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***MARENGO COMMUNITY HIGH SCHOOL  
DISTRICT NO. 154  
STATE OF ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2018***

**eder, casella & co.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Marengo Community High School District No. 154  
Marengo, Illinois

We have audited the accompanying basic financial statements of

Marengo Community High School District No. 154

as of and for the year ended June 30, 2018, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Illinois State Board of Education as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 adverse and unqualified audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Illinois State Board of Education, the financial statements are prepared by Marengo Community High School District No. 154 in accordance with the financial reporting provisions prescribed or permitted by the Illinois State Board of Education, which is a basis of accounting

other than accounting principles generally accepted in the United States of America. Also, as described in Note 1, Marengo Community High School District No. 154 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Marengo Community High School District No. 154 as of June 30, 2018, or changes in financial position for the year then ended.

### **Opinion on Regulatory Cash Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Marengo Community High School District No. 154 as of June 30, 2018, and the revenue it received and expenditures it paid during the fiscal year then ended, on the basis of accounting described in Note 1.

### **Change in Accounting Principle**

As described in Note 19 to the financial statements, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District’s basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2018 on our consideration of Marengo Community High School District No. 154'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 Marengo Community High School District No. 154's internal control over financial reporting and compliance.

### **Restriction on Use**

This report is intended solely for the information and use of management, the Board of Education, others within the organization, and the Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 7, 2018

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Marengo Community High School District No. 154  
Marengo, Illinois

We have audited, in accordance with the 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, the basic financial statements of

Marengo Community High School District No. 154

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Marengo Community High School District No. 154's basic financial statements, and have issued our report thereon dated October 7, 2018. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marengo Community High School District No. 154's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marengo Community High School District No. 154's internal control. Accordingly, we do not express an opinion on the effectiveness of Marengo Community High School District No. 154's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marengo Community High School District No. 154's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 7, 2018



## BASIC FINANCIAL STATEMENTS

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
ALL FUNDS AND ACCOUNT GROUPS  
AT JUNE 30, 2018

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	TORT	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>											
Cash and Cash Equivalents	\$ 5,829,364	\$ 927,289	\$ 1,468,316	\$ 1,007,717	\$ 113,135	\$ 8,675	\$ 120,600	\$ 125,407	\$ -	\$ -	\$ 9,600,503
Investments	5,408,077	-	-	496,523	-	-	-	881,746	-	-	6,786,346
Capital Assets											
Land	-	-	-	-	-	-	-	-	1,174,836	-	1,174,836
Building and Building Improvements	-	-	-	-	-	-	-	-	31,122,012	-	31,122,012
Site Improvements and Infrastructure	-	-	-	-	-	-	-	-	2,918,346	-	2,918,346
Capitalized Equipment	-	-	-	-	-	-	-	-	3,229,613	-	3,229,613
Amount Available in Debt Services Fund	-	-	-	-	-	-	-	-	-	1,468,316	1,468,316
Amount to be Provided for Payment of Long-Term Debt	-	-	-	-	-	-	-	-	-	200,019	200,019
Total Assets	<u>\$ 11,237,441</u>	<u>\$ 927,289</u>	<u>\$ 1,468,316</u>	<u>\$ 1,504,240</u>	<u>\$ 113,135</u>	<u>\$ 8,675</u>	<u>\$ 120,600</u>	<u>\$ 1,007,153</u>	<u>\$ 38,444,807</u>	<u>\$ 1,668,335</u>	<u>\$ 56,499,991</u>
<u>LIABILITIES AND FUND BALANCE</u>											
<u>LIABILITIES</u>											
Current Liabilities											
Payroll Deductions and Withholdings	\$ (1,248)	\$ -	\$ -	\$ (6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,254)
Due to Activity Fund Organizations	-	-	-	-	-	-	-	1,007,153	-	-	1,007,153
Total Current Liabilities	<u>\$ (1,248)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,899</u>
Long-Term Liabilities											
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,668,335	\$ 1,668,335
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668,335</u>	<u>\$ 1,668,335</u>
Total Liabilities	<u>\$ (1,248)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,153</u>	<u>\$ -</u>	<u>\$ 1,668,335</u>	<u>\$ 2,674,234</u>
<u>FUND BALANCE</u>											
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,444,807	\$ -	\$ 38,444,807
Fund Balance											
Reserved	-	-	-	-	71,839	-	-	-	-	-	71,839
Unreserved											
Undesignated	11,238,689	927,289	1,468,316	1,504,246	41,296	8,675	120,600	-	-	-	15,309,111
Total Fund Balance	<u>\$ 11,238,689</u>	<u>\$ 927,289</u>	<u>\$ 1,468,316</u>	<u>\$ 1,504,246</u>	<u>\$ 113,135</u>	<u>\$ 8,675</u>	<u>\$ 120,600</u>	<u>\$ -</u>	<u>\$ 38,444,807</u>	<u>\$ -</u>	<u>\$ 53,825,757</u>
Total Liabilities and Fund Balance	<u>\$ 11,237,441</u>	<u>\$ 927,289</u>	<u>\$ 1,468,316</u>	<u>\$ 1,504,240</u>	<u>\$ 113,135</u>	<u>\$ 8,675</u>	<u>\$ 120,600</u>	<u>\$ 1,007,153</u>	<u>\$ 38,444,807</u>	<u>\$ 1,668,335</u>	<u>\$ 56,499,991</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER  
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES  
ALL FUNDS EXCEPT AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	TORT	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED								
Local Sources	\$ 7,471,448	\$ 957,182	\$ 2,537,633	\$ 200,572	\$ 313,633	\$ 7,828	\$ 120,775	\$ 11,609,071
State Sources	1,471,068	-	-	450,116	-	-	-	1,921,184
Federal Sources	533,554	-	-	-	-	-	-	533,554
On-Behalf Payments	3,602,774	-	-	-	-	-	-	3,602,774
	<u>\$ 13,078,844</u>	<u>\$ 957,182</u>	<u>\$ 2,537,633</u>	<u>\$ 650,688</u>	<u>\$ 313,633</u>	<u>\$ 7,828</u>	<u>\$ 120,775</u>	<u>\$ 17,666,583</u>
EXPENDITURES DISBURSED								
Instruction	\$ 6,212,446	\$ -	\$ -	\$ -	\$ 90,086	\$ -	\$ -	\$ 6,302,532
Support Services	2,671,799	1,209,297	-	549,238	204,456	-	91,913	4,726,703
Payments to Other Districts and Governmental Units	108,808	-	-	-	-	-	-	108,808
Debt Services	-	-	2,545,000	-	-	-	-	2,545,000
On-Behalf Payments	3,602,774	-	-	-	-	-	-	3,602,774
	<u>\$ 12,595,827</u>	<u>\$ 1,209,297</u>	<u>\$ 2,545,000</u>	<u>\$ 549,238</u>	<u>\$ 294,542</u>	<u>\$ -</u>	<u>\$ 91,913</u>	<u>\$ 17,285,817</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ 483,017	\$ (252,115)	\$ (7,367)	\$ 101,450	\$ 19,091	\$ 7,828	\$ 28,862	\$ 380,766
OTHER FINANCING SOURCES (USES)								
Interfund Transfers	-	(95,591)	100,000	-	-	(4,409)	-	-
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	\$ 483,017	\$ (347,706)	\$ 92,633	\$ 101,450	\$ 19,091	\$ 3,419	\$ 28,862	\$ 380,766
FUND BALANCE - JULY 1, 2017	10,755,672	1,274,995	1,375,683	1,402,796	94,044	5,256	91,738	15,000,184
FUND BALANCE - JUNE 30, 2018	<u>\$ 11,238,689</u>	<u>\$ 927,289</u>	<u>\$ 1,468,316</u>	<u>\$ 1,504,246</u>	<u>\$ 113,135</u>	<u>\$ 8,675</u>	<u>\$ 120,600</u>	<u>\$ 15,380,950</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF REVENUE RECEIVED  
ALL FUNDS EXCEPT AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	TORT	TOTAL (MEMORANDUM ONLY)
<b>REVENUE RECEIVED</b>								
<b>Local Sources</b>								
Ad Valorem Taxes Levied								
Designated Purpose Levies	\$ 6,408,366	\$ 921,939	\$ 2,533,881	\$ 102,530	\$ 110,815	\$ -	\$ 114,945	\$ 10,192,476
Special Education Purpose Levy	75,557	-	-	-	-	-	-	75,557
FICA/Medicare Only Purposes Levy	-	-	-	-	160,476	-	-	160,476
Payments in Lieu of Taxes								
Corporate Personal Property Replacement Taxes	364,573	-	-	-	41,950	-	-	406,523
Tuition								
Summer School Tuition from Pupils or Parents (In State)	9,250	-	-	-	-	-	-	9,250
Transportation Fees								
Regular Trans. Fees from Other Districts (In State)	-	-	-	65,415	-	-	-	65,415
Regular Trans. Fees from Other Sources (In State)	-	-	-	10,145	-	-	-	10,145
Interest on Investments	47,176	5,814	3,752	4,429	392	16	244	61,823
Food Service								
Sales to Pupils - Lunch	116,730	-	-	-	-	-	-	116,730
Sales to Pupils - Breakfast	12,685	-	-	-	-	-	-	12,685
Sales to Pupils - Ala Carte	140,103	-	-	-	-	-	-	140,103
Sales to Adults	7,464	-	-	-	-	-	-	7,464
Other Food Service	120	-	-	-	-	-	-	120
District/School Activity Income								
Admissions - Athletic	32,392	-	-	-	-	-	-	32,392
Fees	121,345	-	-	-	-	-	-	121,345
Other District/School Activity Revenue	1,560	-	-	-	-	-	-	1,560
Textbooks								
Rentals - Regular Textbook	60,235	-	-	-	-	-	-	60,235
Rentals	-	3,016	-	-	-	-	-	3,016
Impact Fees From Municipal or County Governments	-	-	-	-	-	7,812	-	7,812
Services Provided Other Districts	17,159	-	-	-	-	-	-	17,159
Refund of Prior Years' Expenditures	25,127	-	-	-	-	-	5,586	30,713
Drivers' Education Fees	8,286	-	-	-	-	-	-	8,286
Proceeds from Vendors' Contracts	14,660	-	-	-	-	-	-	14,660
Other Local Revenues	8,660	26,413	-	18,053	-	-	-	53,126
<b>Total Local Sources</b>	<b>\$ 7,471,448</b>	<b>\$ 957,182</b>	<b>\$ 2,537,633</b>	<b>\$ 200,572</b>	<b>\$ 313,633</b>	<b>\$ 7,828</b>	<b>\$ 120,775</b>	<b>\$ 11,609,071</b>
<b>State Sources</b>								
Unrestricted Grants-In-Aid								
General State Aid - Sec. 18-8	\$ 1,095,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,095,865
Restricted Grants-In-Aid								
Special Education								
Private Facility Tuition	121,893	-	-	-	-	-	-	121,893
Extraordinary	46,682	-	-	-	-	-	-	46,682
Personnel	50,395	-	-	-	-	-	-	50,395
Orphanage - Individual	12,132	-	-	-	-	-	-	12,132
Orphanage - Summer	6,576	-	-	-	-	-	-	6,576
Career & Technical Education (CTE)								
Secondary Program Improvement	39,217	-	-	-	-	-	-	39,217
Agriculture Education	4,558	-	-	-	-	-	-	4,558
Bilingual Education								
State Free Lunch and Breakfast	1,361	-	-	-	-	-	-	1,361
Driver Education	31,801	-	-	-	-	-	-	31,801
Transportation								
Regular/Vocational	-	-	-	12,831	-	-	-	12,831
Special Education	-	-	-	437,285	-	-	-	437,285
Other Restricted Revenue from State Sources	60,588	-	-	-	-	-	-	60,588
<b>Total State Sources</b>	<b>\$ 1,471,068</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 450,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,921,184</b>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF REVENUE RECEIVED  
ALL FUNDS EXCEPT AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	TORT	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED (Continued)								
Federal Sources								
Unrestricted Grants-In-Aid Received Directly from the Federal Government								
Food Service								
National School Lunch Program	\$ 99,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,108
School Breakfast Program	9,064	-	-	-	-	-	-	9,064
Title I								
Low Income	70,111	-	-	-	-	-	-	70,111
Title IV								
Safe and Drug Free Schools - Formula	10,000	-	-	-	-	-	-	10,000
Federal - Special Education								
IDEA - Flow Through/Low Incidence	125,738	-	-	-	-	-	-	125,738
IDEA - Room and Board	120,120	-	-	-	-	-	-	120,120
CTE								
Other	18,477	-	-	-	-	-	-	18,477
Title II - Teacher Quality	19,265	-	-	-	-	-	-	19,265
Medicaid Matching Funds - Administrative Outreach	9,480	-	-	-	-	-	-	9,480
Medicaid Matching Funds - Fee-For-Service Program	17,930	-	-	-	-	-	-	17,930
Other Federal Sources	34,261	-	-	-	-	-	-	34,261
Total Federal Sources	<u>\$ 533,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,554</u>
Total Direct Revenue	<u>\$ 9,476,070</u>	<u>\$ 957,182</u>	<u>\$ 2,537,633</u>	<u>\$ 650,688</u>	<u>\$ 313,633</u>	<u>\$ 7,828</u>	<u>\$ 120,775</u>	<u>\$ 14,063,809</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Salaries	\$ 2,489,356	\$ 2,485,134
Employee Benefits	501,663	496,437
Purchased Services	2,000	1,431
Supplies and Materials	53,950	46,840
Non-Capitalized Equipment	1,600	-
	<u>\$ 3,048,569</u>	<u>\$ 3,029,842</u>
Special Education Programs		
Salaries	\$ 436,664	\$ 430,032
Employee Benefits	104,101	104,285
Purchased Services	179,329	161,148
Supplies and Materials	9,900	8,046
Non-Capitalized Equipment	1,750	1,245
	<u>\$ 731,744</u>	<u>\$ 704,756</u>
Remedial and Supplemental Programs K-12		
Salaries	\$ 31,170	\$ 25,976
Employee Benefits	15,470	15,470
Purchased Services	1,560	1,560
Supplies and Materials	5,300	5,477
	<u>\$ 53,500</u>	<u>\$ 48,483</u>
CTE Programs		
Salaries	\$ 593,000	\$ 593,449
Employee Benefits	114,711	114,891
Purchased Services	9,200	6,975
Supplies and Materials	75,624	81,452
Capital Outlay	40,380	36,357
Non-Capitalized Equipment	2,175	6,047
	<u>\$ 835,090</u>	<u>\$ 839,171</u>
Interscholastic Programs		
Salaries	\$ 501,500	\$ 479,967
Employee Benefits	13,202	13,214
Purchased Services	110,700	103,559
Supplies and Materials	75,410	65,949
Capital Outlay	22,000	15,592
Non-Capitalized Equipment	25,000	29,997
	<u>\$ 747,812</u>	<u>\$ 708,278</u>
Summer School Programs		
Salaries	\$ 30,110	\$ 23,487
Employee Benefits	1,120	856
	<u>\$ 31,230</u>	<u>\$ 24,343</u>
Driver's Education Programs		
Salaries	\$ 150,000	\$ 131,556
Employee Benefits	1,200	1,803
Purchased Services	1,000	40
Supplies and Materials	5,000	3,577
Non-Capitalized Equipment	500	-
	<u>\$ 157,700</u>	<u>\$ 136,976</u>
Private Tuition - Other Objects		
Regular K-12 Programs	\$ 1,400	\$ 1,400
Special Education Programs K-12	713,000	719,197
	<u>\$ 714,400</u>	<u>\$ 720,597</u>
Total Instruction	<u>\$ 6,320,045</u>	<u>\$ 6,212,446</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 32,650	\$ 32,646
Employee Benefits	15,033	15,033
Purchased Services	50	-
Supplies and Materials	200	124
	<u>\$ 47,933</u>	<u>\$ 47,803</u>
Guidance Services		
Salaries	\$ 393,000	\$ 350,418
Employee Benefits	71,555	69,940
Purchased Services	14,030	9,376
Supplies and Materials	4,200	1,853
Other Objects	500	379
	<u>\$ 483,285</u>	<u>\$ 431,966</u>
Health Services		
Salaries	\$ 55,700	\$ 55,385
Employee Benefits	21,863	21,861
Purchased Services	150	112
Supplies and Materials	1,400	1,392
Non-Capitalized Equipment	1,750	1,245
	<u>\$ 80,863</u>	<u>\$ 79,995</u>
Psychological Services		
Salaries	\$ 74,964	\$ 74,597
Employee Benefits	10,498	10,497
Purchased Services	9,000	9,000
Supplies and Materials	1,000	612
	<u>\$ 95,462</u>	<u>\$ 94,706</u>
Other Support Services - Pupils		
Salaries	\$ 15,700	\$ 15,623
Supplies and Materials	700	523
	<u>\$ 16,400</u>	<u>\$ 16,146</u>
Total Support Services - Pupils	<u>\$ 723,943</u>	<u>\$ 670,616</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 25,000	\$ 16,614
Employee Benefits	398	243
Purchased Services	84,200	77,683
	<u>\$ 109,598</u>	<u>\$ 94,540</u>
Educational Media Services		
Salaries	\$ 246,105	\$ 227,207
Employee Benefits	43,627	43,625
Purchased Services	29,500	24,694
Supplies and Materials	180,750	175,263
Capital Outlay	12,500	11,186
Non-Capitalized Equipment	43,000	42,130
	<u>\$ 555,482</u>	<u>\$ 524,105</u>
Assessment and Testing		
Supplies and Materials	\$ 38,000	\$ 41,322
	<u>\$ 38,000</u>	<u>\$ 41,322</u>
Total Support Services - Instructional Staff	<u>\$ 703,080</u>	<u>\$ 659,967</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
General Administration		
Board of Education Services		
Salaries	\$ 53,600	\$ 53,545
Employee Benefits	37,033	35,526
Purchased Services	43,100	35,960
Supplies and Materials	27,000	25,001
Other Objects	5,250	5,184
	<u>\$ 165,983</u>	<u>\$ 155,216</u>
Executive Administration Services		
Salaries	\$ 86,912	\$ 86,912
Employee Benefits	19,053	18,046
Purchased Services	9,350	3,172
Supplies and Materials	1,435	2,292
Other Objects	1,920	2,394
	<u>\$ 118,670</u>	<u>\$ 112,816</u>
Special Area Administration Services		
Salaries	\$ 91,650	\$ 91,648
Employee Benefits	29,175	29,173
Purchased Services	2,310	1,635
Supplies and Materials	2,700	2,100
	<u>\$ 125,835</u>	<u>\$ 124,556</u>
Total Support Services - General Administration	<u>\$ 410,488</u>	<u>\$ 392,588</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 235,605	\$ 235,176
Employee Benefits	89,442	88,244
Purchased Services	14,000	13,301
Supplies and Materials	1,000	370
Other Objects	1,000	829
Non-Capitalized Equipment	500	-
	<u>\$ 341,547</u>	<u>\$ 337,920</u>
Other Support Services - School Administration		
Salaries	\$ 19,185	\$ 17,935
Employee Benefits	280	261
Supplies and Materials	0	380
	<u>\$ 19,465</u>	<u>\$ 18,576</u>
Total Support Services - School Administration	<u>\$ 361,012</u>	<u>\$ 356,496</u>
Business		
Direction of Business Support Services		
Salaries	\$ 74,250	\$ 74,250
Employee Benefits	18,034	18,027
Purchased Services	3,750	3,438
Supplies and Materials	1,000	810
	<u>\$ 97,034</u>	<u>\$ 96,525</u>
Fiscal Services		
Salaries	\$ 108,000	\$ 110,682
Employee Benefits	9,492	9,492
Purchased Services	2,400	1,745
Supplies and Materials	500	287
	<u>\$ 120,392</u>	<u>\$ 122,206</u>

The Notes to Financial Statements are an integral part of this statement.



MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Business (Continued)		
Food Services		
Salaries	\$ 85,000	\$ 81,051
Employee Benefits	9,045	9,045
Purchased Services	2,000	227
Supplies and Materials	213,000	212,856
Capital Outlay	50,000	44,581
Other Objects	800	600
Non-Capitalized Equipment	1,500	-
	<u>\$ 361,345</u>	<u>\$ 348,360</u>
Total Support Services - Business	<u>\$ 578,771</u>	<u>\$ 567,091</u>
Central		
Data Processing Services		
Purchased Services	\$ 26,000	\$ 24,598
Supplies and Materials	300	-
Total Support Services - Central	<u>\$ 26,300</u>	<u>\$ 24,598</u>
Other Support Services		
Supplies and Materials	\$ 443	\$ 443
Total Other Support Services	<u>\$ 443</u>	<u>\$ 443</u>
Total Support Services	<u>\$ 2,804,037</u>	<u>\$ 2,671,799</u>
Payments to Other Districts and Governmental Units		
Payments to Other Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 2,000	\$ 200
	<u>\$ 2,000</u>	<u>\$ 200</u>
Other Payments to In-State Governmental Units		
Purchased Services	\$ 20,000	\$ 20,000
Other Objects	20,500	20,236
	<u>\$ 40,500</u>	<u>\$ 40,236</u>
Total Payments to Other Governmental Units (In-State)	<u>\$ 42,500</u>	<u>\$ 40,436</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Other Objects		
Payments for Special Education Programs	\$ 66,500	\$ 65,692
Other Payments to In-State Gov't Units	7,000	2,680
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 73,500</u>	<u>\$ 68,372</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 116,000</u>	<u>\$ 108,808</u>
Total Direct Expenditures	<u><u>\$ 9,240,082</u></u>	<u><u>\$ 8,993,053</u></u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
OPERATIONS AND MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Operation and Maintenance of Plant Services		
Salaries	\$ 319,000	\$ 315,523
Employee Benefits	93,160	93,160
Purchased Services	216,200	192,311
Supplies and Materials	462,500	425,914
Capital Outlay	180,000	175,987
Non-Capitalized Equipment	25,000	6,402
	<u>\$ 1,295,860</u>	<u>\$ 1,209,297</u>
Total Support Services - Business	<u>\$ 1,295,860</u>	<u>\$ 1,209,297</u>
Total Support Services	<u>\$ 1,295,860</u>	<u>\$ 1,209,297</u>
Total Direct Expenditures	<u><u>\$ 1,295,860</u></u>	<u><u>\$ 1,209,297</u></u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
DEBT SERVICES FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 1,938,984	\$ 1,938,985
Total Debt Services - Interest	<u>\$ 1,938,984</u>	<u>\$ 1,938,985</u>
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 606,016	\$ 606,015
Total Debt Services - Payment of Principal on Long-Term Debt	<u>\$ 606,016</u>	<u>\$ 606,015</u>
Total Debt Services	<u>\$ 2,545,000</u>	<u>\$ 2,545,000</u>
Total Direct Expenditures	<u>\$ 2,545,000</u>	<u>\$ 2,545,000</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Pupil Transportation Services		
Salaries	\$ 325,310	\$ 311,253
Employee Benefits	35,553	35,193
Purchased Services	85,900	74,512
Supplies and Materials	121,500	107,882
Capital Outlay	5,000	-
Non-Capitalized Equipment	-	20,398
	<u>\$ 573,263</u>	<u>\$ 549,238</u>
 Total Support Services - Business	 <u>\$ 573,263</u>	 <u>\$ 549,238</u>
 Total Support Services	 <u>\$ 573,263</u>	 <u>\$ 549,238</u>
 Payments to Other Districts and Governmental Units		
Payments to Other Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 1,000	\$ -
	<u>\$ 1,000</u>	<u>\$ -</u>
 Total Payments to Other Governmental Units (In-State)	 <u>\$ 1,000</u>	 <u>\$ -</u>
 Total Payments to Other Districts and Governmental Units	 <u>\$ 1,000</u>	 <u>\$ -</u>
 Total Direct Expenditures	 <u><u>\$ 574,263</u></u>	 <u><u>\$ 549,238</u></u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Employee Benefits	\$ 39,220	\$ 39,532
Special Education Programs		
Employee Benefits	22,235	20,460
Remedial and Supplemental Programs - K-12		
Employee Benefits	5,575	4,689
CTE Programs		
Employee Benefits	7,000	6,826
Interscholastic Programs		
Employee Benefits	17,010	16,478
Summer School Programs		
Employee Benefits	462	317
Driver's Education Programs		
Employee Benefits	2,175	1,784
Total Instruction	<u>\$ 93,677</u>	<u>\$ 90,086</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 6,200	\$ 5,860
Guidance Services		
Employee Benefits	11,210	10,625
Health Services		
Employee Benefits	810	724
Psychological Services		
Employee Benefits	1,090	1,082
Other Support Services - Pupils		
Employee Benefits	2,970	2,965
Total Support Services - Pupils	<u>\$ 22,280</u>	<u>\$ 21,256</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 465	\$ 240
Educational Media Services		
Employee Benefits	29,595	25,196
Total Support Services - Instructional Staff	<u>\$ 30,060</u>	<u>\$ 25,436</u>
General Administration		
Board of Education Services		
Employee Benefits	\$ 9,805	\$ 9,826
Executive Administration Services		
Employee Benefits	3,394	3,354
Special Area Administrative Services		
Employee Benefits	1,330	1,327
Total Support Services - General Administration	<u>\$ 14,529</u>	<u>\$ 14,507</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 7,300	\$ 7,187
Other Support Services - School Administration		
Employee Benefits	280	260
Total Support Services - School Administration	<u>\$ 7,580</u>	<u>\$ 7,447</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 1,090	\$ 1,063
Fiscal Services		
Employee Benefits	24,700	18,168
Operation and Maintenance of Plant Services		
Employee Benefits	55,550	54,327
Pupil Transportation Services		
Employee Benefits	51,130	48,724
Food Services		
Employee Benefits	15,820	13,528
Total Support Services - Business	<u>\$ 148,290</u>	<u>\$ 135,810</u>
Total Support Services	<u>\$ 222,739</u>	<u>\$ 204,456</u>
Total Direct Expenditures	<u>\$ 316,416</u>	<u>\$ 294,542</u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
TORT FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
General Administration		
Insurance Payments		
Purchased Services	\$ 100,000	\$ 91,913
	<u>\$ 100,000</u>	<u>\$ 91,913</u>
 Total General Administration	 <u>\$ 100,000</u>	 <u>\$ 91,913</u>
 Total Support Services - General Administration	 <u>\$ 100,000</u>	 <u>\$ 91,913</u>
 Total Direct Expenditures	 <u><u>\$ 100,000</u></u>	 <u><u>\$ 91,913</u></u>

The Notes to Financial Statements are an integral part of this statement.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Marengo Community High School District No. 154's (District) accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

**A. *Principles Used to Determine Scope of Entity***

The reporting entity includes the governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit its citizens, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

**B. *Basis of Presentation – Fund Accounting***

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois.

These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

**Educational Fund** – The Educational Fund is the general operating fund of the District. It is used to account for all transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional programs, health and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. Special Education is included in this fund.

**Operations and Maintenance Fund** – The Operations and Maintenance Fund is used to account for all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings. Operations of this fund are generally financed by a special tax levied for these purposes and contributions and donations from private sources.



## NOTES TO FINANCIAL STATEMENTS (Continued)

Debt Services Fund – The Debt Services Fund is used to account for the accumulations of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Transportation Fund – The Transportation Fund is used to account for the costs associated with transporting pupils for any purpose. Revenue received for transportation purposes from any source must be deposited into this fund, including property taxes levied and state grants received for these purposes.

Illinois Municipal Retirement/Social Security Fund – The Illinois Municipal Retirement/Social Security Fund is used to account for costs of providing retirement benefits under Illinois Municipal Retirement Fund and Social Security if there are separate taxes levied for these purposes. If separate taxes are not levied for these purposes, then the payments shall be charged to the fund where the salaries are charged.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Tort Fund – The Tort Fund is used to account for the proceeds of specific revenue sources that are legally restricted for tort expenditures.

Agency Fund – The Agency Fund is used to account for Student Activity Funds and Convenience Accounts, which are assets held by the District as an agent for the students and teachers. This fund is custodial in nature and does not involve the measurement of the results of operations. The amounts due to the Activity Fund organizations are equal to the assets.

General Fixed Assets Account Group – The General Fixed Assets Account Group is used to record physical assets of the District that have a long-term (i.e. more than one year) period of usefulness.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to record total bonded debt and other long-term debt of the District.

### Measurement Focus

The financial statements of all funds, except the Agency Fund and two account groups, focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

### General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in operations are accounted for in the General Fixed Assets Account Group rather than in the funds. Long-term liabilities expected to be financed from the funds are accounted for in the General Long-Term Debt Account Group, not in the funds.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

### *C. Basis of Accounting*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts

## NOTES TO FINANCIAL STATEMENTS (Continued)

when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

If the District utilized accounting principles generally accepted in the United States of America, the basic financial statements would be replaced with government-wide financial statements and fund financial statements. The fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

### D. *Budgets and Budgetary Accounting*

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 25, 2017 and the amended budget was passed on June 25, 2018.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

### E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their balances in common accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

No District fund had a cash overdraft at June 30, 2018.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization.

### F. *Inventories*

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

### G. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. All other interfund transactions are treated as transfers.

### H. *General Fixed Assets*

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the funds for which the asset was purchased and capitalized at cost in the General Fixed Assets Account Group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge, which is calculated on a straight-line basis with useful lives of 50 years for Buildings, 20 years for Improvements Other than Buildings, and 5 to 10 years for Equipment). Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost.

### I. *Governmental Fund Balances*

Governmental fund balances are reported as "reserved" because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund balances. From time to time, the Board agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

### J. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2017 tax levy was passed by the board on December 18, 2017. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts within one month after these dates.

### K. *Total Memorandum Only*

The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund and account group. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7.

#### *Investments*

The following table categorizes the investments according to levels of risk:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
Mutual Funds	\$ 441,249	\$ 441,249	\$ -	\$ -	\$ -
Stocks	188,587	188,587	-	-	-
Real Estate Investment Trusts	26,190	26,190	-	-	-
Exchange Traded Products	174,538	174,538	-	-	-
	<u>\$ 830,564</u>	<u>\$ 830,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk.** The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2018, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
Real Estate Investment Trusts	BB- to BBB	Standard & Poor's
Exchange Traded Products	NR to Aaf	Standard & Poor's

**Concentration of Credit Risk.** The District places no limit on the amount the District may invest in any one issuer.

### NOTE 3 - FAIR VALUE MEASUREMENT

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 District has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	6/30/2018	Fair Value Measurements Using:
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	\$ 441,249	\$ 441,249
Debt Securities	174,538	174,538
Equity Securities		
Financial Service Industry	188,587	188,587
Real Estate Investment Trusts	26,190	26,190
Total Investments by fair value level	<u>\$ 830,564</u>	<u>\$ 830,564</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

Mutual funds, debt securities, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

### NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Land	\$ 1,174,836	\$ -	\$ -	\$ 1,174,836
Building and Building Improvements	31,122,012	-	-	31,122,012
Site Improvements and Infrastructure	2,770,446	147,900	-	2,918,346
Capitalized Equipment	3,078,218	151,395	-	3,229,613
	<u>\$ 38,145,512</u>	<u>\$ 299,295</u>	<u>\$ -</u>	<u>\$ 38,444,807</u>

### NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

Changes in general long-term debt are summarized as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Long-Term Debt					
Bonds Payable					
General Obligation Bonds					
Dated 9/13/01	\$ 2,274,350	\$ -	\$ 606,015	\$ 1,668,335	\$ 581,130
	<u>\$ 2,274,350</u>	<u>\$ -</u>	<u>\$ 606,015</u>	<u>\$ 1,668,335</u>	<u>\$ 581,130</u>

Bonds and long-term debt payable consisted of the following at June 30, 2018:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
General Obligation Bonds Dated 9/13/01	1/1/2021	3.20%-5.42%	\$ 15,441,479	\$ 1,668,335

At June 30, 2018 the annual debt service requirements to cover all outstanding debt are:

Year Ending June 30	Principal	Interest	Total
2019	\$ 581,130	\$ 2,083,870	\$ 2,665,000
2020	555,110	2,224,890	2,780,000
2021	532,095	2,377,905	2,910,000
	<u>\$ 1,668,335</u>	<u>\$ 6,686,665</u>	<u>\$ 8,355,000</u>

### NOTE 6 - INTERFUND LOANS

There are no outstanding interfund loans at June 30, 2018.

### NOTE 7 - SPECIAL TAX LEVIES AND RESERVED FUND BALANCE

#### *Social Security Tax Levy*

Cash receipts and the related cash disbursements of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. A portion, \$71,839, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future social security disbursements.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Social Security Receipts	
Tax Collected	\$ 160,476
Replacement Taxes	26,500
Interest	152
Total Social Security Receipts	<u>\$ 187,128</u>
Social Security Expenditures	
Social Security and Medicare	\$ 168,539
Total Social Security Expenditures	<u>\$ 168,539</u>
Receipts Over/(Under) Expenditures	\$ 18,589
Reserved at July 1, 2017	53,250
Reserved at June 30, 2018	<u><u>\$ 71,839</u></u>

### NOTE 8 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance as of June 30, 2018.

### NOTE 9 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2017 (\$5,708,855) and 2016 (\$4,719,654) tax levies. A summary of the past three years' assessed valuations, tax rates, and extensions follows:

Tax Year	2017		2016		2015	
Assessed Valuation	\$330,708,908		\$315,434,621		\$298,360,930	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	1.9497	\$ 6,447,706	1.9750	\$ 6,229,752	2.0476	\$ 6,109,232
Tort Immunity	0.0296	97,767	0.0421	132,798	0.0452	134,984
Special Education	0.0229	75,785	0.0234	73,812	0.0255	75,993
Operations and Maintenance	0.2802	926,762	0.2845	897,411	0.2264	675,415
Transportation	0.0312	103,026	0.0316	99,677	0.1341	399,953
Municipal Retirement	0.0336	111,145	0.0343	108,194	0.0369	109,988
Debt Service	0.7756	2,565,001	0.7751	2,444,934	0.8178	2,439,999
Social Security	0.0455	150,317	0.0536	169,079	0.0406	120,988
	<u>3.1683</u>	<u>\$ 10,477,510</u>	<u>3.2196</u>	<u>\$ 10,155,657</u>	<u>3.3740</u>	<u>\$ 10,066,552</u>

### NOTE 10 - OVEREXPENDITURE OF BUDGET

The District did not have any funds that had expenditures that exceeded the budget during fiscal year 2018.

### NOTE 11 - OPERATING LEASES

On July 24, 2013, the District entered into an operating lease for a postage machine. This lease is for 60 months at \$389 per quarter.

On December 15, 2014, the District entered into an operating lease for copiers. This lease is for 60 months at \$1,092 per month.

On May 6, 2015, the District entered into an operating lease for copiers. This lease is for 60 months at \$595 per month.

Minimum annual lease payments are as follows:

Year Ending June 30	Amount
2019	\$ 20,626
2020	11,406
	<u>\$ 32,032</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

Rental expense for the year ended June 30, 2018 was \$21,793.

### **NOTE 12 - RETIREMENT FUND COMMITMENTS**

#### *A. Teachers' Retirement System of the State of Illinois*

##### *General Information About the Pension Plan*

##### Plan Description

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

##### Benefits Provided

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

Tier II members qualify for retirement benefits at age 67 with ten years of service, or a discounted annuity can be paid at age 62 with ten 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% 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 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

##### Contributions

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$3,546,067 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$28,907.

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

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the District pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$15,494 were paid from federal and special trust funds that required District contributions of \$1,565.

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 employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The 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, 2018, the District paid \$0 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, 2018, the District has 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 District's 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 follows below:



## NOTES TO FINANCIAL STATEMENTS (Continued)

District's proportionate share of the net pension liability	\$ 625,772
State's proportionate share of the net pension liability associated with the District	36,031,692
Total	<u>\$ 36,657,464</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the District's proportion was 0.0008191%, which was a decrease of .0000356% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$3,546,067 and revenue of \$3,546,067 for support provided by the State. At June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 6,797	\$ (289)	\$ 6,508
Net difference between projected and actual earnings on pension plan investments	429	-	429
Changes of assumptions	41,766	(17,982)	23,784
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,741	(75,271)	(63,530)
Employer contributions subsequent to the measurement date	30,472	-	30,472
	<u>\$ 91,205</u>	<u>\$ (93,542)</u>	<u>\$ (2,337)</u>

\$30,472 of deferred outflows of resources related to pensions results from employer contributions subsequent to the measurement date. Other deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending June 30	Amount
2019	\$ (20,255)
2020	3,860
2021	(3,562)
2022	(11,678)
2023	(1,174)
	<u>\$ (32,809)</u>

### Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.0%, net of pension plan investment expenses, including inflation

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

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. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
	<u>100.0%</u>	

### Discount Rate

At June 30, 2017, the discount rate used to measure total pension liability was 7.00%, which was a change from the June 30, 2016 rate of 6.83%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

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

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83%. 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point-higher (8.00%) than the current rate.

## NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 768,843	\$ 625,772	\$ 508,585

### TRS Fiduciary Net Position

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

### B. *Illinois Municipal Retirement Fund*

#### Plan Description

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

#### Benefits Provided

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2017, the measurement date, the District's membership consisted of:

Retirees and beneficiaries currently receiving benefits	41
Inactive plan members entitled to but not yet receiving benefits	33
Active plan members	35
Total	<u>109</u>

### Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2017 was 14.49%. For the fiscal year ended June 30, 2018, the District contributed \$126,008 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2017, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	4,831,491
IMRF Fiduciary Net Position		4,689,458
District's Net Pension Liability		142,033
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		97.06%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplemental Information following the notes to the financial statements for additional information related to the funded status of the plan.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions.

Assumptions	
Price Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

## NOTES TO FINANCIAL STATEMENTS (Continued)

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

	Target Allocation	Projected Return
Equities	37.0%	6.85%
International Equities	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternatives	7.0%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash	1.0%	2.25%
	<u>100.0%</u>	

### Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2017	\$ 4,768,979	\$ 4,078,427	\$ 690,552
Changes for the year:			
Service Cost	\$ 123,898	\$ -	\$ 123,898
Interest on the Total Pension Liability	352,749	-	352,749
Differences Between Expected and Actual Experience of the Total Pension Liability	(10,719)	-	(10,719)
Changes of Assumptions	(148,209)	-	(148,209)
Contributions - Employer	-	127,705	(127,705)
Contributions - Employee	-	50,015	(50,015)
Net Investment Income	-	731,864	(731,864)
Benefit Payments, including Refunds of Employee Contributions	(255,207)	(255,207)	-
Other (Net Transfer)	-	(43,346)	43,346
Net Changes	\$ 62,512	\$ 611,031	\$ (548,519)
Balances at December 31, 2018	\$ 4,831,491	\$ 4,689,458	\$ 142,033

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 699,846	\$ 142,033	\$ (325,217)

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

For the year ended June 30, 2018, the District's pension expense/(income) is \$152,697. At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 1,476	\$ (13,063)	\$ (11,587)
Assumption changes	744	(105,993)	(105,249)
Net difference between projected and actual earnings on pension investments	131,607	(344,410)	(212,803)
Total deferred amounts to be recognized in pension expense in future periods	\$ 133,827	\$ (463,466)	\$ (329,639)
Pension contributions made subsequent to the measurement date	61,130	-	61,130
Total deferred amounts related to pensions	\$ 194,957	\$ (463,466)	\$ (268,509)

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (77,153)
2019	(79,381)
2020	(87,004)
2021	(86,101)
2022	-
Thereafter	-
	<u>\$ (329,639)</u>

### C. Social Security

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid the total required contribution for the current fiscal year.

## NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS

### A. Teacher Health Insurance Security Fund (THIS)

#### Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that 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 are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

#### Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.

## NOTES TO FINANCIAL STATEMENTS (Continued)

- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
  - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
  - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
  - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

### Contributions

For the fiscal year ended June 30, 2018, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.18% of salary and for every employer of a teacher to contribute an amount equal to .88% of each teacher's salary. For the fiscal year ended June 30, 2017, the employee contribution was 1.12% of salary and the employer contribution was .84% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. 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 THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$56,707 in benefit contributions from the State of Illinois.

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

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

District's proportionate share of the net pension liability	\$ 6,421,201
State's proportionate share of the net pension liability associated with the District	6,992,584
Total	<u>\$ 13,413,785</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of



## NOTES TO FINANCIAL STATEMENTS (Continued)

contributions to THIS for the measurement year ended June 30, 2017, relative to the contributions of all participating THIS employers and the State during that period.

At June 30, 2017, the District's proportion was 0.024745%, which was an increase of 0.000195% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District had benefit expense of \$484,402 and on-behalf revenue/expense of \$56,707 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,637)	\$ (3,637)
Net difference between projected and actual earnings on pension plan investments	-	(71)	(71)
Changes of assumptions	-	(764,529)	(764,529)
Changes in proportion and differences between employee contributions and proportionate share of contributions	46,277	-	46,277
Employer contributions subsequent to the measurement date	43,859	-	43,859
	<u>\$ 90,136</u>	<u>\$ (768,237)</u>	<u>\$ (678,101)</u>

\$43,859 of deferred outflows of resources related to OPEB results from employer contributions subsequent to the measurement date. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be part of the OPEB expense in future years as follows:

Year Ending June 30	
2019	\$ (418,633)
2020	79,779
2021	(73,620)
2022	(241,363)
2023	(24,264)
	<u>\$ (678,101)</u>

### Actuarial Assumptions

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

Inflation	2.75%
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decrease to an ultimate trend of 4.5%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for THIS experience. For disabled annuitants, mortality rates were based on the RP-Disabled Annuitant Table. All tables reflect future improvements using Projection Scale MP-2014.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The actuarial assumptions that were used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2015.

The long-term expected rate of return on OPEB 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 OPEB 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
Illinois Public Treasurers' Investment Pool	100.0%	0.68%
	100.0%	

### Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. 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, THIS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2017, the discount rate used to measure the total OPEB liability was 3.56%.

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

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

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Employer's proportionate share of the net OPEB liability	\$ 16,096,495	\$ 13,413,785	\$ 11,267,227

### Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate

## NOTES TO FINANCIAL STATEMENTS (Continued)

of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

	1% Decrease 2.56% (a)	Healthcare Cost Valuation Rate	1% Increase 4.56% (b)
Employer's proportionate share of the net OPEB liability	\$ 10,826,314	\$ 13,413,785	\$ 17,127,710

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- (b) One percentage point decrease in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

### B. *Retiree Insurance Plan*

#### Plan Overview

In addition to the retirement plan described in Note 12, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

##### Medical Coverage

**Certified Employees:** The District provides the following annual payments for Teachers Retirement Insurance Plan medical coverage.

- At least 15 and less than 25 years of service: \$1,800
- At least 25 and less than 30 years of service: \$2,100
- 30 or more years of service: \$2,500

The District's payments last for the earlier of 5 years, attainment of age 65, or attainment of Medicare eligibility.

**IMRF Employees:** Eligible retirees may continue coverage into retirement on the District's medical plan on a pay-all basis. Coverage is also available for eligible dependents on a pay-all basis. Coverage can continue upon the participant reaching Medicare eligibility. Coverage for dependents can continue upon the death of the retiree given that contributions continue.

**Retirees Receiving Benefits Under Special Circumstances:** The District pays \$5,000 per year for coverage on the PPO HDHP for one retired individual and his spouse. Payments end upon attainment of age 65 by the retiree.

The Plan does not issue a stand-alone financial report.

#### Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

**Certified Employees:** Employees must have 15 or more years of service with the District at retirement. In addition, they must satisfy the requirements for participation in the Teacher's Retirement System ("TRS").

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

**IMRF Employees:** Employees must satisfy the requirements for participation in the Illinois Municipal Retirement Fund ("IMRF")  
Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

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

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

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

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active employees	83
Inactive employees entitled to but not yet receiving benefits	0
Inactive employees currently receiving benefits	4
Total	<u>87</u>

### Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

### Total OPEB Liability

The District's total OPEB liability was measured as of June 29, 2018, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

### Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal (Alternative Measurement Method)
Discount rate	2.98%
Salary Rate Increase	4.00%
Expected long-term investment rate of return	N/A
Health Care Trend	

(1) Known rate

Period	PPO HDHP
FY18-FY19	-2.09% <sup>(1)</sup>
FY19-FY20	5.50%
FY20-FY21	5.38%
FY21-FY22	5.25%
FY22-FY23	5.13%
FY23-FY24	5.00%
FY24-FY25	4.88%
FY25-FY26	4.75%
FY26-FY27	4.63%
FY27-FY28	4.50%
Subsequent	4.50%

Retiree Contribution Trend

Same as Health Care Trend

Mortality

RP-2014 Combined Annuitant Mortality Table for males and females.

The Mortality Table reflects recent rates developed by the Society of Actuaries.

Disability Rates

None

Average Retirement Age

IMRF Tier 1: Age 60

IMRF Tier 2: Age 65

Certified Tier 1: Age 57

Certified Tier 2: Age 60

Termination/Turnover Rates

Table T-5 from the Pension Actuary's Handbook

## NOTES TO FINANCIAL STATEMENTS (Continued)

Starting Per Capita Costs

District Plan		
Retiree	\$	14,608
Spouse		15,151

Retiree Contributions

District Plan		
Retiree	\$	6,934
Spouse		7,191

Election at Retirement

5% of active IMRF employees are assumed to elect pay-all coverage continuation at retirement. 100% of Certified employees are assumed to elect the District subsidy at retirement.

Marital Status

10% of active IMRF employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

Retiree Lapse Rate

0.00%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, **2017** through June 30, 2018.

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

### Discount Rate

The District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 2.98% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2018.

### Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 252,235	\$ -	\$ 252,235
Changes for the year:			
Service Cost	\$ 8,422	\$ -	\$ 8,422
Interest on Total OPEB Liability	7,026	-	7,026
Assumption Changes	1,624	-	1,624
Benefit Payments	(32,902)	-	(32,902)
Other Changes	5,039	-	5,039
Net Changes	\$ (10,791)	\$ -	\$ (10,791)
Balances at June 30, 2018	\$ 241,444	\$ -	\$ 241,444

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Increase 4.36%	Valuation Rate	1% Decrease 4.65%
\$ 230,911	\$ 241,444	\$ 252,666

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Increase 0.93%	Healthcare Cost Valuation Rate	1% Decrease 0.87%
\$ 243,682	\$ 241,444	\$ 239,344

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$16,158. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes of Assumptions	5,953		5,953
Total	\$ 5,953	\$ -	\$ 5,953

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (9.9 years, active and retired) in the postretirement plan.

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

Year ending June 30	Outflows	Inflows
2019	\$ 710	\$ -
2020	710	-
2021	710	-
2022	710	-
2023	710	-
2024	710	-
2025	710	-
2026	710	-
2027	273	-
	\$ 5,953	\$ -

### **NOTE 14 - INTERFUND TRANSFERS**

The following were transfers for the year ended June 30, 2018:

Transfer From	Transfer To	Amount
Capital Projects Fund	Operations and Maintenance Fund	\$ 4,409
Operations and Maintenance Fund	Debt Service Fund	100,000

The transfer to the Operations and Maintenance Fund was to move prior year impact fees. Expenses were paid out of the Operations and Maintenance Fund. The transfer from the Operations and Maintenance Fund to the Debt Service Fund was to pay interest on bonds.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 15 - JOINT VENTURES

#### A. *Special Education District of McHenry County (SEDOM)*

The District and sixteen other districts within McHenry County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of SEDOM at June 30, 2017 (most recent information available) is as follows:

Assets	\$ 10,586,737
Liabilities	\$ 67,339
Fund Equity	10,519,398
	<u>\$ 10,586,737</u>
Revenues Received	\$ 10,650,472
Expenditures Disbursed	10,749,142
Other Financing Sources/(Uses)	84,178
Net Increase/(Decrease) in Fund Balance	<u>\$ (14,492)</u>

Complete financial statements for SEDOM can be obtained from the Administrative Offices at 1200 Claussen Drive, Woodstock, Illinois 60098.

#### B. *McHenry County Cooperative for Employment Education*

The District and eight other districts within McHenry County have entered into a joint agreement to provide vocational education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the Board of Control.

A summary of financial condition (cash basis) of McHenry County Cooperative for Employment Education at June 30, 2017 (most recent information available) is as follows:

Assets	\$ 240,301
Liabilities	\$ -
Fund Equity	240,301
	<u>\$ 240,301</u>
Revenues Received	\$ 572,764
Expenditures Disbursed	555,092
Net Increase/(Decrease) in Fund Balance	<u>\$ 17,672</u>

Complete financial statements for McHenry County Cooperative for Employment Education can be obtained from the Administrative Offices at 2200 North Seminary Ave., Suite 207, Woodstock, Illinois 60098.

### NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended June 30, 2018, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years. The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2018, there were no significant adjustments in premiums based on actual experience.

### NOTE 17 - CONTINGENCIES

The District is not aware of any litigation which might have a material adverse effect on the District's financial position.

### NOTE 18 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2017 EAV	\$	330,708,908
Rate		6.90%
Debt Margin	\$	22,818,915
Current Debt		1,668,335
Remaining Debt Margin	\$	21,150,580

### NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2018, the District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* and GASB Statement No. 85, *Omnibus 2017*. These Statements establish financial reporting standards for postemployment benefits other than pension agreements offered by the District. The Statements also require additional disclosure about the postemployment benefits other than pensions offered by the District (see Note 13)



## SUPPLEMENTAL FINANCIAL INFORMATION

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 123,898	\$ 117,610	\$ 117,126	\$ 126,708
Interest on the Total Pension Liability	352,749	338,312	322,254	276,225
Differences Between Expected and Actual Experience	(10,719)	(16,936)	20,628	235,653
Changes of Assumptions	(148,209)	(16,350)	10,407	201,192
Benefit Payments, Including Refunds of Member Contributions	(255,207)	(247,578)	(240,764)	(190,302)
Net Change in Total Pension Liability	\$ 62,512	\$ 175,058	\$ 229,651	\$ 649,476
Total Pension Liability - Beginning	4,768,979	4,593,921	4,364,270	3,714,794
Total Pension Liability - Ending	\$ 4,831,491	\$ 4,768,979	\$ 4,593,921	\$ 4,364,270
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 127,705	\$ 123,552	\$ 107,483	\$ 107,220
Contributions - Member	50,015	47,766	46,419	45,135
Net Investment Income	731,864	266,667	19,323	224,301
Benefit Payments, Including Refunds of Member Contributions	(255,207)	(247,578)	(240,764)	(190,302)
Other (Net Transfers)	(43,346)	27,893	19,639	25,632
Net Change in Plan Fiduciary Net Position	\$ 611,031	\$ 218,300	\$ (47,900)	\$ 211,986
Plan Net Position - Beginning	4,078,427	3,860,127	3,908,027	3,696,041
Plan Net Position - Ending	\$ 4,689,458	\$ 4,078,427	\$ 3,860,127	\$ 3,908,027
District's Net Pension Liability	\$ 142,033	\$ 690,552	\$ 733,794	\$ 456,243
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.06%	85.52%	84.03%	89.55%
Covered-Valuation Payroll	\$ 1,111,440	\$ 1,061,448	\$ 1,031,503	\$ 1,002,995
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	12.78%	65.06%	71.14%	45.49%

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015*
Actuarially-Determined Contribution	\$ 127,704	\$ 123,553	\$ 107,483	\$ 107,221
Contributions in relation to Actuarially-Determined Contributor	127,705	123,552	107,483	107,220
Contribution deficiency/(excess)	\$ (1)	\$ 1	\$ -	\$ 1
Covered-Valuation Payroll	\$ 1,111,440	\$ 1,061,448	\$ 1,031,503	\$ 1,002,995
Contributions as a percentage of Covered-Valuation Payroll	11.49%	11.64%	10.42%	10.69%

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate \***

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

**Actuarial Cost Method:** Aggregate entry age = normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 26-year closed period

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 3.5%

**Price Inflation:** 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

**Mortality:** RP-2014 Blue Collar Healthy Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments 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.

\*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note two year lag between valuation and rate setting.

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

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0008191%	0.0008547%	0.0009335%	0.0008866%
Employer's proportionate share of the Net Pension Liability	\$ 625,772	\$ 674,677	\$ 611,545	\$ 539,549
State's proportionate share of the Net Pension Liability associated with the employer	36,031,692	38,066,521	30,671,748	28,557,216
Total	<u>\$ 36,657,464</u>	<u>\$ 38,741,198</u>	<u>\$ 31,283,293</u>	<u>\$ 29,096,765</u>
Employer's Covered-Employee Payroll	\$ 4,880,790	\$ 4,810,461	\$ 4,763,260	\$ 4,628,850
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	12.82%	14.03%	12.84%	11.66%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

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

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

**Changes of Assumptions:**

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

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

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

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2018

	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-Required Contribution	\$ 33,746	\$ 33,101	\$ 32,864	\$ 31,633
Contributions in relation to the Statutorily-Required Contribution	<u>33,746</u>	<u>33,101</u>	<u>32,710</u>	<u>31,632</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 1</u>
Employer's Covered-Employee Payroll	\$ 4,880,790	\$ 4,810,461	\$ 4,763,260	\$ 4,628,850
Contributions as a percentage of Covered-Employee Payroll	0.69%	0.69%	0.69%	0.68%

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

\* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
JUNE 30, 2018

Employer's proportion of the Net OPEB Liability	<u>6/30/2018 *</u> 0.0247450%
Employer's proportionate share of the Net OPEB Liability	\$ 6,421,201
State's proportionate share of the Net OPEB Liability associated with the employer	6,992,584
Total	<u>\$ 13,413,785</u>
Employer's Covered Payroll	\$ 4,866,464
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	131.95%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-0.17%

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

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

**Changes of Assumptions:**

For the 2017 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.75%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2018

	<u>6/30/2018 *</u>
Statutorily-Required Contribution	\$ 52,074
Contributions in relation to the Statutorily-Required Contribution	<u>52,071</u>
Contribution deficiency/(excess)	<u>\$ 3</u>
Employer's Covered Payroll	\$ 4,983,948
Contributions as a percentage of Covered Payroll	1.04%

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

\* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
OTHER POST-EMPLOYMENT BENEFIT  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2018

	<u>6/30/2018</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 8,422
Interest	7,026
Benefit Payments	(32,902)
Changes in Assumptions	1,624
Other Changes	5,039
Net Change in Total OPEB Liability	<u>\$ (10,791)</u>
Total OPEB Liability - Beginning	<u>252,235</u>
Total OPEB Liability - Ending	<u>\$ 241,444</u>
OPEB PLAN FIDUCIARY NET POSITION	
Net Change in OPEB Plan Net Position	\$ -
OPEB Plan Net Position - Beginning	<u>-</u>
OPEB Net Position - Ending	<u>\$ -</u>
District's Net OPEB Plan Liability	<u><u>\$ 241,444</u></u>
OPEB Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%
Covered-Employee Payroll	\$ 5,738,490
Employer's Net OPEB Liability as a percentage of Covered- Valuation Payroll	4.21%

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



MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
OTHER POST-EMPLOYMENT BENEFIT  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2018

	<u>6/30/2018</u>
Actuarially-Determined Contribution	N/A
Contributions in relation to Actuarially-Determined Contribution	<u>-</u>
Contribution deficiency/(excess)	<u>N/A</u>
Covered-Employee Payroll	\$ 5,738,490
Contributions as a percentage of Covered-Employee Payroll	0.00%

**Notes to Schedule:**

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

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

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 123,084	\$ 28,952	\$ 26,629	\$ 125,407
Investments	<u>877,841</u>	<u>28,335</u>	<u>24,430</u>	<u>881,746</u>
	<u>\$ 1,000,925</u>	<u>\$ 57,287</u>	<u>\$ 51,059</u>	<u>\$ 1,007,153</u>
<b>LIABILITIES</b>				
Amount Due to Activity				
Marengo Community High School	\$ 161,322	\$ 27,639	\$ 26,629	\$ 162,332
Franks Family Fund	78,803	7,395	617	85,581
S. Ritchie Scholarship	1,275	7	100	1,182
Swanson Fund	172,179	10,579	8,231	174,527
Thurow Memorial	407,400	-	4,064	403,336
Union American Legion Fund	<u>179,946</u>	<u>11,667</u>	<u>11,418</u>	<u>180,195</u>
	<u>\$ 1,000,925</u>	<u>\$ 57,287</u>	<u>\$ 51,059</u>	<u>\$ 1,007,153</u>

See Accompanying Independent Auditor's Report

MARENGO COMMUNITY HIGH SCHOOL DISTRICT NO. 154  
COMPUTATION OF OPERATING EXPENSE PER PUPIL  
AND PER CAPITA TUITION CHARGE  
FOR THE YEAR ENDED JUNE 30, 2018

<b>OPERATING EXPENSE PER PUPIL</b>			
<b>EXPENDITURES:</b>			
ED	Total Expenditures	\$	8,993,053
O&M	Total Expenditures		1,209,297
DS	Total Expenditures		2,545,000
TR	Total Expenditures		549,238
MR/SS	Total Expenditures		294,542
TORT	Total Expenditures		91,913
	<b>Total Expenditures</b>	<b>\$</b>	<b>13,683,043</b>

**LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:**

TR	1412	Regular - Transp Fees from Other Districts (In State)	\$	65,415
ED	1600	Summer School Programs		24,343
ED	1911	Regular K-12 Programs - Private Tuition		1,400
ED	1912	Special Education Programs K-12 - Private Tuition		719,197
ED	4000	Total Payments to Other District & Govt Units		108,808
ED	-	Capital Outlay		107,716
ED	-	Non-Capitalized Equipment		80,664
O&M	-	Capital Outlay		175,987
O&M	-	Non-Capitalized Equipment		6,402
DS	5300	Debt Service - Payments of Principal on Long-Term Debt		606,015
TR	-	Non-Capitalized Equipment		20,398
MR/SS	1600	Summer School Programs		317
		<b>Total Deductions</b>	<b>\$</b>	<b>1,916,662</b>
		<b>Total Operating Expenses (Regular K-12)</b>		<b>11,766,381</b>
		<b>9 Mo ADA (See the General State Aid Claim for 2013-2014 (ISBE 54-33, L12)</b>		<b>604.12</b>
		<b>Estimated OEPP *</b>	<b>\$</b>	<b>19,476.89</b>

PER CAPITA TUITION CHARGE			
LESS OFFSETTING RECEIPTS/REVENUES:			
TR	1413	Regular - Transp Fees from Other Sources (In State)	\$ 10,145
ED	1600	Total Food Service	277,102
ED-O&M	1700	Total District/School Activity Income	155,297
ED	1811	Rentals - Regular Textbooks	60,235
ED-O&M	1910	Rentals	3,016
ED-O&M-TR	1940	Services Provided Other Districts	17,159
ED-O&M-TR	3100	Total Special Education	237,678
ED-O&M-MR/SS	3200	Total Career and Technical Education	43,775
ED	3360	State Free Lunch & Breakfast	1,361
ED-O&M	3370	Driver Education	31,801
ED-O&M-TR-MR/SS	3500	Total Transportation	450,116
ED-O&M-DS-TR-MR/SS-Tort	3999	Other Restricted Revenue from State Sources	60,588
ED-MR/SS	-	Total Food Service	108,172
ED-O&M-TR-MR/SS	-	Total Title I	70,111
ED-O&M-TR-MR/SS	-	Total Title IV	10,000
ED-O&M-TR-MR/SS	4620	Fed - Spec Education - IDEA - Flow Through/Low Incidence	125,738
ED-O&M-TR-MR/SS	4625	Fed - Spec Education - IDEA - Room & Board	120,120
ED-O&M-MR/SS	4700	Total CTE - Perkins	18,477
ED-O&M-TR-MR/SS	4932	Title II - Teacher Quality	19,265
ED-O&M-TR-MR/SS	4991	Medicaid Matching Funds - Administrative Outreach	9,480
ED-O&M-TR-MR/SS	4992	Medicaid Matching Funds - Fee-for-Service Program	17,930
ED-O&M-TR-MR/SS	4998	Other Restricted Revenue from Federal Sources (Describe & Itemize)	34,261
ED - TR-MR/SS		Special Education Contributions from EBF Funds	203,133
ED - MR/SS		English Learning (Bilingual) Contributions from EBF Funds	580
		Total Allowance for PCTC Computation	\$ 2,085,540
		Net Operating Expense for PCTC Computation	9,680,841
		Total Depreciation Allowance (from page 27, Col I)	915,605
		Total Allowance for PCTC Computation	10,596,446
		9 Mo ADA	604.12
		Total Estimated PCTC *	\$ 17,540.30

Unaudited