

DUPAGE HIGH SCHOOL DISTRICT NO. 88
[Addison, IL]

Audited Financial Statements
And
Supplementary Financial Information

June 30, 2016

THIS PAGE LEFT INTENTIONALLY BLANK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet	
- Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities	22
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	23
Notes to Financial Statements	24

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund.....	53
Schedule of Funding Progress – Other Postemployment Benefit Plan.....	54
Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund.....	55
Schedule of Contributions – Illinois Municipal Retirement Fund.....	56
Schedule of District’s Proportionate Share of the Net Pension Liability – Teachers’ Retirement System of the State of Illinois.....	57
Schedule of Contributions – Teachers’ Retirement System of the State of Illinois.....	58
Notes to Required Supplementary Information.....	59

Supplementary Financial Information:

Combining and Individual Fund Schedules:

Major Funds:

General Fund:

Combining Balance Sheet by Account..... 62

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances by Account..... 63

Educational Account:

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual 64

Operations and Maintenance Account:

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual 74

Working Cash Account:

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual 75

Debt Services Fund:

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual 76

TABLE OF CONTENTS

	<u>Page</u>
Non-Major Funds:	
Combining Balance Sheet	
Non-major Governmental Funds	77
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	79
Transportation Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	81
Municipal Retirement/Social Security Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	82
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	83
Fire Prevention and Safety Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84
Fiduciary Funds - Agency Funds:	
Agency Funds – Student Activity Funds and Convenience Accounts - Schedule of Changes in Assets and Liabilities	85
Other Financial Information:	
Schedule of Bonded Debt Maturities and Interest	86
Tax Levy Summary	89
Legal Bonded Debt Margin.....	90
Summary of Operations - Bookstores	91
Enrollment Data	92

THIS PAGE LEFT INTENTIONALLY BLANK

MATHIESON MOYSKI·AUSTIN & Co., LLP

(630) 653-1616
FAX (630) 653-1735

MMAadvisors.com

Certified Public Accountants and Advisors

211 South Wheaton Avenue • Suite 300
Wheaton, Illinois 60187

Independent Auditors' Report

Board of Education
DuPage High School District No. 88
Addison, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DuPage High School District No. 88 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and schedules of funding progress for post-employment benefits on pages 53 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Report of Comparative Other Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2015, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining and individual fund financial schedules, for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2015 combining and individual fund financial schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Matheson, Morspki, Austin & Co. LLP

Wheaton, Illinois
October 13, 2016

THIS PAGE LEFT INTENTIONALLY BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

This discussion and analysis is intended to be an overview of DuPage High School District #88's (the District) financial activities for the year ended June 30, 2016, based on currently known facts, decisions, and conditions. This analysis focuses on current year activities and operations and should be read in combination with the basic financial statements that follow.

This report, Management's Discussion and Analysis (MD&A) provides an overview of the District's financial activities for the fiscal year ended June 30, 2016 with comparative data to the fiscal year ended June 30, 2015. This format incorporates required information for the District to be in compliance with the provisions of the Governmental Accounting Standards Board.

Financial Highlights:

The District's fund balances increased by \$4,022,917 during the fiscal year. This is an improvement over the prior year's increase of \$614,250. Several factors contributed to this positive change:

- The District issued \$12,305,000 of new bonds, with \$618,905 of premium received in relation to these bonds. The majority of this issuance was used to refund \$8,922,938 of the Series 2005 outstanding bonds. The balance of the issue was new borrowing in the amount of \$4,000,967 for Working Cash Funding Bonds that are reflected in the increased balance. This borrowing will be used to fund future capital improvement projects and fleet replacement for buses. The District retired a total of \$14,760,425 of bond principal in fiscal 2016.
- The District continues to decisively control operating expenditures with a commitment to minimizing the impact upon the educational programs and services to students. This past year there was increased control of staffing for programs including reduction of part time teaching positions and restructuring of some administrative positions. The restructuring allowed for us to reduce some outside contracted services to bring in-house with a net overall reduction of expense.
- We restructured the administration of student services area with a focus on increased oversight of outside student placement for services. We achieved a 5% reduction for tuition and 7% reduction for the related special transportation expenses.
- We continued the bus route contraction from 2015 which combined with favorable petroleum pricing allowed us to achieve a reduction of over \$200,000.
- Careful evaluation of program effectiveness in many areas will continue as we struggle with operating expenses that continue to increase at a faster pace than the Consumer Price Index (CPI), which is used to determine the Property Tax Cap. This is an ongoing challenge with 80% of our revenue generated from property tax, excluding state of Illinois on-behalf payments.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

- We were also successful with efforts to secure outside grant funding for lighting replacement to reduce annual operating expenses and technology improvement projects.
- Investment earnings, which generated significant returns in the past, continue to show signs of improvement.
- General revenues accounted for \$67,788,966 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,680,839 or 26% of total revenues of \$91,469,805.
- On-behalf payments for state contributions to the TRS pension system increased by \$1,222,217 or 8% over the prior year.
- The District had \$90,324,057 of expenses related to government activities. However, \$23,680,839 of these expenses were offset by program specific charges, grants, and contributions.
- Within the District's boundaries are nine Tax Increment Finance (TIF) areas spread across all three Village communities that cause the Equalized Assessed Valuation (EAV) of each area to be frozen until the TIF's are individually completed over a maximum term of twenty three years. Two of these were retired early and contributed approximately \$9,000,000 of new property back on to the taxable base for tax year 2014. Two more are scheduled to expire, one in 2016 and another in the year 2017. This will bring in much needed financial resources as new taxable property and will help to relieve the tax burden to taxpayers.
- The District continues to use bid solicitation to obtain the highest quality vendors at the most competitive pricing. The bus transportation service contract is multi-year through 2016 and there was no rate increase for this year. Food service management is a multi-year agreement set to expire in year 2016 and indexed to CPI for Food Away From Home which was 3% for this year.
- Certified personnel multi-year agreement ending in year 2016 provided for a base salary schedule increase limited to 50% of the CPI which equated to 0.75% with additional step advancement of approximately 2.63%. The prior expired agreement for included a freeze in salaries and only allowing for step advancement in 2013 which was equivalent to an increase of approximately 2.6%.
- Support staff personnel salaries were negotiated for a four year agreement to 2016-17 with the current year base increase limited to 50% of the CPI with a floor of 1.50%. They received the 1.50% increase in addition to step advancement and longevity of approximately 2.0%.
- Teacher Aide personnel salaries were negotiated for a four year agreement to 2016-17 at a base increase of 3.0% for three years and indexed to a 80% of CPI in the final year with a

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

floor of 2.5% and a ceiling of 3.0%. There is no step advancement schedule for this employee group.

- Maintenance and custodial personnel salaries were negotiated for a four year agreement to 2017-18 at a base increase of 2.0% and 1.50% for the first two years in addition to step advancement which is approximately 1.40%. The final two years are indexed to 70% of CPI with floor of 1% and ceiling of 2% in addition to step.
- The District operating expense per pupil is estimated to be \$18,404 as of 2016 following the prior year 2015 at \$19,707, 2014 at \$19,343 and 2013 at \$18,856. There was a substantial increase of \$2,455 between 2012 and 2013 primarily due to the shift of alternative education student attendance to a regional Alternative Learning Opportunities Program (ALOP). This resulted in a reduction of approximately 400 average daily attendance (ADA) days, 10.5% of our total District ADA. The state does not recognize this offsetting revenue in their computation of the operating expense per pupil formula. As of late 2016 we modified the program which resulted in a reduction of ALOP attendance reporting which will improve the annual operating expense per pupil ratio.

Property tax revenues for the District's operating funds continue to be restricted by tax cap legislation. The Consumer Price Index (CPI) of 0.8%, which the 2014 levy was based on to fund the 2015-16 fiscal year, was quite challenging. Minimal growth in property tax revenues combined with stagnant new property growth in the recent past has resulted in the Board of Education commitment to use some financial reserves and pursue further budgetary controls to move toward a balanced budget. As of this past fiscal year, we see the positive results of these measured actions as you can see in Table A-3 with total costs, net of state on-behalf pension payments, increasing by only 0.20% for the year. We are committed to continuing these efforts and seizing opportunities to maximize revenues and assert control over expenses during these challenging times.

Overview of Financial Statements:

This financial report consists of – the Independent Auditors' Report, Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, supplementary information, and other financial information. The basic financial statements include two kinds of statements that present different views of the District:

- The government-wide statements (Statement of Net Position and Statement of Activities) provide both short-term and long-term information about the District's overall financial status.
- The remaining statements (Fund Financial Statements) focus on individual parts of the District, reporting the District's financial operation in more detail than the government-wide statements. These governmental fund statements tell how basic services such as regular and special education were financed as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-1			
Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, administration, building maintenance, food service, and community education	Instances in which the district administers resources on behalf of someone else, such as student activity funds
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Reporting the District as a Whole:

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the 2015-16 revenues and expenditures are accounted for in the Statement of Activities regardless of when the cash is received or paid. The two government-wide financial statements report the District's net position and how it has changed. Net position - the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure a district's financial health or position.

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

In the government-wide financial statements the District's activities are shown in one category:

- Governmental Activities – Most of the District's basic services are included here, such as regular and special education, administration, transportation, food service, and support services. Property taxes, investment earnings, and non-restricted state aid finance most of these activities.

Reporting the District's Most Significant Funds:

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on the most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District established other funds to control and manage money for particular purposes (such as repaying long-term debt) or to show that it is properly using certain revenues (such as working cash).

The District has two kinds of funds:

- Governmental Funds – Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash, and other financial assets that can readily convert to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information that explains the relationship (or differences) between them.

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

Financial Analysis of the District as a Whole:

Net Position: the District's combined net position was \$20,861,727 on June 30, 2016

	<u>2016</u>	<u>2015</u>
Assets:		
Current and Other Assets		
Capital Assets	\$89,407,437	\$82,673,040
Total Assets	<u>110,081,570</u>	<u>113,691,415</u>
	<u>199,489,007</u>	<u>196,364,455</u>
Deferred outflows of resources:	<u>5,305,912</u>	<u>3,446,809</u>
Liabilities:		
Long Term Liabilities (Long Term Debt)	118,496,389	117,450,085
Other Liabilities	<u>1,920,564</u>	<u>483,623</u>
Total Liabilities	<u>120,416,953</u>	<u>117,933,708</u>
Deferred inflows of resources:	<u>63,516,239</u>	<u>62,161,577</u>
Net Position:		
Net investment in capital assets	11,808,005	14,154,062
Restricted	3,817,799	3,352,130
Unrestricted	<u>5,235,923</u>	<u>2,209,787</u>
Total Net Position	<u>\$20,861,727</u>	<u>\$19,715,979</u>

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Changes in Net Position:

The District's increase in net position was \$1,145,748 for the fiscal year ended June 30, 2016.

Table A-2 DuPage High School District #88 Change in Net Position <u>For the Years Ended June 30, 2016 and 2015</u>		
	<u>2016</u>	<u>2015</u>
<u>Revenues:</u>		
Program Revenue		
Charges for Services	\$ 1,412,425	\$1,462,854
Operating Grants and Contributions	22,268,414	21,790,882
General Revenue		
Property Taxes	61,966,037	59,659,849
Unrestricted State and Federal Aid	3,843,766	3,865,453
Investment Earnings	146,734	92,736
Other	<u>1,832,429</u>	<u>2,482,537</u>
Total Revenues	91,469,805	89,354,311
<u>Expenses:</u>		
Instruction	60,757,844	58,806,686
Student and Staff Support	6,822,915	6,737,012
Administration	5,085,094	5,543,730
Business Support	1,002,846	1,006,928
Operations and Maintenance of Facilities	5,869,761	5,855,443
Transportation	3,394,124	3,537,751
Food Service	993,310	1,086,886
Other	1,543,359	1,401,051
Interest on Long-Term Debt	<u>4,854,804</u>	<u>4,953,477</u>
Total Expenses	90,324,057	88,928,964
Increase (Decrease) in Net Position	1,145,748	425,347
Beginning Net Position	<u>19,715,979</u>	<u>19,290,632</u>
Ending Net Position	<u>\$20,861,727</u>	<u>\$ 19,715,979</u>

- The District's total revenues were \$91,469,805 for the year ended June 30, 2016, an increase of \$2,115,494 over the prior year. Property tax revenue was the primary source of the increase.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

- The total cost of all programs and services was \$90,324,057 for the year ended June 30, 2016, an increase of \$1,395,093 from the prior year. This is primarily due to the state on-behalf pension contribution which increased by \$1,222,217. In addition, salaries and benefit costs were less than budgeted and we achieved a reduction of expenses for outside placement tuition and transportation program services combined with less facility improvement projects. The District's expenses are predominantly related to instruction and student and staff support with these areas accounting for 75% of total expenses. Operations and Maintenance of facilities accounted for 7% of expenses or \$14,318 more than prior year. Expenditures for fiscal year 2016 were less than revenues by 1%.

Governmental Activities:

Expenses for governmental activities are divided into categories as reflected in Table A-3. Please note that the total costs of the services are offset in some cases by charges or fees for the services and in some cases by state and federal grants and contributions.

Table A-3 DuPage High School District #88 Net Cost of Governmental Activities For the Years Ended June 30, 2016 and 2015				
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Regular Instruction	\$26,305,699	\$25,692,773	\$24,954,399	\$24,380,786
Special Instruction Programs	15,019,328	14,960,837	11,621,798	11,124,142
Other Instruction Programs	3,188,983	3,131,459	3,188,983	3,131,459
On-behalf payments	16,243,834	15,021,617	-	-
Student Support Services	5,309,870	5,341,157	5,031,795	5,191,521
Instructional Staff Support	1,513,045	1,395,855	1,424,551	1,305,172
Administration/Business	6,087,940	6,550,658	6,087,940	6,550,658
Operations/Maintenance	5,869,761	5,855,443	5,849,339	5,757,362
Transportation	3,394,124	3,537,751	2,303,317	2,026,551
Food Service	993,310	1,086,886	(217,067)	(146,951)
Other	1,543,359	1,401,051	1,543,359	1,401,051
Interest on Long-Term Debt	4,854,804	4,953,477	4,854,804	4,953,477
Total	<u>\$90,324,057</u>	<u>\$88,928,964</u>	<u>\$66,643,218</u>	<u>\$65,675,228</u>

- The cost of all governmental activities this year is \$90,324,057.
- Net of on-behalf state pension payments, total cost of services increased by 0.2% over prior year.
- Some of that cost was financed by the users of the District's programs (\$1,412,425).
- The State and Federal government subsidized certain programs with grants and contributions (\$22,268,414).

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

- Most of the District’s programs and operations were supported with local property taxes representing 82% of revenue, net of on-behalf state pension payments.

Financial Analysis of District Funds:

The financial performance of the District is also reflected in its government funds throughout the Fund Financial Statements.

Revenues for the District’s governmental funds were \$91,469,805 while expenditures in the governmental funds were \$100,489,266 (both of these figures include state of Illinois “on-behalf” payments to TRS). The beginning fund balance for fiscal year 2016 in the governmental funds was \$20,643,373. The fund balance in government funds was \$24,666,290 at the end of fiscal year 2016. The primary reason for the increase in the fund balance was the proceeds of \$4,000,967 from the new borrowing of Series 2015B bonds. The budget continues to be a challenge due to expenditures growing at a faster pace than revenues.

General Fund Highlights:

The following schedule represents a summary of General Fund Revenues:

<u>General Fund Revenues</u>		
	Year Ended <u>2016</u>	Year Ended <u>2015</u>
Local Sources	\$49,842,185	\$49,190,640
State Sources	5,996,441	6,332,684
Federal Sources	2,575,644	2,717,845
On Behalf Payments	<u>16,243,834</u>	<u>15,021,617</u>
Total General Fund Revenue	<u>\$74,658,104</u>	<u>\$73,262,786</u>

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The following schedule represents a summary of General Fund expenditures:

<u>General Fund Expenditures</u>		
	Year Ended <u>2016</u>	Year Ended <u>2015</u>
Instruction	\$36,720,483	\$35,887,514
Supporting Services	20,071,705	20,945,575
Non-Programmed Charges	1,763,275	1,764,064
On Behalf Payments	<u>16,243,834</u>	<u>15,021,617</u>
Total General Fund Expenditures	<u>\$74,799,297</u>	<u>\$73,618,770</u>

The total General Fund expenditures of \$74,799,297 exceeded General Fund revenues of \$74,658,104 that resulted in expenditures exceeding revenues by \$141,193. However, because of the issuance of new debt of \$3,884,185, the fund balance in the General Fund increased by \$3,964,651. Although the district ended with a deficit from operations, the amount was less than the budgeted shortfall of \$1,574,670.

This favorable outcome was primarily due to lower than expected salary and benefit expense combined with controlled expenditures in contracted services, capital outlay and tuition for outside placement students.

Debt Services Fund:

Total revenues in the Debt Services Fund were \$11,130,167; additionally, other financing sources of \$8,936,534 were received from the issuance of new bonds and associated bond premiums. Expenditures totaled \$19,978,697, which includes \$8,715,000 of early bond retirements. The fund balance in the Debt Services Fund ended with \$435,521 on June 30, 2016 compared to \$347,517 on June 30, 2015.

Non-Major Funds:

Total revenue in the Special Revenue Funds (Transportation and Municipal Retirement/Social Security) was \$5,681,534 and total expenditures were \$5,303,151. The combined fund balance in these funds ended with \$3,382,278 as of June 30, 2016.

In the Capital Projects Funds (Capital Projects and Fire Prevention and Safety), expenditures of \$408,121 were incurred for which no taxes were levied. The fund balance in the Capital Projects Funds ended with \$(407,403), compared to \$718 on June 30, 2015. The District has begun new construction which will be paid from the proceeds of the new bonds.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

General Fund Budget Information:

In the General Fund's Educational Account budget, total revenue was anticipated to be \$53,540,335 and actual revenue (when removing TRS On-behalf payments) was \$53,278,138. This resulted in an unfavorable variance of \$262,197 or 0.5% when compared to the budget.

In the General Fund's Educational Account budget, total expenditures were projected to be \$54,230,750 and actual expenditures (when removing TRS On-behalf payments) totaled \$52,816,425. This resulted in a favorable variance of \$1,414,325. This was primarily due to lower than expected salary and benefit expense combined with controlled expenditures in contracted services, capital outlay and tuition for outside placement students. The administration continues to work closely with the Board of Education to control expenditures following the continued commitment to use some financial reserves to stabilize programs and services during the economic downturn. The district has worked tirelessly to balance resources with a comprehensive academic program that is expected by the community. The district continues to make great strides and set milestones with academic achievements while navigating these unprecedented times.

Capital Assets and Debt Administration:

Capital Assets:

At the end of fiscal year 2016 the District had a net total of \$110,081,570 in capital assets. A breakdown of net capital assets follows:

Capital Assets – Governmental Activities		
	Balance <u>June 30, 2016</u>	Balance <u>June 30, 2015</u>
Land	\$ 4,162,325	\$ 4,162,325
Construction in Progress	395,889	-
Land Improvements	21,426,691	21,426,691
Buildings	136,242,914	136,213,174
Equipment	<u>14,426,075</u>	<u>13,902,941</u>
Total Capital Assets	176,653,894	175,705,131
Less: Accumulated Depreciation	<u>66,572,324</u>	<u>62,013,716</u>
Net Capital Assets	<u>\$110,081,570</u>	<u>\$113,691,415</u>

More detailed information about capital assets can be found in Note 4 in the financial statements.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Long-Term Debt:

At the end of fiscal year 2015 the District had \$118,496,389 outstanding in long-term debt. More detailed information about long-term debt can be found in Note 5 in the financial statements.

Next Year's Budget:

The District's fiscal year 2017 cash basis budget projects a deficit of approximately \$1.0 million in the Operating Funds {Educational, Operation & Maintenance, Transportation, IMR and Working Cash}. Although our annual state reimbursement claims are declining based upon the successful control of expenditures in the prior year, state funding is projected to increase based upon the expectation that we will receive four categorical program (transportation and special education tuition) payments like we did in the year 2016. We had budgeted for only three of these payments in 2016. However, flow through funds from the corporate personal property tax program are expected to decrease by 19% or \$337,000 according to the Illinois Dept. of Revenue estimate.

On the expenditure budget we continue to carefully evaluate the staffing needs with the reduction of two teacher positions through retirement attrition. In addition, the continued reduction for student outside placement expenses (tuition and transportation), favorable reductions for insurance premiums, expected low petroleum supply costs, and a new food service provider agreement that is expected to generate improved sales with minimal expense increase. Finally, we shifted approximately \$1.0 million of capital improvement work to the non-operating Capital Projects Fund supported by the bond proceeds. This will help us for the next three years to take the pressure of funding this necessary work from operating funds.

This conservative budgeting process reflects the ongoing volatility of state funding and the expectation that we will continue to control actual expenditures throughout the year to come in lower than the budget appropriation. The district is fortunate to have adequate reserves to accommodate these shortfalls; however, comprehensive financial planning with the Board of Education is on-going with a focus on alignment of available resources balanced with the program services and pursuit of efficiencies throughout the operations.

Factors Bearing on the District's Future:

The District is dependent on local sources for the majority of its revenue and the property tax cap legislation continues to limit the revenue the District can realize from its tax levy. In addition, proposed legislation that would freeze property tax revenue, combined with discussions to shift more pension cost to the local level, would be detrimental to the programs in the district. The current economic climate is beginning to show signs of recovery as property values are once again increasing after six consecutive years of decline. However, new property growth will lag and is not expected to help for at least three or more years. Although State Aid has remained relatively level, due to a rise in poverty counts, this is beginning to decline. The active school funding initiatives and alternatives being considered could result in the reduction of our state funding. These identified revenue constraints, of which the district has little control, continue to place significant pressure on the district's budget to maintain high quality educational and extra-curricular programs.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The Administration will continue to evaluate revenue and expense trends and propose recommendations as appropriate to the Board of Education to maintain the highest educational standards within the financial resources available.

The Board of Education has been successful working toward correlating future salary contracts with the Consumer Price Index factor, which is used to limit the annual property tax revenue for the District under the Property Tax Extension Limitation Law. This will be essential to achieving financial stability in future years.

In addition, more than 2 out of every 4 students now qualify for the Free and Reduced Breakfast and Lunch Program which the district is mandated to provide. The district is required to not only provide meals throughout the year, but also offer a meal program during the summer months to anyone up to the age of eighteen who wishes to stop in and eat. This mandated and essential program, while partially supported by federal reimbursement, is expensive to run and manage. Furthermore, there is a corresponding decline in local revenue from the waiver of registration fees for these students who are in need of such support.

Homeless transportation expense has grown exponentially from approximately \$20,000 to over \$100,000 as of fiscal year 2016. While somewhat offset by sharing the cost with other public school districts involved and some state reimbursement, this is an expanding program of services not previously demanding such commitment.

Special Education costs are finally beginning to level off for outside placement tuition after a three year average annual increase of 14%. However, enrollment in these programs continues to increase. Meanwhile the level of state and federal funding assistance remains relatively flat, which is creating financial pressure on the school district. In today's economic climate, especially in the State of Illinois, we cannot reasonably expect funding to increase in any significant way.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Edward Hoster, Chief Financial Officer/CSBO, DuPage High School District #88, 2 Friendship Plaza, Addison, Illinois 60101.

BASIC FINANCIAL STATEMENTS

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and investments	\$ 52,952,687
Receivables:	
Property taxes	31,317,832
Intergovernmental	1,358,620
Interest	17,232
Other local	153,436
Inventories	868,076
Prepaid health insurance	462,779
Prepaid bond payments	2,276,775
Capital assets:	
Land and construction in progress	4,558,214
Other capital assets, net of depreciation	105,523,356
	199,489,007
Total assets	199,489,007
Deferred outflows of resources:	
Teachers' Retirement System	1,542,475
Illinois Municipal Retirement Fund	3,725,193
Deferred charge on refunding	38,244
	3,305,912
Total deferred outflows of resources	3,305,912
Liabilities:	
Accounts Payable	1,087,041
Payroll deductions payable	83,452
Unearned revenue	750,071
Long-term liabilities	
Due within one year	6,876,737
Due in more than one year	111,619,652
	120,416,953
Total liabilities	120,416,953
Deferred inflows of resources:	
Teachers' Retirement System	225,971
Illinois Municipal Retirement Fund	469,685
Property taxes levies for subsequent year	62,820,583
	63,516,239
Total deferred inflows	63,516,239
Net Position:	
Net investment in capital assets	11,808,005
Restricted for:	
Debt service	435,521
Transportation	2,273,924
Retirement	1,108,354
Unrestricted	5,235,923
	11,808,005
Total net position	\$ 20,861,727

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instructional services:				
Regular programs	\$ 26,305,699	\$ 909,539	\$ 441,761	\$ (24,954,399)
Special programs	15,019,328	-	3,397,530	(11,621,798)
Other programs	3,188,983	-	-	(3,188,983)
On-behalf payments	16,243,834		16,243,834	-
Supporting services:				
Students	5,309,870	-	278,075	(5,031,795)
Instructional staff	1,513,045	-	88,494	(1,424,551)
District administration	1,312,508	-	-	(1,312,508)
School administration	3,772,586	-	-	(3,772,586)
Business	1,002,846	-	-	(1,002,846)
Operation and maintenance of facilities	5,869,761	-	20,422	(5,849,339)
Transportation	3,394,124	68,900	1,021,907	(2,303,317)
Food service	993,310	433,986	776,391	217,067
Staff	1,281,285	-	-	(1,281,285)
Community services	262,074	-	-	(262,074)
Interest on long-term liabilities	4,854,804	-	-	(4,854,804)
 Total school district	 \$ 90,324,057	 \$ 1,412,425	 \$ 22,268,414	 (66,643,218)
General revenues:				
Property taxes levied for:				
General purposes				46,391,452
Transportation				1,971,725
Retirement				2,482,270
Debt service				11,120,590
Federal and state aid not restricted to specific purposes				3,843,766
Earnings on investments				146,734
Miscellaneous				1,832,429
 Total general revenues				 67,788,966
 Change in net position				 1,145,748
Net position - beginning				 19,715,979
 Net position - ending				 <u>\$ 20,861,727</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 43,541,157	\$ 4,089,144	\$ 5,322,386	\$ 52,952,687
Receivables (net of allowance for uncollectibles):				
Property taxes	23,631,368	5,896,676	1,789,788	31,317,832
Intergovernmental	1,016,309	-	342,311	1,358,620
Interest	14,800	1,255	1,177	17,232
Other local	153,436	-	-	153,436
Inventory	868,076	-	-	868,076
Prepaid health insurance and bond payment	462,779	2,276,775	-	2,739,554
TOTAL ASSETS	<u>\$ 69,687,925</u>	<u>\$ 12,263,850</u>	<u>\$ 7,455,662</u>	<u>\$ 89,407,437</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 538,736	\$ -	\$ 548,305	\$ 1,087,041
Accrued payroll expenditures	83,452	-	-	83,452
Unearned revenue	407,760	-	342,311	750,071
Total Liabilities	<u>1,029,948</u>	<u>-</u>	<u>890,616</u>	<u>1,920,564</u>
Deferred inflows of resources:				
Property taxes levies for subsequent year	47,402,083	11,828,329	3,590,171	62,820,583
Total deferred inflows of resources	<u>47,402,083</u>	<u>11,828,329</u>	<u>3,590,171</u>	<u>62,820,583</u>
Fund Balance:				
Nonspendable	1,330,855	-	-	1,330,855
Restricted	-	435,521	3,382,996	3,818,517
Assigned	4,000,000	-	-	4,000,000
Unassigned	15,925,039	-	(408,121)	15,516,918
Total Fund Balance	<u>21,255,894</u>	<u>435,521</u>	<u>2,974,875</u>	<u>24,666,290</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 69,687,925</u>	<u>\$ 12,263,850</u>	<u>\$ 7,455,662</u>	<u>\$ 89,407,437</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

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

Total fund balance - governmental funds	\$ 24,666,290
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$176,653,894 and the accumulated depreciation is \$66,572,324.	110,081,570
Long-term liabilities, including bonds payable, capital leases, and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(105,615,000)
Capital lease payable	(108,048)
Deferred amounts for issuance discount/premium	(2,223,528)
Deferred charge on refunding	38,244
Net other post employment benefits obligation	(668,643)
Net pension liability - Teachers' Retirement System	(6,257,358)
Net pension liability - Illinois Municipal Retirement Fund	(3,623,812)
Deferred outflows and deferred inflows, related to the pensions, represent a consumption of, or increase to, net position that applies to future periods and therefore, are not reported in the funds.	
Deferred outflows - Teachers' Retirement System	1,542,475
Deferred outflows - Illinois Municipal Retirement Fund	3,725,193
Deferred inflows - Teachers' Retirement system	(225,971)
Deferred inflows - Illinois Municipal Retirement Fund	(469,685)
Total net position - governmental activities	\$ 20,861,727

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Debt Services	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 46,391,452	\$ 11,120,590	\$ 4,453,995	\$ 61,966,037
Other local sources	3,450,733	9,577	205,632	3,665,942
State sources	22,240,275	-	1,021,907	23,262,182
Federal sources	2,575,644	-	-	2,575,644
Total Revenues	<u>74,658,104</u>	<u>11,130,167</u>	<u>5,681,534</u>	<u>91,469,805</u>
EXPENDITURES:				
Current operating:				
Instruction	36,720,483	-	1,384,068	38,104,551
Supporting services	36,315,539	-	4,323,537	40,639,076
Community services	257,043	-	3,667	260,710
Payments to other districts and governmental units	1,506,232	-	-	1,506,232
Debt service:				
Payment of principal on long-term debt	-	14,760,425	-	14,760,425
Interest on long-term debt	-	5,019,410	-	5,019,410
Service charges and bond costs	-	198,862	-	198,862
Total Expenditures	<u>74,799,297</u>	<u>19,978,697</u>	<u>5,711,272</u>	<u>100,489,266</u>
Deficiency of revenues over expenditures	<u>(141,193)</u>	<u>(8,848,530)</u>	<u>(29,738)</u>	<u>(9,019,461)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	13,596	-	13,596
Transfers out	(13,596)	-	-	(13,596)
Principal on bonds sold	3,884,185	8,420,815	-	12,305,000
Premium on bonds sold	116,782	502,123	-	618,905
Capital lease proceeds	118,473	-	-	118,473
Total other financing sources (uses)	<u>4,105,844</u>	<u>8,936,534</u>	<u>-</u>	<u>13,042,378</u>
Net change in fund balances	3,964,651	88,004	(29,738)	4,022,917
Fund balances at beginning of year	<u>17,291,243</u>	<u>347,517</u>	<u>3,004,613</u>	<u>20,643,373</u>
FUND BALANCES AT END OF YEAR	<u>\$ 21,255,894</u>	<u>\$ 435,521</u>	<u>\$ 2,974,875</u>	<u>\$ 24,666,290</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

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

Net change in fund balances-total governmental funds **\$ 4,022,917**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for equipment and \$10,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and loss on disposal of capital assets in the current period.

Capital outlays	948,763	
Depreciation expense	<u>(4,558,608)</u>	(3,609,845)

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

General obligation refunding bond proceeds	(12,305,000)	
Capital Lease Proceeds	(118,473)	
Premium on bonds sold	(618,905)	
Repayment of bond principal	14,760,425	
Amortization of bond premium	396,905	
Amortization of deferred charge on refunding	(36,894)	
Increase in net post employment benefit obligation	(76,443)	
Change in net pension liability - Teachers' Retirement System	(822,657)	
Change in net pension liability - Illinois Municipal Retirement Fund	<u>(2,262,156)</u>	(1,083,198)

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

Change in deferred outflows - Teachers' Retirement System	271,678	
Change in deferred outflows - Illinois Municipal Retirement Fund	1,624,319	
Change in deferred inflows - Teachers' Retirement System	47,164	
Change in deferred inflows - Illinois Municipal Retirement Fund	<u>(127,287)</u>	<u>1,815,874</u>

Change in net position of governmental activities **\$ 1,145,748**

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2016

	<u>Student Activity Funds</u>
Assets:	
Cash and investments	<u>\$ 986,315</u>
Liabilities:	
Due to student organizations	<u>\$ 986,315</u>
Total liabilities	<u>\$ 986,315</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DuPage High School District No. 88 (District) is governed by an elected Board of Education. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

a. The Reporting Entity

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

Joint Ventures - The District is also a member of the following organizations:

- School Association for Special Education in DuPage County (See Note 14)
- DuPage Area Occupational Education System (See Note 15)

b. Basis of Presentation

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

1. Government-wide Financial Statements (GWFS):

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

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes and other revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements (FFS):

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

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

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

Additionally, the District reports the following fund types:

The Agency Fund – Student Activity Funds and Convenience Accounts (a fiduciary fund) accounts for assets held on behalf of student groups and others.

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

Government-wide financial statements

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Fund financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Fiduciary financial statements

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

d. Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

e. Capital Assets

Capital assets, which include land (which is not depreciated), buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$10,000 for buildings and improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

f. Long-term Obligations

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

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

g. Fund Equity

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

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

h. Property Taxes

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The adoption date for the 2015 tax levy was December 14, 2015. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (on or about June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates. Property taxes for the 2015 levy, which are collected during 2016, are considered to be budgeted to fund the operations of the 2016/17 school year and are reported as deferred inflows of resources.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Based upon collection histories, the District has provided at June 30, 2016, an allowance for uncollectible real property taxes equivalent to 1% of the current levy. All property taxes receivable over one year old are considered uncollectible.

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

	Maximum	Actual	
	2015 Levy	2015 Levy	2014 Levy
Educational	3.5000	1.6841	1.6890
Operations & Maintenance	.5500	.2115	.1990
Bond & Interest	N/A	.4797	.4591
Transportation	N/A	.0832	.0814
Municipal Retirement	N/A	.0276	.0633
Special Education	.4000	.0268	.0271
Social Security	N/A	.0348	.0392
Total		2.5477	2.5581

i. Personal Property Replacement Taxes

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

j. Inventories

Inventories in the General Fund account consist of textbooks and expendable supplies held for consumption. Inventory is valued at the lower of cost (first-in, first-out) or market (net realizable value). Inventory is accounted for using the consumption method.

k. Use of Estimates

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

l. Deferred outflows/inflows of resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

m. New Accounting Pronouncements

During the current year, the District implemented *Government Accounting Standard Board (GASB) Statement No. 72, Fair Value Measurement and Application*, which establishes new requirements on how fair value should be measured, which assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to financial statements.

NOTE 2. CASH AND INVESTMENTS:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2016, none of the District's bank balances of \$50,813,152 was exposed to custodial credit risk.

Investments and Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level One – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level Two – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

If the asset or liability has a specified (contractual) term, the level two input must be observable for substantially the full term of the asset or liability.

Level Three – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Net Asset Value (NAV) – Certain investments measured at NAV would be excluded from the fair value hierarchy.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

As of June 30, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Agency Securities:		
Federal Home Loan Mortgage Corporation Discount Notes	November, 2016 - March, 2017	\$ 1,716,256
Federal National Mortgage Assoc.	April 2017	2,988,945
Federal Home Loan Bank Note	May 2017	<u>363,760</u>
Total Level One		<u>5,068,961</u>
ISDLAF Max Class	Less than 60 days	72,937
ISDLAF Liquid Class	Less than 60 days	<u>113</u>
Total measured at Net Asset Value		<u>73,050</u>
Total Investments		<u>\$ 5,142,011</u>

U.S. Agency securities classified in level one of the fair value hierarchy are valued using prices quoted in active markets for these securities.

The District has funds invested in the amount of \$73,050 (valued at \$1.00 per share) in the Illinois School District Liquid Asset Fund as of June 30, 2016. The fair value of the positions in these investment pools is the same as the value of the pooled shares. All investments are SEC registered. The District's proportionate share of investment in these investment pools are collateralized in the same proportion that the total assets of the Funds are collateralized. Although information regarding the level of collateralization of total assets of these Funds was not available, the Illinois School District Liquid Asset Fund represent that all assets are fully collateralized.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Interest Rate Risk: In the District's formal investment policy, there are no specific limitations on investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

Securities issued or guaranteed by the United States.

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

Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.

Insured accounts of an Illinois credit union chartered under United States or Illinois law.

Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.

The Illinois Funds or Illinois School District Liquid Asset Fund Plus.

Repurchase agreements which meet instrument transaction requirements of Illinois law.

The District has no investment policy that would further limit its investment choices. As of June 30, 2016, the District's investments were rated as follows:

<u>Description</u>	<u>Standard & Poors</u>	<u>Moody's Investor Service</u>	<u>Fitch</u>
Federal Home Loan Mortgage Corporation	AA+	Aaa	AAA
Federal National Mortgage Assoc	N/A	Aaa	N/A
Federal Home Loan Bank Note	AA+	Aaa	N/A
ISDLAF Max Class	AAAm	N/A	N/A
ISDLAF Liquid Class	AAAm	N/A	N/A

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in the Federal Home Loan Mortgage Corp Notes at 33.3%, Federal National Mortgage Assoc. Note at 58.1%, and the Federal Home Loan Bank Note at 7.0%.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

NOTE 3. COMMON BANK ACCOUNT:

Separate bank accounts are not maintained for 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 4. CAPITAL ASSETS:

A summary of changes in capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 4,162,325	\$ -	\$ -	\$ 4,162,325
Construction in progress	-	395,889	-	395,889
Total	4,162,325	\$395,889	-	4,558,214
Capital assets, being depreciated:				
Land improvements	21,426,691	-	-	\$21,426,691
Buildings	136,213,174	29,740	-	136,242,914
Equipment	13,902,941	523,134	-	14,426,075
Total capital assets being depreciated	171,542,806	\$552,874	-	172,095,680
Accumulated depreciation for:				
Land improvements	\$6,801,842	973,882	-	7,775,724
Buildings	42,445,304	3,225,357	-	45,670,661
Equipment	12,766,570	359,369	-	13,125,939
Total accumulated depreciation	62,013,716	4,558,608	-	66,572,324
Total capital assets being depreciated, net	109,529,090	(4,005,734)	-	105,523,356
Total capital assets, net	\$ 113,691,415	\$ (3,609,845)	\$ -	\$ 110,081,570

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

Instructional services:	
Regular programs	\$3,335,918
Special programs	323,405
Other programs	477,740
Supporting services:	
Students	84,534
Instructional staff	106,631
General administration	17,473
School administration	12,562
Business	10,107
Operations and Maintenance	66,292
Transportation	113,839
Staff	10,107
	\$4,558,608

NOTE 5. CHANGES IN LONG-TERM LIABILITIES:

Changes in long-term liabilities are summarized as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds	\$108,060,000	\$12,305,000	\$14,750,000	\$105,615,000	\$6,855,000
Capital Lease	-	118,473	10,425	108,048	21,737
Deferred Amounts for Issuance Premium	2,036,958	618,905	432,335	2,223,528	-
Deferred Amounts for Issuance Discount	(35,430)	-	(35,430)	-	-
Net OPEB Obligation	592,200	173,202	96,759	668,643	-
Net Pension Liability - IMRF	1,361,656	2,262,156	-	3,623,812	-
Net Pension Liability - TRS	5,434,701	822,657	-	6,257,358	-
Total Governmental Activities Long-Term Liabilities	\$117,450,085	\$16,300,393	\$15,254,089	\$118,496,389	\$6,876,737

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Long- term liabilities at June 30, 2016 are comprised of the following:

Bonds Payable

August 2, 2007 General Obligation School Building Bonds, due in annual installments varying from \$910,000 to \$9,340,000 beginning in 2018 through 2027; interest rates vary from 4.25% to 5.0% per annum.

December 30, 2008 General Obligation School Building Bonds, due in one installment of \$10,000,000 in 2028 with an interest rate of 5.125%.

April 9, 2009 General Obligation School Building Bonds, due in annual installments varying from \$5,825,000 to \$6,715,000 through 2018; interest rates vary from 4.0% to 5.0% per annum.

June 2, 2010 General Obligation Limited Refunding Bonds, due in one installment of \$905,000 in 2017 with an interest rate of 4.0% per annum.

December 3, 2015 General Obligation Limited Refunding Bonds, due in annual installments varying from \$955,000 to \$1,100,000 through 2025; interest rates vary from 2.25% to 4.00% per annum.

December 22, 2015 General Obligation Limited Bonds, due in annual installments varying from \$100,000 to \$1,190,000 through 2028; interest rates vary from 2.65% to 4.00% per annum.

Prior Year Refunding - 2010

In a prior year, the District issued General Obligation Limited Tax School Bonds to refund a portion of the 2002 School Bonds. Proceeds in the amount of \$5,311,930 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the debt.

Neither the securities held by the escrow agent nor the refunded debt defeased in the June 2, 2010 advance refundings are reflected in the District's financial statements since they are not considered assets or liabilities of the District as a result of the defeasance of debt in the refunding transactions. The District issued additional bonds resulting in the District receiving cash of \$4,175.

As a result of the prior year in substance defeasance transactions, General Obligation Bonds - Series 2002 - in the amount of \$880,000 are not shown on the Statement of Net Position at June 30, 2015. This advance refunding was undertaken to reduce total debt service payments by \$375,977 and resulted in an economic gain of \$88,883.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

The annual requirements to amortize all debt outstanding as of June 30, 2016 are as follows:

Year Ending June 30,	Bonds Payable		Capital Lease		Total
	Principal	Interest			
2017	\$ 6,855,000	\$ 4,971,263	\$ 21,737	\$ 5,455	\$ 11,853,455
2018	8,705,000	4,649,219	22,977	4,216	13,381,412
2019	7,345,000	4,231,594	24,286	2,906	11,603,786
2020	7,490,000	3,922,294	25,670	1,522	11,439,486
2021	7,875,000	3,590,069	13,378	218	11,478,665
2022-2026	45,655,000	11,920,335	-	-	57,575,335
2027-2028	21,690,000	1,588,190	-	-	23,278,190
Total	\$ 105,615,000	\$ 34,872,964	\$ 108,048	\$ 14,317	\$140,610,329

General obligation bonds are liquidated by the Debt Services Fund.

The Illinois Compiled Statutes limits the amount of bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2016, the statutory debt limit for the District was \$171,857,133 providing a debt margin of \$66,677,654.

NOTE 6. RETIREMENT FUND COMMITMENTS:

Retirement Plans

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

Illinois Teachers' Retirement System:

General Information about the Pension Plan

Plan Description: The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

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

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

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

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

Contributions from active members and TRS contributing districts are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

On behalf contributions to TRS: The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2015, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$15,911,923 in pension contributions from the state of Illinois.

2.2 formula contributions: Districts contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$179,914, and are deferred because they were paid after the June 30, 2015 measurement date.

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

For the year ended June 30, 2016, the District pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$329,681 were paid from federal and special trust funds that required District contributions of \$118,883. 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 a district is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum District ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District was not required to make employer ERO contributions under the ERO program.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District was not required to make contributions due on salary increases in excess of 6 percent and sick leave days granted in excess of the normal annual allotment.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

District's proportionate share of the net pension liability	\$6,257,358
State's proportionate share of the net pension liability associated with the District	<u>194,217,342</u>
Total	<u><u>\$200,474,700</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the District's proportion was .0096 percent, which was an increase of .0007 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$15,911,923 and revenue of \$15,911,923 for support provided by the state.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,325	\$ 6,859
Net difference between projected and actual earnings on pension plan investments	123,923	219,112
Changes of Assumptions	86,533	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,030,897	-
District contributions subsequent to the measurement Date	<u>298,797</u>	<u>-</u>
Total	<u><u>\$1,542,475</u></u>	<u><u>\$ 225,971</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

\$298,797 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Deferred Outflow (Inflow)
2017	\$ 587,261
2018	288,464
2019	288,464
2020	151,315
Total	<u>\$ 1,316,504</u>

Actuarial assumptions

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

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

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

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. large cap	18.0%	7.53%
Global equity excluding U.S.	18.0	7.88
Aggregate bonds	16.0	1.57
U.S. TIPS	2.0	2.82
NCREIF	11.0	5.11
Opportunistic real estate	4.0	9.09
ARS	8.0	2.57
Risk parity	8.0	4.87
Diversified inflation strategy	1.0	3.26
Private equity	14.0	12.33
Total	<u>100.0%</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 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, District contributions, and state contributions will be made at the current statutorily-required rates.

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

At June 30, 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 subsidy provided by Tier II were sufficient to cover all projected benefit payments

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
District's proportionate share of the net pension liability	\$7,732,560	\$6,257,358	\$5,047,652

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

Illinois Municipal Retirement Fund

Plan Description: The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

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

Employees Covered by Benefit Terms: At December 31, 2015, the number of District employees covered by IMRF were:

Active members	231
Retirees and beneficiaries	289
Inactive, non-retired members	<u>324</u>
Total	<u>844</u>

Contributions: As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for 2015 was 10.30% of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute. Required contributions were \$903,052 and actual contributions were \$902,964, or 99.99% of required contributions.

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Actuarial Assumptions: The following are the methods and assumptions used to determine the Total Pension Liability at December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.49%
Projected Retirement Age	Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, the IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
Disabled Retirees	For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.
Active Members	For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Approximate Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38.0%	7.4%
International equity	17.0	7.6
Fixed income	27.0	3.0
Real estate	8.0	6.00
Alternative investments	9.0	2.75-8.15
Cash equivalents	<u>1.0</u>	2.25
	100.0%	

Single Discount Rate: A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and (2) the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.49%.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Changes in the District's Net Pension Liability: Changes in the District's Net Pension Liability for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance, December 31, 2014	<u>\$ 44,932,369</u>	<u>\$ 43,570,713</u>	<u>\$ 1,361,656</u>
Charges for the year:			
Service cost	993,906	-	993,906
Interest	3,308,205	-	3,308,205
Difference between expected and actual experience	(495,509)	-	(495,509)
Changes in assumptions	51,815	-	51,815
Net investment income	-	214,536	(214,536)
Contributions – employees	-	409,920	(409,920)
Contributions – employers	-	902,964	(902,964)
Benefit payments including refunds of employee contributions	(2,639,843)	(2,639,843)	-
Other changes	-	68,841	(68,841)
Net changes	<u>1,218,574</u>	<u>(1,043,582)</u>	<u>2,262,156</u>
Balance, December 31, 2015	<u>\$ 46,150,943</u>	<u>\$ 42,527,131</u>	<u>\$ 3,623,812</u>

Sensitivity of the Net Pension Liability to Changes in the Single Discount Rate: The following presents the Net Pension Liability calculated using the single discount rate of 7.50%, as well as what the Net Pension Liability would be if it were calculated using a single discount rate that is 1% higher and lower:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
District's net pension liability	\$9,221,506	\$3,623,812	\$(1,088,45)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2015, the District recognized pension expense of \$1,654,239. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
Differences between expected and actual experience	\$ -	\$ 469,685	\$ (469,685)
Changes of assumptions	591,790	-	591,790
Net difference between projected and actual earnings on Plan investments	2,750,504	-	2,750,504
Employer contributions to plan after measurement date	<u>382,899</u>	<u>-</u>	<u>382,899</u>
Total	<u>\$ 3,725,193</u>	<u>\$ 469,685</u>	<u>\$ 3,255,508</u>

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

Year ending December 31,	Net Deferred Outflows (Inflows)
2016	\$ 1,343,296
2017	594,568
2018	716,428
2019	<u>601,216</u>
Total	<u>\$ 3,255,508</u>

NOTE 7. OTHER POST EMPLOYMENT BENEFITS:

Teacher Health Insurance Security:

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

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

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07% of pay during the year ended June 30, 2016. State of Illinois contributions were \$331,911, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.80% during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$248,158 to the THIS Fund.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General:

<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

Defined Postemployment Benefit Plan:

Plan Description: The District's Other Postemployment Benefits (OPEB) Plan is a single-employer defined benefit healthcare plan that is administered by the District. The District provides medical, dental, and life insurance benefits to retirees and their covered eligible dependents. Retirees contribute the full cost for these benefits. While there is no explicit cost to the District, there is an implicit subsidy to the District for the retiree medical benefits only. All active employees who retire from the District and meet the eligibility criteria may participate. Benefit provisions are established through contractual agreements and may only be amended through negotiations with the Board. The plan does not issue a separate, publicly available report.

Funding Policy: Contribution requirements are established through contractual agreements and may only be amended through negotiations with the Board. The retiree is responsible for paying the full monthly premium. The District currently pays for postemployment health care benefits on a pay-as-you-go basis.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Annual OPEB Cost and Net OPEB Obligation: For fiscal year 2016, the District's annual OPEB cost for the plan was \$173,202. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016, were as follows:

Annual required contribution	\$ 181,187
Interest on net OPEB obligation	29,610
Adjustment to annual required contribution	<u>(37,595)</u>
Annual OPEB cost	173,202
Contributions made	<u>(96,759)</u>
Increase in net OPEB obligation	76,443
Net OPEB obligation — July 1, 2015	<u>592,200</u>
Net OPEB obligation — June 30, 2016	<u>\$ 668,643</u>

Trend Information: The District's annual OPEB cost, the percentage of the annual OPEB cost contribution to the plan, and the net OPEB obligation is as follows:

Trend Information for the Plan

Fiscal Year Ending	Annual OPEB Cost	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/16	\$173,202	\$ 96,759	55.86%	\$668,643
06/30/15	167,705	83,451	49.76	592,200
06/30/14	201,512	127,636	63.33	507,946

Funding Status and Funding Progress: The funded status of the plan as of July 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 1,428,063
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,428,063</u>
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	\$25,791,295
UAAL as a percentage of covered payroll	5.54%

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Actuarial Methods and Assumptions: Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

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

In the actuarial valuation for the plan as of July 1, 2014 the unit credit cost method was used. The actuarial assumptions included a 5% discount rate and an annual healthcare cost trend rate of 7% initially, reduced to an ultimate rate of 5% after four years. Both rates included a 2% inflation assumption. The UAAL will be amortized as a level dollar amount of projected payroll on a closed group valuation basis. The period selected for amortizing the unfunded actuarial liability in determining the Annual Required Contribution (ARC) is the maximum limit of 30 years. Amortization reflects a level dollar method.

NOTE 8. RESTRICTED POSITION:

The government-wide statement of net position reports \$3,817,799 of restricted net assets, all of which is restricted by enabling legislation.

NOTE 9. FUND BALANCES – GOVERNMENTAL FUNDS:

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Restricted Fund Balance – The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes.

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

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the School Board itself or the School Board may delegate the authority to assign amounts. The School Board has delegated this authority to the Chief Financial Officer. Currently, \$4 million has been assigned for future capital improvement projects and transportation equipment.

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

As of June 30, 2016, fund balances are composed of the following:

	General Fund	Debt Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$868,076	\$ -	\$ -	\$868,076
Prepaid Health Insurance	462,779	-	-	462,779
Restricted:				
Municipal Retirement/ Social Security Fund	-	-	1,108,354	1,108,354
Debt service	-	435,521	-	435,521
Transportation	-	-	2,273,924	2,273,924
Fire Prevention & Safety	-	-	718	718
Assigned	4,000,000			4,000,000
Unassigned	15,925,039	-	(408,121)	15,516,918
Total fund balances	\$21,255,894	\$435,521	\$2,974,875	\$24,666,290

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

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

NOTE 10. RISK MANAGEMENT:

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

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

NOTE 11. RISK POOL - COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC):

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

Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, Illinois 60048.

NOTE 12. RISK POOL - SCHOOL EMPLOYEES LOSS FUND (SELF):

The District is a member of SELF, which has been formed to reduce local school districts' workers' compensation costs. SELF is controlled by a Board of Directors which is composed of representatives designated by each school district. The day-to-day operations of SELF are managed through an Executive Board elected by the Board of Directors. Each member district has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Financial Statements (Cont'd)
June 30, 2016

Complete financial statements for SELF can be obtained from their accountant at Two Pierce Place, Itasca, Illinois 60143.

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

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

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

NOTE 14. JOINT VENTURE - SCHOOL ASSOCIATION FOR SPECIAL EDUCATION IN DUPAGE COUNTY (SASED):

The District has entered into a joint agreement with other districts in DuPage County to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the policy board.

Complete financial statements for SASED can be obtained from its business office at 2900 Ogden Ave., Lisle, IL.

NOTE 15. JOINT VENTURE - DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM (DAOES):

The District is a member of DAOES, a joint agreement to provide vocational education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the governing board.

Complete financial statements for DAOES can be obtained from the Administrative Offices located at the Technology Center of DuPage at 301 South Swift Road, Addison, Illinois 60101-1499.

NOTE 16. DEFICIT FUND BALANCE:

The Capital Projects Fund had a deficit fund balance at June 30, 2016 of \$408,121. This deficit will be financed through future transfers from other funds.

THIS PAGE LEFT INTENTIONALLY BLANK

REQUIRED SUPPLEMENTARY INFORMATION

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
REVENUES:				
Local sources	50,410,849	\$ 50,410,849	\$ 49,842,185	\$ (568,664)
State sources	17,782,995	22,251,995	22,240,275	(11,720)
Federal sources	2,547,421	2,547,421	2,575,644	28,223
Total Revenues	<u>70,741,265</u>	<u>75,210,265</u>	<u>74,658,104</u>	<u>(552,161)</u>
EXPENDITURES:				
Instruction	37,399,937	37,399,937	36,720,483	679,454
Supporting services	32,958,984	37,414,388	36,315,539	1,098,849
Community services	146,610	146,610	257,043	(110,433)
Payments to other districts and governmental units	1,559,000	1,559,000	1,506,232	52,768
Provision for contingencies	265,000	265,000	-	265,000
Total Expenditures	<u>72,329,531</u>	<u>76,784,935</u>	<u>74,799,297</u>	<u>1,985,638</u>
Excess (deficiency) of revenues over expenditures	<u>(1,588,266)</u>	<u>(1,574,670)</u>	<u>(141,193)</u>	<u>1,433,477</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(13,596)	(13,596)	-
Principal on bonds sold	-	3,884,186	3,884,185	(1)
Premium on bonds sold	-	116,782	116,782	-
Capital lease proceeds	-	-	118,473	118,473
Proceeds from the sale of capital assets	7,500	7,500	-	(7,500)
Total other financing sources (uses)	<u>7,500</u>	<u>3,994,872</u>	<u>4,105,844</u>	<u>110,972</u>
Net change in fund balances	<u>\$ (1,580,766)</u>	<u>\$ 2,420,202</u>	<u>\$ 3,964,651</u>	<u>\$ 1,544,449</u>
Fund balances at beginning of year			<u>17,291,243</u>	
FUND BALANCES AT END OF YEAR			<u>\$ 21,255,894</u>	

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFIT PLANS
JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2014	\$ -	\$ 1,428,063	\$ 1,428,063	0.00%	\$ 25,791,295	5.54%
7/1/2012	-	1,737,863	1,734,863	0.00	37,976,180	4.57
7/1/2010	-	1,497,745	1,497,745	0.00	33,095,531	4.53
7/1/2008	-	1,340,979	1,340,979	0.00	34,671,605	3.87

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2016

Calendar year ending December 31,	2015	2014
<u>Total pension liability:</u>		
Service cost	\$ 993,906	\$ 1,027,946
Interest on the total pension liability	3,308,205	3,087,331
Difference between expected and actual experience	(495,509)	(530,912)
Assumption changes	51,815	1,927,793
Benefit payments and refunds	(2,639,843)	(2,460,447)
Net change in total pension liability	1,218,574	3,051,711
Total pension liability, beginning	44,932,369	41,880,658
Total pension liability, ending	<u>46,150,943</u>	<u>44,932,369</u>
<u>Plan fiduciary net position</u>		
Employer contributions	902,964	946,965
Employee contributions	409,920	390,242
Pension plan net investment income	214,536	2,552,135
Benefit payments and refunds	(2,639,843)	(2,460,447)
Other	68,841	(258,076)
Net change in plan fiduciary net position	(1,043,582)	1,170,819
Plan fiduciary net position, beginning	43,570,713	42,399,894
Plan fiduciary net position, ending	<u>42,527,131</u>	<u>43,570,713</u>
Net pension liability, ending	<u>3,623,812</u>	<u>1,361,656</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.15%</u>	<u>96.97%</u>
Covered valuation payroll	<u>\$ 8,767,495</u>	<u>\$ 8,663,680</u>
Net pension liability as a percentage of covered valuation penalty	<u>41.33%</u>	<u>15.72%</u>

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2016**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 903,052	\$ 902,964	\$ 88	\$ 8,767,495	10.30%
2014	\$ 946,940	\$ 946,965	\$ (25)	\$ 8,663,680	10.93%

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2016

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0096%	0.0089%
District's proportionate share of the net pension liability	6,257,358	5,434,701
State's proportionate share of the net pension liability associated with the District	<u>194,217,342</u>	<u>182,781,933</u>
Total	<u>\$ 200,474,700</u>	<u>\$ 188,216,634</u>
District's covered-employee payroll	29,973,581	29,873,116
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.88%	18.19%
Plan fiduciary net position as a percentage of the total pension liability	<u>41.50%</u>	<u>43.00%</u>

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 298,797	\$ 324,669
Contributions in relation to the contractually-required contribution	290,849	330,177
Contribution deficiency (excess)	<u>\$ 7,948</u>	<u>\$ (5,508)</u>
District's covered-employee payroll	\$ 31,019,696	\$ 29,973,581
Contribution as a percentage of covered-employee payroll	0.96%	1.10%

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Required Supplementary Information
June 30, 2016

NOTE 1. BUDGETARY DATA:

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

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues. The budget was adopted on September 28, 2015 and amended on June 13, 2016.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. The District has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year. (All appropriations lapse at year end.)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Required Supplementary Information (Cont'd)
June 30, 2016

NOTE 2. EXCESS OF EXPENDITURES DISBURSED OVER BUDGET IN INDIVIDUAL ACCOUNTS/FUNDS:

Expenditures disbursed exceeded the budgeted amount in the Education account as follows:

	Budget	Actual	Excess
Capital Projects	\$ -	\$ 408,121	\$ 408,121

NOTE 3. SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of assumptions

Amounts reported in 2015 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases of 5.75 percent.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
Notes to Required Supplementary Information (Cont'd)
June 30, 2016

NOTE 4. SCHEDULE OF CONTRIBUTIONS – ILLINOIS MUNICIPAL RETIREMENT FUND:

The following describes the summary of actuarial methods and assumptions used in the calculation of the 2015 contribution rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies: 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.
Other Information	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTARY FINANCIAL INFORMATION

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2016**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Working Cash</u>	<u>Total General</u>
<u>ASSETS</u>				
Cash and investments	\$ 29,268,204	\$ 4,807,490	\$ 9,465,463	\$ 43,541,157
Receivables (net of allowance for uncollectibles):				
Property taxes	21,030,979	2,600,389	-	23,631,368
Intergovernmental	1,016,309	-	-	1,016,309
Interest	12,133	954	1,713	14,800
Other local	153,436	-	-	153,436
Inventory	868,076	-	-	868,076
Prepaid health insurance	462,779	-	-	462,779
TOTAL ASSETS	<u>\$ 52,811,916</u>	<u>\$ 7,408,833</u>	<u>\$ 9,467,176</u>	<u>\$ 69,687,925</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 478,382	\$ 60,354	\$ -	\$ 538,736
Payroll deductions and withholdings	83,452	-	-	83,452
Unearned revenue	407,760	-	-	407,760
Total Liabilities	<u>969,594</u>	<u>60,354</u>	<u>-</u>	<u>1,029,948</u>
Deferred inflows of resources:				
Property taxes levies for subsequent year	42,186,966	5,215,117	-	47,402,083
Total deferred inflows of resources	<u>42,186,966</u>	<u>5,215,117</u>	<u>-</u>	<u>47,402,083</u>
Fund Balance:				
Nonspendable	1,330,855	-	-	1,330,855
Assigned	-	-	4,000,000	4,000,000
Unassigned	8,324,501	2,133,362	5,467,176	15,925,039
Total Fund Balance	<u>9,655,356</u>	<u>2,133,362</u>	<u>9,467,176</u>	<u>21,255,894</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 52,811,916</u>	<u>\$ 7,408,833</u>	<u>\$ 9,467,176</u>	<u>\$ 69,687,925</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Working Cash	Total General
REVENUES:				
Property taxes	\$ 41,571,136	\$ 4,820,316	\$ -	\$ 46,391,452
Other local sources	3,155,339	261,384	34,010	3,450,733
State sources	22,219,853	20,422	-	22,240,275
Federal sources	2,575,644	-	-	2,575,644
Total Revenues	<u>69,521,972</u>	<u>5,102,122</u>	<u>34,010</u>	<u>74,658,104</u>
EXPENDITURES:				
Current operating:				
Instruction	36,720,483	-	-	36,720,483
Supporting services	30,576,501	5,739,038	-	36,315,539
Community services	257,043	-	-	257,043
Payments to other districts and governmental units	1,506,232	-	-	1,506,232
Total Expenditures	<u>69,060,259</u>	<u>5,739,038</u>	<u>-</u>	<u>74,799,297</u>
Excess (deficiency) of revenues over expenditures	<u>461,713</u>	<u>(636,916)</u>	<u>34,010</u>	<u>(141,193)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(13,596)	-	-	(13,596)
Principal on bonds sold	-	-	3,884,185	3,884,185
Premium on bonds sold	-	-	116,782	116,782
Capital lease proceeds	118,473	-	-	118,473
Total other financing sources (uses)	<u>104,877</u>	<u>-</u>	<u>4,000,967</u>	<u>4,105,844</u>
Net change in fund balances	<u>566,590</u>	<u>(636,916)</u>	<u>4,034,977</u>	<u>3,964,651</u>
Fund balances at beginning of year	<u>9,088,766</u>	<u>2,770,278</u>	<u>5,432,199</u>	<u>17,291,243</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 9,655,356</u></u>	<u><u>\$ 2,133,362</u></u>	<u><u>\$ 9,467,176</u></u>	<u><u>\$ 21,255,894</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
REVENUES:				
Local Sources:				
Property taxes				
General tax levy	\$ 41,209,828	\$ 41,209,828	\$ 40,914,933	\$ 40,041,079
Special education tax levy	656,722	656,722	656,203	643,661
Total property taxes	<u>41,866,550</u>	<u>41,866,550</u>	<u>41,571,136</u>	<u>40,684,740</u>
Corporate replacement taxes	1,624,169	1,624,169	1,455,111	1,572,054
Tuition	23,000	23,000	19,410	24,774
Earnings on investments	50,000	50,000	75,402	59,851
Food service	393,000	393,000	433,986	390,222
Activity income	424,200	511,200	415,686	431,712
Textbooks	344,000	344,000	342,219	420,323
Services provided other districts	6,000	6,000	745	9,023
Refund of prior years' expenditures	-	-	6,947	5,613
Surplus moneys from TIF districts	-	-	-	374,978
Drivers' education fees	87,000	-	86,918	86,548
Payments from other districts	20,000	20,000	30,721	14,846
Other local	256,000	256,000	288,194	158,395
Total Local Sources	<u>45,093,919</u>	<u>45,093,919</u>	<u>44,726,475</u>	<u>44,233,079</u>
State Sources:				
General state aid	3,843,950	3,843,950	3,843,766	3,865,453
Special education	1,750,000	1,750,000	1,863,763	2,105,622
Vocational education	57,514	57,514	57,514	55,281
Bilingual education	98,035	98,035	59,015	54,151
Free lunch & breakfast	7,000	7,000	7,044	8,818
Drivers' education	142,100	142,100	142,498	135,298
On-behalf payments - State of Illinois	11,884,000	16,353,000	16,243,834	15,021,617
Other	396	396	2,419	9,980
Total State Sources	<u>\$ 17,782,995</u>	<u>\$ 22,251,995</u>	<u>\$ 22,219,853</u>	<u>\$ 21,256,220</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
REVENUES - Continued:				
Federal Sources:				
Food Service	\$ 903,000	\$ 903,000	\$ 769,347	\$ 834,797
Title I - low income	500,000	500,000	470,474	648,457
IDEA - flow through	790,000	790,000	834,338	879,791
CTE - Perkins	53,639	53,639	53,635	50,639
Title III - english language acquisition	25,500	25,500	25,500	21,312
Title II - Eisenhower/teacher quality	90,109	90,109	88,494	90,683
Medicaid programs	157,059	157,059	311,366	171,078
Other restricted grants	28,114	28,114	22,490	21,088
Total Federal Sources	<u>2,547,421</u>	<u>2,547,421</u>	<u>2,575,644</u>	<u>2,717,845</u>
Total Revenues	<u>65,424,335</u>	<u>69,893,335</u>	<u>69,521,972</u>	<u>68,207,144</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Salaries	16,879,815	16,879,815	16,830,854	16,418,025
Employee benefits	2,813,430	2,813,430	2,821,278	2,605,450
Purchased services	414,877	384,877	363,219	431,607
Supplies and materials	689,916	689,916	552,232	782,784
Capital outlay	300,000	300,000	321,085	16,974
Other	34,000	34,000	29,023	34,359
Non-capitalized equipment	290,000	320,000	331,743	261,966
Total	<u>21,422,038</u>	<u>21,422,038</u>	<u>21,249,434</u>	<u>20,551,165</u>
Special programs:				
Salaries	4,911,400	4,911,400	4,895,779	4,613,037
Employee benefits	856,835	856,835	819,653	807,700
Purchased services	150,500	150,500	191,720	137,862
Supplies and materials	37,345	37,345	42,142	46,523
Non-capitalized equipment	3,400	3,400	7,693	-
Tuition	2,700,000	2,700,000	2,382,927	2,559,821
Total	<u>\$ 8,659,480</u>	<u>\$ 8,659,480</u>	<u>\$ 8,339,914</u>	<u>\$ 8,164,943</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Instruction - Continued:				
Remedial & supplemental:				
Salaries	\$ 121,632	\$ 121,632	\$ 138,967	\$ 146,284
Employee benefits	39,014	39,014	42,244	44,191
Purchased services	28,000	28,000	43,430	-
Supplies and materials	1,000	1,000	1,462	52,190
Non-capitalized equipment	-	-	-	51,663
Total	189,646	189,646	226,103	294,328
CTE programs:				
Salaries	1,788,305	1,788,305	1,717,949	1,704,798
Employee benefits	212,525	212,525	210,024	195,062
Purchased services	53,802	53,802	56,859	62,779
Supplies and materials	122,872	122,872	127,702	137,695
Capital outlay	8,705	8,705	8,705	5,085
Non-capitalized equipment	57,113	57,113	56,470	46,362
Total	2,243,322	2,243,322	2,177,709	2,151,781
Interscholastic programs:				
Salaries	2,115,000	2,115,000	2,046,000	2,005,227
Employee benefits	45,500	45,500	44,473	42,469
Purchased services	289,760	289,760	289,103	315,886
Supplies and materials	102,000	102,000	93,807	110,567
Total	2,552,260	2,552,260	2,473,383	2,474,149
Summer school:				
Salaries	79,000	79,000	70,831	70,861
Purchased services	-	-	-	214
Supplies and materials	4,900	4,900	2,052	5,412
Total	\$ 83,900	\$ 83,900	\$ 72,883	\$ 76,487

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Instruction - Continued:				
Driver's education programs:				
Salaries	\$ 245,000	\$ 245,000	\$ 181,471	\$ 194,353
Employee benefits	391	391	389	461
Purchased services	8,000	8,000	3,976	3,292
Supplies and materials	8,000	8,000	7,474	5,635
Capital outlay	-	-	-	78,080
Total	<u>261,391</u>	<u>261,391</u>	<u>193,310</u>	<u>281,821</u>
Bilingual:				
Salaries	452,635	452,635	421,462	407,428
Purchased services	1,000	1,000	1,000	1,000
Supplies and materials	1,765	1,765	1,590	905
Total	<u>455,400</u>	<u>455,400</u>	<u>424,052</u>	<u>409,333</u>
Truant alternative and optional:				
Salaries	734,600	734,600	748,608	672,038
Employee benefits	116,200	116,200	116,859	130,161
Supplies and materials	4,200	4,200	5,938	2,148
Tuition	677,500	677,500	692,290	679,160
Total	<u>1,532,500</u>	<u>1,532,500</u>	<u>1,563,695</u>	<u>1,483,507</u>
Total Instruction	<u>37,399,937</u>	<u>37,399,937</u>	<u>36,720,483</u>	<u>35,887,514</u>
Support Services:				
Pupils:				
Attendance and social work :				
Salaries	1,458,624	1,458,624	1,381,378	1,466,237
Employee benefits	303,428	303,428	282,280	271,608
Purchased services	252,000	252,000	251,818	276,249
Supplies and materials	-	-	446	368
Total	<u>\$ 2,014,052</u>	<u>\$ 2,014,052</u>	<u>\$ 1,915,922</u>	<u>\$ 2,014,462</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Pupils - Continued:				
Guidance services				
Salaries	\$ 1,622,190	\$ 1,622,190	\$ 1,595,279	\$ 1,531,791
Employee benefits	204,900	204,900	198,673	199,482
Purchased services	-	-	-	127
Supplies and materials	9,500	9,500	8,580	8,665
Total	1,836,590	1,836,590	1,802,532	1,740,065
Health services:				
Salaries	255,185	255,185	250,737	250,416
Employee benefits	14,935	14,935	25,028	37,086
Supplies and materials	6,500	6,500	4,906	5,283
Non-capitalized equipment	-	-	-	5,215
Total	276,620	276,620	280,671	298,000
Psychological services:				
Salaries	486,900	486,900	482,715	376,763
Employee benefits	37,500	37,500	34,780	23,454
Purchased services	5,000	5,000	4,700	10,161
Supplies and materials	800	800	4	495
Total	530,200	530,200	522,199	410,873
Speech pathology:				
Purchased services	1,000	1,000	114	415
Supplies and materials	1,000	1,000	300	300
Total	2,000	2,000	414	715
Other support - pupil:				
Salaries	406,960	406,960	353,906	363,572
Employee benefits	61,035	61,035	59,962	62,292
Purchased services	15,000	15,000	208	10,023
Supplies and materials	23,000	23,000	-	91,797
Total	505,995	505,995	414,076	527,684
Total Pupils	\$ 5,165,457	\$ 5,165,457	\$ 4,935,814	\$ 4,991,799

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Instructional Staff:				
Improvement of instructional services:				
Salaries	\$ 318,538	\$ 318,538	\$ 327,066	\$ 188,660
Employee benefits	39,300	39,300	39,160	19,498
Purchased services	62,526	62,526	76,908	116,213
Total	420,364	420,364	443,134	324,371
Educational media services:				
Salaries	594,935	594,935	592,610	601,054
Employee benefits	131,385	131,385	137,266	126,204
Purchased services	-	-	259	762
Supplies and materials	78,300	78,300	84,246	81,089
Capital outlay	-	-	118,473	-
Total	804,620	804,620	932,854	809,109
Assessment and testing:				
Salaries	10,000	10,000	25,649	13,838
Purchased services	30,000	30,000	25,240	86,506
Supplies and materials	50,000	50,000	34,288	30,233
Total	90,000	90,000	85,177	130,577
Total Instructional Staff	1,314,984	1,314,984	1,461,165	1,264,057
General Administration:				
Board of education:				
Salaries	8,000	8,000	8,456	7,956
On-behalf payments - State of IL	11,884,000	16,353,000	16,243,834	15,021,617
Purchased services	352,000	352,000	222,433	252,492
Supplies and materials	11,000	11,000	12,726	8,640
Other	-	-	-	21,524
Total	\$ 12,255,000	\$ 16,724,000	\$ 16,487,449	\$ 15,312,229

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
General Administration - Continued:				
Executive administration:				
Salaries	\$ 271,140	\$ 271,140	\$ 266,136	\$ 279,924
Employee benefits	28,572	28,572	28,546	34,275
Purchased services	20,000	20,000	8,373	12,447
Supplies and materials	9,000	9,000	3,111	3,341
Total	328,712	328,712	306,166	329,987
Special area administration:				
Salaries	157,171	157,171	157,170	-
Employee benefits	39,100	39,100	38,714	-
Supplies and materials	-	-	-	302
Total	196,271	196,271	195,884	302
Tort immunity:				
Purchased services	533,185	533,185	516,915	822,853
Total	533,185	533,185	516,915	822,853
Total General Administration	13,313,168	17,782,168	17,506,414	16,465,371
School Administration:				
Office of the principal:				
Salaries	1,344,782	1,344,782	1,333,032	1,675,766
Employee benefits	238,200	238,200	242,758	287,311
Purchased services	105,400	105,400	88,816	23,859
Supplies and materials	331,094	317,498	340,527	324,973
Non-capitalized equipment	20,000	20,000	12,194	20,419
Total	2,039,476	2,025,880	2,017,327	2,332,328
Other support - school administration:				
Salaries	1,552,145	1,552,145	1,534,543	1,494,024
Employee benefits	8,000	8,000	9,205	9,849
Total	1,560,145	1,560,145	1,543,748	1,503,873
Total School Administration	\$ 3,599,621	\$ 3,586,025	\$ 3,561,075	\$ 3,836,201

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Business:				
Direction of business support services:				
Salaries	\$ 198,886	\$ 198,886	\$ 198,979	\$ 519,682
Employee benefits	77,500	77,500	82,833	89,567
Purchased services	49,000	49,000	27,290	39,637
Supplies and materials	15,000	15,000	9,418	13,311
Other	7,000	7,000	4,584	2,432
Total	347,386	347,386	323,104	664,629
Fiscal services:				
Salaries	381,900	381,900	394,587	69,909
Employee benefits	12,575	12,575	12,467	12,248
Purchased services	9,500	9,500	-	9,000
Supplies and materials	-	-	1,650	-
Total	403,975	403,975	408,704	91,157
Pupil transportation services:				
Salaries	3,000	3,000	196	1,268
Purchased services	2,000	2,000	30,258	18,257
Total	5,000	5,000	30,454	19,525
Food services:				
Salaries	51,393	51,393	51,509	50,848
Employee benefits	12,000	12,000	11,619	11,322
Purchased services	1,088,000	1,088,000	922,323	1,016,386
Supplies and materials	5,600	5,600	3,295	5,741
Total	1,156,993	1,156,993	988,746	1,084,297
Internal services:				
Salaries	141,400	141,400	125,245	121,495
Employee benefits	22,450	22,450	22,253	21,263
Total	163,850	163,850	147,498	142,758
Total Business	\$ 2,077,204	\$ 2,077,204	\$ 1,898,506	\$ 2,002,366

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Central:				
Direction of central support services:				
Salaries	\$ 245,831	\$ 245,831	\$ 244,359	\$ 247,899
Employee benefits	39,000	39,000	39,864	41,933
Purchased services	13,000	13,000	7,085	6,016
Supplies and materials	25,000	25,000	26,007	29,905
Capital outlay	15,000	15,000	-	-
Non-capitalized equipment	59,000	59,000	45,241	44,414
Total	396,831	396,831	362,556	370,167
Information services:				
Salaries	93,621	93,621	92,676	70,047
Employee benefits	21,700	21,700	21,067	15,792
Purchased services	-	-	175	172
Supplies and materials	6,900	6,900	7,983	2,513
Total	122,221	122,221	121,901	88,524
Staff services:				
Salaries	111,743	111,743	111,866	131,009
Employee benefits	45,636	45,636	23,522	23,457
Purchased services	55,670	55,670	50,584	59,469
Supplies and materials	2,000	2,000	4,071	4,383
Total	215,049	215,049	190,043	218,318
Data processing services:				
Salaries	384,914	384,914	393,946	349,757
Employee benefits	75,600	75,600	74,437	65,268
Purchased services	86,750	86,750	68,474	114,744
Supplies and materials	6,000	6,000	2,170	4,759
Total	553,264	553,264	539,027	534,528
Total Central	\$ 1,287,365	\$ 1,287,365	\$ 1,213,527	\$ 1,211,537

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Other Support Services:				
Purchased services	\$ -	\$ -	\$ -	\$ 3,504
Total Other Support Services	-	-	-	3,504
Total Support Services	26,757,799	31,213,203	30,576,501	29,774,835
Community Services:				
Salaries	72,947	72,947	192,859	73,385
Employee benefits	46,900	46,900	38,085	22,667
Purchased services	26,763	26,763	26,099	25,868
Total Community Services	146,610	146,610	257,043	121,920
Payments to other districts and governmental units:				
Special education - tuition	1,233,000	1,233,000	1,164,519	1,295,828
Special education - purchased services	75,000	75,000	89,019	92,284
Special education - other	75,000	75,000	82,414	119,325
CTE -tuition	126,000	126,000	106,840	122,564
Other - tuition	50,000	50,000	63,440	12,143
Total payments to other districts and governmental units	1,559,000	1,559,000	1,506,232	1,642,144
Provision for contingencies	265,000	265,000	-	-
Total Expenditures	66,128,346	70,583,750	69,060,259	67,426,413
Excess (deficiency) of revenues over expenditures	(704,011)	(690,415)	461,713	780,731
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(13,596)	(13,596)	-
Proceeds from the sale of fixed assets	7,500	7,500	-	150
Capital lease proceeds	-	-	118,473	-
Total other financing sources (uses)	7,500	(6,096)	104,877	150
Net change in fund balances	<u>\$ (696,511)</u>	<u>\$ (696,511)</u>	566,590	780,881
Fund balances at beginning of year			9,088,766	8,307,885
FUND BALANCES AT END OF YEAR			<u>\$ 9,655,356</u>	<u>\$ 9,088,766</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016		2015 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 5,010,970	\$ 4,820,316	\$ 4,553,525
Earnings on investments	9,000	12,730	10,849
Rentals	160,000	152,916	164,886
Refund of prior years' expenditures	-	11,240	-
Other	115,200	84,498	224,128
Total Local Sources	<u>5,295,170</u>	<u>5,081,700</u>	<u>4,953,388</u>
State Sources:			
School energy efficiency grant	-	20,422	98,081
Total State Sources	<u>-</u>	<u>20,422</u>	<u>98,081</u>
Total Revenues	<u>5,295,170</u>	<u>5,102,122</u>	<u>5,051,469</u>
EXPENDITURES:			
Support Services:			
Business:			
Facilities acquisition and construction:			
Capital outlay	210,000	89,251	-
Total	<u>210,000</u>	<u>89,251</u>	<u>-</u>
Operation and maintenance of plant services:			
Salaries	3,119,532	3,026,780	2,970,349
Benefits	607,000	585,945	560,385
Purchased services	636,000	561,092	619,354
Supplies and materials	1,592,653	1,449,781	1,462,382
Capital outlay	19,000	15,360	567,193
Non-capitalized equipment	17,000	10,829	12,694
Total	<u>5,991,185</u>	<u>5,649,787</u>	<u>6,192,357</u>
Total Expenditures	<u>6,201,185</u>	<u>5,739,038</u>	<u>6,192,357</u>
Net change in fund balances	<u>\$ (906,015)</u>	(636,916)	(1,140,888)
Fund balances at beginning of year		<u>2,770,278</u>	<u>3,911,166</u>
FUND BALANCES AT END OF YEAR		<u>\$ 2,133,362</u>	<u>\$ 2,770,278</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WORKING CASH ACCOUNT
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
REVENUES:				
Local Sources:				
Earnings on investments	\$ 21,760	\$ 21,760	\$ 34,010	\$ 4,173
Total Revenues	<u>21,760</u>	<u>21,760</u>	<u>34,010</u>	<u>4,173</u>
OTHER FINANCING SOURCES:				
Principal on bonds sold	-	3,884,186	3,884,185	-
Premium on bonds sold	-	116,782	116,782	-
Total other financing sources	<u>-</u>	<u>4,000,968</u>	<u>4,000,967</u>	<u>-</u>
Net change in fund balances	<u>\$ 21,760</u>	<u>\$ 4,022,728</u>	4,034,977	4,173
Fund balances at beginning of year			<u>5,432,199</u>	<u>5,428,026</u>
FUND BALANCES AT END OF YEAR			<u>\$ 9,467,176</u>	<u>\$ 5,432,199</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
REVENUES:				
Local Sources:				
Property taxes	\$ 11,095,751	\$ 11,095,751	\$ 11,120,590	\$ 9,769,252
Earnings on investments	5,000	5,000	9,577	7,626
Total Revenues	<u>11,100,751</u>	<u>11,100,751</u>	<u>11,130,167</u>	<u>9,776,878</u>
EXPENDITURES:				
Debt Service:				
Payment of principal on long-term debt	5,900,000	14,625,425	14,760,425	4,385,000
Interest on long-term debt	5,144,300	5,158,915	5,019,410	5,305,650
Other fees	2,000	2,000	195,405	2,000
Service charges	3,975	199,880	3,457	3,908
Total Expenditures	<u>11,050,275</u>	<u>19,986,220</u>	<u>19,978,697</u>	<u>9,696,558</u>
Excess (deficiency) of revenues over expenditures	<u>50,476</u>	<u>(8,885,469)</u>	<u>(8,848,530)</u>	<u>80,320</u>
OTHER FINANCING SOURCES:				
Transfers in	-	13,596	13,596	-
Principal on bonds sold	-	8,420,815	8,420,815	-
Premium on bonds sold	-	502,623	502,123	-
Total other financing sources	<u>-</u>	<u>8,937,034</u>	<u>8,936,534</u>	<u>-</u>
Net change in fund balances	<u>\$ 50,476</u>	<u>\$ 51,565</u>	88,004	80,320
Fund balances at beginning of year			<u>347,517</u>	<u>267,197</u>
FUND BALANCES AT END OF YEAR			<u>\$ 435,521</u>	<u>\$ 347,517</u>

THIS PAGE LEFT INTENTIONALLY BLANK

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

<u>ASSETS</u>	Special Revenue		
	Transportation	Municipal Retirement/ Social Security	Total
Cash and investments	\$ 3,442,105	\$ 1,879,563	\$ 5,321,668
Receivables (net of allowance for uncollectibles):			
Property taxes	1,022,646	767,142	1,789,788
Intergovernmental	342,311	-	342,311
Interest	883	294	1,177
TOTAL ASSETS	\$ 4,807,945	\$ 2,646,999	\$ 7,454,944
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 140,184	\$ -	\$ 140,184
Unearned revenue	342,311	-	342,311
Total Liabilities	482,495	-	482,495
Deferred inflows of resources:			
Property taxes levies for subsequent year	2,051,526	1,538,645	3,590,171
Total deferred inflows of resources	2,051,526	1,538,645	3,590,171
Fund Balance:			
Restricted	2,273,924	1,108,354	3,382,278
Unassigned	-	-	-
Total Fund Balance	2,273,924	1,108,354	3,382,278
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,807,945	\$ 2,646,999	\$ 7,454,944

<u>Capital Projects</u>				Total Nonmajor Governmental Funds
<u>Capital Projects</u>	<u>Fire Prevention and Safety</u>	<u>Total</u>		
\$ -	\$ 718	\$ 718	\$ 5,322,386	
-	-	-	1,789,788	
-	-	-	342,311	
-	-	-	1,177	
<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 718</u>	<u>\$ 7,455,662</u>	
\$ 408,121	\$ -	\$ 408,121	\$ 548,305	
-	-	-	342,311	
<u>408,121</u>	<u>-</u>	<u>408,121</u>	<u>890,616</u>	
-	-	-	3,590,171	
-	-	-	3,590,171	
-	718	718	3,382,996	
<u>(408,121)</u>	<u>-</u>	<u>(408,121)</u>	<u>(408,121)</u>	
<u>(408,121)</u>	<u>718</u>	<u>(407,403)</u>	<u>2,974,875</u>	
<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 718</u>	<u>\$ 7,455,662</u>	

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2016**

	Special Revenue		
	Transportation	Municipal Retirement/ Social Security	Total
REVENUES:			
Property taxes	\$ 1,971,725	\$ 2,482,270	\$ 4,453,995
Other local sources	78,881	126,751	205,632
State sources	1,021,907	-	1,021,907
Total Revenues	<u>3,072,513</u>	<u>2,609,021</u>	<u>5,681,534</u>
EXPENDITURES:			
Current operating:			
Instruction	-	1,384,068	1,384,068
Support services	3,249,831	665,585	3,915,416
Total Expenditures	<u>3,249,831</u>	<u>2,053,320</u>	<u>5,303,151</u>
Net change in fund balances	(177,318)	555,701	378,383
Fund balances at beginning of year	<u>2,451,242</u>	<u>552,653</u>	<u>3,003,895</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 2,273,924</u></u>	<u><u>\$ 1,108,354</u></u>	<u><u>\$ 3,382,278</u></u>

Capital Projects			
Capital Projects	Fire Prevention and Safety	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,453,995
-	-	-	205,632
-	-	-	1,021,907
-	-	-	5,681,534
-	-	-	1,384,068
408,121	-	408,121	4,323,537
408,121	-	408,121	5,711,272
(408,121)	-	(408,121)	(29,738)
-	718	718	3,004,613
<u>\$ (408,121)</u>	<u>\$ 718</u>	<u>\$ (407,403)</u>	<u>\$ 2,974,875</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016		2015 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 1,972,255	\$ 1,971,725	\$ 2,219,698
Transportation fees	50,000	68,900	69,561
Earnings on investments	5,500	9,981	7,086
Total Local Sources	<u>2,027,755</u>	<u>2,050,606</u>	<u>2,296,345</u>
State Sources:			
Transportation aid			
Regular	82,174	69,557	93,474
Special education	986,036	952,350	1,348,165
Total State Sources	<u>1,068,210</u>	<u>1,021,907</u>	<u>1,441,639</u>
Total Revenues	<u>3,095,965</u>	<u>3,072,513</u>	<u>3,737,984</u>
EXPENDITURES:			
Support Services:			
Business - Pupil Transportation Services:			
Salaries	39,405	37,395	38,606
Employee benefits	14,125	12,116	5,984
Purchased services	3,119,000	3,077,672	3,126,115
Supplies and materials	260,000	122,648	197,841
Total Expenditures	<u>3,432,530</u>	<u>3,249,831</u>	<u>3,368,546</u>
Net change in fund balances	<u>\$ (336,565)</u>	<u>(177,318)</u>	<u>369,438</u>
Fund balances at beginning of year		<u>2,451,242</u>	<u>2,081,804</u>
FUND BALANCES AT END OF YEAR		<u>\$ 2,273,924</u>	<u>\$ 2,451,242</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016		2015 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes			
General tax levy	\$ 1,110,088	\$ 1,532,968	\$ 1,360,664
Social security/medicare tax levy	902,811	949,302	1,071,970
Corporate replacement taxes	121,717	121,717	140,728
Earnings on investments	3,500	5,034	3,151
Total Revenues	<u>2,138,116</u>	<u>2,609,021</u>	<u>2,576,513</u>
EXPENDITURES:			
Instruction - employee benefits	1,395,278	1,384,068	1,391,368
Support Services - employee benefits	672,560	665,585	664,819
Community services	-	3,667	-
Total Expenditures	<u>2,067,838</u>	<u>2,053,320</u>	<u>2,056,187</u>
Net change in fund balances	<u>\$ 70,278</u>	555,701	520,326
Fund balances at beginning of year		<u>552,653</u>	<u>32,327</u>
FUND BALANCES AT END OF YEAR		<u>\$ 1,108,354</u>	<u>\$ 552,653</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016		2015 Actual
	Original and Final Budget	Actual	
EXPENDITURES:			
Support Services:			
Purchased services	\$ -	\$ 12,232	\$ -
Capital outlay	-	395,889	-
Total Expenditures	-	408,121	-
Net change in fund balances	<u>\$ -</u>	(408,121)	-
Fund balances at beginning of year		-	-
FUND BALANCES AT END OF YEAR		<u>\$ (408,121)</u>	<u>\$ -</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016		2015 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Earnings on investments	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES:			
Total Expenditures	-	-	-
Net change in fund balances	<u>\$ -</u>	-	-
Fund balances at beginning of year		718	718
FUND BALANCES AT END OF YEAR		<u>\$ 718</u>	<u>\$ 718</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS AND CONVENIENCE ACCOUNTS
YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2016
<u>ASSETS</u>				
Cash	\$ 1,085,010	\$ 1,444,126	\$ 1,542,821	\$ 986,315
<u>LIABILITIES</u>				
Due to activity organizations:				
Addison Trail School	304,062	661,244	694,269	271,037
Willowbrook School	393,006	681,366	786,130	288,242
School District office	387,942	101,516	62,422	427,036
	<u>\$ 1,085,010</u>	<u>\$ 1,444,126</u>	<u>\$ 1,542,821</u>	<u>\$ 986,315</u>

OTHER FINANCIAL INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

Year ending <u>June 30</u>	<u>Bonds dated August 2, 2007</u>		<u>Bonds dated December 30, 2008</u>		<u>Bonds dated April 9, 2009</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 3,414,050	\$ -	\$ 512,500	\$ 5,825,000	\$ 627,000
2018	910,000	3,414,050	-	512,500	6,715,000	335,750
2019	6,200,000	3,375,375	-	512,500	-	-
2020	6,525,000	3,111,875	-	512,500	-	-
2021	6,870,000	2,818,250	-	512,500	-	-
2022	7,230,000	2,474,750	-	512,500	-	-
2023	7,610,000	2,113,250	-	512,500	-	-
2024	8,010,000	1,732,750	-	512,500	-	-
2025	8,430,000	1,332,250	-	512,500	-	-
2026	8,875,000	910,750	-	512,500	-	-
2027	9,340,000	467,000	-	512,500	-	-
2028	-	-	10,000,000	512,500	-	-
	<u>\$ 70,000,000</u>	<u>\$ 25,164,350</u>	<u>\$ 10,000,000</u>	<u>\$ 6,150,000</u>	<u>\$ 12,540,000</u>	<u>\$ 962,750</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

Year ending June 30	Bonds dated June 2, 2010		Bonds dated December 3, 2015		Bonds dated December 22, 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 905,000	\$ 18,100	\$ -	\$ 271,485	\$ 125,000	\$ 128,128
2018	-	-	955,000	271,485	125,000	115,434
2019	-	-	1,020,000	233,285	125,000	110,434
2020	-	-	965,000	192,485	-	105,434
2021	-	-	1,005,000	153,885	-	105,434
2022	-	-	1,045,000	113,685	-	105,434
2023	-	-	1,080,000	82,335	-	105,434
2024	-	-	1,110,000	49,935	-	105,434
2025	-	-	1,040,000	24,960	100,000	105,434
2026	-	-	-	-	1,125,000	101,434
2027	-	-	-	-	1,160,000	63,465
2028	-	-	-	-	1,190,000	32,725
	<u>\$ 905,000</u>	<u>\$ 18,100</u>	<u>\$ 8,220,000</u>	<u>\$ 1,393,540</u>	<u>\$ 3,950,000</u>	<u>\$ 1,184,224</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

Year ending <u>June 30</u>	Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,855,000	\$ 4,971,263	\$ 11,826,263
2018	8,705,000	4,649,219	13,354,219
2019	7,345,000	4,231,594	11,576,594
2020	7,490,000	3,922,294	11,412,294
2021	7,875,000	3,590,069	11,465,069
2022	8,275,000	3,206,369	11,481,369
2023	8,690,000	2,813,519	11,503,519
2024	9,120,000	2,400,619	11,520,619
2025	9,570,000	1,975,144	11,545,144
2026	10,000,000	1,524,684	11,524,684
2027	10,500,000	1,042,965	11,542,965
2028	11,190,000	545,225	11,735,225
	<u>\$ 105,615,000</u>	<u>\$ 34,872,964</u>	<u>\$ 140,487,964</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
TAX LEVY SUMMARY
JUNE 30, 2016

	Assessed Valuation	Rate	Extensions	Collected	Balance Uncollected	Percent collections
2015 levy:	<u>\$ 2,490,683,085</u>					
Educational		1.6841	\$ 41,945,594	\$ 20,824,578	\$21,121,016	
Operations and maintenance		0.2115	5,267,795	2,614,728	2,653,067	
Bond and interest		0.4797	11,947,807	5,931,653	6,016,154	
Transportation		0.0832	2,072,248	1,028,880	1,043,368	
Municipal retirement		0.0276	687,429	341,175	346,254	
Special education		0.0268	667,503	331,409	336,094	
Social security		0.0348	866,758	430,328	436,430	
		2.5477	\$63,455,134	\$31,502,751	\$31,952,383	49.65%
2014 levy:	<u>\$ 2,430,230,340</u>					
Educational		1.6890	\$ 41,046,590	\$ 40,909,080	\$137,510	
Operations and maintenance		0.1990	4,836,158	4,819,670	16,488	
Bond and interest		0.4591	11,157,188	11,119,504	37,684	
Transportation		0.0814	1,978,208	1,971,487	6,721	
Municipal retirement		0.0633	1,538,336	1,532,828	5,508	
Special education		0.0271	658,592	656,129	2,463	
Social security		0.0392	952,650	949,188	3,462	
		2.5581	\$62,167,722	\$61,957,886	\$209,836	99.66%
2013 levy:	<u>\$ 2,453,898,825</u>					
Educational		1.6360	\$ 40,145,785	\$ 40,042,421	\$103,364	
Operations and maintenance		0.1860	4,564,252	4,553,474	10,778	
Bond and interest		0.3989	9,788,602	9,769,291	19,311	
Transportation		0.0907	2,225,686	2,219,690	5,996	
Municipal retirement		0.0556	1,364,368	1,360,680	3,688	
Special education		0.0263	645,375	643,661	1,714	
Social security		0.0438	1,074,808	1,071,964	2,844	
		2.4373	\$59,808,876	\$59,661,181	\$147,695	99.75%

DUPAGE HIGH SCHOOL DISTRICT NO. 88
LEGAL BONDED DEBT MARGIN
JUNE 30, 2016

Assessed valuation of taxable properties for the 2015 tax year	\$ 2,490,683,085
Statutory rate	<u>6.90%</u>
Bonded debt limit	<u>171,857,133</u>
Bonds outstanding	105,615,000
Less: Debt Services fund balance	<u>(435,521)</u>
Total net general bonded debt outstanding	<u>105,179,479</u>
Legal bonded debt margin	<u><u>\$ 66,677,654</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SUMMARY OF OPERATIONS
BOOKSTORES
JUNE 30, 2016

	<u>Addison Trail High School</u>	<u>Willowbrook High School</u>	<u>Total</u>
Revenue from sales:			
Sale of textbooks	\$ 158,859	\$ 153,644	\$ 312,503
Sale of supplies	30,679	37,306	67,985
	<u>189,538</u>	<u>190,950</u>	<u>380,488</u>
Total			
Cost of sales:			
Inventory of supplies & textbooks at July 1, 2015	493,691	303,730	797,421
Purchase of supplies	37,037	27,067	64,104
Purchase of textbooks	176,760	159,680	336,440
	<u>707,488</u>	<u>490,477</u>	<u>1,197,965</u>
Total available for sale			
Less inventory of supplies & textbooks at June 30, 2016	560,592	307,484	868,076
Total cost of sales, including disposals	<u>146,896</u>	<u>182,993</u>	<u>329,889</u>
Gross profit (loss)	<u>42,642</u>	<u>7,957</u>	<u>50,599</u>
Operating expenses:			
Salaries	64,085	61,160	125,245
Sales tax	14,518	14,503	29,021
Insurance	6,691	15,706	22,397
	<u>85,294</u>	<u>91,369</u>	<u>176,663</u>
Total operating expenses			
Net income (loss)	<u>\$ (42,652)</u>	<u>\$ (83,412)</u>	<u>\$ (126,064)</u>

Note: The activity of the bookstores is accounted for in the General Fund's Educational Account.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
ENROLLMENT DATA**

Willowbrook
Addison Trail
September 30 (excluding special education)

	Enrollment				Total
	Freshman	Sophomore	Junior	Senior	
2015	1,165	1,031	841	1,028	4,065
2014	1,180	1,006	815	1,070	4,071
2013	1,120	991	948	998	4,057
2012	996	1,084	986	1,042	4,108
2011	1,005	1,032	1,062	1,043	4,142
2010	1,000	1,012	994	872	3,878
2009	1,001	959	1,013	978	3,951
2008	994	952	987	942	3,875
2007	958	1,024	977	992	3,951
2006	1,024	1,003	1,001	1,036	4,064

Average Daily Attendance

2015/2016	3,427
2014/2015	3,200
2013/2014	3,239
2012/2013	3,245
2011/2012	3,627
2010/2011	3,776
2009/2010	3,690
2008/2009	3,607
2007/2008	3,648
2006/2007	3,521

	Operating expense per pupil	Per capita tuition charge
2015/2016	\$ 18,404.28	\$ 17,644.48
2014/2015	19,707.09	18,628.38
2013/2014	19,343.26	18,287.94
2012/2013	18,855.88	17,780.81
2011/2012	16,401.42	15,558.39
2010/2011	15,446.39	14,468.61
2009/2010	16,207.62	15,168.40
2008/2009	15,536.29	14,120.43
2007/2008	13,810.65	12,476.60
2006/2007	12,893.94	11,470.34