

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

**Downers Grove, Illinois**

**Annual Financial Report**

**Year Ended June 30, 2018**

# Downers Grove Grade School District No. 58

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

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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, 2018, 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, 2018, 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.

***Emphasis of a Matter***

As discussed in Note N to the financial statements, deferred outflows, long-term liabilities, and net deficit as of July 1, 2017 have been restated as a result of an adjustment due to the implementation of the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

**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 67 through 70, the other postemployment benefits data on page 71 through 73, budgetary comparison schedules and notes to the required supplementary information on pages 74 through 95 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.

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***Other Information***

Our audit for the year ended June 30, 2018 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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, 2018 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2018 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, 2018 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated November 3, 2017, 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, 2017 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 2017 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 2017 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, 2017.

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***Other Information*** (Continued)

The Other Supplemental Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, 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.



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Certified Public Accountants

Deerfield, Illinois  
January 4, 2019

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

## **Management's Discussion and Analysis (Unaudited)**

### **For the Year Ended June 30, 2018**

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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, 2018. 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. 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 \$93.2 million, \$4.7 million less than the government-wide expenses of \$97.9 million.
- ❑ Governmental funds revenues were \$93.2 million, \$3.0 million less than the governmental funds expenses of \$96.2 million. The deficit is due, in large part, to capital projects paid for out of a bond issue which is not accounted for in revenue of \$93.2 million. The bond proceeds are accounted for as an other financing source.
- ❑ The District's operating expenditure per pupil for fiscal year 2018 was \$13,451. This is a per pupil increase of \$325 over fiscal year 2017.
- ❑ Total net deficit on a government-wide basis was \$17.6 million. This represents a \$4.6 million, or a 36% increase in the net deficit from fiscal year 2017 of \$12.9, as restated.
- ❑ The aggregate fund balance increased \$0.2 million from \$23.8 million to \$24.0 million.
- ❑ At the close of fiscal year 2018, the District's long term liabilities, including outstanding long-term bonded debt, were \$60.7 million.

#### **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 (deficit). 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, 2018**

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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.

The beginning net position was significantly impacted by the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this new financial reporting standard entailed the recognition of postemployment benefit liabilities totaling \$39.0 million and deferred outflows of resources of \$0.2 million, as of June 30, 2017. These items pertain to the District's liability for providing postemployment health care and life insurance (OPEB) benefits for retired employees, including the District's proportional share of the Teachers Health Insurance Security Fund (THIS). For more detailed information, see Note N in the footnotes to the financial statements.

#### *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. The budget was amended in fiscal year 2018.

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.

# Downers Grove Grade School District No. 58

## Management's Discussion and Analysis (Unaudited)

### For the Year Ended June 30, 2018

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*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.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including fund budgetary data, as well as information concerning the District's pension data related to the Illinois Municipal Retirement Fund and the Teachers' Retirement System and funding for the other postemployment benefits (OPEB).

**Government-Wide Financial Analysis**

<b>Table 1</b>		
<b>Condensed Statement of Net Position (Deficit)</b>		
<i>(In millions of dollars)</i>		
	<u>2017*</u>	<u>2018</u>
<b>Assets:</b>		
Current and other assets	\$ 55.8	\$ 56.5
Capital assets	23.3	23.6
Total assets	79.1	80.1
<b>Deferred outflows:</b>		
Related to pension and OPEB	3.4	4.9
Total deferred outflows	3.4	4.9
<b>Liabilities:</b>		
Long-term liabilities	23.1	60.7
Other liabilities	6.6	6.7
Total liabilities	29.7	67.4
<b>Deferred inflows:</b>		
Property taxes levied for future periods	24.7	25.7
Related to pensions and OPEB	1.6	9.5
Total deferred inflows	26.3	35.2
<b>Net position (deficit):</b>		
Net investment in capital assets	12.4	11.0
Restricted	4.6	5.9
Unrestricted	9.5	(34.5)
Total net position (deficit)	\$ 26.5	\$ (17.6)

\* Amounts presented as originally reported and not restated due to the implementation of GASB Statement No. 75.

**Downers Grove Grade School District No. 58**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2018**

**Table 2**

**Changes in Net Position (Deficit)**

*(In millions of dollars)*

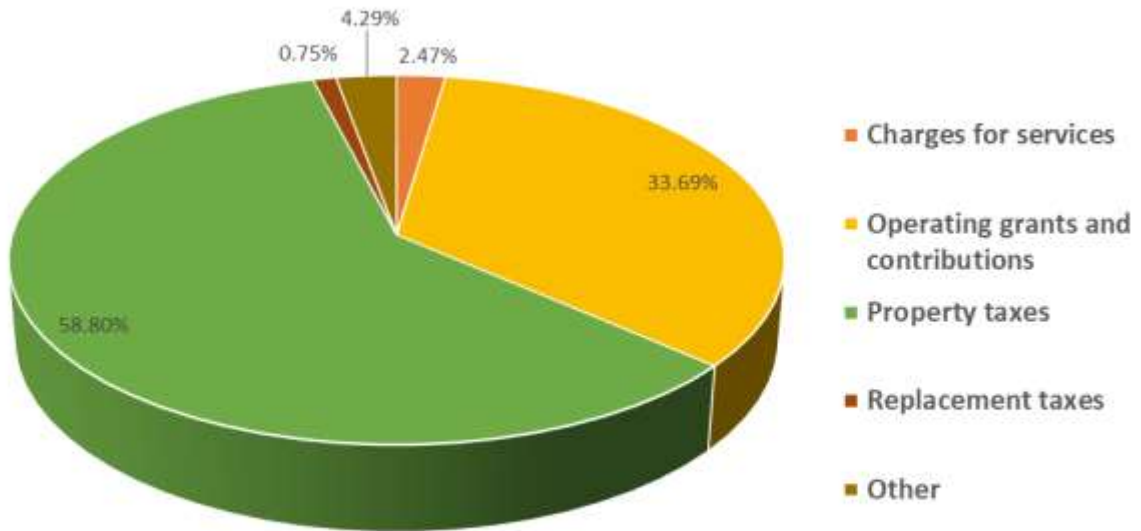
	<u>2017</u> *	<u>2018</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 2.1	\$ 2.3
Operating grants and contributions	31.0	31.4
General revenues:		
Property taxes	54.1	54.8
Replacement taxes	1.0	0.7
Other	2.6	4.0
Total revenues	<u>90.8</u>	<u>93.2</u>
<b>Expenses:</b>		
Instruction	63.8	70.2
Support services	27.1	27.2
Interest and fees and other	0.5	0.5
Total expenses	<u>91.4</u>	<u>97.9</u>
Decrease in Net Position (Deficit)	(0.6)	(4.7)
Beginning Net Position (Deficit)	27.1	(12.9)
Ending Net Position (Deficit)	<u>\$ 26.5</u>	<u>\$ (17.6)</u>

\* Amounts presented as originally reported and not restated due to the implementation of GASB Statement No. 75.

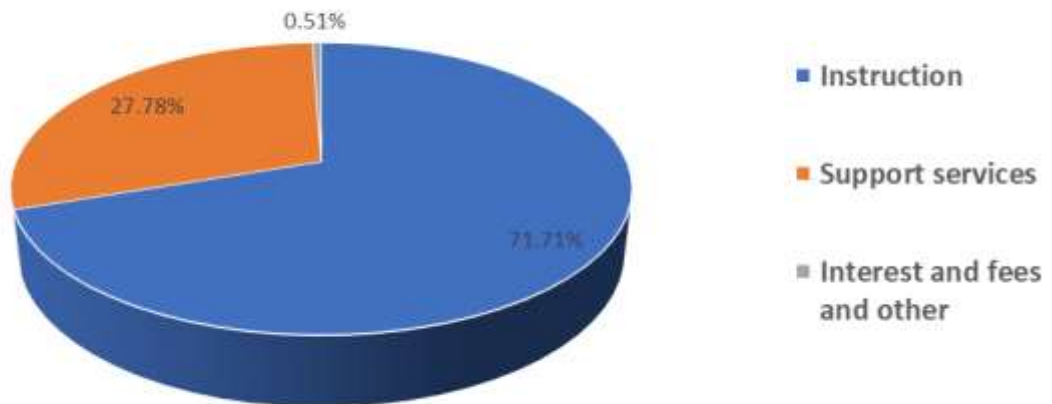
**Downers Grove Grade School District No. 58  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2018**

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**Government-Wide Revenues by Source**



**Government-Wide Expenses by Function**



# **Downers Grove Grade School District No. 58 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2018**

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## **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 \$93.2 million compared to \$90.8 million in the prior year. Total expenditures in the governmental funds were \$96.2 million, compared to \$91.4 million in the prior year, an increase of \$4.8 million, or approximately 5.3%. Expenditures exceeded revenues by approximately \$3.0 million. The fund balances in the governmental funds increased from \$23.8 million in the prior year to \$24.0 million as of June 30, 2018. 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 \$27.4 million compared to \$25.4 million in the prior year, an increase of \$2.0 million, or approximately 7.9%.

## **General (Educational and Working Cash) Fund Budgetary Highlights**

**General Fund:** The largest revenue source in the General Fund is property taxes at 54.4% of all General Fund revenue, and 82.1% of General Fund revenue when excluding on-behalf contributions. The total revenues in the General Fund amounted to \$81.1 million, compared to \$78.2 million in the prior year. Revenues from state sources were \$31.4 million (of which \$27.4 million represents TRS/THIS on-behalf contributions), which represented 38.7% of all revenue in the General Fund. Revenue from federal sources (\$2.2 million) represented 2.7% of all General Fund revenue, an \$84,647 increase from the prior year total. The District continues to be heavily reliant on property tax revenues.

There were total expenditures of \$82.8 million in the General Fund, which increased 4.4% from the prior year. TRS on behalf payments represent \$27.4 million of the total compared to \$25.4 million in the prior year, an increase of \$2.0 million.

**Downers Grove Grade School District No. 58**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2018**

**Medical Insurance Balance:** At June 30, 2018, the self-funded medical insurance plan (which is a sub-account of the Educational Account in the General Fund) had an assigned fund balance of \$128,232 for self-insurance claims. The June 30, 2017 assigned fund balance for the medical insurance plan was \$935,553.

**Capital Asset and Debt Administration**

*Capital assets*

By the end of fiscal year 2018, the District had compiled a total investment of \$23.6 million (net of accumulated depreciation) in a broad range of capital assets including land, construction in progress, 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.

<b>Table 3</b>					
<b>Capital Assets (net of depreciation)</b>					
<i>(In millions of dollars)</i>					
	<u>2017</u>		<u>2018</u>		<i>Percentage</i>
					<i>Change</i>
Land	\$	0.2	\$	0.2	0.0%
Construction in progress		-		1.5	100.0%
Land improvements		1.2		1.2	0.0%
Buildings		21.1		19.7	-6.6%
Equipment and furniture		0.8		1.0	25.0%
Total	\$	<u>23.3</u>	\$	<u>23.6</u>	<u>1.3%</u>

*Long-term liabilities*

At June 30, 2018, the District had \$60.7 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.

<b>Table 4</b>					
<b>Outstanding Long-Term Liabilities</b>					
<i>(In millions of dollars)</i>					
	<u>2017*</u>		<u>2018</u>		<i>Percentage</i>
					<i>Change</i>
General obligation bonds	\$	10.9	\$	12.6	15.60%
Other long-term liabilities		51.2		48.1	-6.05%
Total	\$	<u>62.1</u>	\$	<u>60.7</u>	<u>-2.25%</u>

\* 2017 balances have been restated to reflect prior period adjustments related to the implementation of GASB Statement No. 75.

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

## **Management's Discussion and Analysis (Unaudited)**

### **For the Year Ended June 30, 2018**

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#### **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%.

The contracts for the Downers Grove Elementary Education Association (DGEEA) and the Downers Grove Custodial/Maintenance Association (DGCMA) both run through fiscal year 2018. Both contracts were settled early in the 2018-2019 school year within parameters the district estimated to be within future projection models. As part of both contracts a new insurance committee was established that allows employees a say in the recommendation for changes, both contracts also included higher percentages of insurance paid by employees. The insurance committee first recommendation was to change pharmacy management firms which is projected to result in \$500,000 savings a year from the prior year.

The State of Illinois adopted a new law that took effect in May 2018 that requires a penalty paid to the Teacher Retirement System (TRS) by any school district that gives any raise over 3% in the last four years of a teacher's employment. This has and will reduce teacher pay in the last four years of employment and the new contract has incentives and language to protect the district from the penalty.

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.

#### **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.

## **BASIC FINANCIAL STATEMENTS**



**Downers Grove Grade School District No. 58**  
STATEMENT OF NET DEFICIT - GOVERNMENTAL ACTIVITIES  
June 30, 2018

ASSETS

Cash and investments	\$	29,088,228
Receivables (net of allowance for uncollectibles):		
Property taxes		25,593,898
Replacement taxes		125,139
Intergovernmental		1,627,275
Capital assets:		
Land		223,031
Construction in progress		1,488,281
Depreciable buildings, property, and equipment, net		<u>21,927,644</u>
Total assets		<u>80,073,496</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred outflows related to pensions		2,671,732
Deferred outflows related to other postemployment benefits		<u>2,266,434</u>
Total deferred outflows		<u>4,938,166</u>

LIABILITIES

Accounts payable		1,092,399
Salaries and wages payable		3,648,777
Payroll deductions payable		3,856
Claims payable		807,677
Interest payable		14,747
Unearned revenue		1,132,869
Long-term liabilities:		
Due within one year		1,432,603
Due after one year		<u>59,223,221</u>
Total liabilities		<u>67,356,149</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows related to pensions		4,997,878
Deferred inflows related to other postemployment benefits		4,468,835
Property taxes levied for a future period		<u>25,750,960</u>
Total deferred inflows		<u>35,217,673</u>

NET DEFICIT

Net investment in capital assets		11,035,760
Restricted For:		
Operations and maintenance		3,578,673
Debt service		604,293
Student transportation		170,645
Retirement benefits		923,195
Capital projects		602,336
Unrestricted		<u>(34,477,062)</u>
Total net deficit	\$	<u>(17,562,160)</u>

The accompanying notes are an integral part of this statement.

## Downers Grove Grade School District No. 58

### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2018

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	\$ 28,924,976	\$ 1,648,686	\$ 585,247	\$ (26,691,043)
Special programs	12,157,554	17,619	2,404,531	(9,735,404)
Other instructional programs	1,747,207	79,045	21,052	(1,647,110)
State retirement contributions	27,381,894	-	27,381,894	-
Support services:				
Pupils	4,136,787	-	-	(4,136,787)
Instructional staff	6,184,259	-	34,510	(6,149,749)
General administration	1,483,507	-	-	(1,483,507)
School administration	3,814,670	-	-	(3,814,670)
Business	2,329,089	347,219	139,481	(1,842,389)
Transportation	4,210,060	74,658	788,181	(3,347,221)
Operations and maintenance	4,000,683	150,502	-	(3,850,181)
Central	664,900	-	-	(664,900)
Other supporting services	290,070	-	-	(290,070)
Community services	66,499	-	-	(66,499)
Interest and fees	479,960	-	-	(479,960)
	<u>\$ 97,872,115</u>	<u>\$ 2,317,729</u>	<u>\$ 31,354,896</u>	<u>(64,199,490)</u>
General revenues:				
Taxes:				
				44,145,595
				9,314,792
				1,337,489
				734,442
				3,099,977
				233,600
				674,061
				<u>59,539,956</u>
				(4,659,534)
				<u>(12,902,626)</u>
				<u>\$ (17,562,160)</u>

The accompanying notes are an integral part of this statement.

## Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2018

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>ASSETS</b>				
Cash and investments	\$ 22,316,069	\$ 3,585,678	\$ 354,271	\$ 928,253
Receivables (net of allowance for uncollectibles):				
Property taxes	20,770,917	2,013,634	1,340,342	824,442
Replacement taxes	110,508	14,631	-	-
Intergovernmental	<u>1,435,868</u>	<u>-</u>	<u>191,407</u>	<u>-</u>
Total assets	<u>\$ 44,633,362</u>	<u>\$ 5,613,943</u>	<u>\$ 1,886,020</u>	<u>\$ 1,752,695</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 64,527	\$ 9,278	\$ 339,968	\$ -
Salaries and wages payable	3,648,777	-	-	-
Payroll deductions payable	3,856	-	-	-
Claims payable	807,677	-	-	-
Unearned revenue	<u>1,106,029</u>	<u>-</u>	<u>26,840</u>	<u>-</u>
Total liabilities	<u>5,630,866</u>	<u>9,278</u>	<u>366,808</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Property taxes levied for a future period	<u>20,898,383</u>	<u>2,025,992</u>	<u>1,348,567</u>	<u>829,500</u>
Total deferred inflows	<u>20,898,383</u>	<u>2,025,992</u>	<u>1,348,567</u>	<u>829,500</u>
<b>FUND BALANCES</b>				
Restricted	-	2,835,236	170,645	923,195
Committed	-	743,437	-	-
Assigned	128,232	-	-	-
Unassigned	<u>17,975,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>18,104,113</u>	<u>3,578,673</u>	<u>170,645</u>	<u>923,195</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 44,633,362</u>	<u>\$ 5,613,943</u>	<u>\$ 1,886,020</u>	<u>\$ 1,752,695</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 622,995	\$ 1,272,540	\$ 8,422	\$ 29,088,228
644,563	-	-	25,593,898
-	-	-	125,139
-	-	-	1,627,275
<u>\$ 1,267,558</u>	<u>\$ 1,272,540</u>	<u>\$ 8,422</u>	<u>\$ 56,434,540</u>
\$ -	\$ 678,626	\$ -	\$ 1,092,399
-	-	-	3,648,777
-	-	-	3,856
-	-	-	807,677
-	-	-	1,132,869
-	<u>678,626</u>	-	<u>6,685,578</u>
<u>648,518</u>	-	-	<u>25,750,960</u>
<u>648,518</u>	-	-	<u>25,750,960</u>
619,040	593,914	8,422	5,150,452
-	-	-	743,437
-	-	-	128,232
-	-	-	17,975,881
<u>619,040</u>	<u>593,914</u>	<u>8,422</u>	<u>23,998,002</u>
<u>\$ 1,267,558</u>	<u>\$ 1,272,540</u>	<u>\$ 8,422</u>	<u>\$ 56,434,540</u>

**Downers Grove Grade School District No. 58**  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET DEFICIT  
June 30, 2018

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

Total fund balances - governmental funds	\$ 23,998,002	
Net capital assets used in governmental activities and included in the statement of net deficit do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.		23,638,956
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources related to pensions	\$ 1,981,551	
Deferred outflows of 2018 employer contributions related to pensions	<u>690,181</u>	2,671,732
Deferred outflows of resources related to other postemployment benefits	1,974,354	
Deferred outflows of 2018 employer contributions related to other postemployment benefits	<u>292,080</u>	2,266,434
Deferred inflows of resources related to pensions		(4,997,878)
Deferred inflows of resources related to other postemployment benefits		(4,468,835)
Interest on long-term liabilities accrued in the statement of net deficit will not be paid with current financial resources and, accordingly, is not recognized in the governmental funds balance sheet.		(14,747)
Long-term liabilities included in the statement of net deficit are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.		<u>(60,655,824)</u>
Net deficit of governmental activities		<u>\$ (17,562,160)</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, 2018

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>Revenues</b>				
Property taxes	\$ 44,145,595	\$ 4,430,149	\$ 3,186,597	\$ 1,698,046
Replacement taxes	623,009	94,272	-	17,161
State aid	31,424,140	-	788,181	-
Federal aid	2,169,131	-	-	-
Interest	178,412	20,098	8,203	10,254
Other	2,593,412	160,962	145,733	-
<b>Total revenues</b>	<b>81,133,699</b>	<b>4,705,481</b>	<b>4,128,714</b>	<b>1,725,461</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular programs	26,344,035	-	-	434,675
Special programs	7,658,264	-	-	418,994
Other instructional programs	1,659,214	-	-	24,367
State retirement contributions	27,381,894	-	-	-
<b>Support services:</b>				
Pupils	3,821,683	-	-	43,471
Instructional staff	5,390,076	-	-	213,570
General administration	1,416,951	-	-	25,626
School administration	3,459,184	-	-	165,598
Business	1,181,703	-	-	74,736
Transportation	-	-	4,210,060	-
Operations and maintenance	-	3,940,789	-	383,190
Central	532,728	-	-	41,709
Other supporting services	289,749	-	-	321
Community services	63,497	-	-	241
Nonprogrammed charges	3,676,810	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	260	44,183	-	-
<b>Total expenditures</b>	<b>82,876,048</b>	<b>3,984,972</b>	<b>4,210,060</b>	<b>1,826,498</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,742,349)</b>	<b>720,509</b>	<b>(81,346)</b>	<b>(101,037)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	2,171,767	-	-
Transfers (out)	(2,329,208)	(2,144,867)	-	-
Bond proceeds, net of issuance costs	2,747,086	-	-	-
Proceeds from capital leases	218,099	206,799	-	-
<b>Total other financing sources (uses)</b>	<b>635,977</b>	<b>233,699</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(1,106,372)</b>	<b>954,208</b>	<b>(81,346)</b>	<b>(101,037)</b>
<b>Fund balance, beginning of year</b>	<b>19,210,485</b>	<b>2,624,465</b>	<b>251,991</b>	<b>1,024,232</b>
<b>Fund balance, end of year</b>	<b>\$ 18,104,113</b>	<b>\$ 3,578,673</b>	<b>\$ 170,645</b>	<b>\$ 923,195</b>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,337,489	\$ -	\$ -	\$ 54,797,876
-	-	-	734,442
-	-	-	32,212,321
73,421	-	-	2,242,552
6,152	8,021	2,460	233,600
-	91,683	-	2,991,790
<u>1,417,062</u>	<u>99,704</u>	<u>2,460</u>	<u>93,212,581</u>
-	-	-	26,778,710
-	-	-	8,077,258
-	-	-	1,683,581
-	-	-	27,381,894
-	-	-	3,865,154
-	-	-	5,603,646
-	-	-	1,442,577
-	-	-	3,624,782
-	-	-	1,256,439
-	-	-	4,210,060
-	-	-	4,323,979
-	-	-	574,437
-	-	-	290,070
-	-	-	63,738
-	-	-	3,676,810
1,282,150	-	-	1,282,150
395,542	-	-	395,542
-	1,605,779	-	1,650,222
<u>1,677,692</u>	<u>1,605,779</u>	<u>-</u>	<u>96,181,049</u>
(260,630)	(1,506,075)	2,460	(2,968,468)
202,319	2,099,989	-	4,474,075
-	-	-	(4,474,075)
-	-	-	2,747,086
-	-	-	424,898
<u>202,319</u>	<u>2,099,989</u>	<u>-</u>	<u>3,171,984</u>
(58,311)	593,914	2,460	203,516
<u>677,351</u>	<u>-</u>	<u>5,962</u>	<u>23,794,486</u>
<u>\$ 619,040</u>	<u>\$ 593,914</u>	<u>\$ 8,422</u>	<u>\$ 23,998,002</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, 2018

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

Net change in fund balances - total governmental funds	\$ 203,516
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 capital outlay exceeds depreciation in the current period.	360,523
Changes in deferred outflows and inflows of resources related to pensions and other postemployment benefits are reported only in the statement of activities:	
Deferred outflow and inflows of resources related to IMRF pension	(4,601,451)
Deferred outflow and inflows of resources related to TRS pension	414,561
Deferred outflows and inflows of resources related to Retired Health Plan (RHP) other postemployment benefits (OPEB)	43,840
Deferred outflows and inflows of resources related to Teacher Insurance Security Fund (THIS) other postemployment benefits (OPEB)	(2,520,774)
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.	1,692
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.	<u>1,438,559</u>
Change in net deficit of governmental activities	<u>\$ (4,659,534)</u>

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, 2018

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	Student Activity Fund
<hr/>	
ASSETS	
Cash	<u>\$ 172,046</u>
LIABILITIES	
Due to student groups	<u>\$ 172,046</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, 2018

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### 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. New Accounting Pronouncement

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented by the District during the fiscal year ended June 30, 2018. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses on the government-wide financial statements.

Specific changes to the District's financial statements relate to the recognition of other postemployment benefit (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense. See Note J and Note N for the effects of this restatement.

#### 3. 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Fund Accounting (Continued)

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 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.

#### 4. 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 0.05% of the District's current equalized assessed valuation.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4. Government-Wide and Fund Financial Statements (Continued)

##### 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:

*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, transfers from other funds, and 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4. Government-Wide and Fund Financial Statements (Continued)

##### 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.

Agency Funds include student activity funds and convenience accounts. These funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations. These 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.

#### 5. 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 fund financial statements are reported using the 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 5. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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.

#### 6. Deposits and Investments

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

#### 7. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net deficit 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 period. At June 30, 2018, the District reported deferred outflows of resources related to pension liabilities and OPEB 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 period. At June 30, 2018, the District reported deferred inflows related to property taxes levied for a future period, pension, and OPEB liabilities.

#### 8. Capital Assets

Capital assets, which include land, construction in progress, 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 8. Capital Assets (Continued)

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	20 - 45
Equipment	5 - 20

Construction in progress is stated at cost and includes engineering, design, material and labor costs incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in use.

#### 9. 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/clerical 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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 9. Accumulated Unpaid Vacation and Sick Pay (Continued)

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, 2018, was \$67,492 and is recorded as a long-term liability in the Statement of Net Deficit. 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.

#### 10. 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.

#### 11. 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.

#### 12. 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.



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 13. 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.

#### 14. 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. All restricted fund balances are for purposes of the restricted funds as described in Note A-4.
- 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, 2018, the District has committed \$743,437 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, 2018, the District has assigned \$128,232 in the General (Educational Account) Fund associated with the medical reserve account for self-insurance claims.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 14. Fund Balance (Continued)

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.

#### 15. 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.

#### 16. Pensions and Other Postemployment Benefits

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

### NOTE 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 Deficit

The governmental funds balance sheet includes a reconciliation between total fund balances - governmental funds and net deficit - governmental activities as reported in the government-wide statement of net deficit. One element of that reconciliation explains that "Long-term liabilities included in the statement of net deficit 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:

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Deficit (Continued)

General obligation bonds	\$	12,603,196
TRS net pension liability		3,958,524
IMRF net pension liability		4,532,192
RHP total other postemployment benefit liability		2,267,192
THIS net other postemployment benefit liability		36,857,598
Capital leases		369,630
Compensated absences		<u>67,492</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net deficit - governmental activities	\$	<u><u>60,655,824</u></u>

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 deficit - 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	\$	2,281,741
Depreciation expense		(1,920,130)
Capital asset retirements, net of accumulated depreciation		<u>(1,088)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net deficit - governmental activities	\$	<u><u>360,523</u></u>

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### 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 (Continued)

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	\$ (424,898)
Proceeds from bond issuance	(2,809,958)
Accretion of capital appreciation bonds	(23,238)
Principal repayments	
General obligation bonds	1,100,000
Capital leases	182,150
TRS pension liability, net	(252,425)
IMRF pension liability, net	3,778,889
RHP other postemployment benefits liability	70,803
THIS other postemployment benefits liability	(214,326)
Compensated absences, net	<u>31,562</u>
 Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 \$ <u><u>1,438,559</u></u>

#### 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, 2018, the District's cash and investments consisted of the following:

	Governmental	Fiduciary	Total
Cash and investments	\$ <u>29,088,228</u>	\$ <u>172,046</u>	\$ <u>29,260,274</u>

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

		<u>Total</u>
Cash on hand	\$	1,250
Deposits with financial institutions*		27,303,653
Illinois School District Liquid Asset Fund Plus		1,925,687
Illinois Funds		<u>29,684</u>
	\$	<u><u>29,260,274</u></u>

\* Includes accounts held in demand and savings accounts, but primarily consists of 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.

Investments measured at net asset value (NAV):

			<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Illinois Funds	\$	29,684	n/a	Daily	1 day
ISDALF+		1,925,687	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.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit pooled investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

#### 2. Credit Risk (Continued)

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, 2018, the bank balances of the District's deposits with financial institutions totaled \$29,121,928, 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 in highly credible investments or be secured by private insurance or collateral.

### NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2017 tax levy resolution was approved by the Board on December 11, 2017. 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.

Tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2018

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### NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The District's annual property tax levy is subject to Property Tax Extension Limitation Act (PTELA), which is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA 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 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.

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 2017 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectible amounts of 1%. The 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. Net taxes receivable less the amount expected to be collected within 60 days are reported as a deferred inflow of resources - property taxes levied for a future period, in the accompanying financial statements. Property taxes received by the District as a prepayment of the second installment are also reported as a deferred inflow of resources - property taxes levied for a future period.

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	-	1,488,281	-	1,488,281
Total capital assets, not being depreciated	223,031	1,488,281	-	1,711,312
Capital assets, being depreciated				
Land improvements	2,551,318	92,232	7,957	2,635,593
Buildings and improvements	45,816,309	-	-	45,816,309
Equipment	7,689,515	701,228	11,504	8,379,239
Total capital assets, being depreciated	56,057,142	793,460	19,461	56,831,141
Less accumulated depreciation for:				
Land improvements	1,381,313	85,594	6,869	1,460,038
Buildings and improvements	24,749,897	1,306,719	-	26,056,616
Equipment	6,870,530	527,817	11,504	7,386,843
Total accumulated depreciation	33,001,740	1,920,130	18,373	34,903,497
Total capital assets, being depreciated, net	23,055,402	(1,126,670)	1,088	21,927,644
Governmental activities capital assets, net	\$ 23,278,433	\$ 361,611	\$ 1,088	\$ 23,638,956



## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	682,432
Special programs		21,971
Pupils		4,389
Instructional staff		152,342
General administration		4,066
School administration		3,958
Business		1,009,176
Central		<u>41,796</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>1,920,130</u></u>

#### NOTE F - LONG-TERM LIABILITIES

##### 1. Changes in Long-term Liabilities

During the year ended June 30, 2018, changes in long-term liabilities were as follows:

	Balance July 1, 2017 (as restated)	Additions/ Accretion	Reductions	Balance June 30, 2018
General obligation bonds	\$ 10,870,000	\$ 2,833,196	\$ 1,100,000	\$ 12,603,196
TRS net pension liability	3,706,099	735,733	483,308	3,958,524
IMRF net pension liability	8,311,081	5,491,282	9,270,171	4,532,192
RHP total other postemployment benefit liability**	2,337,995	297,632	368,435	2,267,192
THIS net other postemployment benefit liability**	36,643,272	4,898,459	4,684,133	36,857,598
Capital leases	126,882	424,898	182,150	369,630
Compensated absences	<u>99,054</u>	<u>146,887</u>	<u>178,449</u>	<u>67,492</u>
 Total long-term liabilities - governmental activities	 <u>\$ 62,094,383</u>	 <u>\$ 14,828,087</u>	 <u>\$ 16,266,646</u>	 <u>\$ 60,655,824</u>

\*\* The beginning balance as of July 1, 2017 is restated due to the implementation of GASB 75 (Note J and Note N).

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE F - LONG-TERM LIABILITIES (Continued)

##### 1. Changes in Long-term Liabilities (Continued)

Due within one year	
General obligation bonds	\$ 1,260,000
Capital leases	<u>172,603</u>
	<u>\$ 1,432,603</u>

##### 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	Face Amount	Carrying Amount
2010B General Obligation Bonds, due December 15, 2022 (Build America Bonds)	2.2% - 4.65%	\$ 4,790,000	\$ 4,790,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	4,980,000	4,980,000
2018 Capital Appreciation Bonds, due December 15, 2027	1.75% - 3.18%	<u>3,640,000</u>	<u>2,833,195</u>
		<u>\$ 13,410,000</u>	<u>\$ 12,603,195</u>

At June 30, 2018, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,260,000	331,402	\$ 1,591,402
2020	1,210,000	283,890	1,493,890
2021	1,270,000	231,953	1,501,953
2022	1,340,000	175,905	1,515,905
2023	1,410,000	124,252	1,534,252
2024-2028	<u>6,920,000</u>	<u>118,650</u>	<u>7,038,650</u>
Total	<u>\$ 13,410,000</u>	<u>\$ 1,266,052</u>	<u>\$ 14,676,052</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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE F - LONG-TERM LIABILITIES (Continued)

#### 2. General Obligation Bonds (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$619,040 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, 2018, the statutory debt limit for the District was \$193,316,358, of which \$179,536,728 is fully available.

#### 3. Capital Leases

The District has entered into various capital lease agreements for copiers and computers. The leases expire at various dates through January 2022 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 or the Operations and Maintenance Fund. At June 30, 2018, 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
2019	\$ 172,603	\$ 22,019	\$ 194,622
2020	112,475	7,845	120,320
2021	41,432	3,446	44,878
2022	43,120	1,758	44,878
Total	\$ 369,630	\$ 35,068	\$ 404,698

The gross amount of capital assets recorded under capital leases for equipment purchased is \$1,475,268.

### NOTE G - INTERFUND TRANSFERS

The District transferred \$2,099,989 to the Operations and Maintenance Fund from the General (Working Cash Account) Fund during fiscal year 2018, which represents an abatement of the General (Working Cash Account) Fund. Subsequently during fiscal year 2018, the amount of \$2,099,989 was transferred to the Capital Projects Fund with the intention of funding the Lester School Addition and Renovation.

The District transferred \$157,441 to the Debt Service Fund from the General (Educational Account) Fund, and \$44,878 to the Debt Service Fund from the Operations and Maintenance Fund during fiscal year 2018. Amounts transferred were used for principal and interest payments on capital leases.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE G - INTERFUND TRANSFERS (Continued)

The District transferred \$71,778 to the Operations and Maintenance Fund from the General (Working Cash Account) Fund during fiscal year 2018. Amount transferred represents interest earned on investments.

### 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, 2018, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$807,677. 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>2018</u>	<u>2017</u>
Unpaid claims, beginning of fiscal year	\$ 568,268	\$ 417,094
Incurred claims (including IBNRs)	8,038,581	7,029,422
Claim payments	<u>(7,799,172)</u>	<u>(6,878,248)</u>
Unpaid claims, end of fiscal year	<u>\$ 807,677</u>	<u>\$ 568,268</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE I - PENSION LIABILITIES

#### 1. Teachers' Retirement System of the State of Illinois

##### **General Information about the Pension Plan**

###### *Plan Description*

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active 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/financial/cafrs/fy2017](http://www.trsil.org/financial/cafrs/fy2017); by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

###### *Benefits Provided*

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

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, 2018

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### NOTE I - PENSION LIABILITIES (Continued)

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

##### **General Information about the Pension Plan** (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, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

###### On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, 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 \$23,790,865 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, 2018, were \$192,508, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$74,859 were paid from federal and special trust funds that required employer contributions of \$7,561. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE I - PENSION LIABILITIES (Continued)

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

##### **General Information about the Pension Plan** (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, 2018, the District paid \$0 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, 2018, the District paid \$359 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, 2018, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follow:

District's proportionate share of the net pension liability	\$	3,958,524
State's proportionate share of the net pension liability associated with the District		<u>241,739,723</u>
Total	\$	<u><u>245,698,247</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.0051814405 percent, which was an increase of 0.0004863757 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$23,803,458 and revenue of \$23,790,865 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,994	\$ 1,827
Change of assumptions	264,203	113,750
Net difference between projected and actual earnings on pension plan investments	2,716	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>304,990</u>	<u>1,009,768</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>614,903</u>	<u>1,125,345</u>
District contributions subsequent to the measurement date	<u>200,069</u>	-
Total deferred amounts related to pensions	<u>\$ 814,972</u>	<u>\$ 1,125,345</u>



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The District reported \$200,069 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, 2019. 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
2019	\$ 310,050
2020	86,783
2021	104,469
2022	15,167
2023	<u>(6,027)</u>
Total	<u>\$ 510,442</u>

#### Actuarial Assumptions

The total pension liability in the June 30, 2017 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. The same assumptions were used in the June 30, 2016 actuarial valuation.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (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, 2017, the discount rate used to measure the total pension liability was 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 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, 2018

### NOTE I - PENSION LIABILITIES (Continued)

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

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

##### Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the 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, 2016, the discount rate used to measure the total pension liability was 6.83 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 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ <u>4,863,564</u>	\$ <u>3,958,524</u>	\$ <u>3,217,221</u>

##### TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 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, 2018

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### 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](http://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, 2018

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### NOTE I - PENSION LIABILITIES (Continued)

#### 2. Illinois Municipal Retirement Fund (Continued)

##### **Employees Covered by Benefit Terms**

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	336
Inactive plan members entitled to but not yet receiving benefits	503
Active plan members	<u>229</u>
Total	<u><u>1,068</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 2017 was 13.92%. For the fiscal year ended June 30, 2018 the District contributed \$875,063 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, 2017. 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, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### NOTE I - PENSION LIABILITIES (Continued)

#### 2. Illinois Municipal Retirement Fund (Continued)

##### **Actuarial Assumptions** (Continued)

##### Mortality

For non-disabled retirees, the IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	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, 2018

### 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 3.31%, 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, 2017:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 45,667,563	\$ 37,356,482	\$ 8,311,081
Changes for the year:			
Service cost	686,233	-	686,233
Interest on the total pension liability	3,346,657	-	3,346,657
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	175,824	-	175,824
Changes of assumptions	(1,385,320)	-	(1,385,320)
Contributions - employer	-	848,576	(848,576)
Contributions - employees	-	276,271	(276,271)
Net investment income	-	6,760,004	(6,760,004)
Benefit payments, including refunds of employee contributions	(2,777,166)	(2,777,166)	-
Other (net transfer)	-	(1,282,568)	1,282,568
Net changes	46,228	3,825,117	(3,778,889)
Balances at December 31, 2017	\$ 45,713,791	\$ 41,181,599	\$ 4,532,192

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### 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:

	<u>1% Lower (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Higher (8.50%)</u>
Net pension liability	\$ <u>9,433,107</u>	\$ <u>4,532,192</u>	\$ <u>392,838</u>

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

For the year ended June 30, 2018 the District recognized pension expense of \$1,700,855. At June 30, 2018, 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>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 78,420	\$ -
Change of assumptions	-	617,872
Net difference between projected and actual earnings on pension plan investments	<u>1,288,228</u>	<u>3,254,661</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>1,366,648</u>	<u>3,872,533</u>
Pension contributions made subsequent to the measurement date	<u>490,112</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 1,856,760</u>	<u>\$ 3,872,533</u>

The District reported \$490,112 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, 2019.



## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE I - PENSION LIABILITIES (Continued)

##### 2. Illinois Municipal Retirement Fund (Continued)

#### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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 Inflows of Resources
2019	\$ 692,265
2020	249,011
2021	750,943
2022	813,666
2023	-
Thereafter	-
Total	\$ 2,505,885

##### 3. Summary of Pension Items

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 200,069	\$ 490,112	\$ 690,181
Experience	42,994	78,420	121,414
Assumptions	264,203	-	264,203
Proportionate share	304,990	-	304,990
Investments	2,716	1,288,228	1,290,944
	\$ 814,972	\$ 1,856,760	\$ 2,671,732
Net pension liability	\$ 3,958,524	\$ 4,532,192	\$ 8,490,716
Pension expense	\$ 23,803,458	\$ 1,700,855	\$ 25,504,313
Deferred inflows of resources:			
Experience	\$ 1,827	\$ -	\$ 1,827
Assumptions	113,750	617,872	731,622
Investments	-	3,254,661	3,254,661
Proportionate share	1,009,768	-	1,009,768
	\$ 1,125,345	\$ 3,872,533	\$ 4,997,878

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### 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)

##### **General Information about the Other Postemployment Plan**

###### *Plan Description*

The District participates in the Teacher Health Insurance Security Fund (THIS), 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 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 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>).

###### *Benefits Provided*

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.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

##### **General Information about the Other Postemployment Plan** (Continued)

###### *Contributions*

###### 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 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions, including a proportional allocation of the State's OPEB expense (based on the portion of the District's share of the expense compared to all School Districts in aggregate), were \$3,591,029 and the District recognized revenue and expenditures of this amount during the year.

###### District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the District paid \$292,080 to the THIS Fund, which was 100 percent of the required contribution. These amounts are deferred because they were paid after the June 30, 2017 measurement date.

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.

##### **Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state OPEB 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 OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 36,857,598
State's estimated proportionate share of the net OPEB liability associated with the District*	<u>48,403,185</u>
Total	<u><u>\$ 85,260,783</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

**NOTE J - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

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

**Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

\* The State's proportionate share of the net OPEB liability (NOL) associated with the District is not available in the actuarial report and therefore the amount reported above is an estimate based allocating the State's total NOL for the entire plan (per the actuary) based on the District's proportionate share of the NOL to all the school districts participating in the Plan. Additionally, the amounts included below related to sensitivity of the healthcare rate, discount rate and amortization of deferred inflows and outflows are based on a similar allocation methodology.

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2017, the District's proportion was 0.142035 percent, which was an increase of 0.007986 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$6,618,143 and revenue of \$3,591,029, which represents support provided by the State. At June 30, 2018, 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	\$ -	\$ 20,876
Change of assumptions	-	4,388,384
Net difference between projected and actual earnings on OPEB plan investments	-	406
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>1,871,345</u>	<u>-</u>
Total deferred amounts to be recognized in OPEB expense in future periods	<u>1,871,345</u>	<u>4,409,666</u>
District contributions subsequent to the measurement date	<u>292,080</u>	<u>-</u>
Total deferred amounts related to OPEB	<u>\$ 2,163,425</u>	<u>\$ 4,409,666</u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

**NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

**Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The District reported \$292,080 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2019. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Net Deferred Inflows of Resources
2019	\$ 389,950
2020	389,950
2021	389,950
2022	389,950
2023	389,849
Thereafter	588,672
Total	\$ 2,538,321

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you basis. Contribution rates are defined by statute. For fiscal year end June 30, 2017, contribution rates are 1.12% of pay for active members, 0.84% of pay for school districts, and 1.12% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Market value
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation, for all plan years.
Inflation	2.75 percent

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

#### **Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

##### Actuarial Assumptions (Continued)

Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Healthcare Trend Rate	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

##### Discount Rate

The State, the District and active members contribute 1.12 percent, 0.84 percent, 1.12 percent of pay, respectively for fiscal year 2017. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.85 percent at June 30, 2016, and 3.56 percent at June 30, 2017, was used to measure the total OPEB liability. The increase in the single discount rate, from 2.85 percent to 3.56 percent, caused the total OPEB liability to decrease by approximately \$3.564 billion.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

#### **Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

##### Investment Return

During plan year end June 30, 2017, the trust earned \$357,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2017, is a negative \$43 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the investment return assumption was set to zero.

##### Money-Weighted Rate of Return

The annual money-weighted rate of return was estimated based on monthly investment performance, net of investment expenses, adjusted for changing amounts actually invested. The annual money-weighted rate of return was 0.678% for plan year end June 30, 2017, and 0.382% for plan year end June 30, 2016.

##### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
District's proportionate share of the net OPEB liability \$	44,228,924	36,857,598	30,959,369

##### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend

The following table shows the District's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease*	Current Healthcare Trend Rate	1% Increase**
District's proportionate share of the net OPEB liability \$	29,747,857	36,857,598	47,062,429

\* One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

##### **Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

##### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend (Continued)

\*\* One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

#### 2. Retiree Health Plan (RHP)

##### **Plan Description**

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and may be amended by the District through its employment contracts. The plan does not issue a separate financial report.

##### **Benefits Provided**

The plan provides the ability for retirees and their spouses to access the District's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. Retirees are responsible to contribute a premium toward the cost of their insurance, which is determined by the Board. Retirees may also access dental insurance benefits on a "pay all" basis. Dependents may also continue coverage on a pay-all basis.

##### **Employees Covered by Benefit Terms**

As of June 30, 2018 the following employees were covered by the benefit terms:

Active	452
Inactive entitled to but not yet receiving benefits	-
Inactive currently receiving benefits	<u>21</u>
Total	<u><u>473</u></u>



# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 2. Retiree Health Plan (Continued)

##### **Contributions**

Retirees under the age of 65 contribute the full active employee equivalent rate. Retirees have the option of choosing from an HMO or PPO plan through the District. Premiums for the plan are set by the Board of Education. Currently, the District contributes 0 percent to 100 percent to postemployment benefits, which varies for different employee groups. For fiscal year 2018, the District contributed \$303,313 toward the cost of the postemployment benefits for retirees, which was 0.94% of covered payroll.

##### **Total OPEB Liability**

The total OPEB liability, after considering the share of benefit-related costs with inactive Plan members, was determined by an actuarial valuation performed as of July 1, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	July 1, 2017
Measurement Date	May 3, 2018
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	3.37%
Inflation	3.00%
Salary rate increases	4.00%
Healthcare inflation rate	Medical: 6.50% initial 5.00% ultimate TRIP TCHP Plan Option: 5.00% for all years TRIP Plan Stipend: 0% for all
Mortality rates	IMRF Employees and Retirees: rates from the December 31, 2016 IMRF actuarial valuation report.  TRS Employees and Retirees: rates from the June 30, 2017 TRS actuarial valuation report.
Election at retirement	100% of Administrators and Certified Staff assumed to elect the TRIP coverage at retirement. 20% of active IMRF employees are assumed to elect continuation of coverage on the District medical plan at retirement.

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

##### 2. Retiree Health Plan (Continued)

##### **Total OPEB Liability** (Continued)

Marital status 50% of employees electing coverage continuation are assumed to be married and to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

##### **Discount Rate**

The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 3.37% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of May 3, 2018.

##### **Changes in the Total OPEB Liability**

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at July 1, 2017	\$ 2,337,995	\$ -	\$ 2,337,995
Changes for the year:			
Service cost	112,964	-	112,964
Interest on the total OPEB liability	71,294	-	71,294
Changes of benefit terms	70,890	-	70,890
Difference between expected and actual experience of the total OPEB liability	22,584	-	22,584
Changes of assumptions and other inputs	19,900	-	19,900
Contributions - employer	-	-	-
Contributions - active and inactive employees	-	-	-
Net investment income	-	-	-
Benefit payments, including the implicit rate subsidy	(303,313)	-	(303,313)
Other changes	(65,122)	-	(65,122)
Net changes	<u>(70,803)</u>	<u>-</u>	<u>(70,803)</u>
Balances at June 30, 2018	<u>\$ 2,267,192</u>	<u>\$ -</u>	<u>\$ 2,267,192</u>

In 2018, changes in assumptions related to the discount rate were made (3.60% to 3.37%) and changes to the healthcare trend rate to reflect recent healthcare trend rate surveys.

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

**NOTE J - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

2. **Retiree Health Plan** (Continued)

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.37%, as well as what the plan's total OPEB 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 (2.37%)	Current Discount Rate (3.37%)	1% Higher (4.37%)
Total OPEB liability	\$ <u>2,385,970</u>	\$ <u>2,267,192</u>	\$ <u>2,154,645</u>

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate**

The following presents the plan's net OPEB liability, calculated using a Healthcare Trend Rate range of 5.00%-6.50%, as well as what the plan's net OPEB liability would be if it were calculated using a Healthcare Trend Rate range that is 1% lower or 1% higher than the current range:

	1% Lower (4.00%-5.50%)	Current Healthcare Rate (5.00%-6.50%)	1% Higher (6.00%-7.50%)
Total OPEB liability	\$ <u>2,205,662</u>	\$ <u>2,267,192</u>	\$ <u>2,337,288</u>

## Downers Grove Grade School District No. 58

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

#### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

##### 2. Retiree Health Plan (Continued)

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018 the District recognized OPEB expense of \$188,670. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ 84,929	\$ -
Change of assumptions	<u>18,080</u>	<u>59,169</u>
 Total deferred amounts to be recognized in OPEB expense in the future periods	 \$ <u>103,009</u>	 \$ <u>59,169</u>

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

<u>Year Ended June 30,</u>		<u>Net Deferred Outflows of Resources</u>
2019	\$	4,412
2020		4,412
2021		4,412
2022		4,412
2023		4,412
Thereafter		<u>21,780</u>
 Total	 \$	 <u><u>43,840</u></u>

# Downers Grove Grade School District No. 58

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 3. Summary of OPEB Items

Below is a summary of the various OPEB items at June 30, 2018:

	<u>THIS</u>	<u>RHP</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 292,080	\$ -	\$ 292,080
Experience	-	84,929	84,929
Assumptions	-	18,080	18,080
Proportionate share	<u>1,871,345</u>	<u>-</u>	<u>1,871,345</u>
	<u>\$ 2,163,425</u>	<u>\$ 103,009</u>	<u>\$ 2,266,434</u>
OPEB liability	<u>\$ 36,857,598</u>	<u>\$ 2,267,192</u>	<u>\$ 39,124,790</u>
Deferred inflows of resources:			
Assumptions	\$ 4,388,384	\$ 59,169	\$ 4,447,553
Experience	20,876	-	20,876
Investments	<u>406</u>	<u>-</u>	<u>406</u>
	<u>\$ 4,409,666</u>	<u>\$ 59,169</u>	<u>\$ 4,468,835</u>

### 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, 2018

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### NOTE L - CONTINGENCIES

#### 1. Litigation

The District is a defendant in various lawsuit and other pending matters, such as PTAB appeals. 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.

#### 3. Tax Abatements

During fiscal year 2018, the District entered into a real estate tax abatement agreement with an industrial taxpayer to provide an incentive for the taxpayer to expand its existing facility; thereby increasing the District's tax base and increasing employment. Under the terms of the agreement, the District agreed to abate a portion of the additional tax revenues generated by the expansion project, ranging from 90% in the first full tax year following the completion of the project, to 10% in the ninth year. The amount of the real estate taxes to be abated in future years is not presently determinable, as that amount is subject to the assessed valuation of the property following completion of the expansion.

### NOTE M - CONSTRUCTION COMMITMENTS

The District has certain contracts for construction projects at June 30, 2018. Commitments under these contracts approximate \$1,081,000 at June 30, 2018.

### NOTE N - PRIOR PERIOD ADJUSTMENT

The implementation of GASB 75 (Note A-2) required the District to report its proportionate share of the net other postemployment benefit liability related to the Teacher Health Insurance Security plan and the total other postemployment benefit liability related to its unfunded retiree health plan. As a result of this implementation as of July 1, 2017, net position decreased by \$39,352,718, OPEB liabilities (included in long-term liabilities) increased by \$39,627,251, and deferred outflows increased by \$274,533.

### NOTE O - SUBSEQUENT EVENT

Management has evaluated subsequent events through January 4, 2019, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than those disclosed below, 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 Apple computers, requiring four annual payments of \$348,597.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**Downers Grove Grade School District No. 58**  
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Illinois Municipal Retirement Fund  
June 30, 2018

Calendar year ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 686,233	\$ 782,284	\$ 746,714	\$ 830,709
Interest on the total pension liability	3,346,657	3,197,627	3,037,325	2,779,385
Difference between expected and actual experience of the total pension liability	175,824	615,264	603,963	150,038
Assumption changes	(1,385,320)	(241,033)	95,189	1,726,170
Benefit payments and refunds	(2,777,166)	(2,433,212)	(2,047,024)	(1,736,852)
Net change in total pension liability	46,228	1,920,930	2,436,167	3,749,450
Total pension liability, beginning	45,667,563	43,746,633	41,310,466	37,561,016
Total pension liability, ending	<u>\$ 45,713,791</u>	<u>\$ 45,667,563</u>	<u>\$ 43,746,633</u>	<u>\$ 41,310,466</u>
<b>Plan fiduciary net position</b>				
Contributions, employer	\$ 848,576	\$ 926,983	\$ 908,587	\$ 887,996
Contributions, employee	276,271	287,160	301,130	363,996
Net investment income	6,760,004	2,342,140	178,145	2,081,383
Benefit payments, including refunds of employee contributions	(2,777,166)	(2,433,212)	(2,047,024)	(1,736,852)
Other (net transfer)	(1,282,568)	427,864	417,073	87,652
Net change in plan fiduciary net position	3,825,117	1,550,935	(242,089)	1,684,175
Plan fiduciary net position, beginning	37,356,482	35,805,547	36,047,636	34,363,461
Plan fiduciary net position, ending	<u>\$ 41,181,599</u>	<u>\$ 37,356,482</u>	<u>\$ 35,805,547</u>	<u>\$ 36,047,636</u>
Net pension liability	<u>\$ 4,532,192</u>	<u>\$ 8,311,081</u>	<u>\$ 7,941,086</u>	<u>\$ 5,262,830</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>				
	90.09 %	81.80 %	81.85 %	87.26 %
Covered Valuation Payroll	\$ 6,084,557	\$ 6,336,280	\$ 6,619,221	\$ 6,788,974
<b>Net pension liability as a percentage of covered valuation payroll</b>				
	74.49 %	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, 2018

<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>
2017	\$ 846,970	* \$ 848,576	\$ (1,606)	\$ 6,084,557	13.95 %
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 13.92% and covered valuation payroll of \$6,084,557 (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, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0051814405 %	0.0046950648 %	0.0066063731 %	0.0064739066 %
District's proportionate share of the net pension liability	\$ 3,958,524	\$ 3,706,099	\$ 4,327,840	\$ 3,939,908
State's proportionate share of the net pension liability associated with the District	<u>241,739,723</u>	<u>255,215,128</u>	<u>188,886,330</u>	<u>187,434,288</u>
Total	<u>\$ 245,698,247</u>	<u>\$ 258,921,227</u>	<u>\$ 193,214,170</u>	<u>\$ 191,374,196</u>
District's covered-employee payroll	\$ 32,682,535	\$ 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	12.11 %	11.89 %	14.36 %	13.01 %
Plan fiduciary net position as a percentage of the total pension liability	39.3 %	36.4 %	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, 2018

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 238,814	\$ 186,079	\$ 229,365	\$ 223,244
Contributions in relation to the contractually required contribution	<u>215,670</u>	<u>181,826</u>	<u>231,487</u>	<u>230,986</u>
Contribution deficiency (excess)	<u>\$ 23,144</u>	<u>\$ 4,253</u>	<u>\$ (2,122)</u>	<u>\$ (7,742)</u>
District's covered-employee payroll	\$ 33,190,956	\$ 32,682,535	\$ 31,176,055	\$ 30,136,212
Contributions as a percentage of covered-employee payroll	0.65 %	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 CHANGES IN TOTAL OTHER POSTRETIREMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS

Retiree Health Plan

June 30, 2018

Fiscal year ended June 30,	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 112,964
Interest on the total OPEB liability	71,294
Changes of benefit terms	70,890
Difference between expected and actual experience of the total OPEB liability	22,584
Changes of assumptions and other inputs	19,900
Benefit payments, including the implicit rate subsidy	(303,313)
Other changes	(65,122)
Net change in total OPEB liability	<u>(70,803)</u>
Total OPEB liability, beginning	<u>2,337,995</u>
Total OPEB liability, ending	<u><u>\$ 2,267,192</u></u>
<b>Plan fiduciary net position</b>	
Contributions, employer	\$ -
Contributions, employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Other (net transfer)	-
Net change in plan fiduciary net position	<u>-</u>
Plan fiduciary net position, beginning	<u>-</u>
Plan fiduciary net position, ending	<u><u>\$ -</u></u>
Net OPEB liability	<u><u>\$ 2,267,192</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %
Covered Valuation Payroll	\$ 32,306,296
Net OPEB liability as a percentage of covered valuation payroll	7.04 %

Note: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

**Downers Grove Grade School District No. 58**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY**  
**Teachers' Health Insurance Security Fund**  
June 30, 2018

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Fiscal year ended June 30,	<u>2017</u>
District's proportion of the net OPEB liability	0.1420350000 %
District's proportionate share of the net OPEB liability	\$ 36,857,598
State's proportionate share of the net OPEB liability associated with the District	<u>48,403,185</u>
Total	\$ <u><u>85,260,783</u></u>
District's covered-employee payroll	\$ 32,682,535
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	112.77%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%

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

Note 2: The District implemented GASB 75 beginning with it's fiscal year ended June 30, 2018 therefore 10 years of information is not available.

**Downers Grove Grade School District No. 58**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**Teachers' Health Insurance Security Fund**  
June 30, 2018

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Fiscal year ended June 30,		<u>2017</u>
Contractually required contribution	\$	274,533
Contributions in relation to the contractually required contribution		<u>274,467</u>
Contribution excess	\$	<u><u>(66)</u></u>
District's covered-employee payroll	\$	33,190,956
Contributions as a percentage of covered-employee payroll		0.83%

Note: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

## 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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Revenues					
Local sources					
General levy	\$ 43,960,000	\$43,960,000	\$44,145,595	\$ 185,595	\$ 43,454,010
Corporate personal property replacement taxes	680,000	680,000	623,009	(56,991)	864,306
Regular tuition from pupils or parents	200,000	200,000	173,500	(26,500)	157,503
Summer school tuition from pupils or parents	50,000	50,000	79,045	29,045	46,130
Special education tuition from other districts	30,000	30,000	17,619	(12,381)	31,969
Interest on investments	60,000	60,000	178,412	118,412	52,025
Sales to pupils - lunch	330,000	330,000	347,219	17,219	266,583
Other district/school activity revenue	72,000	72,000	60,254	(11,746)	81,314
Rentals - regular textbook	561,000	561,000	518,363	(42,637)	503,131
Rentals - other	33,150	33,150	52,181	19,031	55,782
Sales - regular textbook	11,000	11,000	-	(11,000)	-
Sales - other	3,500	3,500	-	(3,500)	-
Contributions and donations from private sources	100,000	100,000	253,036	153,036	195,583
Impact fees from municipal or county governments	-	-	2,452	2,452	-
Refund of prior years' expenditures	5,000	5,000	-	(5,000)	7,677
Payment from other districts	-	-	44,930	44,930	-
Local fees	890,000	890,000	844,388	(45,612)	681,203
Other	298,500	298,500	200,425	(98,075)	275,088
Total local sources	47,284,150	47,284,150	47,540,428	256,278	46,672,304

(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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
State sources					
General State Aid	\$ -	\$ -	\$ -	\$ -	\$ 1,400,593
Evidence Based Funding	1,408,423	1,408,423	3,099,977	1,691,554	-
Special Education - Private Facility Tuition	900,000	900,000	691,803	(208,197)	891,783
Special Education - Funding for Children Requiring Sp Ed Services	600,000	600,000	-	(600,000)	604,021
Special Education - Personnel	1,000,000	1,000,000	-	(1,000,000)	908,849
Special Education - Orphanage - Individual	50,000	50,000	93,676	43,676	75,226
Special Education - Summer School	5,000	5,000	-	(5,000)	3,076
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	88,997	88,997	18,222	(70,775)	41,041
State Free Lunch and Breakfast	2,000	2,000	1,543	(457)	1,364
Early Childhood - Block Grant	123,600	123,600	137,025	13,425	121,930
On Behalf Payments to TRS from the State	<u>15,500,000</u>	<u>15,500,000</u>	<u>27,381,894</u>	<u>11,881,894</u>	<u>25,429,725</u>
Total state sources	<u>19,678,020</u>	<u>19,678,020</u>	<u>31,424,140</u>	<u>11,746,120</u>	<u>29,477,608</u>
Federal sources					
National School Lunch Program	100,000	100,000	98,487	(1,513)	81,756
Special Milk Program	42,000	42,000	39,451	(2,549)	39,877
Title I - Low Income	375,430	375,430	374,801	(629)	288,056
Title IV A - Student Support and Academic Enrich	10,000	10,000	-	(10,000)	-
Federal - Special Education - Pre-School Flow Through	58,264	58,264	12,957	(45,307)	35,191
Federal - Special Education - I.D.E.A. - Flow Through	1,070,315	1,070,315	1,056,457	(13,858)	1,045,937
Federal - Special Education - I.D.E.A. - Room and Board	130,000	130,000	100,746	(29,254)	288,617
Title III - Lang. Inst. Prog - Limited Eng (LIPLEP)	28,740	28,740	2,830	(25,910)	-
Title II - Teacher Quality	103,461	103,461	34,510	(68,951)	166,601

(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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Medicaid Matching Funds - Administrative Outreach	\$ 200,000	\$ 200,000	\$ 70,687	\$ (129,313)	\$ 40,233
Medicaid Matching Funds - Fee-For-Service-Program	-	-	378,205	378,205	98,216
Total federal sources	<u>2,118,210</u>	<u>2,118,210</u>	<u>2,169,131</u>	<u>50,921</u>	<u>2,084,484</u>
Total revenues	<u>69,080,380</u>	<u>69,080,380</u>	<u>81,133,699</u>	<u>12,053,319</u>	<u>78,234,396</u>
 Expenditures					
Instruction					
Regular programs					
Salaries	20,653,693	20,653,693	20,568,865	84,828	20,276,807
Employee benefits	3,632,650	3,632,650	4,358,267	(725,617)	3,822,761
On-behalf payments to TRS from the state	15,500,000	15,500,000	27,381,894	(11,881,894)	25,429,725
Purchased services	197,085	197,085	196,918	167	93,802
Supplies and materials	1,279,956	1,279,956	1,203,713	76,243	792,131
Capital outlay	3,800	3,800	260	3,540	3,500
Other objects	103,550	103,550	3,371	100,179	39,905
Non-capitalized equipment	<u>25,500</u>	<u>25,500</u>	<u>12,901</u>	<u>12,599</u>	<u>-</u>
Total	<u>41,396,234</u>	<u>41,396,234</u>	<u>53,726,189</u>	<u>(12,329,955)</u>	<u>50,458,631</u>
 Pre-K programs					
Salaries	300,200	300,200	490,191	(189,991)	296,975
Employee benefits	79,456	79,456	121,348	(41,892)	72,936
Supplies and materials	<u>1,500</u>	<u>1,500</u>	<u>1,781</u>	<u>(281)</u>	<u>1,935</u>
Total	<u>381,156</u>	<u>381,156</u>	<u>613,320</u>	<u>(232,164)</u>	<u>371,846</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Special education programs					
Salaries	\$ 4,707,922	\$ 4,707,922	\$ 4,652,629	\$ 55,293	\$ 4,591,317
Employee benefits	693,613	693,613	711,933	(18,320)	651,712
Purchased services	4,000	4,000	10,903	(6,903)	2,860
Supplies and materials	40,756	40,756	46,785	(6,029)	90,112
Capital outlay	16,200	16,200	-	16,200	12,848
Other objects	1,125,000	1,125,000	1,492,481	(367,481)	1,540,910
Non-capitalized equipment	-	-	12,492	(12,492)	-
	<u>6,587,491</u>	<u>6,587,491</u>	<u>6,927,223</u>	<u>(339,732)</u>	<u>6,889,759</u>
Special education programs pre-K					
Salaries	435,866	435,866	462,233	(26,367)	429,979
Employee benefits	82,429	82,429	53,588	28,841	77,980
Purchased services	3,200	3,200	40	3,160	(2,262)
Supplies and materials	25,317	25,317	33,158	(7,841)	16,005
Non-capitalized equipment	2,500	2,500	1,987	513	-
	<u>549,312</u>	<u>549,312</u>	<u>551,006</u>	<u>(1,694)</u>	<u>521,702</u>
Remedial and Supplemental programs K-12					
Salaries	206,000	206,000	176,024	29,976	163,307
Employee benefits	1,311	1,311	3,787	(2,476)	-
Supplies and materials	88,600	88,600	224	88,376	-
	<u>295,911</u>	<u>295,911</u>	<u>180,035</u>	<u>115,876</u>	<u>163,307</u>
Interscholastic programs					
Salaries	115,000	115,000	88,232	26,768	99,498
Employee benefits	1,000	1,000	1,183	(183)	1,090
Purchased services	7,000	7,000	5,861	1,139	5,190
Supplies and materials	7,000	7,000	6,929	71	7,288
	<u>130,000</u>	<u>130,000</u>	<u>102,205</u>	<u>27,795</u>	<u>113,066</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Summer school programs					
Salaries	\$ 64,400	\$ 64,400	\$ 102,582	\$ (38,182)	\$ 62,685
Employee benefits	1,200	1,200	1,993	(793)	1,200
Supplies and materials	5,000	5,000	3,918	1,082	967
Capital outlay	1,000	1,000	-	1,000	-
Total	<u>71,600</u>	<u>71,600</u>	<u>108,493</u>	<u>(36,893)</u>	<u>64,852</u>
Gifted programs					
Salaries	56,000	56,000	59,720	(3,720)	40,269
Employee benefits	880	880	935	(55)	644
Purchased services	-	-	991	(991)	-
Supplies and materials	3,400	3,400	3,245	155	2,561
Capital outlay	1,000	1,000	-	1,000	-
Total	<u>61,280</u>	<u>61,280</u>	<u>64,891</u>	<u>(3,611)</u>	<u>43,474</u>
Bilingual programs					
Salaries	656,800	656,800	644,461	12,339	626,644
Employee benefits	106,346	106,346	119,507	(13,161)	101,306
Purchased services	4,400	4,400	4,457	(57)	13,367
Supplies and materials	25,740	25,740	1,880	23,860	9,730
Capital outlay	1,000	1,000	-	1,000	-
Total	<u>794,286</u>	<u>794,286</u>	<u>770,305</u>	<u>23,981</u>	<u>751,047</u>
Total instruction	<u>50,267,270</u>	<u>50,267,270</u>	<u>63,043,667</u>	<u>(12,776,397)</u>	<u>59,377,684</u>
Support services					
Pupils					
Attendance and social work services					
Salaries	1,012,451	1,012,451	948,304	64,147	856,926
Employee benefits	157,797	157,797	180,440	(22,643)	133,931
Purchased services	-	-	-	-	12,091
Supplies and materials	1,950	1,950	1,601	349	1,689
Total	<u>1,172,198</u>	<u>1,172,198</u>	<u>1,130,345</u>	<u>41,853</u>	<u>1,004,637</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Guidance services					
Salaries	\$ 367,200	\$ 367,200	\$ 365,947	\$ 1,253	\$ 361,030
Employee benefits	77,927	77,927	77,987	(60)	71,538
Supplies and materials	300	300	271	29	211
Total	<u>445,427</u>	<u>445,427</u>	<u>444,205</u>	<u>1,222</u>	<u>432,779</u>
Health services					
Salaries	459,600	459,600	422,461	37,139	387,621
Employee benefits	62,769	62,769	68,285	(5,516)	59,732
Purchased services	141,500	141,500	153,172	(11,672)	162,144
Supplies and materials	16,729	16,729	15,089	1,640	11,368
Non-capitalized equipment	1,000	1,000	-	1,000	-
Total	<u>681,598</u>	<u>681,598</u>	<u>659,007</u>	<u>22,591</u>	<u>620,865</u>
Psychological services					
Salaries	498,800	498,800	413,726	85,074	488,673
Employee benefits	88,277	88,277	79,109	9,168	80,618
Purchased services	5,500	5,500	24,154	(18,654)	1,236
Supplies and materials	2,500	2,500	341	2,159	1,226
Total	<u>595,077</u>	<u>595,077</u>	<u>517,330</u>	<u>77,747</u>	<u>571,753</u>
Speech pathology and audiology services					
Salaries	845,000	845,000	928,278	(83,278)	817,367
Employee benefits	135,323	135,323	150,114	(14,791)	124,486
Purchased services	5,650	5,650	7,326	(1,676)	6,080
Supplies and materials	1,950	1,950	1,744	206	2,275
Total	<u>987,923</u>	<u>987,923</u>	<u>1,087,462</u>	<u>(99,539)</u>	<u>950,208</u>
Total pupils	<u>3,882,223</u>	<u>3,882,223</u>	<u>3,838,349</u>	<u>43,874</u>	<u>3,580,242</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Instructional staff					
Improvement of instruction services					
Salaries	\$ 1,514,507	\$ 1,514,507	\$ 1,473,019	\$ 41,488	\$ 1,918,209
Employee benefits	321,659	321,659	287,132	34,527	299,233
Purchased services	211,792	211,792	143,532	68,260	172,593
Supplies and materials	38,100	38,100	22,082	16,018	19,811
Other objects	-	-	4,201	(4,201)	-
Total	2,086,058	2,086,058	1,929,966	156,092	2,409,846
Educational media services					
Salaries	2,011,200	2,011,200	2,056,231	(45,031)	1,976,083
Employee benefits	437,396	437,396	418,094	19,302	396,755
Purchased services	846,200	846,200	725,383	120,817	799,379
Supplies and materials	389,766	389,766	240,155	149,611	375,647
Capital outlay	65,000	65,000	-	65,000	16,586
Other objects	-	-	-	-	39
Total	3,749,562	3,749,562	3,439,863	309,699	3,564,489
Assessment and testing					
Salaries	10,000	10,000	3,529	6,471	6,956
Employee benefits	4,500	4,500	52	4,448	-
Total	14,500	14,500	3,581	10,919	6,956
Total instructional staff	5,850,120	5,850,120	5,373,410	476,710	5,981,291

(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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
General administration					
Board of education services					
Salaries	\$ 15,000	\$ 15,000	\$ 7,500	\$ 7,500	\$ 17,501
Employee benefits	25,000	25,000	34,132	(9,132)	41,847
Purchased services	139,500	139,500	153,755	(14,255)	543,385
Supplies and materials	12,100	12,100	4,061	8,039	7,492
Other objects	9,000	9,000	31	8,969	18,180
Total	200,600	200,600	199,479	1,121	628,405
Executive administration services					
Salaries	287,600	287,600	271,960	15,640	294,646
Employee benefits	82,896	82,896	78,659	4,237	73,791
Purchased services	21,500	21,500	15,263	6,237	19,193
Supplies and materials	14,000	14,000	12,295	1,705	10,770
Other objects	4,000	4,000	6,874	(2,874)	1,827
Total	409,996	409,996	385,051	24,945	400,227
Special area administrative services					
Salaries	195,900	195,900	248,336	(52,436)	162,797
Employee benefits	66,030	66,030	76,812	(10,782)	64,411
Purchased services	8,000	8,000	2,928	5,072	2,350
Supplies and materials	4,000	4,000	1,064	2,936	2,741
Total	273,930	273,930	329,140	(55,210)	232,299
Tort immunity services					
Purchased services	536,300	536,300	503,281	33,019	48,202
Total	536,300	536,300	503,281	33,019	48,202
Total general administration	1,420,826	1,420,826	1,416,951	3,875	1,309,133

(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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
<b>School administration</b>					
Office of the principal services					
Salaries	\$ 2,607,200	\$ 2,607,200	\$ 2,487,740	\$ 119,460	\$ 2,604,115
Employee benefits	1,007,716	1,007,716	789,171	218,545	910,019
Purchased services	<u>59,300</u>	<u>59,300</u>	<u>182,273</u>	<u>(122,973)</u>	<u>261,832</u>
Total	<u>3,674,216</u>	<u>3,674,216</u>	<u>3,459,184</u>	<u>215,032</u>	<u>3,775,966</u>
Total school administration	<u>3,674,216</u>	<u>3,674,216</u>	<u>3,459,184</u>	<u>215,032</u>	<u>3,775,966</u>
<b>Business</b>					
Direction of business support services					
Salaries	335,400	335,400	344,080	(8,680)	323,440
Employee benefits	79,437	79,437	79,878	(441)	72,796
Purchased services	5,500	5,500	4,246	1,254	4,846
Other objects	<u>2,500</u>	<u>2,500</u>	<u>1,535</u>	<u>965</u>	<u>1,340</u>
Total	<u>422,837</u>	<u>422,837</u>	<u>429,739</u>	<u>(6,902)</u>	<u>402,422</u>
Fiscal services					
Salaries	142,800	142,800	136,831	5,969	135,517
Employee benefits	43,658	43,658	47,882	(4,224)	40,123
Purchased services	156,500	156,500	163,922	(7,422)	137,287
Supplies and materials	<u>4,000</u>	<u>4,000</u>	<u>558</u>	<u>3,442</u>	<u>1,628</u>
Total	<u>346,958</u>	<u>346,958</u>	<u>349,193</u>	<u>(2,235)</u>	<u>314,555</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Food services					
Purchased services	\$ 459,500	\$ 459,500	\$ 400,473	\$ 59,027	\$ 435,693
Supplies and materials	3,000	3,000	2,298	702	1,095
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>467,500</u>	<u>467,500</u>	<u>402,771</u>	<u>64,729</u>	<u>436,788</u>
Total business	<u>1,237,295</u>	<u>1,237,295</u>	<u>1,181,703</u>	<u>55,592</u>	<u>1,153,765</u>
Central					
Direction of central support services					
Salaries	245,100	245,100	270,414	(25,314)	254,452
Employee benefits	93,912	93,912	101,629	(7,717)	87,551
Purchased services	<u>5,000</u>	<u>5,000</u>	<u>3,437</u>	<u>1,563</u>	<u>2,036</u>
Total	<u>344,012</u>	<u>344,012</u>	<u>375,480</u>	<u>(31,468)</u>	<u>344,039</u>
Information services					
Salaries	61,200	61,200	52,798	8,402	59,573
Employee benefits	24,582	24,582	24,515	67	22,503
Purchased services	<u>65,000</u>	<u>65,000</u>	<u>55,276</u>	<u>9,724</u>	<u>40,750</u>
Total	<u>150,782</u>	<u>150,782</u>	<u>132,589</u>	<u>18,193</u>	<u>122,826</u>
Staff services					
Purchased services	17,500	17,500	15,081	2,419	913
Supplies and materials	<u>8,500</u>	<u>8,500</u>	<u>9,578</u>	<u>(1,078)</u>	<u>7,063</u>
Total	<u>27,000</u>	<u>27,000</u>	<u>24,659</u>	<u>2,341</u>	<u>7,976</u>
Total central	<u>521,794</u>	<u>521,794</u>	<u>532,728</u>	<u>(10,934)</u>	<u>474,841</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Other supporting services					
Salaries	\$ -	\$ -	\$ 20,400	\$ (20,400)	\$ -
Employee benefits	89,700	89,700	262,839	(173,139)	379,160
Supplies and materials	<u>1,500</u>	<u>1,500</u>	<u>6,510</u>	<u>(5,010)</u>	<u>44,935</u>
Total	<u>91,200</u>	<u>91,200</u>	<u>289,749</u>	<u>(198,549)</u>	<u>424,095</u>
Total support services	<u>16,677,674</u>	<u>16,677,674</u>	<u>16,092,074</u>	<u>585,600</u>	<u>16,699,333</u>
Community services					
Salaries	17,382	17,382	17,498	(116)	-
Employee benefits	13,703	13,703	27,363	(13,660)	-
Purchased services	28,850	28,850	14,796	14,054	26,246
Supplies and materials	<u>11,000</u>	<u>11,000</u>	<u>3,840</u>	<u>7,160</u>	<u>-</u>
Total	<u>70,935</u>	<u>70,935</u>	<u>63,497</u>	<u>7,438</u>	<u>26,246</u>
Payments to other districts and government units					
Payments for special education programs					
Other objects	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,676,810</u>	<u>(356,810)</u>	<u>3,272,211</u>
Total	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,676,810</u>	<u>(356,810)</u>	<u>3,272,211</u>
Total payments to other districts and other government units	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,676,810</u>	<u>(356,810)</u>	<u>3,272,211</u>
Total expenditures	<u>70,335,879</u>	<u>70,335,879</u>	<u>82,876,048</u>	<u>(12,540,169)</u>	<u>79,375,474</u>
Deficiency of revenues over expenditures	<u>(1,255,499)</u>	<u>(1,255,499)</u>	<u>(1,742,349)</u>	<u>(486,850)</u>	<u>(1,141,078)</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)					
Permanent transfer from Working Cash Account - abatement	\$ -	\$ (2,099,989)	\$ (2,099,989)	\$ -	\$ -
Permanent transfer from Working Cash Account - interest	(25,000)	(25,000)	(71,778)	(46,778)	(19,264)
Debt issuance	-	2,738,051	2,809,958	71,907	-
Proceeds from capital leases	-	-	218,099	218,099	192,100
Other uses not classified elsewhere	-	-	(62,872)	(62,872)	
Transfer to Debt Service Fund for principal on capital leases	(71,310)	(71,310)	(137,962)	(66,652)	(79,203)
Transfer to Debt Service Fund for interest on capital leases	-	-	(19,479)	(19,479)	(4,334)
Total other financing sources (uses)	<u>(96,310)</u>	<u>541,752</u>	<u>635,977</u>	<u>94,225</u>	<u>89,299</u>
Net change to fund balance	<u>\$ (1,351,809)</u>	<u>\$ (713,747)</u>	(1,106,372)	<u>\$ (392,625)</u>	(1,051,779)
Fund balance, beginning of year			<u>19,210,485</u>		<u>20,262,264</u>
Fund balance, end of year			<u>\$18,104,113</u>		<u>\$ 19,210,485</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Revenues					
Local sources					
General levy	\$ 4,573,000	\$ 4,573,000	\$ 4,430,149	\$ (142,851)	\$ 4,425,534
Corporate personal property replacement taxes	94,167	94,167	94,272	105	113,471
Interest on investments	6,000	6,000	20,098	14,098	11,185
Rentals	200,000	200,000	150,502	(49,498)	170,165
Contributions and donations from private sources	20,000	20,000	1,810	(18,190)	-
Other	<u>5,000</u>	<u>5,000</u>	<u>8,650</u>	<u>3,650</u>	<u>19,648</u>
Total local sources	<u>4,898,167</u>	<u>4,898,167</u>	<u>4,705,481</u>	<u>(192,686)</u>	<u>4,740,003</u>
Total revenues	<u>4,898,167</u>	<u>4,898,167</u>	<u>4,705,481</u>	<u>(192,686)</u>	<u>4,740,003</u>
Expenditures					
Support services					
Facilities acquisition and construction services					
Purchased services	20,000	20,000	-	20,000	14,564
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Total	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>14,564</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Operation and maintenance of plant services					
Salaries	\$ 1,939,900	\$ 1,939,900	\$ 1,755,452	\$ 184,448	\$ 1,874,791
Employee benefits	550,677	550,677	469,514	81,163	500,057
Purchased services	745,500	745,500	881,617	(136,117)	819,185
Supplies and materials	987,187	987,187	834,075	153,112	826,706
Capital outlay	10,000	10,000	44,183	(34,183)	268,405
Other objects	-	-	131	(131)	70
Total	<u>4,233,264</u>	<u>4,233,264</u>	<u>3,984,972</u>	<u>248,292</u>	<u>4,289,214</u>
Total support services	<u>4,293,264</u>	<u>4,293,264</u>	<u>3,984,972</u>	<u>308,292</u>	<u>4,303,778</u>
Total expenditures	<u>4,293,264</u>	<u>4,293,264</u>	<u>3,984,972</u>	<u>308,292</u>	<u>4,303,778</u>
Excess of revenues over expenditures	<u>604,903</u>	<u>604,903</u>	<u>720,509</u>	<u>115,606</u>	<u>436,225</u>
Other financing sources (uses)					
Permanent transfer from Working Cash Account - abatement	-	2,099,989	2,099,989	-	-
Permanent transfer from Working Cash Account - interest	25,000	25,000	71,778	46,778	19,264
Capital lease proceeds	-	-	206,799	206,799	-
Transfer to Debt Service Fund for principal on capital leases	-	-	(44,188)	(44,188)	-
Transfer to Debt Service Fund for interest on capital leases	-	-	(690)	(690)	-
Transfer to Capital Projects Fund	<u>(150,000)</u>	<u>(2,249,989)</u>	<u>(2,099,989)</u>	<u>150,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>233,699</u>	<u>358,699</u>	<u>19,264</u>
Net change in fund balance	<u>\$ 479,903</u>	<u>\$ 479,903</u>	954,208	<u>\$ 474,305</u>	455,489
Fund balance, beginning of year			<u>2,624,465</u>		<u>2,168,976</u>
Fund balance, end of year			<u>\$ 3,578,673</u>		<u>\$ 2,624,465</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Revenues					
Local sources					
General levy	\$ 3,562,000	\$ 3,562,000	\$ 3,186,597	\$ (375,403)	\$ 3,120,597
Regular transportation fees from pupils or parents	50,000	50,000	74,658	24,658	48,409
Regular transportation fees from other districts	-	-	-	-	4,080
Interest on investments	-	-	8,203	8,203	1,014
Other	<u>15,000</u>	<u>15,000</u>	<u>71,075</u>	<u>56,075</u>	<u>6,388</u>
Total local sources	<u>3,627,000</u>	<u>3,627,000</u>	<u>3,340,533</u>	<u>(286,467)</u>	<u>3,180,488</u>
State sources					
Transportation - Regular/Vocational	15,000	15,000	220,483	205,483	22,925
Transportation - Special Education	<u>800,000</u>	<u>800,000</u>	<u>567,698</u>	<u>(232,302)</u>	<u>692,596</u>
Total state sources	<u>815,000</u>	<u>815,000</u>	<u>788,181</u>	<u>(26,819)</u>	<u>715,521</u>
Total revenues	<u>4,442,000</u>	<u>4,442,000</u>	<u>4,128,714</u>	<u>(313,286)</u>	<u>3,896,009</u>
Expenditures					
Support services					
Pupil transportation services					
Purchased services	<u>3,372,700</u>	<u>3,372,700</u>	<u>4,210,060</u>	<u>(837,360)</u>	<u>3,655,287</u>
Total support services	<u>3,372,700</u>	<u>3,372,700</u>	<u>4,210,060</u>	<u>(837,360)</u>	<u>3,655,287</u>
Total expenditures	<u>3,372,700</u>	<u>3,372,700</u>	<u>4,210,060</u>	<u>(837,360)</u>	<u>3,655,287</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, 2018  
 With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	<u>\$ 1,069,300</u>	<u>\$ 1,069,300</u>	\$ (81,346)	<u>\$ (1,150,646)</u>	\$ 240,722
Fund balance, beginning of year			<u>251,991</u>		<u>11,269</u>
Fund balance, end of year			<u>\$ 170,645</u>		<u>\$ 251,991</u>

(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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
<b>Revenues</b>					
<b>Local sources</b>					
General levy	\$ 811,000	\$ 811,000	\$ 849,023	\$ 38,023	\$ 895,538
Social security/Medicare only levy	811,000	811,000	849,023	38,023	895,538
Corporate personal property replacement taxes	17,161	17,161	17,161	-	17,161
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>10,254</u>	<u>9,254</u>	<u>2,339</u>
Total local sources	<u>1,640,161</u>	<u>1,640,161</u>	<u>1,725,461</u>	<u>85,300</u>	<u>1,810,576</u>
Total revenues	<u>1,640,161</u>	<u>1,640,161</u>	<u>1,725,461</u>	<u>85,300</u>	<u>1,810,576</u>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular programs	445,050	445,050	434,675	10,375	395,263
Pre-K programs	4,200	4,200	6,661	(2,461)	4,136
Special education programs	362,300	362,300	316,457	45,843	345,300
Special education programs pre-K	19,700	19,700	66,058	(46,358)	21,300
Remedial and supplemental programs K-12	39,100	39,100	36,479	2,621	35,577
Interscholastic programs	2,450	2,450	2,618	(168)	2,922
Summer school programs	6,400	6,400	5,087	1,313	5,496
Gifted programs	1,000	1,000	866	134	584
Bilingual programs	<u>9,000</u>	<u>9,000</u>	<u>9,135</u>	<u>(135)</u>	<u>8,732</u>
Total instruction	<u>889,200</u>	<u>889,200</u>	<u>878,036</u>	<u>11,164</u>	<u>819,310</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018					2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget		
Support services						
Pupils						
Attendance and social work services	\$ 13,400	\$ 13,400	\$ 13,494	\$ (94)	\$ 12,482	
Guidance services	5,200	5,200	5,094	106	5,110	
Health services	9,500	9,500	6,079	3,421	6,742	
Psychological services	7,000	7,000	5,860	1,140	6,922	
Speech pathology and audiology services	<u>12,700</u>	<u>12,700</u>	<u>12,944</u>	<u>(244)</u>	<u>11,413</u>	
Total pupils	<u>47,800</u>	<u>47,800</u>	<u>43,471</u>	<u>4,329</u>	<u>42,669</u>	
Instructional staff						
Improvement of instruction services	71,450	71,450	35,806	35,644	88,281	
Educational media services	175,900	175,900	177,713	(1,813)	171,271	
Assessment and testing	<u>1,500</u>	<u>1,500</u>	<u>51</u>	<u>1,449</u>	<u>-</u>	
Total instructional staff	<u>248,850</u>	<u>248,850</u>	<u>213,570</u>	<u>35,280</u>	<u>259,552</u>	
General administration						
Board of education services	3,900	3,900	1,651	2,249	3,798	
Executive administration services	21,200	21,200	13,384	7,816	20,542	
Special area administrative services	<u>9,600</u>	<u>9,600</u>	<u>10,591</u>	<u>(991)</u>	<u>9,116</u>	
Total general administration	<u>34,700</u>	<u>34,700</u>	<u>25,626</u>	<u>9,074</u>	<u>33,456</u>	
School administration						
Office of the principal services	<u>168,400</u>	<u>168,400</u>	<u>165,598</u>	<u>2,802</u>	<u>166,855</u>	
Total school administration	<u>168,400</u>	<u>168,400</u>	<u>165,598</u>	<u>2,802</u>	<u>166,855</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	2017 Actual
<b>Business</b>					
Direction of business support services	\$ 41,200	\$ 41,200	\$ 44,361	\$ (3,161)	\$ 39,904
Fiscal services	31,700	31,700	30,375	1,325	29,638
Operation and maintenance of plant services	<u>434,100</u>	<u>434,100</u>	<u>383,190</u>	<u>50,910</u>	<u>413,431</u>
Total business	<u>507,000</u>	<u>507,000</u>	<u>457,926</u>	<u>49,074</u>	<u>482,973</u>
<b>Central</b>					
Direction of central support services	26,600	26,600	29,850	(3,250)	26,173
Information services	<u>13,300</u>	<u>13,300</u>	<u>11,859</u>	<u>1,441</u>	<u>12,954</u>
Total central	<u>39,900</u>	<u>39,900</u>	<u>41,709</u>	<u>(1,809)</u>	<u>39,127</u>
Other support services	<u>-</u>	<u>-</u>	<u>321</u>	<u>(321)</u>	<u>-</u>
Total support services	<u>1,046,650</u>	<u>1,046,650</u>	<u>948,221</u>	<u>98,429</u>	<u>1,024,632</u>
Community services	<u>-</u>	<u>-</u>	<u>241</u>	<u>(241)</u>	<u>-</u>
Total expenditures	<u>1,935,850</u>	<u>1,935,850</u>	<u>1,826,498</u>	<u>109,352</u>	<u>1,843,942</u>
Deficiency of revenues over expenditures	<u>\$ (295,689)</u>	<u>\$ (295,689)</u>	<u>(101,037)</u>	<u>\$ 194,652</u>	<u>(33,366)</u>
Fund balance, beginning of year			<u>1,024,232</u>		<u>1,057,598</u>
Fund balance, end of year			<u>\$ 923,195</u>		<u>\$1,024,232</u>

(Concluded)

**Downers Grove Grade School District No. 58**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2018

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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 11, 2017, and amended by the Board of Education on May 14, 2018.
- 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	\$ 12,540,169
Debt Service	130,359
Transportation	837,360

The expenditures in excess of budgets in the General Fund is mainly 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, 2018

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3. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2017 and 2016 measurement years, 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 2017 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 2017 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 members): 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.



**SUPPLEMENTARY FINANCIAL INFORMATION**

# Downers Grove Grade School District No. 58

General Fund

## COMBINING BALANCE SHEET

June 30, 2018

	Educational Account	Working Cash Account	Total
<b>ASSETS</b>			
Cash and investments	\$ 12,511,024	\$ 9,805,045	\$ 22,316,069
Receivables (net of allowance for uncollectibles):			
Property taxes	20,729,696	41,221	20,770,917
Replacement taxes	110,508	-	110,508
Intergovernmental	1,435,868	-	1,435,868
Total assets	<u>\$ 34,787,096</u>	<u>\$ 9,846,266</u>	<u>\$ 44,633,362</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 64,527	\$ -	\$ 64,527
Salaries and wages payable	3,648,777	-	3,648,777
Payroll deductions payable	3,856	-	3,856
Claims payable	807,677	-	807,677
Unearned revenue	1,106,029	-	1,106,029
Total liabilities	<u>5,630,866</u>	<u>-</u>	<u>5,630,866</u>
<b>DEFERRED INFLOWS</b>			
Property taxes levied for a future period	<u>20,856,908</u>	<u>41,475</u>	<u>20,898,383</u>
Total deferred inflows	<u>20,856,908</u>	<u>41,475</u>	<u>20,898,383</u>
<b>FUND BALANCES</b>			
Assigned	128,232	-	128,232
Unassigned	<u>8,171,090</u>	<u>9,804,791</u>	<u>17,975,881</u>
Total fund balances	<u>8,299,322</u>	<u>9,804,791</u>	<u>18,104,113</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 34,787,096</u>	<u>\$ 9,846,266</u>	<u>\$ 44,633,362</u>

## 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, 2018

	<u>Educational Account</u>	<u>Working Cash Account</u>	<u>Total</u>
Revenues			
Property taxes	\$ 44,055,894	\$ 89,701	\$ 44,145,595
Replacement taxes	623,009	-	623,009
State aid	31,424,140	-	31,424,140
Federal aid	2,169,131	-	2,169,131
Interest	105,790	72,622	178,412
Other	<u>2,593,412</u>	<u>-</u>	<u>2,593,412</u>
Total revenues	<u>80,971,376</u>	<u>162,323</u>	<u>81,133,699</u>
Expenditures			
Current:			
Instruction:			
Regular programs	26,344,035	-	26,344,035
Special programs	7,658,264	-	7,658,264
Other instructional programs	1,659,214	-	1,659,214
State retirement contributions	27,381,894	-	27,381,894
Support services:			
Pupils	3,821,683	-	3,821,683
Instructional staff	5,390,076	-	5,390,076
General administration	1,416,951	-	1,416,951
School administration	3,459,184	-	3,459,184
Business	1,181,703	-	1,181,703
Central	532,728	-	532,728
Other supporting services	289,749	-	289,749
Community services	63,497	-	63,497
Nonprogrammed charges	3,676,810	-	3,676,810
Capital outlay	<u>260</u>	<u>-</u>	<u>260</u>
Total expenditures	<u>82,876,048</u>	<u>-</u>	<u>82,876,048</u>
Excess (deficiency) of revenues over expenditures	<u>(1,904,672)</u>	<u>162,323</u>	<u>(1,742,349)</u>
Other financing sources (uses)			
Transfers (out)	(157,441)	(2,171,767)	(2,329,208)
Debt issuance, net of issuance costs	-	2,747,086	2,747,086
Proceeds from capital leases	<u>218,099</u>	<u>-</u>	<u>218,099</u>
Total other financing sources (uses)	<u>60,658</u>	<u>575,319</u>	<u>635,977</u>
Net change in fund balance	(1,844,014)	737,642	(1,106,372)
Fund balance, beginning of year	<u>10,143,336</u>	<u>9,067,149</u>	<u>19,210,485</u>
Fund balance, end of year	<u>\$ 8,299,322</u>	<u>\$ 9,804,791</u>	<u>\$ 18,104,113</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Revenues					
Local sources					
General levy	\$ 1,273,100	\$ 1,273,100	\$ 1,337,489	\$ 64,389	\$ 1,341,068
Interest on investments	<u>500</u>	<u>500</u>	<u>6,152</u>	<u>5,652</u>	<u>1,004</u>
Total local sources	<u>1,273,600</u>	<u>1,273,600</u>	<u>1,343,641</u>	<u>70,041</u>	<u>1,342,072</u>
Federal sources					
Build America Bonds Interest Reimbursement	<u>78,609</u>	<u>78,609</u>	<u>73,421</u>	<u>(5,188)</u>	<u>85,857</u>
Total federal sources	<u>78,609</u>	<u>78,609</u>	<u>73,421</u>	<u>(5,188)</u>	<u>85,857</u>
Total revenues	<u>1,352,209</u>	<u>1,352,209</u>	<u>1,417,062</u>	<u>64,853</u>	<u>1,427,929</u>
Expenditures					
Debt service					
Debt services - interest					
Bonds and leases - interest	<u>374,223</u>	<u>374,223</u>	<u>394,392</u>	<u>(20,169)</u>	<u>417,669</u>
Principal payments on long-term debt	<u>1,171,310</u>	<u>1,171,310</u>	<u>1,282,150</u>	<u>(110,840)</u>	<u>1,139,203</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, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget	Actual		
Other debt service					
Other objects	\$ 1,800	\$ 1,800	\$ 1,150	\$ 650	\$ 2,188
Total	<u>1,800</u>	<u>1,800</u>	<u>1,150</u>	<u>650</u>	<u>2,188</u>
Total debt service	<u>1,547,333</u>	<u>1,547,333</u>	<u>1,677,692</u>	<u>(130,359)</u>	<u>1,559,060</u>
Total expenditures	<u>1,547,333</u>	<u>1,547,333</u>	<u>1,677,692</u>	<u>(130,359)</u>	<u>1,559,060</u>
Excess (deficiency) of revenues over expenditures	<u>(195,124)</u>	<u>(195,124)</u>	<u>(260,630)</u>	<u>(65,506)</u>	<u>(131,131)</u>
Other financing sources					
Transfer to pay for principal on capital leases	71,310	71,310	182,150	110,840	79,203
Transfer to pay for interest on capital leases	<u>-</u>	<u>-</u>	<u>20,169</u>	<u>20,169</u>	<u>4,334</u>
Total other financing sources	<u>71,310</u>	<u>71,310</u>	<u>202,319</u>	<u>131,009</u>	<u>83,537</u>
Net change in fund balance	<u>\$ (123,814)</u>	<u>\$ (123,814)</u>	(58,311)	<u>\$ 65,503</u>	(47,594)
Fund balance, beginning of year			<u>677,351</u>		<u>724,945</u>
Fund balance, end of year			<u>\$ 619,040</u>		<u>\$ 677,351</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, 2018  
 With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Amended and Final Budget	Actual	Variance From Final Budget	
Revenues					
Local sources					
Interest on investments	\$ -	\$ -	\$ 8,021	\$ 8,021	\$ -
Contributions and donations from private sources	<u>100,000</u>	<u>100,000</u>	<u>91,683</u>	<u>(8,317)</u>	<u>650,000</u>
Total local sources	<u>100,000</u>	<u>100,000</u>	<u>99,704</u>	<u>(296)</u>	<u>650,000</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>99,704</u>	<u>(296)</u>	<u>650,000</u>
Expenditures					
Support services					
Facilities acquisition and construction services					
Capital outlay	<u>250,000</u>	<u>2,009,888</u>	<u>1,605,779</u>	<u>404,109</u>	<u>650,000</u>
Total support services	<u>250,000</u>	<u>2,009,888</u>	<u>1,605,779</u>	<u>404,109</u>	<u>650,000</u>
Total expenditures	<u>250,000</u>	<u>2,009,888</u>	<u>1,605,779</u>	<u>404,109</u>	<u>650,000</u>
Excess of revenues over expenditures	<u>(150,000)</u>	<u>(1,909,888)</u>	<u>(1,506,075)</u>	<u>403,813</u>	<u>-</u>
Other financing sources					
Transfer from Operations and Maintenance Fund	<u>150,000</u>	<u>2,249,989</u>	<u>2,099,989</u>	<u>(150,000)</u>	<u>-</u>
Total other financing sources	<u>150,000</u>	<u>2,249,989</u>	<u>2,099,989</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 340,101</u>	593,914	<u>\$ 253,813</u>	-
Fund balance, beginning of year			-		-
Fund balance, end of year			<u>\$ 593,914</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, 2018  
 With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance From Final Budget	2017 Actual
	Original Budget	Amended and Final Budget			
Revenues					
Local sources					
Interest on investments	\$ 1,000	\$ 1,000	\$ 2,460	\$ 1,460	\$ 1,376
Total local sources	<u>1,000</u>	<u>1,000</u>	<u>2,460</u>	<u>1,460</u>	<u>1,376</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>2,460</u>	<u>1,460</u>	<u>1,376</u>
Excess of revenues over expenditures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>2,460</u>	<u>\$ 1,460</u>	<u>1,376</u>
Fund balance, beginning of year			<u>5,962</u>		<u>4,586</u>
Fund balance, end of year			<u>\$ 8,422</u>		<u>\$ 5,962</u>

**Downers Grove Grade School District No. 58**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Assets</b>				
Cash	\$ 179,771	\$ 304,323	\$ 312,048	\$ 172,046
<b>Liabilities</b>				
Due to student groups				
Belle Aire	10,823	5,534	9,682	6,675
El Sierra	7,919	4,766	5,844	6,841
Fairmount	14,442	25,875	25,342	14,975
Henry Puffer	14,073	18,585	19,866	12,792
Herrick Middle	60,339	76,474	86,261	50,552
Highland	3,684	28,158	26,358	5,484
Hillcrest	5,575	25,897	25,850	5,622
Indian Trail	11,222	12,350	14,929	8,643
Kingsley	10,896	6,936	5,786	12,046
Lester	4,903	13,056	10,783	7,176
O'Neill Middle	18,437	51,753	44,831	25,359
Pierce Downer	10,175	9,589	10,846	8,918
Whittier	7,283	25,350	25,670	6,963
	\$ 179,771	\$ 304,323	\$ 312,048	\$ 172,046

**OTHER SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

## Downers Grove Grade School District No. 58

### GENERAL LONG-TERM DEBT

#### SCHEDULE OF GENERAL OBLIGATION BONDS

Year Ended June 30, 2018

	Maturity as follows			
	for the Year Ended June 30	Principal	Interest	Total
* General Obligation Bonds	2019	\$ 1,110,000	\$ 182,602	\$ 1,292,602
Series 2010B, due	2020	1,140,000	136,740	1,276,740
December 15, 2022	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
Total		<u>4,790,000</u>	<u>445,552</u>	<u>5,235,552</u>
General Obligation Bonds	2019	40,000	148,800	188,800
Series 2013, due	2020	70,000	147,150	217,150
December 15, 2025	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
Total		<u>4,980,000</u>	<u>820,500</u>	<u>5,800,500</u>
General Obligation	2019	110,000	-	110,000
Limited Tax Capital	2020	-	-	-
Appreciation Bonds	2021	-	-	-
Series 2018, due	2022	-	-	-
December 15, 2027	2023	-	-	-
	2024	-	-	-
	2025	-	-	-
	2026	1,060,000	-	1,060,000
	2027	1,420,000	-	1,420,000
	2028	1,050,000	-	1,050,000
Total		<u>3,640,000</u>	<u>-</u>	<u>3,640,000</u>
Total general obligation bonds payable		<u>\$ 13,410,000</u>	<u>\$ 1,266,052</u>	<u>\$ 14,676,052</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Operating costs per pupil</b>		
Average Daily Attendance (ADA):	<u>4,516.41</u>	<u>4,538.80</u>
Operating costs:		
Educational	\$ 55,494,154	\$ 53,945,749
Operations and Maintenance	3,984,972	4,303,778
Debt Service	1,677,692	1,559,060
Transportation	4,210,060	3,655,287
Municipal Retirement/Social Security	<u>1,826,498</u>	<u>1,843,942</u>
Subtotal	<u>67,193,376</u>	<u>65,307,816</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	1,235,058	918,984
Summer school	113,580	70,348
Community Services	63,738	26,246
Transportation	-	4,080
Capital outlay	44,443	301,339
Non-capitalized equipment	27,380	-
Debt principal retired	1,282,150	1,139,203
Nonprogrammed charges	<u>3,676,810</u>	<u>3,272,211</u>
Subtotal	<u>6,443,159</u>	<u>5,732,411</u>
Operating costs	<u>\$ 60,750,217</u>	<u>\$ 59,575,405</u>
Operating costs per pupil - based on ADA	<u>\$ 13,451</u>	<u>\$ 13,126</u>
<b>Tuition Charge</b>		
Operating costs	\$ 60,750,217	\$ 59,575,405
Less - revenues from specific programs, such as special education or lunch programs	<u>7,501,689</u>	<u>7,182,618</u>
Net operating costs	53,248,528	52,392,787
Depreciation allowance	<u>1,922,868</u>	<u>1,705,784</u>
Allowance tuition costs	<u>\$ 55,171,396</u>	<u>\$ 54,098,571</u>
Tuition charge per pupil - based on ADA	<u>\$ 12,216</u>	<u>\$ 11,919</u>