

**BELLWOOD SCHOOL DISTRICT 88
BELLWOOD, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**BELLWOOD SCHOOL DISTRICT 88
TABLE OF CONTENTS**

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officers and Officials	i
Organizational Chart	ii
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Other Information	
Management's Discussion and Analysis.....	3-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis.....	10
Statement of Activities - Modified Cash Basis.....	11
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position - Modified Cash Basis.....	13
Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Modified Cash Basis – Governmental Funds	14
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis.....	15
Statement of Fiduciary Assets and Liabilities - Modified Cash Basis - Fiduciary Fund - Agency Fund	16
Notes to Basic Financial Statements	17-45
Other Supplementary Information	
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Modified Cash Basis - Budget and Actual - General Fund and Major Special Revenue Fund.....	46-47
Notes to Supplementary Information.....	48
Schedule of Funding Progress - Other Postemployment Benefits.....	49

**BELLWOOD SCHOOL DISTRICT 88
TABLE OF CONTENTS**

	<u>Page(s)</u>
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund.....	50
Schedule of Employer Contributions - Illinois Municipal Retirement Fund	51
Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Retirement System	52
Schedule of Employer Contributions - Teacher's Retirement System	53
 Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds:	
General Fund:	
Combining Balance Sheet by Account - Modified Cash Basis	54
Combining Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balances By Account – Modified Cash Basis	55
Educational Account:	
Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual	56-64
Operations and Maintenance Account:	
Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual	65-66
Tort Immunity and Judgment Account:	
Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual	67
Working Cash Account:	
Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual	68
Major Special Revenue Fund:	
Municipal Retirement/Social Security Fund:	
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Modified Cash Basis – Budget and Actual	69-70

BELLWOOD SCHOOL DISTRICT 88
TABLE OF CONTENTS

	<u>Page(s)</u>
Major Debt Service Fund:	
Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual	71
Nonmajor Governmental Funds	
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds	72
Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds	73
Special Revenue Fund:	
Transportation Fund:	
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Modified Cash Basis – Budget and Actual	74-75
Capital Project Fund:	
Fire Prevention and Life Safety Fund: Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Modified Cash Basis – Budget and Actual	76

INTRODUCTORY SECTION

Annual Financial Report
for the Fiscal Year Ended June 30, 2017

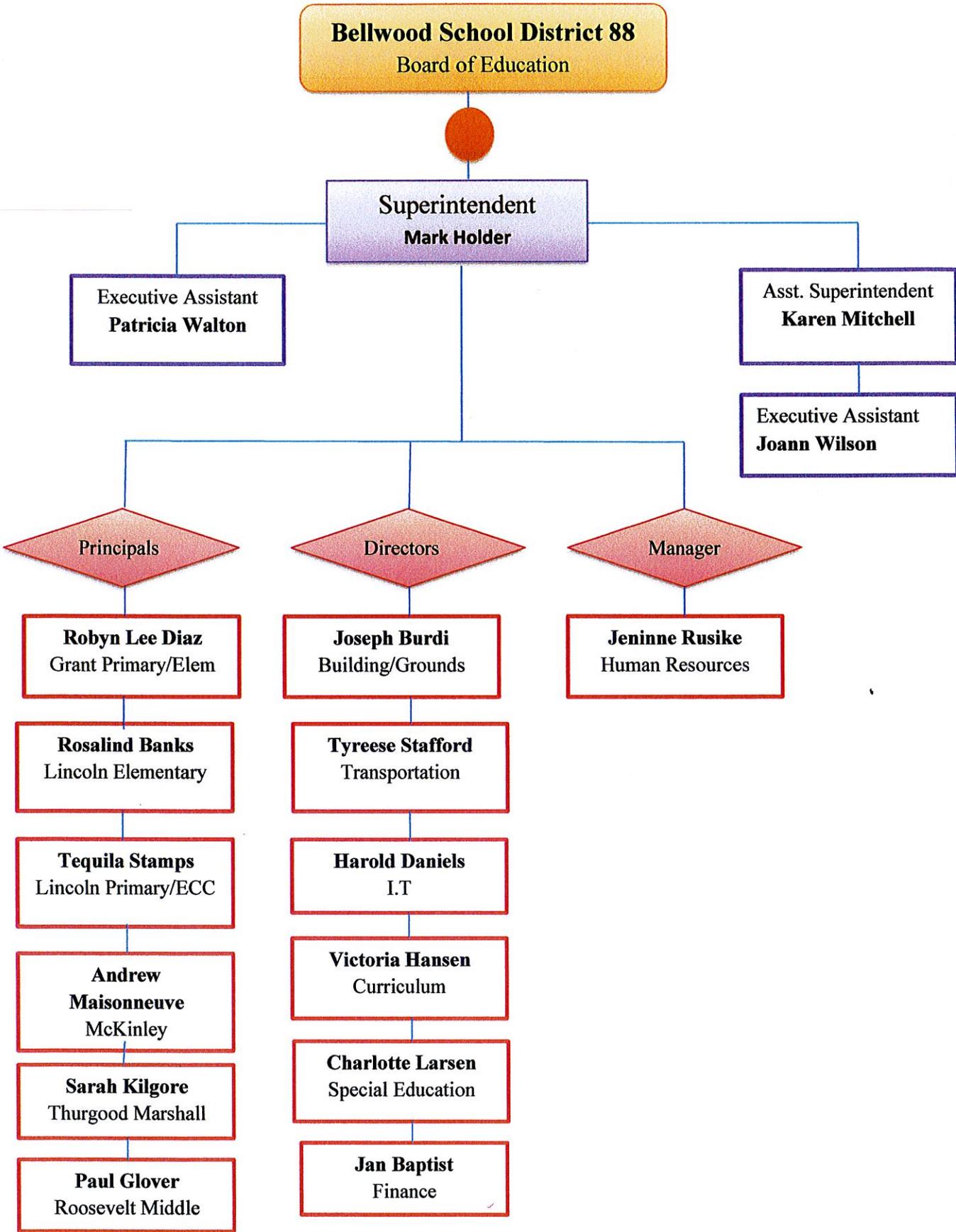
Principal Officers and Officials

Board of Education

		<u>Term Expires</u>
Sondra McClendon	President	2019
Maria Perez	Vice President	2021
Dorothy Clark Smith	Secretary	2021
Annie Copeland	Member	2019
Deborah Giles	Member	2021
Lindsley Griffin	Member	2019
Marilyn Thurman	Member	2021

Principal Officials

Mark Holder	Superintendent
Jan Baptist	Director of Finance



FINANCIAL SECTION



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Independent Auditor's Report

Board of Education
Bellwood School District 88
Bellwood, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellwood School District 88, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Bellwood School District 88'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellwood School District 88, as of June 30, 2017, and the respective changes in the modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellwood School District 88's basic financial statements. The introductory section, management's discussion and analysis, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

The combining and individual fund statements and 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 statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements of Bellwood School District 88 for the year ended June 30, 2016 were audited by other auditors, which are not presented with the accompanying financial statements, and they expressed unmodified opinions on the respective modified cash basis financial statements of the governmental activities and each major fund, and they disclaimed an opinion on the aggregate remaining fund information in their report dated December 7, 2016. They disclaimed an opinion on the aggregate remaining fund information as they were unable to obtain sufficient appropriate audit evidence to allow them to form an opinion on the Statement of Fiduciary Assets and Liabilities – Agency Fund – Modified Cash basis. The District did not maintain appropriate records for fiduciary accounts that were reconciled back to bank balances as of June 30, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017 on our consideration of Bellwood School District 88'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 Bellwood School District 88's internal control over financial reporting and compliance.



Klein Hall CPAs
Aurora, Illinois
December 7, 2017

BELLWOOD SCHOOL DISTRICT 88

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2017

Management's discussion and analysis of Bellwood School District 88's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2017. Management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position decreased by \$0.9. This represents a 7% decrease from 2016.
- General revenues accounted for \$29.7 in revenue or 75% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$10.0 or 25% of total revenues of \$39.7.
- The District had \$40.6 in expenses related to government activities. However, only \$10.0 of these expenses were offset by program specific charges and grants.
- The District continued to pay down its long-term debt retiring \$2.0 in fiscal 2017.
- The District extended the food service contract for an additional year at CPI.

Overview of the Financial Statements

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

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

This report also contains combining and individual fund financial statements and schedules and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers of the District's Annual Financial Report a board overview of the financial activities in a manner similar to a private sector business.

The statement of net position - modified cash basis presents information on all District assets/deferred outflows of resources and liabilities/deferred inflows of resources arising from cash transactions, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of activities - modified cash basis presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported with cash is received and disbursed. Additionally, activity related to acquisition, depreciation and year end balances of capital assets, as well as year end balances and related changes in long-term debt in its government-wide financial statements are reported.

The modified cash basis of accounting is described in the notes to basic financial statements.

BELLWOOD SCHOOL DISTRICT 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2017

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, and Fire Prevention and Life Safety Fund.

The District adopts an annual budget for each governmental funds. Budgetary comparison schedules for the governmental funds are included in the combining and individual fund financial statements and schedules section of this report to demonstrate compliance with the adopted budget.

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

Notes to Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees.

BELLWOOD SCHOOL DISTRICT 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2017

Government-wide Financial Statements

The District's combined net position was lower on June 30, 2017, than it was the year before, decreasing 7% to \$12.9.

Current assets decreased by \$1.3, which is primarily in cash and investments. Capital assets decreased by \$1.5, primarily due to depreciation of capital assets. Change in total assets was a net decrease of \$2.8.

Total liabilities decreased by \$2.0, representing retirement of long-term debt obligations.

The District's net position as of June 30, 2017 and 2016 is summarized as follows:

<i>Table 1</i>		
<i>Condensed Statements of Net Position</i>		
<i>(in millions of dollars)</i>		
	<u>2016</u>	<u>2017</u>
Assets:		
Current and other assets	\$ 9.8	\$ 8.5
Capital assets	31.6	30.1
Total assets	<u>41.4</u>	<u>38.6</u>
Deferred Outflows	<u>0.6</u>	<u>0.5</u>
Liabilities:		
Current liabilities	1.9	2.0
Long-term liabilities	26.3	24.2
Total liabilities	<u>28.2</u>	<u>26.2</u>
Net position:		
Net investment in capital assets	10.5	3.9
Restricted	5.4	6.2
Unrestricted	(2.1)	2.8
Total net position	<u>\$ 13.8</u>	<u>\$ 12.9</u>

BELLWOOD SCHOOL DISTRICT 88
 Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Ended June 30, 2017

Government-wide Activities

Expenses in the governmental activities of the District of \$40.6 exceeded revenues by \$0.9. This was attributable in part due to significant increases in non-programmed expenses; and in part to the late release of state categorical funding.

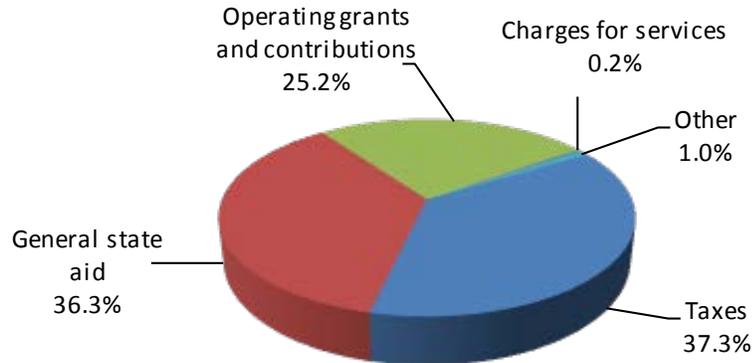
The General Fund includes the recognized revenue and expenditures of \$5.1 in pension contributions that the state of Illinois paid directly to the Teachers' Retirement System (TRS) on behalf of the District's TRS covered employees. The 2017 state retirement contribution was \$2.6 higher than the 2016 contribution amount.

The major components of the District's revenues and expenses for the year ended June 30, 2017 and 2016 are as follows:

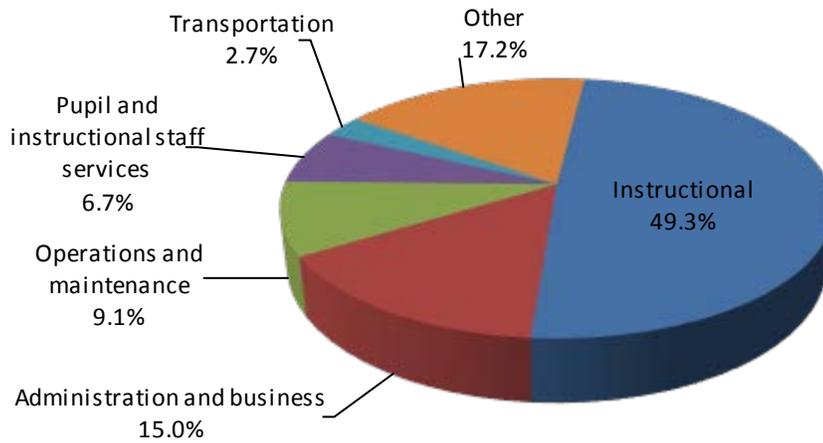
<i>Table 2</i>		
<i>Changes in Net Position</i>		
<i>(in millions of dollars)</i>		
	<u>2016</u>	<u>2017</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 0.3	\$ 0.1
Operating grants and contributions	7.7	10.0
<i>General revenues:</i>		
Taxes	15.3	14.7
General state aid	13.2	14.4
Other	0.8	0.4
Total revenues	<u>37.3</u>	<u>39.6</u>
Expenses:		
Instruction	20.4	20.0
Pupil and instructional staff services	2.6	2.7
Administration and business	6.2	6.1
Transportation	1.2	1.1
Operations and maintenance	3.9	3.7
Other	2.3	7.0
Total expenses	<u>36.6</u>	<u>40.6</u>
Changes in net position	0.7	(1.0)
Net position, beginning of year	13.1	13.8
Net position, end of year	<u>\$ 13.8</u>	<u>\$ 12.8</u>

Property taxes accounted for the largest portion of the District's revenues, contributing 37%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$40.6, mainly related to instructing and caring for the students and student transportation.

District-Wide Revenues by Source



District-Wide Expenses by Function



BELLWOOD SCHOOL DISTRICT 88
 Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Ended June 30, 2017

Financial Analysis of the District's Funds

The District's Governmental Funds balance decreased from \$9.7 to \$8.4.

Total revenues increased by 9% from \$36.5 to \$39.7.

Overall expenditures increased by 12% from \$36.6 to \$41.0.

General Fund Budgetary Highlights

The District's General Fund total revenues exceeded budgeted amounts by \$3.9 for fiscal year 2017, primarily because the State's \$5.1 direct payment of TRS contributions were not included in the budget. Adjusted for the unbudgeted TRS contribution, the 2017 revenues received were \$1.2 below budget. Unfavorable variances occurred in tax levy receipts (\$0.5 less than anticipated), and in lower receipts of state and federal grant sources (\$0.6 lower than anticipated).

General Fund total expenditures were greater than budgeted amounts by \$5.0 primarily because the State's \$5.1 direct payment of TRS contributions were not included in the budget. Adjusted for the unbudgeted TRS contribution, the 2017 expenditures were \$0.1 below budget.

Capital Assets and Debt Administration

Capital Assets

By the end of 2017, the District had compiled a total investment of \$57.8 (\$30.1 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$1.6. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

<i>Table 3</i>		
<i>Capital Assets (net of depreciation)</i>		
<i>(in millions of dollars)</i>		
	<u>2016</u>	<u>2017</u>
Land	\$ 2.6	\$ 2.6
Land improvements	0.1	0.1
Buildings	28.2	27.2
Equipment	<u>0.7</u>	<u>0.3</u>
Total	<u>\$ 31.6</u>	<u>\$ 30.1</u>

BELLWOOD SCHOOL DISTRICT 88
 Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Ended June 30, 2017

Long-term Debt

The District retired \$2.0 in bonds in 2017. At the end of fiscal 2017, the District had a statutory debt limit of \$21.0 and had exceeded that limit by \$1.3. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

	<u>2016</u>	<u>2017</u>
General Obligation bonds	\$ 28.1	\$ 26.1
Capital leases and other	<u>0.2</u>	<u>0.1</u>
Total	<u>\$ 28.2</u>	<u>\$ 26.2</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

In October 2017, the district completed a \$16.6 bond issuance, which restructured its existing debt obligations and payment schedule. The proceeds from the 2017 issuance refunded \$8.8 of existing debt, netted \$7.2 increase to the working cash fund of the District, and paid \$0.6 in costs associated with the issuance of the Bonds.

The collective bargaining agreement with the teachers and certified staff (Bellwood Education Association) is currently in place through June 30, 2018. The District will be in negotiations during fiscal year 2017 to establish a new contract with the teachers' union. Management will work diligently to ensure that increases in employee compensation will remain within the projected increases of the general fund revenues. Collective bargaining agreements with the various support staff associations were negotiated during fiscal year 2016, and are in place through June 30, 2019.

Health insurance costs have continued to increase on the past few years. The District negotiated higher employee contribution rates within its current bargaining agreements and changed insurance providers in fiscal year 2017. The District will continue to closely monitor health insurance benefit costs, in an effort to contain rising costs.

The District continues to be concerned about the funding of education in the State of Illinois and the costs of unfunded mandates. The impact of students requiring special needs services, both within the District and from the District's Special Education Cooperative and other agencies, has resulted in higher tuition costs and transportation charges. District officials will continue to monitor these expenses.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

Bellwood School District 88
 640 Eastern Avenue
 Bellwood, IL 60104

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BELLWOOD SCHOOL DISTRICT 88
Statement of Net Position - Modified Cash Basis
June 30, 2017

	Governmental Activities
Assets	
Cash and investments	\$ 8,323,786
Other receivables	42,496
Prepaid items	81,244
Capital assets	
Land	2,587,032
Other capital assets, net of depreciation	<u>27,550,785</u>
Total Assets	<u>38,585,343</u>
Deferred Outflows	
Deferred amount on refunding	<u>512,394</u>
Liabilities	
Noncurrent liabilities	
Due within one year	2,034,566
Due in more than one year	<u>24,206,921</u>
Total Liabilities	<u>26,241,487</u>
Net Position	
Net investment in capital assets	3,920,629
Restricted for	
Tort immunity	557,728
Student transportation	163,182
Retirement benefits	1,304,243
Debt services	3,846,582
Capital projects	202,407
Unrestricted	<u>2,861,479</u>
Total Net Position	<u><u>\$ 12,856,250</u></u>

See accompanying notes to basic financial statements

BELLWOOD SCHOOL DISTRICT 88
Statement of Activities - Modified Cash Basis
Year Ended June 30, 2017

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					Total Governmental Activities
Instructional services					
Regular programs	\$ 10,484,233	\$ 60,800	\$ 2,133,370	\$ -	\$ (8,290,063)
Special programs	2,571,543	-	1,168,627	-	(1,402,916)
Other programs	1,817,673	-	56,384	-	(1,761,289)
State retirement contributions	5,113,734	-	5,113,734	-	-
Support services					
Pupils	1,964,347	-	-	-	(1,964,347)
Instructional staff	717,999	-	1,621	-	(716,378)
General administration	2,281,226	-	-	-	(2,281,226)
School administration	1,902,875	-	-	-	(1,902,875)
Business	1,927,879	-	1,289,032	-	(638,847)
Operation and maintenance of facilities	3,747,350	-	-	-	(3,747,350)
Transportation	1,094,270	-	201,866	-	(892,404)
Central	1,082,504	-	-	-	(1,082,504)
Other	313,990	-	-	-	(313,990)
Community service	365,939	-	-	-	(365,939)
Non-programmed charges	4,253,936	-	-	-	(4,253,936)
Interest on long-term liabilities	987,023	-	-	-	(987,023)
Total school district	\$ 40,626,521	\$ 60,800	\$ 9,964,634	\$ -	(30,601,087)
General revenues					
Property taxes levied for					
General purposes					7,473,141
Specific purposes					3,719,688
Debt service					2,564,872
Personal property replacement taxes					1,176,951
State aid-formula grants					14,360,851
Earnings on investments					59,940
Miscellaneous					342,255
Total general revenues					29,697,698
Change in net position					(903,389)
Net position - beginning					13,759,639
Net position - ending					\$ 12,856,250

See accompanying notes to basic financial statements

FUND FINANCIAL STATEMENTS

BELLWOOD SCHOOL DISTRICT 88
 Balance Sheet - Modified Cash Basis
 Governmental Funds
 June 30, 2017

	General	Municipal Retirement/ Social Security	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,807,372	\$ 1,304,243	\$ 3,846,582	\$ 365,589	\$ 8,323,786
Other receivables	42,496	-	-	-	42,496
Prepaid Items	-	-	81,244	-	81,244
Total Assets	\$ 2,849,868	\$ 1,304,243	\$ 3,927,826	\$ 365,589	\$ 8,447,526
FUND BALANCES					
Nonspendable:					
Prepaid Items	\$ -	\$ -	\$ 81,244	\$ -	\$ 81,244
Restricted for:					
Tort Immunity	557,728	-	-	-	557,728
Transportation	-	-	-	163,182	163,182
Retirement	-	1,304,243	-	-	1,304,243
Debt Service	-	-	3,846,582	-	3,846,582
Capital Projects	-	-	-	202,407	202,407
Unassigned	2,292,140	-	-	-	2,292,140
Total Fund Balances	\$ 2,849,868	\$ 1,304,243	\$ 3,927,826	\$ 365,589	\$ 8,447,526

See accompanying notes to basic financial statements

BELLWOOD SCHOOL DISTRICT 88
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement Of Net Position - Modified Cash Basis
June 30, 2017

Total fund balances - governmental funds \$ 8,447,526

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of the assets is \$57,787,223 and the accumulated depreciation is \$27,649,406.

30,137,817

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of

Deferred amount on refunding	512,394
Long term debt	<u>(26,241,487)</u>

Net position of governmental activities \$ 12,856,250

BELLWOOD SCHOOL DISTRICT 88

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances
 Modified Cash Basis - Governmental Funds
 Year Ended June 30, 2017

	General	Municipal Retirement/ Social Security	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES RECEIVED					
Property taxes	\$9,492,153	\$1,047,298	\$2,564,872	\$ 653,378	\$ 13,757,701
Other local sources	1,278,758	32,950	20,180	308,058	1,639,946
State sources	15,686,861	-	-	344,048	16,030,909
Federal sources	3,180,842	-	-	-	3,180,842
Total revenues received	29,638,614	1,080,248	2,585,052	1,305,484	34,609,398
EXPENDITURES DISBURSED					
Current operating					
Instruction	13,444,240	233,000	-	-	13,677,240
Supporting services	12,791,857	800,706	-	912,339	14,504,902
Community services	335,815	30,124	-	-	365,939
Non-programmed charges	3,503,051	-	-	750,885	4,253,936
Debt service					
Principal	-	-	1,932,255	22,319	1,954,574
Interest and other	-	-	883,678	3,339	887,017
Capital outlay	199,255	-	-	27,809	227,064
Total expenditures disbursed	30,274,218	1,063,830	2,815,933	1,716,691	35,870,672
Excess (deficiency) of revenues received over expenditures disbursed	(635,604)	16,418	(230,881)	(411,207)	(1,261,274)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	134,822	-	134,822
Transfers out	(134,822)	-	-	-	(134,822)
Total other financing sources (uses)	(134,822)	-	134,822	-	-
Net change in fund balances	(770,426)	16,418	(96,059)	(411,207)	(1,261,274)
Fund balances at beginning of year	3,620,294	1,287,825	4,023,885	776,796	9,708,800
FUND BALANCES AT END OF YEAR	\$2,849,868	\$1,304,243	\$3,927,826	\$ 365,589	\$ 8,447,526

See accompanying notes to basic financial statements

BELLWOOD SCHOOL DISTRICT 88

Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Modified Cash Basis

Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (1,261,274)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 and estimated useful life of more than one year are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 140,242	
Depreciation expense	<u>(1,636,925)</u>	
		(1,496,683)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Repayment of bond and loan principal	1,954,574	
Deferred bond refunding amortization	(128,099)	
Premium on bonds amortization	<u>28,093</u>	
		<u>1,854,568</u>

Change in net position of governmental activities \$ (903,389)

BELLWOOD SCHOOL DISTRICT 88
Statement of Fiduciary Assets and Liabilities - Agency Fund - Modified Cash Basis
June 30, 2017

Assets

Cash	\$ 49,448
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Liabilities

Due to organizations	\$ 49,448
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See accompanying notes to basic financial statements.

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bellwood School District 88 (the "District") operates as a public school system governed by a seven member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the modified cash basis of accounting as applicable to the local governmental units of this type. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies of the District:

a. Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

b. Basis of Presentation

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct cash disbursements of a given function are offset by program receipts. Direct cash disbursement are those that are clearly identifiable with a specific function. Program receipts include (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program receipts are reported instead as general receipts.

2. Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. 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. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenditures are recognized when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as described above. In the governmental fund financial statements, the current financial resources measurement focus is used. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

As a result of the use of the modified cash basis of accounting, certain assets and deferred inflows of resources and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1. Governmental Funds

General Fund – the general operating fund of the District. It accounts for all financial resources except those accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Transportation Fund – accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

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

Debt Service Fund – accounts for the accumulation of resources that are restricted, committed, or assigned for, and the payment of long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service and interfund transfers from the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds – accounts for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

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

2. Other Fund Types

Fiduciary Funds – account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds – include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

The District reports the following funds as major governmental funds:

General Fund
Debt Service Fund
Municipal Retirement/Social Security Fund

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at cost.

2. Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2016 levy resolution was approved on December 13, 2016. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and second due on the later of August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

3. Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

4. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates

5. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets

Capital assets, which include land, land improvements, buildings and building improvements, vehicles, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life of more than 1 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.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-80 years
Land improvements	20 years
Equipment	5-20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

7. Deferred Outflows 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 charge on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide statements.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs during the period incurred. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Equity Classifications

Equity is classified as net position in the government-wide financial statements and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less than any unspent debt proceeds.

Restricted net position – Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable – includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted – includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed – includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned – includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The Board of Education has declared that Superintendent or the Superintendent’s designee may assign amounts for a specific purpose. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in the General Fund is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. In all other funds (Special Revenue, Debt Service, Capital Projects), assigned fund balance will be spent first, followed by committed fund balance, and then restricted fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2017 are as follows:

The restricted fund balances reported on the fund financial statements at June 30, 2017 are for the purpose of the respective funds as described in the Major Governmental Funds section. The nonspendable fund balance in the Debt Service Fund is for prepaid QZAB debt service payments.

10. Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which such summarized information was derived.

11. Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

2. DEPOSITS AND INVESTMENTS

a. Cash & Investments under the custody of the Township Treasurer

Under the Illinois Compiled Statutes, the Proviso Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments, other than the student activity and convenience accounts, petty cash, and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Debt Service Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

2. DEPOSITS AND INVESTMENTS (Continued)

The Treasurer’s investment policies are established by the Proviso Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer’s Office operates as a non-rated, external investment pool. The fair value of the District’s investment in the Treasurer’s pool is determined by the District’s proportionate share of the fair value of the investments held by the Treasurer’s Office.

The weighted average maturity of all marketable pooled investments held by the Treasurer was 1.10 years at June 30, 2017. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2017, the fair value of the District’s proportionate share of the pool was \$7,402,324.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized and information about the Treasurer’s operations is available from the Treasurer’s financial statements.

b. Cash & Investments under the custody of the District

Deposits of the student activity and imprest funds, which are held in the District’s custody, consist of deposits with financial institutions. The following is a summary of such deposits:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits with financial institutions		
Imprest	\$ 10,000	\$ 13,805
Fiduciary funds	49,448	78,615
Restricted cash - money market mutual fund	911,462	911,462
Total	<u>\$ 970,910</u>	<u>\$ 1,003,882</u>

The restricted cash money market mutual fund represents holding in the Wells Fargo Advantage Government Money Market Fund which are restricted for repayment of the District’s 2004A and 2004B Bonds. The fund invests exclusively in high quality, short-term money market instruments that consist of U.S. government obligations. The Wells Fargo Advantage Money Market Fund is rated AAAM by Standard and Poor and Aaa-mf by Moody’s.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District’s investment policy, which is the same as the Treasurer’s Office, aims to ensure preservation of capital in the District’s overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose, and amount of funds. The District will also consider investments in local financial institutions, recognizing their contribution to the community’s economic development.

2. DEPOSITS AND INVESTMENTS (Continued)

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

Custodial Credit Risk – Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2017, the entire bank balance of the District's deposit with financial institutions was fully covered by depository insurance.

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

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

Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

3. INTERFUND TRANSFERS

The transfer of \$134,822 of fund balance from the General Fund to the Debt Service Fund was made to fund the scheduled payment due pertaining to the QZABs outstanding.

State law allows for the above transfer.

BELLWOOD SCHOOL DISTRICT 88
Notes to Financial Statements (Continued)
June 30, 2017

4. CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 2,587,032	\$ -	\$ -	\$ 2,587,032
Total capital assets not being depreciated	<u>2,587,032</u>	<u>-</u>	<u>-</u>	<u>2,587,032</u>
Capital assets, being depreciated:				
Buildings	47,658,928	97,909	-	47,756,837
Improvements other than buildings	718,410	-	-	718,410
Equipment	6,682,611	42,333	-	6,724,944
Total capital assets being depreciated	<u>55,059,949</u>	<u>140,242</u>	<u>-</u>	<u>55,200,191</u>
Accumulated depreciation for:				
Buildings	19,452,180	1,113,006	-	20,565,186
Improvements other than buildings	585,851	41,100	-	626,951
Equipment	5,974,450	482,819	-	6,457,269
Total accumulated depreciation	<u>26,012,481</u>	<u>1,636,925</u>	<u>-</u>	<u>27,649,406</u>
Total capital assets being depreciated, net	<u>29,047,468</u>	<u>(1,496,683)</u>	<u>-</u>	<u>27,550,785</u>
Total capital assets, net	<u>\$ 31,634,500</u>	<u>\$ (1,496,683)</u>	<u>\$ -</u>	<u>\$ 30,137,817</u>

Depreciation expense was recognized in the operating activities of the District as follows:

<i>Instructional Services</i>	
Regular programs	\$ 934,684
Special programs	165,329
<i>Supporting Services</i>	
Pupils	75,299
Other supporting services	198,068
Staff services	42,560
School administration	39,286
General administration	29,465
Transportation	130,954
Operations and maintenance	18,006
Business	1,637
Food service	1,637
	<u>\$ 1,636,925</u>

5. OPERATING LEASES

The District leases equipment under noncancelable operating leases. Total costs for such leases were \$60,768 for the year ended June 30, 2017. At June 30, 2017, future minimum lease payments for these leases are as follows:

Fiscal Year Ending	Amount
June 30,	
2018	\$ 60,768
2019	<u>40,512</u>
Total	<u>\$ 101,280</u>

6. LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2017:

	June 30,			June 30,	Amount due
	2016	Additions	Reductions	2017	in one year
Series Limited Refunding School Bonds					
Series 2004B	\$ 3,225,000	\$ -	\$ 1,100,000	\$ 2,125,000	\$ 1,175,000
Series Limited School Bonds Series 2009A	1,430,000	-	115,000	1,315,000	115,000
Series Limited School Bonds Series 2009B	6,325,000	-	-	6,325,000	-
Series Limited School Bonds Series 2010A	5,645,000	-	130,000	5,515,000	110,000
Series Taxable Limited Bonds Series 2010B	1,970,000	-	195,000	1,775,000	205,000
Series Taxable Capital Appreciation Bonds Series 2010C	5,362,166	-	-	5,362,166	-
Series Limited School Bonds Series 2010D	2,830,000	-	220,000	2,610,000	230,000
Series Qualified Zone Academy Bonds Series 2006	1,268,135	-	172,255	1,095,880	176,455
Unamortized Premium	74,711	-	28,093	46,618	-
Capital Lease	94,142	-	22,319	71,823	23,111
Total	<u>\$28,224,154</u>	<u>\$ -</u>	<u>\$ 1,982,667</u>	<u>\$26,241,487</u>	<u>\$ 2,034,566</u>

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements (Continued)

June 30, 2017

6. LONG TERM LIABILITIES (Continued)

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds will be repaid from Debt Service Fund. General obligation bonds currently outstanding are as follows:

General Obligation Bonds 2004B dated October 1, 2004 were issued in the amount of \$7,475,000. Payments are due in annual installments through December 1, 2018. Interest rates range from 3.75% to 5.00%.

General Obligation Bonds 2009A dated November 15, 2009 were issued in the amount of \$4,000,000. Payments are due in annual installments through December 1, 2020. Interest rates range from 1.35% to 5.05%.

General Obligation Bonds 2009B dated November 15, 2009 were issued in the amount of \$9,525,000. Payments are due in annual installments through December 1, 2024. Interest rates range from 3.90% to 4.20%.

General Obligation Bonds 2010A dated June 15, 2010 were issued in the amount of \$6,540,000. Payments are due in annual installments through December 1, 2025. Interest rates range from 2.00% to 3.00%.

General Obligation Bonds 2010B dated June 15, 2010 were issued in the amount of \$2,850,000. Payments are due in annual installments through December 1, 2024. Interest rates range from 1.75% to 2.70%.

Capital Appreciation Bonds 2010C dated June 15, 2010 were issued in the amount of \$5,362,166. Payments are due in annual installments beginning December 1, 2026 through December 1, 2030. Interest rates range from 6.70% to 6.90%.

General Obligation Bonds 2010D dated June 15, 2010 were issued in the amount of \$3,830,000. Payments are due in annual installments through December 1, 2023. Interest rates range from 2.00% to 3.00%

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As June 30, 2017, \$7,315,000 of bonds outstanding are considered defeased.

6. LONG TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,835,000	\$ 840,630	\$ 2,675,630
2019	1,920,000	755,810	2,675,810
2020	2,005,000	670,530	2,675,530
2021	2,085,000	628,910	2,713,910
2022	2,175,000	494,590	2,669,590
2023	2,235,000	404,160	2,639,160
2024	2,370,000	311,190	2,681,190
2025	2,465,000	211,400	2,676,400
2026	2,575,000	105,575	2,680,575
2027	1,280,868	364,035	1,644,903
2028	1,187,506	278,217	1,465,723
2029	1,101,359	198,060	1,299,419
2030	1,020,474	123,168	1,143,642
2031	771,959	53,264	825,223
Total	<u>\$ 25,027,166</u>	<u>\$ 5,439,539</u>	<u>\$ 30,466,705</u>

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$21,002,277, with the current outstanding debt that is subject to the statutory debt limit calculation as of June 30, 2017 for the District totaling \$22,267,043. As of June 30, 2017, the District exceeded the statutory debt limit by \$1,264,766. There are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2017, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

Alternate Revenue Bonds. The District issued \$2,632,500 in interest free Qualified Zone Academy Bonds (QZAB) in 2006. School Districts that qualify for QZAB bonds must be located in an empowerment zone or an enterprise community or expect to have at least 35% or more of their students eligible for free or reduced lunch under the National School Lunch Act. At least 95% of the proceeds from the QZABs must be used to fund qualifying projects that rehabilitate or repair public school buildings, provide equipment for public school use, develop course materials, and train teachers and other school personnel.

The District's qualifying projects for the QZAB funds are to finance certain renovations and other qualifying expenditures. The District's goals are to improve the academic curriculum with cooperation from a business partner by offering online course scholarships to enhance academic curriculum, increase graduation rates, and better prepare the students for the rigors of college and the increasingly complex workforce.

6. LONG TERM LIABILITIES (Continued)

The obligations for the Qualified Zone Academy Bonds were repaid in 2017 from the Debt Service Fund and funded by a transfer from the Operations and Maintenance Fund. Qualified Zone Academy Bonds currently outstanding are as follows:

Annual debt service requirements to maturity for alternative revenue bonds are as follows for governmental type activities:

Fiscal Year Ending June 30,	Principal	Total
2018	\$ 176,455	\$ 176,455
2019	181,039	181,039
2020	185,727	185,727
2021	190,553	190,553
2022	195,495	195,495
2023	166,611	166,611
Total	<u>\$ 1,095,880</u>	<u>\$ 1,095,880</u>

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of school buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2017, \$119,800 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the Transportation Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 25,658
2019	25,658
2020	25,658
Less: amount representing interest	<u>(5,151)</u>
Present value of minimum lease payments	<u>\$ 71,823</u>

7. JOINT AGREEMENTS

The District is a member of Proviso Area for Exceptional Children District (PAEC), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these are not included as component units of the District.

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements (Continued)

June 30, 2017

8. EMPLOYEE RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

a. Teachers' Retirement System of the State of Illinois (TRS)

a. Plan Description

The District participates in the 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>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

b. 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.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. 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% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4% of creditable earnings. On July 1, 2016, the rate dropped to 9.0% of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2017, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$4,966,612 in pension contributions from the State of Illinois.

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2017 were \$76,188, and are deferred because they were paid after the June 30, 2016 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54% of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$249,032 were paid from the federal and special trust funds that required employer contributions of \$95,977. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid \$98,866 to TRS for employer ERO contributions.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the District paid \$7,777 to TRS for employer contributions due on salary increases in excess of 6% and \$1,232 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,993,982
State's proportionate share of the net pension liability associated with the District	<u>127,432,352</u>
Total	<u><u>\$ 135,426,334</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 and rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.01013%, which was an increase of 0.00459 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,966,612 and revenue \$4,966,612 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 59,108	\$ 5,422
Changes in assumptions	686,564	-
Net difference between projected and actual earnings on pension plan investments	225,844	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,464,269	1,159,952
District contributions subsequent to the measurement date	280,040	
	<hr/>	<hr/>
Total	<u>\$ 3,715,825</u>	<u>\$ 1,165,374</u>

\$280,040 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred (Inflows)/Outflows of Resources
2018	\$ 405,339
2019	405,339
2020	495,566
2021	809,076
2022	155,091
Thereafter	-
Total	<u>\$ 2,270,411</u>

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

e. Actuarial Assumptions

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

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	14.4%	6.94%
U.S. 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%
	100.0%	

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

f. Discount rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

g. Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.83%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83%) or 1-percentage-point higher (7.83%) than the current rate:

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
District's proportionate share of the net pension liability	\$ 9,776,965	\$ 7,993,982	\$ 6,537,758

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS Comprehensive Annual Financial Report.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Illinois Municipal Retirement Fund (IMRF)

a. Plan Description and Benefits

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 affiliated with the Illinois Municipal Retirement Fund

(IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

b. Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits	131
Inactive employees entitled to but not yet receiving benefits	122
Active employees	<u>130</u>
Total	<u><u>383</u></u>

c. Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actual contribution rate for calendar year 2016 was 10.94% of covered payroll. The District 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, while the supplemental retirement benefits rate is set by statute.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Net Pension Liability

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

Total pension liability/(asset)	\$ 22,443,760
Plan fiduciary net position	<u>20,107,002</u>
Net pension liability/(asset)	<u>\$ 2,336,758</u>

e. Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Remaining amortization period	30 year, open
Inflation	3.50%
Price inflation	2.75%
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 2014). 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 2014). 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 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.0%	6.85%
International Equity	17.0%	6.75%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	5.75%
Alternative Investments	9.0%	2.65-7.35%
Cash Equivalents	1.0%	2.25%
	<u>100.0%</u>	

f. Single Discount Rate

The Single Discount Rate used to measure the total pension liability for IMRF was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District 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 plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

g. Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 20,873,863	\$ 19,188,603	\$ 1,685,260
Changes for the year			
Service Cost	503,547	-	503,547
Interest on the Total Pension Liability	1,540,884	-	1,540,884
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	659,063	-	659,063
Changes of Assumptions	(27,434)	-	(27,434)
Contributions - Employer		474,722	(474,722)
Contributions - Employees	-	219,285	(219,285)
Net Investment Income	-	1,316,601	(1,316,601)
Benefit Payments, including Refunds of Employee Contributions	(1,106,163)	(1,106,163)	-
Other (Net Transfer)	-	13,954	(13,954)
Net Changes	1,569,897	918,399	651,498
Balances at December 31, 2016	\$ 22,443,760	\$ 20,107,002	\$ 2,336,758

h. Sensitivity 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 5,307,074	\$ 2,336,758	\$ (94,340)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$1,129,854. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 468,404	\$ 4,742
Changes in assumptions	21,119	18,483
Net difference between projected and actual earnings on pension plan investments	<u>1,006,039</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	1,495,562	23,225
Contributions subsequent to the measurement date	<u>243,584</u>	
Total	<u>\$ 1,739,146</u>	<u>\$ 23,225</u>

\$243,584 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ 590,737
2019	553,525
2020	306,551
2021	21,524
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 1,472,337</u>

9. OTHER POST-EMPLOYMENT BENEFITS

a. Teacher Health Insurance Security (THIS)

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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 THIS Fund.

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 THIS Fund from active members which were 1.12% of pay during the year ended June 30, 2017. State of Illinois contributions were \$147,122, and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.84% during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$110,342 to the THIS Fund, which was 100% of the required contribution.

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

b. Retirees' Health Plan

The District administers a single-employer defined benefit healthcare plan ("the Retirees' Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retirees' Health Plan does not issue a publicly available financial report.

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements (Continued)

June 30, 2017

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Eligibility

Non-certified employees who contribute to the Illinois Municipal Retirement Fund (IMRF) are eligible for post-retirement medical coverage. For retirement benefits, the member must have worked at least 8 years and must be at least 55 years old. Subsidized benefits and a flat dollar benefit are available to non-certified employees who retire after 60 with 20 years of service.

Certified employees who contribute to the Teachers' Retirement Service (TRS) are eligible to continue on the District's medical, dental or vision plan. Subsidized benefits are available to certified employees who retire after 55 with 20 years of service.

Both teachers and support staff may elect COBRA coverage for dental and vision benefits

Benefit Provisions

The District offers a special retirement benefit for certified employees who retire after age 55 with 20 years of service. The District will pay the coverage for a single employee if the retiree elects to keep medical coverage. The District allows spouses to remain in the medical plan if the retiree pays the additional premium associated with spousal coverage. If a certified teacher retires after 25 years of service at any age, the District will also pay for spousal coverage.

Certified retirees are allowed to continue to participate in the dental and life insurance programs if they pay the premium associated with such coverage. Coverage for medical and dental benefits terminates at age 65, but the life insurance continues for as long as the retiree pays premium.

The life insurance face amount for certified retirees is \$50,000. The face amount for the Superintendent is \$144,000.

Non-certified retirees are allowed to continue to participate in the dental, vision and life insurance programs if they pay the premium associated with such coverage. They may remain in the medical, dental and/or life insurance programs after 65 by paying the premium.

The life insurance face amount for non-certified retirees is \$20,000.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The District contributes on a pay-as-you-go basis.

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

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

	June 30, 2017	June 30, 2016
Annual Required Contribution	\$ 379,622	\$ 382,385
Interest on net OPEB obligation	110,320	115,777
Adjustment to annual required contribution	<u>(238,517)</u>	<u>(229,248)</u>
Annual OPEB cost (expense)	251,425	268,914
Contributions made by the District	<u>(373,868)</u>	<u>(178,533)</u>
Increase in net OPEB obligations (4-5)	(122,443)	90,381
Net OPEB obligation – Beginning of Year	<u>2,753,577</u>	<u>2,663,196</u>
Net OPEB obligation – End of Year	<u>\$ 2,631,134</u>	<u>\$ 2,753,577</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retirees' Health Plan, and the net OPEB obligation for June 30, 2017 and the two preceding years are as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 251,425	148.70%	\$ 2,631,134
6/30/2016	268,914	66.39%	2,758,000
6/30/2015	266,978	66.87%	2,663,196

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

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

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return and an annual healthcare cost trend rate of 6.5 percent initially, increased by increments to an ultimate rate of 7 percent after 5 years. Both rates include a 2 percent inflation assumption. The actuarial value of the Retirees' Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The Retirees' Health

BELLWOOD SCHOOL DISTRICT 88

Notes to Financial Statements (Continued)

June 30, 2017

Plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2017 is 26 years.

10. STATE AND FEDERAL AID CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

11. CONTINGENT LIABILITIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

12. RELATED PARTY TRANSACTION

As part of the employment contract with its Superintendent, the Board of Education approved a contract rider during the year ended June 30, 2016. The contract rider stipulated that District would make payment to the Teachers Retirement System (TRS), in the amount of \$105,504, on behalf of the Superintendent. The payment would be considered an advance to the Superintendent, repayable over 36 months through semi-monthly payroll deductions. As of June 30, 2017, the outstanding balance of the advance was \$42,945 and is included in District's financial statements as other receivable. During the year the Superintendent left the District and the District is pursuing repayment over the course of the next fiscal year.

12. SUBSEQUENT EVENTS

On October 5, 2017, the District issued \$16,715,000 in Taxable General Obligation Limited Tax School Bonds, Series 2017, to refund certain outstanding bond issues and to provide Working Cash Funds for the District. The bonds bear interest rates ranging from 1.60% to 4.00% and mature in amounts ranging from \$1,065,000 to \$3,275,000 through December 1, 2035.

Also subsequent to the fiscal year end, the District settled two lawsuits totaling \$120,000. These settlements were paid from the General Fund.

OTHER SUPPLEMENTARY INFORMATION

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances
 Modified Cash Basis - Budget And Actual - General Fund And Major Special Revenue Fund
 Year Ended June 30, 2017

	General Fund		
	Original & Final Budget	Actual	Variance Over/(Under)
REVENUES RECEIVED			
Local sources	\$ 11,239,576	\$ 10,770,911	\$ (468,665)
State sources	16,572,917	15,686,861	(886,056)
Federal sources	3,054,489	3,180,842	126,353
Total revenues received	<u>30,866,982</u>	<u>29,638,614</u>	<u>(1,228,368)</u>
EXPENDITURES DISBURSED			
Current operating			
Instruction	13,508,786	13,444,240	(64,546)
Support services	12,898,922	12,791,857	(107,065)
Community services	275,461	335,815	60,354
Non-programmed charges	3,194,561	3,503,051	308,490
Capital outlay	491,005	199,255	(291,750)
Total expenditures disbursed	<u>30,368,734</u>	<u>30,274,218</u>	<u>(94,516)</u>
Excess of revenues received over (under) expenditures disbursed	<u>498,248</u>	<u>(635,604)</u>	<u>(1,133,852)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(134,822)</u>	<u>(134,822)</u>	<u>-</u>
Total other financing sources (uses)	<u>(134,822)</u>	<u>(134,822)</u>	<u>-</u>
Net changes in fund balance	<u>\$ 363,426</u>	<u>(770,426)</u>	<u>\$ (1,133,852)</u>
Fund Balances at beginning of year		<u>3,620,294</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 2,849,868</u>	

<u>Municipal Retirement/Social Security Fund</u>			
<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	
\$ 1,378,934	\$ 1,080,248	\$ (298,686)	
-	-	-	
-	-	-	
<u>1,378,934</u>	<u>1,080,248</u>	<u>(298,686)</u>	
261,335	233,000	(28,335)	
809,321	800,706	(8,615)	
16,766	30,124	13,358	
-	-	-	
-	-	-	
<u>1,087,422</u>	<u>1,063,830</u>	<u>(23,592)</u>	
<u>291,512</u>	<u>16,418</u>	<u>(275,094)</u>	
-	-	-	
-	-	-	
<u>\$ 291,512</u>	<u>16,418</u>	<u>\$ (275,094)</u>	
	<u>1,287,825</u>		
	<u>\$ 1,304,243</u>		

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

The budget is prepared on the modified cash basis of accounting for all governmental funds which is an acceptable method as prescribed by the Illinois State Board of Education, and is the same basis that is used for financial reporting. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. The budget appropriations lapse at the end of each fiscal year. The District does not utilize an encumbrance system. The District 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. Prior to the last Tuesday in December, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

b. Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund (Reporting basis) includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts. The differences between the budget and Reporting basis are as follows:

	Revenues	Expenditures
General Fund Budgetary Basis	\$29,638,614	\$30,274,218
To adjust for on-behalf payments received	5,113,734	-
To adjust for on-behalf payments made	-	5,113,734
General Fund Reporting Basis	<u>\$ 34,752,348</u>	<u>\$ 35,387,952</u>

b. Excess of Expenditures over Budget

For the year ended June 30, 2017, expenditures exceeded budget in the Transportation Fund, Debt Service Fund, and Fire Prevention and Life Safety Fund by \$485,237, \$159,844 and \$19,190, respectively. These excesses were funded by available fund balances.

BELLWOOD SCHOOL DISTRICT 88
 Schedule of Funding Progress
 Other Postemployment Benefits (Unaudited)
 June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) –Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2016	\$ -	\$5,057,217	\$5,057,217	N/A	13,902,427	36.38%
7/1/2014	-	3,848,542	3,848,542	N/A	15,712,304	24.49%
7/1/2012	-	3,833,511	3,833,511	N/A	11,354,328	33.76%

Actuarial valuation prepared biennially.

BELLWOOD SCHOOL DISTRICT 88

Schedule of Changes in the Employer's Net Pension Liability
 And Related Ratios
 Illinois Municipal Retirement Fund (Unaudited)
 Last Three Calendar Years

	2017	2016	2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 503,547	\$ 451,404	\$ 529,247
Interest	1,540,884	1,474,204	1,379,388
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	659,063	70,510	(303,665)
Changes of Assumptions	(27,434)	25,383	790,495
Benefit Payments, Including Refunds of Member Contributions	(1,106,163)	(1,155,980)	(1,028,677)
Net Change in Total Pension Liability	1,569,897	865,521	1,366,788
Total Pension Liability - Beginning	20,873,863	20,008,342	18,641,554
TOTAL PENSION LIABILITY - ENDING	\$ 22,443,760	\$ 20,873,863	\$ 20,008,342
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 474,722	\$ 423,980	\$ 458,707
Contributions - Member	219,285	193,079	187,657
Net Investment Income	1,316,601	97,251	1,144,959
Benefit Payments, Including Refunds of Member Contributions	(1,106,163)	(1,155,980)	(1,028,677)
Other & Administrative Expense	13,954	(89,385)	(3,959)
Net Change in Plan Fiduciary Net Position	918,399	(531,055)	758,687
Plan Net Position - Beginning	19,188,603	19,719,658	18,960,971
PLAN NET POSITION - ENDING	\$ 20,107,002	\$ 19,188,603	\$ 19,719,658
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 2,336,758	\$ 1,685,260	\$ 288,684
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.59%	91.93%	98.56%
Covered-Employee Payroll	\$ 4,819,878	\$ 4,282,168	\$ 4,194,501
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	48.48%	39.36%	6.88%

The District implemented GASB Statement No. 68 in fiscal year 2015.
 Information prior to fiscal year 2015 is not available.

BELLWOOD SCHOOL DISTRICT 88
 Schedule of Employer Contributions
 Illinois Municipal Retirement Fund (Unaudited)
 Last Three Fiscal Years

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 461,395	\$ 458,707	\$ 2,688	\$ 4,194,501	10.94%
2016	423,078	423,980	(902)	4,282,168	9.90%
2017	470,243	470,243	-	4,819,878	9.76%

Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31 of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75%
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-2017 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.

The District implemented GASB Statement No. 68 in fiscal year 2015.
 Information prior to fiscal year 2015 is not available.

BELLWOOD SCHOOL DISTRICT 88
Schedule of The District's Proportionate Share of the
Net Pension Liability
Teachers' Retirement System (Unaudited)
Last Three Fiscal Years

	2017*	2016*	2015*
District's proportion of the net pension liability	0.01013%	0.00554%	0.00859%
District's proportionate share of the net pension liability	\$ 7,993,982	\$ 3,628,969	\$ 5,230,548
State's proportionate share of the net pension liability associated with the District	127,432,352	28,950,191	88,152,262
Total	\$ 135,426,334	\$ 32,579,160	\$ 93,382,810
District's covered-employee payroll	12,104,366	11,054,644	10,732,664
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	66.04%	32.83%	48.73%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

Changes of assumptions

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

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

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

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to fiscal year 2015 is not available.

* The amounts presented have a measurement date of the previous fiscal year end.

BELLWOOD SCHOOL DISTRICT 88
 Schedule of Employer Contributions
 Teachers' Retirement System (Unaudited)
 Last Three Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 287,703	\$ 287,703	\$ -	\$ 11,054,644	2.60%
2016	325,855	379,987	(54,132)	12,104,366	3.14%
2017	280,039	280,039	-	13,135,933	2.13%

The District implemented GASB Statement No. 68 in fiscal year 2015.
 Information prior to fiscal year 2015 is not available.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

To account for resources traditionally associated with government operations which are not accounted for in another fund, the District maintains the following legally mandated accounts within the General Fund:

Educational Account - To account for most of the instructional and administrative aspects of the District's operations.

Operations and Maintenance Account - To account for repair and maintenance of the District's property.

Tort Immunity and Judgment Account - To account for financial resources held by the District for the purposes of tort immunity.

Working Cash Account - To account for financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied.

BELLWOOD SCHOOL DISTRICT 88
Combining Balance Sheet by Account - Modified Cash Basis
General Fund
June 30, 2017

ASSETS	Educational	Operations and Maintenance	Tort	Working Cash	Total General
Cash and investments	\$ 1,159,974	\$ 170,774	\$ 557,728	\$ 918,896	\$ 2,807,372
Other receivables	42,496	-	-	-	42,496
TOTAL ASSETS	\$ 1,202,470	\$ 170,774	\$ 557,728	\$ 918,896	\$ 2,849,868
FUND BALANCES					
Fund balances					
Restricted for:					
Tort immunity	\$ -	\$ -	\$ 557,728	\$ -	\$ 557,728
Unassigned	1,202,470	170,774	-	918,896	2,292,140
Total Fund Balances	\$ 1,202,470	\$ 170,774	\$ 557,728	\$ 918,896	\$ 2,849,868

BELLWOOD SCHOOL DISTRICT 88

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes

In Fund Balances by Account - Modified Cash Basis

General Fund

Year Ended June 30, 2017

	Educational	Operations and Maintenance	Tort	Working Cash	Total General
REVENUES RECEIVED					
Local sources	\$ 7,743,717	\$ 2,483,048	\$ 487,548	\$ 56,598	\$ 10,770,911
State sources	14,975,951	710,910	-	-	15,686,861
Federal sources	3,068,407	112,435	-	-	3,180,842
Total revenues received	25,788,075	3,306,393	487,548	56,598	29,638,614
EXPENDITURES DISBURSED					
Current operating					
Instruction	13,444,240	-	-	-	13,444,240
Support services	8,865,933	3,478,385	447,539	-	12,791,857
Community service	335,815	-	-	-	335,815
Non-programmed charges	3,382,397	120,654	-	-	3,503,051
Capital outlay	96,196	103,059	-	-	199,255
Total expenditures disbursed	26,124,581	3,702,098	447,539	-	30,274,218
Excess (deficiency) of revenues received over expenditures disbursed	(336,506)	(395,705)	40,009	56,598	(635,604)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(134,822)	-	-	(134,822)
Total other financing sources (uses)	-	(134,822)	-	-	(134,822)
Net changes in fund balance	(336,506)	(530,527)	40,009	56,598	(770,426)
Fund balances at beginning of year	1,538,976	701,301	517,719	862,298	3,620,294
FUND BALANCES AT END OF YEAR	\$ 1,202,470	\$ 170,774	\$ 557,728	\$ 918,896	\$ 2,849,868

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 7,801,307	\$ 7,473,141	\$ (328,166)	\$ 7,435,810
Special education levy	100,044	171,685	71,641	95,896
Earnings on investments	13,882	15,444	1,562	20,897
Pupil activities and textbooks	74,250	60,800	(13,450)	104,262
Other	100,000	22,647	(77,353)	101,903
Total local sources	8,089,483	7,743,717	(345,766)	7,758,768
State sources				
Unrestricted				
General state aid	13,629,200	13,507,759	(121,441)	11,368,712
Restricted				
Special education:				
Private facility tuition	136,994	84,389	(52,605)	113,582
Extraordinary	412,649	293,370	(119,279)	390,895
Personnel	339,211	199,137	(140,074)	223,916
Orphanage - individual	45,982	16,294	(29,688)	69,720
Orphanage - summer individual	7,995	-	(7,995)	1,048
Summer school	14,562	-	(14,562)	18,420
Bilingual education	350,653	82,719	(267,934)	176,704
State free lunch and breakfast	13,125	6,071	(7,054)	11,872
Education block grant	902,350	729,828	(172,522)	729,664
Other grants-in-aid	2,153	56,384	54,231	1,461
Total state sources	\$ 15,854,874	\$ 14,975,951	\$ (878,923)	\$ 13,105,994

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Federal sources				
Restricted				
School lunch programs	\$ 1,113,221	\$ 1,059,648	\$ (53,573)	\$ 1,112,435
Special breakfast program	173,483	223,313	49,830	239,018
Title I	1,204,045	982,996	(221,049)	1,217,337
Federal - special education				
I.D.E.A - room and board	-	149,294	149,294	-
Title III - english language acquisition	81,393	67,438	(13,955)	93,887
Title II - teacher quality	(38,383)	1,621	40,004	19,884
Medicaid matching/administrative outreach	-	53,535	53,535	-
Medicaid matching/fee-for-service	254,928	372,608	117,680	339,261
STEP program	-	157,954	157,954	-
Food service - other	-	-	-	100,329
Total federal sources	2,788,687	3,068,407	279,720	3,122,151
Total revenues	26,733,044	25,788,075	(944,969)	23,986,913
EXPENDITURES				
Current operating				
Instruction				
Regular programs				
Salaries	7,258,355	7,023,012	(235,343)	7,744,124
Employee benefits	969,838	1,165,268	195,430	973,459
Purchased services	70,913	21,612	(49,301)	15,631
Supplies and materials	530,686	539,891	9,205	529,500
Capital outlay	2,400	-	(2,400)	2,904
Capital outlay				
Total	8,832,192	8,749,783	(82,409)	9,265,618
Prekindergarten programs				
Salaries	556,582	550,106	(6,476)	545,453
Employee benefits	88,395	85,231	(3,164)	62,626
Purchased services	-	2,173	2,173	398
Supplies and materials	6,300	24,191	17,891	34,238
Total	\$ 651,277	\$ 661,701	\$ 10,424	\$ 642,715

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Special education programs				
Salaries	\$ 1,227,068	\$ 1,111,586	\$ (115,482)	\$ 1,045,764
Employee benefits	196,149	110,988	(85,161)	144,205
Purchased services	-	258,738	258,738	-
Supplies and materials	10,000	10,279	279	-
Total	1,433,217	1,491,591	58,374	1,189,969
Educationally deprived/remedial programs				
Salaries	440,117	486,064	45,947	592,103
Employee benefits	216,244	232,619	16,375	352,325
Purchased services	10,000	1,745	(8,255)	17,350
Supplies and materials	59,333	125,847	66,514	147,048
Capital outlay	97,463	15,960	(81,503)	-
Total	823,157	862,235	39,078	1,108,826
Interscholastic programs				
Salaries	109,368	89,308	(20,060)	81,783
Employee benefits	43,703	32,161	(11,542)	426
Total	153,071	121,469	(31,602)	82,209
Summer school				
Salaries	15,040	58,352	43,312	52,074
Employee benefits	5,371	9,627	4,256	295
Purchased services	-	78	78	-
Total	20,411	68,057	47,646	52,369
Bilingual				
Salaries	1,530,273	1,504,119	(26,154)	280,407
Employee benefits	223,409	69,683	(153,726)	22,361
Purchased services	20,000	165	(19,835)	660
Supplies and materials	67,281	11,633	(55,648)	50,409
Total	1,840,963	1,585,600	(255,363)	353,837
Total instruction	\$ 13,754,288	\$ 13,540,436	\$ (213,852)	\$ 12,695,543

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Support services				
Pupils				
Attendance and social work				
Salaries	\$ 552,634	\$ 556,108	\$ 3,474	\$ 488,113
Employee benefits	54,799	57,238	2,439	39,734
Supplies and materials	2,500	-	(2,500)	-
Total	609,933	613,346	3,413	527,847
Guidance services				
Purchased services	-	-	-	1,723
Supplies and materials	2,153	2,749	596	(2,432)
Total	2,153	2,749	596	(709)
Health services				
Salaries	403,547	412,729	9,182	357,593
Employee benefits	83,535	68,755	(14,780)	64,480
Purchased services	6,000	46,405	40,405	28,511
Supplies and materials	2,500	10,766	8,266	4,146
Total	495,582	538,655	43,073	454,730
Psychological services				
Salaries	231,120	231,121	1	220,829
Employee benefits	27,623	27,607	(16)	25,402
Purchased services	10,000	11,158	1,158	-
Supplies and materials	-	-	-	460
Total	268,743	269,886	1,143	246,691
Speech pathology and audiology services				
Purchased services	-	-	-	3,625
Total	\$ -	\$ -	\$ -	\$ 3,625

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Other support services				
Salaries	\$ 377,055	\$ 373,903	\$ (3,152)	\$ 72,269
Employee benefits	38,019	5,238	(32,781)	534
Total	415,074	379,141	(35,933)	72,803
Total pupils	1,791,485	1,803,777	12,292	1,304,987
Instructional staff				
Improvement of instruction services				
Salaries	318,946	267,642	(51,304)	304,498
Employee benefits	42,810	12,739	(30,071)	16,912
Purchased services	132,004	95,573	(36,431)	283,395
Supplies and materials	45,322	35,807	(9,515)	33,813
Total	539,082	411,761	(127,321)	638,618
Educational media services				
Salaries	149,226	154,420	5,194	118,709
Employee benefits	11,123	9,512	(1,611)	298
Supplies and materials	7,567	4,416	(3,151)	3,240
Total	167,916	168,348	432	122,247
Assessment and testing				
Purchased services	-	25,363	25,363	85,948
Supplies and materials	85,726	47,630	(38,096)	38,507
Total	85,726	72,993	(12,733)	124,455
Total instructional staff	792,724	653,102	(139,622)	885,320
General administration				
Board of education				
Salaries	41,918	27,918	(14,000)	23,903
Employee benefits	267,286	625,850	358,564	296,215
Purchased services	823,800	455,916	(367,884)	1,120,556
Supplies and materials	5,180	11,699	6,519	2,407
Capital outlay	-	303	303	112
Other	-	-	-	760
Total	\$ 1,138,184	\$ 1,121,686	\$ (16,498)	\$ 1,443,953

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Executive administration				
Salaries	\$ 244,048	\$ 262,315	\$ 18,267	\$ 275,487
Employee benefits	46,254	49,264	3,010	147,868
Purchased services	84,015	72,232	(11,783)	133,569
Supplies and materials	10,000	7,497	(2,503)	7,602
Capital outlay	-	-	-	2,316
Total	384,317	391,308	6,991	566,842
Special area administrative services				
Salaries	233,789	214,380	(19,409)	156,589
Employee benefits	20,258	29,216	8,958	17,454
Purchased services	3,600	7,617	4,017	7,623
Supplies and materials	17,000	8,812	(8,188)	5,896
Capital outlay	6,688	-	(6,688)	-
Total	281,335	260,025	(21,310)	187,562
Total general administration	1,803,836	1,773,019	(30,817)	2,198,357
School administration				
Office of the principal				
Salaries	1,549,224	1,551,150	1,926	1,426,326
Employee benefits	195,483	199,623	4,140	163,667
Total	1,744,707	1,750,773	6,066	1,589,993
Other support services				
Salaries	-	26,235	26,235	-
Employee benefits	-	1,898	1,898	-
Total	-	28,133	28,133	-
Total school administration	\$ 1,744,707	\$ 1,778,906	\$ 34,199	\$ 1,589,993

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Business				
Direction of business support services				
Salaries	\$ 269,462	\$ 273,462	\$ 4,000	\$ 267,395
Employee benefits	25,830	24,419	(1,411)	25,722
Purchased services	38,735	26,633	(12,102)	89,054
Supplies and materials	7,000	4,232	(2,768)	5,865
Capital outlay	57,500	54,746	(2,754)	-
Total	398,527	383,492	(15,035)	388,036
Pupil transportation services				
Salaries	21,739	42,714	20,975	37,060
Total	21,739	42,714	20,975	37,060
Food services				
Salaries	600,127	543,579	(56,548)	601,330
Employee benefits	11,085	10,612	(473)	10,359
Purchased services	2,500	14,183	11,683	103,673
Supplies and materials	1,006,698	879,314	(127,384)	982,392
Capital outlay	-	-	-	4,988
Total	1,620,410	1,447,688	(172,722)	1,702,742
Total business	2,040,676	1,873,894	(166,782)	2,127,838
Central				
Staff services				
Salaries	276,233	289,954	13,721	168,678
Employee benefits	25,473	32,314	6,841	47,240
Purchased services	45,500	46,440	940	199,454
Supplies and materials	3,000	10,239	7,239	5,477
Capital outlay	1,300	-	(1,300)	-
Total	\$ 351,506	\$ 378,947	\$ 27,441	\$ 420,849

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Data processing services				
Salaries	\$ 347,736	\$ 293,541	\$ (54,195)	\$ 278,209
Employee benefits	31,648	40,398	8,750	30,868
Purchased services	110,000	90,053	(19,947)	26,055
Supplies and materials	51,900	155,109	103,209	95,749
Capital outlay	245,654	25,187	(220,467)	134,646
Total	786,938	604,288	(182,650)	565,527
Total central	1,138,444	983,235	(155,209)	986,376
Other support services				
Supplies and materials	-	-	-	842
Total	-	-	-	842
Total support services	9,311,872	8,865,933	(445,939)	9,093,713
Community services				
Salaries	189,699	296,531	106,832	197,438
Employee benefits	19,134	8,526	(10,608)	12,818
Purchased services	52,628	17,608	(35,020)	12,444
Supplies and materials	14,000	13,150	(850)	7,035
Capital outlay	-	-	-	-
Total community services	275,461	335,815	60,354	229,735
Payments for regular programs:				
Other objects	-	-	-	82,479
Total	-	-	-	82,479
Payments for special education programs:				
Purchased services	3,072,135	3,382,397	310,262	2,988,647
Total	3,072,135	3,382,397	310,262	2,988,647
Total non-programmed charges	3,072,135	3,382,397	310,262	3,071,126
Total expenditures	\$ 26,413,756	\$ 26,124,581	\$ (289,175)	\$ 25,090,117

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Educational Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/(Under)	Actual
Excess (deficiency) of revenues over expenditures	\$ 319,288	\$ (336,506)	\$ (655,794)	\$ (1,103,204)
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	750,000
Total other financing sources (uses)	-	-	-	750,000
Net change in fund balance	<u>\$ 319,288</u>	<u>(336,506)</u>	<u>\$ (655,794)</u>	<u>(353,204)</u>
Fund balance at beginning of year		<u>1,538,976</u>		<u>1,892,180</u>
FUND BALANCE AT END OF YEAR		<u>\$ 1,202,470</u>		<u>\$ 1,538,976</u>

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Operations and Maintenance Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 1,500,354	\$ 1,311,167	\$ (189,187)	\$ 1,437,489
Corporate property replacement taxes	1,025,845	1,152,026	126,181	994,733
Earnings on investments	5,416	4,325	(1,091)	5,145
Rentals	-	-	-	600
Other	10,000	15,530	5,530	22,569
Total local sources	2,541,615	2,483,048	(58,567)	2,460,536
State sources				
General state aid	718,043	710,910	(7,133)	1,491,443
Total state sources	718,043	710,910	(7,133)	1,491,443
Federal sources				
E-Rate	265,802	112,435	(153,367)	-
Total federal sources	265,802	112,435	(153,367)	-
Total revenues	3,525,460	3,306,393	(219,067)	3,951,979
EXPENDITURES				
Current operating				
Support services				
Operations and maintenance of plant services				
Salaries	1,528,660	1,564,796	36,136	1,680,129
Employee benefits	162,383	158,738	(3,645)	149,847
Purchased services	1,024,259	1,032,179	7,920	1,005,026
Supplies and materials	657,250	722,672	65,422	710,690
Capital outlay	80,000	103,059	23,059	283,071
Total	3,452,552	3,581,444	128,892	3,828,763
Total support services	\$ 3,452,552	\$ 3,581,444	\$ 128,892	\$ 3,828,763

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In
Fund Balance - Modified Cash Basis - Budget And Actual
Operations and Maintenance Account
Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Non-programmed charges				
Payments for special education services				
Purchased services	\$ 122,426	\$ 120,654	\$ (1,772)	\$ 110,640
Other objects	-	-	-	20
Total non-programmed charges	122,426	120,654	(1,772)	110,660
Total expenditures	3,574,978	3,702,098	127,120	3,939,423
Excess (deficiency) of revenues over expenditures	(49,518)	(395,705)	(346,187)	12,556
OTHER FINANCING SOURCES (USES)				
Transfer out	(134,822)	(134,822)	-	(134,822)
Total other financing sources (uses)	(134,822)	(134,822)	-	(134,822)
Net change in fund balance	<u>\$ (184,340)</u>	<u>(530,527)</u>	<u>\$ (346,187)</u>	<u>(122,266)</u>
Fund balance at beginning of year		<u>701,301</u>		<u>823,567</u>
FUND BALANCE AT END OF YEAR		<u>\$ 170,774</u>		<u>\$ 701,301</u>

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Tort Immunity and Judgement Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
Property taxes	\$ 500,218	\$ 484,477	\$ (15,741)	\$ 477,538
Investment income	1,947	3,071	1,124	1,383
Total local sources	502,165	487,548	(14,617)	478,921
Total revenues	502,165	487,548	(14,617)	478,921
EXPENDITURES				
Current operating				
Support services				
Insurance payments				
Purchased services	230,000	260,082	30,082	-
Total insurance	230,000	260,082	30,082	-
Legal services				
Purchased services	150,000	113,497	(36,503)	-
Other	-	73,960	73,960	40,000
Total legal	150,000	187,457	37,457	40,000
Total support services	380,000	447,539	67,539	40,000
Total expenditures	380,000	447,539	67,539	40,000
Net change in fund balance	<u>\$ 122,165</u>	40,009	<u>\$ (82,156)</u>	438,921
Fund balance at beginning of year		<u>517,719</u>		<u>78,798</u>
FUND BALANCE AT END OF YEAR		<u>\$ 557,728</u>		<u>\$ 517,719</u>

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Working Cash Account

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
Property taxes	\$ 101,111	\$ 51,683	\$ (49,428)	\$ 95,926
Earnings on investments	5,202	4,915	(287)	3,972
Total local sources	106,313	56,598	(49,715)	99,898
Total revenues	106,313	56,598	(49,715)	99,898
Net change in fund balance	<u>\$ 106,313</u>	<u>56,598</u>	<u>\$ (49,715)</u>	99,898
Fund balance at beginning of year		<u>862,298</u>		<u>762,400</u>
FUND BALANCE AT END OF YEAR		<u>\$ 918,896</u>		<u>\$ 862,298</u>

MAJOR SPECIAL REVENUE FUND

To account for proceeds from specific revenue sources which are designated to finance expenditures for specific purposes, the District maintains the following Special Revenue Fund:

Municipal Retirement/Social Security Fund - To account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund and Social Security for noncertified employees.

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Major Municipal Retirement/Social Security Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 652,997	\$ 428,080	\$ (224,917)	\$ 619,840
Social security/medicare only levy	652,997	619,218	(33,779)	619,840
Corporate personal property replacement taxes	65,479	24,925	(40,554)	64,805
Earnings on investments	7,461	8,025	564	6,104
Total revenues	1,378,934	1,080,248	(298,686)	1,310,589
EXPENDITURES				
Current operating				
Instruction				
Regular programs	127,718	110,382	(17,336)	140,876
Prekindergarten programs	29,588	27,683	(1,905)	36,267
Special education programs	54,538	45,338	(9,200)	49,095
Educationally deprived/remedial programs	6,382	7,050	668	8,749
Interscholastic programs	1,586	1,657	71	1,614
Summer school programs	475	1,721	1,246	889
Bilingual programs	41,048	39,169	(1,879)	4,151
Total instruction	261,335	233,000	(28,335)	241,641
Support services				
Pupils				
Attendance and social work services	8,013	8,620	607	7,096
Health services	55,894	56,655	761	48,289
Psychological services	3,351	3,351	-	3,202
Other	16,948	16,645	(303)	12,527
Total pupils	84,206	85,271	1,065	71,114
Instructional staff				
Improvement of instruction services	10,619	10,134	(485)	12,705
Educational media	11,736	12,203	467	13,441
Total instructional staff	\$ 22,355	\$ 22,337	\$ (18)	\$ 26,146

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Major Municipal Retirement/Social Security Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
General administration				
Board of education services	\$ 6,826	\$ 6,394	\$ (432)	\$ 5,331
Executive administration services	14,642	12,056	(2,586)	11,857
Special area administrative services	17,625	12,753	(4,872)	5,819
Total general administration	39,093	31,203	(7,890)	23,007
School administration				
Office of the principal services	82,309	83,209	900	74,862
Other support services	-	1,474	1,474	-
Total school administration	82,309	84,683	2,374	74,862
Business				
Direction of business support services	47,237	46,609	(628)	46,834
Operation and maintenance of plant services	286,403	288,142	1,739	312,910
Pupil transportation services	81,937	83,774	1,837	83,150
Food services	51,599	46,816	(4,783)	51,489
Total business	467,176	465,341	(1,835)	494,383
Central				
Staff services	48,424	48,720	296	22,690
Data processing services	60,958	50,549	(10,409)	48,727
Total central	109,382	99,269	(10,113)	71,417
Other supporting services	4,800	12,602	7,802	-
Total support services	809,321	800,706	(8,615)	760,929
Community services	16,766	30,124	13,358	18,835
Total expenditures	1,087,422	1,063,830	(23,592)	1,021,405
Net change in fund balance	<u>\$ 291,512</u>	16,418	<u>\$ (275,094)</u>	289,184
Fund balance at beginning of year		<u>1,287,825</u>		<u>998,641</u>
FUND BALANCE AT END OF YEAR		<u><u>\$ 1,304,243</u></u>		<u><u>\$ 1,287,825</u></u>

MAJOR DEBT SERVICE FUND

Debt Service Fund - To account for the accumulation of, resources for, and the payment of, general long-term debt principal, interest and related costs.

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Major Debt Service Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 2,785,377	\$ 2,564,872	\$ (220,505)	\$ 2,922,056
Earnings on investments	20,536	20,180	(356)	16,528
Total local sources	<u>2,805,913</u>	<u>2,585,052</u>	<u>(220,861)</u>	<u>2,938,584</u>
Total revenues	<u>2,805,913</u>	<u>2,585,052</u>	<u>(220,861)</u>	<u>2,938,584</u>
EXPENDITURES				
Debt service				
Principal retirement	1,639,000	1,932,255	293,255	1,852,359
Interest on bonds	1,017,089	883,678	(133,411)	955,000
Other	-	-	-	4,000
Total expenditures	<u>2,656,089</u>	<u>2,815,933</u>	<u>159,844</u>	<u>2,811,359</u>
Excess (deficiency) of revenues over expenditures	<u>149,824</u>	<u>(230,881)</u>	<u>(380,705)</u>	<u>127,225</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>134,822</u>	<u>134,822</u>	<u>-</u>	<u>134,822</u>
Total other financing sources (uses)	<u>134,822</u>	<u>134,822</u>	<u>-</u>	<u>134,822</u>
Net change in fund balance	<u>\$ 284,646</u>	<u>(96,059)</u>	<u>\$ (380,705)</u>	262,047
Fund balance at beginning of year		<u>4,023,885</u>		<u>3,761,838</u>
FUND BALANCE AT END OF YEAR		<u>\$ 3,927,826</u>		<u>\$ 4,023,885</u>

NONMAJOR GOVERNMENTAL FUNDS

BELLWOOD SCHOOL DISTRICT 88
 Combining Balance Sheet - Modified Cash Basis
 Nonmajor Governmental Funds
 June 30, 2017

	Transportation	Fire Prevention and Safety	Total Nonmajor Governmental Funds
ASSETS			
Assets			
Cash and investments	\$ 163,182	\$ 202,407	\$ 365,589
TOTAL ASSETS	\$ 163,182	\$ 202,407	\$ 365,589
Fund Balances			
Restricted for			
Transportation	\$ 163,182	\$ -	\$ 163,182
Capital Projects	-	202,407	202,407
Total Fund Balances	\$ 163,182	\$ 202,407	\$ 365,589

BELLWOOD SCHOOL DISTRICT 88

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes
In Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds
Year Ended June 30, 2017

	Transportation	Fire Prevention and Safety	Total Nonmajor Governmental Funds
REVENUES RECEIVED			
Local sources	\$ 840,166	\$ 121,270	\$ 961,436
State sources	344,048	-	344,048
	<hr/>		
Total revenues received	1,184,214	121,270	1,305,484
	<hr/>		
EXPENDITURES DISBURSED			
Current operating			
Instruction			
Support services	836,828	103,320	940,148
Non-programmed charges	750,885	-	750,885
Debt service			
Principal	22,319	-	22,319
Interest and other	3,339	-	3,339
	<hr/>		
Total expenditures disbursed	1,613,371	103,320	1,716,691
	<hr/>		
Net changes in fund balances	(429,157)	17,950	(411,207)
	<hr/>		
Fund balances at beginning of year	592,339	184,457	776,796
	<hr/>		
FUND BALANCES AT END OF YEAR	\$ 163,182	\$ 202,407	\$ 365,589
	<hr/> <hr/>		

SPECIAL REVENUE FUND

To account for proceeds from specific revenue sources which are designated to finance expenditures for specific purposes, the District maintains the following Special Revenue Funds:

Transportation Fund - To account for activity relating to student transportation to and from school.

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Transportation Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 500,218	\$ 533,160	\$ 32,942	\$ 477,502
Earnings on investments	3,590	2,928	(662)	3,732
Other	2,500	304,078	301,578	6,641
Total local sources	506,308	840,166	333,858	487,875
State sources				
Restricted				
General state aid	143,609	142,182	(1,427)	298,289
Transportation aid - regular	188,417	47,231	(141,186)	123,160
Transportation aid - special education	244,712	154,635	(90,077)	232,237
Total state sources	576,738	344,048	(232,690)	653,686
Total revenues	1,083,046	1,184,214	101,168	1,141,561
EXPENDITURES				
Current operating				
Support services				
Pupil transportation services				
Salaries	550,799	558,108	7,309	546,953
Employee benefits	37,916	25,646	(12,270)	30,108
Purchased services	288,375	172,840	(115,535)	278,050
Supplies and materials	75,500	52,425	(23,075)	62,915
Capital outlay	55,700	27,809	(27,891)	-
Total support services	1,008,290	836,828	(171,462)	918,026
Non-programmed charges				
Payments for special education services				
Purchased services	119,844	750,885	631,041	130,994
Total non-programmed charges	\$ 119,844	\$ 750,885	\$ 631,041	\$ 130,994

(Continued)

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Transportation Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
Debt service				
Principal on long term debt	\$ -	\$ 22,319	\$ 22,319	\$ 25,658
Interest on long term debt	-	3,339	3,339	-
Total debt service	-	25,658	25,658	25,658
Total expenditures	1,128,134	1,613,371	485,237	1,074,678
Net change in fund balance	<u>\$ (45,088)</u>	(429,157)	<u>\$ (384,069)</u>	66,883
Fund balance (deficit) at beginning of year		<u>592,339</u>		<u>525,456</u>
FUND BALANCE (DEFICIT) AT END OF YEAR		<u>\$ 163,182</u>		<u>\$ 592,339</u>

CAPITAL PROJECTS FUNDS

Capital Projects Fund - To account for financial resources to be used for the acquisition or construction of major capital facilities.

Fire Prevention and Safety Fund - To account for financial resources to be used for the acquisition, construction, and or additions related to qualifying fire prevention and safety projects.

BELLWOOD SCHOOL DISTRICT 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In

Fund Balance - Modified Cash Basis - Budget And Actual

Fire Prevention and Life Safety Fund

Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016 Actual
	Final Budget	Actual	Variance Over/(Under)	
REVENUES				
Local sources				
General levy	\$ 97,940	\$ 120,218	\$ 22,278	\$ 93,369
Earnings on investments	667	1,052	385	671
Total local sources	98,607	121,270	22,663	94,040
Total revenues	98,607	121,270	22,663	94,040
EXPENDITURES				
Current operating				
Support services				
Salaries	27,380	73,097	45,717	-
Purchased services	56,750	30,223	(26,527)	12,600
Capital outlay	-	-	-	8,925
Total support services	84,130	103,320	19,190	21,525
Total expenditures	84,130	103,320	19,190	21,525
Net change in fund balance	<u>\$ 14,477</u>	17,950	<u>\$ 3,473</u>	72,515
Fund balance at beginning of year		<u>184,457</u>		<u>111,942</u>
FUND BALANCE AT END OF YEAR		<u>\$ 202,407</u>		<u>\$ 184,457</u>