

**Downers Grove Grade School
District No. 58**

Downers Grove, Illinois

Annual Financial Report

Year Ended June 30, 2017

Downers Grove Grade School District No. 58

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

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ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Downers Grove Grade School District No. 58
Downers Grove, 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 Downers Grove Grade School District No. 58, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Downers Grove Grade School District No. 58's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

Auditors' Responsibility (Continued)

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 Downers Grove Grade School District No. 58, 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 5 through 12, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois Pension data on pages 61 through 62, the other postemployment benefits data on page 63, budgetary comparison schedules and notes to the required supplementary information on pages 83 through 85 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 for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downers Grove Grade School District No. 58's basic financial statements. The other schedules listed in the table of contents as the Supplementary Financial Information and Other Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

(Continued)

Other Information (Continued)

The Supplementary Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended June 30, 2017 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 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 Supplementary Financial Information for the year ended June 30, 2017 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Downers Grove School District No. 58, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated November 15, 2016, which contained 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 Downers Grove School District No. 58's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund with comparative actual amounts 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund have been subjected to the auditing procedures applied in the audit of the 2016 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Fire Prevention and Safety Fund, and Debt Service Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

The Other Supplemental Information, as listed in the table of contents, 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of Downers Grove School District No. 58'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 Downers Grove School District No. 58's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
November 3, 2017

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

The discussion and analysis of Downers Grove Grade School District 58's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- ❑ Government-wide revenues were \$90.8 million, \$0.6 million less than the government-wide expenses of \$91.4 million.
- ❑ Governmental funds revenues were \$90.8 million, \$0.6 million less than overall governmental fund expenditures of \$91.4 million.
- ❑ The District's Operating Expenditure per Pupil for fiscal year 2016 was \$13,126. This is a per pupil increase of \$424 over fiscal year 2016.
- ❑ Total net position on a government-wide basis was \$26.5 million. This represents a \$0.6 million, or a 2.2% decrease from fiscal year 2016.
- ❑ The aggregate fund balance decreased \$0.4 million from \$24.2 million to \$23.8 million.
- ❑ There were no amendments to the budget during the fiscal year.
- ❑ At the close of fiscal year 2017, the District's long term liabilities, including outstanding long-term bonded debt, were \$23.1 million. This was a \$1.2 million decrease from the previous year.

Overview of the Financial Statements

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

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

This report contains required supplementary information, supplementary financial information, and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District's governmental activities include instructional services (regular education, special education, and other), supporting services, operations and maintenance of facilities, and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District does not have any proprietary funds.

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

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

The District maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all funds.

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

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

Notes to the financial statements

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

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide other postemployment benefits and pension data related to the Illinois Municipal Retirement Fund and the Teachers' Retirement System.

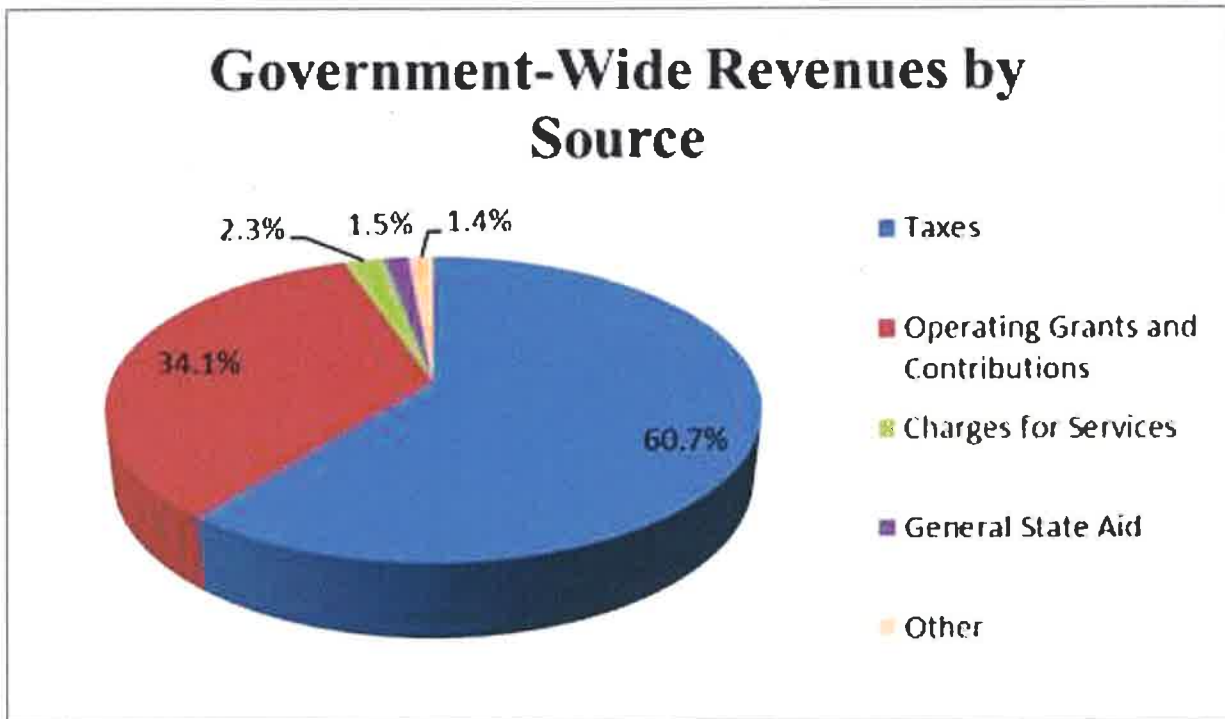
Government-Wide Financial Analysis

Table 1			
Condensed Statement of Net Position			
<i>(In millions of dollars)</i>			
	<u>2016</u>	<u>2017</u>	<i>Percentage Change</i>
Assets:			
Current and other assets	\$ 54.8	\$ 55.8	1.8%
Capital assets	23.9	23.3	-2.5%
Total assets	78.7	79.1	0.5%
Deferred outflows:			
Related to pension	3.5	3.4	-2.9%
Total deferred outflows	3.5	3.4	-2.9%
Liabilities:			
Long-term liabilities	24.3	23.1	(4.9%)
Other liabilities	5.3	6.6	24.5%
Total liabilities	29.6	29.7	0.3%
Deferred inflows:			
Property taxes levied for future periods	24.7	24.7	0.0%
Related to pensions	0.8	1.6	100.0%
Total deferred inflows	25.5	26.3	3.1%
Net position:			
Net investment in capital assets	12.0	12.4	3.3%
Restricted	3.9	4.6	17.9%
Unrestricted	11.2	9.5	(15.2%)
Total net position	\$ 27.1	\$ 26.5	(2.2%)

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Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

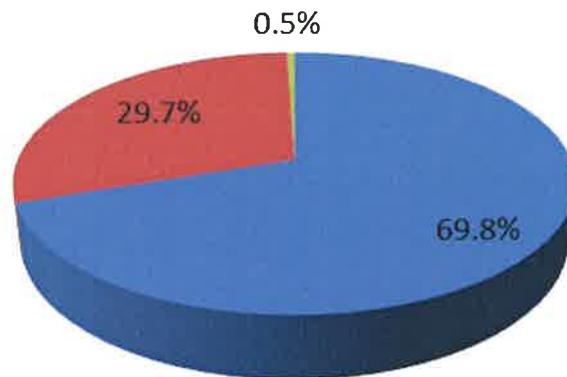
Table 2			
Changes in Net Position			
<i>(In millions of dollars)</i>			
	<u>2016</u>	<u>2017</u>	<u>Percentage of Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1.9	\$ 2.1	2.3%
Operating grants and contributions	21.2	31.0	34.1%
General revenues:			
Property taxes	53.2	54.1	59.6%
Replacement taxes	0.7	1.0	1.1%
Other	1.9	2.6	2.9%
Total revenues	<u>78.9</u>	<u>90.8</u>	<u>100.0%</u>
Expenses:			
Instruction	52.9	63.8	69.80%
Support services	27.0	27.1	29.70%
Interest and fees and other	0.5	0.5	0.50%
Total expenses	<u>80.4</u>	<u>91.4</u>	<u>100.00%</u>
Decrease in Net Position	(1.5)	(0.6)	-0.66%
Beginning Net Position	28.6	27.1	
Ending Net Position	<u>\$ 27.1</u>	<u>\$ 26.5</u>	



**Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017**

**Government-Wide Expenses by
Function**

■ Instruction ■ Support Services ■ Interest and fees and other



Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in the governmental funds statement of revenues, expenditures, and changes in fund balances on pages 18 and 19 of this report. Total revenues in the governmental funds were \$90.8 million compared to \$78.9 million in the prior year. Total expenditures in the governmental funds were \$91.4 million, compared to \$79.1 million in the prior year, an increase of \$12.3 million, or approximately 15.5%. Expenditures exceeded revenues by approximately \$0.6 million. The fund balances in the governmental funds decreased from \$24.2 million in the prior year to \$23.8 million as of June 30, 2017. On behalf payments by the State of Illinois to the Teachers' Retirement System are recognized as both revenue and expense on the District's financial statements were \$25.4 million compared to \$15.8 million in the prior year, an increase of \$9.6 million, or approximately 60.9%.

General (Educational and Working Cash) Fund Budgetary Highlights

General Fund: The largest revenue source in the General Fund is property taxes at 59.6% of all General Fund revenue. The total revenues in the General Fund amounted to \$78.2 million, compared to \$67.3 million in the prior year. Revenues from state sources were \$29.5 million (of which \$25.4 million represents TRS on-behalf contributions), which represented 37.7% of all revenue in the General Fund, a \$9.9 million increase from the prior year. Revenue from federal sources (\$2.1 million) represented 2.7% of all General Fund revenue, a \$74,622 increase from the prior year total. The District continues to be heavily reliant on property tax revenues.

There were total expenditures of \$79.4 million in the General Fund, which increased 17.4% from the prior year. TRS on behalf payments represent \$25.4 million of the total compared to \$15.8 million in the prior year, an increase of \$9.6 million, or approximately 60.9%.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Medical Insurance Balance: At June 30, 2017, the self-funded medical insurance plan (which is a sub-account of the Education Account in the General Fund) had an assigned value of \$935,553 for self-insurance claims. The June 30, 2016 assigned value for the medical insurance plan was \$1,483,031.

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2017, the District had compiled a total investment of \$23.3 million (net of accumulated depreciation) in a broad range of capital assets including land, land improvements, buildings, equipment, and furniture. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

Table 3				
Capital Assets (net of depreciation)				
<i>(In millions of dollars)</i>				
	<u>2016</u>	<u>2017</u>	<i>Percentage</i>	
			<i>Change</i>	
Land	\$ 0.2	\$ 0.2	0.0%	
Land improvements	1.2	1.2	0.0%	
Buildings	21.6	21.1	-2.3%	
Equipment and furniture	0.9	0.8	-11.1%	
Total	\$ 23.9	\$ 23.3	-2.5%	

Long-term liabilities

At June 30, 2017, the District had \$23.1 million in general obligation bonds and other long term liabilities outstanding. For more detailed information on long-term debt activity, refer to Note F in the notes to the financial statements.

Table 4				
Outstanding Long-Term Liabilities				
<i>(In millions of dollars)</i>				
	<u>2016</u>	<u>2017</u>	<i>Percentage</i>	
			<i>Change</i>	
General obligation bonds	\$ 11.9	\$ 10.9	-8.40%	
Other long-term liabilities	12.4	12.2	-1.61%	
Total	\$ 24.3	\$ 23.1	-4.94%	

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

Factors Bearing on the District's Future

In August 2017, legislation establishing a new education funding formula for Illinois school districts was enacted. While previous funding reform proposals sought to take funds from some districts in order to provide them to other, less well-funded districts, this legislation establishes a base funding minimum hold harmless amount. Provided overall state funding is not below the fiscal 2017 level, districts are guaranteed in the future to receive at least what they received in fiscal 2017. Because the formula is designed to direct 99% of any additional state funds to those districts with less than a 90% adequate funding ratio, those districts above 90% will receive very little new state funding until other districts in the state have caught up. The Illinois State Board of Education is still gathering data to calculate the funding ratios for districts, but preliminary analysis puts the District at a near adequate funding level. Consequently, while it is unlikely that the District will lose state funding in the coming years, it is also unlikely that the District will receive additional state funding. The adequacy target used in the funding formula also excludes many programs that districts use to increase student achievement, such as gifted instruction, class sizes below 25 for grades 4-12, expanded early childhood programs, and robust co-curricular and student activities. An additional aspect of the legislation is that if a district is found to exceed 110% of adequacy, a voter-initiated referendum can be called to reduce the property tax rate by up to 10%.

Timely payments by the State of Illinois continue to be elusive. The State Comptroller has stated that she would like to make Illinois current on its education funding obligations by the end of calendar year 2017. If she is successful, this would be a significant, positive, change. Without other fiscal reforms in the state, however, it may be challenging to maintain. The political dialogue in the Illinois General Assembly continues to indicate that a teacher pension cost shift to local districts is possible. It did not occur as part of the funding reform, so its future is unclear and it may be less likely than it had been. A pension cost shift could add \$2 – 3 million in cost to the District without corresponding revenue or taxing authority, although the ultimate form and magnitude of any cost shift if one were to occur is unknown. This would have a significant negative impact on District finances.

Property values in the District have been steady, but there is ongoing weakness in commercial real estate. This shifts a greater portion of the property tax burden on to residential property owners. The District participated in a successful multi-agency effort to retain a large aerospace manufacturing company within its boundaries, which will result in a gradual increase in taxable property over the next decade. A recent deannexation petition by a subdivision in Oak Brook was unsuccessful, but the petitioners have appealed the decision. While the District does not expect the appeal to be successful, if it is it will diminish the tax base and property tax revenue stream and add pressure to the budget.

The Board of Education has been discussing options to address crowding at Lester School. A decision on whether to construct an addition to the school is expected to be made during FY18. If an addition is constructed a bond issue will be required to fund the approximate \$2.25 million cost, and work would be expected to be completed in time for the start of school in August 2018.

The contracts for the Downers Grove Elementary Education Association (DGEEA) and the Downers Grove Custodial/Maintenance Association (DGCMA) both run through fiscal year 2018. While relations with both associations and the Board of Education are good, it is unknown what impact the results of negotiations will have on the District's financial condition.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Factors Bearing on the District's Future (Continued)

Cost savings associated with certificated retirements can help the District maintain a relatively balanced annual operating budget. Retirements fluctuate from year to year, and the District is currently projecting fewer retirements in the next several fiscal years than it had in the past two years. The corresponding reduction in cost savings will increase pressure on the operating budget.

The District is self-insured for medical and dental insurance. Medical inflation continues to trend upward at 8% or more, with prescription drug cost inflation even higher. High utilization of insurance benefits coupled with inflationary trends has resulted in higher than normal claims. The District's insurance committee has enacted changes to the District's plans and carriers to mitigate the impact of rising costs, and continues to investigate additional options to stabilize the medical reserve fund.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District's Assistant Superintendent for Business and Chief School Business Official at (630) 719-5829.

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Downers Grove Grade School District No. 58
 STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2017

ASSETS	
Cash and investments	\$ 26,985,277
Receivables (net of allowance for uncollectibles):	
Property taxes	26,047,136
Replacement taxes	140,975
Intergovernmental	1,938,010
Other post employment benefit asset	645,984
Capital assets:	
Land	223,031
Depreciable buildings, property, and equipment, net	<u>23,055,402</u>
Total assets	<u>79,035,815</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	<u>3,438,682</u>
Total deferred outflows	<u>3,438,682</u>
LIABILITIES	
Accounts payable	1,772,081
Salaries and wages payable	3,370,216
Claims payable	568,268
Interest payable	16,439
Unearned revenue	859,380
Long-term liabilities:	
Due within one year	1,162,520
Due after one year	<u>21,950,596</u>
Total liabilities	<u>29,699,500</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pensions	1,577,938
Property taxes levied for a future period	<u>24,746,967</u>
Total deferred inflows	<u>26,324,905</u>
NET POSITION	
Net investment in capital assets	12,408,433
Restricted For:	
Operations and maintenance	2,624,465
Debt service	660,912
Student transportation	251,991
Retirement benefits	1,024,232
Capital projects	5,962
Unrestricted	<u>9,474,097</u>
Total net position	<u>\$ 26,450,092</u>

The accompanying notes are an integral part of this statement.

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Downers Grove Grade School District No. 58

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2017

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 25,771,020	\$ 1,478,933	\$ 495,843	\$ (23,796,244)
Special programs	11,209,005	31,969	3,991,149	(7,185,887)
Other instructional programs	1,357,778	46,130	41,041	(1,270,607)
State retirement contributions	25,429,725	-	25,429,725	-
Support services:				
Pupils	3,681,884	-	-	(3,681,884)
Instructional staff	6,708,276	-	166,601	(6,541,675)
General administration	1,342,172	-	-	(1,342,172)
School administration	3,925,505	-	-	(3,925,505)
Business	2,192,233	266,583	122,997	(1,802,653)
Transportation	3,655,287	52,489	715,521	(2,887,277)
Operations and maintenance	4,602,215	170,165	-	(4,432,050)
Central	605,734	-	-	(605,734)
Other supporting services	424,095	-	-	(424,095)
Community services	30,718	-	-	(30,718)
Interest and fees	418,289	-	-	(418,289)
Total governmental activities	\$ 91,353,936	\$ 2,046,269	\$ 30,962,877	\$ (58,344,790)
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				43,453,930
Real estate taxes, levied for specific purposes				9,337,287
Real estate taxes, levied for debt service				1,341,068
Personal property replacement taxes				994,938
State aid-formula grants				1,400,593
Investment earnings				68,943
Miscellaneous				1,154,384
Total general revenues				57,751,143
				Change in net position (593,647)
				Net position, beginning of year 27,043,739
				Net position, end of year \$ 26,450,092

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 21,707,380	\$ 2,680,079	\$ 959,235	\$ 985,816
Receivables (net of allowance for uncollectibles):				
Property taxes	20,801,464	2,172,250	1,691,872	769,596
Replacement taxes	125,311	15,664	-	-
Intergovernmental	1,579,751	-	358,259	-
Total assets	<u>\$ 44,213,906</u>	<u>\$ 4,867,993</u>	<u>\$ 3,009,366</u>	<u>\$ 1,755,412</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 488,894	\$ 179,708	\$ 1,103,479	\$ -
Salaries and wages payable	3,370,216	-	-	-
Claims payable	568,268	-	-	-
Unearned revenue	812,905	-	46,475	-
Total liabilities	<u>5,240,283</u>	<u>179,708</u>	<u>1,149,954</u>	<u>-</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	19,763,138	2,063,820	1,607,421	731,180
Total deferred inflows	<u>19,763,138</u>	<u>2,063,820</u>	<u>1,607,421</u>	<u>731,180</u>
FUND BALANCES				
Restricted	-	1,956,498	251,991	1,024,232
Committed	-	667,967	-	-
Assigned	935,553	-	-	-
Unassigned	18,274,932	-	-	-
Total fund balances	<u>19,210,485</u>	<u>2,624,465</u>	<u>251,991</u>	<u>1,024,232</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 44,213,906</u>	<u>\$ 4,867,993</u>	<u>\$ 3,009,366</u>	<u>\$ 1,755,412</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 646,805	\$ -	\$ 5,962	\$ 26,985,277
611,954	-	-	26,047,136
-	-	-	140,975
-	-	-	1,938,010
<u>\$ 1,258,759</u>	<u>\$ -</u>	<u>\$ 5,962</u>	<u>\$ 55,111,398</u>
\$ -	\$ -	\$ -	\$ 1,772,081
-	-	-	3,370,216
-	-	-	568,268
-	-	-	859,380
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,569,945</u>
<u>581,408</u>	<u>-</u>	<u>-</u>	<u>24,746,967</u>
<u>581,408</u>	<u>-</u>	<u>-</u>	<u>24,746,967</u>
677,351	-	5,962	3,916,034
-	-	-	667,967
-	-	-	935,553
-	-	-	18,274,932
<u>677,351</u>	<u>-</u>	<u>5,962</u>	<u>23,794,486</u>
<u>\$ 1,258,759</u>	<u>\$ -</u>	<u>\$ 5,962</u>	<u>\$ 55,111,398</u>

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Downers Grove Grade School District No. 58
 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 balances - governmental funds	\$ 23,794,486	
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.		23,278,433
The other postemployment benefit asset resulting from contributions in excess of the annual required contribution is not a current financial resource and, therefore, is not reported in the fund financial statements.		645,984
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources related to pensions	\$ 2,739,473	
Deferred outflows of 2017 employer contributions related to pensions	<u>699,209</u>	3,438,682
Deferred inflows of resources related to pensions		(1,577,938)
Interest on long-term liabilities accrued in the statement of net position will not be paid with current financial resources and, accordingly, is not recognized in the governmental funds balance sheet.		(16,439)
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.		<u>(23,113,116)</u>
Net position of governmental activities		<u>\$ 26,450,092</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 43,454,010	\$ 4,425,534	\$ 3,120,597	\$ 1,791,076
Replacement taxes	864,306	113,471	-	17,161
State aid	29,477,608	-	715,521	-
Federal aid	2,084,484	-	-	-
Interest	52,025	11,185	1,014	2,339
Other	2,301,963	189,813	58,877	-
Total revenues	78,234,396	4,740,003	3,896,009	1,810,576
Expenditures				
Current:				
Instruction:				
Regular programs	25,025,406	-	-	395,263
Special programs	7,561,920	-	-	402,177
Other instructional programs	1,344,285	-	-	21,870
State retirement contributions	25,429,725	-	-	-
Support services:				
Pupils	3,580,242	-	-	42,669
Instructional staff	5,964,705	-	-	259,552
General administration	1,309,133	-	-	33,456
School administration	3,775,966	-	-	166,855
Business	1,153,765	14,564	-	69,542
Transportation	-	-	3,655,287	-
Operations and maintenance	-	4,020,809	-	413,431
Central	474,841	-	-	39,127
Other supporting services	424,095	-	-	-
Community services	26,246	-	-	-
Nonprogrammed charges	3,272,211	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	32,934	268,405	-	-
Total expenditures	79,375,474	4,303,778	3,655,287	1,843,942
Excess (deficiency) of revenues over expenditures	(1,141,078)	436,225	240,722	(33,366)
Other financing sources (uses)				
Transfers in	-	19,264	-	-
Transfers (out)	(102,801)	-	-	-
Proceeds from capital leases	192,100	-	-	-
Total other financing sources (uses)	89,299	19,264	-	-
Net change in fund balance	(1,051,779)	455,489	240,722	(33,366)
Fund balance, beginning of year	20,262,264	2,168,976	11,269	1,057,598
Fund balance, end of year	\$ 19,210,485	\$ 2,624,465	\$ 251,991	\$ 1,024,232

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,341,068	\$ -	\$ -	\$ 54,132,285
-	-	-	994,938
-	-	-	30,193,129
85,857	-	-	2,170,341
1,004	-	1,376	68,943
-	650,000	-	3,200,653
<u>1,427,929</u>	<u>650,000</u>	<u>1,376</u>	<u>90,760,289</u>
-	-	-	25,420,669
-	-	-	7,964,097
-	-	-	1,366,155
-	-	-	25,429,725
-	-	-	3,622,911
-	-	-	6,224,257
-	-	-	1,342,589
-	-	-	3,942,821
-	-	-	1,237,871
-	-	-	3,655,287
-	-	-	4,434,240
-	-	-	513,968
-	-	-	424,095
-	-	-	26,246
-	-	-	3,272,211
1,139,203	-	-	1,139,203
419,857	-	-	419,857
-	650,000	-	951,339
<u>1,559,060</u>	<u>650,000</u>	<u>-</u>	<u>91,387,541</u>
(131,131)	-	1,376	(627,252)
83,537	-	-	102,801
-	-	-	(102,801)
-	-	-	192,100
<u>83,537</u>	<u>-</u>	<u>-</u>	<u>192,100</u>
(47,594)	-	1,376	(435,152)
<u>724,945</u>	<u>-</u>	<u>4,586</u>	<u>24,229,638</u>
<u>\$ 677,351</u>	<u>\$ -</u>	<u>\$ 5,962</u>	<u>\$ 23,794,486</u>

Downers Grove Grade School District No. 58

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the 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 \$ (435,152)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. (575,430)

The net postemployment benefit asset is not considered to represent a financial resource and, therefore, is not reported in the funds. 76,206

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

Deferred outflow and inflows of resources related to IMRF pension (542,185)

Deferred outflow and inflows of resources related to TRS pension (309,987)

Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 1,568

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 1,191,333

Change in net position of governmental activities \$ (593,647)

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2017

	Student Activity Fund
<hr/>	
ASSETS	
Cash	<u>\$ 179,771</u>
LIABILITIES	
Due to student groups	<u>\$ 179,771</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Downers Grove Grade School District No. 58 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The governmental accounting standards board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in DuPage County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its 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 of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Fund Accounting

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

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service fund), and the acquisition or construction of major capital facilities (capital project funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The District considers all governmental funds to be major.

Fiduciary (Agency Funds) Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The *General Fund* includes the Educational Account and the Working Cash Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid upon collection of property taxes in the fund(s) loaned to. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the Educational Account or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation.

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the debt service, capital projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds (Continued)

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenues to finance contributions are derived primarily from local property taxes and personal property replacement taxes.

c. Debt Service Fund

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Funds

Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bond proceeds or contributions and donations.

Fire Prevention and Safety Fund - accounts for state-approved life safety projects financed through bond issues or local property taxes levied specifically for such purposes.

e. Fiduciary Fund

The *Fiduciary Fund* accounts for assets held by the District in an agency capacity or for individuals, private organizations, other governments, or other funds.

The *Student Activity Funds* - account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council as a convenience for other District activities. Convenience accounts account for assets that are maintained by a local education agency as a convenience for other District activities.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers most revenues are available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, replacement taxes, interest, and intergovernmental revenues associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

The fiduciary fund statements are reported using the accrual basis of accounting.

5. Deposits and Investments

Investments are stated at fair value. Changes in fair value are included in investment income.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future periods. At June 30, 2017, the District reported deferred outflows of resources related to pension liabilities. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting periods. At June 30, 2017, the District reported deferred inflows related to property taxes levied for a future period and pension liabilities.

7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$5,000 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	20 - 45
Equipment	3 - 20

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Accumulated Unpaid Vacation and Sick Pay

All employees are provided sick leave and vacation benefits in accordance with their contractual agreements (teachers, secretaries, instructional aides, custodians, maintenance) or employee handbooks (administrators, technology, food service). Teachers receive 15 days of sick leave per year and may accumulate up to a maximum of 195 days, not including the current year's allocation. Secretaries, clerks, and instructional aides receive sick leave benefits as follows: 12-month employees receive 18 days per year up to a maximum of 260; 10-month employees receive 15 days per year up to a maximum of 210; and instructional aides receive 10 days per year up to maximum of 180. Custodial/maintenance employees receive 1.5 days of sick leave per month, cumulative up to 260 days. Part-time custodians receive 10 days of sick leave per year, cumulative to 180 days. Administrators receive 15 days sick leave per year and may accumulate up to a maximum of 355 days. Upon retirement, a certified employee may apply up to 355 days of unused sick leave toward service credit for the Teachers' Retirement System (TRS); therefore, the District does not pay an employee for any unused sick days.

Full-time and 600-hour or more secretarial/clerk employees scheduled on a 12-month basis receive 10 days of vacation annually. After the fifth year, an additional day is added each year to a maximum of 20 days annually. At no time may the accumulation of vacation days exceed 40 days.

Full-time custodial/technology/maintenance employees earn one vacation day each full month after 90 days of employment to a maximum of 10 days during the first 5 years of employment. Thereafter, an employee will continue to earn one additional day each year to a maximum of 20 days vacation. All vacation must be exhausted within the allocated work year.

Twelve-month administrators receive 20 days vacation each year with a maximum accumulation of 50 days. After the fifteenth year, an additional day is added each year to a maximum of 25 days annually. At no time may the accumulation of vacation days exceed 60 days.

Upon leaving employment, employees are paid for any unused vacation days up to 50. Current compensated absences would be reported within the individual funds as salary-related payments.

The liability for accrued vacation, at June 30, 2017, was \$99,054 and is recorded as a long-term liability in the Statement of Net Position. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts and losses on refunding of bonds are deferred and amortized over the life of the applicable bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the bonds are issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and 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.

10. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

11. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

12. Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position is either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. All of the District's restricted net positions were restricted as a result of enabling legislation.

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, or laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds, as well as debt service funds and capital projects funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any other purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2017, the District has committed \$667,967 in the Operations and Maintenance Fund which represents the balance of a separate sinking fund that was created and funded by the District to fund future projects.
- d. *Assigned* - 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 Board of Education or the individual to which the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Assistant Superintendent for Business/CSBO. At June 30, 2017, the District has assigned \$935,553 in the General (Educational Account) Fund associated with the medical reserve account for self-insurance claims.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, and deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

15. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net 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.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between total fund balances - governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet." The details of this difference are as follows:

General obligation bonds	\$ 10,870,000
TRS net pension liability	3,706,099
IMRF net pension liability	8,311,081
Capital leases	126,882
Compensated absences	<u>99,054</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position - governmental activities	<u>\$ 23,113,116</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 1,130,550
Depreciation expense	(1,705,784)
Loss on disposal	<u>(196)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>(575,430)</u></u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Proceeds from capital leases	\$ (192,100)
Principal repayments	
General obligation bonds	1,060,000
Capital leases	79,203
TRS pension liability, net	621,741
IMRF pension liability, net	(369,995)
Compensated absences, net	<u>(7,516)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ <u><u>1,191,333</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS

The District's investment policy is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

At June 30, 2017, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 26,985,277	\$ 179,771	\$ 27,165,048

For disclosure purposes, this amount is segregated into three components as follows:

	<u>Total</u>
Cash on hand	\$ 1,250
Deposits with financial institutions*	27,158,357
Illinois Funds	5,441
	<u>\$ 27,165,048</u>

* Includes accounts held in demand and savings accounts, but primarily consists of non-negotiable certificates of deposit and money market savings accounts, which are valued at cost.

1. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, a periodic review of the investment portfolio is performed to ensure performance is consistent with the safety, liquidity, rate of return, diversification and overall performance the District needs.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Interest Rate Risk (Continued)

Investments measured at net asset value (NAV):

			Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Illinois Funds	\$	5,441	n/a	Daily	1 day

2. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The District's investment policy authorizes investments in any type of security as permitted by State statute.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM and are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

3. Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Investment Officer to meet the District's ongoing need for safety, liquidity, and rate of return.

4. Custodial Credit Risk

With respect to 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. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2017, the bank balances of the District's deposits with financial institutions totaled \$27,165,048, all of which was fully insured or collateralized.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be secured by private insurance or collateral.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board of Education on December 12, 2016. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Law (PTELL).

The PTELL limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELL limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent that there is "new growth" in the District's tax base. The new growth consists of new construction, annexations, and tax increment finance district property becoming eligible for taxation.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The Equalized Assessed Valuation for the extension of the 2016 tax levy was \$2,648,289,408.

Property taxes are collected by the DuPage County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 60 days of the respective installment dates.

The portion of the 2016 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1.0%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as deferred inflow - property taxes levied for a future period.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Total capital assets, not being depreciated	<u>223,031</u>	<u>-</u>	<u>-</u>	<u>223,031</u>
Capital assets, being depreciated				
Land improvements	2,445,540	105,778	-	2,551,318
Buildings and improvements	45,026,388	789,921	-	45,816,309
Equipment	7,578,369	234,851	123,705	7,689,515
Total capital assets, being depreciated	<u>55,050,297</u>	<u>1,130,550</u>	<u>123,705</u>	<u>56,057,142</u>
Less accumulated depreciation for:				
Land improvements	1,292,629	88,684	-	1,381,313
Buildings and improvements	23,453,166	1,296,731	-	24,749,897
Equipment	6,673,670	320,369	123,509	6,870,530
Total accumulated depreciation	<u>31,419,465</u>	<u>1,705,784</u>	<u>123,509</u>	<u>33,001,740</u>
Total capital assets, being depreciated, net	<u>23,630,832</u>	<u>(575,234)</u>	<u>196</u>	<u>23,055,402</u>
Governmental activities capital assets, net	<u>\$ 23,853,863</u>	<u>\$ (575,234)</u>	<u>\$ 196</u>	<u>\$ 23,278,433</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Regular programs	\$	606,252
Special programs		19,518
Pupils		3,899
Instructional staff		135,336
General administration		3,612
School administration		3,516
Business		896,521
Central		<u>37,130</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>1,705,784</u></u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in General Long-term Liabilities

During the year ended June 30, 2017, changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>
Bonds payable:				
General obligation bonds	\$ 11,930,000	\$ -	\$ 1,060,000	\$ 10,870,000
TRS net pension liability	4,327,840	379,821	1,001,562	3,706,099
IMRF net pension liability	7,941,086	4,354,142	3,984,147	8,311,081
Capital leases	13,985	192,100	79,203	126,882
Compensated absences	<u>91,538</u>	<u>133,568</u>	<u>126,052</u>	<u>99,054</u>
 Total long-term liabilities - governmental activities	 <u>\$ 24,304,449</u>	 <u>\$ 5,059,631</u>	 <u>\$ 6,250,964</u>	 <u>\$ 23,113,116</u>
 Due within one year				
General obligation bonds	\$ 1,100,000			
Capital leases	<u>62,520</u>			
	<u>\$ 1,162,520</u>			

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE F - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds

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

Purpose	Interest Rates	Amount
2010B General Obligation Bonds, due December 15, 2022 (Build America Bonds)	2.2% - 4.65%	\$ 5,875,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	4,995,000
		\$ 10,870,000

At June 30, 2017, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 1,100,000	374,223	\$ 1,474,223
2019	1,150,000	331,403	1,481,403
2020	1,210,000	283,890	1,493,890
2021	1,270,000	231,952	1,501,952
2022	1,340,000	175,905	1,515,905
2023-2026	4,800,000	242,903	5,042,903
Total	\$ 10,870,000	\$ 1,640,275	\$ 12,510,275

35% of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government.

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$677,348 in the Debt Service Fund to service the outstanding bonds payable.

The District is subject to the Illinois School Code, which limits the 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 \$182,731,969, of which \$171,735,087 is fully available.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE F - LONG-TERM LIABILITIES (Continued)

3. Capital Leases

The District has entered into various capital lease agreements for copiers and computers. The leases expire at various dates through February 2019 and require monthly payments of principal and interest approximating \$220 or annual payments of principal and interest ranging from \$6,600 to \$56,233. The obligations are repaid from the Debt Service Fund, with funding provided by transfers from the General (Educational Account) Fund. At June 30, 2017, the District's the future cash flow requirements for retirement of leases payable principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 62,520	\$ 19,479	\$ 81,999
2019	64,362	9,940	74,302
Total	\$ 126,882	\$ 29,419	\$ 156,301

The gross amount of capital assets recorded under capital leases for equipment purchased is \$1,050,370.

NOTE G - INTERFUND TRANSACTIONS

1. Interfund Transfers

The District transferred \$19,264 to the Operations and Maintenance Fund from the General (Working Cash Account) Fund during fiscal year 2017. Amount transferred represents interest earned on investments.

The District transferred \$83,537 to the Debt Service Fund from the General (Educational Account) Fund during fiscal year 2017. Amount transferred was used for principal and interest payments on capital leases.

2. Interfund Loans

Interfund loans arise when interfund receivables and payables exist which management intends to reimburse. During fiscal 2017, the Working Cash Account loaned the Education Fund \$6,000,000 to fund cash deficits. Also during fiscal 2017, the General (Working Cash Account) fund loaned the Transportation Fund \$1,200,000 to prevent fund cash deficits. All interfund loans were repaid during fiscal 2017, and as such, there are no outstanding loans at June 30, 2017.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE H - RISK MANAGEMENT

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

The District is self-insured for medical and dental coverage that is provided to District personnel. A third-party administrator processes claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third-party administrator for payment of employee health and dental claims, and administration fees. The District's liability will not exceed \$100,000 per employee, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2017, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$568,268. These estimates, which consider historical lag periods and current year claims experience, are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. Claims incurred but not yet reported (IBNRs) include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported.

Balances of claims liabilities during the past two years are as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 417,094	\$ 433,363
Incurred claims (including IBNRs)	7,029,422	6,189,745
Claim payments	<u>(6,878,248)</u>	<u>(6,206,014)</u>
Unpaid claims, end of fiscal year	<u>\$ 568,268</u>	<u>\$ 417,094</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

General Information System of the State of Illinois

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 nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at www.trsil.org; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

Benefits Provided

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

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

Essentially all Tier I retirees receive an annual three 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

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

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

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 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 \$25,063,681 in pension contributions from the state of Illinois.

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$189,559, 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$127,803 were paid from federal and special trust funds that required employer contributions of \$49,255. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

Early Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the District paid \$279,041 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 paid \$3,593 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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 follows:

District's proportionate share of the net pension liability	\$ 3,706,099
State's proportionate share of the net pension liability associated with the District	<u>255,215,128</u>
Total	<u>\$ 258,921,227</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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 0.0046950648 percent, which was a decrease of 0.0019113083 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$24,986,488 and revenue of \$25,063,681 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,403	\$ 2,514
Change of assumptions	318,299	-
Net difference between projected and actual earnings on pension plan investments	104,704	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>50,295</u>	<u>1,461,935</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>500,701</u>	<u>1,464,449</u>
District contributions subsequent to the measurement date	<u>238,814</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 739,515</u>	<u>\$ 1,464,449</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

The District reported \$238,814 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	Net Deferred Inflows (Outflows) of Resources
2018	\$ 338,240
2019	338,240
2020	118,587
2021	133,730
2022	<u>34,951</u>
	<u>\$ 963,748</u>

Actuarial Assumptions

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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

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 Real 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 a change 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, employer contributions, and state contributions will be made at the current statutorily-required rates.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate (Continued)

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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 the 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:

	<u>1% Decrease</u> <u>(5.83%)</u>	<u>Current</u> <u>Discount</u> <u>(6.83%)</u>	<u>1% Increase</u> <u>(7.83%)</u>
District's proportionate share of the net pension liability	\$ <u>4,532,709</u>	<u>3,706,099</u>	\$ <u>3,030,977</u>

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*.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent 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. That 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).

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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	322
Inactive plan members entitled to but not yet receiving benefits	497
Active plan members	<u>228</u>
Total	<u><u>1,047</u></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 employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 14.41%. For the fiscal year ended June 30, 2017 the District contributed \$865,575 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The 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 total pension liability at December 31, 2016:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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 tables 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 adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65% - 7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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:

- a. 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
- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting Single Discount Rate is 7.50%.

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2016:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 43,746,633	\$ 35,805,547	\$ 7,941,086
Changes for the year:			
Service cost	782,284	-	782,284
Interest on the total pension liability	3,197,627	-	3,197,627
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	615,264	-	615,264
Changes of assumptions	(241,033)	-	(241,033)
Contributions - employer	-	926,983	(926,983)
Contributions - employees	-	287,160	(287,160)
Net investment income	-	2,342,140	(2,342,140)
Benefit payments, including refunds of employee contributions	(2,433,212)	(2,433,212)	-
Other (net transfer)	-	427,864	(427,864)
Net changes	1,920,930	1,550,935	369,995
Balances at December 31, 2016	\$ 45,667,563	\$ 37,356,482	\$ 8,311,081

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Net pension liability	\$ 13,474,401	\$ 8,311,081	\$ 3,980,069

Pension Expense and 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 \$1,791,747. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 289,693	\$ -
Change of assumptions	-	113,489
Net difference between projected and actual earnings on pension plan investments	<u>1,949,079</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>2,238,772</u>	<u>113,489</u>
Pension contributions made subsequent to the measurement date	<u>460,395</u>	<u>-</u>
Total deferred amounts related to pensions	\$ <u>2,699,167</u>	\$ <u>113,489</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

The District reported \$460,395 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net position liability in the reporting year ended June, 30 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflows of Resources
2018	\$ 837,055
2019	660,852
2020	564,654
2021	62,722
2022	-
Thereafter	-
Total	\$ 2,125,283

3. Summary of Pension Items

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 238,814	\$ 460,395	\$ 699,209
Experience	27,403	289,693	317,096
Assumptions	318,299	-	318,299
Proportionate share	50,295	-	50,295
Investments	104,704	1,949,079	2,053,783
	\$ 739,515	\$ 2,699,167	\$ 3,438,682
Net pension liability	\$ 3,706,099	\$ 8,311,081	\$ 12,017,180
Deferred inflows of resources:			
Experience	\$ 2,514	\$ -	\$ 2,514
Assumptions	-	113,489	113,489
Proportionate share	1,461,935	-	1,461,935
	\$ 1,464,449	\$ 113,489	\$ 1,577,938

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE I - PENSION LIABILITIES (Continued)

4. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

1. Teachers' Health Insurance Security (THIS)

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

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

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

On-behalf contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$366,044, and the District recognized revenue and expenditures of this amount during the year.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

District Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$274,533 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

2. Retiree Health Plan

Plan Description

The District administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides the ability for a retired administrator, custodian, maintenance, clerical personnel, and aides and their spouses/dependents to access the District's self insured group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement and until the age of 65. Retirees may be responsible to contribute a portion or all of the premium toward the cost of their health insurance. Retired administrators meeting certain service qualifications receive 100% Board-paid coverage for themselves and their spouse/dependents. Retired teachers access the health plan coverage provided through the Teachers' Retirement System (TRS). Retired teachers meeting certain qualifications may be eligible to have a portion of their health insurance with TRS be paid for by the Board. Retirees may access dental benefits. Retirees may also be responsible to contribute a portion or all of the premium toward the cost of their dental insurance.

As of June 30, 2017 the following employees were covered by the benefit terms:

Actives fully eligible to retire	68
Actives not yet fully eligible to retire	382
Retirees	<u>20</u>
Total	<u><u>470</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Funding Policy

Retired employees (except teachers) have the option to access the District's group health plan. Teachers access the TRS plan of health benefits. Depending on circumstances and qualifications, the retiree will contribute between 0% and 100% of the cost of the premiums for health and dental coverage. For fiscal year 2017, total retiree postemployment contributions were \$250,725.

Annual OPEB Cost and Net OPEB Obligation

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

	<u>June 30,</u> <u>2017</u>
Annual required contribution	\$ 178,317
Interest on net OPEB obligation	(22,791)
Adjustment to annual required contribution	<u>18,993</u>
Annual OPEB cost	174,519
Contributions made	<u>(250,725)</u>
(Increase) decrease in net OPEB asset	(76,206)
Net OPEB asset beginning of year	<u>(569,778)</u>
Net OPEB asset liability end of year	<u>\$ (645,984)</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2017 and the two preceding fiscal years were as follows:

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
6/30/17	\$ 174,519	143.7%	\$ (645,984)
6/30/16*	\$ 174,298	115.8%	\$ (569,778)
6/30/15	\$ 174,327	102.5%	\$ (542,238)

* Annual OPEB cost estimated using ARC from most recent valuation information.

Funding Status and Funding Progress

As of July 1, 2016, the actuarial accrued liability for benefits was \$2,288,948 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$30,178,156 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8%.

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

Methods and Assumptions

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Actuarial methods and assumptions	
Measurement Date	July 1, 2016
Data Collection Date	May 2017
Investment rate of return	
Expected return on plan assets	Not Applicable
Expected return on employer's assets	4.00%
Rate of compensation increase	4.00%
Assumed health care trend rates	
Initial Health Care Cost Trend Rate	
District Medical Plan	6.50%
TRIP Plan Stipend	0.00%
Ultimate Health Care cost Trend Rate	
District Medical Plan	5.00%
TRIP Plan Stipend	Not Applicable
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2027
Additional Information	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Projected Payroll
Amortization Period (years)	30
Method Used To Determine Actuarial Value of Assets	Not Applicable
Mortality, turnover, disability, retirement ages	Similar rates utilized by IMRF
Election at Retirement	100% of Administrators and Certified Staff are assumed to elect the TRIP coverage subsidy at retirement. 20% of future retirees who are not eligible for subsidized coverage are assumed to elect pay-all medical coverage.

NOTE K - JOINT AGREEMENT

The District is a member of the School Association for Special Education in DuPage County (SASED), a joint agreement that provides certain special education services to residents of many school districts. The District believes that, because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these should not be included as component units of the District.

Complete financial statements for the School Association for Special Education in DuPage County (SASED) can be obtained from its business office at 6 S 331 Cornwall Road, Naperville, Illinois 60540.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE L - CONTINGENCIES

1. Litigation

The District is a defendant in various lawsuit and other pending matters. Although the eventual outcome and related liability, if any, is not determinable at this time, in the opinion of the District's management, the resolution of these matters will not have a material adverse effect on the financial condition of the District. No provision has been made in the accompanying financial statements for settlement costs.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE M - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 3, 2017, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements, other than the item described below.

Subsequent to year end, the District entered into a capital lease agreement to purchase chromebooks, requiring three annual payments of \$75,442.

Downers Grove Grade School District No. 58

MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MOST RECENT CALENDAR YEARS

Illinois Municipal Retirement Fund

June 30, 2017

Calendar year ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 782,284	\$ 746,714	\$ 830,709
Interest on the total pension liability	3,197,627	3,037,325	2,779,385
Difference between expected and actual experience of the total pension liability	615,264	603,963	150,038
Assumption changes	(241,033)	95,189	1,726,170
Benefit payments and refunds	<u>(2,433,212)</u>	<u>(2,047,024)</u>	<u>(1,736,852)</u>
Net change in total pension liability	1,920,930	2,436,167	3,749,450
Total pension liability, beginning	43,746,633	41,310,466	37,561,016
Total pension liability, ending	<u>\$ 45,667,563</u>	<u>\$ 43,746,633</u>	<u>\$ 41,310,466</u>
Plan fiduciary net position			
Contributions, employer	\$ 926,983	\$ 908,587	\$ 887,996
Contributions, employee	287,160	301,130	363,996
Net investment income	2,342,140	178,145	2,081,383
Benefit payments, including refunds of employee contributions	(2,433,212)	(2,047,024)	(1,736,852)
Other (net transfer)	427,864	417,073	87,652
Net change in plan fiduciary net position	1,550,935	(242,089)	1,684,175
Plan fiduciary net position, beginning	35,805,547	36,047,636	34,363,461
Plan fiduciary net position, ending	<u>\$ 37,356,482</u>	<u>\$ 35,805,547</u>	<u>\$ 36,047,636</u>
Net pension liability	<u>\$ 8,311,081</u>	<u>\$ 7,941,086</u>	<u>\$ 5,262,830</u>
Plan fiduciary net position as a percentage of the total pension liability	81.80 %	81.85 %	87.26 %
Covered Valuation Payroll	\$ 6,336,280	\$ 6,619,221	\$ 6,788,974
Net pension liability as a percentage of covered valuation payroll	131.17 %	119.97 %	77.52 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

Downers Grove Grade School District No. 58

MULTIYEAR SCHEDULE OF CONTRIBUTIONS

Illinois Municipal Retirement Fund

June 30, 2017

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>		<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2016	\$ 913,058	* \$	\$ 926,983	\$ (13,925)	\$ 6,336,280	14.63 %
2015	\$ 900,876	\$	\$ 908,587	\$ (7,711)	\$ 6,619,221	13.73 %
2014	\$ 887,997	\$	\$ 887,996	\$ 1	\$ 6,788,974	13.08 %

* Estimated based on contribution rate of 14.41% and covered valuation payroll of \$6,336,280 (most recent information available).

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

Downers Grove Grade School District No. 58
MULTIYEAR 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	0.0046950648 %	0.0066063731 %	0.0064739066 %
District's proportionate share of the net pension liability	\$ 3,706,099	\$ 4,327,840	\$ 3,939,908
State's proportionate share of the net pension liability associated with the District	<u>255,215,128</u>	<u>188,886,330</u>	<u>187,434,288</u>
Total	<u>\$ 258,921,227</u>	<u>\$ 193,214,170</u>	<u>\$ 191,374,196</u>
District's covered-employee payroll	\$ 31,176,055	\$ 30,136,212	\$ 30,291,184
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.89 %	14.36 %	13.01 %
Plan fiduciary net position as a percentage of the total pension liability	36.40 %	41.5 %	43.0 %

Note 1: The amounts presented were determined as of the prior fiscal-year end.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

Downers Grove Grade School District No. 58
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
 Teachers' Retirement System of the State of Illinois
June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 186,079	\$ 229,365	\$ 223,244
Contributions in relation to the contractually required contribution	<u>181,826</u>	<u>231,487</u>	<u>230,986</u>
Contribution deficiency (excess)	<u>\$ 4,253</u>	<u>\$ (2,122)</u>	<u>\$ (7,742)</u>
District's covered-employee payroll	\$ 32,682,535	\$ 31,176,055	\$ 30,136,212
Contributions as a percentage of covered-employee payroll	0.56 %	0.74 %	0.77 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015 therefore 10 years of information is not available.

Downers Grove Grade School District No. 58

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2017

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
6/30/17	\$ NA	\$ 2,288,948	NA	% \$ 2,288,948	\$ 30,178,576	8.00 %
6/30/16*	NA	2,233,279	NA	2,233,279	NA	NA
6/30/15	NA	2,233,279	NA	2,233,279	NA	NA

NA - not available

* Balance estimated using prior year information.

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 43,505,000	\$ 43,454,010	\$ (50,990)	\$ 42,954,958
Corporate personal property replacement taxes	610,000	864,306	254,306	585,691
Regular tuition from pupils or parents	200,000	157,503	(42,497)	276,371
Summer school tuition from pupils or parents	50,000	46,130	(3,870)	46,778
Special education tuition from other districts	30,000	31,969	1,969	17,511
Interest on investments	51,000	52,025	1,025	54,817
Sales to pupils - lunch	330,000	266,583	(63,417)	323,887
Other district/school activity revenue	85,000	81,314	(3,686)	71,953
Rentals - regular textbook	550,000	503,131	(46,869)	580,884
Rentals - other	32,500	55,782	23,282	-
Contributions and donations from private sources	-	195,583	195,583	-
Refund of prior years' expenditures	5,000	7,677	2,677	5,120
Local fees	880,000	681,203	(198,797)	307,082
Other	313,000	275,088	(37,912)	457,828
Total local sources	<u>46,641,500</u>	<u>46,672,304</u>	<u>30,804</u>	<u>45,682,880</u>
State sources				
General State Aid	1,408,423	1,400,593	(7,830)	1,332,342
Special Education - Private Facility Tuition	700,000	891,783	191,783	776,988
Special Education - Funding for Children Requiring Sp Ed Services	700,000	604,021	(95,979)	606,081
Special Education - Personnel	1,100,000	908,849	(191,151)	834,376
Special Education - Orphanage - Individual	50,000	75,226	25,226	82,527

(Continued)

Downers Grove Grade School District No. 58

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Special Education - Summer School	\$ 5,000	\$ 3,076	\$ (1,924)	\$ 4,213
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	35,000	41,041	6,041	47,899
State Free Lunch and Breakfast	2,000	1,364	(636)	1,485
Early Childhood - Block Grant	120,000	121,930	1,930	104,270
Technology - Technology for Success	3,000	-	(3,000)	-
Other state sources	-	-	-	3,013
On Behalf Payments to TRS from the State	<u>15,500,000</u>	<u>25,429,725</u>	<u>9,929,725</u>	<u>15,808,745</u>
Total state sources	<u>19,623,423</u>	<u>29,477,608</u>	<u>9,854,185</u>	<u>19,601,939</u>
Federal sources				
National School Lunch Program	100,000	81,756	(18,244)	95,207
Special Milk Program	42,000	39,877	(2,123)	40,398
Title I - Low Income	396,590	288,056	(108,534)	324,977
Federal - Special Education - Pre-School Flow Through	65,275	35,191	(30,084)	33,037
Federal - Special Education - I.D.E.A. - Flow Through	1,140,000	1,045,937	(94,063)	1,010,253
Federal - Special Education - I.D.E.A. - Room and Board	30,000	288,617	258,617	129,651
Title II - Teacher Quality	175,282	166,601	(8,681)	126,946
Medicaid Matching Funds - Administrative Outreach	200,000	40,233	(159,767)	58,560
Medicaid Matching Funds - Fee-For-Service-Program	-	98,216	98,216	190,833
Total federal sources	<u>2,149,147</u>	<u>2,084,484</u>	<u>(64,663)</u>	<u>2,009,862</u>
Total revenues	<u>68,414,070</u>	<u>78,234,396</u>	<u>9,820,326</u>	<u>67,294,681</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 20,328,500	\$ 20,276,807	\$ 51,693	\$ 19,342,409
Employee benefits	3,223,300	3,822,761	(599,461)	3,748,029
On-behalf payments to TRS from the state	15,500,000	25,429,725	(9,929,725)	15,808,745
Purchased services	98,700	93,802	4,898	83,121
Supplies and materials	780,723	792,131	(11,408)	723,080
Capital outlay	3,800	3,500	300	2,164
Other objects	<u>128,550</u>	<u>39,905</u>	<u>88,645</u>	<u>141,041</u>
Total	<u>40,063,573</u>	<u>50,458,631</u>	<u>(10,395,058)</u>	<u>39,848,589</u>
Pre-K programs				
Salaries	302,000	296,975	5,025	285,183
Employee benefits	41,950	72,936	(30,986)	63,404
Purchased services	4,000	-	4,000	-
Supplies and materials	<u>1,500</u>	<u>1,935</u>	<u>(435)</u>	<u>1,542</u>
Total	<u>349,450</u>	<u>371,846</u>	<u>(22,396)</u>	<u>350,129</u>
Special education programs				
Salaries	4,534,774	4,591,317	(56,543)	4,227,064
Employee benefits	553,300	651,712	(98,412)	521,882
Purchased services	-	2,860	(2,860)	32,359
Supplies and materials	40,600	90,112	(49,512)	48,547
Capital outlay	10,000	12,848	(2,848)	-
Other objects	<u>1,250,000</u>	<u>1,540,910</u>	<u>(290,910)</u>	<u>1,621,332</u>
Total	<u>6,388,674</u>	<u>6,889,759</u>	<u>(501,085)</u>	<u>6,451,184</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Special education programs pre-K				
Salaries	\$ 417,500	\$ 429,979	\$ (12,479)	\$ 409,893
Employee benefits	75,400	77,980	(2,580)	69,905
Purchased services	1,500	(2,262)	3,762	10,782
Supplies and materials	11,213	16,005	(4,792)	22,483
Capital outlay	2,000	-	2,000	2,170
Total	<u>507,613</u>	<u>521,702</u>	<u>(14,089)</u>	<u>515,233</u>
Remedial and Supplemental programs K-12				
Salaries	202,000	163,307	38,693	197,172
Employee benefits	4,750	-	4,750	4,404
Supplies and materials	88,600	-	88,600	132,725
Total	<u>295,350</u>	<u>163,307</u>	<u>132,043</u>	<u>334,301</u>
Interscholastic programs				
Salaries	115,000	99,498	15,502	65,588
Employee benefits	750	1,090	(340)	809
Purchased services	7,000	5,190	1,810	5,040
Supplies and materials	7,000	7,288	(288)	5,538
Total	<u>129,750</u>	<u>113,066</u>	<u>16,684</u>	<u>76,975</u>
Summer school programs				
Salaries	64,000	62,685	1,315	58,536
Employee benefits	1,200	1,200	-	1,284
Purchased services	-	-	-	1,010
Supplies and materials	5,000	967	4,033	1,312
Capital outlay	1,000	-	1,000	-
Total	<u>71,200</u>	<u>64,852</u>	<u>6,348</u>	<u>62,142</u>

(Continued)

Downers Grove Grade School District No. 58

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Gifted programs				
Salaries	\$ 55,200	\$ 40,269	\$ 14,931	\$ 73,732
Employee benefits	22,000	644	21,356	19,367
Purchased services	1,500	-	1,500	-
Supplies and materials	3,400	2,561	839	2,192
Capital outlay	1,000	-	1,000	-
Total	<u>83,100</u>	<u>43,474</u>	<u>39,626</u>	<u>95,291</u>
Bilingual programs				
Salaries	688,000	626,644	61,356	604,628
Employee benefits	84,300	101,306	(17,006)	80,776
Purchased services	8,400	13,367	(4,967)	9,710
Supplies and materials	15,000	9,730	5,270	4,046
Capital outlay	1,000	-	1,000	-
Total	<u>796,700</u>	<u>751,047</u>	<u>45,653</u>	<u>699,160</u>
Total instruction	<u>48,685,410</u>	<u>59,377,684</u>	<u>(10,692,274)</u>	<u>48,433,004</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	900,000	856,926	43,074	833,033
Employee benefits	130,920	133,931	(3,011)	115,005
Purchased services	-	12,091	(12,091)	11,421
Supplies and materials	1,950	1,689	261	1,856
Total	<u>1,032,870</u>	<u>1,004,637</u>	<u>28,233</u>	<u>961,315</u>
Guidance services				
Salaries	360,000	361,030	(1,030)	347,812
Employee benefits	67,500	71,538	(4,038)	64,379
Supplies and materials	300	211	89	243
Total	<u>427,800</u>	<u>432,779</u>	<u>(4,979)</u>	<u>412,434</u>

(Continued)

Downers Grove Grade School District No. 58

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Health services				
Salaries	\$ 430,000	\$ 387,621	\$ 42,379	\$ 431,313
Employee benefits	52,900	59,732	(6,832)	51,843
Purchased services	76,500	162,144	(85,644)	137,393
Supplies and materials	36,729	11,368	25,361	43,083
Capital outlay	2,000	-	2,000	-
Non-capitalized equipment	1,000	-	1,000	-
Total	599,129	620,865	(21,736)	663,632
Psychological services				
Salaries	489,000	488,673	327	467,633
Employee benefits	80,150	80,618	(468)	76,661
Purchased services	6,500	1,236	5,264	1,272
Supplies and materials	2,500	1,226	1,274	2,550
Total	578,150	571,753	6,397	548,116
Speech pathology and audiology services				
Salaries	838,000	817,367	20,633	865,029
Employee benefits	127,650	124,486	3,164	119,011
Purchased services	8,650	6,080	2,570	839
Supplies and materials	1,950	2,275	(325)	1,708
Total	976,250	950,208	26,042	986,587
Total pupils	3,614,199	3,580,242	33,957	3,572,084

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Instructional staff				
Improvement of instruction services				
Salaries	\$ 1,836,700	\$ 1,918,209	\$ (81,509)	\$ 1,868,875
Employee benefits	292,050	299,233	(7,183)	282,509
Purchased services	246,432	172,593	73,839	116,457
Supplies and materials	<u>29,100</u>	<u>19,811</u>	<u>9,289</u>	<u>26,171</u>
Total	<u>2,404,282</u>	<u>2,409,846</u>	<u>(5,564)</u>	<u>2,294,012</u>
Educational media services				
Salaries	2,000,000	1,976,083	23,917	1,999,038
Employee benefits	363,200	396,755	(33,555)	354,860
Purchased services	831,200	799,379	31,821	733,203
Supplies and materials	499,700	375,647	124,053	374,957
Capital outlay	65,000	16,586	48,414	87,505
Other objects	<u>-</u>	<u>39</u>	<u>(39)</u>	<u>-</u>
Total	<u>3,759,100</u>	<u>3,564,489</u>	<u>194,611</u>	<u>3,549,563</u>
Assessment and testing				
Salaries	10,000	6,956	3,044	-
Employee benefits	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
Total	<u>13,600</u>	<u>6,956</u>	<u>6,644</u>	<u>-</u>
Total instructional staff	<u>6,176,982</u>	<u>5,981,291</u>	<u>195,691</u>	<u>5,843,575</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
General administration				
Board of education services				
Salaries	\$ 15,000	\$ 17,501	\$ (2,501)	\$ 16,511
Employee benefits	22,000	41,847	(19,847)	16,086
Purchased services	571,500	543,385	28,115	620,403
Supplies and materials	12,100	7,492	4,608	12,107
Other objects	<u>1,000</u>	<u>18,180</u>	<u>(17,180)</u>	<u>722</u>
Total	<u>621,600</u>	<u>628,405</u>	<u>(6,805)</u>	<u>665,829</u>
Executive administration services				
Salaries	285,000	294,646	(9,646)	285,253
Employee benefits	94,600	73,791	20,809	70,049
Purchased services	21,500	19,193	2,307	13,942
Supplies and materials	14,000	10,770	3,230	9,224
Other objects	<u>4,000</u>	<u>1,827</u>	<u>2,173</u>	<u>1,222</u>
Total	<u>419,100</u>	<u>400,227</u>	<u>18,873</u>	<u>379,690</u>
Special area administrative services				
Salaries	158,500	162,797	(4,297)	157,267
Employee benefits	64,406	64,411	(5)	58,639
Purchased services	8,000	2,350	5,650	4,418
Supplies and materials	<u>4,000</u>	<u>2,741</u>	<u>1,259</u>	<u>4,372</u>
Total	<u>234,906</u>	<u>232,299</u>	<u>2,607</u>	<u>224,696</u>
Tort immunity services				
Purchased services	<u>90,000</u>	<u>48,202</u>	<u>41,798</u>	<u>-</u>
Total	<u>90,000</u>	<u>48,202</u>	<u>41,798</u>	<u>-</u>
Total general administration	<u>1,365,606</u>	<u>1,309,133</u>	<u>56,473</u>	<u>1,270,215</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
School administration				
Office of the principal services				
Salaries	\$ 2,595,000	\$ 2,604,115	\$ (9,115)	\$ 2,508,495
Employee benefits	828,900	910,019	(81,119)	799,976
Purchased services	<u>172,450</u>	<u>261,832</u>	<u>(89,382)</u>	<u>127,041</u>
Total	<u>3,596,350</u>	<u>3,775,966</u>	<u>(179,616)</u>	<u>3,435,512</u>
Total school administration	<u>3,596,350</u>	<u>3,775,966</u>	<u>(179,616)</u>	<u>3,435,512</u>
Business				
Direction of business support services				
Salaries	323,500	323,440	60	274,317
Employee benefits	44,400	72,796	(28,396)	30,885
Purchased services	5,500	4,846	654	154
Other objects	<u>2,500</u>	<u>1,340</u>	<u>1,160</u>	<u>-</u>
Total	<u>375,900</u>	<u>402,422</u>	<u>(26,522)</u>	<u>305,356</u>
Fiscal services				
Salaries	140,000	135,517	4,483	152,954
Employee benefits	61,900	40,123	21,777	35,078
Purchased services	141,500	137,287	4,213	196,042
Supplies and materials	<u>4,000</u>	<u>1,628</u>	<u>2,372</u>	<u>157</u>
Total	<u>347,400</u>	<u>314,555</u>	<u>32,845</u>	<u>384,231</u>

(Continued)

Downers Grove Grade School District No. 58

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Food services				
Salaries	\$ -	\$ -	\$ -	\$ 37,530
Purchased services	439,500	435,693	3,807	426,940
Supplies and materials	3,500	1,095	2,405	9,977
Capital outlay	5,000	-	5,000	-
Total	<u>448,000</u>	<u>436,788</u>	<u>11,212</u>	<u>474,447</u>
Total business	<u>1,171,300</u>	<u>1,153,765</u>	<u>17,535</u>	<u>1,164,034</u>
Central				
Direction of central support services				
Salaries	239,000	254,452	(15,452)	237,023
Employee benefits	59,250	87,551	(28,301)	77,464
Purchased services	8,500	2,036	6,464	6,910
Total	<u>306,750</u>	<u>344,039</u>	<u>(37,289)</u>	<u>321,397</u>
Information services				
Salaries	60,000	59,573	427	56,640
Employee benefits	22,300	22,503	(203)	21,022
Purchased services	65,000	40,750	24,250	41,942
Total	<u>147,300</u>	<u>122,826</u>	<u>24,474</u>	<u>119,604</u>
Staff services				
Salaries	-	-	-	1,456
Purchased services	4,500	913	3,587	1,439
Supplies and materials	7,000	7,063	(63)	7,733
Total	<u>11,500</u>	<u>7,976</u>	<u>3,524</u>	<u>10,628</u>
Total central	<u>465,550</u>	<u>474,841</u>	<u>(9,291)</u>	<u>451,629</u>

(Continued)

Downers Grove Grade School District No. 58

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Other supporting services				
Employee benefits	\$ 492,500	\$ 379,160	\$ 113,340	\$ 270,053
Supplies and materials	15,000	44,935	(29,935)	-
Total	<u>507,500</u>	<u>424,095</u>	<u>83,405</u>	<u>270,053</u>
Total support services	<u>16,897,487</u>	<u>16,699,333</u>	<u>198,154</u>	<u>16,007,102</u>
Community services				
Salaries	24,475	-	24,475	-
Employee benefits	10,837	-	10,837	-
Purchased services	28,850	26,246	2,604	-
Supplies and materials	85,692	-	85,692	-
Total	<u>149,854</u>	<u>26,246</u>	<u>123,608</u>	<u>-</u>
Payments to other districts and government units				
Payments for special education programs				
Other objects	<u>3,120,000</u>	<u>3,272,211</u>	<u>(152,211)</u>	<u>3,155,714</u>
Total	<u>3,120,000</u>	<u>3,272,211</u>	<u>(152,211)</u>	<u>3,155,714</u>
Total payments to other districts and other government units	<u>3,120,000</u>	<u>3,272,211</u>	<u>(152,211)</u>	<u>3,155,714</u>
Total expenditures	<u>68,852,751</u>	<u>79,375,474</u>	<u>(10,522,723)</u>	<u>67,595,820</u>
Excess of revenues over expenditures	<u>(438,681)</u>	<u>(1,141,078)</u>	<u>(702,397)</u>	<u>(301,139)</u>

(Continued)

Downers Grove Grade School District No. 58
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Other financing sources (uses)				
Permanent transfer from Working Cash Account - interest	\$ (20,000)	\$ (19,264)	\$ 736	\$ (17,080)
Proceeds from capital leases	-	192,100	192,100	16,967
Transfer to Debt Service Fund for principal on capital leases	-	(79,203)	(79,203)	(168,786)
Transfer to Debt Service Fund for interest on capital leases	-	(4,334)	(4,334)	(5,704)
Total other financing sources (uses)	<u>(20,000)</u>	<u>89,299</u>	<u>109,299</u>	<u>(174,603)</u>
Net change to fund balance	<u>\$ (458,681)</u>	<u>(1,051,779)</u>	<u>\$ (593,098)</u>	<u>(475,742)</u>
Fund balance, beginning of year		<u>20,262,264</u>		<u>20,738,006</u>
Fund balance, end of year		<u>\$ 19,210,485</u>		<u>\$ 20,262,264</u>

(Concluded)

Downers Grove Grade School District No. 58
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 4,331,000	\$ 4,425,534	\$ 94,534	\$ 4,274,762
Corporate personal property replacement taxes	94,167	113,471	19,304	102,192
Interest on investments	5,900	11,185	5,285	2,988
Rentals	200,000	170,165	(29,835)	228,494
Contributions and donations from private sources	20,000	-	(20,000)	12,379
Impact fees from municipal or county governments	10,000	-	(10,000)	-
Refund of prior years' expenditures	-	-	-	7,925
Other	<u>5,000</u>	<u>19,648</u>	<u>14,648</u>	<u>5,208</u>
Total local sources	<u>4,666,067</u>	<u>4,740,003</u>	<u>73,936</u>	<u>4,633,948</u>
Total revenues	<u>4,666,067</u>	<u>4,740,003</u>	<u>73,936</u>	<u>4,633,948</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	20,000	14,564	5,436	48,694
Capital outlay	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Total	<u>60,000</u>	<u>14,564</u>	<u>45,436</u>	<u>48,694</u>

(Continued)

Downers Grove Grade School District No. 58
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Operation and maintenance of plant services				
Salaries	\$ 1,900,000	\$ 1,874,791	\$ 25,209	\$ 2,179,634
Employee benefits	490,000	500,057	(10,057)	465,908
Purchased services	705,500	819,185	(113,685)	811,884
Supplies and materials	1,019,000	826,706	192,294	954,339
Capital outlay	105,000	268,405	(163,405)	161,092
Other objects	-	70	(70)	-
Total	<u>4,219,500</u>	<u>4,289,214</u>	<u>(69,714)</u>	<u>4,572,857</u>
Total support services	<u>4,279,500</u>	<u>4,303,778</u>	<u>(24,278)</u>	<u>4,621,551</u>
Total expenditures	<u>4,279,500</u>	<u>4,303,778</u>	<u>(24,278)</u>	<u>4,621,551</u>
Excess of revenues over expenditures	<u>386,567</u>	<u>436,225</u>	<u>49,658</u>	<u>12,397</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Account - interest	20,000	19,264	(736)	17,080
Transfer to Capital Projects Fund	-	-	-	(134,172)
Total other financing sources (uses)	<u>20,000</u>	<u>19,264</u>	<u>(736)</u>	<u>(117,092)</u>
Net change in fund balance	<u>\$ 406,567</u>	455,489	<u>\$ 48,922</u>	(104,695)
Fund balance, beginning of year		<u>2,168,976</u>		<u>2,273,671</u>
Fund balance, end of year		<u>\$ 2,624,465</u>		<u>\$ 2,168,976</u>

(Concluded)

Downers Grove Grade School District No. 58
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 2,650,500	\$ 3,120,597	\$ 470,097	\$ 2,495,744
Regular transportation fees from pupils or parents	35,000	48,409	13,409	48,931
Regular transportation fees from other districts	-	4,080	4,080	-
Interest on investments	-	1,014	1,014	1,167
Other	-	6,388	6,388	6,903
Total local sources	<u>2,685,500</u>	<u>3,180,488</u>	<u>494,988</u>	<u>2,552,745</u>
State sources				
Transportation - Regular/Vocational	15,000	22,925	7,925	25,048
Transportation - Special Education	800,000	692,596	(107,404)	794,665
Total state sources	<u>815,000</u>	<u>715,521</u>	<u>(99,479)</u>	<u>819,713</u>
Total revenues	<u>3,500,500</u>	<u>3,896,009</u>	<u>395,509</u>	<u>3,372,458</u>
Expenditures				
Support services				
Pupil transportation services Purchased services	3,441,500	3,655,287	(213,787)	3,247,747
Total support services	<u>3,441,500</u>	<u>3,655,287</u>	<u>(213,787)</u>	<u>3,247,747</u>
Total expenditures	<u>3,441,500</u>	<u>3,655,287</u>	<u>(213,787)</u>	<u>3,247,747</u>

(Continued)

Downers Grove Grade School District No. 58
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Excess of revenues over expenditures	\$ 59,000	\$ 240,722	\$ 181,722	\$ 124,711
Fund balance, beginning of year		11,269		(113,442)
Fund balance, end of year		\$ 251,991		\$ 11,269

(Concluded)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 980,500	\$ 895,538	\$ (84,962)	\$ 1,043,811
Social security/Medicare only levy	980,500	895,538	(84,962)	1,038,289
Corporate personal property replacement taxes	17,161	17,161	-	17,161
Interest on investments	1,000	2,339	1,339	2,169
Total local sources	<u>1,979,161</u>	<u>1,810,576</u>	<u>(168,585)</u>	<u>2,101,430</u>
Total revenues	<u>1,979,161</u>	<u>1,810,576</u>	<u>(168,585)</u>	<u>2,101,430</u>
Expenditures				
Instruction				
Regular programs	366,550	395,263	(28,713)	320,654
Pre-K programs	4,000	4,136	(136)	3,994
Special education programs	410,800	345,300	65,500	334,605
Special education programs pre-K	16,900	21,300	(4,400)	16,469
Remedial and supplemental programs K-12	28,226	35,577	(7,351)	42,486
Interscholastic programs	1,750	2,922	(1,172)	1,733
Summer school programs	6,200	5,496	704	4,930
Gifted programs	2,000	584	1,416	1,030
Bilingual programs	9,000	8,732	268	8,541
Total instruction	<u>845,426</u>	<u>819,310</u>	<u>26,116</u>	<u>734,442</u>

(Continued)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 12,500	\$ 12,482	\$ 18	\$ 12,179
Guidance services	5,100	5,110	(10)	4,916
Health services	6,650	6,742	(92)	7,140
Psychological services	7,000	6,922	78	6,611
Speech pathology and audiology services	<u>12,700</u>	<u>11,413</u>	<u>1,287</u>	<u>12,154</u>
Total pupils	<u>43,950</u>	<u>42,669</u>	<u>1,281</u>	<u>43,000</u>
Instructional staff				
Improvement of instruction services	141,100	88,281	52,819	103,798
Educational media services	<u>173,500</u>	<u>171,271</u>	<u>2,229</u>	<u>165,928</u>
Total instructional staff	<u>314,600</u>	<u>259,552</u>	<u>55,048</u>	<u>269,726</u>
General administration				
Board of education services	3,800	3,798	2	3,556
Executive administration services	21,500	20,542	958	19,367
Special area administrative services	<u>9,300</u>	<u>9,116</u>	<u>184</u>	<u>8,908</u>
Total general administration	<u>34,600</u>	<u>33,456</u>	<u>1,144</u>	<u>31,831</u>
School administration				
Office of the principal services	<u>167,000</u>	<u>166,855</u>	<u>145</u>	<u>163,139</u>
Total school administration	<u>167,000</u>	<u>166,855</u>	<u>145</u>	<u>163,139</u>

(Continued)

Downers Grove Grade School District No. 58
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			
	Original and Final Budget	Actual	Variance From Final Budget	2016 Actual
Business				
Direction of business support services	\$ 30,000	\$ 39,904	\$ (9,904)	\$ 65,576
Fiscal services	36,000	29,638	6,362	32,977
Operation and maintenance of plant services	443,950	413,431	30,519	468,790
Food services	7,800	-	7,800	8,155
Total business	<u>517,750</u>	<u>482,973</u>	<u>34,777</u>	<u>575,498</u>
Central				
Direction of central support services	25,000	26,173	(1,173)	23,460
Information services	12,600	12,954	(354)	12,230
Total central	<u>37,600</u>	<u>39,127</u>	<u>(1,527)</u>	<u>35,690</u>
Total support services	<u>1,115,500</u>	<u>1,024,632</u>	<u>90,868</u>	<u>1,118,884</u>
Total expenditures	<u>1,960,926</u>	<u>1,843,942</u>	<u>116,984</u>	<u>1,853,326</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 18,235</u>	<u>(33,366)</u>	<u>\$ (51,601)</u>	<u>248,104</u>
Fund balance, beginning of year		<u>1,057,598</u>		<u>809,494</u>
Fund balance, end of year		<u>\$ 1,024,232</u>		<u>\$ 1,057,598</u>

(Concluded)

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) 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.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) Management is authorized to transfer budget amounts, provided that 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 a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 12, 2016.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds have an excess of expenditures over budget as follows:

<u>Funds</u>	<u>Variance</u>
General	\$ 10,522,723
Operations and Maintenance	24,278
Debt Service	83,925
Transportation	213,787

The expenditures in excess of budgets in the General Fund is a result of higher than anticipated on-behalf payments to TRS from the state of Illinois.

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

3. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.00 percent, including an inflation rate of 2.50 percent and a real return of 4.50%. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 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 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. However, salary increases were assumed to vary by age.

4. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 IMRF CONTRIBUTION RATE*

Valuation Date:

Notes 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.

Methods and Assumptions Used to Determine 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 (Regular, SLEP, and ECO groups): 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 employers (two employers were financed over 31 years).

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Downers Grove Grade School District No. 58

General Fund

COMBINING BALANCE SHEET

June 30, 2017

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 12,642,400	\$ 9,064,980	\$ 21,707,380
Receivables (net of allowance for uncollectibles):			
Property taxes	20,758,020	43,444	20,801,464
Replacement taxes	125,311	-	125,311
Intergovernmental	1,579,751	-	1,579,751
Total assets	\$ 35,105,482	\$ 9,108,424	\$ 44,213,906
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 488,894	\$ -	\$ 488,894
Salaries and wages payable	3,370,216	-	3,370,216
Claims payable	568,268	-	568,268
Unearned revenue	812,905	-	812,905
Total liabilities	5,240,283	-	5,240,283
DEFERRED INFLOWS			
Property taxes levied for a future period	19,721,863	41,275	19,763,138
Total deferred inflows	19,721,863	41,275	19,763,138
FUND BALANCES			
Assigned	935,553	-	935,553
Unassigned	9,207,783	9,067,149	18,274,932
Total fund balances	10,143,336	9,067,149	19,210,485
Total liabilities, deferred inflows, and fund balances	\$ 35,105,482	\$ 9,108,424	\$ 44,213,906

Downers Grove Grade School District No. 58

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	Educational Account	Working Cash Account	Total
Revenues			
Property taxes	\$ 43,359,163	\$ 94,847	\$ 43,454,010
Replacement taxes	864,306	-	864,306
State aid	29,477,608	-	29,477,608
Federal aid	2,084,484	-	2,084,484
Interest	25,459	26,566	52,025
Other	2,301,963	-	2,301,963
Total revenues	<u>78,112,983</u>	<u>121,413</u>	<u>78,234,396</u>
Expenditures			
Current:			
Instruction:			
Regular programs	25,025,406	-	25,025,406
Special programs	7,561,920	-	7,561,920
Other instructional programs	1,344,285	-	1,344,285
State retirement contributions	25,429,725	-	25,429,725
Support services:			
Pupils	3,580,242	-	3,580,242
Instructional staff	5,964,705	-	5,964,705
General administration	1,309,133	-	1,309,133
School administration	3,775,966	-	3,775,966
Business	1,153,765	-	1,153,765
Central	474,841	-	474,841
Other supporting services	424,095	-	424,095
Community services	26,246	-	26,246
Nonprogrammed charges	3,272,211	-	3,272,211
Capital outlay	32,934	-	32,934
Total expenditures	<u>79,375,474</u>	<u>-</u>	<u>79,375,474</u>
Excess (deficiency) of revenues over expenditures	<u>(1,262,491)</u>	<u>121,413</u>	<u>(1,141,078)</u>
Other financing sources (uses)			
Transfers (out)	(83,537)	(19,264)	(102,801)
Proceeds from capital leases	192,100	-	192,100
Total other financing sources (uses)	<u>108,563</u>	<u>(19,264)</u>	<u>89,299</u>
Net change in fund balance	<u>(1,153,928)</u>	<u>102,149</u>	<u>(1,051,779)</u>
Fund balance, beginning of year	<u>11,297,264</u>	<u>8,965,000</u>	<u>20,262,264</u>
Fund balance, end of year	<u>\$ 10,143,336</u>	<u>\$ 9,067,149</u>	<u>\$ 19,210,485</u>

Downers Grove Grade School District No. 58
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance From Final Budget	2016 Actual
Revenues				
Local sources				
General levy	\$ 1,420,100	\$ 1,341,068	\$ (79,032)	\$ 1,407,431
Interest on investments	<u>550</u>	<u>1,004</u>	<u>454</u>	<u>1,154</u>
Total local sources	<u>1,420,650</u>	<u>1,342,072</u>	<u>(78,578)</u>	<u>1,408,585</u>
Federal sources				
Build America Bonds Interest Reimbursement	<u>100,000</u>	<u>85,857</u>	<u>(14,143)</u>	<u>97,175</u>
Total federal sources	<u>100,000</u>	<u>85,857</u>	<u>(14,143)</u>	<u>97,175</u>
Total revenues	<u>1,520,650</u>	<u>1,427,929</u>	<u>(92,721)</u>	<u>1,505,760</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds and certificates - interest	<u>1,473,335</u>	<u>417,669</u>	<u>1,055,666</u>	<u>453,454</u>
Total debt service - interest	<u>1,473,335</u>	<u>417,669</u>	<u>1,055,666</u>	<u>453,454</u>
Principal payments on long-term debt	<u>-</u>	<u>1,139,203</u>	<u>(1,139,203)</u>	<u>1,208,786</u>

(Continued)

Downers Grove Grade School District No. 58
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance From Final Budget	2016 Actual
Other debt service				
Other objects	\$ 1,800	\$ 2,188	\$ (388)	\$ 2,295
Total	<u>1,800</u>	<u>2,188</u>	<u>(388)</u>	<u>2,295</u>
Total debt service	<u>1,475,135</u>	<u>1,559,060</u>	<u>(83,925)</u>	<u>1,664,535</u>
Total expenditures	<u>1,475,135</u>	<u>1,559,060</u>	<u>(83,925)</u>	<u>1,664,535</u>
Excess (deficiency) of revenues over expenditures	<u>45,515</u>	<u>(131,131)</u>	<u>(176,646)</u>	<u>(158,775)</u>
Other financing sources				
Transfer to pay for principal on capital leases	-	79,203	79,203	168,786
Transfer to pay for interest on capital leases	<u>-</u>	<u>4,334</u>	<u>4,334</u>	<u>5,704</u>
Total other financing sources	<u>-</u>	<u>83,537</u>	<u>83,537</u>	<u>174,490</u>
Net change in fund balance	<u>\$ 45,515</u>	<u>(47,594)</u>	<u>\$ (93,109)</u>	15,715
Fund balance, beginning of year		<u>724,945</u>		<u>709,230</u>
Fund balance, end of year		<u>\$ 677,351</u>		<u>\$ 724,945</u>

(Concluded)

Downers Grove Grade School District No. 58
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance From Final Budget	2016 Actual
Revenues				
Local sources				
Contributions and donations from private sources	\$ 650,000	\$ 650,000	\$ -	\$ -
Total local sources	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>-</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	<u>950,000</u>	<u>650,000</u>	<u>300,000</u>	<u>134,172</u>
Total support services	<u>950,000</u>	<u>650,000</u>	<u>300,000</u>	<u>134,172</u>
Total expenditures	<u>950,000</u>	<u>650,000</u>	<u>300,000</u>	<u>134,172</u>
Deficiency of revenues over expenditures	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>(134,172)</u>
Other financing sources				
Transfer from Operations and Maintenance Fund	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>134,172</u>
Total other financing sources	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>134,172</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Downers Grove Grade School District No. 58
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ -	\$ 1,376	\$ 1,376	\$ 2,112
Total local sources	-	1,376	1,376	2,112
Total revenues	-	1,376	1,376	2,112
Excess (deficiency) of revenues over expenditures	\$ -	1,376	\$ 1,376	2,112
Fund balance, beginning of year		4,586		2,474
Fund balance, end of year		\$ 5,962		\$ 4,586

Downers Grove Grade School District No. 58
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash	\$ 159,790	\$ 450,829	\$ 430,848	\$ 179,771
Liabilities				
Due to student groups				
Belle Aire	9,636	17,446	16,259	10,823
El Sierra	6,658	14,188	12,927	7,919
Fairmount	15,030	7,134	7,722	14,442
Henry Puffer	13,964	38,910	38,801	14,073
Herrick Middle	36,961	115,915	92,537	60,339
Highland	3,812	30,551	30,679	3,684
Hillcrest	6,053	27,454	27,932	5,575
Indian Trail	12,536	27,453	28,767	11,222
Kingsley	10,449	29,658	29,211	10,896
Lester	6,859	37,226	39,182	4,903
O'Neill Middle	20,166	61,618	63,347	18,437
Pierce Downer	10,472	22,650	22,947	10,175
Whittier	7,194	20,626	20,537	7,283
	\$ 159,790	\$ 450,829	\$ 430,848	\$ 179,771

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Downers Grove Grade School District No. 58

GENERAL LONG-TERM DEBT

SCHEDULE OF GENERAL OBLIGATION BONDS

Year Ended June 30, 2017

	Maturity as follows			
	for the Year			
	Ended June 30	Principal	Interest	Total
* General Obligation Bonds	2018	\$ 1,085,000	\$ 224,598	\$ 1,309,598
Series 2010B, due	2019	1,110,000	182,602	1,292,602
December 15, 2022	2020	1,140,000	136,740	1,276,740
	2021	1,170,000	87,353	1,257,353
	2022	1,200,000	34,905	1,234,905
	2023	170,000	3,952	173,952
		<u>5,875,000</u>	<u>670,150</u>	<u>6,545,150</u>
Total		\$ 5,875,000	\$ 670,150	\$ 6,545,150
General Obligation Bonds	2018	\$ 15,000	\$ 149,625	\$ 164,625
Series 2013, due	2019	40,000	148,800	188,800
December 15, 2025	2020	70,000	147,150	217,150
	2021	100,000	144,600	244,600
	2022	140,000	141,000	281,000
	2023	1,240,000	120,300	1,360,300
	2024	1,480,000	79,500	1,559,500
	2025	1,560,000	33,900	1,593,900
	2026	350,000	5,250	355,250
		<u>4,995,000</u>	<u>970,125</u>	<u>5,965,125</u>
Total		\$ 4,995,000	\$ 970,125	\$ 5,965,125
Total general obligation bonds payable		<u>\$ 10,870,000</u>	<u>\$ 1,640,275</u>	<u>\$ 12,510,275</u>

* 35% of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government.

Downers Grove Grade School District No. 58

OPERATING COSTS AND TUITION CHARGE

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>4,538.80</u>	<u>4,535.23</u>
Operating costs:		
Educational	\$ 53,945,749	\$ 51,787,075
Operations and Maintenance	4,303,778	4,621,551
Debt Service	1,559,060	1,664,535
Transportation	3,655,287	3,247,747
Municipal Retirement/Social Security	<u>1,843,942</u>	<u>1,853,326</u>
Subtotal	<u>65,307,816</u>	<u>63,174,234</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	918,984	883,655
Summer school	70,348	67,072
Community Services	26,246	-
Transportation	4,080	-
Capital outlay	301,339	252,931
Debt principal retired	1,139,203	1,208,786
Nonprogrammed charges	<u>3,272,211</u>	<u>3,155,714</u>
Subtotal	<u>5,732,411</u>	<u>5,568,158</u>
Operating costs	<u>\$ 59,575,405</u>	<u>\$ 57,606,076</u>
Operating costs per pupil - based on ADA	<u>\$ 13,126</u>	<u>\$ 12,702</u>
Tuition Charge		
Operating costs	\$ 59,575,405	\$ 57,606,076
Less - revenues from specific programs, such as special education or lunch programs	<u>7,182,618</u>	<u>6,811,526</u>
Net operating costs	52,392,787	50,794,550
Depreciation allowance	<u>1,705,784</u>	<u>1,741,302</u>
Allowance tuition costs	<u>\$ 54,098,571</u>	<u>\$ 52,535,852</u>
Tuition charge per pupil - based on ADA	<u>\$ 11,919</u>	<u>\$ 11,584</u>