

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

Audited Financial Statements
And
Supplementary Financial Information

June 30, 2018

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TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet	
- Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities	23
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	24
Notes to Financial Statements	25

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund.....	63
Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund.....	64
Schedule of Contributions – Illinois Municipal Retirement Fund.....	65
Schedule of District’s Proportionate Share of the Net Pension Liability – Teachers’ Retirement System of the State of Illinois.....	66
Schedule of Contributions – Teachers’ Retirement System of the State of Illinois.....	67
Schedule of Changes in NET OPEB Liability and Related Ratios – Retiree Health Plan.....	68
Schedule of the District’s Proportionate Share of the Net OPEB Liability and District Contributions – Teachers’ Health Insurance Security Fund.....	69
Notes to Required Supplementary Information.....	70
 Supplementary Financial Information:	
Combining and Individual Fund Schedules:	
Major Funds:	
General Fund:	
Combining Balance Sheet by Account.....	74
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances by Account.....	75
Educational Account:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76
Operations and Maintenance Account:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	86
Working Cash Account:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	87

TABLE OF CONTENTS

	<u>Page</u>
Debt Services Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	88
Non-Major Funds:	
Combining Balance Sheet Non-major Governmental Funds	89
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	90
Transportation Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	91
Municipal Retirement/Social Security Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	92
Capital Projects Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	93
Fire Prevention and Safety Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	94
Fiduciary Funds - Agency Funds:	
Agency Funds – Student Activity Funds and Convenience Accounts - Schedule of Changes in Assets and Liabilities	95
Other Financial Information:	
Schedule of Bonded Debt Maturities and Interest	96
Tax Levy Summary	98
Legal Bonded Debt Margin	99
Summary of Operations - Bookstores	100
Enrollment Data	101
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances by Account Net of State On-Behalf Payments – District’s Operating Funds	102

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DuPage High School District No. 88 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17, and budgetary comparison schedule, required pension schedules, other postemployment benefits schedules and related notes on pages 63 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Report of Comparative Other Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2017, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial schedules, for the year ended June 30, 2017, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 individual fund financial schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Matheson, Moryski, Austin & Co. LLP

Wheaton, Illinois
December 10, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

This discussion and analysis is intended to be an overview of DuPage High School District No. 88's (the District) financial activities for the year ended June 30, 2018, based on currently known facts, decisions, and conditions. This analysis focuses on current year activities and operations and should be read in combination with the basic financial statements that follow.

This report, Management's Discussion and Analysis (MD&A) provides an overview of the District's financial activities for the fiscal year ended June 30, 2018 with comparative data to the fiscal year ended June 30, 2017. This format incorporates required information for the District to be in compliance with the provisions of the Governmental Accounting Standards Board.

Financial Highlights:

The District's fund balances increased by \$1,263,115 during the fiscal year. This is an increase over the prior year's operational increase of \$694,826. Several factors contributed to this change:

- The District continues to decisively control operating expenditures with a commitment to minimizing the impact upon the educational programs and services to students. The District continues to carefully review all program enrollment and staffing to ensure a balance with program offering within available fiscal resources. Personnel staffing accounted for a total increase of 4.80 positions split evenly at 2.40 certified and 2.40 teacher aide. In addition, the diligent efforts to review outside student placements for tuition based programs continues to demonstrate control in this critical area that represents seven percent of the operating budget. The District has realized a 40% reduction of outside placement tuition expense since the year 2015.
- The District realized personnel salary expense reductions due to the retirement of three certified and seven non-certified staff as of June 2017. Total salary expense reductions from 2014 to 2018 is \$2.6 million.
- The recovery of the Consumer Price Index (CPI) to 2.10%, which is used to determine the Property Tax Cap, is a much needed increase. In addition, there is some local new property growth that is beginning to generate more funding through the Tax Cap formula. Together these are positive changes as 80% of our revenue is generated from property tax, excluding state of Illinois on-behalf payments.
- Facility improvement projects are temporarily being funded from the Capital Projects fund and the year 2016 bond proceeds. This is reducing the pressure to the operating funds by approximately \$1,000,000 per year until fiscal year ending June 2019.
- The recovering economy is benefitting our investment portfolio and generated \$749,000 or three times the budget estimate for 2018.
- Within the District's boundaries are eight Tax Increment Finance (TIF) areas spread across all three Village communities that cause the Equalized Assessed Valuation (EAV) of each area to be frozen until the TIF's are individually completed over twenty three years. One of

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

these was retired and contributed approximately \$2,113,470 of new property back on to the taxable base for tax year 2016. This brings in much needed financial resources as new taxable property under the tax cap and will help to relieve the tax burden to taxpayers.

- The District continues to use bid solicitation to obtain the highest quality vendors at the most competitive pricing. Food service management is a multi-year agreement, indexed to CPI for Food Away From Home and set to expire in the year 2020-21. However, due to the staffing challenges within the bus transportation market the District agreed to a one year 23% increase for this contract but with added performance criteria and corresponding credits.
- Certified personnel multi-year agreement provided for a base salary “freeze” or 0% increase in addition to step advancement if applicable for an estimated board expense of 2.10%. In addition, the District negotiated the split of step 10 of the schedule as not all steps are equal.
- Support staff personnel salaries were negotiated for a three year agreement ending in 2019-2020 at a base increase of 2.00% for the first year, 2.10% the second and indexed to a percentage of the CPI thereafter with a floor of 2.0% and ceiling of 2.50%. In addition they will receive schedule step advancement if applicable for an estimated board expense of 1.50%. The District modified the step schedule to provide for annual movement instead of the every-other year structure.
- Teacher Aide personnel salaries were negotiated for a three year agreement ending in 2019-2020 at a base increase of 3.25% for two years and indexed to a 80% of CPI in the final year with a floor of 3.0% and a ceiling of 4.0%. They received the full 2.50% increase for 2016-2017. There is no step advancement schedule for this employee group.
- Maintenance and custodial personnel salaries were in the final year of a four year agreement with the base increase of 1.0% in addition to step advancement if applicable for an estimated board cost of 1.40%.

The combination of expenditure controls, recovering economy, increased state funding and improved property taxes have allowed us to discontinue the use of financial reserves and begin to replenish.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Overview of Financial Statements:

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

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Reporting the District as a Whole:

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the 2017-2018 revenues and expenditures are accounted for in the Statement of Activities regardless of when the cash is received or paid. The two government-wide financial statements report the District's net position and how it has changed. Net position - the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure a district's financial health or position.

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

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

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

Reporting the District's Most Significant Funds:

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Financial Analysis of the District as a Whole:

Net Position: The District's combined net position was \$(8,397,644) on June 30, 2018

Table A-1 DuPage High School District #88 Condensed Statement of Net Position – Governmental Activities <u>June 30, 2018 and 2017</u>		
	<u>2018*</u>	<u>2017</u>
Assets:		
Current and Other Assets	\$91,641,725	\$90,455,558
Capital Assets	<u>104,073,595</u>	<u>106,843,076</u>
Total Assets	<u>195,715,320</u>	<u>197,298,634</u>
Deferred outflows of resources	<u>4,491,650</u>	<u>5,128,238</u>
Liabilities:		
Long Term Liabilities (Long Term Debt)	132,493,713	111,761,407
Other Liabilities	<u>1,405,945</u>	<u>1,914,995</u>
Total Liabilities	<u>133,899,658</u>	<u>113,676,402</u>
Deferred inflows of resources:	<u>74,704,956</u>	<u>64,400,789</u>
Net Position:		
Net investment in capital assets	19,341,100	12,969,384
Restricted	4,183,394	4,433,791
Unrestricted	<u>(31,922,138)</u>	<u>6,946,506</u>
Total Net Position	<u>\$(8,397,644)</u>	<u>\$24,349,681</u>

* The District implemented Governmental Accounting Standards Board Statement No. 75 in fiscal year 2018 and 2017 has not been restated in the above schedule.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Changes in Net Position:

The District's increase in net position was \$5,022,113 for the fiscal year ended June 30, 2018.

Table A-2 DuPage High School District #88 Change in Net Position <u>For the Years Ended June 30, 2018 and 2017</u>		
	<u>2018</u>	<u>2017</u>
<u>Revenues:</u>		
Program Revenue		
Charges for Services	\$ 1,402,804	\$1,582,655
Operating Grants and Contributions	28,680,385	30,885,141
General Revenue		
Property Taxes	63,646,773	63,278,477
Unrestricted State and Federal Aid	5,663,023	4,121,500
Investment Earnings	723,017	303,529
Other	<u>1,964,641</u>	<u>2,045,037</u>
Total Revenues	102,080,643	102,216,339
<u>Expenses:</u>		
Instruction	68,405,908	69,413,032
Student and Staff Support	7,286,923	6,891,256
Administration	5,400,398	5,130,726
Business Support	1,177,905	997,451
Operations and Maintenance of Facilities	6,017,696	6,137,223
Transportation	3,515,580	3,299,861
Food Service	915,984	908,859
Other	1,393,327	1,426,048
Interest on Long-Term Debt	<u>2,944,809</u>	<u>4,523,929</u>
Total Expenses	97,058,530	98,728,385
Increase in Net Position	5,022,113	3,487,954
Beginning Net Position, as restated for 2018*	<u>(13,419,757)</u>	<u>20,861,727</u>
Ending Net Position	<u>\$(8,397,644)</u>	<u>\$ 24,349,681</u>

* The District implemented Governmental Accounting Standards Board Statement No. 75 in fiscal year 2018 and 2017 has not been restated in the above schedule.

- The District's total revenues were \$102,080,643 for the year ended June 30, 2018, a decrease of \$135,696 over the prior year.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

- General revenues accounted for \$71,997,454 in revenue or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$30,083,189 or 29% of total revenues of \$102,080,643.
- On-behalf payments for state contributions to the TRS pension system decreased by \$1,935,600 or 8% from the prior year.

Governmental Activities:

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Regular Instruction	\$27,542,820	\$26,601,362	\$26,027,021	\$25,196,211
Special Instruction Programs	14,617,134	14,836,246	11,493,822	11,069,717
Other Instruction Programs	3,508,085	3,301,955	3,508,085	3,301,955
On-behalf payments	22,737,869	24,673,469	-	-
Student Support Services	5,710,853	5,434,900	5,493,524	5,353,580
Instructional Staff Support	1,576,070	1,456,356	1,547,345	1,451,427
Administration/Business	6,578,303	6,128,177	6,578,303	6,128,177
Operations/Maintenance	6,017,696	6,137,223	6,017,696	6,116,423
Transportation	3,515,580	3,299,861	2,251,904	1,961,417
Food Service	915,984	908,859	(280,495)	(268,295)
Other	1,393,327	1,426,048	1,393,327	1,426,048
Interest on Long-Term Debt	2,944,809	4,523,929	2,944,809	4,523,929
Total	<u>\$97,058,530</u>	<u>\$98,728,385</u>	<u>\$66,975,341</u>	<u>\$66,260,589</u>

- The total cost of all programs and services was \$97,058,530 for the year ended June 30, 2018, a decrease of \$1,669,855 from the prior year. This is primarily due to the state on-behalf pension contribution which decreased by \$1,935,600. In addition, interest on long term debt declined as the District completed the refunding of older bonds in the prior year 2017 to capture the lower market interest rates. Finally, the District realized a reduction of expenses for outside placement tuition and related transportation program services.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

- The District’s expenses are predominantly related to instruction and student and staff support with these areas accounting for 78% of total expenses. Operations and Maintenance of facilities accounted for 6% of expenses and were \$98,727 more than prior year.
- Expenditures for fiscal year 2018 were less than revenues by 5%.
- Some of that cost was financed by the users of the District’s programs (\$1,402,804).
- The State and Federal government subsidized certain programs with grants and contributions (\$28,680,385).
- Most of the District’s programs and operations were supported with local property taxes representing 80% of revenue, net of on-behalf state pension payments.

Financial Analysis of District Funds:

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

Revenues for the District’s governmental funds were \$102,080,149 while expenditures in the governmental funds were \$100,817,528 (both of these figures include state of Illinois “on-behalf” payments to TRS). Therefore, the net change in fund balance was \$1,263,115. The beginning fund balance for fiscal year 2017 in the governmental funds was \$25,361,116. The fund balance in government funds was \$26,624,231 at the end of fiscal year 2018.

General Fund Highlights:

The following schedule represents a summary of General Fund Revenues:

<u>General Fund Revenues</u>		
	Year Ended <u>2018</u>	Year Ended <u>2017</u>
Local Sources	\$52,233,521	\$51,609,123
State Sources	7,155,577	6,293,738
Federal Sources	2,830,612	2,594,611
On Behalf Payments	<u>22,737,869</u>	<u>24,673,469</u>
Total General Fund Revenue	<u>\$84,957,579</u>	<u>\$85,170,941</u>

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

The following schedule represents a summary of General Fund expenditures:

<u>General Fund Expenditures</u>		
	Year Ended <u>2018</u>	Year Ended <u>2017</u>
Instruction	\$37,529,844	\$37,229,681
Supporting Services	20,388,792	20,123,328
Non-Programmed Charges	1,406,721	1,521,564
On Behalf Payments	<u>22,737,869</u>	<u>24,673,469</u>
Total General Fund Expenditures	<u>\$82,063,226</u>	<u>\$83,548,042</u>

The total General Fund revenues of \$84,957,579 exceeded General Fund expenditures of \$82,063,226 that resulted in an excess of revenues over expenditures of \$1,262,621. However, because of the transfer of \$1,000,000 to the Capital Projects Fund for capital improvements and asset acquisitions, \$46,335 to the Debt Service Fund for capital leases and \$335,000 to the Transportation Fund for the purchase of buses, the fund balance in the General Fund only increased by \$1,513,512. The District budgeted for a deficit in the General Fund of \$1,826,991.

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

Debt Services Fund:

Total revenues in the Debt Services Fund were \$11,829,663 and expenditures totaled \$11,742,334. The fund balance in the Debt Services Fund ended with \$687,200 on June 30, 2018 compared to \$553,536 on June 30, 2017.

Non-Major Funds:

Total revenue in the Special Revenue Funds (Transportation and Municipal Retirement/Social Security) was \$55,281,505 and total expenditures were \$5,810,215. The combined fund balance in these funds ended with \$3,023,871 as of June 30, 2018.

The District’s Capital Projects Fund transferred in \$1,000,000 from the General Fund’s Working Cash Account and incurred expenditures of \$1,201,753. The fund balance in the Capital Projects Fund ended with \$472,323, compared to \$472,323 on June 30, 2017. The transfers in relate to the proceeds on debt issued in fiscal year 2016.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

General Fund Budget Information:

In the General Fund's Educational Account budget, total revenue was anticipated to be \$61,325,573 and actual revenue (when removing TRS On-behalf payments) was \$62,219,710. This resulted in a favorable variance of \$894,137 when compared to the budget.

In the General Fund's Educational Account budget, total expenditures were projected to be \$61,771,229 and actual expenditures (when removing TRS On-behalf payments) totaled \$59,325,357. This resulted in a favorable variance of \$2,445,872. This was primarily due to lower than expected salary and benefit expense combined with controlled expenditures in contracted services, capital outlay and tuition for outside placement students. The administration continues to work closely with the Board of Education to control expenditures following the continued commitment to use some financial reserves to stabilize programs and services during the economic downturn. The district has worked tirelessly to balance resources with a comprehensive academic program that is expected by the community. The district continues to make great strides and set milestones with academic achievements while navigating these unprecedented times.

Capital Assets and Debt Administration:

Capital Assets:

At the end of fiscal year 2018 the District had a net total of \$104,073,595 in capital assets. A breakdown of net capital assets follows:

Capital Assets – Governmental Activities		
	Balance <u>June 30, 2018</u>	Balance <u>June 30, 2017</u>
Land	\$ 4,162,325	\$ 4,162,325
Construction in Progress	371,556	292,433
Land Improvements	21,567,430	21,543,901
Buildings	137,773,959	137,109,226
Equipment	<u>15,350,480</u>	<u>14,525,483</u>
Total Capital Assets	179,225,750	177,633,368
Less: Accumulated Depreciation	<u>75,152,155</u>	<u>70,790,292</u>
Net Capital Assets	<u>\$104,073,595</u>	<u>\$106,843,076</u>

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Long-Term Debt:

At the end of fiscal year 2018 the District had \$132,493,713 outstanding in long-term debt. More detailed information about long-term debt can be found in Note 5 in the financial statements.

Next Year's Budget:

The District's fiscal year 2019 budget projects a deficit of approximately \$200,000 in the Operating Funds {Educational, Operation & Maintenance, Transportation, IMR and Working Cash}. Property taxes represent approximately 80% of our annual budget and are very reliable. State funding is projected to increase due to the new state Evidence Based Funding model that is entering its second year. Equally important is the new formula provides for more timely receipt of state funding on a monthly basis. The past few years of expenditure controls, reduced operating expenses and program adjustments have achieved the intended goal of reducing our use of financial reserves. These changes will continue. Facility improvement projects and bus replacement continue to be temporarily funded with the working cash bond proceeds from the year 2016. This helps to reduce the annual operating expense pressure in the short term until the year 2020. The district is fortunate to have adequate reserves to survive these recent challenging times with the low consumer price index, the property tax cap and volatile state funding. The District continues the sound practice of preparing a comprehensive financial plan with the Board of Education to focus on alignment of available resources balanced with the program services and pursuit of efficiencies throughout the operations.

Factors Bearing on the District's Future:

The District is dependent on local sources for the majority of its revenue and the Property Tax Extension Limitation Law, commonly referred to as the property tax cap, will continue to limit the revenue the District can realize from its tax levy. In addition, there is proposed legislation that would freeze property tax revenue, combined with discussions to shift more pension cost to the local level and other unfunded mandates. These proposals, of which the District has little control, would place significant pressure on the District's budget to maintain high quality educational and extra-curricular programs.

The current economic climate is beginning to show signs of recovery as property values are once again increasing. In addition, new property growth is on the rise, including the expiration of some local village tax increment financed (TIF) areas. The new state Evidence Based Funding is providing some additional financial resources. The Administration will continue to evaluate revenue and expense trends and propose recommendations as appropriate to the Board of Education to maintain the highest educational standards within the financial resources available.

The Board of Education is committed to maintaining a direct correlation of future employee salary contracts to the Consumer Price Index (CPI) factor. This is a critical alignment as the CPI is used to limit the annual property tax revenue for the District under the Property Tax Extension Limitation Law. Property taxes represent 80% of our annual revenue for the district. This has been and will continue to be essential to achieving financial stability in future years. In addition, there are forty-

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

five staff who have elected to retire between the year 2019 and 2025. This retirement program will continue to help reduce the annual personnel expense, through lower replacement salaries, if enrollment continues to remain relatively stable and the District can maintain the staffing levels.

In addition, the changing student demographic reflects a significant increase in the low-income population from 14% to 50% between the year 2001 and 2018. This has a corresponding impact upon the need for services and a decline in local revenue from the waiver of registration fees etc. The implementation of new programs like the technology one-to-one device for all students will require further commitment of financial resources for these students that qualify for a waiver. Furthermore, although the federal National School Lunch Program provides a stable funding for us to provide daily breakfast and lunch meals, it does not cover the full mandated expense.

Homeless transportation expense has increased from approximately \$20,000 in 2014 to over \$200,000 as of fiscal year 2018. While somewhat offset by sharing the cost with other public school districts involved and some state reimbursement, this is an expanding program of services that is putting pressure on the annual operating budget.

Finally, the funding for capital needs of the district were shifted from annual operating to long term borrowing. The District issued \$4.0 million of bonds in fiscal year 2016 and this will be exhausted by the year 2020. The District anticipates another \$4.0 million of bonds to be issued in the fall of 2018 to cover expenses through the year 2023. These bond proceeds are being used for the building improvement needs of the facilities, combined with the bus fleet updating. Once these proceeds are exhausted the District will return to funding the expenses from annual operating funds.

Contacting the District’s Financial Management:

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

BASIC FINANCIAL STATEMENTS

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Cash and investments	\$ 59,363,933
Receivables:	
Property taxes	30,641,368
Intergovernmental	1,100,964
Other	92,824
Inventories	442,636
Capital assets:	
Land and construction in progress	4,533,881
Other capital assets, net of depreciation	99,539,714
	195,715,320
Deferred outflows of resources:	
Pension	3,289,402
Other Postemployment Benefits	595,924
Deferred charge on refunding	606,324
	4,491,650
Liabilities:	
Accounts Payable	802,988
Payroll deductions and withholdings	203,032
Unearned revenue	399,925
Long-term liabilities	
Due within one year	7,340,920
Due in more than one year	125,152,793
	133,899,658
Deferred inflows of resources:	
Pension	6,852,669
Other Postemployment Benefits	4,240,738
Property taxes levies for subsequent year	63,611,549
	74,704,956
Net Position:	
Net investment in capital assets	19,341,100
Restricted for:	
Capital projects	472,323
Debt service	687,200
Transportation	2,308,199
Retirement	715,672
Unrestricted	(31,922,138)
	(8,397,644)
Total net position	\$ (8,397,644)

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instructional services:				
Regular programs	\$ 27,542,820	\$ 895,990	\$ 619,809	\$ (26,027,021)
Special programs	14,617,134	-	3,123,312	(11,493,822)
Other programs	3,508,085	-	-	(3,508,085)
On-behalf payments	22,737,869	-	22,737,869	-
Supporting services:				
Students	5,710,853	-	217,329	(5,493,524)
Instructional staff	1,576,070	-	28,725	(1,547,345)
District administration	1,327,353	-	-	(1,327,353)
School administration	4,073,045	-	-	(4,073,045)
Business	1,177,905	-	-	(1,177,905)
Operation and maintenance of facilities	6,017,696	-	-	(6,017,696)
Transportation	3,515,580	89,843	1,173,833	(2,251,904)
Food service	915,984	416,971	779,508	280,495
Staff	1,283,020	-	-	(1,283,020)
Community services	110,307	-	-	(110,307)
Interest on long-term liabilities	2,944,809	-	-	(2,944,809)
Total school district	<u>\$ 97,058,530</u>	<u>\$ 1,402,804</u>	<u>\$ 28,680,385</u>	<u>(66,975,341)</u>
General revenues:				
Property taxes levied for:				
General purposes				48,026,303
Transportation				1,896,642
Retirement				1,952,002
Debt service				11,771,826
Federal and state aid not restricted to specific purposes				5,663,023
Earnings on investments				723,017
Miscellaneous				1,964,641
Total general revenues				<u>71,997,454</u>
Change in net position				5,022,113
Net position - beginning, as restated				<u>(13,419,757)</u>
Net position - ending				<u>\$ (8,397,644)</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 47,201,570	\$ 6,225,201	\$ 5,937,162	\$ 59,363,933
Receivables (net of allowance for uncollectibles):				
Property taxes	23,695,023	5,146,995	1,799,350	30,641,368
Intergovernmental	810,387	-	290,577	1,100,964
Other	92,824	-	-	92,824
Inventory	442,636	-	-	442,636
TOTAL ASSETS	<u>\$ 72,242,440</u>	<u>\$ 11,372,196</u>	<u>\$ 8,027,089</u>	<u>\$ 91,641,725</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 298,029	\$ -	\$ 504,959	\$ 802,988
Payroll deductions and withholdings	203,032	-	-	203,032
Unearned revenue	109,348	-	290,577	399,925
Total Liabilities	<u>610,409</u>	<u>-</u>	<u>795,536</u>	<u>1,405,945</u>
Deferred inflows of resources:				
Property taxes levies for subsequent year	49,191,194	10,684,996	3,735,359	63,611,549
Total deferred inflows of resources	<u>49,191,194</u>	<u>10,684,996</u>	<u>3,735,359</u>	<u>63,611,549</u>
Fund Balance:				
Nonspendable	442,636	-	-	442,636
Restricted	-	687,200	3,496,194	4,183,394
Assigned	665,000	-	-	665,000
Unassigned	21,333,201	-	-	21,333,201
Total Fund Balance	<u>22,440,837</u>	<u>687,200</u>	<u>3,496,194</u>	<u>26,624,231</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 72,242,440</u>	<u>\$ 11,372,196</u>	<u>\$ 8,027,089</u>	<u>\$ 91,641,725</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

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

Total fund balance - governmental funds	\$ 26,624,231
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$179,225,750 and the accumulated depreciation is \$75,152,155.	104,073,595
Long-term liabilities, including bonds payable, capital leases, and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(84,035,000)
Capital lease payable	(125,073)
Deferred amounts for issuance discount/premium	(8,314,171)
Deferred charge on refunding	606,324
Net Other Postemployment Benefits Liability-Teachers' Health Insurance Security	(34,629,431)
Net Other Postemployment Benefits Liability-Retiree Health Plan	(2,349,774)
Net pension liability - Teachers' Retirement System	(4,309,100)
Net pension liability - Illinois Municipal Retirement Fund	1,268,836
Deferred outflows and deferred inflows, related to the pensions, represent a consumption of, or increase to, net position that applies to future periods and therefore, are not reported in the funds.	
Deferred outflows - Pension	3,289,402
Deferred outflows - Other Postemployment Benefits	595,924
Deferred inflows - Pension	(6,852,669)
Deferred inflows - Other Postemployment Benefits	(4,240,738)
Total net position - governmental activities	\$ (8,397,644)

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Debt Services	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 48,026,303	\$ 11,771,826	\$ 3,848,644	\$ 63,646,773
Other local sources	4,207,218	57,837	270,430	4,535,485
State sources	29,893,446	-	1,173,833	31,067,279
Federal sources	2,830,612	-	-	2,830,612
Total Revenues	<u>84,957,579</u>	<u>11,829,663</u>	<u>5,292,907</u>	<u>102,080,149</u>
EXPENDITURES:				
Current operating:				
Instruction	37,529,844	-	1,406,833	38,936,677
Supporting services	43,126,661	-	5,599,348	48,726,009
Community services	98,171	-	5,787	103,958
Payments to other districts and governmental units	1,308,550	-	-	1,308,550
Debt service:				
Payment of principal on long-term debt	-	7,833,861	-	7,833,861
Interest on long-term debt	-	3,905,985	-	3,905,985
Service charges and bond costs	-	2,488	-	2,488
Total Expenditures	<u>82,063,226</u>	<u>11,742,334</u>	<u>7,011,968</u>	<u>100,817,528</u>
Excess of revenues over expenditures	<u>2,894,353</u>	<u>87,329</u>	<u>(1,719,061)</u>	<u>1,262,621</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	46,335	1,335,000	1,381,335
Transfers out	(1,381,335)	-	-	(1,381,335)
Proceeds from the sale of capital assets	494	-	-	494
Total other financing sources (uses)	<u>(1,380,841)</u>	<u>46,335</u>	<u>1,335,000</u>	<u>494</u>
Net change in fund balances	1,513,512	133,664	(384,061)	1,263,115
Fund balances at beginning of year	<u>20,927,325</u>	<u>553,536</u>	<u>3,880,255</u>	<u>25,361,116</u>
FUND BALANCES AT END OF YEAR	<u>\$ 22,440,837</u>	<u>\$ 687,200</u>	<u>\$ 3,496,194</u>	<u>\$ 26,624,231</u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

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

Net change in fund balances-total governmental funds \$ 1,263,115

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

Capital outlays	1,592,382	
Depreciation expense	<u>(4,361,863)</u>	(2,769,481)

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

Repayment of bond principal	7,795,000	
Repayment of capital lease	38,861	
Amortization of bond premium	1,025,395	
Amortization of deferred charge on refunding	(64,219)	
Change in net pension liability - Teachers' Retirement System	1,671,885	
Change in net pension liability - Illinois Municipal Retirement Fund	4,938,313	
Change in net other postemployment benefits liability - Teachers' Health Insurance Security	1,767,397	
Change in net other postemployment benefits liability - Retiree Health Plan	<u>(199,719)</u>	16,972,913

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

Change in deferred outflows - Pension	(1,168,293)	
Change in deferred outflows - Other Postemployment Benefits Liability	595,924	
Change in deferred inflows - Pension	(5,631,327)	
Change in deferred inflows - Other Postemployment Benefits Liability	<u>(4,240,738)</u>	<u>(10,444,434)</u>

Change in net position of governmental activities \$ 5,022,113

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2018

	<u>Student Activity Funds</u>
Assets:	
Cash and investments	\$ 1,083,005
Liabilities:	
Due to student organizations	\$ 1,083,005

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

a. The Reporting Entity

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

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

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

b. Basis of Presentation

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

1. Government-wide Financial Statements (GWFS):

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

2. Fund Financial Statements (FFS):

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

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

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

Additionally, the District reports the following fund types:

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

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

Government-wide financial statements

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Fund financial statements

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

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

Fiduciary financial statements

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

d. Investment Valuation

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

e. Capital Assets

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

f. Long-term Obligations

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

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

g. Fund Equity

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

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

h. Property Taxes

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The adoption date for the 2017 tax levy was December 18, 2017. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (on or about June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates. Property taxes for the 2017 levy, which are collected during 2018, are considered to be budgeted to fund the operations of the 2018/19 school year and are reported as deferred inflows of resources.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Based upon collection histories, the District has provided at June 30, 2018, an allowance for uncollectible real property taxes equivalent to 1% of the current levy. All property taxes receivable over one year old are considered uncollectible.

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

	Maximum	Actual	
	2017 Levy	2017 Levy	2016 Levy
Educational	N/A	1.4976	1.5815
Operations & Maintenance	.5500	.2151	.2029
Bond & Interest	N/A	.3773	.4438
Transportation	N/A	.0684	.0715
Municipal Retirement	N/A	.0285	.0334
Special Education	.4000	.0243	.0254
Social Security	N/A	.0350	.0402
Working Cash	N/A	N/A	.0008
Total		2.2462	2.3995

i. Personal Property Replacement Taxes

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

j. Inventories

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

k. Use of Estimates

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

l. Deferred outflows/inflows of resources

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

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

m. Pensions

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

n. New Accounting Pronouncements

During the current year, the District implemented *Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, pertaining to the District's participation in the Teachers' Health Insurance Security (THIS) Fund and in providing Other Postemployment Benefits, collectively referred to as OPEB as required.

This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

The effect of these changes on the fiscal year 2017 financial statements is as follows:

Net Position as previously reported at June 30, 2017	<u>\$ 24,349,681</u>
Prior Period Adjustment:	
Long-term liabilities:	
Net OPEB Liability	(1,372,610)
Net THIS Liability	<u>(36,396,828)</u>
Total prior period adjustment	<u>(37,769,438)</u>
Net Position (deficit) as restated, July 1, 2017	<u><u>\$ (13,419,757)</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

NOTE 2. CASH AND INVESTMENTS:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, none of the District's bank balances of \$60,051,561 was exposed to custodial credit risk.

Investments and Fair Value Measurements

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

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

Level Two – Inputs to the valuation methodology include:

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

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

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

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

As of June 30, 2018, the District had the following investments:

Investment	Maturities	Net Asset Value
ISDLAF Max Class	Less than 60 days	\$ 106,426
ISDLAF Liquid Class	Less than 60 days	1,014,749
Total		<u>\$1,121,175</u>

The District has funds invested in the amount of \$1,121,175 (valued at \$1.00 per share) in the Illinois School District Liquid Asset Funds Max and Liquid Class as of June 30, 2018. The fair value of the positions in these investment pools is the same as the value of the pooled shares. All investments are SEC registered. The District's proportionate share of investment in these investment pools are collateralized in the same proportion that the total assets of the Funds are collateralized. Although information regarding the level of collateralization of total assets of these Funds was not available, the Illinois School District Liquid Asset Fund represent that all assets are fully collateralized.

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

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

Securities issued or guaranteed by the United States.

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

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

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

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

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

Repurchase agreements which meet instrument transaction requirements of Illinois law.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018**

The District has no investment policy that would further limit its investment choices. As of June 30, 2018, the District's investments were rated as follows:

	Standard & <u>Poor's</u>	<u>Fitch Ratings</u>	Moody's <u>Investor</u> <u>Service</u>
ISDLAF Max Class	AAAm	N/A	N/A
ISDLAF Liquid Class	AAAm	N/A	N/A

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in the ISDLAF Liquid Class at 90.5%.

NOTE 3. COMMON BANK ACCOUNT:

Separate bank accounts are not maintained for District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

NOTE 4. CAPITAL ASSETS:

A summary of changes in capital assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 4,162,325	\$ -	\$ -	\$ 4,162,325
Construction in progress	292,433	371,556	(292,433)	371,556
Total	4,454,758	371,556	(292,433)	4,533,881
Capital assets, being depreciated:				
Land improvements	21,543,901	23,529	-	21,567,430
Buildings	137,109,226	664,733	-	137,773,959
Equipment	14,525,483	824,997	-	15,350,480
Total capital assets being depreciated	173,178,610	1,513,259	-	174,691,869
Accumulated depreciation for:				
Land improvements	8,736,068	957,698	-	9,693,766
Buildings	48,809,644	3,063,235	-	51,872,879
Equipment	13,244,580	340,930	-	13,585,510
Total accumulated depreciation	70,790,292	4,361,863	-	75,152,155
Total capital assets being depreciated, net	102,388,318	(2,848,604)	-	99,539,714
Total capital assets, net	\$ 106,843,076	\$ (2,477,048)	\$ (292,433)	\$ 104,073,595

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

Instructional services:	
Regular programs	\$ 3,179,085
Special programs	302,280
Other programs	453,421
Supporting services:	
Students	140,683
Instructional staff	106,576
General administration	13,208
School administration	13,208
Business	10,107
Operations and Maintenance	52,711
Transportation	80,477
Staff	10,107
	<u>\$4,361,863</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

NOTE 5. CHANGES IN LONG-TERM LIABILITIES:

Changes in long-term liabilities are summarized as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds	\$91,830,000	\$ -	\$(7,795,000)	\$84,035,000	\$7,300,000
Capital Lease	163,934	-	(38,861)	125,073	40,920
Deferred Amounts for Issuance Premium	9,339,566	-	(1,025,395)	8,314,171	-
Net OPEB Liability – Retiree Health Plan	2,150,055	199,719	-	2,349,774	-
Net OPEB Liability - THIS	36,396,828	-	(1,767,397)	34,629,431	-
Net Pension Liability - IMRF	3,669,477	-	(4,938,313)	(1,268,836)	-
Net Pension Liability - TRS	5,980,985	-	(1,671,885)	4,309,100	-
Total Governmental Activities Long-Term Liabilities	\$149,530,845	\$ 199,719	\$(17,236,851)	\$132,493,713	\$7,340,920

Long- term liabilities at June 30, 2018 are comprised of the following:

Bonds Payable

December 3, 2015 General Obligation Limited Refunding Bonds, due in annual installments varying from \$965,000 to \$1,110,000 through 2025; interest rates vary from 2.25% to 4.00% per annum.

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Prior Year Refunding

The District issued General Obligation Limited Refunding Bonds, Series 2016, to call the outstanding balance of the 2007 School Bonds on January 12, 2017. Additionally, proceeds in the amount of \$10,680,562 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the outstanding balance of the 2008 School Bonds. Neither the securities held by the escrow agent nor the refunded debt defeased are reflected in the District's financial statements since they are not considered assets or liabilities of the District as a result of the defeasance of debt in the refunding transactions. The advance call and defeasance of debt was undertaken to reduce total debt service payments by \$12,264,158.

As a result of the in substance defeasement transaction, General Obligation Bonds –Series 2008 in the amount \$10,000,000 are not shown on the Statement of Net Position at June 30, 2018.

Capital Leases

The District has entered into agreements to lease copier equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Payments, including interest are due in monthly installments of \$2,266 and \$1,595. The future minimum lease payments at June 30, 2018 are \$125,073.

Leased equipment under capital leases in capital assets at June 30, 2018 include the following:

	<u>2015 Lease</u>	<u>2016 Lease</u>
Equipment	\$118,473	\$ 85,294
Less: Accumulated depreciation	<u>(59,237)</u>	<u>(25,588)</u>
Total	<u>\$ 59,236</u>	<u>\$ 59,706</u>

The annual requirements to amortize all debt outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Bonds Payable		Capital Lease		Total
	Principal	Interest	Principal	Interest	
2019	\$ 7,300,000	\$ 3,384,419	\$ 40,920	\$ 5,412	\$ 10,730,751
2020	7,305,000	3,153,969	43,090	3,242	10,505,301
2021	7,535,000	2,925,169	31,621	1,115	10,492,905
2022	7,770,000	2,689,069	9,442	128	10,468,639
2023	8,140,000	2,321,469	-	-	10,461,469
2024-2028	45,985,000	6,194,937	-	-	52,179,937
Total	\$ 84,035,000	\$ 20,669,032	\$ 125,073	\$ 9,897	\$104,839,002

General obligation bonds are liquidated by the Debt Services Fund.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

The Illinois Compiled Statutes limits the amount of bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$197,379,226 providing a debt margin of \$114,031,426.

NOTE 6. RETIREMENT FUND COMMITMENTS:

Retirement Plans

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

The District has pension obligations pertaining to retired employees. The following is a summary of deferred outflows and deferred inflows of resources for the Teachers' Retirement System (TRS) and the Illinois Municipal Retirement Fund (IMRF):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Teachers' Retirement System (TRS)	\$ 935,132	\$ 2,007,056
Illinois Municipal Retirement Fund Fund (IMRF)	<u>2,354,270</u>	<u>4,845,613</u>
Total	<u>\$ 3,289,402</u>	<u>\$ 6,852,669</u>

Illinois Teachers' Retirement System:

General Information about the Pension Plan

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

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

Contributions from active members and TRS contributing districts are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On behalf contributions to TRS: The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$22,367,599 in pension contributions from the state of Illinois.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

2.2 formula contributions: Districts contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$181,997, and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions: When TRS members are paid from federal and special trust funds administered by the district, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher. For the year ended June 30, 2018, the District pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$38,448 were paid from federal and special trust funds that required District contributions of \$3,883.

Employer retirement cost contributions: Under GASB Statement No. 68, contributions that a district is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum District ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District was not required to make payments to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the District was not required to make payments to TRS for salary increases in excess of 6 percent or sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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	\$ 4,309,100
State's proportionate share of the net pension liability associated with the District	<u>227,277,868</u>
Total	<u>\$ 231,586,968</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.0056%, which was a decrease of 0.0020% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$22,367,599 and revenue of \$22,367,599 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,802	\$ 1,989
Net difference between projected and actual earnings on pension plan investments	2,956	-
Changes of Assumptions	287,601	123,823
Changes in proportion and differences between District contributions and proportionate share of contributions	411,893	1,881,244
District contributions subsequent to the measurement date	<u>185,880</u>	<u>-</u>
Total	<u>\$ 935,132</u>	<u>\$ 2,007,056</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

Year ending June 30,	Deferred (Inflow) Outflow
2019	\$ (136,265)
2020	(301,473)
2021	(433,345)
2022	(346,668)
2023	(40,053)
Total	<u>\$ (1,257,804)</u>

Actuarial assumptions

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

Inflation	2.50 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

Discount rate

At June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.0 percent, which was change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, District contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018**

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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$5,294,292	\$4,309,100	\$3,502,145

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS Comprehensive Annual Financial Report.

Illinois Municipal Retirement Fund:

Plan Description: The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided: IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

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

Employees Covered by Benefit Terms: At December 31, 2017, the number of District employees covered by IMRF were:

Active members	235
Retirees and beneficiaries	307
Inactive, non-retired members	<u>324</u>
Total	<u>866</u>

Contributions: As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for 2017 was 9.57% of annual covered payroll. For the calendar year ended December 31, 2017, the District contributed \$874,154 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 the IMRF Board of Trustees. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Net Pension Liability: The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine the Total Pension Liability at December 31, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Investment Rate of Return	7.50%
Projected Retirement Age	Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, 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 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
Disabled Retirees	For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-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.
Active Members	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.
Other Information:	There were no benefit changes during the year.

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Return 12/31/17</u>	<u>Projected Returns/Risk</u>	
			<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	37.0%	19.60%	8.30%	6.85%
International equities	18.0	27.53	8.45	6.75
Fixed income	28.0	4.67	3.05	3.00
Real estate	9.0	9.10	6.90	5.75
Alternative investments	7.0	N/A	4.25-12.45	2.65-7.35
Cash equivalents	1.0	N/A	2.25	2.25

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

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Changes in the District's Net Pension Liability: Changes in the District's Net Pension Liability for the year ended December 31, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance, December 31, 2016	\$ 47,952,102	\$ 44,282,625	\$ 3,669,477
Charges for the year:			
Service cost	1,002,378	-	1,002,378
Interest	3,527,944	-	3,527,944
Difference between expected and actual experience	623,666	-	623,666
Changes in assumptions	(1,765,227)	-	(1,765,227)
Net investment income	-	7,898,831	(7,898,831)
Contributions – employees	-	421,506	(421,506)
Contributions – employers	-	874,154	(874,154)
Benefit payments including refunds of employee contributions	(2,828,073)	(2,828,073)	-
Other changes	-	(867,417)	867,417
Net changes	560,688	5,499,001	(4,938,313)
Balance, December 31, 2017	\$ 48,512,790	\$ 49,781,626	\$ (1,268,836)

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

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.50%	\$ 4,329,489
Current discount rate	7.50	(1,268,836)
1% increase	8.50	(5,914,833)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2017, the District recognized pension expense of \$1,052,976. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Net Deferred Outflows / (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 425,579	\$ -	\$ 425,579
Changes of assumptions	-	1,111,511	(1,111,511)
Net difference between projected and actual earnings on Plan investments	1,450,860	3,734,102	(2,283,242)
District contributions to plan after measurement date	<u>477,831</u>	<u>-</u>	<u>477,831</u>
Total	<u>\$ 2,354,270</u>	<u>\$ 4,845,613</u>	<u>\$ (2,491,343)</u>

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

Year ending December 31,	Net Deferred Outflows (Inflows)
2018	\$ (580,476)
2019	(566,054)
2020	(889,120)
2021	<u>(933,524)</u>
Total	<u>\$ (2,969,174)</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB):

The District has benefit obligations pertaining to retired employees. The following is a summary of deferred outflows and deferred inflows of resources for the Retiree Health Plan and the Teachers Health Insurance Security Fund (THIS):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Retiree Health Plan	\$ 264,075	\$ 97,652
Teachers Health Insurance Security Fund (THIS)	<u>331,849</u>	<u>4,143,086</u>
Total	<u>\$ 595,924</u>	<u>\$ 4,240,738</u>

Retiree Health Plan:

Plan Description: The District administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). IMRF employees that retire from the District may elect to continue their health care coverage by paying the monthly premium. The District subsidizes a portion of the cost for hospital and medical coverage for retired IMRF employees and their dependents. The subsidy is an implied age related cost differential based upon the expected higher cost of coverage for retired employees versus the average cost for the entire group. Benefit provisions are established through contractual agreements and may only be amended through negotiations with the Board. The plan does not issue a separate, publicly available report. All insurance benefits cease when the retired employee begins receiving Medicare coverage, or attains age 65, whichever comes first.

Eligibility: Employees must meet the following Illinois Retirement Fund (“IMRF”) requirements for participation in the IMRF retirement program:

Regular Plan Tier 1 (Enrolled in IMRF prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)

Regular Plan Tier 2 (Enrolled in IMRF on or After January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Certified Personnel

Employees must meet the requirements for participation in the Teachers' Retirement System ("TRS") retirement program:

Tier I Members (First Contributed Prior to January 1, 2011)

- Age 62 with 5 years of service; or
- Age 60 with 10 years of service; or
- Age 55 with 20 years of service (reduced pension)
- Age 55 with 35 years of service (full pension)

Tier II Members (First Contributed On or After January 1, 2011)

- 62 years old with 10 years of service (reduced pension)
- 67 years old with 10 years of service (full pension)

Employees Covered by Benefit Terms: At June 30, 2018, the number of District employees covered were:

Active	430
Inactives entitled to but not yet receiving benefits	-
Inactives currently receiving benefit payments	<u>24</u>
Total	<u>454</u>

Contributions: Contribution requirements are established through contractual agreements and may only be amended through negotiations with the Board. IMRF retirees that elect to continue their health care coverage are responsible for paying the full monthly premium.

Net OPEB Liability: The District's Net OPEB Liability was measured as of June 29, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Plan Fiduciary Net Position: The District currently pays for postemployment health care benefits on a pay-as-you-go basis. Therefore, no trust has been established for future costs, and no net position is held for postemployment health care obligations.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Actuarial Assumptions: The actuarial results presented here reflect a valuation date of July 1, 2017 and a measurement date of June 29, 2018. The following are the methods and assumptions used to determine the Net OPEB Liability at June 30, 2018:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	N/A
Actuarial Gains and Losses	Actuarial gains and losses due to difference between expected and actual experience with regard to economic or demographic factors and due to changes of assumptions about future economic or demographic factors are amortized over a closed period equal to the average of the expected remaining service lives of all employees.
Asset Valuation Frequency	An actuarial valuation is prepared biennially with a “roll-forward” valuation in the interim year, provided no significant events have occurred during the interim year warranting a new measurement. This year’s fiscal 2018 valuation was based on a full year valuation.
Changes Since Last Valuation	The Discount Rate and Actuarial Cost Method were changed per GASB 75 rules. Starting per capita costs were updated using the most recent premiums. The health care trend rates were reset based on recent experience. Decrements were changed to those in the most recent IMRF and TRS Pension Fund valuation reports.
Discount Rate	2.98%
Discount Rate Determination Method	Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. A rate of 2.98% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2018.
Health Care Trend Rate	7.0% down to an ultimate rate of 4.5%.
Mortality	Rates from the December 31, 2017 IMRF and June 30, 2017 TRS Actuarial Valuation Reports.
Salary Increases	2.5% per year
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

Changes in the District's Net OPEB Liability: Changes in the District's Net OPEB Liability for the year ended June 30, 2018 were as follows:

	Net OPEB Liability
Balance, July 1, 2017	\$ 2,150,055
Charges for the year:	
Service cost	114,941
Interest	67,535
Difference between expected & actual experience	(80,734)
Changes of assumptions and other inputs	(1,362)
Benefit payments	(167,027)
Other changes	266,366
Net changes	199,719
Balance, June 30, 2018	\$ 2,349,774

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the Net OPEB Liability calculated using the discount rate of 2.98%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1% higher and lower:

	Discount Rate	Net OPEB Liability
1% decrease	1.98%	\$ 2,520,741
Current discount rate	2.98%	2,349,774
1% increase	3.98%	2,191,073

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate: The following presents the Net OPEB Liability calculated using the health care trend rate of 4.50%, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is 1% higher and lower: (No increase in benefit level has been assumed)

	Trend Rate	Net OPEB Liability
1% decrease	3.50%	\$ 2,120,441
Current discount rate	4.50%	2,349,774
1% increase	5.50%	2,620,884

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the District incurred OPEB expense of \$200,322. At June 30, 2018, the District had the following Deferred Outflows of Resources and Deferred Inflows of Resources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Net Deferred Outflows / (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 72,915	\$ (72,915)
Changes of assumptions	<u>264,075</u>	<u>24,737</u>	<u>239,338</u>
Total	<u>\$ 264,075</u>	<u>\$ 97,652</u>	<u>\$ 166,423</u>

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

Year ending June 30,	Net Deferred Outflows (Inflows)
2019	\$ 17,846
2020	17,846
2021	17,846
2022	17,846
2023	17,846
Thereafter	<u>77,193</u>
Total	<u>\$ 166,423</u>

Teacher Health Insurance Security:

General Information about the Other Post Employment Benefit Plan

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were \$370,270, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.88% during the year ended June 30, 2018. For the year ended June 30, 2018, the District paid \$280,247 to the THIS Fund, and are deferred because they were paid after the June 30, 2017 measurement date.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <https://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp#sectc>. The current reports are listed under “Central Management Services” <https://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state OPEB support provided to the District. The state’s support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District is as follows:

District’s proportionate share of the net OPEB liability	\$ 34,629,431
State’s estimated proportionate share of the net OPEB liability associated with the District*	<u>45,477,048</u>
Total	<u><u>\$ 80,106,479</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

Net OPEB Liability: The District's net OPEB Liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The actuarial valuation was determined using the following actuarial assumptions.

Changes Since Last Valuation	Actuarial gains and losses are being amortized as required by GASB 75.
Inflation	2.75%
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Discount Rate	The discount rates 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017.
Discount Rate Determination Method	Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates are consistent with the 20-year general obligation bond index.
Health Care Trend Rate	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of .59% is added to non-Medicare costs on and after 2020 to account for Excise Tax.
Mortality	Mortality rates for retirement and beneficiary annuitants were based upon the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table, All tables reflect future mortality improvements using Projection Sale MP-2014.
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.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

The District's proportion of the net OPEB liability was 0.1334% as of June 30, 2017, an increase of 0.0003% over the District's share of the net OPEB liability as of June 30, 2016. The basis for the proportion was fiscal year 2017 contribution to the plan.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is 1% higher and lower:

	Discount Rate	Net OPEB Liability
1% decrease	2.56%	\$ 41,555,146
Current discount rate	3.56%	34,629,431
1% increase	4.56%	\$ 29,087,777

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate: The following presents the net OPEB liability calculated using the health care trend rate of 8.00%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% higher and lower:

	Trend Rate	Net OPEB Liability
1% decrease	7.00%	\$ 27,949,505
Current trend rate	8.00%	34,629,431
1% increase	9.00%	\$ 44,217,356

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2017, the District recognized OPEB expense of \$2,581,962. At June 30, 2017, the District reported the following Deferred Outflows of Resources and Deferred Inflows of Resources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Net Deferred Outflows / (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,614	\$ (19,614)
Changes of assumptions	-	4,123,091	(4,123,091)
Net difference between projected and actual earnings on Plan investments	-	381	(381)
Changes in proportion and differences between Employer Contribution and Share of Contributions	51,602	-	51,602
District contributions to plan after measurement date	<u>280,247</u>	<u>-</u>	<u>280,247</u>
Total	<u>\$ 331,849</u>	<u>\$ 4,143,086</u>	<u>\$ (3,811,237)</u>

The District reported \$280,247 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2019. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Net Deferred (Inflows) of Resources</u>
2019	\$(544,805)
2020	(544,805)
2021	(544,805)
2022	(544,805)
2023	(544,805)
Thereafter	<u>(1,367,459)</u>
Total	<u>\$ (4,091,484)</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

NOTE 8. RESTRICTED POSITION:

The government-wide statement of net position reports \$4,183,394 of restricted net assets, all of which is restricted by enabling legislation.

NOTE 9. FUND BALANCES – GOVERNMENTAL FUNDS:

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

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

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

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

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the School Board itself or the School Board may delegate the authority to assign amounts. The School Board has delegated this authority to the Chief Financial Officer. Currently, \$665,000 has been assigned for future capital improvement projects.

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

As of June 30, 2018, fund balances are composed of the following:

	General Fund	Debt Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$442,636	\$ -	\$ -	\$442,636
Restricted:				
Municipal Retirement/ Social Security Fund	-	-	715,672	715,672
Debt service	-	687,200	-	687,200
Transportation	-	-	2,308,199	2,308,199
Capital Projects	-	-	472,323	472,323
Assigned	665,000	-	-	665,000
Unassigned	21,333,201	-	-	21,333,201
Total fund balances	\$22,440,837	\$687,200	\$3,496,194	\$26,624,231

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

NOTE 10. RISK MANAGEMENT:

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

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

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

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

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

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

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

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

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018**

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

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

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

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

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

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

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

NOTE 16. INTERFUND TRANSFERS:

During the year ending June 30, 2018, interfund transfers consisted of the following:

Transfer to	Transfer from	Amount
Debt Service Fund	General Fund's Educational Account	\$46,335
Capital Project Fund	General Fund's Working Cash Account	1,000,000
Transportation Fund	General Fund's Working Cash Account	\$335,000

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgeting authorizations.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2018

The Illinois State Board of Education (ISBE) Administrative Code was modified to require that all debt service payments be reported in the Debt Service Fund. However, certain debt service payments are funded by sources other than a debt service levy. Accordingly, interfund transfers are required to transfer the proceeds of these other funding sources from the fund in which they are required to be deposited, to the Debt Service Fund from which the debt service payments will be made.

NOTE 17. SUBSEQUENT EVENTS:

General Obligation Limited Tax School Bonds in the amount of \$3,950,000 were issued with a settlement date of September 6, 2018. The funds from this bond issuance will be used for facility improvements and school bus fleet replacement.

REQUIRED SUPPLEMENTARY INFORMATION

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2018

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
REVENUES:				
Local sources	\$ 51,566,019	\$ 51,566,019	\$ 52,233,521	\$ 667,502
State sources	7,102,755	29,502,755	29,893,446	390,691
Federal sources	2,656,799	2,656,799	2,830,612	173,813
Total Revenues	<u>61,325,573</u>	<u>83,725,573</u>	<u>84,957,579</u>	<u>1,232,006</u>
EXPENDITURES:				
Instruction	38,665,763	38,665,763	37,529,844	1,135,919
Supporting services	21,145,364	43,545,364	43,126,661	418,703
Community services	166,787	166,787	98,171	68,616
Payments to other districts and governmental units	1,668,315	1,668,315	1,308,550	359,765
Provision for contingencies	125,000	125,000	-	125,000
Total Expenditures	<u>61,771,229</u>	<u>84,171,229</u>	<u>82,063,226</u>	<u>2,108,003</u>
Excess (deficiency) of revenues over expenditures	<u>(445,656)</u>	<u>(445,656)</u>	<u>2,894,353</u>	<u>3,340,009</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,381,335)	(1,381,335)	(1,381,335)	-
Proceeds from the sale of capital assets	-	-	494	494
Total other financing sources (uses)	<u>(1,381,335)</u>	<u>(1,381,335)</u>	<u>(1,380,841)</u>	<u>494</u>
Net change in fund balances	<u>\$ (1,826,991)</u>	<u>\$ (1,826,991)</u>	<u>\$ 1,513,512</u>	<u>\$ 3,340,503</u>
Fund balances at beginning of year			<u>20,927,325</u>	
FUND BALANCES AT END OF YEAR			<u>\$ 22,440,837</u>	

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2018

Calendar year ending December 31,	2017	2016	2015	2014
<u>Total pension liability:</u>				
Service cost	\$ 1,002,378	\$ 990,286	\$ 993,906	\$ 1,027,946
Interest on the total pension liability	3,527,944	3,393,610	3,308,205	3,087,331
Difference between expected and actual experience	623,666	145,758	(495,509)	(530,912)
Assumption changes	(1,765,227)	(53,425)	51,815	1,927,793
Benefit payments and refunds	(2,828,073)	(2,675,070)	(2,639,843)	(2,460,447)
Net change in total pension liability	560,688	1,801,159	1,218,574	3,051,711
Total pension liability, beginning	47,952,102	46,150,943	44,932,369	41,880,658
Total pension liability, ending	48,512,790	47,952,102	46,150,943	44,932,369
<u>Plan fiduciary net position</u>				
Employer contributions	874,154	915,071	902,964	946,965
Employee contributions	421,506	404,822	409,920	390,242
Pension plan net investment income	7,898,831	2,923,701	214,536	2,552,135
Benefit payments and refunds	(2,828,073)	(2,675,070)	(2,639,843)	(2,460,447)
Other	(867,417)	186,970	68,841	(258,076)
Net change in plan fiduciary net position	5,499,001	1,755,494	(1,043,582)	1,170,819
Plan fiduciary net position, beginning	44,282,625	42,527,131	43,570,713	42,399,894
Plan fiduciary net position, ending	49,781,626	44,282,625	42,527,131	43,570,713
Net pension liability, ending	(1,268,836)	3,669,477	3,623,812	1,361,656
Plan fiduciary net position as a percentage of total pension liability	102.62%	92.35%	92.15%	96.97%
Covered valuation payroll	\$ 9,139,059	\$ 8,962,451	\$ 8,767,495	\$ 8,663,680
Net pension liability as a percentage of covered valuation penalty	-13.88%	40.94%	41.33%	15.72%

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

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2018**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 868,211	\$ 874,154	\$ (5,943)	\$ 9,139,059	9.57%
2016	907,000	915,071	(8,071)	8,962,451	10.21%
2015	903,052	902,964	88	8,767,495	10.30%
2014	946,940	946,965	(25)	8,663,680	10.93%

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0056%	0.0076%	0.0096%	0.0089%
District's proportionate share of the net pension liability	\$ 4,309,100	\$ 5,980,985	\$ 6,257,358	\$ 5,434,701
State's proportionate share of the net pension liability associated with the District	<u>227,277,868</u>	<u>247,736,507</u>	<u>194,217,342</u>	<u>182,781,933</u>
Total	<u>\$ 231,586,968</u>	<u>\$ 253,717,492</u>	<u>\$ 200,474,700</u>	<u>\$ 188,216,634</u>
District's covered-employee payroll	\$ 30,727,610	\$ 31,019,696	\$ 29,973,581	\$ 29,873,116
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.02%	19.28%	20.88%	18.19%
Plan fiduciary net position as a percentage of the total pension liability	<u>39.30%</u>	<u>36.40%</u>	<u>41.50%</u>	<u>43.00%</u>

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 185,880	\$ 232,561	\$ 298,797	\$ 324,669
Contributions in relation to the contractually- required contribution	<u>184,952</u>	<u>232,380</u>	<u>290,849</u>	<u>330,177</u>
Contribution deficiency (excess)	<u>\$ 928</u>	<u>\$ 181</u>	<u>\$ 7,948</u>	<u>\$ (5,508)</u>
 District's covered-employee payroll	 \$ 31,378,779	 \$ 30,727,610	 \$ 31,019,696	 \$ 29,973,581
 Contribution as a percentage of covered- employee payroll	 0.59%	 0.76%	 0.96%	 1.08%

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

Fiscal year ending June 30,	<u>2018</u>
<u>Total OPEB liability:</u>	
Service cost	\$ 114,941
Interest on the total pension liability	67,535
Difference between expected and actual experience	(80,734)
Assumption changes	(1,362)
Benefit payments and refunds	(167,027)
Other changes	266,366
Net change in total OPEB liability	<u>199,719</u>
Total OPEB liability, beginning	<u>2,150,055</u>
Total OPEB liability, ending	<u><u>2,349,774</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	 <u><u>0.00%</u></u>
 Covered valuation payroll	 <u><u>N/A</u></u>
 Net OPEB liability as a percentage of covered valuation payroll	 <u><u>N/A</u></u>

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POST
BENEFIT (OPEB) LIABILITY AND DISTRICT CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2017
JUNE 30, 2018

	2017
District's Proportionate Share of the OPEB Liability:	
District's proportion of net OPEB Liability	0.133449%
District's proportionate share of the net OPEB Liability	\$ 34,629,431
State's proportionate share of the net OPEB liability associated with the District	45,477,048
Total	\$ 80,106,479
District's covered-employee payroll	\$ 30,727,610
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	112.70%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%
District Contributions:	
Contractually required contribution	\$ 258,112
Contributions in relation to the contractually required contribution	257,875
Contribution deficiency (excess)	\$ 237
Contributions as a percentage of covered-employee payroll	0.84%

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1. BUDGETARY DATA:

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

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues. The budget was adopted on September 25, 2017 and amended on June 25, 2018.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. The District has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year. (All appropriations lapse at year end.)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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

Actual expenditures disbursed in the Capital Projects fund of \$1,201,753 exceeded the budgeted amounts of \$1,182,000 by \$19,753.

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

Changes of assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real rate of return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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

The following describes the summary of actuarial methods and assumptions used in the calculation of the 2017 contribution rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies: 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most districts (two districts were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

DUPAGE HIGH SCHOOL DISTRICT NO. 88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.
Other Information	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTARY FINANCIAL INFORMATION

**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2018**

	Educational	Operations and Maintenance	Working Cash	Total General
<u>ASSETS</u>				
Cash and investments	\$ 36,014,307	\$ 4,867,280	\$ 6,319,983	\$ 47,201,570
Receivables (net of allowance for uncollectibles):				
Property taxes	20,760,696	2,934,327	-	23,695,023
Intergovernmental	810,387	-	-	810,387
Other	92,824	-	-	92,824
Inventory	442,636	-	-	442,636
TOTAL ASSETS	<u>\$ 58,120,850</u>	<u>\$ 7,801,607</u>	<u>\$ 6,319,983</u>	<u>\$ 72,242,440</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 289,734	\$ 8,295	\$ -	\$ 298,029
Payroll deductions and withholdings	203,032	-	-	203,032
Unearned revenue	109,348	-	-	109,348
Total Liabilities	<u>602,114</u>	<u>8,295</u>	<u>-</u>	<u>610,409</u>
Deferred inflows of resources:				
Property taxes levies for subsequent year	43,099,642	6,091,552	-	49,191,194
Total deferred inflows of resources	<u>43,099,642</u>	<u>6,091,552</u>	<u>-</u>	<u>49,191,194</u>
Fund Balance:				
Nonspendable	442,636	-	-	442,636
Assigned	-	-	665,000	665,000
Unassigned	13,976,458	1,701,760	5,654,983	21,333,201
Total Fund Balance	<u>14,419,094</u>	<u>1,701,760</u>	<u>6,319,983</u>	<u>22,440,837</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 58,120,850</u>	<u>\$ 7,801,607</u>	<u>\$ 6,319,983</u>	<u>\$ 72,242,440</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Educational	Operations and Maintenance	Working Cash	Total General
REVENUES:				
Property taxes	\$ 42,623,432	\$ 5,381,869	\$ 21,002	\$ 48,026,303
Other local sources	3,695,321	389,778	122,119	4,207,218
State sources	29,893,446	-	-	29,893,446
Federal sources	2,830,612	-	-	2,830,612
Total Revenues	<u>79,042,811</u>	<u>5,771,647</u>	<u>143,121</u>	<u>84,957,579</u>
EXPENDITURES:				
Current operating:				
Instruction	37,529,844	-	-	37,529,844
Supporting services	37,306,354	5,820,307	-	43,126,661
Community services	98,171	-	-	98,171
Payments to other districts and governmental units	1,308,550	-	-	1,308,550
Total Expenditures	<u>76,242,919</u>	<u>5,820,307</u>	<u>-</u>	<u>82,063,226</u>
Excess (deficiency) of revenues over expenditures	<u>2,799,892</u>	<u>(48,660)</u>	<u>143,121</u>	<u>2,894,353</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(46,335)	-	(1,335,000)	(1,381,335)
Proceeds from the sale of fixed assets	494	-	-	494
Total other financing sources (uses)	<u>(45,841)</u>	<u>-</u>	<u>(1,335,000)</u>	<u>(1,380,841)</u>
Net change in fund balances	<u>2,754,051</u>	<u>(48,660)</u>	<u>(1,191,879)</u>	<u>1,513,512</u>
Fund balances at beginning of year	<u>11,665,043</u>	<u>1,750,420</u>	<u>7,511,862</u>	<u>20,927,325</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 14,419,094</u></u>	<u><u>\$ 1,701,760</u></u>	<u><u>\$ 6,319,983</u></u>	<u><u>\$ 22,440,837</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
REVENUES:				
Local Sources:				
Property taxes				
General tax levy	\$ 42,174,730	\$ 42,174,730	\$ 41,949,428	\$ 41,829,767
Special education tax levy	-	-	674,004	665,685
Total property taxes	<u>42,174,730</u>	<u>42,174,730</u>	<u>42,623,432</u>	<u>42,495,452</u>
Corporate replacement taxes	1,335,000	1,335,000	1,363,709	1,636,812
Tuition	48,040	48,040	55,388	51,470
Earnings on investments	150,000	150,000	411,225	168,199
Food service	464,000	464,000	416,971	444,517
Activity income	432,185	432,185	457,113	474,398
Textbooks	332,000	332,000	271,389	372,317
Contributions and donations from private sources	50,000	50,000	49,885	-
Impact fees from municipal or county governments	25,000	25,000	113,355	-
Services provided other districts	10,000	10,000	2,745	14,448
Refund of prior years' expenditures	-	-	48,554	27,053
Drivers' education fees	80,000	80,000	87,277	92,047
Payments from other districts	25,000	25,000	2,320	35,326
Other local	389,000	389,000	415,390	204,511
Total Local Sources	<u>45,514,955</u>	<u>45,514,955</u>	<u>46,318,753</u>	<u>46,016,550</u>
State Sources:				
General state aid	5,514,427	5,514,427	5,663,023	4,121,500
Special education	1,326,501	1,326,501	1,149,873	1,920,834
Vocational education	63,899	63,899	63,865	58,090
Bilingual education	86,403	86,403	121,637	35,998
Free lunch & breakfast	6,000	6,000	11,001	3,996
Drivers' education	105,525	105,525	140,701	132,520
On-behalf payments - State of Illinois	-	22,400,000	22,737,869	24,673,469
Other	-	-	5,477	-
Total State Sources	<u>\$ 7,102,755</u>	<u>\$ 29,502,755</u>	<u>\$ 29,893,446</u>	<u>\$ 30,946,407</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
REVENUES - Continued:				
Federal Sources:				
Food Service	\$ 768,000	\$ 768,000	\$ 768,507	\$ 728,641
Title I - low income	700,000	700,000	665,715	931,718
IDEA - flow through	843,117	843,117	998,090	677,680
IDEA - room and board	-	-	3,326	14,301
CTE - Perkins	60,168	60,168	58,623	64,865
Emergency immigrant assistance	8,400	8,400	279	8,379
Title III - english language acquisition	27,000	27,000	22,619	24,583
Title II - Eisenhower/teacher quality	20,000	20,000	28,725	4,929
Medicaid programs	202,000	202,000	256,614	111,401
Other restricted grants	28,114	28,114	28,114	28,114
Total Federal Sources	<u>2,656,799</u>	<u>2,656,799</u>	<u>2,830,612</u>	<u>2,594,611</u>
Total Revenues	<u>55,274,509</u>	<u>77,674,509</u>	<u>79,042,811</u>	<u>79,557,568</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Salaries	17,735,727	17,735,727	17,460,854	16,838,643
Employee benefits	3,124,106	3,124,106	3,014,878	3,334,708
Purchased services	422,343	422,343	425,008	422,213
Supplies and materials	647,704	647,704	851,419	693,998
Capital outlay	165,420	165,420	40,321	49,578
Other	32,000	32,000	24,902	29,128
Non-capitalized equipment	420,700	420,700	394,143	314,393
Total	<u>22,548,000</u>	<u>22,548,000</u>	<u>22,211,525</u>	<u>21,682,661</u>
Special programs:				
Salaries	5,118,432	5,118,432	4,886,398	5,121,002
Employee benefits	832,623	832,623	734,892	853,850
Purchased services	132,400	132,400	128,240	148,314
Supplies and materials	62,677	62,677	31,775	46,608
Other	-	-	1,789	-
Non-capitalized equipment	7,000	7,000	3,692	-
Tuition	2,200,000	2,200,000	1,771,561	1,893,089
Total	<u>\$ 8,353,132</u>	<u>\$ 8,353,132</u>	<u>\$ 7,558,347</u>	<u>\$ 8,062,863</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Instruction - Continued:				
Remedial & supplemental:				
Salaries	\$ 50,000	\$ 50,000	\$ 39,615	\$ 156,484
Employee benefits	-	-	-	37,131
Purchased services	38,000	38,000	26,680	49,540
Supplies and materials	303,806	303,806	355,850	403,176
Total	391,806	391,806	422,145	646,331
CTE programs:				
Salaries	1,740,376	1,740,376	1,742,833	1,674,232
Employee benefits	229,021	229,021	231,807	222,764
Purchased services	62,685	62,685	54,279	61,074
Supplies and materials	147,729	147,729	141,571	132,369
Capital outlay	9,000	9,000	8,831	6,497
Non-capitalized equipment	42,670	42,670	47,153	55,716
Total	2,231,481	2,231,481	2,226,474	2,152,652
Interscholastic programs:				
Salaries	2,218,017	2,218,017	2,154,288	2,110,020
Employee benefits	47,946	47,946	47,945	46,277
Purchased services	299,660	299,660	335,689	298,760
Supplies and materials	102,000	102,000	89,168	105,492
Total	2,667,623	2,667,623	2,627,090	2,560,549
Summer school:				
Salaries	103,400	103,400	113,960	94,237
Supplies and materials	1,600	1,600	1,546	751
Total	\$ 105,000	\$ 105,000	\$ 115,506	\$ 94,988

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Instruction - Continued:				
Driver's education programs:				
Salaries	\$ 220,000	\$ 220,000	\$ 214,327	\$ 168,440
Employee benefits	390	390	381	376
Purchased services	10,000	10,000	4,334	3,470
Supplies and materials	9,000	9,000	5,940	6,866
Capital outlay	34,000	34,000	-	46,638
Total	<u>273,390</u>	<u>273,390</u>	<u>224,982</u>	<u>225,790</u>
Bilingual:				
Salaries	333,698	333,698	330,836	328,307
Purchased services	1,180	1,180	-	-
Supplies and materials	1,500	1,500	1,802	9,885
Total	<u>336,378</u>	<u>336,378</u>	<u>332,638</u>	<u>338,192</u>
Truant alternative and optional:				
Salaries	921,600	921,600	916,087	681,917
Employee benefits	138,053	138,053	202,707	118,345
Supplies and materials	3,600	3,600	2,033	1,978
Tuition	695,700	695,700	690,310	663,415
Total	<u>1,758,953</u>	<u>1,758,953</u>	<u>1,811,137</u>	<u>1,465,655</u>
Total Instruction	<u>38,665,763</u>	<u>38,665,763</u>	<u>37,529,844</u>	<u>37,229,681</u>
Support Services:				
Pupils:				
Attendance and social work :				
Salaries	1,514,200	1,514,200	1,528,349	1,488,117
Employee benefits	327,798	327,798	326,091	321,319
Purchased services	273,052	273,052	302,908	261,934
Supplies and materials	-	-	419	478
Total	<u>\$ 2,115,050</u>	<u>\$ 2,115,050</u>	<u>\$ 2,157,767</u>	<u>\$ 2,071,848</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Pupils - Continued:				
Guidance services				
Salaries	\$ 1,707,784	\$ 1,707,784	\$ 1,708,828	\$ 1,649,828
Employee benefits	232,828	232,828	232,737	215,596
Purchased services	-	-	-	20
Supplies and materials	8,500	8,500	9,115	10,430
Total	1,949,112	1,949,112	1,950,680	1,875,874
Health services:				
Salaries	270,215	270,215	279,015	256,287
Employee benefits	40,760	40,760	44,364	25,988
Supplies and materials	5,500	5,500	5,377	5,942
Total	316,475	316,475	328,756	288,217
Psychological services:				
Salaries	435,781	435,781	435,562	498,464
Employee benefits	44,531	44,531	44,529	26,192
Purchased services	7,500	7,500	7,700	6,300
Supplies and materials	-	-	986	314
Total	487,812	487,812	488,777	531,270
Speech pathology:				
Supplies and materials	-	-	-	209
Total	-	-	-	209
Other support - pupil:				
Salaries	199,335	199,335	156,530	190,911
Employee benefits	8,060	8,060	9,329	23,813
Purchased services	10,000	10,000	2,538	5,023
Supplies and materials	21,000	21,000	46,657	41,075
Total	238,395	238,395	215,054	260,822
Total Pupils	\$ 5,106,844	\$ 5,106,844	\$ 5,141,034	\$ 5,028,240

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Instructional Staff:				
Improvement of instructional services:				
Salaries	\$ 196,550	\$ 196,550	\$ 206,853	\$ 204,987
Employee benefits	22,042	22,042	22,042	22,201
Purchased services	152,637	152,637	140,675	122,823
Total	371,229	371,229	369,570	350,011
Educational media services:				
Salaries	626,718	626,718	639,991	609,397
Employee benefits	144,707	144,707	144,397	135,183
Supplies and materials	83,000	83,000	78,173	75,843
Capital outlay	-	-	-	85,294
Total	854,425	854,425	862,561	905,717
Assessment and testing:				
Salaries	44,000	44,000	32,871	33,798
Purchased services	30,000	30,000	57,660	13,605
Supplies and materials	85,000	85,000	56,618	65,641
Non-capitalized equipment	-	-	-	5,204
Total	159,000	159,000	147,149	118,248
Total Instructional Staff	1,384,654	1,384,654	1,379,280	1,373,976
General Administration:				
Board of education:				
Salaries	8,000	8,000	9,408	-
On-behalf payments - State of IL	-	22,400,000	22,737,869	24,673,469
Purchased services	236,856	236,856	239,870	180,899
Supplies and materials	15,000	15,000	11,495	10,030
Total	\$ 259,856	\$ 22,659,856	\$ 22,998,642	\$ 24,864,398

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
General Administration - Continued:				
Executive administration:				
Salaries	\$ 290,829	\$ 290,829	\$ 285,997	\$ 281,909
Employee benefits	31,932	31,932	31,932	29,878
Purchased services	20,000	20,000	15,528	11,323
Supplies and materials	9,000	9,000	6,955	5,824
Total	<u>351,761</u>	<u>351,761</u>	<u>340,412</u>	<u>328,934</u>
Special area administration:				
Salaries	161,931	161,931	162,589	160,028
Employee benefits	40,059	40,059	40,058	37,186
Purchased services	5,000	5,000	3,919	-
Total	<u>206,990</u>	<u>206,990</u>	<u>206,566</u>	<u>197,214</u>
Tort immunity:				
Purchased services	496,000	496,000	458,353	459,731
Total	<u>496,000</u>	<u>496,000</u>	<u>458,353</u>	<u>459,731</u>
Total General Administration	<u>1,314,607</u>	<u>23,714,607</u>	<u>24,003,973</u>	<u>25,850,277</u>
School Administration:				
Office of the principal:				
Salaries	1,414,126	1,414,126	1,430,845	1,413,658
Employee benefits	282,685	282,685	282,169	246,498
Purchased services	74,936	74,936	74,813	69,074
Supplies and materials	334,494	334,494	307,448	351,250
Capital outlay	-	-	9,986	-
Non-capitalized equipment	40,000	40,000	19,120	8,952
Total	<u>2,146,241</u>	<u>2,146,241</u>	<u>2,124,381</u>	<u>2,089,432</u>
Other support - school administration:				
Salaries	1,578,521	1,578,521	1,594,777	1,524,938
Employee benefits	22,701	22,701	22,692	20,383
Total	<u>1,601,222</u>	<u>1,601,222</u>	<u>1,617,469</u>	<u>1,545,321</u>
Total School Administration	<u>\$ 3,747,463</u>	<u>\$ 3,747,463</u>	<u>\$ 3,741,850</u>	<u>\$ 3,634,753</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Support Services - Continued:				
Business:				
Direction of business support services:				
Salaries	\$ 203,815	\$ 203,815	\$ 203,087	\$ 198,773
Employee benefits	93,101	93,101	92,718	88,045
Purchased services	36,000	36,000	27,405	31,539
Supplies and materials	15,000	15,000	7,449	9,432
Other	-	-	-	2,527
Total	<u>347,916</u>	<u>347,916</u>	<u>330,659</u>	<u>330,316</u>
Fiscal services:				
Salaries	365,389	365,389	384,128	344,609
Employee benefits	11,000	11,000	10,981	15,398
Purchased services	-	-	764	-
Supplies and materials	-	-	345	-
Other	17,868	17,868	20,871	-
Non-capitalized equipment	24,000	24,000	1,335	-
Total	<u>418,257</u>	<u>418,257</u>	<u>418,424</u>	<u>360,007</u>
Pupil transportation services:				
Salaries	500	500	868	653
Purchased services	23,792	23,792	23,261	16,235
Total	<u>24,292</u>	<u>24,292</u>	<u>24,129</u>	<u>16,888</u>
Food services:				
Salaries	52,559	52,559	52,498	52,160
Employee benefits	11,884	11,884	11,883	11,808
Purchased services	860,000	860,000	838,375	839,458
Supplies and materials	6,000	6,000	4,071	2,805
Non-capitalized equipment	5,100	5,100	6,547	-
Total	<u>935,543</u>	<u>935,543</u>	<u>913,374</u>	<u>906,231</u>
Internal services:				
Salaries	143,699	143,699	143,371	131,410
Employee benefits	24,623	24,623	24,622	22,734
Total	<u>168,322</u>	<u>168,322</u>	<u>167,993</u>	<u>154,144</u>
Total Business	<u>\$ 1,894,330</u>	<u>\$ 1,894,330</u>	<u>\$ 1,854,579</u>	<u>\$ 1,767,586</u>

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
EXPENDITURES - Continued:				
Support Services - Continued:				
Central:				
Direction of central support services:				
Salaries	\$ 251,361	\$ 251,361	\$ 249,058	\$ 238,737
Employee benefits	44,144	44,144	44,143	37,125
Purchased services	13,000	13,000	-	15,328
Supplies and materials	25,000	25,000	22,480	28,616
Other	-	-	-	21,700
Non-capitalized equipment	3,000	3,000	-	494
Total	336,505	336,505	315,681	342,000
Planning, research, development and evaluation services:				
Salaries	-	-	8,518	-
Total	-	-	8,518	-
Information services:				
Salaries	73,150	73,150	73,137	76,187
Employee benefits	18,888	18,888	18,887	16,383
Purchased services	-	-	185	-
Supplies and materials	8,000	8,000	3,410	2,476
Total	100,038	100,038	95,619	95,046
Staff services:				
Salaries	110,650	110,650	110,815	128,050
Employee benefits	29,973	29,973	29,972	28,129
Purchased services	50,628	50,628	39,958	40,563
Supplies and materials	4,558	4,558	3,771	6,234
Total	195,809	195,809	184,516	202,976
Data processing services:				
Salaries	404,850	404,850	404,704	405,653
Employee benefits	85,849	85,849	85,847	76,713
Purchased services	106,500	106,500	90,753	67,948
Supplies and materials	6,000	6,000	-	-
Total	603,199	603,199	581,304	550,314
Total Central	1,235,551	1,235,551	1,185,638	1,190,336
Total Support Services	\$ 14,683,449	\$ 37,083,449	\$ 37,306,354	\$ 38,845,168

(Continued)

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued:				
Community Services:				
Salaries	\$ 116,529	\$ 116,529	\$ 58,040	\$ 106,330
Employee benefits	24,518	24,518	24,517	22,515
Purchased services	25,740	25,740	15,614	25,154
Total Community Services	<u>166,787</u>	<u>166,787</u>	<u>98,171</u>	<u>153,999</u>
Payments to other districts and governmental units:				
Special education - tuition	1,225,000	1,225,000	784,301	902,169
Special education - purchased services	110,000	110,000	133,409	99,172
Special education - other	125,315	125,315	168,138	173,928
CTE -tuition	119,000	119,000	111,537	116,216
Payments for other programs - tuition	-	-	3,500	-
Other - tuition	89,000	89,000	107,665	76,080
Total payments to other districts and governmental units	<u>1,668,315</u>	<u>1,668,315</u>	<u>1,308,550</u>	<u>1,367,565</u>
Provision for contingencies	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>55,309,314</u>	<u>77,709,314</u>	<u>76,242,919</u>	<u>77,596,413</u>
Excess (deficiency) of revenues over expenditures	<u>(34,805)</u>	<u>(34,805)</u>	<u>2,799,892</u>	<u>1,961,155</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(46,335)	(46,335)	(46,335)	(36,762)
Proceeds from the sale of fixed assets	-	-	494	-
Capital lease proceeds	-	-	-	85,294
Total other financing sources (uses)	<u>(46,335)</u>	<u>(46,335)</u>	<u>(45,841)</u>	<u>48,532</u>
Net change in fund balances	<u>\$ (81,140)</u>	<u>\$ (81,140)</u>	2,754,051	2,009,687
Fund balances at beginning of year			<u>11,665,043</u>	<u>9,655,356</u>
FUND BALANCES AT END OF YEAR			<u>\$ 14,419,094</u>	<u>\$ 11,665,043</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 5,648,099	\$ 5,381,869	\$ 5,252,059
Earnings on investments	20,000	53,186	29,437
Rentals	185,000	214,434	153,504
Refund of prior years' expenditures	-	-	5,179
Other	117,500	122,158	107,708
Total Local Sources	<u>5,970,599</u>	<u>5,771,647</u>	<u>5,547,887</u>
State Sources:			
School energy efficiency grant	-	-	20,800
Total State Sources	<u>-</u>	<u>-</u>	<u>20,800</u>
Total Revenues	<u>5,970,599</u>	<u>5,771,647</u>	<u>5,568,687</u>
EXPENDITURES:			
Support Services:			
Facilities acquisition and construction:			
Purchased services	-	50,520	-
Capital outlay	193,000	43,979	83,331
Total	<u>193,000</u>	<u>94,499</u>	<u>83,331</u>
Operation and maintenance of plant services:			
Salaries	3,156,017	3,104,216	3,071,658
Benefits	659,828	548,715	673,022
Purchased services	684,000	602,853	422,926
Supplies and materials	1,642,070	1,429,229	1,594,017
Capital outlay	70,000	19,539	57,000
Non-capitalized equipment	57,000	21,256	49,675
Total	<u>6,268,915</u>	<u>5,725,808</u>	<u>5,868,298</u>
Total Expenditures	<u>6,461,915</u>	<u>5,820,307</u>	<u>5,951,629</u>
Net change in fund balances	<u>\$ (491,316)</u>	(48,660)	(382,942)
Fund balances at beginning of year		<u>1,750,420</u>	<u>2,133,362</u>
FUND BALANCES AT END OF YEAR		<u>\$ 1,701,760</u>	<u>\$ 1,750,420</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WORKING CASH ACCOUNT
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 10,465	\$ 21,002	\$ -
Earnings on investments	70,000	122,119	44,686
Total Revenues	<u>80,465</u>	<u>143,121</u>	<u>44,686</u>
Excess of revenues over expenditures	<u>80,465</u>	<u>143,121</u>	<u>44,686</u>
OTHER FINANCING USES:			
Transfers out	<u>(1,335,000)</u>	<u>(1,335,000)</u>	<u>(2,000,000)</u>
Total other financing uses	<u>(1,335,000)</u>	<u>(1,335,000)</u>	<u>(2,000,000)</u>
Net change in fund balances	<u><u>\$ (1,254,535)</u></u>	(1,191,879)	(1,955,314)
Fund balances at beginning of year		<u>7,511,862</u>	<u>9,467,176</u>
FUND BALANCES AT END OF YEAR		<u><u>\$ 6,319,983</u></u>	<u><u>\$ 7,511,862</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 10,886,487	\$ 11,771,826	\$ 11,914,588
Earnings on investments	13,000	57,837	23,008
Total Revenues	<u>10,899,487</u>	<u>11,829,663</u>	<u>11,937,596</u>
EXPENDITURES:			
Debt Service:			
Payment of principal on long-term debt	7,833,861	7,833,861	76,884,408
Interest on long-term debt	3,905,985	3,905,985	4,826,685
Other fees	-	-	455,280
Service charges	4,500	2,488	1,745
Total Expenditures	<u>11,744,346</u>	<u>11,742,334</u>	<u>82,168,118</u>
Excess (deficiency) of revenues over expenditures	<u>(844,859)</u>	<u>87,329</u>	<u>(70,230,522)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	46,335	46,335	36,762
Principal on bonds sold	-	-	73,070,000
Premium on bonds sold	-	-	7,922,337
Deposit into refunding bond escrow agent	-	-	(10,680,562)
Total other financing sources (uses)	<u>46,335</u>	<u>46,335</u>	<u>70,348,537</u>
Net change in fund balances	<u>\$ (798,524)</u>	133,664	118,015
Fund balances at beginning of year		<u>553,536</u>	<u>435,521</u>
FUND BALANCES AT END OF YEAR		<u>\$ 687,200</u>	<u>\$ 553,536</u>

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**DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	
<u>ASSETS</u>				
Cash and investments	\$ 3,445,544	\$ 1,647,739	\$ 843,879	\$ 5,937,162
Receivables (net of allowance for uncollectibles):				
Property taxes	933,121	866,229	-	1,799,350
Intergovernmental	290,577	-	-	290,577
TOTAL ASSETS	<u>\$ 4,669,242</u>	<u>\$ 2,513,968</u>	<u>\$ 843,879</u>	<u>\$ 8,027,089</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 133,403	\$ -	\$ 371,556	\$ 504,959
Unearned revenue	290,577	-	-	290,577
Total Liabilities	<u>423,980</u>	<u>-</u>	<u>371,556</u>	<u>795,536</u>
Deferred inflows of resources:				
Property taxes levies for subsequent year	1,937,063	1,798,296	-	3,735,359
Total deferred inflows of resources	<u>1,937,063</u>	<u>1,798,296</u>	<u>-</u>	<u>3,735,359</u>
Fund Balance:				
Restricted	<u>2,308,199</u>	<u>715,672</u>	<u>472,323</u>	<u>3,496,194</u>
Total Fund Balance	<u>2,308,199</u>	<u>715,672</u>	<u>472,323</u>	<u>3,496,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,669,242</u>	<u>\$ 2,513,968</u>	<u>\$ 843,879</u>	<u>\$ 8,027,089</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue				Total Nonmajor Governmental Funds
	Transportation	Municipal Retirement/ Social Security	Total	Capital Projects	
REVENUES:					
Property taxes	\$ 1,896,642	\$ 1,952,002	\$ 3,848,644	\$ -	\$ 3,848,644
Other local sources	135,877	123,151	259,028	11,402	270,430
State sources	1,173,833	-	1,173,833	-	1,173,833
Total Revenues	3,206,352	2,075,153	5,281,505	11,402	5,292,907
EXPENDITURES:					
Current operating:					
Instruction	-	1,406,833	1,406,833	-	1,406,833
Support services	3,730,381	667,214	4,397,595	1,201,753	5,599,348
Community services	-	5,787	5,787	-	5,787
Total Expenditures	3,730,381	2,079,834	5,810,215	1,201,753	7,011,968
Deficiency of revenues over expenditures	(524,029)	(4,681)	(528,710)	(1,190,351)	(1,719,061)
OTHER FINANCING SOURCES:					
Transfers in	335,000	-	335,000	1,000,000	1,335,000
Total other financing sources	335,000	-	335,000	1,000,000	1,335,000
Net change in fund balances	(189,029)	(4,681)	(193,710)	(190,351)	(384,061)
Fund balances at beginning of year	2,497,228	720,353	3,217,581	662,674	3,880,255
FUND BALANCES AT END OF YEAR	\$ 2,308,199	\$ 715,672	\$ 3,023,871	\$ 472,323	\$ 3,496,194

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes	\$ 1,884,993	\$ 1,896,642	\$ 2,066,657
Transportation fees	80,000	67,421	86,519
Earnings on investments	15,000	46,034	22,050
Other local fees	-	22,422	-
Total Local Sources	<u>1,979,993</u>	<u>2,032,519</u>	<u>2,175,226</u>
State Sources:			
Transportation aid			
Regular	131,000	111,356	97,531
Special education	1,132,467	1,062,477	1,154,394
Total State Sources	<u>1,263,467</u>	<u>1,173,833</u>	<u>1,251,925</u>
Total Revenues	<u>3,243,460</u>	<u>3,206,352</u>	<u>3,427,151</u>
EXPENDITURES:			
Support Services:			
Business - Pupil Transportation Services:			
Salaries	-	-	41,002
Employee benefits	-	-	3,286
Purchased services	3,583,180	3,277,524	3,038,047
Supplies and materials	208,000	133,425	121,512
Capital outlay	335,000	319,432	-
Total Expenditures	<u>4,126,180</u>	<u>3,730,381</u>	<u>3,203,847</u>
Excess (deficiency) of revenues over expenditures	<u>(882,720)</u>	<u>(524,029)</u>	<u>223,304</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>335,000</u>	<u>335,000</u>	<u>-</u>
Total other financing sources	<u>335,000</u>	<u>335,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (547,720)</u>	<u>(189,029)</u>	<u>223,304</u>
Fund balances at beginning of year		<u>2,497,228</u>	<u>2,273,924</u>
FUND BALANCES AT END OF YEAR		<u>\$ 2,308,199</u>	<u>\$ 2,497,228</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Property taxes			
General tax levy	\$ 1,844,314	\$ 885,944	\$ 685,339
Social security/medicare tax levy	-	1,066,058	864,382
Corporate replacement taxes	101,937	101,937	114,781
Earnings on investments	6,000	21,214	10,004
Total Revenues	<u>1,952,251</u>	<u>2,075,153</u>	<u>1,674,506</u>
EXPENDITURES:			
Instruction - employee benefits	1,422,020	1,406,833	1,373,182
Support Services - employee benefits	668,673	667,214	685,449
Community services	5,850	5,787	3,876
Total Expenditures	<u>2,096,543</u>	<u>2,079,834</u>	<u>2,062,507</u>
Net change in fund balances	<u>\$ (144,292)</u>	(4,681)	(388,001)
Fund balances at beginning of year		<u>720,353</u>	<u>1,108,354</u>
FUND BALANCES AT END OF YEAR		<u>\$ 715,672</u>	<u>\$ 720,353</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
REVENUES:			
Local Sources:			
Earnings on investments	\$ 2,000	\$ 11,402	\$ 6,145
Other local revenues	335,000	-	-
Total Revenues	<u>337,000</u>	<u>11,402</u>	<u>6,145</u>
EXPENDITURES:			
Support Services:			
Business - Facilities Acquisition and Construction:			
Purchased services	60,000	51,459	55,284
Capital outlay	1,122,000	1,150,294	880,066
Total Expenditures	<u>1,182,000</u>	<u>1,201,753</u>	<u>935,350</u>
Deficiency of revenues over expenditures	<u>(845,000)</u>	<u>(1,190,351)</u>	<u>(929,205)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>
Total other financing sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>
Net change in fund balances	<u>\$ 155,000</u>	(190,351)	1,070,795
Fund balances at beginning of year		<u>662,674</u>	<u>(408,121)</u>
FUND BALANCES AT END OF YEAR		<u>\$ 472,323</u>	<u>\$ 662,674</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	2018		2017 Actual
	Original and Final Budget	Actual	
EXPENDITURES:			
Support Services:			
Business - Facilities Acquisition and Construction:			
Purchased services	\$ -	\$ -	\$ 718
Total Expenditures	-	-	718
Net change in fund balances	<u>\$ -</u>	-	(718)
Fund balances at beginning of year		-	718
FUND BALANCES AT END OF YEAR		<u>\$ -</u>	<u>\$ -</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS AND CONVENIENCE ACCOUNTS
YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2018
<u>ASSETS</u>				
Cash	\$ 1,091,381	\$ 1,426,154	\$ 1,434,530	\$ 1,083,005
<u>LIABILITIES</u>				
Due to activity organizations:				
Addison Trail School	316,063	676,159	667,535	324,687
Willowbrook School	329,560	677,476	702,621	304,415
School District office	445,758	72,519	64,374	453,903
	<u>\$ 1,091,381</u>	<u>\$ 1,426,154</u>	<u>\$ 1,434,530</u>	<u>\$ 1,083,005</u>

OTHER FINANCIAL INFORMATION

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2018

Year ending June 30	Bonds dated December 3, 2015		Bonds dated December 22, 2015		Bonds dated December 27, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,020,000	\$ 233,285	\$ 125,000	\$ 110,434	\$ 6,155,000	\$ 3,040,700
2020	965,000	192,485	-	105,434	6,340,000	2,856,050
2021	1,005,000	153,885	-	105,434	6,530,000	2,665,850
2022	1,045,000	113,685	-	105,434	6,725,000	2,469,950
2023	1,080,000	82,335	-	105,434	7,060,000	2,133,700
2024	1,110,000	49,935	-	105,434	7,345,000	1,851,300
2025	1,040,000	24,960	100,000	105,434	7,640,000	1,557,500
2026	-	-	1,125,000	101,434	8,025,000	1,175,500
2027	-	-	1,160,000	63,465	8,425,000	774,250
2028	-	-	1,190,000	32,725	8,825,000	353,000
	<u>\$ 7,265,000</u>	<u>\$ 850,570</u>	<u>\$ 3,700,000</u>	<u>\$ 940,662</u>	<u>\$ 73,070,000</u>	<u>\$ 18,877,800</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2018

Year ending June 30	Total		
	Principal	Interest	Total
2019	\$ 7,300,000	\$ 3,384,419	\$ 10,684,419
2020	7,305,000	3,153,969	10,458,969
2021	7,535,000	2,925,169	10,460,169
2022	7,770,000	2,689,069	10,459,069
2023	8,140,000	2,321,469	10,461,469
2024	8,455,000	2,006,669	10,461,669
2025	8,780,000	1,687,894	10,467,894
2026	9,150,000	1,276,934	10,426,934
2027	9,585,000	837,715	10,422,715
2028	<u>10,015,000</u>	<u>385,725</u>	<u>10,400,725</u>
	<u>\$ 84,035,000</u>	<u>\$ 20,669,032</u>	<u>\$ 104,704,032</u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
TAX LEVY SUMMARY
JUNE 30, 2018

	Assessed Valuation	Rate	Extensions	Collected	Balance Uncollected	Percent collections
2017 levy:	<u>\$ 2,860,568,495</u>					
Educational		1.4976	\$ 42,839,874	\$ 21,982,209	\$ 20,857,665	
Operations and maintenance		0.2151	6,153,083	3,157,225	2,995,858	
Bond and interest		0.3773	10,792,925	5,538,001	5,254,924	
Transportation		0.0684	1,956,629	1,003,942	952,687	
Municipal retirement		0.0285	815,262	418,392	396,870	
Special education		0.0243	695,118	356,737	338,381	
Social security		0.0350	1,001,199	513,675	487,524	
Working cash		0.0000	-	-	-	
		2.2462	\$64,254,090	\$32,970,181	\$31,283,909	51.31%
2016 levy:	<u>\$ 2,659,626,352</u>					
Educational		1.5815	\$ 42,061,990	\$ 41,946,733	\$ 115,257	
Operations and maintenance		0.2029	5,396,382	5,381,686	14,696	
Bond and interest		0.4438	11,803,422	11,771,484	31,938	
Transportation		0.0715	1,901,633	1,896,574	5,059	
Municipal retirement		0.0334	888,315	885,916	2,399	
Special education		0.0254	675,545	673,983	1,562	
Social security		0.0402	1,069,170	1,066,027	3,143	
Working Cash		0.0008	21,277	21,002	275	
		2.3995	\$63,817,734	\$63,643,405	\$ 174,329	99.73%
2015 levy:	<u>\$ 2,490,683,085</u>					
Educational		1.6841	\$ 41,945,594	\$ 41,830,160	\$ 115,434	
Operations and maintenance		0.2115	5,267,795	5,252,028	15,767	
Bond and interest		0.4797	11,947,807	11,914,453	33,354	
Transportation		0.0832	2,072,248	2,066,638	5,610	
Municipal retirement		0.0276	687,429	685,299	2,130	
Special education		0.0268	667,503	665,677	1,826	
Social security		0.0348	866,758	864,371	2,387	
		2.5477	\$63,455,134	\$63,278,626	\$176,508	99.72%

DUPAGE HIGH SCHOOL DISTRICT NO. 88
LEGAL BONDED DEBT MARGIN
JUNE 30, 2018

Assessed valuation of taxable properties for the 2017 tax year	\$ 2,860,568,495
Statutory rate	<u>6.90%</u>
Bonded debt limit	<u>197,379,226</u>
Bonds outstanding	84,035,000
Less: Debt Services fund balance	<u>(687,200)</u>
Total net general bonded debt outstanding	<u>83,347,800</u>
Legal bonded debt margin	<u><u>\$ 114,031,426</u></u>

DUPAGE HIGH SCHOOL DISTRICT NO. 88
SUMMARY OF OPERATIONS
BOOKSTORES
JUNE 30, 2018

	Addison Trail High School	Willowbrook High School	Total
Revenue from sales:			
Sale of textbooks	\$ 121,582	\$ 138,971	\$ 260,553
Sale of supplies	23,935	22,701	46,636
Total	<u>145,517</u>	<u>161,672</u>	<u>307,189</u>
Cost of sales:			
Inventory of supplies & textbooks at July 1, 2017	465,086	290,282	755,368
Purchase of supplies	46,927	34,161	81,088
Purchase of textbooks	90,106	179,680	269,786
Total available for sale	<u>602,119</u>	<u>504,123</u>	<u>1,106,242</u>
Less inventory of supplies & textbooks at June 30, 2018	221,260	221,376	442,636
Total cost of sales, including disposals	<u>137,033</u>	<u>213,841</u>	<u>350,874</u>
Gross profit (loss)	<u>8,484</u>	<u>(52,169)</u>	<u>(43,685)</u>
Operating expenses:			
Salaries	72,205	71,166	143,371
Sales tax	11,966	12,936	24,902
Insurance	6,801	17,820	24,621
Total operating expenses	<u>90,972</u>	<u>101,922</u>	<u>192,894</u>
Net income (loss)	<u>\$ (82,488)</u>	<u>\$ (154,091)</u>	<u>\$ (236,579)</u>

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

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

Willowbrook
Addison Trail
September 30 (excluding special education)

	Enrollment				Total
	Freshman	Sophomore	Junior	Senior	
2017	1,085	965	889	1,033	3,972
2016	1,048	1,028	869	1,055	4,000
2015	1,165	1,031	841	1,028	4,065
2014	1,180	1,006	815	1,070	4,071
2013	1,120	991	948	998	4,057
2012	996	1,084	986	1,042	4,108
2011	1,005	1,032	1,062	1,043	4,142
2010	1,000	1,012	994	872	3,878
2009	1,001	959	1,013	978	3,951
2008	994	952	987	942	3,875

Average Daily Attendance

2017/2018	3,535
2016/2017	3,537
2015/2016	3,427
2014/2015	3,200
2013/2014	3,239
2012/2013	3,245
2011/2012	3,627
2010/2011	3,776
2009/2010	3,690
2008/2009	3,607

	Operating expense per pupil	Per capita tuition charge
2017/2018	\$ 18,118.27	\$ 17,021.64
2016/2017	18,204.38	17,346.51
2015/2016	18,404.28	17,644.48
2014/2015	19,707.09	18,628.38
2013/2014	19,343.26	18,287.94
2012/2013	18,855.88	17,780.81
2011/2012	16,401.42	15,558.39
2010/2011	15,446.39	14,468.61
2009/2010	16,207.62	15,168.40
2008/2009	\$ 15,536.29	\$ 14,120.43

DUPAGE HIGH SCHOOL DISTRICT NO. 88
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY ACCOUNT NET OF STATE ON-BEHALF PAYMENTS
DISTRICT'S OPERATING FUNDS
YEAR ENDED JUNE 30, 2018

	Educational	Operations and Maintenance	Working Cash	Total General
REVENUES:				
Property taxes	\$ 42,623,432	\$ 5,381,869	\$ 21,002	\$ 48,026,303
Other local sources	3,695,321	389,778	122,119	4,207,218
State sources	29,893,446	-	-	29,893,446
Federal sources	2,830,612	-	-	2,830,612
Total Revenues	79,042,811	5,771,647	143,121	84,957,579
Less: On-behalf payments - State of Illinois	(22,737,869)	-	-	(22,737,869)
Total Revenues - Net of on-behalf payments	56,304,942	5,771,647	143,121	62,219,710
EXPENDITURES:				
Current operating:				
Instruction	37,529,844	-	-	37,529,844
Supporting services	37,306,354	5,820,307	-	43,126,661
Community services	98,171	-	-	98,171
Payments to other districts and governmental units	1,308,550	-	-	1,308,550
Total Expenditures	76,242,919	5,820,307	-	82,063,226
Less: On-behalf payments - State of Illinois	(22,737,869)	-	-	(22,737,869)
Total Expenditures - Net of on-behalf payments	53,505,050	5,820,307	-	59,325,357
Excess (deficiency) of revenues over expenditures	2,799,892	(48,660)	143,121	2,894,353
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(46,335)	-	(1,335,000)	(1,381,335)
Proceeds from the sale of fixed assets	494	-	-	494
Total other financing sources (uses)	(45,841)	-	(1,335,000)	(1,380,841)
Net change in fund balances	2,754,051	(48,660)	(1,191,879)	1,513,512
Fund balances at beginning of year	11,665,043	1,750,420	7,511,862	20,927,325
FUND BALANCES AT END OF YEAR	\$ 14,419,094	\$ 1,701,760	\$ 6,319,983	\$ 22,440,837

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Total Operating Funds</u>
\$ 1,896,642	\$ 1,952,002	\$ 51,874,947
135,877	123,151	4,466,246
1,173,833	-	31,067,279
-	-	2,830,612
<u>3,206,352</u>	<u>2,075,153</u>	<u>90,239,084</u>
-	-	(22,737,869)
<u>3,206,352</u>	<u>2,075,153</u>	<u>67,501,215</u>
-	1,406,833	38,936,677
3,730,381	667,214	47,524,256
-	5,787	103,958
-	-	1,308,550
<u>3,730,381</u>	<u>2,079,834</u>	<u>87,873,441</u>
-	-	(22,737,869)
<u>3,730,381</u>	<u>2,079,834</u>	<u>65,135,572</u>
<u>(524,029)</u>	<u>(4,681)</u>	<u>2,365,643</u>
335,000	-	335,000
-	-	(1,381,335)
-	-	494
<u>335,000</u>	<u>-</u>	<u>(1,045,841)</u>
<u>(189,029)</u>	<u>(4,681)</u>	<u>1,319,802</u>
<u>2,497,228</u>	<u>720,353</u>	<u>24,144,906</u>
<u>\$ 2,308,199</u>	<u>\$ 715,672</u>	<u>\$ 25,464,708</u>

Net change in fund balances	\$ 1,319,802
Less: Proceeds from the sale of fixed assets	(494)
Plus: Transfer for capital improvements and asset acquisition	<u>1,335,000</u>
Net change in fund balance from operations	<u>\$ 2,654,308</u>