a Fixed Income Investment Program that allows investors to purchase investment instruments including certificates of deposit of banks and thrift institutions ("CDs"), commercial paper, and banker's acceptances. CDs purchased under this program are fully FDIC insured and have been classified as deposits for financial statement purposes.

Note #5 – General Fixed Asset Account Group

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions*</u>	Balance <u>June 30, 2016</u>
Non-Depreciable Land	542,305	0	0	542,305
Permanent Buildings	26,893,226	126,673	72,546	26,947,352
Improvements Other than Buildings	587,130	0	0	587,130
10-Year Equipment	2,262,854	272,402	111,705	2,423,551
5-Year Equipment	170,960	0	0	170,960
3-Year Equipment	<u>63,223</u>	<u>0</u>	<u>0</u>	<u>63,223</u>
Totals	<u>30,519,698</u>	<u>399,074</u>	<u>184,251</u>	<u>30,734,521</u>

* To remove fully depreciated equipment and assets sold.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

Note #6 – Pension Disclosures

The District contributes to two defined benefit pension plans: the Teachers Retirement System (TRS), and the Illinois Municipal Retirement Fund (IMRF). TRS is administered by the TRS board of trustees and is a cost sharing multiple employer plan. IMRF is administered by IMRF board of trustees and is an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The aggregate employer recognized pension expense on a cash basis for the year ended June 30, 2016, was \$421,177.

A. Teacher's Retirement System of the State of Illinois

Plan description

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

Note #6 – Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

Contributions

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

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

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$3,640,208 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$58,910 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 employers, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$61,421 were paid from federal and special trust funds that required employer contributions of \$22,148. 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 employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer paid \$-0- to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the employer paid \$1,673 to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #6 –Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

Pension Liabilities and Pension Expense

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

Employer's proportionate share of the net pension liability	\$ 1,140,535
State's proportionate share of the net pension liability associated with the employer	<u>\$65,778,183</u>
Total	<u>\$66,918,718</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 0.0017410072 percent, which was a decrease of 0.0005329404 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the employer recognized pension expense of \$82,732 on a cash basis under this plan.

Actuarial assumptions

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

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

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

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #6 - Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

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

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

Discount rate

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

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #6 - Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

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

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	<u>\$1,409,422</u>	<u>\$1,140,535</u>	<u>\$920,041</u>

TRS fiduciary net position

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

B. THIS Fund Contributions

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

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

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

• **On behalf contributions to the THIS Fund**

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$108,672, and the employer recognized revenue and expenditures of this amount during the year.

• **Employer contributions to the THIS Fund**

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the employer paid \$81,250 to the THIS Fund, which was 100 percent of the required contribution.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

Note #6 - Pension Disclosures (cont'd)

B. THIS Fund Contributions (cont'd)

Further information on the THIS Fund

The publicly available 2014 and 2015 financial reports of the THIS Fund may be found online at <http://www.auditor.illinois.gov/Audit-Reports/CMS-THISE.asp>. Prior reports are available online at <http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>

C. Illinois Municipal Retirement Fund

Plan Description.

The District's defined benefit pension plan for non-certified employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information, for the plan as a whole, but not for individual employers. That report can be obtained online at <https://www.imrf.org/en/publications-and-archive/annual-financial-reports>.

Benefits provided.

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

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

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #6 – Pension Disclosures (cont'd)

C. Illinois Municipal Retirement Fund (cont'd)

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

Employees covered by benefit terms.

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

Retirees or Beneficiaries currently receiving benefits	139
Inactive employees entitled to but not yet receiving benefits	104
Active employees	<u>102</u>
Total Members	345

Contributions.

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2015 was 11.67%. The total employer contribution paid for 2015 was \$253,797. The District's contribution rate for the calendar year 2016 is 11.82%. The actual contributions paid during the fiscal year ended June 30, 2016 were \$257,195. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.48%.

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #6 – Pension Disclosures (cont'd.)

C. Illinois Municipal Retirement Fund (cont'd.)

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- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	5.25-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Discount rate

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

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

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

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #6 – Pension Disclosures (cont'd.)

C. Illinois Municipal Retirement Fund (cont'd.)

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/14	\$ 14,428,506	\$ 13,649,797	\$ 778,709
Changes for the year:			
Service cost	254,914		254,914
Interest on Total Pension Liability	1,058,414		1,058,414
Change of Benefit Terms	0		0
Differences between expected and actual Experience of Total Pension Liability	(18,611)		(18,611)
Changes of assumptions	16,128		16,128
Contributions-Employer		253,797	(253,797)
Contributions-Employee		97,866	(97,866)
Net investment income		67,003	(67,003)
Benefit Payments, including Refunds of Employee Contributions	(849,862)	(849,862)	0
Other changes (Net Transfers)		260,348	(260,348)
Net changes	<u>460,983</u>	<u>(170,848)</u>	<u>631,831</u>
Balances at 12/31/15	<u>\$ 14,889,489</u>	<u>\$ 13,478,949</u>	<u>\$ 1,410,540</u>

Change in Assumptions – The mortality table used was updated to the 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.

Sensitivity of the net pension liability to changes in the single discount rate.

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

	1% Decrease	Current Single Discount	1% Increase
	6.48%	Rate Assumption 7.48%	8.48%
Total Pension Liability	\$ 16,627,961	\$ 14,889,489	\$ 13,438,764
Plan Fiduciary Net Position	<u>13,478,949</u>	<u>13,478,949</u>	<u>13,478,949</u>
Net Pension Liability(Asset)	\$ 3,149,012	\$ 1,410,540	\$ (40,185)

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #6 – Pension Disclosures (cont'd.)

C. Illinois Municipal Retirement Fund (cont'd.)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued actuarial financial report on page 12 of Section B.

Payable to the Pension Plan

At June 30, 2016, the District had a payable of \$-0- for the outstanding amount of contributions to IMRF for the year ended June 30, 2016.

Note #7 – Other Post-Employment Benefits

The District provides post-retirement health care benefits for the retirees and their dependents. All retirees are eligible to continue their health coverage under the District's self-funded health insurance plan. The retirees are responsible for the entire premium payment to secure coverage. The District finances the plan on a pay-as-you-go basis. The Unfunded Actuarial Liability has not been determined as of June 30, 2016.

Plan Description. The District administers a single-employer defined benefit healthcare plan. The Educational support employees who contribute to IMRF are eligible for post-retirement medical coverage. The plan does not issue a separate publicly available financial report.

Funding Policy. The contribution requirements of the District may be amended by the School Board. Current policy is to pay for post-retirement medical and insurance benefits or premiums as they occur. The District requires retirees to contribute 100% of the premium for their desired coverage. The premiums are established for the employee/retiree group, which is currently \$423 per month for individual coverage and \$899 per month for family coverage. Although, with regard to retirees, this amount contains an implied rate subsidy by the District through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

Contributions Made. Because the retiree insurance premium established is paid entirely by retiree contributions, there is no net cash outflow by the District related to these benefits when paid. Therefore, there are no cash-basis expenditures reported by the District in regard to the plan benefits for retirees.

Note #8 – General Long-Term Debt Account Group

Long-term debt at June 30, 2015, is comprised of the following:

Bonded indebtedness –

Bonded indebtedness is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are payable solely from future revenues of the Debt Services Fund which consists principally of property taxes collected by the District and interest earnings.

Bonded Debt –

As of June 30, 2016, the District was obligated on General Obligation Bonds issued for Life Safety to be paid from the Debt Services Fund dated September 1, 2010 totaling \$1,060,000 and dated September 1, 2010 totaling \$370,000, and for Working Cash Bonds dated February 24, 2016 totaling \$2,000,000, Fire Safety Bonds dated February 24, 2016 totaling \$9,000,000, and General Obligation Bonds dated September 1, 2015 totaling \$15,063,327. The District also had Alternate Revenue Bonds outstanding to be paid from Facilities tax collected dated September 1, 2015 totaling \$10,685,000.

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #8 – General Long-Term Debt Account Group (cont'd).

Capital Leases –

As of June 30, 2016, the District had no outstanding lease/purchase agreement amounts.

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due In Less Than One Year
General Obligation Bonds									
2009 Life Safety	2,585,000	9/1/09	2/15/16	3.17%	765,000	0	(765,000)	-0-	0
2010A Life Safety/WC	1,060,000	9/1/10	2/15/17	3.14%	1,060,000	0	0	1,060,000	1,060,000
2010B Life Safety/WC	1,545,000	9/1/10	2/15/17	3.83%	1,545,000	0	(1,175,000)	370,000	370,000
2015A Alternate Revenue	10,685,000	9/1/15	8/15/38	2-5%	0	10,685,000	0	10,685,000	165,000
2015B G.O.Bonds	15,063,327	9/1/15	2/15/35	2-5%	0	15,063,327	0	15,063,327	0
2016A Working Cash	2,000,000	2/24/16	8/15/19	2.125-2.375%	0	2,000,000	0	2,000,000	950,000
2016B Life Safety/GO	9,000,000	2/24/16	8/15/36	4.00%	0	9,000,000	0	9,000,000	0
Total					<u>3,370,000</u>	<u>36,748,327</u>	<u>(1,940,000)</u>	<u>38,178,327</u>	<u>2,545,000</u>

The annual debt service requirements of general obligation bonds and leases/other are as follows:

	Bonds		Leases/Other		Total		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal & Interest	
2017	2,545,000	1,931,822	0	0	2,545,000	1,931,822	4,476,822			
2018	1,765,000	1,421,974	0	0	1,765,000	1,421,974	3,189,175			
2019	1,835,000	1,354,175	0	0	1,835,000	1,354,175	3,189,175			
2020	1,365,000	1,282,687	0	0	1,365,000	1,282,687	2,647,687			
2021	1,425,000	1,220,987	0	0	1,425,000	1,220,987	2,645,987			
2022	1,465,000	1,180,787	0	0	1,465,000	1,180,787	2,645,687			
2023	1,510,000	1,136,687	0	0	1,510,000	1,136,687	2,646,687			
2024	1,105,110	1,543,227	0	0	1,105,110	1,543,227	2,648,337			
2025	1,088,217	1,564,646	0	0	1,088,217	1,564,646	2,652,863			
2026	1,620,000	1,027,012	0	0	1,620,000	1,027,012	2,647,012			
2027	700,000	972,513	0	0	700,000	972,513	1,672,513			
2028	1,710,000	901,775	0	0	1,710,000	901,775	2,611,775			
2029	1,820,000	827,964	0	0	1,820,000	827,964	2,647,964			
2030	1,895,000	750,837	0	0	1,895,000	750,837	2,645,837			
2031	1,975,000	670,588	0	0	1,975,000	670,588	2,645,588			
2032	1,960,000	587,025	0	0	1,960,000	587,025	2,547,025			
2033	2,150,000	494,400	0	0	2,150,000	494,400	2,644,400			
2034	3,350,000	397,150	0	0	3,350,000	397,150	3,747,150			
2035	2,360,000	283,900	0	0	2,360,000	283,900	2,643,900			
2036	2,480,000	168,400	0	0	2,480,000	168,400	2,648,400			
2037	675,000	68,700	0	0	675,000	68,700	743,700			
2038	705,000	41,100	0	0	705,000	41,100	746,100			
2039	<u>675,000</u>	<u>13,500</u>	<u>0</u>	<u>0</u>	<u>675,000</u>	<u>13,500</u>	<u>688,500</u>			
	<u>38,178,327</u>	<u>19,841,856</u>	<u>0</u>	<u>0</u>	<u>38,178,327</u>	<u>19,841,856</u>	<u>58,020,183</u>			

GENESEO COMMUNITY UNIT SCHOOL DISTRICT NO. 228
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note #8 – General Long-Term Debt Account Group (cont'd).

Debt Services Fund Balance –

At June 30, 2016, the excess of assets over liabilities of the Debt Services Fund was allocable to the individual issues as follows:

<u>Bond Issue Dated</u>	<u>Amount</u>
February 15, 2007	357,398
September 1, 2010 2010A	633,732
September 1, 2010 2010B	220,339
September 1, 2015 2015A	800,113
September 1, 2015 2015B	964,509
February 24, 2016 2016A	309,336
February 24, 2016 2016B	<u>182,745</u>
	<u>3,468,172</u>

Legal Debt Limit –

Section 5/19-1 of the Illinois School Code limits the amount of qualifying debt of the District to 13.8% of the latest equalized assessed value. The District's equalized assessed value as of January 1, 2016 was \$337,213,380.

The estimated legal debt margin of the District at June 30, 2016, was calculated as follows:

Legal Debt Limit	46,535,446
Less Qualifying Debt	<u>(27,493,327)</u>
Legal Debt Margin	<u>19,042,119</u>

Note #9 - Tax Anticipation Warrants

During the fiscal year ended June 30, 2016, the District did not issue any tax anticipation warrants.

Note #10 - Interfund Receivables and Payables and Transfers

\$1,000,000 was transferred to the Educational Fund from the Working Cash Fund for general operations and \$798,866 was transferred from the Capital Projects Fund to the Debt Service Fund to pay for the Alternate Revenue Bonds due in the fiscal year ended June 30, 2017.

Note #11 - Common Bank Accounts

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

Note #12 - Deficit Fund Balances

As of June 30, 2016, the District had no deficit fund balances.