

**Naperville Community Unit
School District No. 203**

Naperville, Illinois

Annual Financial Report

Year Ended June 30, 2017

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

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Independent Auditor's Report

Board of Education
Naperville Community Unit School District No. 203
Naperville, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Naperville Community Unit School District No. 203 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Naperville Community Unit School District No. 203 as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The other supplementary 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 it.

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2016, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules of revenues, expenditures and changes in fund balances - budget and actual, related to the 2016 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 schedules of revenues, expenditures and changes in fund balances - budget and actual are fairly stated in material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of Naperville Community Unit School District No. 203's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Klein Hall CPAs".

Klein Hall CPAs
Aurora, Illinois
September 29, 2017

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
For The Year Ended June 30, 2017

The discussion and analysis of Naperville Community Unit School District No. 203's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$9.3. This represents a 2.9% increase from 2016 due to a growing local economy, coupled with expenditures lower than planned.
- General revenues accounted for \$249.8 in revenue or 76.4% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounts for \$77.1 or 23.6% of total revenues of \$326.9.
- The District had \$317.6 in expenses related to government activities. However, only \$77.1 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

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

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
For The Year Ended June 30, 2017

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, reader 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 charges in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six 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, Operations and Maintenance Fund, Transportation Fund, Debt Service Fund, Municipal Retirement/Social Security Fund, and Fire Prevention and Life Safety Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget. The District amended its budget in the current year, and the amended budget is used for budgetary comparisons.

Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 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 required supplementary information concerning the District's participation in the IMRF and TRS pension funds and other postemployment benefits obligation.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
 For The Year Ended June 30, 2017

District-Wide Financial Analysis

The District's combined net position was higher on June 30, 2017, than they were the year before (as restated), increasing 2.9% to \$327.1.

Table 1				
Condensed Statements of Net Position				
(in millions of dollars)				
	2016		2017	
Assets				
Current and other assets	\$	316.8	\$	327.8
Capital Assets		237.8		237.3
Total Assets		554.6		565.1
Deferred Outflows				
Deferred outflows related to pensions		16.4		14.5
Liabilities				
Current liabilities		26.1		25.6
Long-term debt outstanding		100.4		104.8
Total Liabilities		126.5		130.4
Deferred Inflows				
Property taxes levied for subsequent year		116.6		114.2
Deferred inflows related to pensions		10.1		7.9
Total Deferred Inflows		126.7		122.1
Net Position				
Net investment in capital assets		204.4		205.2
Restricted		33.3		30.6
Unrestricted		80.1		91.3
Total Net Position	\$	317.8	\$	327.1

Revenues in the governmental activities of the District of \$326.9 exceeded expenses by \$9.3. This was attributable primarily to salary and benefit expenditures being lower than expected.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

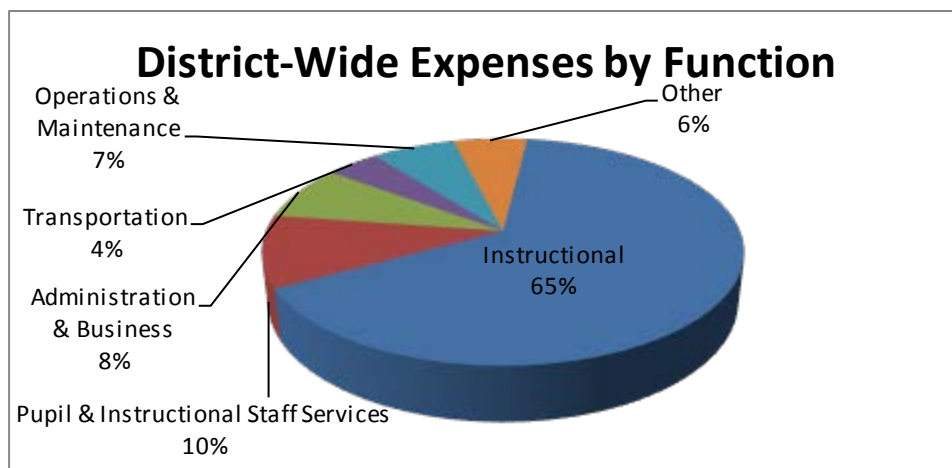
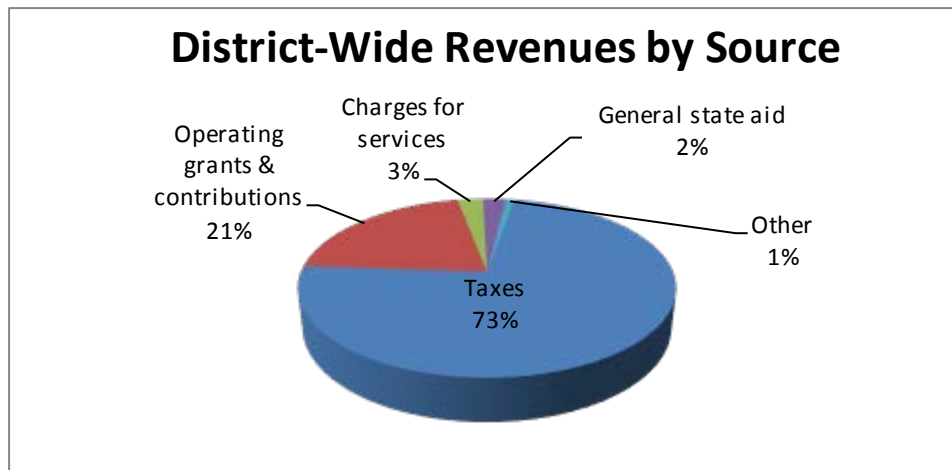
Management's Discussion and Analysis
For The Year Ended June 30, 2017

Table 2		
Changes in Net Position		
(in millions of dollars)		
	2016	2017
Revenues		
<i>Program Revenues</i>		
Charges for services	\$ 8.5	\$ 8.5
Operating grants & contributions	67.2	68.6
Capital grants & Contributions	-	-
<i>General revenues:</i>		
Taxes	232.4	239.4
General state aid	7.2	7.7
Other	3.5	2.7
Total revenues	318.8	326.9
Expenses		
Instruction	198.9	206.7
Pupil & instructional staff services	31.8	32.6
Administration & Business	25.6	24.8
Transportation	12.5	13.5
Operations & maintenance	16.8	21.2
Other	18.6	18.8
Total expenses	304.2	317.6
Increase (decrease) in net position	14.6	9.3
Net position - beginning of year	303.3	317.8
Restatement	(0.1)	-
Net position - end of year	\$ 317.8	\$ 327.1

Property taxes accounted for the largest portion of the District's revenues, contributing 71.6%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$317.6, mainly related to instructing and caring for the students and student transportation, which accounts for 79.6% of the expenditures.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
For The Year Ended June 30, 2017



Financial Analysis of the District's Funds

The financial performance of the District's funds as a whole is reflected in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Total revenue in the governmental funds was \$324.0 compared to \$318.8 in the prior year, an increase of \$5.2 or 1.6%. There was an increase in total expenditures compared to the prior year of \$12.8 or 4.2%, mainly due to an increase in educational staffing and modernization of our facilities.

Consistent revenues due to property tax collections, controlled salary increases through labor contracts, and stable student enrollment has resulted in the District's Governmental Funds balance increasing from \$174.1 to \$185.2 due to revenue outpacing expenditures consistent with budget, which has resulted in a favorable financial position for the District.

The District Operating Funds (excluding Debt Service) budgeted for a \$7.5 increase in fund balance, realizing an actual increase of \$9.9.

The fund balance in the General Fund increased by \$13.4 to \$156.4. Of the total fund balance, \$0.4 is nonspendable prepaid items, \$12.3 is committed for health insurance claims, and \$1.8 is restricted for tort immunity. The District continues to enhance the curriculum and provide additional support to bolster student growth. A few highlights include the implementation of Next Generation Science Standards for grades 6-12, increased technology put in the hands of our students through the Digital Learning Initiative (DLI), and implemented standards based grading and reporting for grades K-5.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
For The Year Ended June 30, 2017

The fund balance in the Operations and Maintenance Fund decreased by \$2.6 to \$15.0. The fund balance is restricted for operating and maintenance costs. The District strives to maintain safe and efficient facilities to support student learning. By committing to a proactive approach to our Operations and Maintenance, the District mitigates the risk of unexpected and costly repairs, while extending the useful life of our facilities. In the past fiscal year, efforts were put forth to create front entrance security enhancements and begin the modernization of school learning commons. Preventative maintenance efforts were made in areas of hard surface paving, roofing improvements, and mechanical system upgrades, as well as other minor efforts typical for buildings of their kind.

The Transportation Fund experienced a decrease in fund balance, all of which is restricted for transportation purposes.

The Municipal Retirement/Social Security Fund experienced an increase in fund balance, all of which is restricted for employee retirement purposes.

General Fund Budgetary Highlights

General Fund: The largest revenue source in the General Fund is property taxes at 68.8% of all revenue from that fund. Property tax revenue in the 2016 fiscal year was 2.4% higher than the prior fiscal year. State revenue sources represent 24.0% of all revenue in the General Fund, which increased by \$4.8. Increase in the state on-behalf payment compared to 2015 accounts for the increase in state funding reflected in the General Fund. Federal revenue sources represent 2.6% of all revenues, increasing \$4.3 from the prior year.

Total expenditures of \$257.4 in the General Fund increased by 2.9% over the prior year.

Actual revenues recognized (excluding the State on-behalf payments) were greater than budgeted by \$0.6 (0.3% of budget), due to stronger than planned earnings on investments.

Actual expenditures (excluding the State on-behalf payments) were \$4.4 under budget (9.4%). The largest positive variance was in support services where expenditures were \$2.4 below budget.

The fund balance at year end was \$156.4, an increase of \$13.4 or 9.4% over the prior year.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203Management's Discussion and Analysis
For The Year Ended June 30, 2017**Capital Assets and Debt Administration***Capital Assets*

By the end of 2017, the District had compiled a total investment of \$448.6 (\$237.3 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$16.4. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

Table 3		
Capital Assets (net of depreciation)		
(in millions of dollars)		
	2016	2017
Land	\$ 12.8	\$ 12.8
Buildings	177.0	171.1
Land Improvements	41.6	51.6
Machinery and equipment	6.4	1.8
Total	<u>\$ 237.8</u>	<u>\$ 237.3</u>

Long-term Debt

The District retired \$3.0 in long-term debt in 2017. Net Pension Liabilities, Net OPEB Obligations, and Compensated Absences increased by \$5.7. At the end of fiscal year 2017, the District had a debt margin of \$604.4. More detailed information on long-term debt can be found in Note 5 of the basic financial statements.

Table 4		
Outstanding Long-Term Debt		
(in millions of dollars)		
	2016	2017
General Obligation Bonds	\$ 31.6	\$ 29.6
Capital leases and other	68.8	75.2
Total	<u>\$ 100.4</u>	<u>\$ 104.8</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Management's Discussion and Analysis
For The Year Ended June 30, 2017

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:

The District has four labor contracts in place.

- Certified Teaching Staff (NUEA) are contracted through 2019; the contract has a salary schedule that includes a base increase of 67% of CPI-U with a floor of 1.4% and a ceiling of 2.5% (years 1 and 2), base increase of 67% of CPI-U with a floor of 0.0% and a ceiling of 2.5% (year 3).
- Education Support Staff (NESPA) through 2018.
- Maintenance and Custodial Staff (NUMA) are contracted through 2019; salaries will increase by \$1.00 per hour in year #1, 3.0% year #2, and the contract has a base increase at 100% of CPI-U with a floor of 1.4% and a ceiling of 2.5% for years #3 and #4.
- Transportation Staff (NTA) are contracted through 2017.

The District's self-insurance health program experienced an increase of \$0.3 for the current plan year. The District has a current balance in the self-insurance fund of \$17.4 (about 51.8%) – well above the reserve of 30% of plan costs. In addition, the District is implementing a new health and well-being initiative focused on ensuring all employees: 1) know their benefits; 2) understand their health; and 3) improve their health.

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:

Naperville Community Unit School District No. 203
203 West Hillside Road
Naperville, Illinois 60540

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Cash and investments	\$ 205,313,071
Receivables	
Property taxes	114,165,678
State and federal aid receivable	6,993,883
Other receivables	332,024
Prepaid items	1,028,547
Capital assets	
Land	12,787,618
Other capital assets, net of depreciation	<u>224,529,954</u>
 Total Assets	 <u>565,150,775</u>
 Deferred Outflows	
Deferred outflows related to pensions	<u>14,493,915</u>
 Liabilities	
Accounts payable	9,849,080
Accrued salaries	15,167,304
Unearned revenue	569,508
Noncurrent liabilities:	
Due within one year	4,425,407
Due in more than one year	<u>100,365,114</u>
 Total Liabilities	 <u>130,376,413</u>
 Deferred Inflows	
Property taxes levied for subsequent year	114,165,678
Deferred inflows related to pensions	<u>7,954,045</u>
 Total deferred inflows	 <u>122,119,723</u>
 Net Position	
Net investment in capital assets	205,246,566
Restricted for	
Tort immunity	1,821,363
Facility maintenance	15,046,667
Student transportation	7,523,441
Employee retirement	3,540,040
Debt service	2,065,200
Unrestricted	<u>91,905,277</u>
 Total net position	 <u><u>\$ 327,148,554</u></u>

See accompanying notes to basic financial statements

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Statement of Activities

Year Ended June 30, 2017

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities					
Instructional services					
Regular programs	\$ 109,405,146	\$ 4,647,052	\$ 2,443,446	\$ -	\$(102,314,648)
Special programs	27,024,177	-	10,202,742	-	(16,821,435)
Other programs	19,200,712	4,133	10,710	-	(19,185,869)
State retirement contributions	51,012,026	-	51,012,026	-	-
Support services					
Pupils	19,127,510	-	-	-	(19,127,510)
Instructional staff	13,497,805	-	272,131	-	(13,225,674)
General administration	5,650,950	-	-	-	(5,650,950)
School administration	12,848,540	-	-	-	(12,848,540)
Business	6,315,594	3,162,033	1,092,767	-	(2,060,794)
Operation and maintenance of facilities					
Transportation	21,184,971	376,749	-	-	(20,808,222)
Central	13,510,032	269,157	3,383,303	-	(9,857,572)
Other	9,092,769	-	-	-	(9,092,769)
Community service	1,993,417	-	-	-	(1,993,417)
Non-programmed charges	703,338	-	-	-	(703,338)
Interest on long-term liabilities	5,489,626	-	-	-	(5,489,626)
	1,501,300	-	179,705	-	(1,321,595)
Total governmental activities	\$ 317,557,913	\$ 8,459,124	\$ 68,596,830	\$ -	(240,501,959)
General revenues					
Property taxes levied for					
General purposes					187,855,218
Operation & maintenance					30,209,893
Transportation					6,697,320
Retirement					7,579,185
Debt service					1,562,914
Personal property replacement taxes					5,530,611
Federal and state aid not restricted to specific purposes					7,652,057
Earnings on investments					1,312,687
Miscellaneous					1,441,927
Total general revenues					<u>249,841,812</u>
Change in net position					<u>9,339,853</u>
Net position - beginning					<u>317,808,701</u>
Net position - ending					<u>\$ 327,148,554</u>

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Balance Sheet

Governmental Funds

June 30, 2017

		Operations and	
	General	Maintenance	Transportation
ASSETS			
Assets			
Cash and investments	\$ 174,956,534	\$ 18,102,382	\$ 6,648,915
Receivables			
Property taxes	92,275,294	14,988,103	3,129,382
State and federal aid	4,732,184	-	2,261,699
Other receivables	220,861	38,870	72,293
Prepaid items	422,232	2,543	-
TOTAL ASSETS	<u>\$ 272,607,105</u>	<u>\$ 33,131,898</u>	<u>\$ 12,112,289</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 6,425,867	\$ 3,094,585	\$ 328,628
Accrued salaries and related expenditures	15,167,304	-	-
Unearned revenue	569,508	-	-
Total Liabilities	<u>22,162,679</u>	<u>3,094,585</u>	<u>328,628</u>
Deferred inflows			
Property taxes levied for subsequent year	92,275,294	14,988,103	3,129,382
Other deferred revenue	1,753,479	-	1,130,838
Total Deferred inflows	<u>94,028,773</u>	<u>14,988,103</u>	<u>4,260,220</u>
Fund Balances			
Nonspendable			
Prepaid items	422,232	2,543	-
Restricted			
Tort immunity	1,821,363	-	-
Facility maintenance	-	15,046,667	-
Student transportation	-	-	7,523,441
Employee retirement	-	-	-
Debt service	-	-	-
(Committed			
Employee health plan	12,261,963	-	-
Unassigned	141,910,095	-	-
Total Fund Balances	<u>156,415,653</u>	<u>15,049,210</u>	<u>7,523,441</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 272,607,105</u>	<u>\$ 33,131,898</u>	<u>\$ 12,112,289</u>

See accompanying notes to basic financial statements

Municipal Retirement/ Social Security	Debt Service	Total Governmental Funds
\$ 3,540,040	\$ 2,065,200	\$ 205,313,071
3,772,899	-	114,165,678
-	-	6,993,883
-	-	332,024
-	603,772	1,028,547
<u>\$ 7,312,939</u>	<u>\$ 2,668,972</u>	<u>\$ 327,833,203</u>
\$ -	\$ -	\$ 9,849,080
-	-	15,167,304
-	-	569,508
-	-	25,585,892
3,772,899	-	114,165,678
-	-	2,884,317
<u>3,772,899</u>	-	<u>117,049,995</u>
-	603,772	1,028,547
-	-	1,821,363
-	-	15,046,667
-	-	7,523,441
3,540,040	-	3,540,040
-	2,065,200	2,065,200
-	-	12,261,963
-	-	141,910,095
<u>3,540,040</u>	<u>2,668,972</u>	<u>185,197,316</u>
<u>\$ 7,312,939</u>	<u>\$ 2,668,972</u>	<u>\$ 327,833,203</u>

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds \$ 185,197,316

Amounts reported for governmental activities in the statement of net assets 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 \$448,640,050 and the accumulated depreciation is \$211,322,478. 237,317,572

Some of the School District's governmental revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and are therefore not accrued in the governmental funds 2,884,317

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

Bonds and capital leases	(32,071,006)
Compensated absences	(1,331,875)
Net pension liabilities	(44,769,979)
Net other postemployment benefits obligation	(26,617,661)

Deferred inflows and outflows of resources related to pensions are not reported in governmental funds

Deferred outflows	14,493,915
Deferred inflows	<u>(7,954,045)</u>

Net position of governmental activities \$ 327,148,554

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General	Operations and Maintenance	Transportation
REVENUES			
Local sources			
Property taxes	\$ 187,855,218	\$ 30,209,893	\$ 6,697,320
Corporate replacement tax	2,407,694	-	-
Charges for services	7,241,021	63,874	269,157
Earnings on investments	1,099,730	146,107	30,309
Other local revenues	1,795,436	531,563	-
State sources	65,628,059	-	3,383,303
Federal sources	7,057,820	-	-
Total Revenues	273,084,978	30,951,437	10,380,089
EXPENDITURES			
Current operating:			
Instruction	185,868,614	-	-
Supporting services	64,960,672	20,658,033	10,372,870
Community services	632,187	-	-
Non-programmed charges	5,489,626	-	-
Capital outlay	477,973	12,908,707	1,015,647
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	257,429,072	33,566,740	11,388,517
Excess (deficiency) of revenues over expenditures	15,655,906	(2,615,303)	(1,008,428)
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	1,783,130	-	-
Sale of fixed assets	5,234	-	-
Transfers in	-	-	-
Transfers out	(4,033,663)	-	-
Total other financing sources (uses)	(2,245,299)	-	-
Net change in fund balances	13,410,607	(2,615,303)	(1,008,428)
Fund Balances at beginning of year	143,005,046	17,664,513	8,531,869
FUND BALANCES AT END OF YEAR	\$ 156,415,653	\$ 15,049,210	\$ 7,523,441

See accompanying notes to basic financial statements

Municipal Retirement/ Social Security	Debt Service	Total Governmental Funds
\$ 7,579,185	\$ 1,562,914	\$ 233,904,530
238,600	-	2,646,294
-	-	7,574,052
36,541	-	1,312,687
-	-	2,326,999
-	-	69,011,362
-	179,705	7,237,525
<u>7,854,326</u>	<u>1,742,619</u>	<u>324,013,449</u>
2,895,357	-	188,763,971
4,801,634	-	100,793,209
67,031	-	699,218
-	-	5,489,626
-	-	14,402,327
-	3,037,342	3,037,342
-	1,501,300	1,501,300
<u>7,764,022</u>	<u>4,538,642</u>	<u>314,686,993</u>
90,304	(2,796,023)	9,326,456
-	-	1,783,130
-	-	5,234
-	4,033,663	4,033,663
-	-	(4,033,663)
<u>-</u>	<u>4,033,663</u>	<u>1,788,364</u>
90,304	1,237,640	11,114,820
<u>3,449,736</u>	<u>1,431,332</u>	<u>174,082,496</u>
<u>\$ 3,540,040</u>	<u>\$ 2,668,972</u>	<u>\$ 185,197,316</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2017

Net change in fund balances - total governmental funds **\$ 11,114,820**

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 \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 16,072,799	
Depreciation expense	(16,374,731)	
Capital deletions	<u>(149,500)</u>	(451,432)

Because some of the governmental revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are not accrued in the governmental funds. 2,884,317

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Change in compensated absences	(113,831)	
Change in net pension liability	(3,101,492)	
Change in deferred inflows/outflows related to pensions	221,110	
Change in other postemployment benefits obligation	<u>(2,467,851)</u>	(5,462,064)

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:

Capital lease proceeds	(1,783,130)	
Repayment of bond and loan principal	<u>3,037,342</u>	1,254,212

Change in net position of governmental activities **\$ 9,339,853**

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Statement of Fiduciary Assets and Liabilities

Agency Fund - Activity Fund

Year Ended June 30, 2017

Assets

Cash \$ 3,309,923

Liabilities

Due to organizations \$ 3,309,923

See accompanying notes to basic financial statements

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Naperville Community Unit School District No. 203 (the District) is a public school system governed by a seven-member elected 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 accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District.

a. The Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary district is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

b. Fund Accounting

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

General Fund - The General Fund, which consists of the legally mandated Educational Account, Tort Immunity Account and Working Cash Account is used to account for the revenues and expenditures, which are used in providing education in the District. It is used to account for all financial resources except those accounted for in other funds. This Fund is used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

Educational Account – These accounts are used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

Tort Immunity Account – This fund accounts for revenues and expenditures related to tort immunity. Revenue is primarily derived from local property taxes.

Working Cash Account – This fund accounts 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. The Working Cash Account was established and has been used to respond to fluctuations in cash flow resulting from unpredictable property tax collections. The earnings of the fund are allowed to be transferred to another fund under the Illinois Compiled Statutes. The principal of the fund, accumulated from bond issues, can be used as a source from which the District borrows money to support temporary deficiencies in other funds, or may be partially or fully transferred to the General Fund and the Special Revenue Funds Operation and Maintenance and Transportation Funds, upon Board approval.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than Debt Service and Capital Projects Funds) that are legally restricted to expenditures for specified purposes. The District's Special Revenue Funds are described as follows:

Operations and Maintenance Fund – These accounts are used for expenditures made for operation, repair and maintenance of District property. Revenue consists primarily of local property taxes.

Transportation Fund – This fund, elected by the District to be reported as major, accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund – This fund, elected by the District to be reported as major, accounts for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Debt Service Fund - The Debt Service Fund, elected by the District to be reported as major, accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures, which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Fire Prevention and Safety Fund – The Fire Prevention and Safety Fund accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures.+

Fiduciary Fund Type

Agency Funds - The Agency Funds (Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are 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 expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as a revenue of the current period. All other revenue items are considered to be measurable and available only when the District receives the cash.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Revenues – Exchange and nonexchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements that specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, grants, entitlements and student fees.

d. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

e. Expenses / Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

f. Deposits and Investments

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

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- Illinois Funds. (A state sponsored investment pool.)
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

g. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for furniture, equipment, buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50 years
Building improvements	20 years
Furniture and Equipment	5-20 years
Vehicles	8 years

h. 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 bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Net Position

Government-Wide Statements

Net position is classified and displayed in three components:

1. 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted. Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

j. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. Nonspendable Fund Balance

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

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. Special Education

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. Expenditures exceeded revenue for this purpose, resulting in no restricted fund balance.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Tort Immunity

Expenditures and the related revenues are accounted for in the Tort Immunity Account. Revenues exceeded expenditures for this purpose, resulting in a restricted fund balance of \$1,821,363.

3. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the General Fund and various Special Revenue Funds. At June 30, 2017, expenditures exceeded revenue from state and federal grants, resulting in no restricted balances.

4. Social Security

Expenditures and the related revenues of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures for this purpose, resulting in a restricted fund balance of \$916,665. The remaining balance is restricted for Municipal Retirement purposes.

5. Capital Projects Funds

Expenditures and the related revenues are accounted for in the Fire Prevention and Safety Fund. All equity within this fund is restricted for the associated capital expenditures within these funds.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The District's self-insured health insurance fund represents funds which have been segregated by the District for the purpose of funding these related insurance costs. As of June 30, 2017, \$12,261,963 was committed for this purpose.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

F. Expenditures of Fund Balance

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

k. Property Taxes

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The DuPage/Will County Assessor is responsible for the assessment of all taxable real property within DuPage/Will County except for certain railroad property which is assessed directly by the State.

Property taxes are collected by the DuPage/Will County Treasurer who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following year. Substantial collections are received by the District in June and September. For governmental funds, property tax revenue is recognized to the extent of taxes due and collected within the current year or expected to be collected within 60 days of year end to be used to pay liabilities of the current period.

The 2016 property tax levy is recognized as a receivable in fiscal year 2017. The District considers that the first installment of the 2016 levy is to be used to finance operations in fiscal 2017. This District has determined that the second installment of the 2016 levy is to be used to finance operations in fiscal year 2018 and has deferred the corresponding receivable.

l. Personal Property Replacement Taxes

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

m. Other receivables

The District records receivables for items such as special education costs, rent and other amounts due from individuals as other receivables.

n. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All vested vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they

have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2017 are determined on the basis of current salary rates and include salary related payments.

Employees are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. Accrued but unpaid vacation leave at June 30, 2017, was \$1,331,875 which is reported as a long-term liability in the statement of net position. In prior years the accrued vacation liability was due within one year as all employees had until the end of August of the following year to use vacation time or it was lost. Beginning July 1, 2010 the District implemented a new policy which accrues vacation time on a monthly basis and allows employees to carry over a maximum of 1.5 times their allotment of days (Administrators, NESBA, & Non Union) or 26/12 times their allotment of days (NUMA & NTA) in their vacation time bank. As such, the liability is not considered to be due within one year as of June 30, 2017.

All certified employees receive a specified number of sick days per year. Unused sick leave days accumulate to a maximum of 240 days. Upon retirement, a certified employee may apply up to 170 days of unused sick leave toward service credit for TRS.

Education support personnel receive fifteen sick days per year, which accumulate to a maximum of 260 days. The District does not reimburse employees for unused sick days remaining upon retirement of employment.

Due to the nature of the policies on sick leave no liability is provided in the financial statements for accumulated unpaid sick leave.

o. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. 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.

2. CASH AND INVESTMENTS

a. Deposits and Custodial Credit Risk

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost.

All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

At June 30, 2017 the carrying amount of the District's deposits totaled \$148,204,011 and the bank balances totaled \$149,979,868. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all deposits in excess of FDIC limits to be held by a third party custodian in the District's name.

b. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an investment pool created and regulated by the Illinois General Assembly. The fair value of the District's investment in ISDLAF+ has been determined using the net asset value (NAV) per share (or its equivalent) of the investments. The NAV of the Liquid Class and MAX Class are determined as of the close of business on each Illinois banking day. The Multi-Class Series invests in high-quality short-term debt instruments (money market instruments), and shares may be redeemed on any Illinois banking day. The Term Series invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year, and shares may be redeemed with seven days' advance notice.

U.S. Agency Securities, Municipal Bonds, and Negotiable CDs are valued by a pricing service based on recent market transactions (Level 2 inputs).

The following table represents the investments and maturities of the District as of June 30, 2017:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

2. CASH AND INVESTMENTS (Continued)

Investment Type	Fair Value	Maturities (in years)				% of Portfolio	Agency Rating
		Less than 1	1 to 5	6 to 10	Greater than 10		
U.S. Agency Securities	\$ 33,087,412	\$ 9,976,800	\$ 16,519,447	\$ 5,584,505	\$ 1,006,660	54.8%	AAA
Municipal Bonds	18,122,110	-	9,496,439	8,625,671		30.0%	A- to AAA
Negotiable CDs	7,743,506	7,743,506	-	-	-	12.8%	N/A
ISDLAF+ Liquid	1,462,638	1,462,638	-	-	-	2.4%	AAAm
ISDLAF+ MAX	3,317	3,317	-	-	-	0.0%	AAAm
	<u>\$ 60,418,983</u>	<u>\$ 19,186,261</u>	<u>\$ 26,015,886</u>	<u>\$ 14,210,176</u>	<u>\$ 1,006,660</u>	<u>100.0%</u>	

At year end, the District's cash and investments was comprised of the following:

	Government-wide	Fiduciary	Total
Cash & Investments	\$ 205,313,071	\$ 3,309,923	\$ 208,622,994
Cash and Investments			
Deposits with financial institutions	\$ 148,204,011		
Other investments	60,418,983		
Total	<u>\$ 208,622,994</u>		

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 seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to sufficiently liquid to enable the District to meet all operating requirements as they come due.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the District to invest in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. State Statutes limit the investments in commercial paper and corporate bonds to the top four ratings of two nationally recognized statistical rating organization (NRSRO's). The District is also authorized to invest in the ISDLAF and the Illinois Funds. The District restricted its investments to only investments described above.

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 does not address concentration of credit risk but requires the Chief Investment Officer to use the judgment and care, under circumstances prevailing, "that persons of prudence, discretion and intelligence exercise is the management of their own affairs, not for speculation, but for investment, considering the safety of capital as well as probably income."

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

2. CASH AND INVESTMENTS (Continued)

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 held by a third party custodian.

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. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units is comprised of the following as of June 30, 2017:

	State Aid	Federal Aid	Total
Educational Fund	\$ 4,203,582	\$ 528,602	\$ 4,732,184
O&M Fund	-	-	-
Transportation Fund	2,261,699	-	2,261,699
Total	\$ 6,465,281	\$ 528,602	\$ 6,993,883

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 12,787,618	\$ -	\$ -	\$ 12,787,618
Total capital assets not being depreciated	<u>12,787,618</u>	<u>-</u>	<u>-</u>	<u>12,787,618</u>
Capital assets, being depreciated				
Buildings	291,269,794	-	-	291,269,794
Improvements other than buildings	52,660,718	12,910,107	-	65,570,825
Equipment	75,998,621	3,162,692	149,500	79,310,813
Total capital assets being depreciated	<u>419,929,133</u>	<u>16,072,799</u>	<u>149,500</u>	<u>435,852,432</u>
Accumulated depreciation for:				
Buildings	114,298,884	5,825,396	-	120,124,280
Improvements other than buildings	11,035,642	2,955,788	-	13,991,430
Equipment	69,613,221	7,743,047	149,500	77,505,768
Total accumulated depreciation	<u>194,947,747</u>	<u>16,524,231</u>	<u>149,500</u>	<u>211,322,478</u>
Total capital assets being depreciated, net	<u>224,981,386</u>	<u>(451,432)</u>	<u>-</u>	<u>224,529,954</u>
Total capital assets, net	<u>\$ 237,769,004</u>	<u>\$ (451,432)</u>	<u>\$ -</u>	<u>\$ 237,317,572</u>

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

Instructional Services	
Regular programs	\$ 11,707,602
Special programs	494,551
Supporting Services	
Pupils	362,733
Instructional Staff	458,598
General Administration	305,197
School administration	1,276
Business	397,038
Operations and maintenance of facilities	646,194
Transportation	1,348,885
Central	652,657
	<u><u>\$ 16,374,731</u></u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

5. LONG-TERM DEBT

The following is a summary of the components of long-term debt and related transactions of the District for the year ended June 30, 2017:

Long-Term Debt at June 30, 2017 is comprised of the following:

	Balance			Balance		Amount Due
	June 30, 2015	Additions	Reductions	June 30, 2016	in one year	
General Obligation Bonds	\$ 31,560,000	\$ -	\$ 2,000,000	\$ 29,560,000	\$ 2,070,000	
Capital Leases	1,765,218	1,783,130	1,037,342	2,511,006	1,023,532	
Compensated Absences	1,218,044	113,831	-	1,331,875	1,331,875	
Net OPEB Obligation	24,149,810	2,467,851	-	26,617,661	-	
Net Pension Liability	41,668,487	3,101,492	-	44,769,979	-	
Total Long-Term Debt	\$100,361,559	\$ 7,466,304	\$ 3,037,342	\$104,790,521	\$ 4,425,407	

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

Purpose	Interest Rates	Original Indebtedness	Carrying Amount
Series 2008 General Library Building Bonds Dated May 1, 2008 are due in annual installments through February 1, 2028	3.875% - 4.00%	\$ 10,000,000	\$ 9,500,000
Series 2009 Build America Bonds dated August 26, 2009, are due in annual installments through February 1, 2029	1.50% - 5.00%	\$ 33,000,000	\$ 20,060,000
Total		\$ 43,000,000	\$ 29,560,000

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

	Principal	Interest	Total
2018	2,070,000	1,377,712	3,447,712
2019	2,130,000	1,274,212	3,404,212
2020	2,200,000	1,167,712	3,367,712
2021	2,270,000	1,057,712	3,327,712
2022	2,350,000	944,212	3,294,212
2023	2,430,000	826,712	3,256,712
2024	2,510,000	705,212	3,215,212
2025	2,590,000	579,712	3,169,712
2026	2,720,000	467,200	3,187,200
2027	2,830,000	361,800	3,191,800
2028	2,440,000	248,600	2,688,600
2029	3,020,000	151,000	3,171,000
Total	\$ 29,560,000	\$ 9,161,796	\$ 38,721,796

The District entered into a technology lease during fiscal year 2017. The lease calls for annual payments plus interest at 1.61% payable from the Debt Service Fund through transfers from the Educational Account of the General Fund. The lease currently extends into fiscal year 2020. Total assets received under the lease amount to \$1,783,130.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

5. LONG-TERM DEBT (Continued)

Remaining principal and interest requirements for all capital leases are as follows:

	Amount
2018	\$ 1,060,292
2019	1,060,292
2020	456,520
Total minimum lease payments	2,577,104
Less: amount representing interest	(66,098)
 Present value of minimum lease payments	 <u>\$ 2,511,006</u>

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including the installment contracts, to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$633,782,985 providing a debt margin of \$604,380,951 after taking into account amounts available in the Debt Service Fund.

The payments to retire the compensated absences and other postemployment benefits will be provided by future tax levies within the General Fund and Operations and Maintenance Fund. Payments to retire bonds payable will be made from debt service levies in future periods. There is \$2,668,972 of fund equity available in the Debt Service Fund to service outstanding bonds payable.

6. 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)*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.

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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 \$49,562,970 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 \$750,404, 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 \$778,608 were paid from the federal and special trust funds that required employer contributions of \$300,076. 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 \$0 to TRS for employer ERO contributions.

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 \$16,411 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

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

District's proportionate share of the net pension liability	\$ 20,319,181
State's proportionate share of the net pension liability associated with the District	<u>1,008,172,207</u>
Total	<u>\$ 1,028,491,388</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 employer's proportion of the net pension liability was based on the employer'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 employer's proportion was 0.02574%, which was a decrease of 0.00182 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$49,562,970 and revenue of \$49,562,970 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:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 150,242	\$ 13,781
Changes in assumptions	1,745,115	-
Net difference between projected and actual earnings on pension plan investments	574,053	-
Changes in proportion and differences between District contributions and proportionate share of contributions	991,197	7,496,433
Total deferred amounts to be recognized in pension expense in future periods	<u>3,460,607</u>	<u>7,510,214</u>
District contributions subsequent to the measurement date	<u>1,066,891</u>	-
Total	<u>\$ 4,527,498</u>	<u>\$ 7,510,214</u>

\$1,066,891 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, 2017. 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 Outflows of Resources
2017	\$ (2,441,630)
2018	(2,441,630)
2019	437,711
2020	358,345
2021	37,597
Total	<u>\$ (4,049,607)</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00%, 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions, and made other changes.

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%
Global equity excluding U.S.	3.6%	8.09%
Aggregate bonds	14.4%	7.46%
U.S. TIPS	3.6%	10.15%
NCREIF	10.7%	2.44%
Opportunistic real estate	5.3%	1.70%
ARS	15.0%	5.44%
Risk parity	11.0%	4.28%
Diversified inflation strategy	8.0%	4.16%
Private equity	14.0%	10.63%
	<u>100%</u>	

Discount rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83%, which was a change from the June 30, 2015 rate of 7.47%. 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, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on pension plan 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%. 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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	\$ 24,851,184	\$ 20,319,181	\$ 16,617,737

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.

b. Illinois Municipal Retirement Fund (IMRF)

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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Plan Membership*

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

Inactive employees or beneficiaries currently receiving benefits	840
Inactive employees entitled to but not yet receiving benefits	1,327
Active employees	<u>1,044</u>
Total	<u><u>3,211</u></u>

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 11.60% 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.

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.

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	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 (for non-disabled retirees), RP-2014 Disabled Retirees Mortality Table (for disabled retirees), and RP-2014 Employee Mortality Table (for active employees), with adjustments to match current IMRF experience.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	38.0%	6.85%
International equities	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	1.0%	2.25%
	<u>100.0%</u>	

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%.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 145,561,808	\$ 121,946,332	\$ 23,615,476
Changes for the year:			
Service Cost	3,593,425	-	3,593,425
Interest on the Total Pension Liability	10,735,307	-	10,735,307
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	1,337,192	-	1,337,192
Changes of Assumptions	(688,798)	-	(688,798)
Contributions - Employer	-	3,760,006	(3,760,006)
Contributions - Employees	-	1,446,053	(1,446,053)
Net Investment Income	-	8,332,891	(8,332,891)
Benefit Payments, including Refunds of Employee Contributions	(6,907,199)	(6,907,199)	-
Other (Net Transfer)	-	602,854	(602,854)
Net Changes	8,069,927	7,234,605	835,322
Balances at December 31, 2016	\$ 153,631,735	\$ 129,180,937	\$ 24,450,798

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

The following presents the net pension liabilities of the District, calculated using the discount rate, as well as what the District's net pension liabilities would be if they were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 42,951,338	\$ 24,450,798	\$ 9,055,289

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 \$3,738,790. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,531,016	\$ -
Changes in assumptions	97,752	443,831
Net difference between projected and actual earnings on pension plan investments	<u>6,389,428</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>8,018,196</u>	<u>443,831</u>
Contributions subsequent to the measurement date	<u>1,948,221</u>	<u>-</u>
Total	<u>\$ 9,966,417</u>	<u>\$ 443,831</u>

\$1,948,221 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, 2017. 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
2017	\$ 3,184,265
2018	2,373,729
2019	1,861,993
2020	154,378
2021	<u>-</u>
Total	<u>\$ 7,574,365</u>

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The District has purchases insurance from private insurance companies and a risk pool for general liability, workers' compensation and other coverages not included below. Premiums have been recorded as expenditures in the appropriate funds.

The District is self-insured for medical and workers' compensation coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$210,000 per employee for medical and \$450,000 per employee for workers' compensation, as provided by stop-loss provisions incorporated in the plan.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

7. RISK MANAGEMENT (Continued)

At June 30, 2017, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$5,177,838. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other non-incremental costs to the claims liability. For the two years ended June 30, 2016 and June 30, 2017, changes in the total liability for unpaid medical claims are summarized as follows:

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable End of Year
Fiscal Year 2017	\$ 4,922,438	\$ 34,774,321	\$ 34,518,921	\$ 5,177,838
Fiscal Year 2016	4,800,862	32,937,830	32,816,254	\$ 4,922,438

8. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

9. JOINT AGREEMENTS

The District is a member of DuPage Area Occupational Education System (DAOES), 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 board, this is not included as a component unit of the District. Financial statements for the DAOES may be obtained by writing to 301 S. Swift Road, Addison, IL 60101 or online at <http://www.tcdupage.org/Page/702>.

10. 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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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. Effective July 1, 2012, in accordance with Executive Order 12-01, 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 \$1,449,056, 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 \$1,086,792 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](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. Defined Post-employment Benefit Plan

The District administers a single-employer defined benefit healthcare plan (the "Defined Post-employment Benefit Plan"). The plan provides medical and prescription drug and dental benefits for eligible retirees and their spouses through the District's self-insured insurance plan or TRS (TRIP), which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive healthcare insurance for a limited period of (5 years for IMRF and 10 years or \$48,000, whichever comes first, for TRS) at established contribution rates. The Defined Post-employment Benefit Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union. The District pays 100% of the premiums (medical and dental) for individuals eligible for health benefits from the Teacher's Retirement System (TRS). For individuals retiring under IMRF, the District pays 90% of the medical premium for exempt retirees and 85% for non-exempt retirees. Dental premiums are paid 100% by the retiree. The District makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. Administrative costs of the Defined Post-employment Benefit Plan are financed through investment earnings.

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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Defined Post-employment Benefit Plan, and changes in the District's net OPEB obligation to the Defined Post-employment Benefit Plan:

	<u>FY 2017</u>	<u>FY 2016</u>
Annual Required Contribution	\$ 6,020,193	\$ 6,020,193
Interest on net OPEB obligation	965,992	871,468
Adjustment to annual required contribution	<u>(1,396,586)</u>	<u>(986,887)</u>
Annual OPEB cost	5,589,599	5,904,774
Contributions made by the District	<u>(3,121,748)</u>	<u>(3,541,654)</u>
Increase in net OPEB obligation	2,467,851	2,363,120
Net OPEB obligation - Beginning of Year	<u>24,149,810</u>	<u>21,786,690</u>
Net OPEB obligation - End of Year	<u>\$ 26,617,661</u>	<u>\$ 24,149,810</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Defined Post-employment Benefits Plan, and the net OPEB obligation for June 30, 2017 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2017	\$ 5,589,599	55.85%	\$ 26,617,660
June 30, 2016	5,904,774	59.98%	24,149,810
June 30, 2015	5,486,344	50.53%	21,786,690

The funded status of the Defined Post-employment Benefit Plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (AAL)	\$ 51,425,293
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 51,425,293</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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 the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made amount to 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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Financial Statements (Continued)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 longer-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a an initial healthcare cost trend rate of 4.50%, a second year trend rate of 7.50%, and an ultimate rate of 5.50% by fiscal year 2025. The actuarial value of the plan assets are determined using techniques that spread the effects of short-term volatility in the market value of investments over a thirty year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2017 is 30 years.

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Changes in the Employer's Net Pension Liability

And Related Ratios

Illinois Municipal Retirement Fund

Last Three Calendar Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 3,593,425	\$ 3,491,743	\$ 3,747,419
Interest	10,735,307	10,052,411	9,067,363
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,337,192	2,257,306	642,263
Changes of Assumptions	(688,798)	329,642	6,069,719
Benefit Payments, Including Refunds of Member Contributions	(6,907,199)	(6,427,883)	(5,385,288)
Net Change in Total Pension Liability	8,069,927	9,703,219	14,141,476
Total Pension Liability - Beginning	145,561,808	135,858,589	121,717,113
TOTAL PENSION LIABILITY - ENDING	\$ 153,631,735	\$ 145,561,808	\$ 135,858,589
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 3,760,006	\$ 3,533,292	\$ 3,397,889
Contributions - Member	1,446,053	1,408,064	1,426,742
Net Investment Income	8,332,891	609,238	7,060,932
Benefit Payments, Including Refunds of Member Contributions	(6,907,199)	(6,427,883)	(5,385,288)
Administrative Expense	602,854	232,845	57,197
Net Change in Plan Fiduciary Net Position	7,234,605	(644,444)	6,557,472
Plan Net Position - Beginning	121,946,332	122,590,776	116,033,304
PLAN NET POSITION - ENDING	\$ 129,180,937	\$ 121,946,332	\$ 122,590,776
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 24,450,798	\$ 23,615,476	\$ 13,267,813
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.08%	83.78%	90.23%
Covered-Employee Payroll	\$ 31,836,599	\$ 31,101,492	\$ 30,486,599
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	76.80%	75.93%	43.52%

The District implemented GASB Statement No. 68 in fiscal year 2015.

Information prior to fiscal year 2015 is not available.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Last Three Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 3,365,720	\$ 3,397,889	\$ (32,169)	\$ 30,486,599	11.15%
2016	3,615,502	3,615,502	-	31,422,014	11.51%
2017	3,738,790	3,738,790	-	32,230,863	11.60%

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
Wage growth	3.50%
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.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of The District's Proportionate Share of the
Net Pension Liability
Teachers' Retirement System
Last Three Fiscal Years

	2017*	2016*	2015*
District's proportion of the net pension liability	0.02574%	0.02756%	0.02495%
District's proportionate share of the net pension liability	\$ 20,319,181	\$ 18,053,011	\$ 15,182,313
State's proportionate share of the net pension liability associated with the District	1,008,172,207	815,650,689	765,170,680
Total	<u>\$ 1,028,491,388</u>	<u>\$ 833,703,700</u>	<u>\$ 780,352,993</u>
District's covered-employee payroll	127,884,574	125,915,919	124,055,093
District's proportionate share of the net pension liability as a percentage of it's covered payroll	15.89%	14.34%	12.24%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

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

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Employer Contributions

Teachers' Retirement System

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	\$ 965,524	\$ 965,524	\$ -	\$ 125,915,919	0.77%
2016	1,002,314	1,002,314	-	127,884,574	0.78%
2017	1,066,891	1,066,891	-	129,379,983	0.82%

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

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Funding Progress
 Other Post Employment Benefits
 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]
6/30/2016	\$ -	\$ 51,425,293	\$ 51,425,293	0.00%	N/A	N/A
6/30/2014	-	46,937,502	46,937,502	0.00%	N/A	N/A
6/30/2013	-	45,700,283	45,700,283	0.00%	N/A	N/A

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members. Valuations were not performed for the years ended June 30, 2015 and June 30, 2017.

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - General Fund

and Major Special Revenue Funds

Year Ended June 30, 2017

	General Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 199,778,700	\$ 200,399,099	\$ 620,399
State sources	14,572,610	65,628,059	51,055,449
Federal sources	7,079,940	7,057,820	(22,120)
Total Revenues	221,431,250	273,084,978	51,653,728
EXPENDITURES			
Current operating			
Instruction	137,425,576	186,082,487	48,656,911
Support services	67,598,298	65,220,652	(2,377,646)
Community services	564,779	636,307	71,528
Non-programmed charges	5,227,878	5,489,626	261,748
Total Expenditures	210,816,531	257,429,072	46,612,541
Excess of revenues over expenditures	10,614,719	15,655,906	5,041,187
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	-	1,783,130	1,783,130
Sale of fixed assets	-	5,234	5,234
Transfers out	(937,000)	(4,033,663)	(3,096,663)
Total other financing sources (uses)	(937,000)	(2,245,299)	(1,308,299)
Net change in fund balances	<u>\$ 9,677,719</u>	13,410,607	<u>\$ 3,732,888</u>
Fund balances at beginning of year		<u>143,005,046</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 156,415,653</u>	

Operations and Maintenance Fund			Transportation Fund		
Original and Final Budget	Actual	Variance Over/Under	Original and Final Budget	Actual	Variance Over/Under
\$ 29,362,000	\$ 30,951,437	\$ 1,589,437	\$ 6,274,300	\$ 6,996,786	\$ 722,486
-	-	-	4,445,000	3,383,303	(1,061,697)
-	-	-	-	-	-
29,362,000	30,951,437	1,589,437	10,719,300	10,380,089	(339,211)
-	-	-	-	-	-
31,729,700	33,566,740	1,837,040	11,311,000	11,388,517	77,517
-	-	-	-	-	-
-	-	-	-	-	-
31,729,700	33,566,740	1,837,040	11,311,000	11,388,517	77,517
(2,367,700)	(2,615,303)	(247,603)	(591,700)	(1,008,428)	(416,728)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (2,367,700)</u>	<u>(2,615,303)</u>	<u>\$ (247,603)</u>	<u>\$ (591,700)</u>	<u>(1,008,428)</u>	<u>\$ (416,728)</u>
	<u>17,664,513</u>			<u>8,531,869</u>	
	<u>\$ 15,049,210</u>			<u>\$ 7,523,441</u>	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - General Fund

And Major Special Revenue Funds (Continued)

Year Ended June 30, 2017

	<u>Municipal Retirement/Social Security Fund</u>		
	<u>Original and</u>		<u>Variance</u>
	<u>Final</u>	<u>Actual</u>	<u>Over/Under</u>
	<u>Budget</u>		
REVENUES			
Local sources	\$ 7,631,300	\$ 7,854,326	\$ 223,026
Total Revenues	<u>7,631,300</u>	<u>7,854,326</u>	<u>223,026</u>
EXPENDITURES			
Current operating			
Instruction	2,789,900	2,895,357	105,457
Support services	4,891,500	4,801,634	(89,866)
Community services	56,700	67,031	10,331
Total Expenditures	<u>7,738,100</u>	<u>7,764,022</u>	<u>25,922</u>
Net change in fund balance	<u>\$ (106,800)</u>	90,304	<u>\$ 248,948</u>
Fund balance at beginning of year		3,449,736	
FUND BALANCE AT END OF YEAR		<u>\$ 3,540,040</u>	

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Notes to Required Supplementary Information

June 30, 2017

Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments.

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

1. The Superintendent 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 October 1 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget, which was not amended, was adopted on June 20, 2016.
5. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. The legal level of budgetary control is at the individual fund level, therefore, actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget lapses at the end of each fiscal year.

b. Excess of Expenditures over Budgets in Individual Funds:

Expenditures exceeded the budgeted amount in the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund	\$ 210,816,531	\$ 257,429,072	\$ 46,612,541
Operations and Maintenance Fund	31,729,700	33,566,740	1,837,040
Debt Service Fund	4,415,712	4,538,642	122,930
Transportation Fund	11,311,000	11,388,517	77,517
IMRF/Social Security Fund	7,738,100	7,764,022	25,922

The expenditure variance was sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures. The variance in the General Fund was a result of not budgeting the payment to TRS made on behalf of the District by the State.

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Combining Balance Sheet by Account

General Fund

June 30, 2017

ASSETS	Educational	Working Cash	Tort Immunity	Total General
Cash and investments	\$ 162,367,756	\$ 10,726,050	\$ 1,862,728	\$ 174,956,534
Receivables				
Property taxes	90,800,250	982,677	492,367	92,275,294
State and federal aid	4,732,184	-	-	4,732,184
Other receivables	220,861	-	-	220,861
Prepaid items	407,382	-	14,850	422,232
TOTAL ASSETS	\$258,528,433	\$ 11,708,727	\$ 2,369,945	\$272,607,105
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,384,502	\$ -	\$ 41,365	\$ 6,425,867
Accrued salaries and related expenditures	15,167,304	-	-	15,167,304
Unearned revenue	569,508	-	-	569,508
Total Liabilities	22,121,314	-	41,365	22,162,679
Deferred inflows				
Property taxes levied for subsequent year	90,800,250	982,677	492,367	92,275,294
Other deferred revenue	1,753,479	-	-	1,753,479
Total Deferred Inflows	92,553,729	982,677	492,367	94,028,773
Fund balances				
Nonspendable				
Prepaid items	407,382	-	14,850	422,232
Restricted				
Tort immunity	-	-	1,821,363	1,821,363
Committed				
Employee health plan	12,261,963	-	-	12,261,963
Unassigned	131,184,045	10,726,050	-	141,910,095
Total Fund Balances	143,853,390	10,726,050	1,836,213	156,415,653
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$258,528,433	\$ 11,708,727	\$ 2,369,945	\$272,607,105

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Comining Schedule of Revenues, Expenditures and Changes

In Fund Balances by Account

General Fund

Year Ended June 30, 2017

	Educational	Working Cash	Tort Immunity	Total General
REVENUES				
Local sources	\$197,211,672	\$ 1,916,129	\$ 1,271,298	\$200,399,099
State sources	65,628,059	-	-	65,628,059
Federal sources	7,057,820	-	-	7,057,820
Total Revenues	269,897,551	1,916,129	1,271,298	273,084,978
EXPENDITURES				
Current operating				
Instruction	186,082,487	-	-	186,082,487
Support services	63,633,884	-	1,586,768	65,220,652
Community services	636,307	-	-	636,307
Non-programmed charges	5,489,626	-	-	5,489,626
Total Expenditures	255,842,304	-	1,586,768	257,429,072
Excess of revenues over expenditures	14,055,247	1,916,129	(315,470)	15,655,906
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	1,783,130	-	-	1,783,130
Sale of fixed assets	5,234	-	-	5,234
Transfers out	(4,033,663)	-	-	(4,033,663)
Total other financing sources (uses)	(2,245,299)	-	-	(2,245,299)
Net change in fund balances	11,809,948	1,916,129	(315,470)	13,410,607
Fund balances at beginning of year	132,043,442	8,809,921	2,151,683	143,005,046
FUND BALANCES AT END OF YEAR	\$143,853,390	\$ 10,726,050	\$ 1,836,213	\$156,415,653

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
REVENUES				
Local sources				
Property taxes	\$ 185,578,500	\$ 184,682,077	\$ (896,423)	\$ 179,845,313
Corporate replacement tax	2,140,800	2,407,694	266,894	2,147,260
Tuition	1,131,000	956,595	(174,405)	983,537
Earnings on investments	975,000	1,085,444	110,444	724,525
Food services	2,950,500	3,162,033	211,533	2,997,781
Pupil activities and textbooks	2,951,300	3,122,393	171,093	3,129,703
Services provided other LEA's	350,000	392,925	42,925	374,354
Other	1,119,600	1,402,511	282,911	2,246,628
Total local sources	197,196,700	197,211,672	14,972	192,449,101
State sources				
Unrestricted				
General state aid	6,009,300	6,760,453	751,153	6,359,072
Restricted				
Other grants-in-aid	752,000	891,604	139,604	857,151
Special education	6,585,000	5,754,187	(830,813)	7,113,735
Summer school	10,000	13,081	3,081	9,633
Bilingual education	422,520	2,064	(420,456)	519,207
Vocational education	165,190	168,744	3,554	165,498
Prekindergarten program for at risk students	483,100	871,313	388,213	480,055
School lunch aid	7,500	9,114	1,614	6,092
Driver education	125,000	134,763	9,763	119,526
On behalf payments - State of Illinois	-	51,012,026	51,012,026	46,989,423
Unallocated	13,000	10,710	(2,290)	10,009
Total state sources	14,572,610	65,628,059	51,055,449	62,629,401
Federal sources				
Restricted				
Title I	1,211,530	979,658	(231,872)	766,393
Education for handicapped	3,744,470	4,091,142	346,672	4,157,091
School lunch programs	1,158,000	1,083,653	(74,347)	1,046,452
Title II	277,740	272,131	(5,609)	272,083
Title III - Language Instruction Program	187,340	102,688	(84,652)	73,611
Title III - Immigrant Education Program	55,860	36,850	(19,010)	31,353
Medicaid matching/administrative outreach	403,000	344,332	(58,668)	350,200
Other	42,000	147,366	105,366	67,674
Total federal sources	7,079,940	7,057,820	(22,120)	6,764,857
Total revenues	\$ 218,849,250	\$ 269,897,551	\$ 51,048,301	\$ 261,843,359

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
EXPENDITURES				
Current operating				
Instruction				
Regular programs				
Salaries	\$ 67,385,367	\$ 65,383,234	\$ (2,002,133)	\$ 64,655,808
Employee benefits	20,423,138	17,575,348	(2,847,790)	17,135,172
On behalf payments	-	51,012,026	51,012,026	46,989,423
Purchased services	1,456,865	1,430,253	(26,612)	1,458,737
Supplies and materials	5,954,451	6,727,435	772,984	5,565,451
Capital outlay	72,100	62,801	(9,299)	2,451,796
Other	30,200	25,080	(5,120)	1,691
Total	95,322,121	142,216,177	46,894,056	138,258,078
Special education programs				
Salaries	17,315,577	18,577,320	1,261,743	18,247,435
Employee benefits	4,907,113	5,656,122	749,009	5,407,383
Purchased services	83,900	61,430	(22,470)	80,786
Supplies and materials	896,575	700,871	(195,704)	494,216
Capital outlay	-	26,000	26,000	3,622
Other	14,000	13,581	(419)	15,214
Total	23,217,165	25,035,324	1,818,159	24,248,656
Vocational programs				
Salaries	2,924,550	2,699,585	(224,965)	2,635,562
Employee benefits	856,400	734,017	(122,383)	705,987
Purchased services	4,835	5,787	952	1,358
Supplies and materials	110,620	130,036	19,416	146,119
Capital outlay	140,100	113,784	(26,316)	95,877
Other	-	16,442	16,442	-
Total	4,036,505	3,699,651	(336,854)	3,584,903
Interscholastic programs				
Salaries	3,478,300	3,547,169	68,869	3,309,934
Employee benefits	596,800	523,180	(73,620)	530,999
Purchased services	334,900	287,545	(47,355)	265,555
Supplies and materials	233,400	226,849	(6,551)	318,157
Capital outlay	3,000	11,288	8,288	23,472
Other	102,600	139,735	37,135	127,769
Total	\$ 4,749,000	\$ 4,735,766	\$ (13,234)	\$ 4,575,886

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Summer school				
Salaries	\$ 1,374,530	\$ 1,105,289	\$ (269,241)	\$ 823,576
Employee benefits	40,000	35,383	(4,617)	51,559
Purchased services	30,000	20,453	(9,547)	49,527
Supplies and materials	92,000	72,600	(19,400)	26,592
Other	25,000	-	(25,000)	-
Termination benefits	-	(57,934)	(57,934)	25,042
Total	1,561,530	1,175,791	(385,739)	976,296
Gifted				
Salaries	2,035,300	2,005,078	(30,222)	1,944,934
Employee benefits	576,300	476,076	(100,224)	500,109
Total	2,611,600	2,481,154	(130,446)	2,445,043
Bilingual				
Salaries	4,540,365	5,146,818	606,453	4,657,399
Employee benefits	1,368,090	1,583,506	215,416	1,518,962
Purchased services	5,000	-	(5,000)	-
Total	5,913,455	6,730,324	816,869	6,176,361
Truant's altern & optional programming				
Salaries	11,000	6,448	(4,552)	8,775
Employee benefits	3,200	1,852	(1,348)	2,465
Total	14,200	8,300	(5,900)	11,240
Total instruction	137,425,576	186,082,487	48,656,911	180,276,463
Support services				
Pupils				
Attendance and social work				
Salaries	2,904,600	2,889,825	(14,775)	2,676,628
Employee benefits	909,400	795,930	(113,470)	783,609
Purchased services	3,000	-	(3,000)	-
Supplies and materials	-	1,207	1,207	8,809
Total	\$ 3,817,000	\$ 3,686,962	\$ (130,038)	\$ 3,469,046

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Guidance services				
Salaries	\$ 3,177,100	\$ 3,002,848	\$ (174,252)	\$ 3,015,135
Employee benefits	893,200	888,352	(4,848)	865,621
Purchased services	10,000	20,027	10,027	16,525
Supplies and materials	7,000	6,351	(649)	6,788
Total	4,087,300	3,917,578	(169,722)	3,904,069
Health services				
Salaries	2,962,700	2,955,033	(7,667)	2,847,273
Employee benefits	696,800	676,950	(19,850)	716,817
Supplies and materials	31,000	21,690	(9,310)	15,378
Total	3,690,500	3,653,673	(36,827)	3,579,468
Psychological services				
Salaries	2,006,300	2,155,783	149,483	2,173,616
Employee benefits	620,300	572,309	(47,991)	589,954
Purchased services	10,000	17,013	7,013	8,775
Supplies and materials	-	-	-	7,010
Total	2,636,600	2,745,105	108,505	2,779,355
Speech pathology and audiology services				
Salaries	3,128,400	3,016,386	(112,014)	3,067,679
Employee benefits	934,800	793,701	(141,099)	836,510
Purchased services	44,500	43,256	(1,244)	21,528
Supplies and materials	790	384	(406)	20,837
Total	4,108,490	3,853,727	(254,763)	3,946,554
Other support services				
Salaries	102,800	106,245	3,445	102,795
Employee benefits	19,700	15,543	(4,157)	15,843
Purchased services	196,000	233,115	37,115	313,219
Total	318,500	354,903	36,403	431,857
Total pupils	\$ 18,658,390	\$ 18,211,948	\$ (446,442)	\$ 18,110,349

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Instructional staff				
Improvement of instruction services				
Salaries	\$ 5,925,796	\$ 5,365,733	\$ (560,063)	\$ 5,161,609
Employee benefits	1,253,000	1,306,320	53,320	1,282,367
Purchased services	656,025	446,332	(209,693)	448,313
Supplies and materials	159,305	82,978	(76,327)	93,508
Capital outlay	5,000	-	(5,000)	9,017
Other	151,800	134,735	(17,065)	160,121
Total	8,150,926	7,336,098	(814,828)	7,154,935
Educational media services				
Salaries	3,393,900	3,130,344	(263,556)	2,732,468
Employee benefits	1,138,200	1,111,220	(26,980)	921,182
Purchased services	70,000	110,396	40,396	61,481
Supplies and materials	329,950	274,450	(55,500)	357,432
Capital outlay	-	10,708	10,708	16,284
Total	4,932,050	4,637,118	(294,932)	4,088,847
Assessment and testing				
Salaries	362,310	310,505	(51,805)	304,379
Employee benefits	101,200	107,890	6,690	103,943
Purchased services	341,240	238,683	(102,557)	267,358
Supplies and materials	37,132	8,675	(28,457)	110,438
Other	3,800	1,069	(2,731)	3,433
Total	845,682	666,822	(178,860)	789,551
Total instructional staff	13,928,658	12,640,038	(1,288,620)	12,033,333
General administration				
Board of education				
Salaries	136,000	139,521	3,521	127,838
Employee benefits	29,000	25,685	(3,315)	25,830
Purchased services	621,000	412,524	(208,476)	378,974
Supplies and materials	52,500	44,584	(7,916)	33,117
Other	70,000	68,105	(1,895)	67,598
Total	\$ 908,500	\$ 690,419	\$ (218,081)	\$ 633,357

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 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
Executive administration				
Salaries	\$ 1,106,700	\$ 1,036,061	\$ (70,639)	\$ 1,072,779
Employee benefits	242,000	226,487	(15,513)	228,054
Purchased services	54,200	34,101	(20,099)	39,537
Supplies and materials	30,000	6,819	(23,181)	22,618
Other	21,500	13,921	(7,579)	6,961
Total	1,454,400	1,317,389	(137,011)	1,369,949
Special area administration services				
Salaries	985,700	1,172,248	186,548	1,093,887
Employee benefits	246,100	286,580	40,480	263,593
Purchased services	102,000	161,006	59,006	63,397
Supplies and materials	-	2,957	2,957	23,733
Capital outlay	15,500	5,649	(9,851)	9,042
Total	1,349,300	1,628,440	279,140	1,453,652
Total general administration	3,712,200	3,636,248	(75,952)	3,456,958
School administration				
Office of the principal				
Salaries	7,770,300	7,642,078	(128,222)	7,581,495
Employee benefits	2,518,900	2,460,356	(58,544)	2,353,532
Purchased services	84,500	62,369	(22,131)	62,866
Supplies and materials	11,500	9,296	(2,204)	6,566
Other	14,000	10,895	(3,105)	12,364
Total	10,399,200	10,184,994	(214,206)	10,016,823
Other support services school administration				
Salaries	1,694,300	1,548,793	(145,507)	1,536,931
Employee benefits	524,600	487,095	(37,505)	497,610
Purchased services	-	33,316	33,316	43,190
Supplies and materials	16,500	-	(16,500)	8,348
Total	2,235,400	2,069,204	(166,196)	2,086,079
Total school administration	\$ 12,634,600	\$ 12,254,198	\$ (380,402)	\$ 12,102,902

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Business				
Director of business support services				
Salaries	\$ 180,000	\$ 177,009	\$ (2,991)	\$ 176,321
Employee benefits	46,400	38,790	(7,610)	42,596
Total	226,400	215,799	(10,601)	218,917
Fiscal services				
Salaries	622,400	645,542	23,142	607,037
Employee benefits	161,400	153,811	(7,589)	149,668
Purchased services	69,700	69,132	(568)	74,515
Supplies and materials	6,000	4,257	(1,743)	3,841
Capital outlay	-	20,205	20,205	-
Other	2,700	1,490	(1,210)	2,285
Total	862,200	894,437	32,237	837,346
Operation and maintenance of plant services				
Purchased services	870,400	497,829	(372,571)	661,386
Supplies and materials	485,600	683,699	198,099	595,700
Capital outlay	175,000	152,739	(22,261)	345,615
Total	1,531,000	1,334,267	(196,733)	1,602,701
Pupil transportation services				
Salaries	15,000	20,456	5,456	8,374
Total	15,000	20,456	5,456	8,374
Food services				
Salaries	768,300	748,496	(19,804)	753,868
Employee benefits	171,000	192,151	21,151	176,647
Purchased services	3,553,250	3,311,844	(241,406)	3,220,874
Supplies and materials	53,750	46,574	(7,176)	43,035
Capital outlay	45,000	2,837	(42,163)	10,205
Other	1,000	1,018	18	1,007
Total	\$ 4,592,300	\$ 4,302,920	\$ (289,380)	\$ 4,205,636

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Internal services				
Salaries	\$ 151,500	\$ 147,421	\$ (4,079)	\$ 145,699
Employee benefits	53,900	65,606	11,706	64,500
Supplies and materials	98,400	72,647	(25,753)	66,247
Total	303,800	285,674	(18,126)	276,446
Total business	7,530,700	7,053,553	(477,147)	7,149,420
Central				
Planning, R&D, and evaluation				
Salaries	16,800	-	(16,800)	16,953
Employee benefits	6,700	-	(6,700)	6,090
Total	23,500	-	(23,500)	23,043
Information services				
Salaries	101,900	104,801	2,901	96,622
Employee benefits	-	1,482	1,482	697
Purchased services	79,200	60,617	(18,583)	22,148
Supplies and materials	8,000	4,327	(3,673)	1,804
Other	6,000	4,625	(1,375)	3,071
Total	195,100	175,852	(19,248)	124,342
Staff services				
Salaries	883,600	901,493	17,893	887,240
Employee benefits	2,255,600	1,756,759	(498,841)	1,815,292
Purchased services	143,500	82,634	(60,866)	86,479
Supplies and materials	7,500	4,306	(3,194)	3,631
Other	5,700	5,765	65	6,257
Total	3,295,900	2,750,957	(544,943)	2,798,899
Data processing services				
Salaries	2,068,400	2,090,913	22,513	2,024,083
Employee benefits	444,100	380,321	(63,779)	391,438
Purchased services	809,000	761,556	(47,444)	242,696
Supplies and materials	1,909,350	1,668,475	(240,875)	1,560,734
Capital outlay	205,000	61,472	(143,528)	459,019
Other	-	9,295	9,295	19,502
Total	5,435,850	4,972,032	(463,818)	4,697,472
Total central	\$ 8,950,350	\$ 7,898,841	\$ (1,051,509)	\$ 7,643,756

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
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
Other support services				
Salaries	\$ 306,100	\$ 293,417	\$ (12,683)	\$ 295,853
Employee benefits	75,000	76,006	1,006	74,412
Purchased services	464,500	673,333	208,833	659,814
Supplies and materials	10,300	788,953	778,653	807,345
Capital outlay	-	6,370	6,370	-
Other objects	-	100,979	100,979	154,388
Total	855,900	1,939,058	1,083,158	1,991,812
Total support services	66,270,798	63,633,884	(2,636,914)	62,488,530
Community services				
Salaries	250,410	337,539	87,129	271,043
Employee benefits	56,654	64,924	8,270	63,789
Purchased services	147,590	141,741	(5,849)	139,364
Supplies and materials	101,325	85,005	(16,320)	87,517
Capital outlay	-	4,120	4,120	-
Other	8,800	2,978	(5,822)	4,028
Total community services	564,779	636,307	71,528	565,741
Non-programmed charges				
Payments for regular programs				
Other	15,000	139,602	124,602	130,335
Total	15,000	139,602	124,602	130,335
Payments for special education programs				
Other	5,212,878	5,350,024	137,146	5,408,729
Total	5,212,878	5,350,024	137,146	5,408,729
Total non-programmed charges	5,227,878	5,489,626	261,748	5,539,064
Total expenditures	209,489,031	255,842,304	46,353,273	248,869,798
Excess of revenues over expenditures	\$ 9,360,219	\$ 14,055,247	\$ 4,695,028	\$ 12,973,561

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 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
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	\$ -	\$ 1,783,130	\$ 1,783,130	\$ 2,368,990
Sale of fixed assets	-	5,234	5,234	-
Transfers out	(937,000)	(4,033,663)	(3,096,663)	(603,772)
Total other financing sources (uses)	(937,000)	(2,245,299)	(1,308,299)	1,765,218
Net change in fund balance	<u>\$ 8,423,219</u>	11,809,948	<u>\$ 3,386,729</u>	14,738,779
Fund balance at beginning of year		<u>132,043,442</u>		<u>117,304,663</u>
FUND BALANCE AT END OF YEAR		<u>\$ 143,853,390</u>		<u>\$ 132,043,442</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Working Cash Account
 Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources				
Property taxes	\$ 1,766,300	\$ 1,906,612	\$ 140,312	\$ 1,745,102
Earnings on investments	-	9,517	9,517	-
Total local sources	<u>1,766,300</u>	<u>1,916,129</u>	<u>149,829</u>	<u>1,745,102</u>
Total revenues	<u>1,766,300</u>	<u>1,916,129</u>	<u>149,829</u>	<u>1,745,102</u>
Net change in fund balance	<u>\$ 1,766,300</u>	<u>1,916,129</u>	<u>\$ 149,829</u>	<u>1,745,102</u>
Fund balance at beginning of year		<u>8,809,921</u>		<u>7,064,819</u>
FUND BALANCE AT END OF YEAR		<u>\$ 10,726,050</u>		<u>\$ 8,809,921</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Tort Immunity Account
 Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources				
Property taxes	\$ 815,700	\$ 1,266,529	\$ 450,829	\$ 1,788,910
Earnings on investments	-	4,769	4,769	-
Other	-	-	-	101,563
Total local sources	815,700	1,271,298	455,598	1,890,473
Total revenues	815,700	1,271,298	455,598	1,890,473
EXPENDITURES				
Current operating				
Support services				
Workers compensation insurance:				
Purchased services	1,267,500	1,106,380	(161,120)	681,094
Total	1,267,500	1,106,380	(161,120)	681,094
Unemployment insurance payments				
Purchased services	60,000	33,629	(26,371)	23,082
Total	60,000	33,629	(26,371)	23,082
Insurance payments (regular or self-insurance):				
Purchased services	-	446,759	446,759	510,475
Total	-	446,759	446,759	510,475
Total support services	1,327,500	1,586,768	259,268	1,214,651
Total expenditures	1,327,500	1,586,768	259,268	1,214,651
Net change in fund balance	<u>\$ (511,800)</u>	<u>(315,470)</u>	<u>\$ 196,330</u>	675,822
Fund balance at beginning of year		2,151,683		1,475,861
FUND BALANCE AT END OF YEAR		<u>\$ 1,836,213</u>		<u>\$ 2,151,683</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Special Revenue Fund - Operations and Maintenance Fund
Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources				
Property taxes	\$ 28,592,000	\$ 30,209,893	\$ 1,617,893	\$ 29,231,370
Pupil activities - fees	62,000	63,874	1,874	64,602
Earnings on investments	4,000	146,107	142,107	1,553
Rentals	405,000	376,749	(28,251)	442,421
Other	299,000	154,814	(144,186)	588,649
Total local sources	29,362,000	30,951,437	1,589,437	30,328,595
Total revenues	29,362,000	30,951,437	1,589,437	30,328,595
EXPENDITURES				
Current operating				
Facilities acquisition and construction services:				
Capital outlay	-	-	-	710,320
Total	-	-	-	710,320
Operations and maintenance of plant services:				
Salaries	8,692,800	8,496,889	(195,911)	8,553,552
Employee benefits	2,389,500	2,352,246	(37,254)	2,175,771
Purchased services	2,765,150	3,706,514	941,364	3,232,890
Supplies and materials	5,543,000	6,102,224	559,224	5,090,913
Capital outlay	12,337,650	12,908,707	571,057	8,862,144
Other	1,600	160	(1,440)	494
Total	31,729,700	33,566,740	1,837,040	27,915,764
Total support services	31,729,700	33,566,740	1,837,040	28,626,084
Total expenditures	31,729,700	33,566,740	1,837,040	28,626,084
Net change in fund balance	<u>\$ (2,367,700)</u>	(2,615,303)	<u>\$ (247,603)</u>	1,702,511
Fund balance at beginning of year		17,664,513		15,962,002
FUND BALANCE AT END OF YEAR		<u>\$ 15,049,210</u>		<u>\$ 17,664,513</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Special Revenue Fund - Transportation Fund
Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources				
Property taxes	\$ 6,024,800	\$ 6,697,320	\$ 672,520	\$ 6,938,253
Transportation fees from pupils or parents	9,000	9,274	274	9,309
Transportation fees from other districts	25,000	26,376	1,376	34,409
Transportation fees from private sources	50,000	110,213	60,213	251,621
Transportation fees from co-curricular	155,000	123,294	(31,706)	150,516
Earnings on investments	500	30,309	29,809	145
Other	10,000	-	(10,000)	-
Total local sources	6,274,300	6,996,786	722,486	7,384,253
State sources				
Restricted				
Transportation aid	4,445,000	3,383,303	(1,061,697)	4,636,487
Total state sources	4,445,000	3,383,303	(1,061,697)	4,636,487
Total revenues	10,719,300	10,380,089	(339,211)	12,020,740
EXPENDITURES				
Current operating				
Support services				
Pupil transportation services				
Salaries	3,905,400	3,902,494	(2,906)	3,782,505
Employee benefits	1,318,600	1,360,669	42,069	1,314,836
Purchased services	3,857,700	4,259,926	402,226	3,776,953
Supplies and materials	1,199,000	849,456	(349,544)	696,935
Capital outlay	1,030,000	1,015,647	(14,353)	906,295
Other	300	325	25	140
Total support services	11,311,000	11,388,517	77,517	10,477,664
Total expenditures	11,311,000	11,388,517	77,517	10,477,664
Net change in fund balance	\$ (591,700)	(1,008,428)	\$ (416,728)	1,543,076
Fund balance at beginning of year		8,531,869		6,988,793
FUND BALANCE AT END OF YEAR		\$ 7,523,441		\$ 8,531,869

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Major Special Revenue Fund - 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				
Property taxes	\$ 3,476,000	\$ 3,589,276	\$ 113,276	\$ 3,433,675
Social security/Medicare only levy	3,916,700	3,989,909	73,209	3,868,958
Replacement taxes	238,600	238,600	-	235,000
Earnings on investments	-	36,541	36,541	-
Total local sources	7,631,300	7,854,326	223,026	7,537,633
Total revenues	7,631,300	7,854,326	223,026	7,537,633
EXPENDITURES				
Current operating				
Instruction				
Regular programs	925,900	1,031,329	105,429	1,028,823
Pre kindergarten programs	8,200	47,744	39,544	79,985
Special education programs	1,333,100	1,306,451	(26,649)	1,229,731
Educationally deprived/remedial programs	141,700	140,107	(1,593)	139,618
Vocational programs	52,400	44,196	(8,204)	43,542
Interscholastic programs	113,900	104,049	(9,851)	93,399
Summer school programs	52,900	53,808	908	46,519
Gifted programs	24,800	28,248	3,448	27,322
Bilingual programs	136,700	139,338	2,638	129,498
Truant's alternative and optional programs	300	87	(213)	122
Total instruction	2,789,900	2,895,357	105,457	2,818,559
Support services				
Pupils				
Attendance and social work services	69,200	64,573	(4,627)	62,455
Guidance services	68,400	57,220	(11,180)	60,316
Health services	323,700	323,665	(35)	298,634
Psychological services	30,600	30,746	146	31,538
Speech pathology and audiology services	72,500	72,985	485	67,001
Other	5,000	3,640	(1,360)	3,177
Total pupils	569,400	552,829	(16,571)	523,121
Instructional staff				
Improvement of instruction services	124,500	116,846	(7,654)	101,437
Education media	274,800	243,726	(31,074)	221,566
Assessment and testing	42,800	38,597	(4,203)	36,903
Total instructional staff	\$ 442,100	\$ 399,169	\$ (42,931)	\$ 359,906

(Continued)

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Major Special Revenue Fund - Municipal Retirement/Social Security Fund

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

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
General administration				
Board of education services	\$ 33,000	\$ 28,567	\$ (4,433)	\$ 30,237
Executive administration services	49,800	40,924	(8,876)	42,387
Special area administration services	52,700	53,246	546	46,056
Total general administration	135,500	122,737	(12,763)	118,680
School administration				
Office of the principal services	574,100	546,787	(27,313)	538,615
Other support services	57,700	46,279	(11,421)	48,303
Total school administration	631,800	593,066	(38,734)	586,918
Business				
Director of business support services	2,700	2,466	(234)	2,462
Fiscal services	125,500	124,141	(1,359)	117,664
Operation and maintenance of plant services	1,590,900	1,566,303	(24,597)	1,566,085
Pupil transportation services	707,300	752,174	44,874	723,239
Food services	74,000	65,743	(8,257)	69,394
Internal services	30,700	27,376	(3,324)	27,018
Total business	2,531,100	2,538,203	7,103	2,505,862
Central				
Planning, R&D, and evaluation services	300	-	(300)	228
Information services	19,300	19,901	601	18,434
Staff services	150,200	147,680	(2,520)	145,083
Data processing services	355,500	373,690	18,190	358,449
Total central	525,300	541,271	15,971	522,194
Other support services	56,300	54,359	(1,941)	54,019
Total support services	4,891,500	4,801,634	(89,866)	4,670,700
Community services	56,700	67,031	10,331	52,499
Total expenditures	7,738,100	7,764,022	25,922	7,541,758
Net change in fund balance	\$ (106,800)	90,304	\$ 197,104	(4,125)
Fund balance at beginning of year		3,449,736		3,563,861
Restatement		-		(110,000)
Fund balance at beginning of year, restated		3,449,736		3,453,861
FUND BALANCE AT END OF YEAR		\$ 3,540,040		\$ 3,449,736

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local sources				
Property taxes	\$ 3,148,400	\$ 1,562,914	\$ (1,585,486)	\$ 3,127,253
Other	-	-	-	4,253
Total local sources	<u>3,148,400</u>	<u>1,562,914</u>	<u>(1,585,486)</u>	<u>3,131,506</u>
Federal sources				
Unrestricted				
Bond interest reimbursement	338,300	179,705	(158,595)	375,619
Total federal sources	<u>338,300</u>	<u>179,705</u>	<u>(158,595)</u>	<u>375,619</u>
Total revenues	<u>3,486,700</u>	<u>1,742,619</u>	<u>(1,744,081)</u>	<u>3,507,125</u>
EXPENDITURES				
Debt service				
Principal retirement	2,937,000	3,037,342	100,342	2,543,772
Interest on bonds	1,477,712	1,500,600	22,888	1,574,712
Purchased services	1,000	700	(300)	700
Total expenditures	<u>4,415,712</u>	<u>4,538,642</u>	<u>122,930</u>	<u>4,119,184</u>
Excess (deficiency) of revenues over expenditures	<u>(929,012)</u>	<u>(2,796,023)</u>	<u>(1,867,011)</u>	<u>(612,059)</u>
OTHER FINANCING SOURCES				
Transfers in	937,000	4,033,663	3,096,663	603,772
Total other financing sources	<u>937,000</u>	<u>4,033,663</u>	<u>3,096,663</u>	<u>603,772</u>
Net change in fund balance	<u>\$ 7,988</u>	<u>1,237,640</u>	<u>\$ 1,229,652</u>	<u>(8,287)</u>
Fund balance at beginning of year		<u>1,431,332</u>		<u>1,439,619</u>
FUND BALANCE AT END OF YEAR		<u>\$ 2,668,972</u>		<u>\$ 1,431,332</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Fire Prevention and Safety Fund
 Year Ended June 30, 2017 with Comparative Actual Totals for 2016

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
EXPENDITURES				
Facilities acquisition and construction services				
Capital outlay	\$ -	\$ -	\$ -	\$ 1,025,093
Total expenditures	-	-	-	1,025,093
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	(1,025,093)
Fund balance at beginning of year		-		<u>1,025,093</u>
FUND BALANCE AT END OF YEAR		<u>\$ -</u>		<u>\$ -</u>

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Schedule of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund - Activity Funds
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash	\$ 3,068,351	\$ 5,971,593	\$ 5,730,021	\$ 3,309,923
Liabilities				
Due to organizations	\$ 3,068,351	\$ 5,971,593	\$ 5,730,021	\$ 3,309,923

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NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Five Year Summary of Assessed Valuations, Tax Rates, Extensions and Collections
June 30, 2017

	2016	2015
Tax Levies and Collections		
Assessed valuation	\$ 4,592,630,325	\$ 4,327,743,513
Property tax extensions		
Educational Fund	\$ 153,006,473	\$ 150,471,480
Operations and Maintenance Fund	30,477,252	29,428,656
Debt Service Fund	-	3,121,888
Transportation Fund	6,363,378	6,924,390
Municipal Retirement Fund	3,634,091	3,462,195
Tort Immunity Fund	1,001,194	1,514,711
Working Cash	1,998,204	1,781,463
Special Education Fund	31,629,445	31,143,844
Social Security Fund	4,037,833	3,894,969
Total levies extended	\$ 232,147,870	\$ 231,743,596
Current year collections	\$ 117,982,192	\$ 116,501,691
Subsequent collections	-	115,293,818
Total collections	\$ 117,982,192	\$ 231,795,509
Percentage of extensions collected	50.82%	100.02%

	2016 Rate		2015 Rate	
	DuPage	Will	DuPage	Will
Rates extended by year of levy (per \$100 of assessed valuation)				
Educational	3.3312	3.3353	3.4800	3.4458
Operations and Maintenance	0.6642	0.6576	0.6800	0.6800
Debt Service	-	-	0.0722	0.0715
Transportation	0.1382	0.1422	0.1600	0.1600
Illinois Municipal Retirement	0.0792	0.0784	0.0800	0.0800
Tort Immunity	0.0218	0.0218	0.0350	0.0350
Special Education	0.6887	0.6887	0.7165	0.7511
Fire Prevention and Life Safety	-	-	-	-
Working Cash	0.0435	0.0436	0.0412	0.0408
Social Security	0.0880	0.0871	0.0900	0.0900
Total rates extended	5.0548	5.0547	5.3549	5.3542

Source of information: DuPage and Will Counties, Rate and Extension Reports for 2012-2016

2014		2013		2012	
\$	4,163,178,209	\$	4,143,826,550	\$	4,584,207,156
\$	145,723,727	\$	150,006,148	\$	166,634,619
	29,000,699		29,006,413		28,236,137
	3,126,547		3,132,733		-
	6,944,181		6,505,434		6,082,028
	3,401,317		3,432,246		3,364,526
	2,060,773		2,020,321		1,738,338
	1,706,903		1,989,037		-
	32,156,388		23,290,880		5,862,039
	3,838,450		3,811,574		3,364,526
\$	227,958,985	\$	223,194,786	\$	215,282,213
\$	113,077,494	\$	109,543,622	\$	102,668,829
	114,105,318		113,299,957		109,610,703
\$	227,182,812	\$	222,843,579	\$	212,279,532
	99.66%		99.84%		98.61%

2014 Rate		2013 Rate		2012 Rate	
DuPage	Will	DuPage	Will	DuPage	Will
3.5003	3.5003	3.6200	3.6199	3.8631	3.8631
0.6966	0.6966	0.7000	0.6999	0.6546	0.6546
0.0751	0.0751	0.0756	0.0756	-	-
0.1668	0.1668	0.1570	0.1569	0.1410	0.1410
0.0817	0.0817	0.0829	0.0821	0.0780	0.0780
0.0495	0.0495	0.0488	0.0483	0.0403	0.0403
0.7724	0.7724	0.5619	0.5637	0.1359	0.1359
-	-	-	-	-	-
0.0410	0.0410	0.0480	0.0480	-	-
0.0922	0.0922	0.0920	0.0918	0.0780	0.0780
5.4756	5.4756	5.3862	5.3862	4.9909	4.9909

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Operating Cost and Tuition Charge

Last Three Fiscal Years

Operating Cost Per Pupil	2017	2016	2015
Average Daily Attendance (ADA)	15,481	15,574	15,682
Operating Costs			
Educational	\$ 204,830,278	\$ 201,880,375	\$ 198,298,174
Operations and Maintenance	33,566,740	28,626,084	29,070,964
Debt Service	4,538,642	4,119,184	3,522,303
Transportation	11,388,517	10,477,664	10,562,918
Municipal Retirement/Social Security	7,764,022	7,541,758	7,370,253
Tort	1,586,768	1,214,651	1,251,421
Subtotal	263,674,967	253,859,716	250,076,033
Less Revenue/Expenditures of Nonregular Programs			
Transportation fees from other districts	26,376	34,409	-
Pre-K programs	1,521,452	1,912,333	-
Summer school	1,229,599	2,967,749	1,159,313
Capital outlay	14,402,327	13,902,708	12,631,453
Debt principal retired	3,037,342	2,543,772	1,880,000
Community services	703,338	618,240	585,157
Payments to other districts & governmental units	5,489,626	5,539,064	5,737,545
Operating costs	26,410,060	27,518,275	21,993,468
Operating Cost Per Pupil - Based on ADA	\$ 237,264,907	\$ 226,341,441	\$ 228,082,565
Operating Cost Per Pupil - Based ADA	\$ 15,326	\$ 14,533	\$ 14,544
Tuition Charge			
Operating Costs	237,264,907	226,341,441	228,082,565
Less - revenues from specific programs, such as special education or lunch programs	22,932,624	25,812,532	28,013,896
Net operating costs	214,332,283	200,528,909	200,068,669
Depreciation allowance	16,524,231	15,573,389	14,788,865
Allowable Tuition Costs	\$ 230,856,514	\$ 216,102,298	\$ 214,857,534
Tuition Charge Per Pupil - Based on ADA	\$ 14,912	\$ 13,876	\$ 13,701

Source of information: Annual Financial Report

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

2008 General Obligation Bonds

June 30, 2017

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2018	\$ -	\$ 374,712	\$ 374,712
2019	-	374,712	374,712
2020	-	374,712	374,712
2021	-	374,712	374,712
2022	-	374,712	374,712
2023	-	374,712	374,712
2024	-	374,712	374,712
2025	1,510,000	374,712	1,884,712
2026	2,720,000	316,200	3,036,200
2027	2,830,000	210,800	3,040,800
2028	2,440,000	97,600	2,537,600
Total	\$ 9,500,000	\$ 3,622,296	\$ 13,122,296

Paying Agent

Bond Trust Services Corporation, Minnesota

Principal payment date

February

Interest payment dates

February and August

Interest rates

3.875% - 4.000%

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

2009 General Obligation Bonds

June 30, 2017

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2018	\$ 2,070,000	\$ 1,003,000	\$ 3,073,000
2019	2,130,000	899,500	3,029,500
2020	2,200,000	793,000	2,993,000
2021	2,270,000	683,000	2,953,000
2022	2,350,000	569,500	2,919,500
2023	2,430,000	452,000	2,882,000
2024	2,510,000	330,500	2,840,500
2025	1,080,000	205,000	1,285,000
2026	-	151,000	151,000
2027	-	151,000	151,000
2028	-	151,000	151,000
2029	3,020,000	151,000	3,171,000
Total	<u>\$ 20,060,000</u>	<u>\$ 5,539,500</u>	<u>\$ 25,599,500</u>

Paying Agent

Bond Trust Services Corporation, Minnesota

Principal payment date

February 1

Interest payment dates

February 1 and August 1

Interest rates

1.50% to 5.00%

NAPERVILLE COMMUNITY UNIT SCHOOL DISTRICT NO. 203

Employee Health Benefit Plan Reserve
Schedule of Assets and Changes in Fund Balance
Last Two Fiscal Years

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 17,590,864	\$ 17,052,347
Other assets	(151,063)	8,000
Total assets	<u>\$ 17,439,801</u>	<u>\$ 17,060,347</u>
Liabilities and fund balance		
Accrued claims outstanding	<u>\$ 5,177,838</u>	<u>\$ 4,922,438</u>
Total liabilities	<u>5,177,838</u>	<u>4,922,438</u>
Fund balances		
Increases during the year		
Contributions	<u>33,792,397</u>	<u>32,731,789</u>
Total increases during the year	<u>33,792,397</u>	<u>32,731,789</u>
Decreases during the year		
Employer benefit claims, premiums and other services	<u>33,668,343</u>	<u>32,358,618</u>
Total decreases during the year	<u>33,668,343</u>	<u>32,358,618</u>
Net increase (decrease) during the year	124,054	373,171
Beginning fund balance	<u>12,137,909</u>	<u>11,764,738</u>
Ending fund balance	<u>12,261,963</u>	<u>12,137,909</u>
Total liabilities and fund balance	<u>\$ 17,439,801</u>	<u>\$ 17,060,347</u>

Description of reserve

This reserve was established in fiscal year 1982 to account for amounts reserved to pay employee health benefit plan claims for medical, dental, and vision expense reimbursements. The reserve is funded based upon actuarial assumptions of future claims to be paid. Premiums for minimum insurance coverage (the insurance carrier pays all claims over a maximum limit) are paid from this fund. The Board of Education may elect to reduce the level of contributions into the reserve in order to maintain the fund at a specified limit. If claims exceed the fund balance, the General Fund is obligated to pay the