

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

Audited Financial Statements
And
Supplementary Financial Information

June 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, and the budgetary comparison schedule, schedule of funding progress, required pension schedules, and related notes on pages 52 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 combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other financial information 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, 2016, 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, 2016, 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 2016 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 2016 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 11, 2017 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 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, 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, 2017 with comparative data to the fiscal year ended June 30, 2016. 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 \$694,826 during the fiscal year. This is a decrease over the prior year's operational increase of \$4,022,917. Several factors contributed to this change:

- In the prior year 2016, the District issued \$12,305,000 of new bonds with \$618,905 of premium received. A portion of these bonds refunded older bonds, but \$4,000,967 of these bonds was retained by the District and increased fund balance accordingly.
- In the current year 2017, the District issued \$73,070,000 of new bonds, with \$7,922,337 of premium received in relation to these bonds in 2017. All of the new issuance was used to refund older bonds. The District retired a total of \$76,884,408 of bond principal in fiscal 2017. As a result of this issue, no increase in fund balance was recognized. This will save the taxpayers approximately \$12,264,158 of interest cost over the remaining term.
- The District continues to decisively control operating expenditures with a commitment to minimizing the impact upon the educational programs and services to students. We continue to carefully review all program enrollment and staffing to ensure a balance with program offering within available fiscal resources. The initial staffing accounted for a reduction of two full time positions. In addition, the diligent efforts to review outside student placements for tuition based programs continues to demonstrate control in this critical area that represents seven percent of the operating budget.
- We realized significant personnel salary reductions due to the retirement of ten certified and six non-certified staff as of June 2016.
- 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.
- Facility improvement projects are temporarily being funded from the Capital Projects fund and the 2016 bond proceeds. This is taking off the pressure to the operating funds until fiscal year ending June 2019.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

- The treasurer has been able to improve the interest income generated by the investment portfolio, now that rates are beginning to rebound.
- 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 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. This brings in much needed financial resources as new taxable property under the tax cap 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. We negotiated a renewal of the bus transportation service contract at a rate increase of 3.0%. Food service management is a multi-year agreement, indexed to CPI for Food Away From Home and set to expire in the year 2020-21.
- Certified personnel multi-year agreement provided for a base salary schedule increase of 0.40% in addition to step advancement of approximately 2.3%. In addition, we negotiated the split of step 10 of the schedule as not all steps are equal. The following year's base will remain the same as 2017 with only step advancement (soft freeze) allowed which is equivalent to an increase of approximately 2.10%.
- Support staff personnel salaries were negotiated for a four year agreement ending in 2016-2017 at a base increase of 2.25% for the first two years and indexed to a percentage of the CPI thereafter, in addition to step advancement of approximately 2.5%.
- Teacher Aide personnel salaries were negotiated for a four year agreement ending in 2016-2017 at a base increase of 3.0% for three years and indexed to a 80% of CPI in the final year with a floor of 2.5% and a ceiling of 3.0%. They received the full 2.50% increase for 2016-2017. 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%. 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 \$18,204 as of 2017 following the prior year 2016 at \$18,404, 2015 at \$19,707 and 2014 at \$19,343.

Property tax revenues for the District's operating funds continue to be restricted by tax cap legislation. The Consumer Price Index (CPI) of 0.7%, which the 2015 levy was based on to fund the 2016-2017 fiscal year, was quite challenging. Minimal growth in property tax revenues combined with stagnant new property growth over the past several years has resulted in the Board of Education commitment to use some financial reserves and pursue further budgetary controls to move toward a balanced budget.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017**

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 dedications 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, 2017**

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 2016-2017 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, 2017**

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 \$24,349,681 on June 30, 2017

| Table A-1 DuPage High School District #88 Condensed Statement of Net Position – Governmental Activities <u>June 30, 2017 and 2016</u> | | |
|--|---------------------|---------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets: | | |
| Current and Other Assets | \$90,455,558 | \$89,407,437 |
| Capital Assets | <u>106,843,076</u> | <u>110,081,570</u> |
| Total Assets | <u>197,298,634</u> | <u>199,489,007</u> |
| Deferred outflows of resources: | <u>5,128,238</u> | <u>5,305,912</u> |
| Liabilities: | | |
| Long Term Liabilities (Long Term Debt) | 111,761,407 | 118,496,389 |
| Other Liabilities | <u>1,914,995</u> | <u>1,920,564</u> |
| Total Liabilities | <u>113,676,402</u> | <u>120,416,953</u> |
| Deferred inflows of resources: | <u>64,400,789</u> | <u>63,516,239</u> |
| Net Position: | | |
| Net investment in capital assets | 12,969,384 | 11,808,005 |
| Restricted | 4,433,791 | 3,817,799 |
| Unrestricted | <u>6,946,506</u> | <u>5,235,923</u> |
| Total Net Position | <u>\$24,349,681</u> | <u>\$20,861,727</u> |

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Changes in Net Position:

The District's increase in net position was \$3,487,954 for the fiscal year ended June 30, 2017.

| Table A-2 DuPage High School District #88 Change in Net Position <u>For the Years Ended June 30, 2017 and 2016</u> | | |
|---|---------------------|----------------------|
| | <u>2017</u> | <u>2016</u> |
| <u>Revenues:</u> | | |
| Program Revenue | | |
| Charges for Services | \$ 1,582,655 | \$1,412,425 |
| Operating Grants and Contributions | 30,885,141 | 22,268,414 |
| General Revenue | | |
| Property Taxes | 63,278,477 | 61,966,037 |
| Unrestricted State and Federal Aid | 4,121,500 | 3,843,766 |
| Investment Earnings | 303,529 | 146,734 |
| Other | <u>2,045,037</u> | <u>1,832,429</u> |
| Total Revenues | 102,216,339 | 91,469,805 |
| <u>Expenses:</u> | | |
| Instruction | 69,413,032 | 60,757,844 |
| Student and Staff Support | 6,891,256 | 6,822,915 |
| Administration | 5,130,726 | 5,085,094 |
| Business Support | 997,451 | 1,002,846 |
| Operations and Maintenance of Facilities | 6,137,223 | 5,869,761 |
| Transportation | 3,299,861 | 3,394,124 |
| Food Service | 908,859 | 993,310 |
| Other | 1,426,048 | 1,543,359 |
| Interest on Long-Term Debt | <u>4,523,929</u> | <u>4,854,804</u> |
| Total Expenses | 98,728,385 | 90,324,057 |
| Increase in Net Position | 3,487,954 | 1,145,748 |
| Beginning Net Position | <u>20,861,727</u> | <u>19,715,979</u> |
| Ending Net Position | <u>\$24,349,681</u> | <u>\$ 20,861,727</u> |

- The District's total revenues were \$102,216,339 for the year ended June 30, 2017, an increase of \$10,746,534 over the prior year. TRS On-Behalf revenue was the primary cause of the increase.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

- General revenues accounted for \$69,748,543 in revenue or 68% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$32,467,796 or 32% of total revenues of \$102,216,339.
- On-behalf payments for state contributions to the TRS pension system increased by \$8,429,635 or 52% over the prior year.

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, 2017 and 2016 | | | | |
|---|-------------------------------|---------------------|-----------------------------|---------------------|
| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Regular Instruction | \$26,601,362 | \$26,305,699 | \$25,196,211 | \$24,954,399 |
| Special Instruction Programs | 14,836,246 | 15,019,328 | 11,069,717 | 11,621,798 |
| Other Instruction Programs | 3,301,955 | 3,188,983 | 3,301,955 | 3,188,983 |
| On-behalf payments | 24,673,469 | 16,243,834 | - | - |
| Student Support Services | 5,434,900 | 5,309,870 | 5,353,580 | 5,031,795 |
| Instructional Staff Support | 1,456,356 | 1,513,045 | 1,451,427 | 1,424,551 |
| Administration/Business | 6,128,177 | 6,087,940 | 6,128,177 | 6,087,940 |
| Operations/Maintenance | 6,137,223 | 5,869,761 | 6,116,423 | 5,849,339 |
| Transportation | 3,299,861 | 3,394,124 | 1,961,417 | 2,303,317 |
| Food Service | 908,859 | 993,310 | (268,295) | (217,067) |
| Other | 1,426,048 | 1,543,359 | 1,426,048 | 1,543,359 |
| Interest on Long-Term Debt | 4,523,929 | 4,854,804 | 4,523,929 | 4,854,804 |
| Total | <u>\$98,728,385</u> | <u>\$90,324,057</u> | <u>\$66,260,589</u> | <u>\$66,643,218</u> |

- The total cost of all programs and services was \$98,728,385 for the year ended June 30, 2017, an increase of \$8,403,328 from the prior year. This is primarily due to the state on-behalf pension contribution which increased by \$8,429,635. 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 significantly less facility improvement projects. The District's expenses are predominantly related to instruction and student and staff support with these areas accounting for 77% of total expenses. Operations and Maintenance of facilities accounted for 6% of expenses or \$267,462 more than prior year. Expenditures for fiscal year 2017 were less than revenues by 3%.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

- Net of on-behalf state pension payments, net cost of services decreased by 0.6% over prior year.
- Some of that cost was financed by the users of the District’s programs (\$1,582,655).
- The State and Federal government subsidized certain programs with grants and contributions (\$30,885,141).
- 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 \$102,216,339 while expenditures in the governmental funds were \$171,918,582 (both of these figures include state of Illinois “on-behalf” payments to TRS). The District also had other financing sources of \$70,397,069 from the refunding of old debt. Therefore, the net change in fund balance was \$694,826. The beginning fund balance for fiscal year 2017 in the governmental funds was \$24,666,290. The fund balance in government funds was \$25,361,116 at the end of fiscal year 2017.

General Fund Highlights:

The following schedule represents a summary of General Fund Revenues:

| <u>General Fund Revenues</u> | | |
|-------------------------------|---------------------------|---------------------------|
| | Year Ended <u>2017</u> | Year Ended <u>2016</u> |
| Local Sources | \$51,609,123 | \$49,842,185 |
| State Sources | 6,293,738 | 5,996,441 |
| Federal Sources | 2,594,611 | 2,575,644 |
| On Behalf Payments | <u>24,673,469</u> | <u>16,243,834</u> |
| Total General Fund Revenue | <u>\$85,170,941</u> | <u>\$74,658,104</u> |

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The following schedule represents a summary of General Fund expenditures:

| <u>General Fund Expenditures</u> | | |
|------------------------------------|---------------------------|---------------------------|
| | Year Ended <u>2017</u> | Year Ended <u>2016</u> |
| Instruction | \$37,229,681 | \$36,720,483 |
| Supporting Services | 20,123,328 | 20,071,705 |
| Non-Programmed Charges | 1,521,564 | 1,763,275 |
| On Behalf Payments | <u>24,673,469</u> | <u>16,243,834</u> |
| Total General Fund Expenditures | <u>\$83,548,042</u> | <u>\$74,799,297</u> |

The total General Fund revenues of \$85,170,941 exceeded General Fund expenditures of \$83,548,042 that resulted in an excess of revenues over expenditures of \$1,622,899. However, because of the transfer of \$2,036,764 to the Capital Projects Fund for capital improvements and asset acquisitions, and to the Debt Service Fund for capital leases, the fund balance in the General Fund decreased by \$1,951,468. Although the district ended with a deficit from operations, the amount was less than the budgeted shortfall of \$2,583,948.

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 \$11,937,596; additionally, other financing sources of \$70,348,537 were received from the issuance of new bonds and associated bond premiums. Expenditures totaled \$82,168,118, which includes \$76,884,408 of principal on long-term debt. The fund balance in the Debt Services Fund ended with \$553,536 on June 30, 2017 compared to \$435,521 on June 30, 2016.

Non-Major Funds:

Total revenue in the Special Revenue Funds (Transportation and Municipal Retirement/Social Security) was \$5,101,657 and total expenditures were \$5,266,354. The combined fund balance in these funds ended with \$3,217,581 as of June 30, 2017.

The District began new construction in 2017 paid from the Capital Projects Funds (Capital Projects and Fire Prevention and Safety), The District transferred in \$2,000,000 from the Working Cash fund and incurred expenditures of \$936,068. The fund balance in the Capital Projects Funds ended with \$662,674, compared to \$(407,403) on June 30, 2016. The transfers in relate to the proceeds on debt issued in fiscal year 2016.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

General Fund Budget Information:

In the General Fund's Educational Account budget, total revenue was anticipated to be \$54,268,126 and actual revenue (when removing TRS On-behalf payments) was \$54,884,099. This resulted in a favorable variance of \$615,973 when compared to the budget.

In the General Fund's Educational Account budget, total expenditures were projected to be \$54,194,339 and actual expenditures (when removing TRS On-behalf payments) totaled \$52,922,944. This resulted in a favorable variance of \$1,271,395. 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 2017 the District had a net total of \$106,843,076 in capital assets. A breakdown of net capital assets follows:

| Capital Assets – Governmental Activities | | |
|--|---------------------------------|---------------------------------|
| | Balance <u>June 30, 2017</u> | Balance <u>June 30, 2016</u> |
| Land | \$ 4,162,325 | \$ 4,162,325 |
| Construction in Progress | 292,433 | 395,889 |
| Land Improvements | 21,543,901 | 21,426,691 |
| Buildings | 137,109,226 | 136,242,914 |
| Equipment | <u>14,525,483</u> | <u>14,426,075</u> |
| Total Capital Assets | 177,633,368 | 176,653,894 |
| Less: Accumulated Depreciation | <u>70,790,292</u> | <u>66,572,324</u> |
| Net Capital Assets | <u>\$106,843,076</u> | <u>\$110,081,570</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, 2017**

Long-Term Debt:

At the end of fiscal year 2017 the District had \$111,761,407 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 2018 budget projects a deficit of approximately \$1.2 million in the Operating Funds {Educational, Operation & Maintenance, Transportation, IMR and Working Cash}. Property taxes represent approximately 80% of our annual budget and are very reliable. State funding is projected to increase due to the new state Evidence Based Funding model and finally having a state budget after two years. Therefore, we expect more timely payments for all education programs now. The past three years of expenditure controls and program adjustments have achieved the intended goal of reducing our use of financial reserves. These changes will continue and for the current fiscal year we have not implemented further changes. Facility improvement projects and bus replacement are being funded with the working cash bond proceeds from the year 2016. This helps to reduce the annual operating expense pressure in the short term until the year 2020. The district is fortunate to have adequate reserves to survive these challenging times with the low consumer price index, the property tax cap and volatile state funding. We continue the sound practice of preparing a comprehensive financial plan with the Board of Education to 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 Extension Limitation Law, commonly referred to as the property tax cap, will continue to limit the revenue the District can realize from its tax levy. In addition, there is proposed legislation that would freeze property tax revenue, combined with discussions to shift more pension cost to the local level and other unfunded mandates. These proposals, of which the district has little control, would place significant pressure on the district's budget to maintain high quality educational and extra-curricular programs.

The current economic climate is beginning to show signs of recovery as property values are once again increasing. In addition, new property growth is on the rise, including the expiration of some local village tax increment financed (TIF) areas. Although general state aid has remained relatively level, we are optimistic that the new state education funding law, adopted in August 2017 as the Evidence Based Funding model, will provide even greater financial resources. Initial estimates indicated that we would be a Tier 2 district and qualify for additional funding. 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.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The Board of Education has successfully established a direct correlation of future salary contracts with all employee groups to the Consumer Price Index (CPI) factor. This is a critical alignment as the CPI is used to limit the annual property tax revenue for the District under the Property Tax Extension Limitation Law. This has been and will continue to be essential to achieving financial stability in future years. In addition, there are fifty-seven staff who have elected to retire between the year 2018 and 2024. This retirement program will continue to help reduce the personnel cost annually if enrollment continues to remain relatively stable and we can maintain the staffing levels.

In addition, more than 2 out of every 4 students continue to 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 financial support.

Homeless transportation expense has increased from approximately \$20,000 in 2014 to over \$200,000 as of fiscal year 2017. While somewhat offset by sharing the cost with other public school districts involved and some state reimbursement, this is an expanding program of services that is putting pressure on the annual operating budget.

Finally, the capital needs of the district are temporarily funded with the \$4.0 million bond proceeds issued in fiscal year 2016. We anticipate this funding to be exhausted by the year 2020. At which time the building improvement needs of the facilities, combined with the bus fleet updating, will return to being funded from operating funds and begin to put pressure on the annual budget once again.

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, 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, 2017

| | Governmental Activities |
|---|--------------------------------|
| Assets: | |
| Cash and investments | \$ 56,306,169 |
| Receivables: | |
| Property taxes | 30,737,215 |
| Intergovernmental | 2,342,201 |
| Other | 146,730 |
| Inventories | 755,368 |
| Prepaid bond payments | 167,875 |
| Capital assets: | |
| Land and construction in progress | 4,454,758 |
| Other capital assets, net of depreciation | 102,388,318 |
| | 197,298,634 |
| Deferred outflows of resources: | |
| Teachers' Retirement System | 1,680,830 |
| Illinois Municipal Retirement Fund | 2,776,865 |
| Deferred charge on refunding | 670,543 |
| | 5,128,238 |
| Liabilities: | |
| Accounts Payable | 816,296 |
| Payroll deductions payable | 153,464 |
| Unearned revenue | 945,235 |
| Long-term liabilities | |
| Due within one year | 7,833,861 |
| Due in more than one year | 103,927,546 |
| | 113,676,402 |
| Deferred inflows of resources: | |
| Teachers' Retirement System | 1,051,615 |
| Illinois Municipal Retirement Fund | 169,727 |
| Property taxes levies for subsequent year | 63,179,447 |
| | 64,400,789 |
| Net Position: | |
| Net investment in capital assets | 12,969,384 |
| Restricted for: | |
| Capital projects | 662,674 |
| Debt service | 553,536 |
| Transportation | 2,497,228 |
| Retirement | 720,353 |
| Unrestricted | 6,946,506 |
| | 24,349,681 |
| Total net position | \$ 24,349,681 |

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, 2017

| 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 | \$ 26,601,362 | \$ 1,051,619 | \$ 353,532 | \$ (25,196,211) |
| Special programs | 14,836,246 | - | 3,766,529 | (11,069,717) |
| Other programs | 3,301,955 | - | - | (3,301,955) |
| On-behalf payments | 24,673,469 | | 24,673,469 | - |
| Supporting services: | | | | |
| Students | 5,434,900 | - | 81,320 | (5,353,580) |
| Instructional staff | 1,456,356 | - | 4,929 | (1,451,427) |
| District administration | 1,232,501 | - | - | (1,232,501) |
| School administration | 3,898,225 | - | - | (3,898,225) |
| Business | 997,451 | - | - | (997,451) |
| Operation and maintenance of facilities | 6,137,223 | - | 20,800 | (6,116,423) |
| Transportation | 3,299,861 | 86,519 | 1,251,925 | (1,961,417) |
| Food service | 908,859 | 444,517 | 732,637 | 268,295 |
| Staff | 1,266,073 | - | - | (1,266,073) |
| Community services | 159,975 | - | - | (159,975) |
| Interest on long-term liabilities | 4,523,929 | - | - | (4,523,929) |
| Total school district | <u>\$ 98,728,385</u> | <u>\$ 1,582,655</u> | <u>\$ 30,885,141</u> | <u>(66,260,589)</u> |
| General revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | 47,747,511 |
| Transportation | | | | 2,066,657 |
| Retirement | | | | 1,549,721 |
| Debt service | | | | 11,914,588 |
| Federal and state aid not restricted to specific purposes | | | | 4,121,500 |
| Earnings on investments | | | | 303,529 |
| Miscellaneous | | | | 2,045,037 |
| Total general revenues | | | | <u>69,748,543</u> |
| Change in net position | | | | 3,487,954 |
| Net position - beginning | | | | <u>20,861,727</u> |
| Net position - ending | | | | <u>\$ 24,349,681</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, 2017

| | General | Debt Services | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 43,976,902 | \$ 6,382,899 | \$ 5,946,368 | \$ 56,306,169 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | 23,193,597 | 5,684,873 | 1,858,745 | 30,737,215 |
| Intergovernmental | 1,734,301 | - | 607,900 | 2,342,201 |
| Other | 140,962 | 3,277 | 2,491 | 146,730 |
| Inventory | 755,368 | - | - | 755,368 |
| Prepaid bond payment | - | 167,875 | - | 167,875 |
| TOTAL ASSETS | <u>\$ 69,801,130</u> | <u>\$ 12,238,924</u> | <u>\$ 8,415,504</u> | <u>\$ 90,455,558</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 405,524 | \$ - | \$ 410,772 | \$ 816,296 |
| Accrued payroll expenditures | 153,464 | - | - | 153,464 |
| Unearned revenue | 641,285 | - | 303,950 | 945,235 |
| Total Liabilities | <u>1,200,273</u> | <u>-</u> | <u>714,722</u> | <u>1,914,995</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levies for subsequent year | 47,673,532 | 11,685,388 | 3,820,527 | 63,179,447 |
| Total deferred inflows of resources | <u>47,673,532</u> | <u>11,685,388</u> | <u>3,820,527</u> | <u>63,179,447</u> |
| Fund Balance: | | | | |
| Nonspendable | 755,368 | - | - | 755,368 |
| Restricted | - | 553,536 | 3,880,255 | 4,433,791 |
| Committed | - | - | - | - |
| Assigned | 2,000,000 | - | - | 2,000,000 |
| Unassigned | 18,171,957 | - | - | 18,171,957 |
| Total Fund Balance | <u>20,927,325</u> | <u>553,536</u> | <u>3,880,255</u> | <u>25,361,116</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 69,801,130</u> | <u>\$ 12,238,924</u> | <u>\$ 8,415,504</u> | <u>\$ 90,455,558</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, 2017

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

| | |
|---|----------------------|
| Total fund balance - governmental funds | \$ 25,361,116 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$177,633,368 and the accumulated depreciation is \$70,790,292. | 106,843,076 |
| 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 | (91,830,000) |
| Capital lease payable | (163,934) |
| Deferred amounts for issuance discount/premium | (9,339,566) |
| Deferred charge on refunding | 670,543 |
| Net other post employment benefits obligation | (777,445) |
| Net pension liability - Teachers' Retirement System | (5,980,985) |
| Net pension liability - Illinois Municipal Retirement Fund | (3,669,477) |
| 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 | 1,680,830 |
| Deferred outflows - Illinois Municipal Retirement Fund | 2,776,865 |
| Deferred inflows - Teachers' Retirement system | (1,051,615) |
| Deferred inflows - Illinois Municipal Retirement Fund | (169,727) |
| Total net position - governmental activities | \$ 24,349,681 |

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, 2017

| | General | Debt Services | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 47,747,511 | \$ 11,914,588 | \$ 3,616,378 | \$ 63,278,477 |
| Other local sources | 3,861,612 | 23,008 | 239,499 | 4,124,119 |
| State sources | 30,967,207 | - | 1,251,925 | 32,219,132 |
| Federal sources | 2,594,611 | - | - | 2,594,611 |
| Total Revenues | <u>85,170,941</u> | <u>11,937,596</u> | <u>5,107,802</u> | <u>102,216,339</u> |
| EXPENDITURES: | | | | |
| Current operating: | | | | |
| Instruction | 37,229,681 | - | 1,373,182 | 38,602,863 |
| Supporting services | 44,796,797 | - | 4,825,364 | 49,622,161 |
| Community services | 153,999 | - | 3,876 | 157,875 |
| Payments to other districts and governmental units | 1,367,565 | - | - | 1,367,565 |
| Debt service: | | | | |
| Payment of principal on long-term debt | - | 76,884,408 | - | 76,884,408 |
| Interest on long-term debt | - | 4,826,685 | - | 4,826,685 |
| Service charges and bond costs | - | 457,025 | - | 457,025 |
| Total Expenditures | <u>83,548,042</u> | <u>82,168,118</u> | <u>6,202,422</u> | <u>171,918,582</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,622,899</u> | <u>(70,230,522)</u> | <u>(1,094,620)</u> | <u>(69,702,243)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 36,762 | 2,000,000 | 2,036,762 |
| Transfers out | (2,036,762) | - | - | (2,036,762) |
| Principal on bonds sold | - | 73,070,000 | - | 73,070,000 |
| Premium on bonds sold | - | 7,922,337 | - | 7,922,337 |
| Capital lease proceeds | 85,294 | - | - | 85,294 |
| Deposited into refunding bond escrow agent | - | (10,680,562) | - | (10,680,562) |
| Total other financing sources (uses) | <u>(1,951,468)</u> | <u>70,348,537</u> | <u>2,000,000</u> | <u>70,397,069</u> |
| Net change in fund balances | (328,569) | 118,015 | 905,380 | 694,826 |
| Fund balances at beginning of year | <u>21,255,894</u> | <u>435,521</u> | <u>2,974,875</u> | <u>24,666,290</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 20,927,325</u> | <u>\$ 553,536</u> | <u>\$ 3,880,255</u> | <u>\$ 25,361,116</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, 2017

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

Net change in fund balances-total governmental funds **\$ 694,826**

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 | 1,208,404 | |
| Depreciation expense | <u>(4,446,898)</u> | (3,238,494) |

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 | (73,070,000) | |
| Capital Lease Proceeds | (85,294) | |
| Premium on bonds sold | (7,922,337) | |
| Repayment of bond principal | 76,855,000 | |
| Repayment of capital lease | 29,408 | |
| Deposited into refunding bond escrow agent | 10,680,562 | |
| Amortization of bond premium | 806,299 | |
| Amortization of deferred charge on refunding | (48,263) | |
| Increase in net post employment benefit obligation | (108,802) | |
| Change in net pension liability - Teachers' Retirement System | 276,373 | |
| Change in net pension liability - Illinois Municipal Retirement Fund | <u>(45,665)</u> | 7,367,281 |

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

| | | |
|--|----------------|--------------------|
| Change in deferred outflows - Teachers' Retirement System | 138,355 | |
| Change in deferred outflows - Illinois Municipal Retirement Fund | (948,328) | |
| Change in deferred inflows - Teachers' Retirement System | (825,644) | |
| Change in deferred inflows - Illinois Municipal Retirement Fund | <u>299,958</u> | <u>(1,335,659)</u> |

Change in net position of governmental activities **\$ 3,487,954**

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, 2017

| | <u>Student Activity Funds</u> |
|------------------------------|---------------------------------------|
| Assets: | |
| Cash and investments | \$ 1,091,381 |
| Liabilities: | |
| Due to student organizations | \$ 1,091,381 |

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, 2017

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, 2017

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, 2017

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, 2017

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

| Assets | <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 2016 tax levy was December 19, 2016. 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 2016 levy, which are collected during 2017, are considered to be budgeted to fund the operations of the 2017/18 school year and are reported as deferred inflows of resources.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

Based upon collection histories, the District has provided at June 30, 2017, 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 | |
|--------------------------|-----------|---------------|---------------|
| | 2016 Levy | 2016 Levy | 2015 Levy |
| Educational | 3.5000 | 1.5815 | 1.6841 |
| Operations & Maintenance | .5500 | .2029 | .2115 |
| Bond & Interest | N/A | .4438 | .4797 |
| Transportation | N/A | .0715 | .0832 |
| Municipal Retirement | N/A | .0334 | .0276 |
| Special Education | .4000 | .0254 | .0268 |
| Social Security | N/A | .0402 | .0348 |
| Working Cash | .0500 | .0008 | .0000 |
| Total | | 2.3995 | 2.5477 |

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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

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, 2017, none of the District's bank balances of \$56,857,326 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.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017**

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.

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, 2017, the District had the following investments:

| <u>Investment</u> | <u>Maturities</u> | <u>Net Asset Value</u> |
|---------------------|-------------------|------------------------|
| ISDLAF Max Class | Less than 60 days | \$ 2,104,672 |
| ISDLAF Liquid Class | Less than 60 days | 9,268 |
| Total | | <u>\$2,113,940</u> |

The District has funds invested in the amount of \$2,113,940 (valued at \$1.00 per share) in the Illinois School District Liquid Asset Funds Max and Liquid Class as of June 30, 2017. 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.

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.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017**

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, 2017, the District's investments were rated as follows:

| | Standard & <u>Poor's</u> | <u>Fitch Ratings</u> | Moody's <u>Investor</u> <u>Service</u> |
|---------------------|-----------------------------|----------------------|--|
| 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 ISDLAF Liquid Class at 99.6%.

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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

NOTE 4. CAPITAL ASSETS:

A summary of changes in capital assets follows:

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|---|-------------------------|----------------|--------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,162,325 | \$ - | \$ - | \$ 4,162,325 |
| Construction in progress | 395,889 | 292,433 | (395,889) | 292,433 |
| Total | 4,558,214 | 292,433 | (395,889) | 4,454,758 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 21,426,691 | 117,210 | - | 21,543,901 |
| Buildings | 136,242,914 | 866,312 | - | 137,109,226 |
| Equipment | 14,426,075 | 328,338 | (228,930) | 14,525,483 |
| Total capital assets being depreciated | 172,095,680 | 1,311,860 | (228,930) | 173,178,610 |
| Accumulated depreciation for: | | | | |
| Land improvements | 7,775,724 | 960,344 | - | 8,736,068 |
| Buildings | 45,670,661 | 3,138,983 | - | 48,809,644 |
| Equipment | 13,125,939 | 347,571 | (228,930) | 13,244,580 |
| Total accumulated depreciation | 66,572,324 | 4,446,898 | (228,930) | 70,790,292 |
| Total capital assets being depreciated, net | 105,523,356 | (3,135,038) | - | 102,388,318 |
| Total capital assets, net | \$ 110,081,570 | \$ (2,842,605) | \$ (395,889) | \$ 106,843,076 |

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

| | |
|----------------------------|--------------------|
| Instructional services: | |
| Regular programs | \$ 3,242,902 |
| Special programs | 315,264 |
| Other programs | 464,783 |
| Supporting services: | |
| Students | 82,872 |
| Instructional staff | 101,800 |
| General administration | 20,923 |
| School administration | 10,107 |
| Business | 10,107 |
| Operations and Maintenance | 110,863 |
| Transportation | 77,170 |
| Staff | 10,107 |
| | <u>\$4,446,898</u> |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

NOTE 5. CHANGES IN LONG-TERM LIABILITIES:

Changes in long-term liabilities are summarized as follows:

| | Balance July 1, 2016 | Additions | Reductions | Balance June 30, 2017 | Amount Due in One Year |
|--|-------------------------|---------------------|---------------------|-----------------------------|------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$105,615,000 | \$73,070,000 | \$86,855,000 | \$91,830,000 | \$7,795,000 |
| Capital Lease | 108,048 | 85,294 | 29,408 | 163,934 | 38,861 |
| Deferred Amounts for Issuance Premium | 2,223,528 | 7,922,337 | 806,299 | 9,339,566 | - |
| Net OPEB Obligation | 668,643 | 216,211 | 107,409 | 777,445 | - |
| Net Pension Liability - IMRF | 3,623,812 | 45,665 | - | 3,669,477 | - |
| Net Pension Liability - TRS | 6,257,358 | - | 276,373 | 5,980,985 | - |
| Total Governmental Activities Long-Term Liabilities | \$118,496,389 | \$81,339,507 | \$88,074,489 | \$111,761,407 | \$7,833,861 |

Long- term liabilities at June 30, 2017 are comprised of the following:

Bonds Payable

April 9, 2009 General Obligation School Building Bonds, due in one installment of \$6,715,000 in 2018 with an interest rate of 5.0% 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.

December 29, 2016 General Obligation Limited Refunding Bonds, due in annual installments varying from \$6,155,000 to \$8,825,000 through 2028; interest rates varying from 3.00% to 5.00% per annum.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

Current Year Refunding

The District issued General Obligation Limited Refunding Bonds, Series 2016, to call the outstanding balance of the 2007 School Bonds on January 12, 2017. Additionally, proceeds in the amount of \$10,680,562 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the outstanding balance of the 2008 School Bonds. Neither the securities held by the escrow agent nor the refunded debt defeased 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 advance call and defeasance of debt was undertaken to reduce total debt service payments by \$12,264,158.

As a result of the in substance defeasement transaction, General Obligation Bonds –Series 2008 in the amount \$10,000,000 are not shown on the Statement of Net Position at June 30, 2017.

Capital Leases

The District has entered into agreements to lease copier equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Payments, including interest are due in monthly installments of \$2,266 and \$1,595. The future minimum lease payments at June 30, 2017 are \$163,934.

Leased equipment under capital leases in capital assets at June 30, 2017 include the following:

| | <u>2015 Lease</u> | <u>2016 Lease</u> |
|--------------------------------|-------------------|-------------------|
| Equipment | \$118,473 | \$85,294 |
| Less: Accumulated depreciation | <u>(35,542)</u> | <u>(8,529)</u> |
| Total | <u>\$ 82,931</u> | <u>\$76,765</u> |

The annual requirements to amortize all debt outstanding as of June 30, 2017 are as follows:

| Year Ending June 30, | Bonds Payable | | Capital Lease | | Total |
|-------------------------|----------------------|----------------------|-------------------|------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2018 | \$ 7,795,000 | \$ 3,898,511 | \$ 38,861 | \$ 7,472 | \$ 11,739,844 |
| 2019 | 7,300,000 | 3,384,419 | 40,920 | 5,412 | 10,730,751 |
| 2020 | 7,305,000 | 3,153,969 | 43,090 | 3,242 | 10,505,301 |
| 2021 | 7,535,000 | 2,925,169 | 31,621 | 1,115 | 10,492,905 |
| 2022 | 7,770,000 | 2,689,069 | 9,442 | 128 | 10,468,639 |
| 2023-2027 | 44,110,000 | 8,130,681 | - | - | 52,240,681 |
| 2028 | 10,015,000 | 385,725 | - | - | 10,400,725 |
| Total | \$ 91,830,000 | \$ 24,567,543 | \$ 163,934 | \$ 17,369 | \$116,578,846 |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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, 2017, the statutory debt limit for the District was \$183,514,218 providing a debt margin of \$92,237,754

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 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.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, 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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On behalf contributions to TRS: The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, 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 \$24,329,235 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, 2017, were \$178,264, and are deferred because they were paid after the June 30, 2016 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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

For the year ended June 30, 2017, the District pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$140,999 were paid from federal and special trust funds that required District contributions of \$54,341. These contributions are deferred because they were paid after the June 30, 2016 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 (ERO). The payments vary depending on the member's age and salary. The maximum District ERO contribution under the current program that ended on June 30, 2106 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the District was not required to make payments to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

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, 2017, the District was not required to make payments to TRS for district contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, 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 | \$ 5,980,985 |
| State's proportionate share of the net pension liability associated with the District | <u>247,736,507</u> |
| Total | <u>\$ 253,717,492</u> |

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.0076%, which was a decrease of 0.0020% from its proportion measured as of June 30, 2015.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

For the year ended June 30, 2017, the District recognized pension expense of \$24,329,235 and revenue of \$24,329,235 for support provided by the state. At June 30, 2017, 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 | \$ 44,224 | \$ 4,056 |
| Net difference between projected and actual earnings on pension plan investments | 168,973 | - |
| Changes of Assumptions | 513,677 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 721,395 | 1,047,559 |
| District contributions subsequent to the measurement date | 232,561 | - |
| Total | <u>\$ 1,680,830</u> | <u>\$ 1,051,615</u> |

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

| | Year ending June 30, | Deferred (Inflow) Outflow |
|------------------------------|-------------------------|---------------------------------|
| | 2018 | \$ 449,393 |
| | 2019 | 216,832 |
| | 2020 | 66,012 |
| | 2021 | (75,982) |
| | 2022 | (27,040) |
| Actuarial assumptions | Total | <u>\$ 629,215</u> |

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50 percent |
| Salary increases | Varies by amount of service credit |
| Investment rate of return | 7.00 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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.00 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------------|------------------------------|--|
| U.S. equities large cap | 14.4% | 6.94% |
| U.S. equities small/mid cap | 3.6 | 8.09 |
| International equities developed | 14.4 | 7.46 |
| Emerging market equities | 3.6 | 10.15 |
| U.S. bonds core | 10.7 | 2.44 |
| International debt developed | 5.3 | 1.70 |
| Real estate | 15.0 | 5.44 |
| Commodities (real return) | 11.0 | 4.28 |
| Hedge funds (absolute return) | 8.0 | 4.16 |
| Private equity | 14.0 | 10.63 |
| Total | <u>100.0%</u> | |

Discount rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was changed from the June 30, 2015 rate of 7.47 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, 2016 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 investment was applied to all periods of projected benefit payments to determine the total pension liability.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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 6.83 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 (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

| | 1% Decrease (5.83%) | Current Discount Rate (6.83%) | 1% Increase (7.83%) |
|---|---------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$7,314,988 | \$5,980,985 | \$4,891,459 |

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2016 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).

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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

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

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

Employees Covered by Benefit Terms: At December 31, 2016, the number of District employees covered by IMRF were:

| | |
|-------------------------------|------------|
| Active members | 234 |
| Retirees and beneficiaries | 297 |
| Inactive, non-retired members | <u>323</u> |
| Total | <u>854</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 District's annual contribution rate for 2016 was 10.21% 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. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

Net Pension Liability: The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine the Total Pension Liability at December 31, 2016:

| | |
|---------------------------|--|
| 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 | 7.50% |
| 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, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |
| Other Information: | There were no benefit changes during the year. |

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, 2017

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>Target Allocation</u> | <u>Return 12/31/16</u> | <u>Projected Returns/Risk</u> | |
|-------------------------|--------------------------|------------------------|-------------------------------|---------------------------|
| | | | <u>One Year Arithmetic</u> | <u>Ten Year Geometric</u> |
| Equities | 38.0% | 7.77% | 8.30% | 6.85% |
| International equities | 17.0 | 3.54 | 8.45 | 6.75 |
| Fixed income | 27.0 | 4.85 | 3.05 | 3.00 |
| Real estate | 8.0 | 8.97 | 6.90 | 5.75 |
| Alternative investments | 9.0 | N/A | 4.25-12.45 | 2.65-7.35 |
| Cash equivalents | 1.0 | N/A | 2.25 | 2.25 |

Single Discount Rate: A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and (2) the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

Changes in the District's Net Pension Liability: Changes in the District's Net Pension Liability for the year ended December 31, 2016 were as follows:

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balance, December 31, 2015 | \$ 46,150,943 | \$ 42,527,131 | \$ 3,623,812 |
| Charges for the year: | | | |
| Service cost | 990,286 | - | 990,286 |
| Interest | 3,393,610 | - | 3,393,610 |
| Difference between expected and actual experience | 145,758 | - | 145,758 |
| Changes in assumptions | (53,425) | - | (53,425) |
| Net investment income | - | 2,923,701 | (2,923,701) |
| Contributions – employees | - | 404,822 | (404,822) |
| Contributions – employers | - | 915,071 | (915,071) |
| Benefit payments including refunds of employee contributions | (2,675,070) | (2,675,070) | - |
| Other changes | - | 186,970 | (186,970) |
| Net changes | 1,801,159 | 1,755,494 | 45,665 |
| Balance, December 31, 2016 | \$ 47,952,102 | \$ 44,282,625 | \$ 3,669,477 |

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:

| | Discount Rate | Net Pension Liability (Asset) |
|-----------------------|------------------|----------------------------------|
| 1% decrease | 6.50% | \$ 9,426,525 |
| Current discount rate | 7.50 | 3,669,477 |
| 1% increase | 8.50 | (1,091,888) |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2017, the District recognized pension expense of \$1,685,385. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> | Net Deferred Outflows / (Inflows) of <u>Resources</u> |
|--|---|--|--|
| Differences between expected and actual experience | \$ 91,762 | \$ 136,093 | \$ (44,331) |
| Changes of assumptions | 14,231 | 33,634 | (19,403) |
| Net difference between projected and actual earnings on Plan investments | 2,211,695 | - | 2,211,695 |
| District contributions to plan after measurement date | <u>459,177</u> | <u>-</u> | <u>459,177</u> |
| Total | <u>\$ 2,776,865</u> | <u>\$ 169,727</u> | <u>\$ 2,607,138</u> |

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

| Year ending June 30, | Net Deferred Outflows (Inflows) |
|-------------------------|---------------------------------------|
| 2017 | \$ 1,132,355 |
| 2018 | 784,756 |
| 2019 | 645,621 |
| 2020 | <u>44,406</u> |
| Total | <u>\$ 2,607,138</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 Medicare Advantage plans.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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

The percentage of employer required contributions in the future will not exceed 105% 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 1.12% of pay during the year ended June 30, 2017. State of Illinois contributions were \$344,234, 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 0.84% during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$258,175 to the THIS Fund, which was 100 percent of the required contribution.

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" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

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, 2017

Annual OPEB Cost and Net OPEB Obligation: For fiscal year 2017, the District's annual OPEB cost for the plan was \$216,211. 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, 2017, were as follows:

| | |
|--|-------------------|
| Annual required contribution | \$ 225,403 |
| Interest on net OPEB obligation | 30,089 |
| Adjustment to annual required contribution | <u>(39,281)</u> |
| Annual OPEB cost | 216,211 |
| Contributions made | <u>(107,409)</u> |
| Increase in net OPEB obligation | 108,802 |
| Net OPEB obligation — July 1, 2016 | <u>668,643</u> |
| Net OPEB obligation — June 30, 2017 | <u>\$ 777,445</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 |
|--------------------|------------------|------------------------------|-------------------------------|------------------------|
| 06/30/17 | \$216,211 | \$107,409 | 49.68% | \$777,445 |
| 06/30/16 | 173,202 | 96,759 | 55.86 | 668,643 |
| 06/30/15 | 167,705 | 83,451 | 49.76 | 592,200 |

Funding Status and Funding Progress: The funded status of the plan as of July 1, 2016, the most recent actuarial valuation date, is as follows:

| | |
|---|---------------------|
| Actuarial accrued liability (AAL) | \$ 1,846,344 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 1,846,344</u> |
| Funded ratio (actuarial value of plan assets / AAL) | 0% |
| Covered payroll (active plan members) | \$23,292,664 |
| UAAL as a percentage of covered payroll | 7.93% |

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, 2017

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, 2016 the unit credit cost method was used. The actuarial assumptions included a 4.5% discount rate and an annual healthcare cost trend rate of 6% to 7% initially, reduced to an ultimate rate of 5%. 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 \$4,433,791 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, 2017

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, \$2 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, 2017, fund balances are composed of the following:

| | General Fund | Debt Services Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------|--------------------|-----------------------------|--------------------------|
| Nonspendable: | | | | |
| Inventories | \$755,368 | \$ - | \$ - | \$755,368 |
| | | | | |
| Restricted: | | | | |
| Municipal Retirement/ Social Security Fund | - | - | 720,353 | 720,353 |
| Debt service | - | 553,536 | - | 553,536 |
| Transportation | - | - | 2,497,228 | 2,497,228 |
| Capital Projects | - | - | 662,674 | 662,674 |
| | | | | |
| Assigned | 2,000,000 | - | - | 2,000,000 |
| Unassigned | 18,171,957 | - | - | 18,171,957 |
| Total fund balances | \$20,927,325 | \$553,536 | \$3,880,255 | \$25,361,116 |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2017

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, 2017

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. COMMITMENTS:

The District has entered into a contractual commitment related to a roofing replacement project. As of June 30, 2017, remaining commitments under this contract are approximately \$286,000.

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, 2017

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|---|---------------------------------|------------------------------|----------------------|---|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | |
| REVENUES: | | | | |
| Local sources | 50,719,080 | \$ 50,719,080 | \$ 51,609,123 | \$ 890,043 |
| State sources | 6,494,672 | 24,072,181 | 30,967,207 | 6,895,026 |
| Federal sources | 2,634,906 | 2,657,397 | 2,594,611 | (62,786) |
| Total Revenues | <u>59,848,658</u> | <u>77,448,658</u> | <u>85,170,941</u> | <u>7,722,283</u> |
| EXPENDITURES: | | | | |
| Instruction | 37,990,396 | 37,990,396 | 37,229,681 | 760,715 |
| Supporting services | 20,555,572 | 38,155,572 | 44,796,797 | (6,641,225) |
| Community services | 158,137 | 158,137 | 153,999 | 4,138 |
| Payments to other districts and governmental units | 1,570,737 | 1,570,737 | 1,367,565 | 203,172 |
| Provision for contingencies | 125,000 | 125,000 | - | 125,000 |
| Total Expenditures | <u>60,399,842</u> | <u>77,999,842</u> | <u>83,548,042</u> | <u>(5,548,200)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(551,184)</u> | <u>(551,184)</u> | <u>1,622,899</u> | <u>2,174,083</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (2,354,244) | (2,036,764) | (2,036,762) | 2 |
| Principal on bonds sold | - | - | - | - |
| Premium on bonds sold | - | - | - | - |
| Capital lease proceeds | - | - | 85,294 | 85,294 |
| Proceeds from the sale of capital assets | 4,000 | 4,000 | - | (4,000) |
| Total other financing sources (uses) | <u>(2,350,244)</u> | <u>(2,032,764)</u> | <u>(1,951,468)</u> | <u>81,296</u> |
| Net change in fund balances | <u>\$ (2,901,428)</u> | <u>\$ (2,583,948)</u> | <u>\$ (328,569)</u> | <u>\$ 2,255,379</u> |
| Fund balances at beginning of year | | | <u>21,255,894</u> | |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 20,927,325</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, 2017

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial 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] |
|--------------------------|-------------------------------|---|---------------------------|--------------------|-----------------|---|
| 7/1/2016 | \$ - | \$ 1,846,344 | \$ 1,846,344 | 0.00% | \$ 23,292,664 | 7.93% |
| 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, 2017

| Calendar year ending December 31, | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|---------------------|
| <u>Total pension liability:</u> | | | |
| Service cost | \$ 990,286 | \$ 993,906 | \$ 1,027,946 |
| Interest on the total pension liability | 3,393,610 | 3,308,205 | 3,087,331 |
| Difference between expected and actual experience | 145,758 | (495,509) | (530,912) |
| Assumption changes | (53,425) | 51,815 | 1,927,793 |
| Benefit payments and refunds | (2,675,070) | (2,639,843) | (2,460,447) |
| Net change in total pension liability | 1,801,159 | 1,218,574 | 3,051,711 |
| Total pension liability, beginning | 46,150,943 | 44,932,369 | 41,880,658 |
| Total pension liability, ending | <u>47,952,102</u> | <u>46,150,943</u> | <u>44,932,369</u> |
| <u>Plan fiduciary net position</u> | | | |
| Employer contributions | 915,071 | 902,964 | 946,965 |
| Employee contributions | 404,822 | 409,920 | 390,242 |
| Pension plan net investment income | 2,923,701 | 214,536 | 2,552,135 |
| Benefit payments and refunds | (2,675,070) | (2,639,843) | (2,460,447) |
| Other | 186,970 | 68,841 | (258,076) |
| Net change in plan fiduciary net position | 1,755,494 | (1,043,582) | 1,170,819 |
| Plan fiduciary net position, beginning | 42,527,131 | 43,570,713 | 42,399,894 |
| Plan fiduciary net position, ending | <u>44,282,625</u> | <u>42,527,131</u> | <u>43,570,713</u> |
| Net pension liability, ending | <u>3,669,477</u> | <u>3,623,812</u> | <u>1,361,656</u> |
| Plan fiduciary net position as a percentage of total pension liability | <u>92.35%</u> | <u>92.15%</u> | <u>96.97%</u> |
| Covered valuation payroll | <u>\$ 8,962,451</u> | <u>\$ 8,767,495</u> | <u>\$ 8,663,680</u> |
| Net pension liability as a percentage of covered valuation penalty | <u>40.94%</u> | <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, 2017**

| Calendar Year Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency/ (Excess) | Covered Valuation Payroll | Actual Contribution as a % of Covered Valuation Payroll |
|---|---|------------------------|---|------------------------------|--|
| 2016 | \$ 907,000 | \$ 915,071 | \$ (8,071) | \$ 8,962,451 | 10.21% |
| 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, 2017

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0.0076% | 0.0096% | 0.0089% |
| District's proportionate share of the net pension liability | 5,980,985 | 6,257,358 | 5,434,701 |
| State's proportionate share of the net pension liability associated with the District | <u>247,736,507</u> | <u>194,217,342</u> | <u>182,781,933</u> |
| Total | <u>\$ 253,717,492</u> | <u>\$ 200,474,700</u> | <u>\$ 188,216,634</u> |
| District's covered-employee payroll | 31,019,696 | 29,973,581 | 29,873,116 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 19.28% | 20.88% | 18.19% |
| Plan fiduciary net position as a percentage of the total pension liability | <u>36.40%</u> | <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, 2017

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|-----------------|-------------------|
| Contractually-required contribution | \$ 232,561 | \$ 298,797 | \$ 324,669 |
| Contributions in relation to the contractually-required contribution | <u>232,380</u> | <u>290,849</u> | <u>330,177</u> |
| Contribution deficiency (excess) | <u>\$ 181</u> | <u>\$ 7,948</u> | <u>\$ (5,508)</u> |
| | | | |
| District's covered-employee payroll | \$ 30,727,610 | \$ 31,019,696 | \$ 29,973,581 |
| | | | |
| Contribution as a percentage of covered-employee payroll | 0.76% | 0.96% | 1.08% |

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, 2017

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 26, 2016 and amended on June 26, 2017.
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
JUNE 30, 2017

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

Actual expenditures disbursed in the Educational account of \$77,596,413 exceeded the budgeted amounts of \$71,868,126 by \$5,728,287. The actual expenditures include on-behalf payments from the State of Illinois for Teachers Retirement System contributions and Teachers Health Insurance System contributions. If the on-behalf amounts were not included, the Educational account expenditures would not have exceeded budgeted amounts.

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

Changes of assumptions

For the 2016 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. However, salary increases were assumed to vary by age.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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 2016 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: 27-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. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most districts (two districts were financed over 31 years). |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage Growth | 3.50% |
| Price Inflation | 2.75% -- approximate; No explicit price inflation assumption is used in this valuation. |
| Salary Increases | 3.75% to 14.50% 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 2014 valuation pursuant to an experience study of the period 2011-2013. |
| Mortality | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

| | |
|-------------------|--|
| 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, 2014, 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.

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SUPPLEMENTARY FINANCIAL INFORMATION

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2017**

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Working Cash</u> | <u>Total General</u> |
|---|-----------------------------|---------------------------------------|----------------------------|-----------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 31,820,900 | \$ 4,636,195 | \$ 7,519,807 | \$ 43,976,902 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | 20,584,246 | 2,599,103 | 10,248 | 23,193,597 |
| Intergovernmental | 1,734,301 | - | - | 1,734,301 |
| Other | 135,882 | 2,319 | 2,761 | 140,962 |
| Inventory | 755,368 | - | - | 755,368 |
| TOTAL ASSETS | <u>\$ 55,030,697</u> | <u>\$ 7,237,617</u> | <u>\$ 7,532,816</u> | <u>\$ 69,801,130</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 260,745 | \$ 144,779 | \$ - | \$ 405,524 |
| Payroll deductions and withholdings | 153,464 | - | - | 153,464 |
| Unearned revenue | 641,285 | - | - | 641,285 |
| Total Liabilities | <u>1,055,494</u> | <u>144,779</u> | <u>-</u> | <u>1,200,273</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levies for subsequent year | 42,310,160 | 5,342,418 | 20,954 | 47,673,532 |
| Total deferred inflows of resources | <u>42,310,160</u> | <u>5,342,418</u> | <u>20,954</u> | <u>47,673,532</u> |
| Fund Balance: | | | | |
| Nonspendable | 755,368 | - | - | 755,368 |
| Assigned | - | - | 2,000,000 | 2,000,000 |
| Unassigned | 10,909,675 | 1,750,420 | 5,511,862 | 18,171,957 |
| Total Fund Balance | <u>11,665,043</u> | <u>1,750,420</u> | <u>7,511,862</u> | <u>20,927,325</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 55,030,697</u> | <u>\$ 7,237,617</u> | <u>\$ 7,532,816</u> | <u>\$ 69,801,130</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, 2017

| | Educational | Operations and Maintenance | Working Cash | Total General |
|---|-----------------------------|-------------------------------|----------------------------|-----------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 42,495,452 | \$ 5,252,059 | \$ - | \$ 47,747,511 |
| Other local sources | 3,521,098 | 295,828 | 44,686 | 3,861,612 |
| State sources | 30,946,407 | 20,800 | - | 30,967,207 |
| Federal sources | 2,594,611 | - | - | 2,594,611 |
| Total Revenues | <u>79,557,568</u> | <u>5,568,687</u> | <u>44,686</u> | <u>85,170,941</u> |
| EXPENDITURES: | | | | |
| Current operating: | | | | |
| Instruction | 37,229,681 | - | - | 37,229,681 |
| Supporting services | 38,845,168 | 5,951,629 | - | 44,796,797 |
| Community services | 153,999 | - | - | 153,999 |
| Payments to other districts and governmental units | 1,367,565 | - | - | 1,367,565 |
| Total Expenditures | <u>77,596,413</u> | <u>5,951,629</u> | <u>-</u> | <u>83,548,042</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,961,155</u> | <u>(382,942)</u> | <u>44,686</u> | <u>1,622,899</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (36,762) | - | (2,000,000) | (2,036,762) |
| Capital lease proceeds | 85,294 | - | - | 85,294 |
| Total other financing sources (uses) | <u>48,532</u> | <u>-</u> | <u>(2,000,000)</u> | <u>(1,951,468)</u> |
| Net change in fund balances | <u>2,009,687</u> | <u>(382,942)</u> | <u>(1,955,314)</u> | <u>(328,569)</u> |
| Fund balances at beginning of year | <u>9,655,356</u> | <u>2,133,362</u> | <u>9,467,176</u> | <u>21,255,894</u> |
| FUND BALANCES AT END OF YEAR | <u><u>\$ 11,665,043</u></u> | <u><u>\$ 1,750,420</u></u> | <u><u>\$ 7,511,862</u></u> | <u><u>\$ 20,927,325</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|---------------------|----------------------|----------------------|----------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Property taxes | | | | |
| General tax levy | \$ 41,536,692 | \$ 41,536,692 | \$ 41,829,767 | \$ 40,914,933 |
| Special education tax levy | 663,154 | 663,154 | 665,685 | 656,203 |
| Total property taxes | <u>42,199,846</u> | <u>42,199,846</u> | <u>42,495,452</u> | <u>41,571,136</u> |
| Corporate replacement taxes | 1,300,000 | 1,300,000 | 1,636,812 | 1,455,111 |
| Tuition | 23,000 | 23,000 | 51,470 | 19,410 |
| Earnings on investments | 82,000 | 82,000 | 168,199 | 75,402 |
| Food service | 487,000 | 487,000 | 444,517 | 433,986 |
| Activity income | 388,766 | 388,766 | 474,398 | 415,686 |
| Textbooks | 329,000 | 329,000 | 372,317 | 342,219 |
| Services provided other districts | 6,000 | 6,000 | 14,448 | 745 |
| Refund of prior years' expenditures | - | - | 27,053 | 6,947 |
| Drivers' education fees | 78,000 | 78,000 | 92,047 | 86,918 |
| Payments from other districts | 25,000 | 25,000 | 35,326 | 30,721 |
| Other local | <u>235,936</u> | <u>235,936</u> | <u>204,511</u> | <u>288,194</u> |
| Total Local Sources | <u>45,154,548</u> | <u>45,154,548</u> | <u>46,016,550</u> | <u>44,726,475</u> |
| State Sources: | | | | |
| General state aid | 4,161,656 | 4,161,656 | 4,121,500 | 3,843,766 |
| Special education | 1,960,000 | 1,960,000 | 1,920,834 | 1,863,763 |
| Vocational education | 58,090 | 58,090 | 58,090 | 57,514 |
| Bilingual education | 136,915 | 136,915 | 35,998 | 59,015 |
| Free lunch & breakfast | 7,000 | 7,000 | 3,996 | 7,044 |
| Drivers' education | 132,520 | 132,520 | 132,520 | 142,498 |
| On-behalf payments - State of Illinois | - | 17,600,000 | 24,673,469 | 16,243,834 |
| Other | <u>22,491</u> | <u>-</u> | <u>-</u> | <u>2,419</u> |
| Total State Sources | <u>\$ 6,478,672</u> | <u>\$ 24,056,181</u> | <u>\$ 30,946,407</u> | <u>\$ 22,219,853</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES - Continued: | | | | |
| Federal Sources: | | | | |
| Food Service | \$ 861,000 | \$ 861,000 | \$ 728,641 | \$ 769,347 |
| Title I - low income | 591,000 | 591,000 | 931,718 | 470,474 |
| IDEA - flow through | 806,935 | 806,935 | 677,680 | 834,338 |
| IDEA - room and board | - | - | 14,301 | - |
| CTE - Perkins | 64,976 | 64,976 | 64,865 | 53,635 |
| Emergency immigrant assistance | 8,817 | 8,817 | 8,379 | - |
| Title III - english language acquisition | 27,000 | 27,000 | 24,583 | 25,500 |
| Title II - Eisenhower/teacher quality | 48,000 | 48,000 | 4,929 | 88,494 |
| Medicaid programs | 227,178 | 227,178 | 111,401 | 311,366 |
| Other restricted grants | - | 22,491 | 28,114 | 22,490 |
| Total Federal Sources | <u>2,634,906</u> | <u>2,657,397</u> | <u>2,594,611</u> | <u>2,575,644</u> |
| Total Revenues | <u>54,268,126</u> | <u>71,868,126</u> | <u>79,557,568</u> | <u>69,521,972</u> |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries | 17,327,215 | 17,327,215 | 16,838,643 | 16,830,854 |
| Employee benefits | 2,958,887 | 2,958,887 | 3,334,708 | 2,821,278 |
| Purchased services | 432,686 | 432,686 | 422,213 | 363,219 |
| Supplies and materials | 750,545 | 750,545 | 693,998 | 552,232 |
| Capital outlay | 100,000 | 100,000 | 49,578 | 321,085 |
| Other | 32,000 | 32,000 | 29,128 | 29,023 |
| Non-capitalized equipment | 431,000 | 431,000 | 314,393 | 331,743 |
| Total | <u>22,032,333</u> | <u>22,032,333</u> | <u>21,682,661</u> | <u>21,249,434</u> |
| Special programs: | | | | |
| Salaries | 5,206,620 | 5,206,620 | 5,121,002 | 4,895,779 |
| Employee benefits | 782,263 | 782,263 | 853,850 | 819,653 |
| Purchased services | 206,512 | 206,512 | 148,314 | 191,720 |
| Supplies and materials | 53,733 | 53,733 | 46,608 | 42,142 |
| Non-capitalized equipment | 3,500 | 3,500 | - | 7,693 |
| Tuition | 2,500,000 | 2,500,000 | 1,893,089 | 2,382,927 |
| Total | <u>\$ 8,752,628</u> | <u>\$ 8,752,628</u> | <u>\$ 8,062,863</u> | <u>\$ 8,339,914</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|----------------------------------|--------------------|------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Instruction - Continued: | | | | |
| Remedial & supplemental: | | | | |
| Salaries | \$ 122,865 | \$ 122,865 | \$ 156,484 | \$ 138,967 |
| Employee benefits | 36,127 | 36,127 | 37,131 | 42,244 |
| Purchased services | 40,900 | 40,900 | 49,540 | 43,430 |
| Supplies and materials | 146,460 | 146,460 | 403,176 | 1,462 |
| Total | 346,352 | 346,352 | 646,331 | 226,103 |
| CTE programs: | | | | |
| Salaries | 1,681,016 | 1,681,016 | 1,674,232 | 1,717,949 |
| Employee benefits | 215,850 | 215,850 | 222,764 | 210,024 |
| Purchased services | 54,674 | 54,674 | 61,074 | 56,859 |
| Supplies and materials | 133,366 | 133,366 | 132,369 | 127,702 |
| Capital outlay | 6,926 | 6,926 | 6,497 | 8,705 |
| Non-capitalized equipment | 60,390 | 60,390 | 55,716 | 56,470 |
| Total | 2,152,222 | 2,152,222 | 2,152,652 | 2,177,709 |
| Interscholastic programs: | | | | |
| Salaries | 2,169,000 | 2,169,000 | 2,110,020 | 2,046,000 |
| Employee benefits | 45,700 | 45,700 | 46,277 | 44,473 |
| Purchased services | 309,660 | 309,660 | 298,760 | 289,103 |
| Supplies and materials | 102,000 | 102,000 | 105,492 | 93,807 |
| Total | 2,626,360 | 2,626,360 | 2,560,549 | 2,473,383 |
| Summer school: | | | | |
| Salaries | 83,700 | 83,700 | 94,237 | 70,831 |
| Supplies and materials | 2,000 | 2,000 | 751 | 2,052 |
| Total | \$ 85,700 | \$ 85,700 | \$ 94,988 | \$ 72,883 |

(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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Instruction - Continued: | | | | |
| Driver's education programs: | | | | |
| Salaries | \$ 220,000 | \$ 220,000 | \$ 168,440 | \$ 181,471 |
| Employee benefits | 400 | 400 | 376 | 389 |
| Purchased services | 9,000 | 9,000 | 3,470 | 3,976 |
| Supplies and materials | 9,000 | 9,000 | 6,866 | 7,474 |
| Capital outlay | - | 45,000 | 46,638 | - |
| Other | 45,000 | - | - | - |
| Total | 283,400 | 283,400 | 225,790 | 193,310 |
| Bilingual: | | | | |
| Salaries | 328,115 | 328,115 | 328,307 | 421,462 |
| Purchased services | 2,079 | 2,079 | - | 1,000 |
| Supplies and materials | 10,317 | 10,317 | 9,885 | 1,590 |
| Total | 340,511 | 340,511 | 338,192 | 424,052 |
| Truant alternative and optional: | | | | |
| Salaries | 560,600 | 560,600 | 681,917 | 748,608 |
| Employee benefits | 115,150 | 115,150 | 118,345 | 116,859 |
| Supplies and materials | 4,200 | 4,200 | 1,978 | 5,938 |
| Tuition | 690,940 | 690,940 | 663,415 | 692,290 |
| Total | 1,370,890 | 1,370,890 | 1,465,655 | 1,563,695 |
| Total Instruction | 37,990,396 | 37,990,396 | 37,229,681 | 36,720,483 |
| Support Services: | | | | |
| Pupils: | | | | |
| Attendance and social work : | | | | |
| Salaries | 1,471,389 | 1,471,389 | 1,488,117 | 1,381,378 |
| Employee benefits | 314,950 | 314,950 | 321,319 | 282,280 |
| Purchased services | 264,000 | 264,000 | 261,934 | 251,818 |
| Supplies and materials | - | - | 478 | 446 |
| Total | \$ 2,050,339 | \$ 2,050,339 | \$ 2,071,848 | \$ 1,915,922 |

(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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Support Services - Continued: | | | | |
| Pupils - Continued: | | | | |
| Guidance services | | | | |
| Salaries | \$ 1,653,210 | \$ 1,653,210 | \$ 1,649,828 | \$ 1,595,279 |
| Employee benefits | 213,400 | 213,400 | 215,596 | 198,673 |
| Purchased services | - | - | 20 | - |
| Supplies and materials | 9,000 | 9,000 | 10,430 | 8,580 |
| Total | <u>1,875,610</u> | <u>1,875,610</u> | <u>1,875,874</u> | <u>1,802,532</u> |
| Health services: | | | | |
| Salaries | 261,184 | 261,184 | 256,287 | 250,737 |
| Employee benefits | 26,000 | 26,000 | 25,988 | 25,028 |
| Supplies and materials | 5,500 | 5,500 | 5,942 | 4,906 |
| Total | <u>292,684</u> | <u>292,684</u> | <u>288,217</u> | <u>280,671</u> |
| Psychological services: | | | | |
| Salaries | 506,750 | 506,750 | 498,464 | 482,715 |
| Employee benefits | 24,300 | 24,300 | 26,192 | 34,780 |
| Purchased services | 7,500 | 7,500 | 6,300 | 4,700 |
| Supplies and materials | - | - | 314 | 4 |
| Total | <u>538,550</u> | <u>538,550</u> | <u>531,270</u> | <u>522,199</u> |
| Speech pathology: | | | | |
| Purchased services | - | - | - | 114 |
| Supplies and materials | 199 | 199 | 209 | 300 |
| Total | <u>199</u> | <u>199</u> | <u>209</u> | <u>414</u> |
| Other support - pupil: | | | | |
| Salaries | 176,600 | 176,600 | 190,911 | 353,906 |
| Employee benefits | 20,550 | 20,550 | 23,813 | 59,962 |
| Purchased services | 15,000 | 15,000 | 5,023 | 208 |
| Supplies and materials | 21,000 | 21,000 | 41,075 | - |
| Total | <u>233,150</u> | <u>233,150</u> | <u>260,822</u> | <u>414,076</u> |
| Total Pupils | <u>\$ 4,990,532</u> | <u>\$ 4,990,532</u> | <u>\$ 5,028,240</u> | <u>\$ 4,935,814</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|--------------------|----------------------|----------------------|----------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Support Services - Continued: | | | | |
| Instructional Staff: | | | | |
| Improvement of instructional services: | | | | |
| Salaries | \$ 220,000 | \$ 220,000 | \$ 204,987 | \$ 327,066 |
| Employee benefits | 20,316 | 20,316 | 22,201 | 39,160 |
| Purchased services | 243,112 | 243,112 | 122,823 | 76,908 |
| Total | 483,428 | 483,428 | 350,011 | 443,134 |
| Educational media services: | | | | |
| Salaries | 606,380 | 606,380 | 609,397 | 592,610 |
| Employee benefits | 129,775 | 129,775 | 135,183 | 137,266 |
| Purchased services | - | - | - | 259 |
| Supplies and materials | 80,300 | 80,300 | 75,843 | 84,246 |
| Capital outlay | - | - | 85,294 | 118,473 |
| Total | 816,455 | 816,455 | 905,717 | 932,854 |
| Assessment and testing: | | | | |
| Salaries | 22,400 | 22,400 | 33,798 | 25,649 |
| Purchased services | 30,000 | 30,000 | 13,605 | 25,240 |
| Supplies and materials | 50,000 | 50,000 | 65,641 | 34,288 |
| Non-capitalized equipment | - | - | 5,204 | - |
| Total | 102,400 | 102,400 | 118,248 | 85,177 |
| Total Instructional Staff | 1,402,283 | 1,402,283 | 1,373,976 | 1,461,165 |
| General Administration: | | | | |
| Board of education: | | | | |
| Salaries | 8,000 | 8,000 | - | 8,456 |
| On-behalf payments - State of IL | - | 17,600,000 | 24,673,469 | 16,243,834 |
| Purchased services | 255,000 | 255,000 | 180,899 | 222,433 |
| Supplies and materials | 15,000 | 15,000 | 10,030 | 12,726 |
| Total | \$ 278,000 | \$ 17,878,000 | \$ 24,864,398 | \$ 16,487,449 |

(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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|--------------------|-----------------|--------------|----------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Support Services - Continued: | | | | |
| General Administration - Continued: | | | | |
| Executive administration: | | | | |
| Salaries | \$ 280,125 | \$ 280,125 | \$ 281,909 | \$ 266,136 |
| Employee benefits | 29,600 | 29,600 | 29,878 | 28,546 |
| Purchased services | 20,000 | 20,000 | 11,323 | 8,373 |
| Supplies and materials | 9,000 | 9,000 | 5,824 | 3,111 |
| Total | 338,725 | 338,725 | 328,934 | 306,166 |
| Special area administration: | | | | |
| Salaries | 159,451 | 159,451 | 160,028 | 157,170 |
| Employee benefits | 39,700 | 39,700 | 37,186 | 38,714 |
| Total | 199,151 | 199,151 | 197,214 | 195,884 |
| Tort immunity: | | | | |
| Purchased services | 209,000 | 209,000 | 459,731 | 516,915 |
| Total | 209,000 | 209,000 | 459,731 | 516,915 |
| Total General Administration | 1,024,876 | 18,624,876 | 25,850,277 | 17,506,414 |
| School Administration: | | | | |
| Office of the principal: | | | | |
| Salaries | 1,408,915 | 1,408,915 | 1,413,658 | 1,333,032 |
| Employee benefits | 233,600 | 233,600 | 246,498 | 242,758 |
| Purchased services | 116,200 | 116,200 | 69,074 | 88,816 |
| Supplies and materials | 337,090 | 337,090 | 351,250 | 340,527 |
| Non-capitalized equipment | 20,000 | 20,000 | 8,952 | 12,194 |
| Total | 2,115,805 | 2,115,805 | 2,089,432 | 2,017,327 |
| Other support - school administration: | | | | |
| Salaries | 1,540,006 | 1,540,006 | 1,524,938 | 1,534,543 |
| Employee benefits | 21,100 | 21,100 | 20,383 | 9,205 |
| Total | 1,561,106 | 1,561,106 | 1,545,321 | 1,543,748 |
| Total School Administration | \$ 3,676,911 | \$ 3,676,911 | \$ 3,634,753 | \$ 3,561,075 |

(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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Support Services - Continued: | | | | |
| Business: | | | | |
| Direction of business support services: | | | | |
| Salaries | \$ 199,585 | \$ 199,585 | \$ 198,773 | \$ 198,979 |
| Employee benefits | 85,800 | 85,800 | 88,045 | 82,833 |
| Purchased services | 36,000 | 36,000 | 31,539 | 27,290 |
| Supplies and materials | 15,000 | 15,000 | 9,432 | 9,418 |
| Other | 6,410 | 6,410 | 2,527 | 4,584 |
| Total | <u>342,795</u> | <u>342,795</u> | <u>330,316</u> | <u>323,104</u> |
| Business - Continued: | | | | |
| Fiscal services: | | | | |
| Salaries | 350,455 | 350,455 | 344,609 | 394,587 |
| Employee benefits | 16,525 | 16,525 | 15,398 | 12,467 |
| Supplies and materials | - | - | - | 1,650 |
| Total | <u>366,980</u> | <u>366,980</u> | <u>360,007</u> | <u>408,704</u> |
| Pupil transportation services: | | | | |
| Salaries | 300 | 300 | 653 | 196 |
| Purchased services | 23,992 | 23,992 | 16,235 | 30,258 |
| Total | <u>24,292</u> | <u>24,292</u> | <u>16,888</u> | <u>30,454</u> |
| Food services: | | | | |
| Salaries | 52,000 | 52,000 | 52,160 | 51,509 |
| Employee benefits | 11,700 | 11,700 | 11,808 | 11,619 |
| Purchased services | 1,026,984 | 1,026,984 | 839,458 | 922,323 |
| Supplies and materials | 6,000 | 6,000 | 2,805 | 3,295 |
| Total | <u>1,096,684</u> | <u>1,096,684</u> | <u>906,231</u> | <u>988,746</u> |
| Internal services: | | | | |
| Salaries | 139,331 | 139,331 | 131,410 | 125,245 |
| Employee benefits | 31,700 | 31,700 | 22,734 | 22,253 |
| Total | <u>171,031</u> | <u>171,031</u> | <u>154,144</u> | <u>147,498</u> |
| Total Business | <u>\$ 2,001,782</u> | <u>\$ 2,001,782</u> | <u>\$ 1,767,586</u> | <u>\$ 1,898,506</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|----------------------|----------------------|----------------------|----------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Support Services - Continued: | | | | |
| Central: | | | | |
| Direction of central support services: | | | | |
| Salaries | \$ 250,300 | \$ 250,300 | \$ 238,737 | \$ 244,359 |
| Employee benefits | 36,400 | 36,400 | 37,125 | 39,864 |
| Purchased services | 13,000 | 13,000 | 15,328 | 7,085 |
| Supplies and materials | 25,000 | 25,000 | 28,616 | 26,007 |
| Other | - | - | 21,700 | - |
| Non-capitalized equipment | 24,000 | 24,000 | 494 | 45,241 |
| Total | 348,700 | 348,700 | 342,000 | 362,556 |
| Information services: | | | | |
| Salaries | 71,800 | 71,800 | 76,187 | 92,676 |
| Employee benefits | 17,500 | 17,500 | 16,383 | 21,067 |
| Purchased services | - | - | - | 175 |
| Supplies and materials | 8,000 | 8,000 | 2,476 | 7,983 |
| Total | 97,300 | 97,300 | 95,046 | 121,901 |
| Staff services: | | | | |
| Salaries | 128,255 | 128,255 | 128,050 | 111,866 |
| Employee benefits | 28,125 | 28,125 | 28,129 | 23,522 |
| Purchased services | 53,586 | 53,586 | 40,563 | 50,584 |
| Supplies and materials | 4,219 | 4,219 | 6,234 | 4,071 |
| Total | 214,185 | 214,185 | 202,976 | 190,043 |
| Data processing services: | | | | |
| Salaries | 395,800 | 395,800 | 405,653 | 393,946 |
| Employee benefits | 76,200 | 76,200 | 76,713 | 74,437 |
| Purchased services | 115,500 | 115,500 | 67,948 | 68,474 |
| Supplies and materials | 6,000 | 6,000 | - | 2,170 |
| Total | 593,500 | 593,500 | 550,314 | 539,027 |
| Total Central | 1,253,685 | 1,253,685 | 1,190,336 | 1,213,527 |
| Total Support Services | \$ 14,350,069 | \$ 31,950,069 | \$ 38,845,168 | \$ 30,576,501 |

(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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|--------------------|-------------------|----------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| EXPENDITURES - Continued: | | | | |
| Community Services: | | | | |
| Salaries | \$ 76,708 | \$ 76,708 | \$ 106,330 | \$ 192,859 |
| Employee benefits | 51,100 | 51,100 | 22,515 | 38,085 |
| Purchased services | 30,329 | 30,329 | 25,154 | 26,099 |
| Total Community Services | <u>158,137</u> | <u>158,137</u> | <u>153,999</u> | <u>257,043</u> |
| Payments to other districts and governmental units: | | | | |
| Special education - tuition | 1,175,000 | 1,175,000 | 902,169 | 1,164,519 |
| Special education - purchased services | 90,000 | 90,000 | 99,172 | 89,019 |
| Special education - other | 110,329 | 110,329 | 173,928 | 82,414 |
| CTE -tuition | 115,408 | 115,408 | 116,216 | 106,840 |
| Other - tuition | 80,000 | 80,000 | 76,080 | 63,440 |
| Total payments to other districts and governmental units | <u>1,570,737</u> | <u>1,570,737</u> | <u>1,367,565</u> | <u>1,506,232</u> |
| Provision for contingencies | <u>125,000</u> | <u>125,000</u> | - | - |
| Total Expenditures | <u>54,194,339</u> | <u>71,794,339</u> | <u>77,596,413</u> | <u>69,060,259</u> |
| Excess of revenues over expenditures | <u>73,787</u> | <u>73,787</u> | <u>1,961,155</u> | <u>461,713</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (29,244) | (36,764) | (36,762) | (13,596) |
| Proceeds from the sale of fixed assets | 4,000 | 4,000 | - | - |
| Capital lease proceeds | - | - | 85,294 | 118,473 |
| Total other financing sources (uses) | <u>(25,244)</u> | <u>(32,764)</u> | <u>48,532</u> | <u>104,877</u> |
| Net change in fund balances | <u>\$ 48,543</u> | <u>\$ 41,023</u> | 2,009,687 | 566,590 |
| Fund balances at beginning of year | | | <u>9,655,356</u> | <u>9,088,766</u> |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 11,665,043</u> | <u>\$ 9,655,356</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | 2016 Actual |
|---|------------------------------|---------------------|---------------------|
| | Original and Final Budget | Actual | |
| REVENUES: | | | |
| Local Sources: | | | |
| Property taxes | \$ 5,272,895 | \$ 5,252,059 | \$ 4,820,316 |
| Earnings on investments | 10,000 | 29,437 | 12,730 |
| Rentals | 150,000 | 153,504 | 152,916 |
| Refund of prior years' expenditures | - | 5,179 | 11,240 |
| Other | 100,200 | 107,708 | 84,498 |
| Total Local Sources | <u>5,533,095</u> | <u>5,547,887</u> | <u>5,081,700</u> |
| State Sources: | | | |
| School energy efficiency grant | 16,000 | 20,800 | 20,422 |
| Total State Sources | <u>16,000</u> | <u>20,800</u> | <u>20,422</u> |
| Total Revenues | <u>5,549,095</u> | <u>5,568,687</u> | <u>5,102,122</u> |
| EXPENDITURES: | | | |
| Facilities acquisition and construction: | | | |
| Capital outlay | 163,725 | 83,331 | 89,251 |
| Total | <u>163,725</u> | <u>83,331</u> | <u>89,251</u> |
| Operation and maintenance of plant services: | | | |
| Salaries | 3,147,675 | 3,071,658 | 3,026,780 |
| Benefits | 620,500 | 673,022 | 585,945 |
| Purchased services | 555,000 | 422,926 | 561,092 |
| Supplies and materials | 1,594,203 | 1,594,017 | 1,449,781 |
| Capital outlay | 70,000 | 57,000 | 15,360 |
| Non-capitalized equipment | 54,400 | 49,675 | 10,829 |
| Total | <u>6,041,778</u> | <u>5,868,298</u> | <u>5,649,787</u> |
| Total Expenditures | <u>6,205,503</u> | <u>5,951,629</u> | <u>5,739,038</u> |
| Net change in fund balances | <u>\$ (656,408)</u> | (382,942) | (636,916) |
| Fund balances at beginning of year | | <u>2,133,362</u> | <u>2,770,278</u> |
| FUND BALANCES AT END OF YEAR | | <u>\$ 1,750,420</u> | <u>\$ 2,133,362</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--|-----------------------|-----------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Property taxes | \$ 9,437 | \$ 9,437 | \$ - | \$ - |
| Earnings on investments | 22,000 | 22,000 | 44,686 | 34,010 |
| Total Revenues | <u>31,437</u> | <u>31,437</u> | <u>44,686</u> | <u>34,010</u> |
| Excess of revenues over expenditures | <u>31,437</u> | <u>31,437</u> | <u>44,686</u> | <u>34,010</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (2,325,000) | (2,000,000) | (2,000,000) | - |
| Principal on bonds sold | - | - | - | 3,884,185 |
| Premium on bonds sold | - | - | - | 116,782 |
| Total other financing sources (uses) | <u>(2,325,000)</u> | <u>(2,000,000)</u> | <u>(2,000,000)</u> | <u>4,000,967</u> |
| Net change in fund balances | <u>\$ (2,293,563)</u> | <u>\$ (1,968,563)</u> | (1,955,314) | 4,034,977 |
| Fund balances at beginning of year | | | <u>9,467,176</u> | <u>5,432,199</u> |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 7,511,862</u> | <u>\$ 9,467,176</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|---|--------------------|---------------------|---------------------|--------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Property taxes | \$ 12,257,641 | \$ 12,257,641 | \$ 11,914,588 | \$ 11,120,590 |
| Earnings on investments | 10,000 | 10,000 | 23,008 | 9,577 |
| Total Revenues | <u>12,267,641</u> | <u>12,267,641</u> | <u>11,937,596</u> | <u>11,130,167</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Payment of principal on long-term debt | 6,877,902 | 76,885,000 | 76,884,408 | 14,760,425 |
| Interest on long-term debt | 4,977,605 | 4,827,000 | 4,826,685 | 5,019,410 |
| Other fees | - | - | 455,280 | 195,405 |
| Service charges | 6,000 | 470,000 | 1,745 | 3,457 |
| Total Expenditures | <u>11,861,507</u> | <u>82,182,000</u> | <u>82,168,118</u> | <u>19,978,697</u> |
| Excess (deficiency) of revenues over expenditures | <u>406,134</u> | <u>(69,914,359)</u> | <u>(70,230,522)</u> | <u>(8,848,530)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 29,244 | 36,764 | 36,762 | 13,596 |
| Principal on bonds sold | - | 73,070,000 | 73,070,000 | 8,420,815 |
| Premium on bonds sold | - | 7,922,337 | 7,922,337 | 502,123 |
| Deposit into refunding bond escrow agent | - | (10,680,562) | (10,680,562) | - |
| Total other financing sources (uses) | <u>29,244</u> | <u>70,348,539</u> | <u>70,348,537</u> | <u>8,936,534</u> |
| Net change in fund balances | <u>\$ 435,378</u> | <u>\$ 434,180</u> | 118,015 | 88,004 |
| Fund balances at beginning of year | | | <u>435,521</u> | <u>347,517</u> |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 553,536</u> | <u>\$ 435,521</u> |

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

| | <u>Special Revenue</u> | | | Total Nonmajor Governmental Funds |
|---|----------------------------|--|--------------------------|---|
| | <u>Transportation</u> | <u>Municipal Retirement/ Social Security</u> | <u>Capital Projects</u> | |
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 3,268,620 | \$ 1,714,500 | \$ 963,248 | \$ 5,946,368 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | 915,838 | 942,907 | - | 1,858,745 |
| Intergovernmental | 607,900 | - | - | 607,900 |
| Interest | 1,635 | 856 | - | 2,491 |
| TOTAL ASSETS | <u>\$ 4,793,993</u> | <u>\$ 2,658,263</u> | <u>\$ 963,248</u> | <u>\$ 8,415,504</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 110,198 | \$ - | \$ 300,574 | \$ 410,772 |
| Unearned revenue | 303,950 | - | - | 303,950 |
| Total Liabilities | <u>414,148</u> | <u>-</u> | <u>300,574</u> | <u>714,722</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levies for subsequent year | 1,882,617 | 1,937,910 | - | 3,820,527 |
| Total deferred inflows of resources | <u>1,882,617</u> | <u>1,937,910</u> | <u>-</u> | <u>3,820,527</u> |
| Fund Balance: | | | | |
| Restricted | 2,497,228 | 720,353 | 662,674 | 3,880,255 |
| Total Fund Balance | <u>2,497,228</u> | <u>720,353</u> | <u>662,674</u> | <u>3,880,255</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 4,793,993</u> | <u>\$ 2,658,263</u> | <u>\$ 963,248</u> | <u>\$ 8,415,504</u> |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

| | Special Revenue | | |
|---|----------------------------|---|----------------------------|
| | Transportation | Municipal Retirement/ Social Security | Total |
| REVENUES: | | | |
| Property taxes | \$ 2,066,657 | \$ 1,549,721 | \$ 3,616,378 |
| Other local sources | 108,569 | 124,785 | 233,354 |
| State sources | 1,251,925 | - | 1,251,925 |
| Total Revenues | <u>3,427,151</u> | <u>1,674,506</u> | <u>5,101,657</u> |
| EXPENDITURES: | | | |
| Current operating: | | | |
| Instruction | - | 1,373,182 | 1,373,182 |
| Support services | 3,203,847 | 685,449 | 3,889,296 |
| Community services | - | 3,876 | 3,876 |
| Total Expenditures | <u>3,203,847</u> | <u>2,062,507</u> | <u>5,266,354</u> |
| Excess (deficiency) of revenues over expenditures | <u>223,304</u> | <u>(388,001)</u> | <u>(164,697)</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 223,304 | (388,001) | (164,697) |
| Fund balances at beginning of year | <u>2,273,924</u> | <u>1,108,354</u> | <u>3,382,278</u> |
| FUND BALANCES AT END OF YEAR | <u><u>\$ 2,497,228</u></u> | <u><u>\$ 720,353</u></u> | <u><u>\$ 3,217,581</u></u> |

| Capital Projects | | | Total Nonmajor Governmental Funds |
|------------------|-------------------------------|------------|---|
| Capital Projects | Fire Prevention and Safety | Total | |
| \$ - | \$ - | \$ - | \$ 3,616,378 |
| 6,145 | - | 6,145 | 239,499 |
| - | - | - | 1,251,925 |
| 6,145 | - | 6,145 | 5,107,802 |
| - | - | - | 1,373,182 |
| 935,350 | 718 | 936,068 | 4,825,364 |
| - | - | - | 3,876 |
| 935,350 | 718 | 936,068 | 6,202,422 |
| (929,205) | (718) | (929,923) | (1,094,620) |
| 2,000,000 | - | 2,000,000 | 2,000,000 |
| 2,000,000 | - | 2,000,000 | 2,000,000 |
| 1,070,795 | (718) | 1,070,077 | 905,380 |
| (408,121) | 718 | (407,403) | 2,974,875 |
| \$ 662,674 | \$ - | \$ 662,674 | \$ 3,880,255 |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Property taxes | \$ 1,934,344 | \$ 1,934,344 | \$ 2,066,657 | \$ 1,971,725 |
| Transportation fees | 55,000 | 55,000 | 86,519 | 68,900 |
| Earnings on investments | 7,000 | 7,000 | 22,050 | 9,981 |
| Total Local Sources | <u>1,996,344</u> | <u>1,996,344</u> | <u>2,175,226</u> | <u>2,050,606</u> |
| State Sources: | | | | |
| Transportation aid | | | | |
| Regular | 95,206 | 95,206 | 97,531 | 69,557 |
| Special education | 1,173,716 | 1,173,716 | 1,154,394 | 952,350 |
| Total State Sources | <u>1,268,922</u> | <u>1,268,922</u> | <u>1,251,925</u> | <u>1,021,907</u> |
| Total Revenues | <u>3,265,266</u> | <u>3,265,266</u> | <u>3,427,151</u> | <u>3,072,513</u> |
| EXPENDITURES: | | | | |
| Support Services: | | | | |
| Business - Pupil Transportation Services: | | | | |
| Salaries | 38,710 | 38,710 | 41,002 | 37,395 |
| Employee benefits | 4,085 | 4,085 | 3,286 | 12,116 |
| Purchased services | 3,231,413 | 3,231,413 | 3,038,047 | 3,077,672 |
| Supplies and materials | 200,000 | 200,000 | 121,512 | 122,648 |
| Capital outlay | 325,000 | - | - | - |
| Total Expenditures | <u>3,799,208</u> | <u>3,474,208</u> | <u>3,203,847</u> | <u>3,249,831</u> |
| Excess (deficiency) of revenues over expenditures | <u>(533,942)</u> | <u>(208,942)</u> | <u>223,304</u> | <u>(177,318)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 325,000 | - | - | - |
| Total other financing sources | <u>325,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (208,942)</u> | <u>\$ (208,942)</u> | <u>223,304</u> | <u>(177,318)</u> |
| Fund balances at beginning of year | | | <u>2,273,924</u> | <u>2,451,242</u> |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 2,497,228</u> | <u>\$ 2,273,924</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | | 2016 Actual |
|--------------------------------------|---------------------|---------------------|-------------------|---------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Property taxes | | | | |
| General tax levy | \$ 777,447 | \$ 777,447 | \$ 685,339 | \$ 1,532,968 |
| Social security/medicare tax levy | 955,489 | 955,489 | 864,382 | 949,302 |
| Corporate replacement taxes | 111,669 | 111,669 | 114,781 | 121,717 |
| Earnings on investments | 4,000 | 4,000 | 10,004 | 5,034 |
| Total Revenues | <u>1,848,605</u> | <u>1,848,605</u> | <u>1,674,506</u> | <u>2,609,021</u> |
| EXPENDITURES: | | | | |
| Instruction - employee benefits | 1,369,810 | 1,409,810 | 1,373,182 | 1,384,068 |
| Support Services - employee benefits | 673,225 | 673,225 | 685,449 | 665,585 |
| Community services | 3,900 | 3,900 | 3,876 | 3,667 |
| Total Expenditures | <u>2,046,935</u> | <u>2,086,935</u> | <u>2,062,507</u> | <u>2,053,320</u> |
| Net change in fund balances | <u>\$ (198,330)</u> | <u>\$ (238,330)</u> | (388,001) | 555,701 |
| Fund balances at beginning of year | | | <u>1,108,354</u> | <u>552,653</u> |
| FUND BALANCES AT END OF YEAR | | | <u>\$ 720,353</u> | <u>\$ 1,108,354</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | 2016 Actual |
|---|------------------------------|-------------------|---------------------|
| | Original and Final Budget | Actual | |
| REVENUES: | | | |
| Local Sources: | | | |
| Earnings on investments | \$ 1,500 | \$ 6,145 | \$ - |
| Total Revenues | <u>1,500</u> | <u>6,145</u> | <u>-</u> |
| EXPENDITURES: | | | |
| Support Services: | | | |
| Business - Facilities Acquisition and Construction: | | | |
| Purchased services | 105,000 | 55,284 | 12,232 |
| Capital outlay | - | 880,066 | 395,889 |
| Other | <u>1,115,000</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,220,000</u> | <u>935,350</u> | <u>408,121</u> |
| Deficiency of revenues over expenditures | <u>(1,218,500)</u> | <u>(929,205)</u> | <u>(408,121)</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>2,000,000</u> | <u>2,000,000</u> | <u>-</u> |
| Total other financing sources | <u>2,000,000</u> | <u>2,000,000</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 781,500</u> | 1,070,795 | (408,121) |
| Fund balances at beginning of year | | <u>(408,121)</u> | <u>-</u> |
| FUND BALANCES AT END OF YEAR | | <u>\$ 662,674</u> | <u>\$ (408,121)</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, 2017 WITH COMPARATIVE ACTUAL TOTALS FOR 2016

| | 2017 | | 2016 Actual |
|---|------------------------------|-------------|----------------|
| | Original and Final Budget | Actual | |
| EXPENDITURES: | | | |
| Support Services: | | | |
| Business - Facilities Acquisition and Construction: | | | |
| Purchased services | \$ 718 | \$ 718 | \$ - |
| Total Expenditures | 718 | 718 | - |
| Net change in fund balances | <u>\$ (718)</u> | (718) | - |
| Fund balances at beginning of year | | 718 | 718 |
| FUND BALANCES AT END OF YEAR | | <u>\$ -</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, 2017

| | Cash Balance July 1, 2016 | Cash Receipts | Cash Disbursements | Cash Balance June 30, 2017 |
|--------------------------------|------------------------------------|---------------------|-----------------------|-------------------------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 986,315 | \$ 1,450,301 | \$ 1,345,235 | \$ 1,091,381 |
| <u>LIABILITIES</u> | | | | |
| Due to activity organizations: | | | | |
| Addison Trail School | 271,037 | 707,940 | 662,914 | 316,063 |
| Willowbrook School | 288,242 | 659,809 | 618,491 | 329,560 |
| School District office | 427,036 | 82,552 | 63,830 | 445,758 |
| | <u>\$ 986,315</u> | <u>\$ 1,450,301</u> | <u>\$ 1,345,235</u> | <u>\$ 1,091,381</u> |

OTHER FINANCIAL INFORMATION

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2017

| Year ending June 30 | Bonds dated April 9, 2009 | | Bonds dated December 3, 2015 | | Bonds dated December 22, 2015 | |
|------------------------|------------------------------|-------------------|---------------------------------|---------------------|----------------------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 6,715,000 | \$ 335,750 | \$ 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>\$ 6,715,000</u> | <u>\$ 335,750</u> | <u>\$ 8,220,000</u> | <u>\$ 1,122,055</u> | <u>\$ 3,825,000</u> | <u>\$ 1,056,096</u> |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2017

| Year ending June 30 | Bonds dated December 27, 2016 | | Total | | |
|------------------------|----------------------------------|----------------------|----------------------|----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Total |
| 2018 | \$ - | \$ 3,175,842 | \$ 7,795,000 | \$ 3,898,511 | \$ 11,693,511 |
| 2019 | 6,155,000 | 3,040,700 | 7,300,000 | 3,384,419 | 10,684,419 |
| 2020 | 6,340,000 | 2,856,050 | 7,305,000 | 3,153,969 | 10,458,969 |
| 2021 | 6,530,000 | 2,665,850 | 7,535,000 | 2,925,169 | 10,460,169 |
| 2022 | 6,725,000 | 2,469,950 | 7,770,000 | 2,689,069 | 10,459,069 |
| 2023 | 7,060,000 | 2,133,700 | 8,140,000 | 2,321,469 | 10,461,469 |
| 2024 | 7,345,000 | 1,851,300 | 8,455,000 | 2,006,669 | 10,461,669 |
| 2025 | 7,640,000 | 1,557,500 | 8,780,000 | 1,687,894 | 10,467,894 |
| 2026 | 8,025,000 | 1,175,500 | 9,150,000 | 1,276,934 | 10,426,934 |
| 2027 | 8,425,000 | 774,250 | 9,585,000 | 837,715 | 10,422,715 |
| 2028 | 8,825,000 | 353,000 | 10,015,000 | 385,725 | 10,400,725 |
| | <u>\$ 73,070,000</u> | <u>\$ 22,053,642</u> | <u>\$ 91,830,000</u> | <u>\$ 24,567,543</u> | <u>\$ 116,397,543</u> |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
TAX LEVY SUMMARY
JUNE 30, 2017

| | Assessed Valuation | Rate | Extensions | Collected | Balance Uncollected | Percent collections |
|----------------------------|-------------------------|--------|---------------|---------------|------------------------|------------------------|
| 2016 levy: | <u>\$ 2,659,626,352</u> | | | | | |
| Educational | | 1.5815 | \$ 42,061,990 | \$ 21,382,351 | \$20,679,639 | |
| Operations and maintenance | | 0.2029 | 5,396,382 | 2,743,315 | 2,653,067 | |
| Bond and interest | | 0.4438 | 11,803,422 | 6,000,515 | 5,802,907 | |
| Transportation | | 0.0715 | 1,901,633 | 966,779 | 934,854 | |
| Municipal retirement | | 0.0334 | 888,315 | 451,596 | 436,719 | |
| Special education | | 0.0254 | 675,545 | 343,563 | 331,982 | |
| Social security | | 0.0402 | 1,069,170 | 543,407 | 525,763 | |
| Working cash | | 0.0008 | 21,277 | 10,706 | 10,571 | |
| | | 2.3995 | \$63,817,734 | \$32,442,232 | \$31,375,502 | 50.84% |
| 2015 levy: | <u>\$ 2,490,683,085</u> | | | | | |
| Educational | | 1.6841 | \$ 41,945,594 | \$ 41,827,465 | \$118,129 | |
| Operations and maintenance | | 0.2115 | 5,267,795 | 5,251,845 | 15,950 | |
| Bond and interest | | 0.4797 | 11,947,807 | 11,914,111 | 33,696 | |
| Transportation | | 0.0832 | 2,072,248 | 2,066,570 | 5,678 | |
| Municipal retirement | | 0.0276 | 687,429 | 685,271 | 2,158 | |
| Special education | | 0.0268 | 667,503 | 665,656 | 1,847 | |
| Social security | | 0.0348 | 866,758 | 864,340 | 2,418 | |
| | | 2.5477 | \$63,455,134 | \$63,275,258 | \$179,876 | 99.72% |
| 2014 levy: | <u>\$ 2,430,230,340</u> | | | | | |
| Educational | | 1.6890 | \$ 41,046,590 | \$ 40,911,382 | \$135,208 | |
| Operations and maintenance | | 0.1990 | 4,836,158 | 4,819,884 | 16,274 | |
| Bond and interest | | 0.4591 | 11,157,188 | 11,119,981 | 37,207 | |
| Transportation | | 0.0814 | 1,978,208 | 1,971,574 | 6,634 | |
| Municipal retirement | | 0.0633 | 1,538,336 | 1,532,896 | 5,440 | |
| Special education | | 0.0271 | 658,592 | 656,158 | 2,434 | |
| Social security | | 0.0392 | 952,650 | 949,230 | 3,420 | |
| | | 2.5581 | \$62,167,722 | \$ 61,961,105 | \$206,617 | 99.67% |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
LEGAL BONDED DEBT MARGIN
JUNE 30, 2017

| | |
|---|-----------------------------|
| Assessed valuation of taxable properties for the 2016 tax year | \$ 2,659,626,352 |
| Statutory rate | <u>6.90%</u> |
| Bonded debt limit | <u>183,514,218</u> |
| Bonds outstanding | 91,830,000 |
| Less: Debt Services fund balance | <u>(553,536)</u> |
| Total net general bonded debt outstanding | <u>91,276,464</u> |
| Legal bonded debt margin | <u><u>\$ 92,237,754</u></u> |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SUMMARY OF OPERATIONS
BOOKSTORES
JUNE 30, 2017

| | Addison Trail High School | Willowbrook High School | Total |
|--|------------------------------|----------------------------|---------------------|
| Revenue from sales: | | | |
| Sale of textbooks | \$ 181,380 | \$ 171,898 | \$ 353,278 |
| Sale of supplies | 27,555 | 26,575 | 54,130 |
| Total | <u>208,935</u> | <u>198,473</u> | <u>407,408</u> |
| Cost of sales: | | | |
| Inventory of supplies & textbooks at July 1, 2016 | 560,592 | 307,484 | 868,076 |
| Purchase of supplies | 38,505 | 27,949 | 66,454 |
| Purchase of textbooks | 216,229 | 167,683 | 383,912 |
| Total available for sale | <u>815,326</u> | <u>503,116</u> | <u>1,318,442</u> |
| Less inventory of supplies & textbooks at June 30, 2017 | 465,086 | 290,282 | 755,368 |
| Total cost of sales, including disposals | <u>254,734</u> | <u>195,632</u> | <u>450,366</u> |
| Gross profit (loss) | <u>(45,799)</u> | <u>2,841</u> | <u>(42,958)</u> |
| Operating expenses: | | | |
| Salaries | 67,799 | 63,611 | 131,410 |
| Sales tax | 15,715 | 13,413 | 29,128 |
| Insurance | 6,657 | 15,739 | 22,396 |
| Total operating expenses | <u>90,171</u> | <u>92,763</u> | <u>182,934</u> |
| Net income (loss) | <u>\$ (135,970)</u> | <u>\$ (89,922)</u> | <u>\$ (225,892)</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 | |
| 2016 | 1,048 | 1,028 | 869 | 1,055 | 4,000 |
| 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 |

Average Daily Attendance

| | |
|-----------|-------|
| 2016/2017 | 3,537 |
| 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 |

| | Operating expense per pupil | Per capita tuition charge |
|-----------|-----------------------------------|---------------------------------|
| 2016/2017 | 18,204.38 | 17,346.51 |
| 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 |

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY ACCOUNT NET OF STATE ON-BEHALF PAYMENTS
DISTRICT'S OPERATING FUNDS
YEAR ENDED JUNE 30, 2017

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Working Cash</u> | <u>Total General</u> |
|--|----------------------|---------------------------------------|---------------------|----------------------|
| REVENUES: | | | | |
| Property taxes | \$ 42,495,452 | \$ 5,252,059 | \$ - | \$ 47,747,511 |
| Other local sources | 3,521,098 | 295,828 | 44,686 | 3,861,612 |
| State sources | 30,946,407 | 20,800 | - | 30,967,207 |
| Federal sources | 2,594,611 | - | - | 2,594,611 |
| Total Revenues | 79,557,568 | 5,568,687 | 44,686 | 85,170,941 |
| Less: On-behalf payments - State of Illinois | (24,673,469) | - | - | (24,673,469) |
| Total Revenues - Net of on-behalf payments | 54,884,099 | 5,568,687 | 44,686 | 60,497,472 |
| EXPENDITURES: | | | | |
| Current operating: | | | | |
| Instruction | 37,229,681 | - | - | 37,229,681 |
| Supporting services | 38,845,168 | 5,951,629 | - | 44,796,797 |
| Community services | 153,999 | - | - | 153,999 |
| Payments to other districts and governmental units | 1,367,565 | - | - | 1,367,565 |
| Total Expenditures | 77,596,413 | 5,951,629 | - | 83,548,042 |
| Less: On-behalf payments - State of Illinois | (24,673,469) | - | - | (24,673,469) |
| Total Expenditures - Net of on-behalf payments | 52,922,944 | 5,951,629 | - | 58,874,573 |
| Excess (deficiency) of revenues over expenditures | 1,961,155 | (382,942) | 44,686 | 1,622,899 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (36,762) | - | (2,000,000) | (2,036,762) |
| Capital lease proceeds | 85,294 | - | - | 85,294 |
| Total other financing sources (uses) | 48,532 | - | (2,000,000) | (1,951,468) |
| Net change in fund balances | 2,009,687 | (382,942) | (1,955,314) | (328,569) |
| Fund balances at beginning of year | 9,655,356 | 2,133,362 | 9,467,176 | 21,255,894 |
| FUND BALANCES AT END OF YEAR | <u>\$ 11,665,043</u> | <u>\$ 1,750,420</u> | <u>\$ 7,511,862</u> | <u>\$ 20,927,325</u> |

| <u>Transportation</u> | <u>Municipal Retirement/ Social Security</u> | <u>Total Operating Funds</u> |
|-----------------------|--|----------------------------------|
| \$ 2,066,657 | \$ 1,549,721 | \$ 51,363,889 |
| 108,569 | 124,785 | 4,094,966 |
| 1,251,925 | - | 32,219,132 |
| - | - | 2,594,611 |
| 3,427,151 | 1,674,506 | 90,272,598 |
| - | - | (24,673,469) |
| 3,427,151 | 1,674,506 | 65,599,129 |
| - | 1,373,182 | 38,602,863 |
| 3,203,847 | 685,449 | 48,686,093 |
| - | 3,876 | 157,875 |
| - | - | 1,367,565 |
| 3,203,847 | 2,062,507 | 88,814,396 |
| - | - | (24,673,469) |
| 3,203,847 | 2,062,507 | 64,140,927 |
| 223,304 | (388,001) | 1,458,202 |
| - | - | (2,036,762) |
| - | - | 85,294 |
| - | - | (1,951,468) |
| 223,304 | (388,001) | (493,266) |
| 2,273,924 | 1,108,354 | 24,638,172 |
| <u>\$ 2,497,228</u> | <u>\$ 720,353</u> | <u>\$ 24,144,906</u> |

| | |
|---|---------------------|
| Net change in fund balances | \$ (493,266) |
| Less: Capital lease | (85,294) |
| Plus: Transfer for capital improvements and asset acquisition | <u>2,000,000</u> |
| Net change in fund balance from operations | <u>\$ 1,421,440</u> |