

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

Downers Grove, Illinois

Annual Financial Report

Year Ended June 30, 2019

Downers Grove Grade School District No. 58

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois Pension data on pages 70 through 76, the other postemployment benefits data on page 77 through 79, budgetary comparison schedules and notes to the required supplementary information on pages 80 through 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2019 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, 2019 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 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, 2019 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated January 4, 2019, 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, 2018 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 2018 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 2018 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, 2018.

(Continued)

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 December 13, 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.



Certified Public Accountants

Deerfield, Illinois
December 13, 2019

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2019

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, 2019. 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 \$96.6 million, \$0.6 million less than the government-wide expenses of \$97.2 million.
- ❑ Governmental funds revenues were \$85.8 million, \$1.0 million less than the governmental funds expenses of \$86.8 million.
- ❑ The District's operating expenditure per pupil for fiscal year 2019 was \$14,763. This is a per pupil increase of \$1,312 over fiscal year 2018.
- ❑ Total net deficit on a government-wide basis was \$18.2 million. This represents a \$0.6 million, or a 3.5% increase in the net deficit from fiscal year 2018 of \$17.6.
- ❑ The aggregate fund balance increased \$0.4 million from \$24.0 million to \$24.4 million.
- ❑ At the close of fiscal year 2019, the District's long term liabilities, including outstanding long-term bonded debt, were \$65.5 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 deficit presents information on all of the District's assets and deferred inflows, liabilities and deferred outflows, with the difference between these reported as net deficit. Over time, increases or decreases in net deficit 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 deficit changed during the fiscal year being reported. All changes in net deficit 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, 2019

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

Fund financial statements

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

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

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

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

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

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

Notes to the financial statements

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

Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

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 (IMRF) and the Teachers' Retirement System (TRS), and information for the other postemployment benefits (OPEB).

Government-Wide Financial Analysis

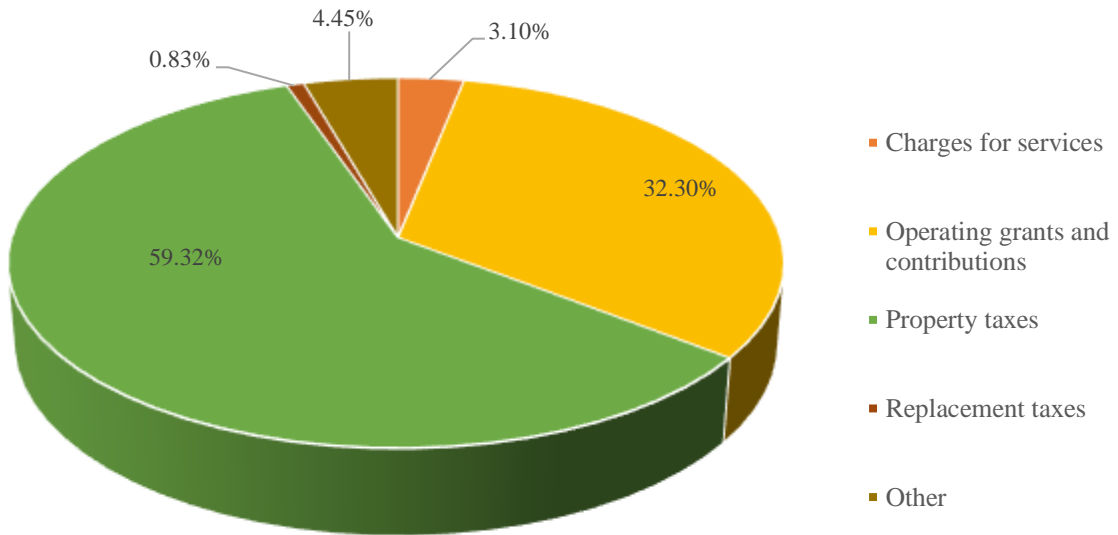
Table 1		
Condensed Statement of Net Deficit		
<i>(In millions of dollars)</i>		
	<u>2018</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 56.5	\$ 56.5
Capital assets	23.6	23.9
Total assets	<u>80.1</u>	<u>80.4</u>
Deferred outflows:		
Related to pension and OPEB	4.9	9.2
Total deferred outflows	<u>4.9</u>	<u>9.2</u>
Liabilities:		
Long-term liabilities	60.7	65.5
Other liabilities	6.7	6.1
Total liabilities	<u>67.4</u>	<u>71.6</u>
Deferred inflows:		
Property taxes levied for future periods	25.7	26.0
Related to pensions and OPEB	9.5	10.2
Total deferred inflows	<u>35.2</u>	<u>36.2</u>
Net deficit:		
Net investment in capital assets	11.0	12.4
Restricted	5.9	6.9
Unrestricted	(34.5)	(37.5)
Total net deficit	<u>\$ (17.6)</u>	<u>\$ (18.2)</u>

Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

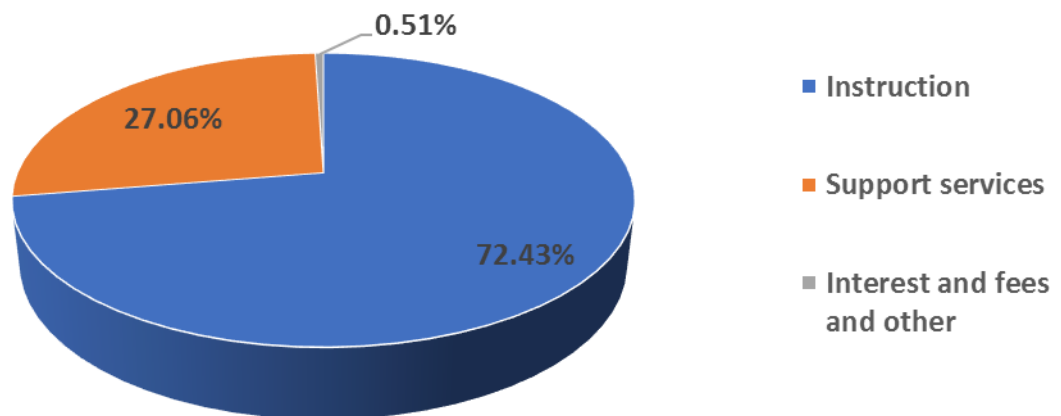
Table 2		
Changes in Net Deficit		
<i>(In millions of dollars)</i>		
	<u>2018</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2.3	\$ 3.0
Operating grants and contributions	31.4	31.2
General revenues:		
Property taxes	54.8	57.3
Replacement taxes	0.7	0.8
Other	4.0	4.3
Total revenues	<u>93.2</u>	<u>96.6</u>
Expenses:		
Instruction	70.2	70.4
Support services	27.2	26.3
Interest and fees and other	0.5	0.5
Total expenses	<u>97.9</u>	<u>97.2</u>
Decrease in Net Deficit	(4.7)	(0.6)
Beginning Net Deficit	(12.9)	(17.6)
Ending Net Deficit	<u>\$ (17.6)</u>	<u>\$ (18.2)</u>

**Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019**

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, 2019

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. Total revenues in the governmental funds were \$85.8 million compared to \$93.2 million in the prior year. Total expenditures in the governmental funds were \$86.8 million, compared to \$96.2 million in the prior year, a decrease of \$9.4 million, or approximately 9.8%. Expenditures exceeded revenues by approximately \$1.0 million. The fund balances in the governmental funds increased from \$24.0 million in the prior year to \$24.4 million as of June 30, 2019. On behalf payments by the State of Illinois to the Teachers' Retirement System (TRS) and Teachers' Health Insurance Security Fund (THIS), are recognized as both revenue and expense on the District's financial statements, were \$15.1 million compared to \$27.4 million in the prior year, a decrease of \$12.3 million, or approximately 44.9%.

General (Educational and Working Cash) Fund Budgetary Highlights

General Fund: The largest revenue source in the General Fund is property taxes at 63.9% of all General Fund revenue, and 80.6% of General Fund revenue when excluding on-behalf contributions. The total revenues in the General Fund amounted to \$72.8 million, compared to \$81.1 million in the prior year. Revenues from state sources were \$19.6 million (of which \$15.1 million represents TRS/THIS on-behalf contributions), which represented 26.9% of all revenue in the General Fund. Revenue from federal sources were \$2.2 million which represented 3.1% of all General Fund revenue, a \$51,337 increase from the prior year total. The District continues to be heavily reliant on property tax revenues.

There were total expenditures of \$73.6 million in the General Fund, which decreased 11.2% from the prior year. TRS/THIS on behalf payments represent \$15.1 million of the total compared to \$27.4 million in the prior year, a decrease of \$12.3 million.

Downers Grove Grade School District No. 58
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Medical Insurance Balance: At June 30, 2019, 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 \$1.5 million for self-insurance claims. The June 30, 2018 assigned fund balance for the medical insurance plan was \$0.1 million. The increase is a result of increased premium rate equivalents and a transfer by the Board of Education of \$1.7 million from unallocated use in the Educational Fund to the medical reserve.

Capital Asset and Debt Administration

Capital assets

By the end of fiscal year 2019, the District had compiled a total investment of \$23.9 million (net of accumulated depreciation) in a broad range of capital assets including land, construction in progress, land improvements, buildings and improvements, and equipment. For more detailed information on capital asset activity, refer to Note E in the notes to the financial statements.

Table 3				
Capital Assets (net of depreciation)				
<i>(In millions of dollars)</i>				
	<u>2018</u>		<u>2019</u>	
Land	\$	0.2	\$	0.2
Construction in progress		1.5		0.0
Land improvements		1.2		1.1
Buildings and improvements		19.7		20.8
Equipment		1.0		1.8
Total	\$	<u>23.6</u>	\$	<u>23.9</u>

Long-term liabilities

At June 30, 2019, the District had \$65.5 million in general obligation bonds and other long-term liabilities outstanding. For more detailed information on long-term liability activity, refer to Note F in the notes to the financial statements.

Table 4				
Outstanding Long-Term Liabilities				
<i>(In millions of dollars)</i>				
	<u>2018</u>		<u>2019</u>	
General obligation bonds	\$	12.6	\$	11.4
Other long-term liabilities		48.1		54.1
Total	\$	<u>60.7</u>	\$	<u>65.5</u>

Downers Grove Grade School District No. 58

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2019

Factors Bearing on the District's Future

As the State considers a change in its income tax structure to a progressive format there is renewed concern about a property tax freeze on local government to offset the increase in tax burden on tax payers. A freeze, depending on the nature and format, could have a significant impact on future revenues and resources for the District.

Medical insurance continues to be an area of concern for the district with looking at several large claims in fiscal year 2019 with the continual increases of prescription drugs. The District has created a committee with representation of all three bargaining units. During fiscal year 2019 through the committee, and contract negotiations, the District has taken several cost savings measures that have savings potential to help control healthcare costs. The District has moved to a new prescription benefits manager (PBM) that has the potential of \$300,000 a year savings. The District with the help of the union leadership had an aggressive open enrollment that had significant movement off the PPO plan to a high deductible plan with a health savings account. Continual increases in use of Teladoc and other non-ER or hospital usage are starting to show measured savings as the district works with its employee groups to change healthcare buying habits.

The District is currently working on a master facility plan as part of its strategic plan adopted in 2018. That master facility plan is geared toward updating District facilities. The District will work during fiscal year 2020 to determine the community support for some or all of the master facility plan and financing options for those items. Age and condition of capital structures is an issue for the District and these steps are taken to address the needs of the District.

Approved in the fiscal year 2020 budget is \$1.4 million allocated for playground updates for the District. These funds and current private fundraising by several 501(c)3 foundations created to raise funds (approximately \$600,000) associated with various schools in the District has the potential of \$2.0 million playground work over the next two fiscal years. These funds will reduce the impact of such work on other local unrestricted District resources and remove a liability of aging playground equipment.

The District continues to see considerable growth in new construction in both commercial and residential real estate. Most residential growth is teardowns and rebuilds on existing residential lots. The aggregate property base also continues to see appreciation above inflation. The 2019 tax levy year is a reassessment year for DuPage County and the District is expected to see additional increase in current property valuations. The District has three tax increment financing (TIF) districts, with two scheduled to expire in the next 4-7 years. The first TIF covers most of downtown of the Village of Downers Grove and the 2018 tax year has an estimated increment of \$50 million in assessed value, mostly commercial. This TIF is scheduled to expire for the 2024 tax levy and will put considerable amount of non-residential property into the District's tax base, which will add to the property tax base and allow for an increase in operating funds under the Property Tax Extension Limitation Law (PTELL).

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, 2019

ASSETS	
Cash and investments	\$ 27,445,376
Receivables (net of allowance for uncollectibles):	
Property taxes	27,781,672
Replacement taxes	130,761
Intergovernmental	1,179,358
Capital assets:	
Land	223,031
Depreciable buildings, property, and equipment, net	<u>23,666,645</u>
Total assets	<u>80,426,843</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	7,156,278
Deferred outflows related to other postemployment benefits	<u>2,071,948</u>
Total deferred outflows	<u>9,228,226</u>
LIABILITIES	
Accounts payable	678,516
Salaries and wages payable	4,003,365
Payroll deductions payable	18,343
Claims payable	517,579
Interest payable	12,870
Unearned revenue	922,891
Long-term liabilities:	
Due within one year	1,656,290
Due after one year	<u>63,830,311</u>
Total liabilities	<u>71,640,165</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pensions	4,046,718
Deferred inflows related to other postemployment benefits	6,123,702
Property taxes levied for a future period	<u>26,014,623</u>
Total deferred inflows	<u>36,185,043</u>
NET DEFICIT	
Net investment in capital assets	12,461,308
Restricted For:	
Operations and maintenance	4,510,462
Debt service	493,241
Student transportation	720,512
Retirement benefits	948,290
Capital projects	203,032
Unrestricted	<u>(37,506,984)</u>
Total net deficit	<u>\$ (18,170,139)</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, 2019

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 30,757,850	\$ 2,332,509	\$ 757,123	\$ (27,668,218)
Special programs	12,397,517	-	2,599,567	(9,797,950)
Other instructional programs	1,329,282	36,853	12,114	(1,280,315)
State retirement contributions	25,955,391	-	25,955,391	-
Support services:				
Pupils	4,236,131	-	-	(4,236,131)
Instructional staff	4,980,124	-	78,888	(4,901,236)
General administration	1,616,412	-	-	(1,616,412)
School administration	3,584,545	-	-	(3,584,545)
Business	1,208,880	312,818	133,179	(762,883)
Transportation	4,412,755	153,953	1,716,137	(2,542,665)
Operations and maintenance	5,321,370	135,485	-	(5,185,885)
Central	682,781	-	-	(682,781)
Other supporting services	271,245	-	-	(271,245)
Community services	44,370	-	-	(44,370)
Interest and fees	441,119	-	-	(441,119)
	<u>\$ 97,239,772</u>	<u>\$ 2,971,618</u>	<u>\$ 31,252,399</u>	<u>(63,015,755)</u>
General revenues:				
Taxes:				
				46,476,409
				9,358,213
				1,421,531
				817,285
				3,205,635
				390,512
				738,191
				<u>62,407,776</u>
				(607,979)
				<u>(17,562,160)</u>
				<u>\$ (18,170,139)</u>

The accompanying notes are an integral part of this statement.

Downers Grove Grade School District No. 58

Governmental Funds

BALANCE SHEET

June 30, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 21,197,475	\$ 4,436,674	\$ 256,146	\$ 889,278
Receivables (net of allowance for uncollectibles):				
Property taxes	22,553,507	2,103,379	1,515,590	927,800
Replacement taxes	130,761	-	-	-
Intergovernmental	<u>751,348</u>	<u>-</u>	<u>428,010</u>	<u>-</u>
Total assets	<u>\$ 44,633,091</u>	<u>\$ 6,540,053</u>	<u>\$ 2,199,746</u>	<u>\$ 1,817,078</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 588,563	\$ 59,997	\$ 29,956	\$ -
Salaries and wages payable	4,003,365	-	-	-
Claims payable	517,579	-	-	-
Payroll deductions payable	18,343	-	-	-
Unearned revenue	<u>892,804</u>	<u>-</u>	<u>30,087</u>	<u>-</u>
Total liabilities	<u>6,020,654</u>	<u>59,997</u>	<u>60,043</u>	<u>-</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>21,118,994</u>	<u>1,969,594</u>	<u>1,419,191</u>	<u>868,788</u>
Total deferred inflows	<u>21,118,994</u>	<u>1,969,594</u>	<u>1,419,191</u>	<u>868,788</u>
FUND BALANCES				
Restricted	-	3,705,487	720,512	948,290
Committed	-	804,975	-	-
Assigned	1,462,586	-	-	-
Unassigned	<u>16,030,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>17,493,443</u>	<u>4,510,462</u>	<u>720,512</u>	<u>948,290</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 44,633,091</u>	<u>\$ 6,540,053</u>	<u>\$ 2,199,746</u>	<u>\$ 1,817,078</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 462,771	\$ 194,555	\$ 8,477	\$ 27,445,376
681,396	-	-	27,781,672
-	-	-	130,761
-	-	-	1,179,358
<u>\$ 1,144,167</u>	<u>\$ 194,555</u>	<u>\$ 8,477</u>	<u>\$ 56,537,167</u>
\$ -	\$ -	\$ -	\$ 678,516
-	-	-	4,003,365
-	-	-	517,579
-	-	-	18,343
-	-	-	922,891
-	-	-	6,140,694
<u>638,056</u>	<u>-</u>	<u>-</u>	<u>26,014,623</u>
<u>638,056</u>	<u>-</u>	<u>-</u>	<u>26,014,623</u>
506,111	194,555	8,477	6,083,432
-	-	-	804,975
-	-	-	1,462,586
-	-	-	16,030,857
<u>506,111</u>	<u>194,555</u>	<u>8,477</u>	<u>24,381,850</u>
<u>\$ 1,144,167</u>	<u>\$ 194,555</u>	<u>\$ 8,477</u>	<u>\$ 56,537,167</u>

Downers Grove Grade School District No. 58
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET DEFICIT
June 30, 2019

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

Total fund balances - governmental funds	\$	24,381,850
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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.		23,889,676
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Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds:

Net deferred outflows and inflows of resources related to:

IMRF pension	\$ 4,117,826		
TRS pension	(1,008,266)		
RHP OPEB	75,305		
THIS OPEB	<u>(4,127,059)</u>		(942,194)

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.		(12,870)
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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>(65,486,601)</u>
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Net deficit of governmental activities	\$	<u><u>(18,170,139)</u></u>
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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, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 46,476,409	\$ 4,412,383	\$ 3,065,402	\$ 1,880,428
Replacement taxes	800,124	-	-	17,161
State aid	19,610,419	-	1,716,137	-
Federal aid	2,220,468	-	-	-
Interest	317,618	44,632	1,660	14,759
Other	3,363,040	164,338	179,423	-
Total revenues	72,788,078	4,621,353	4,962,622	1,912,348
Expenditures				
Current:				
Instruction:				
Regular programs	28,679,714	-	-	501,028
Special programs	8,406,387	-	-	399,259
Other instructional programs	1,262,972	-	-	30,523
State retirement contributions	15,104,335	-	-	-
Support services:				
Pupils	4,025,575	-	-	74,317
Instructional staff	4,468,861	-	-	208,136
General administration	1,557,879	-	-	27,593
School administration	3,312,981	-	-	167,605
Business	1,106,928	-	-	62,605
Transportation	-	-	4,412,755	-
Operations and maintenance	-	3,610,651	-	368,607
Central	577,175	-	-	47,328
Other supporting services	271,245	-	-	-
Community services	43,387	-	-	252
Nonprogrammed charges	3,382,502	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	1,363,980	90,804	-	-
Total expenditures	73,563,921	3,701,455	4,412,755	1,887,253
Excess (deficiency) of revenues over expenditures	(775,843)	919,898	549,867	25,095
Other financing sources (uses)				
Transfers in	-	56,769	-	-
Transfers (out)	(1,198,807)	(44,878)	-	-
Capital lease proceeds	1,363,980	-	-	-
Total other financing sources (uses)	165,173	11,891	-	-
Net change in fund balance	(610,670)	931,789	549,867	25,095
Fund balance, beginning of year	18,104,113	3,578,673	170,645	923,195
Fund balance, end of year	\$ 17,493,443	\$ 4,510,462	\$ 720,512	\$ 948,290

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 1,421,531	\$ -	\$ -	\$ 57,256,153
-	-	-	817,285
-	-	-	21,326,556
59,954	-	-	2,280,422
689	11,099	55	390,512
-	3,008	-	3,709,809
<u>1,482,174</u>	<u>14,107</u>	<u>55</u>	<u>85,780,737</u>
-	-	-	29,180,742
-	-	-	8,805,646
-	-	-	1,293,495
-	-	-	15,104,335
-	-	-	4,099,892
-	-	-	4,676,997
-	-	-	1,585,472
-	-	-	3,480,586
-	-	-	1,169,533
-	-	-	4,412,755
-	-	-	3,979,258
-	-	-	624,503
-	-	-	271,245
-	-	-	43,639
-	-	-	3,382,502
1,780,497	-	-	1,780,497
357,824	-	-	357,824
-	1,057,164	-	2,511,948
<u>2,138,321</u>	<u>1,057,164</u>	<u>-</u>	<u>86,760,869</u>
(656,147)	(1,043,057)	55	(980,132)
543,218	643,698	-	1,243,685
-	-	-	(1,243,685)
-	-	-	1,363,980
<u>543,218</u>	<u>643,698</u>	<u>-</u>	<u>1,363,980</u>
(112,929)	(399,359)	55	383,848
<u>619,040</u>	<u>593,914</u>	<u>8,422</u>	<u>23,998,002</u>
<u>\$ 506,111</u>	<u>\$ 194,555</u>	<u>\$ 8,477</u>	<u>\$ 24,381,850</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, 2019

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

Net change in fund balances - total governmental funds	\$	383,848
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.		
		250,720
Changes in deferred outflows and inflows of resources related to pensions and OPEB are reported only in the statement of activities:		
Net deferred outflows and (inflows) of resources related to:		
IMRF pension	\$6,133,599	
TRS pension	(697,893)	
RHP OPEB	31,465	
THIS OPEB	<u>(1,880,818)</u>	
		3,586,353
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.		
		1,877
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>(4,830,777)</u>
Change in net deficit of governmental activities	\$	<u><u>(607,979)</u></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, 2019

	Student Activity Fund
<hr/>	
ASSETS	
Cash	<u>\$ 180,967</u>
LIABILITIES	
Due to student groups	<u>\$ 180,967</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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

2. Fund Accounting

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

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

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net deficit 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) amounts paid by recipients of goods or services offered by the program 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.

b. Special Revenue Funds

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

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds (Continued)

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

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

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

c. Debt Service Fund

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

d. Capital Projects Funds

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

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

e. Fiduciary Fund

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

e. Fiduciary Fund (Continued)

Agency Fund - includes Student Activity Funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Although the Board of Education has the ultimate responsibility for activity funds, they are not local education agency funds. The Student Activity Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships.

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

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

Governmental 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 they are vouchered by year-end. Expenditures are recorded when a 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 judgements, which are recognized when the obligation are expected to be liquidated with expendable and available financial resources.

Property taxes, personal property 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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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.

5. Deposits and Investments

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

6. 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 deficit / fund balance that applies to a future period. At June 30, 2019, the District reported deferred outflows of resources related to pension liabilities and other postemployment benefit (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, 2019, the District reported deferred inflows related to property taxes levied for a future period, pension, and OPEB liabilities.

7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital Assets (Continued)

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

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

8. Accumulated Unpaid Vacation and Sick Pay

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

Full-time and 600-hour or more secretarial/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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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, 2019, was \$80,872 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.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net deficit. 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 as incurred.

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

10. Personal Property Replacement Taxes

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

11. Budgetary Data

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

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Restricted Net Position

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

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

13. Fund Balance

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

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, or laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds, as well as debt service funds and capital projects funds, are by definition restricted for those specified purposes. All restricted fund balances are for purposes of the restricted funds as described in Note A-3.
- 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 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, 2019, the District has committed \$804,975 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, 2019, the District has assigned \$1,462,586 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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. 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.

14. Use of Estimates

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

15. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities, 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, 2019

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	\$	11,428,368
TRS net pension liability		2,777,331
IMRF net pension liability		10,889,769
RHP total other postemployment benefit liability		2,222,514
THIS net other postemployment benefit liability		36,874,634
Capital leases		1,213,113
Compensated absences		<u>80,872</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net deficit - governmental activities	\$	<u><u>65,486,601</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	\$	2,298,098
Depreciation expense		(2,036,451)
Capital asset disposal, net of accumulated depreciation		<u>(10,927)</u>
Net adjustment to net change in fund balances - total governmental funds to arrive at change in net deficit - governmental activities	\$	<u><u>250,720</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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	\$ (1,363,980)
Accretion of capital appreciation bonds	(85,172)
Principal repayments	
General obligation bonds	1,260,000
Capital leases	520,497
TRS pension liability, net	1,181,193
IMRF pension liability, net	(6,357,577)
RHP other postemployment benefits liability, net	44,678
THIS other postemployment benefits liability, net	(17,036)
Compensated absences, net	<u>(13,380)</u>
 Net adjustment to net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 \$ <u><u>(4,830,777)</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, 2019, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>27,445,376</u>	\$ <u>180,967</u>	\$ <u>27,626,343</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

For disclosure purposes, this amount is segregated into the following components:

		<u>Total</u>	
Cash on hand	\$	1,250	
Deposits with financial institutions*		24,263,104	
Illinois School District Liquid Asset Fund Plus		3,360,316	
Illinois Funds		<u>1,673</u>	
	\$	<u>27,626,343</u>	

* Includes accounts held in demand and savings accounts, and money market savings accounts, which are valued at cost.

1. Interest Rate Risk

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

Investments measured at net asset value (NAV):

			<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Illinois Funds	\$	1,673	n/a	Daily	1 day
ISDALF+		3,360,316	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 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, 2019

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, 2019, the bank balances of the District's deposits with financial institutions totaled \$26,296,271, 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 high quality investment pools and/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 2018 tax levy resolution was approved by the Board on November 12, 2018. 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, 2019

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 2018 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 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, 2019

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 223,031	\$ -	\$ -	\$ 223,031
Construction in progress	1,488,281	867,505	2,355,786	-
Total capital assets, not being depreciated	1,711,312	867,505	2,355,786	223,031
Capital assets, being depreciated				
Land improvements	2,635,593	-	-	2,635,593
Buildings and improvements	45,816,309	2,355,786	-	48,172,095
Equipment	8,379,239	1,430,593	61,887	9,747,945
Total capital assets, being depreciated	56,831,141	3,786,379	61,887	60,555,633
Less accumulated depreciation for:				
Land improvements	1,460,038	89,049		1,549,087
Buildings and improvements	26,056,616	1,365,147	-	27,421,763
Equipment	7,386,843	582,255	50,960	7,918,138
Total accumulated depreciation	34,903,497	2,036,451	50,960	36,888,988
Total capital assets, being depreciated, net	21,927,644	1,749,928	10,927	23,666,645
Governmental activities capital assets, net	\$ 23,638,956	\$ 2,617,433	\$ 2,366,713	\$ 23,889,676

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE E - CAPITAL ASSETS (Continued)

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

Regular programs	\$	723,773
Special programs		23,302
Pupils		4,655
Instructional staff		161,571
General administration		4,312
School administration		4,198
Business		1,070,312
Central		<u>44,328</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>2,036,451</u></u>

NOTE F - LONG-TERM LIABILITIES

1. Changes in Long-term Liabilities

During the year ended June 30, 2019, changes in long-term liabilities were as follows:

		<u>Balance</u> <u>July 1, 2018</u>		<u>Additions/</u> <u>Accretion</u>		<u>Reductions</u>		<u>Balance</u> <u>June 30, 2019</u>
General obligation bonds	\$	12,603,196	\$	85,172	\$	1,260,000	\$	11,428,368
TRS net pension liability		3,958,524		49,082		1,230,275		2,777,331
IMRF net pension liability		4,532,192		8,945,313		2,587,736		10,889,769
RHP total other postemployment benefit liability		2,267,192		267,270		311,948		2,222,514
THIS net other postemployment benefit liability		36,857,598		2,190,473		2,173,437		36,874,634
Capital leases		369,630		1,363,980		520,497		1,213,113
Compensated absences		<u>67,492</u>		<u>139,435</u>		<u>126,055</u>		<u>80,872</u>
 Total long-term liabilities - governmental activities	 \$	 <u><u>60,655,824</u></u>	 \$	 <u><u>13,040,725</u></u>	 \$	 <u><u>8,209,948</u></u>	 \$	 <u><u>65,486,601</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE F - LONG-TERM LIABILITIES (Continued)

1. Changes in Long-term Liabilities (Continued)

Due within one year	
General obligation bonds	\$ 1,210,000
Capital leases	446,290
	\$ 1,656,290

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%	\$ 3,680,000	\$ 3,680,000
2013 General Obligation Bonds, due December 15, 2025	3.00%	4,940,000	4,940,000
2018 Capital Appreciation Bonds, due December 15, 2027	1.75% - 3.18%	3,530,000	2,808,368
		\$ 12,150,000	\$ 11,428,368

At June 30, 2019, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending	Principal	Interest	Total
June 30			
2020	\$ 1,210,000	283,890	\$ 1,493,890
2021	1,270,000	231,952	1,501,952
2022	1,340,000	175,905	1,515,905
2023	1,410,000	124,253	1,534,253
2024	1,480,000	79,500	1,559,500
2025-2028	5,440,000	39,150	5,479,150
Total	\$ 12,150,000	\$ 934,650	\$ 13,084,650

A percentage of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government. Future annual subsidy amounts may be subject to future increases or decreases as sequestration levels fall or rise, which cannot be determined at this time.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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 \$506,111 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, 2019, the statutory debt limit for the District was \$202,521,431, of which \$189,158,318 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 annual payments of principal and interest ranging from \$18,068 to \$348,597. The obligations are repaid from the Debt Service Fund, with funding provided by transfers from the General (Educational Account) Fund and the Operations and Maintenance Fund. At June 30, 2019, 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	
2020	\$ 446,290	\$ 22,627	\$ 468,917	
2021	380,103	13,372	393,475	
2022	<u>386,720</u>	<u>6,756</u>	<u>393,476</u>	
Total	<u>\$ 1,213,113</u>	<u>\$ 42,755</u>	<u>\$ 1,255,868</u>	

The gross amount of capital assets recorded under capital leases for equipment purchased is \$1,980,978.

NOTE G - INTERFUND TRANSFERS

The District transferred \$643,698 from the General (Working Cash Account) Fund to the Capital Projects Fund during fiscal year 2019. Amount transferred was an abatement of the General (Working Cash Account) Fund.

The District transferred \$498,340 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 2019. 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, 2019

NOTE G - INTERFUND TRANSFERS (Continued)

The District transferred \$56,769 to the Operations and Maintenance Fund from the General Fund (Working Cash Account) during fiscal year 2019. 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 \$150,000 per employee, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2019, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$517,579. 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>2019</u>	<u>2018</u>
Unpaid claims, beginning of fiscal year	\$ 807,677	\$ 568,268
Incurred claims (including IBNRs)	8,169,481	8,038,581
Claim payments	<u>(8,459,579)</u>	<u>(7,799,172)</u>
Unpaid claims, end of fiscal year	<u>\$ 517,579</u>	<u>\$ 807,677</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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/fy2018; 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, 2019

NOTE I - PENSION LIABILITIES (Continued)

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

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

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, 2018, 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, 2019, 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 expenses of \$23,234,539 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$14,681,737 in the General Fund based on the current financial resources measurement basis.

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, 2019, were \$197,667, and are deferred because they were paid after the June 30, 2018 measurement date.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE I - PENSION LIABILITIES (Continued)

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

General Information about the Pension Plan (Continued)

Contributions (Continued)

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, 2019.

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. As the District has a sizable amount of the employees paid from Federal and special trusts this change in allocation methodology due to a change in pension law at July 1, 2017 significantly lowered the District's proportionate share of net pension liability.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$286,149 were paid from federal and special trust funds that required employer contributions of \$28,186.

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 District is 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. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the District paid \$695 to TRS for employer contributions due on salary increases in excess of 6 percent to TRS, \$0 for salary increases in excess of 3 percent, and \$0 for sick leave days granted in excess of the normal annual allotment.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

At June 30, 2019, 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	\$	2,777,331
State's proportionate share of the net pension liability associated with the District		<u>190,258,816</u>
 Total		 <u><u>\$ 193,036,147</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. 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, 2018, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2018, the District's proportion was 0.0035632007 percent, which was a decrease of 0.0016182398 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized the following pension expense/expenditures and revenue pertaining to the District's employees:

	<u>Governmental Activities</u>	<u>General Fund</u>
State on-behalf contributions - revenue and expense/expenditure	\$ 23,234,539	\$ 14,681,737
District TRS pension expense (benefit)	<u>(337,654)</u>	<u>197,667</u>
 Total TRS expense/expenditure	 <u><u>\$ 22,896,885</u></u>	 <u><u>\$ 14,879,404</u></u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,819	\$ 605
Change of assumptions	121,812	78,715
Net difference between projected and actual earnings on pension plan investments	-	8,504
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>222,158</u>	<u>1,517,898</u>
 Total deferred amounts to be recognized in pension expense in the future periods	 <u>399,789</u>	 <u>1,605,722</u>
 District contributions subsequent to the measurement date	 <u>197,667</u>	 <u>-</u>
 Total deferred amounts related to pensions	 <u>\$ 597,456</u>	 <u>\$ 1,605,722</u>

The District reported \$197,667 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, 2020. 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>	<u>Net Deferred Inflows of Resources</u>
2020	\$ 333,795
2021	343,023
2022	222,191
2023	209,458
2024	<u>97,466</u>
 Total	 <u>\$ 1,205,933</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

The total pension liability in the June 30, 2018 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

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) 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:

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities. large cap	15.0 %	6.7 %
U.S. equities small/mid cap	2.0	7.9
International equities developed	13.6	7.0
Emerging market equities	3.4	9.4
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.4
International debt developed	2.2	1.3
Emerging international debt	2.6	4.5
Real estate	16.0	5.4
Real return	4.0	1.8
Absolute return	14.0	3.9
Private equity	15.0	10.2
Total	100.0 %	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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)

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 Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ <u>3,406,134</u>	\$ <u>2,777,331</u>	\$ <u>2,270,955</u>

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued *TRS Comprehensive Annual Financial Report*.

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.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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.

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	358
Inactive plan members entitled to but not yet receiving benefits	513
Active plan members	<u>231</u>
Total	<u><u>1,102</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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 2018 was 15.56%. For the fiscal year ended June 30, 2019 the District contributed \$895,295 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, 2018. 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, 2018:

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	7.25%
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, 2019

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
Equities	37%	(6.08%)
International equities	18%	(14.16%)
Fixed Income	28%	(0.28%)
Real Estate	9%	8.36%
Alternative Investments	7%	4.75% - 12.40%
Cash Equivalents	1%	2.50%
Total	100%	

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE I - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

A Single Discount Rate of 7.25% 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 pension plan investments is 7.25%, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA index"), and the resulting single discount rate is 7.25%.

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, 2018:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 45,713,791	\$ 41,181,599	\$ 4,532,192
Changes for the year:			
Service cost	619,570	-	619,570
Interest on the total pension liability	3,339,906	-	3,339,906
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	1,275,982	-	1,275,982
Changes of assumptions	1,182,124	-	1,182,124
Contributions - employer	-	918,803	(918,803)
Contributions - employees	-	269,112	(269,112)
Net investment income	-	(2,527,731)	2,527,731
Benefit payments, including refunds of employee contributions	(2,982,999)	(2,982,999)	-
Other (net transfer)	-	1,399,821	(1,399,821)
Net changes	3,434,583	(2,922,994)	6,357,577
Balances at December 31, 2018	\$ 49,148,374	\$ 38,258,605	\$ 10,889,769

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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 7.25%, 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 (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Higher (8.25%)</u>
Net pension liability	\$ <u>16,173,854</u>	\$ <u>10,889,769</u>	\$ <u>6,444,125</u>

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

For the year ended June 30, 2019 the District recognized pension expense of \$1,119,266. At June 30, 2019, 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	\$ 510,592	\$ -
Change of assumptions	473,034	-
Net difference between projected and actual earnings on pension plan investments	<u>5,108,599</u>	<u>2,440,996</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>6,092,225</u>	<u>2,440,996</u>
Pension contributions made subsequent to the measurement date	<u>466,597</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 6,558,822</u>	<u>\$ 2,440,996</u>

The District reported \$466,597 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, 2020.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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 Outflows of Resources
2020	\$ 1,854,921
2021	369,363
2022	306,640
2023	1,120,305
2024	-
Thereafter	-
Total	\$ 3,651,229

3. Summary of Pension Items

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 197,667	\$ 466,597	\$ 664,264
Experience	55,819	510,592	566,411
Assumptions	121,812	473,034	594,846
Proportionate share	222,158	-	222,158
Investments	-	5,108,599	5,108,599
	\$ 597,456	\$ 6,558,822	\$ 7,156,278
Net pension liability	\$ 2,777,331	\$ 10,889,769	\$ 13,667,100
Pension expense	\$ 22,896,885	\$ 1,119,266	\$ 24,016,151
Deferred inflows of resources:			
Experience	\$ 605	\$ -	\$ 605
Assumptions	78,715	-	78,715
Investments	8,504	2,440,996	2,449,500
Proportionate share	1,517,898	-	1,517,898
	\$ 1,605,722	\$ 2,440,996	\$ 4,046,718

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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, 2019

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. In the fund financial statements, the State contributions are intended to match contributions to the THIS Fund from active members, which were 1.24 percent of pay during the year ended June 30, 2019. In the government-wide financial statements, State of Illinois contributions also include 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). For the year ended June 30, 2019, the District recognized revenue and expenses of \$2,720,852 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$422,598 in the General Fund based on the current financial resources measurement basis for State of Illinois contributions on behalf of the District's employees.

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.92 percent during the year ended June 30, 2019. For the year ended June 30, 2019, the District paid \$313,540 to the THIS Fund, which was 100 percent of the required contribution. These amounts are deferred because they were paid after the June 30, 2018 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, 2019, 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	\$ 36,874,634
State's estimated proportionate share of the net OPEB liability associated with the District*	<u>49,514,681</u>
Total	<u>\$ 86,389,315</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. 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, 2018, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2018, the District's proportion was 0.139964 percent, which was a decrease of 0.002071 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized the following for OPEB expense/expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contributions - OPEB revenue and expense/expenditure	\$ 2,720,852	\$ 422,598
District OPEB pension expense	2,190,473	313,540
Total OPEB expense/expenditure	\$ 4,911,325	\$ 736,138

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 132,307
Change of assumptions	-	5,369,566
Net difference between projected and actual earnings on OPEB plan investments	-	1,132
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>1,601,898</u>	<u>539,492</u>
Total deferred amounts to be recognized in OPEB expense in future periods	<u>1,601,898</u>	<u>6,042,497</u>
District contributions subsequent to the measurement date	<u>313,540</u>	<u>-</u>
Total deferred amounts related to OPEB	<u>\$ 1,915,438</u>	<u>\$ 6,042,497</u>

The District reported \$313,540 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, 2020. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2020	\$ 743,410
2021	743,410
2022	743,410
2023	743,310
2024	743,102
Thereafter	<u>723,957</u>
Total	<u>\$ 4,440,599</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

The total OPEB liability in the June 30, 2018 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, 2018, contribution rates are 1.18% of pay for active members, 0.88% of pay for school districts, and 1.18% 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
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 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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)

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 1.18 percent, 0.88 percent, 1.18 percent of pay, respectively for fiscal year 2018. 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 3.56 percent at June 30, 2017, and 3.62 percent at June 30, 2018, was used to measure the total OPEB liability. The increase in the single discount rate, from 3.56 percent to 3.62 percent, caused the total OPEB liability for the entire plan to decrease by approximately \$285 million as of June 30, 2018.

Investment Return

During plan year end June 30, 2018, the trust earned \$743,000 in interest, and due to benefit payables, the market value of assets at June 30, 2018, is a negative \$9.23 million. Given the 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 1.301% for plan year end June 30, 2018, and 0.678% for plan year end June 30, 2017.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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 Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.62 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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

	<u>1% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
District's proportionate share of the net OPEB liability \$	<u>44,337,530</u>	<u>\$ 36,874,634</u>	<u>\$ 30,983,311</u>

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, 2018, 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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<u>1% Decrease*</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase**</u>
District's proportionate share of the net OPEB liability \$	<u>29,899,356</u>	<u>\$ 36,874,634</u>	<u>\$ 46,272,007</u>

* One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2028 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 (most recent information available) 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, 2019

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 2019, the District contributed \$281,131 toward the cost of the postemployment benefits for retirees, which was 0.87% of covered payroll.

Total OPEB Liability

The total OPEB liability 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	2.79%
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 years
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, 2019

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.
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Change in Assumptions

The Discount Rate was changed from 3.37% used in the Fiscal Year 2018 valuation to 2.79%, which is the S&P Municipal Bond 10 Year High Grade Rate Index as of June 30, 2019.

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 2.79% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2019.

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Changes in the Total OPEB Liability

The following table shows the components of the change in the District's net OPEB liability for the fiscal year ended June 30, 2019 based upon a rollforward actuarial valuation from the actuarial valuation performed July 1, 2017 to the fiscal year end:

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at July 1, 2018	\$ 2,267,192	\$ -	\$ 2,267,192
Changes for the year:			
Service cost	125,285	-	125,285
Interest on the total OPEB liability	71,667	-	71,667
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	-	-	-
Changes of assumptions and other inputs	70,317	-	70,317
Contributions - employer	-	-	-
Contributions - active and inactive employees	-	-	-
Net investment income	-	-	-
Benefit payments, including the implicit rate subsidy	(281,131)	-	(281,131)
Other changes	(30,816)	-	(30,816)
Net changes	<u>(44,678)</u>	<u>-</u>	<u>(44,678)</u>
Balances at June 30, 2019	<u>\$ 2,222,514</u>	<u>\$ -</u>	<u>\$ 2,222,514</u>

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 2.79%, 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:

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

	1% Lower <u>(1.79%)</u>	Current Discount Rate (2.79%)	1% Higher <u>(3.79%)</u>
Total OPEB liability	\$ <u>2,348,541</u>	\$ <u>2,222,514</u>	\$ <u>2,102,628</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 <u>(4.00%-5.50%)</u>	Current Healthcare Rate <u>(5.00%-6.50%)</u>	1% Higher <u>(6.00%-7.50%)</u>
Total OPEB liability	\$ <u>2,157,234</u>	\$ <u>2,222,514</u>	\$ <u>2,297,805</u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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, 2019 the District recognized OPEB expense of \$204,988. At June 30, 2019, 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	\$ 76,383	\$ -
Change of assumptions	<u>80,127</u>	<u>81,205</u>
 Total deferred amounts to be recognized in OPEB expense in the future periods	 \$ <u>156,510</u>	 \$ <u>81,205</u>

Other 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>
2020	\$ 8,035
2021	8,035
2022	8,035
2023	8,035
2024	8,035
Thereafter	<u>35,130</u>
 Total	 \$ <u><u>75,305</u></u>

Downers Grove Grade School District No. 58

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

3. Summary of OPEB Items

Below is a summary of the various OPEB items at June 30, 2019:

	<u>THIS</u>	<u>RHP</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 313,540	\$ -	\$ 313,540
Experience	-	76,383	76,383
Assumptions	-	80,127	80,127
Proportionate share	<u>1,601,898</u>	<u>-</u>	<u>1,601,898</u>
	<u>\$ 1,915,438</u>	<u>\$ 156,510</u>	<u>\$ 2,071,948</u>
OPEB liability	<u>\$ 36,874,634</u>	<u>\$ 2,222,514</u>	<u>\$ 39,097,148</u>
OPEB expense	<u>\$ 4,911,325</u>	<u>\$ 204,988</u>	<u>\$ 5,116,313</u>
Deferred inflows of resources:			
Assumptions	\$ 5,369,566	\$ 81,205	\$ 5,450,771
Experience	132,307	-	132,307
Investments	1,132	-	1,132
Proportionate share	<u>539,492</u>	<u>-</u>	<u>539,492</u>
	<u>\$ 6,042,497</u>	<u>\$ 81,205</u>	<u>\$ 6,123,702</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, 2019

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 - COMMITMENTS

As of June 30, 2019, the District has committed to approximately \$104,000 in capital projects.

NOTE N - SUBSEQUENT EVENT

Management has evaluated subsequent events through December 13, 2019, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

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

Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 619,570	\$ 686,233	\$ 782,284
Interest on the total pension liability	3,339,906	3,346,657	3,197,627
Difference between expected and actual experience of the total pension liability	1,275,982	175,824	615,264
Assumption changes	1,182,124	(1,385,320)	(241,033)
Benefit payments and refunds	(2,982,999)	(2,777,166)	(2,433,212)
Net change in total pension liability	<u>3,434,583</u>	<u>46,228</u>	<u>1,920,930</u>
Total pension liability, beginning	45,713,791	45,667,563	43,746,633
Total pension liability, ending	<u><u>\$ 49,148,374</u></u>	<u><u>\$ 45,713,791</u></u>	<u><u>\$ 45,667,563</u></u>
Plan fiduciary net position			
Contributions, employer	\$ 918,803	\$ 848,576	\$ 926,983
Contributions, employee	269,112	276,271	287,160
Net investment income	(2,527,731)	6,760,004	2,342,140
Benefit payments, including refunds of employee contributions	(2,982,999)	(2,777,166)	(2,433,212)
Other (net transfer)	<u>1,399,821</u>	<u>(1,282,568)</u>	<u>427,864</u>
Net change in plan fiduciary net position	(2,922,994)	3,825,117	1,550,935
Plan fiduciary net position, beginning	41,181,599	37,356,482	35,805,547
Plan fiduciary net position, ending	<u><u>\$ 38,258,605</u></u>	<u><u>\$ 41,181,599</u></u>	<u><u>\$ 37,356,482</u></u>
Net pension liability	<u><u>\$ 10,889,769</u></u>	<u><u>\$ 4,532,192</u></u>	<u><u>\$ 8,311,081</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.84 %	90.09 %	81.80 %
Covered Valuation Payroll	\$ 5,904,907	\$ 6,084,557	\$ 6,336,280
Net pension liability as a percentage of covered valuation payroll	184.42 %	74.49 %	131.17 %

Note 1: Actuarial valuations are as of December 31, which is six months prior to the end of the fiscal year.

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

	<u>2016</u>		<u>2015</u>
\$	746,714	\$	830,709
	3,037,325		2,779,385
	603,963		150,038
	95,189		1,726,170
	(2,047,024)		(1,736,852)
	<u>2,436,167</u>		<u>3,749,450</u>
	41,310,466		37,561,016
\$	<u><u>43,746,633</u></u>	\$	<u><u>41,310,466</u></u>
\$	908,587	\$	887,996
	301,130		363,996
	178,145		2,081,383
	(2,047,024)		(1,736,852)
	<u>417,073</u>		<u>87,652</u>
	(242,089)		1,684,175
	<u>36,047,636</u>		<u>34,363,461</u>
\$	<u><u>35,805,547</u></u>	\$	<u><u>36,047,636</u></u>
\$	<u><u>7,941,086</u></u>	\$	<u><u>5,262,830</u></u>
	81.85 %		87.26 %
\$	6,619,221	\$	6,788,974
	119.97 %		77.52 %

Downers Grove Grade School District No. 58
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
Five Most Recent Fiscal Years

<u>Year</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>
2019	\$ 918,804	* \$ 918,803	\$ 1	\$ 5,904,907	15.56 %
2018	846,970	848,576	(1,606)	6,084,557	13.95
2017	913,058	926,983	(13,925)	6,336,280	14.63
2016	900,876	908,587	(7,711)	6,619,221	13.73
2015	887,997	887,996	1	6,788,974	13.08

* Estimated based on contribution rate of 15.56% and covered valuation payroll of \$5,904,907 (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
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.0035632007 %	0.0051814405 %	0.0046950648 %
District's proportionate share of the net pension liability	\$ 2,777,331	\$ 3,958,524	\$ 3,706,099
State's proportionate share of the net pension liability associated with the District	<u>190,258,816</u>	<u>241,739,723</u>	<u>255,215,128</u>
Total	<u>\$ 193,036,147</u>	<u>\$ 245,698,247</u>	<u>\$ 258,921,227</u>
District's covered-employee payroll	\$ 33,190,956	\$ 32,682,535	\$ 31,176,055
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.37 %	12.11 %	11.89 %
Plan fiduciary net position as a percentage of the total pension liability	40.0 %	39.3 %	36.4 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

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

<u>2016</u>	<u>2015</u>
0.0066063731 %	0.0064739066 %
\$ 4,327,840	\$ 3,939,908
<u>188,886,330</u>	<u>187,434,288</u>
\$ <u>193,214,170</u>	\$ <u>191,374,196</u>
\$ 30,136,212	\$ 30,291,184
14.36 %	13.01 %
41.5 %	43.0 %

Downers Grove Grade School District No. 58
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
 Teachers' Retirement System of the State of Illinois
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 192,508	\$ 238,814	\$ 186,079
Contributions in relation to the contractually required contribution	<u>148,048</u>	<u>213,474</u>	<u>181,826</u>
Contribution deficiency (excess)	\$ <u><u>44,460</u></u>	\$ <u><u>25,340</u></u>	\$ <u><u>4,253</u></u>
District's covered-employee payroll	\$ 34,080,454	\$ 33,190,956	\$ 32,682,535
Contributions as a percentage of covered-employee payroll	0.43 %	0.64 %	0.56 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

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

<hr/>			
	<u>2016</u>		<u>2015</u>
\$	229,365	\$	223,244
	<u>231,487</u>		<u>230,986</u>
\$	<u><u>(2,122)</u></u>	\$	<u><u>(7,742)</u></u>
\$	31,176,055	\$	30,136,212
	0.74	%	0.77
			%

Downers Grove Grade School District No. 58

MULTIYEAR SCHEDULE OF CHANGES IN TOTAL OTHER POSTRETIREMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS

Retiree Health Plan

Two Most Recent Fiscal Years

	2019	2018
Total OPEB liability		
Service cost	\$ 125,285	\$ 112,964
Interest on the total OPEB liability	71,667	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	70,317	19,900
Benefit payments, including the implicit rate subsidy	(281,131)	(303,313)
Other changes	(30,816)	(65,122)
Net change in total OPEB liability	(44,678)	(70,803)
Total OPEB liability, beginning	2,267,192	2,337,995
Total OPEB liability, ending	\$ 2,222,514	\$ 2,267,192
Plan fiduciary net position		
Contributions, employer	\$ -	\$ -
Contributions, employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Other (net transfer)	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position, beginning	-	-
Plan fiduciary net position, ending	\$ -	\$ -
Net OPEB liability	\$ 2,222,514	\$ 2,267,192
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %
Covered Valuation Payroll	\$ 32,306,296	\$ 32,306,296
Net OPEB liability as a percentage of covered valuation payroll	6.90 %	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
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY
Teachers' Health Insurance Security Fund
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1399640000 %	0.1420350000 %
District's proportionate share of the net OPEB liability	\$ 36,874,634	\$ 36,857,598
State's proportionate share of the net OPEB liability associated with the District	<u>49,514,681</u>	<u>48,403,185</u>
Total	<u>\$ 86,389,315</u>	<u>\$ 85,260,783</u>
District's covered-employee payroll	\$ 33,190,956	\$ 32,682,535
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	111.10%	112.77%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

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
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Health Insurance Security Fund
Two Most Recent Fiscal Years

Fiscal year ended June 30,	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 292,080	\$ 274,533
Contributions in relation to the contractually required contribution	<u>291,980</u>	<u>274,467</u>
Contribution excess	<u><u>\$ (100)</u></u>	<u><u>\$ (66)</u></u>
District's covered-employee payroll	\$ 34,080,454	\$ 33,190,956
Contributions as a percentage of covered-employee payroll	0.86%	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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 46,195,009	\$46,476,409	\$ 281,400	\$44,145,595
Corporate personal property replacement taxes	674,167	800,124	125,957	623,009
Regular tuition from pupils or parents	200,000	187,191	(12,809)	173,500
Summer school tuition from pupils or parents	50,000	36,853	(13,147)	79,045
Special education tuition from other districts	30,000	-	(30,000)	17,619
Interest on investments	155,000	317,618	162,618	178,412
Sales to pupils - lunch	300,000	312,818	12,818	347,219
Fees	-	1,298	1,298	-
Other district/school activity revenue	72,000	64,698	(7,302)	60,254
Rentals - regular textbook	760,000	747,871	(12,129)	518,363
Rentals - other	50,000	62,370	12,370	52,181
Sales - regular textbook	11,000	-	(11,000)	-
Sales - other	3,500	190,000	186,500	-
Contributions and donations from private sources	150,000	175,910	25,910	253,036
Impact fees from municipal or county governments	-	7,896	7,896	2,452
Refund of prior years' expenditures	250,000	268,415	18,415	-
Payment from other districts	-	63,505	63,505	44,930
Local fees	890,000	1,079,081	189,081	844,388
Other	90,000	165,134	75,134	200,425
Total local sources	<u>49,880,676</u>	<u>50,957,191</u>	<u>1,076,515</u>	<u>47,540,428</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
State sources				
Evidenced Based Funding	\$ 3,205,635	\$ 3,205,635	\$ -	\$ 3,099,977
Special Education -				
Private Facility Tuition	800,000	778,319	(21,681)	691,803
Special Education - Orphanage				
- Individual	50,000	155,059	105,059	93,676
Bilingual Ed. - Downstate				
- T.P.I. and T.P.E.	-	-	-	18,222
State Free Lunch and Breakfast	2,000	2,262	262	1,543
Early Childhood - Block Grant	123,600	364,809	241,209	137,025
On Behalf Payments to TRS from the State	<u>30,000,000</u>	<u>15,104,335</u>	<u>(14,895,665)</u>	<u>27,381,894</u>
Total state sources	<u>34,181,235</u>	<u>19,610,419</u>	<u>(14,570,816)</u>	<u>31,424,140</u>
Federal sources				
National School Lunch Program	100,000	96,008	(3,992)	98,487
Special Milk Program	42,000	34,909	(7,091)	39,451
Title I - Low Income	375,430	332,360	(43,070)	374,801
Title IV A - Student Support and Academic Enrichment	10,000	-	(10,000)	-
Federal - Special Education - Pre-School Flow Through	80,000	65,612	(14,388)	12,957
- I.D.E.A. - Flow Through	1,118,083	1,109,232	(8,851)	1,056,457
Federal - Special Education				
- I.D.E.A. - Room and Board	130,000	125,292	(4,708)	100,746
Title III - Language Inst. Program -				
Limited Eng (LIPLEP)	26,606	12,114	(14,492)	2,830
Title II - Teacher Quality	103,461	78,888	(24,573)	34,510
Medicaid Matching Funds -				
Administrative Outreach	80,000	48,469	(31,531)	70,687
Medicaid Matching Funds -				
Fee-For-Service-Program	<u>-</u>	<u>317,584</u>	<u>317,584</u>	<u>378,205</u>
Total federal sources	<u>2,065,580</u>	<u>2,220,468</u>	<u>154,888</u>	<u>2,169,131</u>
Total revenues	<u>86,127,491</u>	<u>72,788,078</u>	<u>(13,339,413)</u>	<u>81,133,699</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 15,632,493	\$22,679,320	\$(7,046,827)	\$20,568,865
Employee benefits	4,428,786	4,321,950	106,836	4,358,267
On-behalf payments to TRS from the state	30,000,000	15,104,335	14,895,665	27,381,894
Purchased services	159,550	168,474	(8,924)	196,918
Supplies and materials	1,319,614	1,494,407	(174,793)	1,203,713
Capital outlay	-	-	-	260
Other objects	4,000	3,705	295	3,371
Non-capitalized equipment	9,500	11,858	(2,358)	12,901
Total	<u>51,553,943</u>	<u>43,784,049</u>	<u>7,769,894</u>	<u>53,726,189</u>
Tuition payment to charter schools				
Purchased services	15,250	-	15,250	-
Total	<u>15,250</u>	<u>-</u>	<u>15,250</u>	<u>-</u>
Pre-K programs				
Salaries	5,619,266	308,325	5,310,941	490,191
Employee benefits	1,050,828	75,433	975,395	121,348
Supplies and materials	1,500	10	1,490	1,781
Total	<u>6,671,594</u>	<u>383,768</u>	<u>6,287,826</u>	<u>613,320</u>
Special education programs				
Salaries	561,515	4,595,045	(4,033,530)	4,652,629
Employee benefits	62,101	655,736	(593,635)	711,933
Purchased services	6,000	4,702	1,298	10,903
Supplies and materials	38,206	73,264	(35,058)	46,785
Other objects	1,050,000	2,184,189	(1,134,189)	1,492,481
Non-capitalized equipment	-	-	-	12,492
Total	<u>1,717,822</u>	<u>7,512,936</u>	<u>(5,795,114)</u>	<u>6,927,223</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, 2019

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

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Special education programs pre-K				
Salaries	\$ 733,096	\$ 437,562	\$ 295,534	\$ 462,233
Employee benefits	132,866	88,182	44,684	53,588
Purchased services	16,000	203	15,797	40
Supplies and materials	26,000	13,575	12,425	33,158
Non-capitalized equipment	-	-	-	1,987
Total	<u>907,962</u>	<u>539,522</u>	<u>368,440</u>	<u>551,006</u>
Remedial and Supplemental programs K-12				
Salaries	4,208,218	289,679	3,918,539	176,024
Employee benefits	1,361	64,100	(62,739)	3,787
Supplies and materials	88,600	150	88,450	224
Total	<u>4,298,179</u>	<u>353,929</u>	<u>3,944,250</u>	<u>180,035</u>
Interscholastic programs				
Salaries	115,000	94,345	20,655	88,232
Employee benefits	1,065	1,316	(251)	1,183
Purchased services	7,000	6,116	884	5,861
Supplies and materials	7,000	4,764	2,236	6,929
Total	<u>130,065</u>	<u>106,541</u>	<u>23,524</u>	<u>102,205</u>
Summer school programs				
Salaries	73,704	71,908	1,796	102,582
Employee benefits	1,278	990	288	1,993
Supplies and materials	3,000	4,671	(1,671)	3,918
Total	<u>77,982</u>	<u>77,569</u>	<u>413</u>	<u>108,493</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Gifted programs				
Salaries	\$ 61,860	\$ 52,274	\$ 9,586	\$ 59,720
Employee benefits	932	847	85	935
Purchased services	-	321	(321)	991
Supplies and materials	<u>2,500</u>	<u>1,962</u>	<u>538</u>	<u>3,245</u>
Total	<u>65,292</u>	<u>55,404</u>	<u>9,888</u>	<u>64,891</u>
Bilingual programs				
Salaries	666,812	525,913	140,899	644,461
Employee benefits	116,845	98,847	17,998	119,507
Purchased services	4,400	1,899	2,501	4,457
Supplies and materials	<u>26,740</u>	<u>13,031</u>	<u>13,709</u>	<u>1,880</u>
Total	<u>814,797</u>	<u>639,690</u>	<u>175,107</u>	<u>770,305</u>
Total instruction	<u>66,252,886</u>	<u>53,453,408</u>	<u>12,784,228</u>	<u>63,043,667</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	980,584	1,066,516	(85,932)	948,304
Employee benefits	167,798	205,824	(38,026)	180,440
Purchased services	-	91	(91)	-
Supplies and materials	<u>1,300</u>	<u>1,188</u>	<u>112</u>	<u>1,601</u>
Total	<u>1,149,682</u>	<u>1,273,619</u>	<u>(123,937)</u>	<u>1,130,345</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Guidance services				
Salaries	\$ 378,583	\$ 382,012	\$ (3,429)	\$ 365,947
Employee benefits	81,856	79,660	2,196	77,987
Supplies and materials	300	189	111	271
Total	460,739	461,861	(1,122)	444,205
Health services				
Salaries	457,749	447,842	9,907	422,461
Employee benefits	67,301	66,731	570	68,285
Purchased services	12,400	121,267	(108,867)	153,172
Supplies and materials	14,710	10,529	4,181	15,089
Non-capitalized equipment	1,000	-	1,000	-
Total	553,160	646,369	(93,209)	659,007
Psychological services				
Salaries	426,834	458,812	(31,978)	413,726
Employee benefits	91,679	102,562	(10,883)	79,109
Purchased services	5,000	52,413	(47,413)	24,154
Supplies and materials	2,500	-	2,500	341
Total	526,013	613,787	(87,774)	517,330
Speech pathology and audiology services				
Salaries	951,613	886,518	65,095	928,278
Employee benefits	158,058	146,851	11,207	150,114
Purchased services	5,300	13,574	(8,274)	7,326
Supplies and materials	1,300	854	446	1,744
Total	1,116,271	1,047,797	68,474	1,087,462
Total pupils	3,805,865	4,043,433	(237,568)	3,838,349

(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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Instructional staff				
Improvement of instruction services				
Salaries	\$ 1,513,754	\$ 1,527,486	\$ (13,732)	\$ 1,473,019
Employee benefits	333,650	344,843	(11,193)	287,132
Purchased services	214,965	174,405	40,560	143,532
Supplies and materials	32,800	18,664	14,136	22,082
Other objects	-	1,747	(1,747)	4,201
	<u>2,095,169</u>	<u>2,067,145</u>	<u>28,024</u>	<u>1,929,966</u>
Educational media services				
Salaries	2,162,097	1,214,259	947,838	2,056,231
Employee benefits	462,011	235,547	226,464	418,094
Purchased services	1,033,200	686,169	347,031	725,383
Supplies and materials	245,832	233,363	12,469	240,155
Capital outlay	15,000	1,363,980	(1,348,980)	-
	<u>3,918,140</u>	<u>3,733,318</u>	<u>184,822</u>	<u>3,439,863</u>
Assessment and testing				
Salaries	10,000	14,103	(4,103)	3,529
Employee benefits	4,000	417	3,583	52
	<u>14,000</u>	<u>14,520</u>	<u>(520)</u>	<u>3,581</u>
	<u>6,027,309</u>	<u>5,814,983</u>	<u>212,326</u>	<u>5,373,410</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
General administration				
Board of education services				
Salaries	\$ 15,000	\$ 7,500	\$ 7,500	\$ 7,500
Employee benefits	25,000	26,968	(1,968)	34,132
Purchased services	141,000	214,529	(73,529)	153,755
Supplies and materials	10,100	4,642	5,458	4,061
Other objects	9,500	15,723	(6,223)	31
Total	200,600	269,362	(68,762)	199,479
Executive administration services				
Salaries	272,880	301,788	(28,908)	271,960
Employee benefits	87,442	86,269	1,173	78,659
Purchased services	12,500	12,013	487	15,263
Supplies and materials	14,000	11,613	2,387	12,295
Other objects	4,000	955	3,045	6,874
Total	390,822	412,638	(21,816)	385,051
Special area administrative services				
Salaries	286,375	258,601	27,774	248,336
Employee benefits	78,692	105,818	(27,126)	76,812
Purchased services	64,440	5,296	59,144	2,928
Supplies and materials	500	368	132	1,064
Total	430,007	370,083	59,924	329,140
Tort immunity services				
Purchased services	523,000	505,796	17,204	503,281
Total	523,000	505,796	17,204	503,281
Total general administration	1,544,429	1,557,879	(13,450)	1,416,951

(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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
School administration				
Office of the principal services				
Salaries	\$ 2,664,945	\$ 2,480,818	\$ 184,127	\$ 2,487,740
Employee benefits	15,000	772,096	(757,096)	789,171
Purchased services	27,046	56,879	(29,833)	182,273
Supplies and materials	5,550	3,188	2,362	-
Total	2,712,541	3,312,981	(600,440)	3,459,184
Total school administration	2,712,541	3,312,981	(600,440)	3,459,184
Business				
Direction of business support services				
Salaries	288,794	284,685	4,109	344,080
Employee benefits	85,095	66,288	18,807	79,878
Purchased services	6,500	2,174	4,326	4,246
Other objects	2,500	855	1,645	1,535
Total	382,889	354,002	28,887	429,739
Fiscal services				
Salaries	142,140	127,318	14,822	136,831
Employee benefits	45,813	46,489	(676)	47,882
Purchased services	155,500	179,210	(23,710)	163,922
Supplies and materials	3,500	1,202	2,298	558
Other objects	-	1,390	(1,390)	-
Total	346,953	355,609	(8,656)	349,193

(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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Food services				
Purchased services	\$ 469,500	\$ 390,728	\$ 78,772	\$ 400,473
Supplies and materials	800	3,404	(2,604)	2,298
Capital outlay	5,000	-	5,000	-
Non-capitalized equipment	-	3,185	(3,185)	-
	475,300	397,317	77,983	402,771
Total	475,300	397,317	77,983	402,771
Total business	1,205,142	1,106,928	98,214	1,181,703
Central				
Direction of central support services				
Salaries	278,761	298,785	(20,024)	270,414
Employee benefits	99,527	108,685	(9,158)	101,629
Purchased services	18,500	9,645	8,855	3,437
	396,788	417,115	(20,327)	375,480
Total	396,788	417,115	(20,327)	375,480
Information services				
Salaries	63,097	65,078	(1,981)	52,798
Employee benefits	25,777	24,539	1,238	24,515
Purchased services	65,000	47,413	17,587	55,276
	153,874	137,030	16,844	132,589
Total	153,874	137,030	16,844	132,589
Staff services				
Purchased services	15,500	14,155	1,345	15,081
Supplies and materials	8,500	8,875	(375)	9,578
Other objects	750	-	750	-
	24,750	23,030	1,720	24,659
Total	24,750	23,030	1,720	24,659

(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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Data processing services				
Employee benefits	\$ 268,125	\$ -	\$ 268,125	\$ -
Supplies and materials	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Total	<u>269,625</u>	<u>-</u>	<u>269,625</u>	<u>-</u>
Total central	<u>845,037</u>	<u>577,175</u>	<u>267,862</u>	<u>532,728</u>
Other supporting services				
Salaries	-	-	-	20,400
Employee benefits	-	263,033	(263,033)	262,839
Purchased services	-	2,245	(2,245)	-
Supplies and materials	<u>-</u>	<u>5,967</u>	<u>(5,967)</u>	<u>6,510</u>
Total	<u>-</u>	<u>271,245</u>	<u>(271,245)</u>	<u>289,749</u>
Total support services	<u>16,140,323</u>	<u>16,684,624</u>	<u>(544,301)</u>	<u>16,092,074</u>
Community services				
Salaries	17,921	18,357	(436)	17,498
Employee benefits	25,934	5,801	20,133	27,363
Purchased services	28,850	15,482	13,368	14,796
Supplies and materials	<u>11,000</u>	<u>3,747</u>	<u>7,253</u>	<u>3,840</u>
Total	<u>83,705</u>	<u>43,387</u>	<u>40,318</u>	<u>63,497</u>
Payments to other districts and government units				
Payments for special education programs				
Purchased services	-	7,065	(7,065)	-
Other objects	<u>3,320,000</u>	<u>3,375,437</u>	<u>(55,437)</u>	<u>3,676,810</u>
Total	<u>3,320,000</u>	<u>3,382,502</u>	<u>(62,502)</u>	<u>3,676,810</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, 2019

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

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Total payments to other districts and other government units	\$ 3,320,000	\$ 3,382,502	\$ (62,502)	\$ 3,676,810
Total expenditures	<u>85,796,914</u>	<u>73,563,921</u>	<u>12,217,743</u>	<u>82,876,048</u>
Excess (deficiency) of revenues over expenditures	<u>330,577</u>	<u>(775,843)</u>	<u>(1,121,670)</u>	<u>(1,742,349)</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	(741,845)	(643,698)	98,147	(2,099,989)
Permanent transfer from Working Cash Fund - interest	-	(56,769)	(56,769)	(71,778)
Principal on bonds sold	-	-	-	2,809,958
Capital lease proceeds	-	1,363,980	1,363,980	218,099
Other uses not classified elsewhere	-	-	-	(62,872)
Transfer to Debt Service Fund for principal on capital leases	(395,000)	(482,247)	(87,247)	(137,962)
Transfer to Debt Service Fund for interest on capital leases	<u>-</u>	<u>(16,093)</u>	<u>(16,093)</u>	<u>(19,479)</u>
Total other financing sources (uses)	<u>(1,136,845)</u>	<u>165,173</u>	<u>1,302,018</u>	<u>635,977</u>
Net change to fund balance	<u>\$ (806,268)</u>	(610,670)	<u>\$ 195,598</u>	(1,106,372)
Fund balance, beginning of year		<u>18,104,113</u>		<u>19,210,485</u>
Fund balance, end of year		<u>\$17,493,443</u>		<u>\$18,104,113</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 4,326,531	\$ 4,397,752	\$ 71,221	\$ 4,430,149
Corporate personal property replacement taxes	-	14,631	14,631	94,272
Interest on investments	25,000	44,632	19,632	20,098
Rentals	170,000	135,485	(34,515)	150,502
Contributions and donations from private sources	128,667	15,228	(113,439)	1,810
Other	<u>5,000</u>	<u>13,625</u>	<u>8,625</u>	<u>8,650</u>
Total local sources	<u>4,655,198</u>	<u>4,621,353</u>	<u>(33,845)</u>	<u>4,705,481</u>
Total revenues	<u>4,655,198</u>	<u>4,621,353</u>	<u>(33,845)</u>	<u>4,705,481</u>
Expenditures				
Business				
Facilities acquisition and construction services				
Purchased services	20,000	22,017	(2,017)	-
Capital outlay	<u>37,000</u>	<u>12,270</u>	<u>24,730</u>	<u>-</u>
Total	<u>57,000</u>	<u>34,287</u>	<u>22,713</u>	<u>-</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Operation and maintenance of plant services				
Salaries	\$ 1,959,683	\$ 1,675,042	\$ 284,641	\$ 1,755,452
Employee benefits	522,862	451,953	70,909	469,514
Purchased services	726,000	576,220	149,780	881,617
Supplies and materials	962,000	878,487	83,513	834,075
Capital outlay	10,000	78,534	(68,534)	44,183
Other objects	1,000	237	763	131
Non-capitalized equipment	-	6,695	(6,695)	-
Total	<u>4,181,545</u>	<u>3,667,168</u>	<u>514,377</u>	<u>3,984,972</u>
Total business	<u>4,238,545</u>	<u>3,701,455</u>	<u>537,090</u>	<u>3,984,972</u>
Total support services	<u>4,238,545</u>	<u>3,701,455</u>	<u>537,090</u>	<u>3,984,972</u>
Total expenditures	<u>4,238,545</u>	<u>3,701,455</u>	<u>537,090</u>	<u>3,984,972</u>
Excess of revenues over expenditures	<u>416,653</u>	<u>919,898</u>	<u>503,245</u>	<u>720,509</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	\$ -	\$ -	\$ -	\$ 2,099,989
Permanent transfer from Working Cash Fund - interest	-	56,769	56,769	71,778
Capital lease proceeds	-	-	-	206,799
Transfer to Debt Service Fund for principal on capital leases	-	(38,250)	(38,250)	(44,188)
Transfer to Debt Service Fund for interest on capital leases	-	(6,628)	(6,628)	(690)
Transfer to Capital Projects Fund	-	-	-	(2,099,989)
Total other financing sources (uses)	<u>-</u>	<u>11,891</u>	<u>(11,891)</u>	<u>233,699</u>
Net change in fund balance	<u>\$ 416,653</u>	931,789	<u>\$ 515,136</u>	954,208
Fund balance, beginning of year		<u>3,578,673</u>		<u>2,624,465</u>
Fund balance, end of year		<u>\$ 4,510,462</u>		<u>\$ 3,578,673</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 2,788,268	\$ 3,065,402	\$ 277,134	\$ 3,186,597
Regular transportation fees				
from pupils or parents	50,000	52,819	2,819	74,658
Regular transportation fees from other districts	-	101,134	101,134	-
Interest on investments	-	1,660	1,660	8,203
Other	<u>15,163</u>	<u>25,470</u>	<u>10,307</u>	<u>71,075</u>
Total local sources	<u>2,853,431</u>	<u>3,246,485</u>	<u>393,054</u>	<u>3,340,533</u>
State sources				
Transportation - Regular/Vocational	350,000	77,487	(272,513)	220,483
Transportation - Special Education	<u>825,000</u>	<u>1,638,650</u>	<u>813,650</u>	<u>567,698</u>
Total state sources	<u>1,175,000</u>	<u>1,716,137</u>	<u>541,137</u>	<u>788,181</u>
Total revenues	<u>4,028,431</u>	<u>4,962,622</u>	<u>934,191</u>	<u>4,128,714</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Pupil transportation services				
Purchased services	<u>\$ 3,953,469</u>	<u>\$ 4,412,755</u>	<u>\$ (459,286)</u>	<u>\$ 4,210,060</u>
Total support services	<u>3,953,469</u>	<u>4,412,755</u>	<u>(459,286)</u>	<u>4,210,060</u>
Total expenditures	<u>3,953,469</u>	<u>4,412,755</u>	<u>(459,286)</u>	<u>4,210,060</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 74,962</u>	549,867	<u>\$ 474,905</u>	(81,346)
Fund balance, beginning of year		<u>170,645</u>		<u>251,991</u>
Fund balance, end of year		<u>\$ 720,512</u>		<u>\$ 170,645</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 921,222	\$ 940,213	\$ 18,991	\$ 849,023
Social security/Medicare only levy	921,222	940,215	18,993	849,023
Corporate personal property replacement taxes	17,161	17,161	-	17,161
Interest on investments	<u>1,000</u>	<u>14,759</u>	<u>13,759</u>	<u>10,254</u>
Total local sources	<u>1,860,605</u>	<u>1,912,348</u>	<u>51,743</u>	<u>1,725,461</u>
Total revenues	<u>1,860,605</u>	<u>1,912,348</u>	<u>51,743</u>	<u>1,725,461</u>
Expenditures				
Instruction				
Regular programs	259,712	501,028	(241,316)	434,675
Pre-K programs	4,330	4,171	159	6,661
Special education programs	404,918	341,585	63,333	316,457
Special education programs pre-K	78,440	29,359	49,081	66,058
Remedial and supplemental programs K-12	65,525	28,315	37,210	36,479
Interscholastic programs	2,480	3,032	(552)	2,618
Summer school programs	6,625	7,227	(602)	5,087
Gifted programs	1,031	758	273	866
Bilingual programs	<u>9,279</u>	<u>15,335</u>	<u>(6,056)</u>	<u>9,135</u>
Total instruction	<u>832,340</u>	<u>930,810</u>	<u>(98,470)</u>	<u>878,036</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 13,815	\$ 15,099	\$ (1,284)	\$ 13,494
Guidance services	5,361	5,280	81	5,094
Health services	9,791	35,138	(25,347)	6,079
Psychological services	7,217	6,442	775	5,860
Speech pathology and audiology services	<u>13,094</u>	<u>12,358</u>	<u>736</u>	<u>12,944</u>
Total pupils	<u>49,278</u>	<u>74,317</u>	<u>(25,039)</u>	<u>43,471</u>
Instructional staff				
Improvement of instruction services	45,931	36,740	9,191	35,806
Educational media services	232,246	171,194	61,052	177,713
Assessment and testing	<u>1,547</u>	<u>202</u>	<u>1,345</u>	<u>51</u>
Total instructional staff	<u>279,724</u>	<u>208,136</u>	<u>71,588</u>	<u>213,570</u>
General administration				
Board of education services	4,042	1,664	2,378	1,651
Executive administration services	21,959	14,765	7,194	13,384
Special area administrative services	<u>9,942</u>	<u>11,164</u>	<u>(1,222)</u>	<u>10,591</u>
Total general administration	<u>35,943</u>	<u>27,593</u>	<u>8,350</u>	<u>25,626</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
School administration				
Office of the principal services	\$ 174,383	\$ 167,605	\$ 6,778	\$ 165,598
Other support services - school administration	26,211	-	26,211	-
Total school administration	<u>200,594</u>	<u>167,605</u>	<u>32,989</u>	<u>165,598</u>
Business				
Direction of business support services	16,485	34,142	(17,657)	44,361
Fiscal services	32,853	28,463	4,390	30,375
Operation and maintenance of plant services	<u>487,101</u>	<u>368,607</u>	<u>118,494</u>	<u>383,190</u>
Total business	<u>536,439</u>	<u>431,212</u>	<u>105,227</u>	<u>457,926</u>
Central				
Direction of central support services	27,569	32,903	(5,334)	29,850
Information services	<u>13,788</u>	<u>14,425</u>	<u>(637)</u>	<u>11,859</u>
Total central	<u>41,357</u>	<u>47,328</u>	<u>(5,971)</u>	<u>41,709</u>
Other support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>321</u>
Total support services	<u>1,143,335</u>	<u>956,191</u>	<u>187,144</u>	<u>948,221</u>
Community services	<u>-</u>	<u>252</u>	<u>(252)</u>	<u>241</u>
Total expenditures	<u>1,975,675</u>	<u>1,887,253</u>	<u>88,422</u>	<u>1,826,498</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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	<u>\$ (115,070)</u>	25,095	<u>\$ 140,165</u>	(101,037)
Fund balance, beginning of year		<u>923,195</u>		<u>1,024,232</u>
Fund balance, end of year		<u>\$ 948,290</u>		<u>\$ 923,195</u>

(Concluded)

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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.

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 17, 2018.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following fund had expenditures in excess of budgets at June 30, 2019:

<u>Funds</u>	<u>Variance</u>
Debt Service	\$ 345,059
Transportation	459,286

Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

3. CHANGES OF ASSUMPTIONS - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

For the 2018, 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, but the rates of increase in the 2018 measurement year were slightly higher.

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 2018 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 2018 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): 25-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

Downers Grove Grade School District No. 58
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 THIS CONTRIBUTION RATE

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of June 30 each year, 12 months prior to the fiscal year in which contributions are reported.
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Fiscal Year End	June 30, 2019

Methods and Assumptions Used to Determine the 2018 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Single equivalent discount rate	3.62%
Price Inflation	2.75%
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 Cost Trend Rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 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.

Downers Grove Grade School District No. 58
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 THIS CONTRIBUTION RATE (Continued)

Change in Assumptions:

The Discount Rate was changed from 3.56% used in the Fiscal Year 2018 valuation to 3.62%, which is the Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 RHP CONTRIBUTION RATE

Valuation Date:

Valuation Date	July 1, 2017
Measurement Date	May 3, 2018
Fiscal Year End	June 30, 2019

Methods and Assumptions Used to Determine the 2019 Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line
Remaining Amortization Period	10.90 years
Municipal Bond Index	2.79%

Asset Valuation Method	Market value
Investment Rate of Return	Not applicable
Price Inflation	3.00%
Salary Increases	4.00%

Retirement Rates	IMRF Employees: Rates from the December 31, 2016 IMRF actuarial valuation report. TRS Employees and Retirees: rates from the June 30, 2017 TRS actuarial valuation report.
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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.
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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.
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Downers Grove Grade School District No. 58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 RHP CONTRIBUTION RATE (Continued)

Methods and Assumptions Used to Determine the 2019 Contribution Rate: (Continued)

Healthcare Cost Trend Rates	6.50, Initial
	5.00, Ultimate
	TRIP TCHP Plan Option: 5.00% for all years
	TRIP Plan Stipend: 0.00% for all years

Change in Assumptions:

The Discount Rate was changed from 3.37% used in the Fiscal Year 2018 valuation to 2.79%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2019.

SUPPLEMENTARY FINANCIAL INFORMATION

Downers Grove Grade School District No. 58

General Fund

COMBINING BALANCE SHEET

June 30, 2019

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 11,856,791	\$ 9,340,684	\$ 21,197,475
Receivables (net of allowance for uncollectibles):			
Property taxes	22,495,692	57,815	22,553,507
Replacement taxes	130,761	-	130,761
Intergovernmental	751,348	-	751,348
Total assets	<u>\$ 35,234,592</u>	<u>\$ 9,398,499</u>	<u>\$ 44,633,091</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 588,563	\$ -	\$ 588,563
Salaries and wages payable	4,003,365	-	4,003,365
Payroll deductions payable	18,343	-	18,343
Claims payable	517,579	-	517,579
Unearned revenue	892,804	-	892,804
Total liabilities	<u>6,020,654</u>	<u>-</u>	<u>6,020,654</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	<u>21,064,856</u>	<u>54,138</u>	<u>21,118,994</u>
Total deferred inflows	<u>21,064,856</u>	<u>54,138</u>	<u>21,118,994</u>
FUND BALANCES			
Assigned	1,462,586	-	1,462,586
Unassigned	<u>6,686,496</u>	<u>9,344,361</u>	<u>16,030,857</u>
Total fund balances	<u>8,149,082</u>	<u>9,344,361</u>	<u>17,493,443</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 35,234,592</u>	<u>\$ 9,398,499</u>	<u>\$ 44,633,091</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, 2019

	Educational Account	Working Cash Account	Total
Revenues			
Property taxes	\$ 46,369,410	\$ 106,999	\$ 46,476,409
Replacement taxes	800,124	-	800,124
State aid	19,610,419	-	19,610,419
Federal aid	2,220,468	-	2,220,468
Interest	184,580	133,038	317,618
Other	3,363,040	-	3,363,040
	72,548,041	240,037	72,788,078
Total revenues			
Expenditures			
Current:			
Instruction:			
Regular programs	28,679,714	-	28,679,714
Special programs	8,406,387	-	8,406,387
Other instructional programs	1,262,972	-	1,262,972
State retirement contributions	15,104,335	-	15,104,335
Support services:			
Pupils	4,025,575	-	4,025,575
Instructional staff	4,468,861	-	4,468,861
General administration	1,557,879	-	1,557,879
School administration	3,312,981	-	3,312,981
Business	1,106,928	-	1,106,928
Central	577,175	-	577,175
Other supporting services	271,245	-	271,245
Community services	43,387	-	43,387
Nonprogrammed charges	3,382,502	-	3,382,502
Capital outlay	1,363,980	-	1,363,980
	73,563,921	-	73,563,921
Total expenditures			
Excess (deficiency) of revenues over expenditures	(1,015,880)	240,037	(775,843)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	(498,340)	(700,467)	(1,198,807)
Capital lease proceeds	1,363,980	-	1,363,980
	865,640	(700,467)	165,173
Total other financing sources (uses)			
Net change in fund balance	(150,240)	(460,430)	(610,670)
Fund balance, beginning of year	8,299,322	9,804,791	18,104,113
Fund balance, end of year	\$ 8,149,082	\$ 9,344,361	\$ 17,493,443

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, 2019

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

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 1,411,894	\$ 1,421,531	\$ 9,637	\$ 1,337,489
Interest on investments	<u>1,000</u>	<u>689</u>	<u>(311)</u>	<u>6,152</u>
Total local sources	<u>1,412,894</u>	<u>1,422,220</u>	<u>9,326</u>	<u>1,343,641</u>
Federal sources				
Build America Bonds				
Interest Reimbursement	<u>72,000</u>	<u>59,954</u>	<u>-</u>	<u>73,421</u>
Total federal sources	<u>72,000</u>	<u>59,954</u>	<u>-</u>	<u>73,421</u>
Total revenues	<u>1,484,894</u>	<u>1,482,174</u>	<u>9,326</u>	<u>1,417,062</u>
Expenditures				
Debt service				
Bonds and other - interest	<u>137,238</u>	<u>354,124</u>	<u>(216,886)</u>	<u>394,392</u>
Principal payments on long-term debt	<u>1,653,524</u>	<u>1,780,497</u>	<u>(126,973)</u>	<u>1,282,150</u>
Other debt service				
Other objects	<u>2,500</u>	<u>3,700</u>	<u>(1,200)</u>	<u>1,150</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, 2019

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

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Total	\$ 2,500	\$ 3,700	\$ (1,200)	\$ 1,150
Total debt service	<u>1,793,262</u>	<u>2,138,321</u>	<u>(345,059)</u>	<u>1,677,692</u>
Total expenditures	<u>1,793,262</u>	<u>2,138,321</u>	<u>(345,059)</u>	<u>1,677,692</u>
Deficiency of revenues over expenditures	<u>(308,368)</u>	<u>(656,147)</u>	<u>(347,779)</u>	<u>(260,630)</u>
Other financing sources				
Transfer to pay for principal on capital leases	395,000	520,497	125,497	182,150
Transfer to pay for interest on capital leases	<u>-</u>	<u>22,721</u>	<u>22,721</u>	<u>20,169</u>
Total other financing sources	<u>395,000</u>	<u>543,218</u>	<u>148,218</u>	<u>202,319</u>
Net change in fund balance	<u>\$ 86,632</u>	(112,929)	<u>\$ (199,561)</u>	(58,311)
Fund balance, beginning of year		<u>619,040</u>		<u>677,351</u>
Fund balance, end of year		<u>\$ 506,111</u>		<u>\$ 619,040</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, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 5,000	\$ 11,099	\$ 6,099	\$ 8,021
Contributions and donations from private sources	<u>-</u>	<u>3,008</u>	<u>3,008</u>	<u>91,683</u>
Total local sources	<u>5,000</u>	<u>14,107</u>	<u>9,107</u>	<u>99,704</u>
Total revenues	<u>5,000</u>	<u>14,107</u>	<u>9,107</u>	<u>99,704</u>
Expenditures				
Support services				
Capital outlay	<u>1,128,163</u>	<u>1,057,164</u>	<u>70,999</u>	<u>1,605,779</u>
Total support services	<u>1,128,163</u>	<u>1,057,164</u>	<u>70,999</u>	<u>1,605,779</u>
Total expenditures	<u>1,128,163</u>	<u>1,057,164</u>	<u>70,999</u>	<u>1,605,779</u>
Deficiency of revenues over expenditures	<u>(1,123,163)</u>	<u>(1,043,057)</u>	<u>80,106</u>	<u>(1,506,075)</u>
Other financing sources				
Permanent transfer from Working Cash Fund - abatement	741,845	643,698	(98,147)	-
Transfer from Operations and Maintenance Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,099,989</u>
Total other financing sources	<u>741,845</u>	<u>643,698</u>	<u>(98,147)</u>	<u>2,099,989</u>
Net change in fund balance	<u>\$ (381,318)</u>	<u>(399,359)</u>	<u>\$ (18,041)</u>	593,914
Fund balance, beginning of year		<u>593,914</u>		<u>-</u>
Fund balance, end of year		<u>\$ 194,555</u>		<u>\$ 593,914</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, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 500	\$ 55	\$ (445)	\$ 2,460
Total local sources	<u>500</u>	<u>55</u>	<u>(445)</u>	<u>2,460</u>
Total revenues	<u>500</u>	<u>55</u>	<u>(445)</u>	<u>2,460</u>
Excess of revenues over expenditures	<u>\$ 500</u>	<u>55</u>	<u>\$ (445)</u>	<u>2,460</u>
Fund balance, beginning of year		<u>8,422</u>		<u>5,962</u>
Fund balance, end of year		<u>\$ 8,477</u>		<u>\$ 8,422</u>

Downers Grove Grade School District No. 58
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash	\$ 172,046	\$ 255,735	\$ 246,814	\$ 180,967
Liabilities				
Due to student groups				
Belle Aire	6,675	10,669	5,357	11,987
El Sierra	6,841	4,308	5,014	6,135
Fairmount	14,975	10,916	13,994	11,897
Henry Puffer	12,792	14,963	16,564	11,191
Herrick Middle	50,552	65,451	62,453	53,550
Highland	5,484	24,509	21,569	8,424
Hillcrest	5,622	20,678	15,202	11,098
Indian Trail	8,643	7,630	9,922	6,351
Kingsley	12,046	8,611	7,447	13,210
Lester	7,176	18,247	18,006	7,417
O'Neill Middle	25,359	36,943	44,498	17,804
Pierce Downer	8,918	9,777	7,657	11,038
Whittier	6,963	23,033	19,131	10,865
	\$ 172,046	\$ 255,735	\$ 246,814	\$ 180,967

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Downers Grove Grade School District No. 58

GENERAL LONG-TERM DEBT

SCHEDULE OF GENERAL OBLIGATION BONDS

Year Ended June 30, 2019

	Maturity as follows			
	for the Year Ended June 30	Principal	Interest	Total
* General Obligation Bonds	2020	\$ 1,140,000	\$ 136,740	\$ 1,276,740
Series 2010B, due	2021	1,170,000	87,353	1,257,353
December 15, 2022	2022	1,200,000	34,905	1,234,905
	2023	<u>170,000</u>	<u>3,952</u>	<u>173,952</u>
Total		<u>3,680,000</u>	<u>262,950</u>	<u>3,942,950</u>
General Obligation Bonds	2020	70,000	147,150	217,150
Series 2013, due	2021	100,000	144,600	244,600
December 15, 2025	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	<u>350,000</u>	<u>5,250</u>	<u>355,250</u>
Total		<u>4,940,000</u>	<u>671,700</u>	<u>5,611,700</u>
General Obligation	2020	-	-	-
Limited Tax Capital	2021	-	-	-
Appreciation Bonds	2022	-	-	-
Series 2018, due	2023	-	-	-
December 15, 2027	2024	-	-	-
	2025	-	-	-
	2026	1,060,000	-	1,060,000
	2027	1,420,000	-	1,420,000
	2028	<u>1,050,000</u>	<u>-</u>	<u>1,050,000</u>
Total		<u>3,530,000</u>	<u>-</u>	<u>3,530,000</u>
Total general obligation bonds payable		<u>\$ 12,150,000</u>	<u>\$ 934,650</u>	<u>\$ 13,084,650</u>

* A percentage of the interest amount reported on the Build America Bonds will be refunded to the District by the federal government. Future annual subsidy amounts may be subject to future increases or decreases as sequestration levels fall or rise, which cannot be determined at this time.

Downers Grove Grade School District No. 58
OPERATING COSTS AND TUITION CHARGE
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>4,252.00</u>	<u>4,516.41</u>
Operating costs:		
Educational	\$ 58,459,586	\$ 55,494,154
Operations and Maintenance	3,701,455	3,984,972
Debt Service	2,138,321	1,677,692
Transportation	4,412,755	4,210,060
Municipal Retirement/Social Security	<u>1,887,253</u>	<u>1,826,498</u>
Subtotal	<u>70,599,370</u>	<u>67,193,376</u>
Less Revenues/Expenditures of Nonregular Programs:		
Early childhood	956,820	1,235,058
Summer school	84,796	113,580
Community Services	43,639	63,738
Transportation	101,134	-
Capital outlay	1,454,784	44,443
Non-capitalized equipment	21,738	27,380
Debt principal retired	1,780,497	1,282,150
Nonprogrammed charges	<u>3,382,502</u>	<u>3,676,810</u>
Subtotal	<u>7,825,910</u>	<u>6,443,159</u>
Operating costs	<u>\$ 62,773,460</u>	<u>\$ 60,750,217</u>
Operating costs per pupil - based on ADA	<u>\$ 14,763</u>	<u>\$ 13,451</u>
Tuition Charge		
Operating costs	\$ 62,773,460	\$ 60,750,217
Less - revenues from specific programs, such as special education or lunch programs	<u>9,173,494</u>	<u>7,501,689</u>
Net operating costs	53,599,966	53,248,528
Depreciation allowance	<u>2,038,625</u>	<u>1,922,868</u>
Allowance tuition costs	<u>\$ 55,638,591</u>	<u>\$ 55,171,396</u>
Tuition charge per pupil - based on ADA	<u>\$ 13,085</u>	<u>\$ 12,216</u>