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**COMMUNITY HIGH SCHOOL
DISTRICT NO. 117
STATE OF ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

eder, casella & co.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117

TABLE OF CONTENTS

JUNE 30, 2019

| | PAGE |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| 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 <i>GOVERNMENT AUDITING STANDARDS</i> | 4 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions – Regulatory Basis – All Funds and Account Groups | 6 |
| Statement of Revenue Received, Expenditures Disbursed, Other Sources (Uses), and Changes in Fund Balances – All Funds Except Agency Funds | 8 |
| Statement of Revenue Received – All Funds Except Agency Fund | 10 |
| Statement of Expenditures Disbursed – Budget to Actual | |
| Educational Fund | 12 |
| Operations and Maintenance Fund | 16 |
| Debt Services Fund | 17 |
| Transportation Fund | 18 |
| Illinois Municipal Retirement/Social Security Fund | 19 |
| Capital Projects Fund | 21 |
| Tort Fund | 22 |
| Notes to Financial Statements | 23 |
| SUPPLEMENTAL FINANCIAL INFORMATION | |
| Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios | 48 |
| Illinois Municipal Retirement Fund – Schedule of Employer Contribution | 49 |
| Teachers' Retirement System of the State of Illinois – Schedule of Employer's Proportionate Share of the Net Pension Liability | 50 |

COMMUNITY HIGH SCHOOL DISTRICT NO. 117

TABLE OF CONTENTS

JUNE 30, 2019

| | PAGE |
|--------------------------------------------------------------------------------------------------------------------------------------------|------|
| SUPPLEMENTAL FINANCIAL INFORMATION (Continued) | |
| Teachers' Retirement System of the State of Illinois – Schedule of Employer Contribution | 51 |
| Teacher Health Insurance Security Fund of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net OPEB Liability | 52 |
| Teacher Health Insurance Security Fund of the State of Illinois – Schedule of Employer Contribution | 53 |
| Other Post-Employment Benefit – Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios | 54 |
| Other Post-Employment Benefit – Schedule of Employer Contribution | 55 |
| Schedule of Changes in Assets and Liabilities – Activity Funds | 56 |
| Computation of Operating Expense Per Pupil and Per Capita Tuition Charge | 57 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Community High School District No. 117
Lake Villa, Illinois

We have audited the accompanying basic financial statements of

Community High School District No. 117

as of and for the year ended June 30, 2019, 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 of 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by Community High School District No. 117 on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Illinois State Board of Education. Also as

described in Note 1, Community High School District No. 117 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 Community High School District No. 117 as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified 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 Community High School District No. 117 as of June 30, 2019, and the revenue it received and expenditures it paid during the year then ended, in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The 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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of Community High School District No. 117’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 Community High School District No. 117’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 District, 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
September 20, 2019

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
Community High School District No. 117
Lake Villa, 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

Community High School District No. 117

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Community High School District No. 117's basic financial statements, and have issued our report thereon dated September 20, 2019. 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 Community High School District No. 117'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 Community High School District No. 117's internal control. Accordingly, we do not express an opinion on the effectiveness of Community High School District No. 117'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 Community High School District No. 117'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
September 20, 2019

BASIC FINANCIAL STATEMENTS

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| <u>ASSETS</u> | <u>EDUCATIONAL</u> | <u>OPERATIONS AND MAINTENANCE</u> | <u>DEBT SERVICES</u> | <u>TRANSPOR- TATION</u> | <u>ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY</u> | <u>CAPITAL PROJECTS</u> | <u>WORKING CASH</u> |
|--------------------------------------------------------|----------------------|-------------------------------------------|--------------------------|-----------------------------|-------------------------------------------------------------------|-----------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 28,783,095 | \$ 4,338,925 | \$ 4,895,121 | \$ 1,778,371 | \$ 423,437 | \$ 4,956,064 | \$ 667,005 |
| Capital Assets | | | | | | | |
| Land | - | - | - | - | - | - | - |
| Building and Building Improvements | - | - | - | - | - | - | - |
| Site Improvements and Infrastructure | - | - | - | - | - | - | - |
| Capitalized Equipment | - | - | - | - | - | - | - |
| Construction in Progress | - | - | - | - | - | - | - |
| Amount Available in Debt Services Fund | - | - | - | - | - | - | - |
| Amount to be Provided for Payment of Long-Term Debt | - | - | - | - | - | - | - |
| Total Assets | \$ 28,783,095 | \$ 4,338,925 | \$ 4,895,121 | \$ 1,778,371 | \$ 423,437 | \$ 4,956,064 | \$ 667,005 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | | |
| LIABILITIES | | | | | | | |
| Current Liabilities | | | | | | | |
| Intergovernmental Accounts Payable | \$ - | \$ - | \$ - | \$ 126 | \$ - | \$ - | \$ - |
| Other Payables | - | 757 | - | - | - | - | - |
| Salaries and Benefits Payable | - | (675) | - | (103) | (251) | - | - |
| Payroll Deductions and Withholdings | 131,391 | - | - | - | - | - | - |
| Due to Activity Fund Organizations | - | - | - | - | - | - | - |
| Total Current Liabilities | \$ 131,391 | \$ 82 | \$ - | \$ 23 | \$ (251) | \$ - | \$ - |
| Long-Term Liabilities | | | | | | | |
| Long-Term Debt Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Long-Term Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | \$ 131,391 | \$ 82 | \$ - | \$ 23 | \$ (251) | \$ - | \$ - |
| FUND BALANCE | | | | | | | |
| Investment in General Fixed Assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund Balance | | | | | | | |
| Reserved | - | - | - | - | 312,918 | - | - |
| Unreserved | | | | | | | |
| Undesignated | 28,651,704 | 4,338,843 | 4,895,121 | 1,778,348 | 110,770 | 4,956,064 | 667,005 |
| Total Fund Balance | \$ 28,651,704 | \$ 4,338,843 | \$ 4,895,121 | \$ 1,778,348 | \$ 423,688 | \$ 4,956,064 | \$ 667,005 |
| Total Liabilities and Fund Balance | \$ 28,783,095 | \$ 4,338,925 | \$ 4,895,121 | \$ 1,778,371 | \$ 423,437 | \$ 4,956,064 | \$ 667,005 |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| <u>ASSETS</u> | TORT | FIRE PREVENTION AND SAFETY | AGENCY | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | TOTAL (MEMORANDUM ONLY) |
|--------------------------------------------------------|-------------------|----------------------------------|-------------------|----------------------------|------------------------------|-------------------------------|
| Cash and Cash Equivalents | \$ 191,488 | \$ - | \$ 541,211 | \$ - | \$ - | \$ 46,574,717 |
| Capital Assets | | | | | | |
| Land | - | - | - | 7,280,608 | - | 7,280,608 |
| Building and Building Improvements | - | - | - | 76,114,892 | - | 76,114,892 |
| Site Improvements and Infrastructure | - | - | - | 18,407,301 | - | 18,407,301 |
| Capitalized Equipment | - | - | - | 22,724,444 | - | 22,724,444 |
| Construction in Progress | - | - | - | 56,330 | - | 56,330 |
| Amount Available in Debt Services Fund | - | - | - | - | 4,895,121 | 4,895,121 |
| Amount to be Provided for Payment of Long-Term Debt | - | - | - | - | (1,430,643) | (1,430,643) |
| Total Assets | \$ 191,488 | \$ - | \$ 541,211 | \$ 124,583,575 | \$ 3,464,478 | \$ 174,622,770 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Intergovernmental Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 126 |
| Other Payables | - | - | - | - | - | 757 |
| Salaries and Benefits Payable | - | - | - | - | - | (1,029) |
| Payroll Deductions and Withholdings | - | - | - | - | - | 131,391 |
| Due to Activity Fund Organizations | - | - | 541,211 | - | - | 541,211 |
| Total Current Liabilities | \$ - | \$ - | \$ 541,211 | \$ - | \$ - | \$ 672,456 |
| Long-Term Liabilities | | | | | | |
| Long-Term Debt Payable | \$ - | \$ - | \$ - | \$ - | \$ 3,464,478 | \$ 3,464,478 |
| Total Long-Term Liabilities | \$ - | \$ - | \$ - | \$ - | \$ 3,464,478 | \$ 3,464,478 |
| Total Liabilities | \$ - | \$ - | \$ 541,211 | \$ - | \$ 3,464,478 | \$ 4,136,934 |
| FUND BALANCE | | | | | | |
| Investment in General Fixed Assets | \$ - | \$ - | \$ - | \$ 124,583,575 | \$ - | \$ 124,583,575 |
| Fund Balance | | | | | | |
| Reserved | - | - | - | - | - | 312,918 |
| Unreserved | | | | | | |
| Undesignated | 191,488 | - | - | - | - | 45,589,343 |
| Total Fund Balance | \$ 191,488 | \$ - | \$ - | \$ 124,583,575 | \$ - | \$ 170,485,836 |
| Total Liabilities and Fund Balance | \$ 191,488 | \$ - | \$ 541,211 | \$ 124,583,575 | \$ 3,464,478 | \$ 174,622,770 |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| | EDUCATIONAL | OPERATIONS AND MAINTENANCE | DEBT SERVICES | TRANSPOR- TATION | ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------|---------------------|---------------------|---------------------------------------------------------|
| REVENUE RECEIVED | | | | | |
| Local Sources | \$ 30,586,602 | \$ 6,956,894 | \$ 5,546,435 | \$ 1,609,924 | \$ 697,439 |
| State Sources | 2,408,678 | 4,703,490 | 2,890,111 | 1,216,169 | 175,000 |
| Federal Sources | 770,961 | - | - | - | - |
| On-Behalf Payments | 12,784,198 | - | - | - | - |
| | <u>\$ 46,550,439</u> | <u>\$ 11,660,384</u> | <u>\$ 8,436,546</u> | <u>\$ 2,826,093</u> | <u>\$ 872,439</u> |
| EXPENDITURES DISBURSED | | | | | |
| Instruction | \$ 26,548,340 | \$ - | \$ - | \$ - | \$ 477,757 |
| Support Services | 9,306,359 | 7,642,086 | - | 2,967,234 | 316,690 |
| Payments to Other Districts and Governmental Units | 904,614 | 142,068 | - | - | - |
| Debt Services | - | - | 8,086,801 | - | - |
| On-Behalf Payments | 12,784,198 | - | - | - | - |
| | <u>\$ 49,543,511</u> | <u>\$ 7,784,154</u> | <u>\$ 8,086,801</u> | <u>\$ 2,967,234</u> | <u>\$ 794,447</u> |
| EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED | <u>\$ (2,993,072)</u> | <u>\$ 3,876,230</u> | <u>\$ 349,745</u> | <u>\$ (141,141)</u> | <u>\$ 77,992</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from Debt | \$ 602,974 | \$ - | \$ - | \$ - | \$ - |
| Interfund Transfers | (235,527) | (5,140,174) | 454,549 | - | - |
| | <u>\$ 367,447</u> | <u>\$ (5,140,174)</u> | <u>\$ 454,549</u> | <u>\$ -</u> | <u>\$ -</u> |
| EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES | \$ (2,625,625) | \$ (1,263,944) | \$ 804,294 | \$ (141,141) | \$ 77,992 |
| FUND BALANCE - JULY 1, 2018 | <u>31,277,329</u> | <u>5,602,787</u> | <u>4,090,827</u> | <u>1,919,489</u> | <u>345,696</u> |
| FUND BALANCE - JUNE 30, 2019 | <u>\$ 28,651,704</u> | <u>\$ 4,338,843</u> | <u>\$ 4,895,121</u> | <u>\$ 1,778,348</u> | <u>\$ 423,688</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| | CAPITAL PROJECTS | WORKING CASH | TORT | FIRE PREVENTION AND SAFETY | TOTAL (MEMORANDUM ONLY) |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|-------------------|----------------------------------|-------------------------------|
| REVENUE RECEIVED | | | | | |
| Local Sources | \$ 12,394 | \$ 75,975 | \$ 242,209 | \$ 26,007 | \$ 45,753,879 |
| State Sources | - | - | - | 1,243 | 11,394,691 |
| Federal Sources | - | - | - | - | 770,961 |
| On-Behalf Payments | - | - | - | - | 12,784,198 |
| | <u>\$ 12,394</u> | <u>\$ 75,975</u> | <u>\$ 242,209</u> | <u>\$ 27,250</u> | <u>\$ 70,703,729</u> |
| EXPENDITURES DISBURSED | | | | | |
| Instruction | \$ - | \$ - | \$ - | \$ - | \$ 27,026,097 |
| Support Services | 56,330 | - | 248,955 | - | 20,537,654 |
| Payments to Other Districts and Governmental Units | - | - | - | - | 1,046,682 |
| Debt Services | - | - | - | - | 8,086,801 |
| On-Behalf Payments | - | - | - | - | 12,784,198 |
| | <u>\$ 56,330</u> | <u>\$ -</u> | <u>\$ 248,955</u> | <u>\$ -</u> | <u>\$ 69,481,432</u> |
| EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED | <u>\$ (43,936)</u> | <u>\$ 75,975</u> | <u>\$ (6,746)</u> | <u>\$ 27,250</u> | <u>\$ 1,222,297</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from Debt | \$ - | \$ - | \$ - | \$ - | \$ 602,974 |
| Interfund Transfers | 5,000,000 | - | - | (78,848) | - |
| | <u>\$ 5,000,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (78,848)</u> | <u>\$ 602,974</u> |
| EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES | \$ 4,956,064 | \$ 75,975 | \$ (6,746) | \$ (51,598) | \$ 1,825,271 |
| FUND BALANCE - JULY 1, 2018 | <u>-</u> | <u>591,030</u> | <u>198,234</u> | <u>51,598</u> | <u>44,076,990</u> |
| FUND BALANCE - JUNE 30, 2019 | <u>\$ 4,956,064</u> | <u>\$ 667,005</u> | <u>\$ 191,488</u> | <u>\$ -</u> | <u>\$ 45,902,261</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| | EDUCATIONAL | OPERATIONS AND MAINTENANCE | DEBT SERVICES | TRANSPOR- TATION | ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY |
|---------------------------------------------------------------------------------------------|----------------------|----------------------------------|---------------------|---------------------|---------------------------------------------------------|
| REVENUE RECEIVED | | | | | |
| Local Sources | | | | | |
| Ad Valorem Taxes Levied | | | | | |
| Designated Purpose Levies | \$ 25,980,082 | \$ 5,920,263 | \$ 5,494,183 | \$ 1,575,445 | \$ 168,149 |
| Leasing Purposes Levy | 99,148 | - | - | - | - |
| Special Education Purpose Levy | 404,767 | - | - | - | 56,461 |
| FICA/Medicare Only Purposes Levy | - | - | - | - | 423,119 |
| Payments in Lieu of Taxes | | | | | |
| Corporate Personal Property Replacement Taxes | 193,707 | - | - | - | 45,000 |
| Tuition | | | | | |
| Summer School Tuition from Pupils or Parents (In State) | 28,565 | - | - | - | - |
| Special Education Tuition from Other Districts (In State) | 843,754 | - | - | - | - |
| Interest on Investments | 656,355 | 87,795 | 52,252 | 34,479 | 4,710 |
| Food Service | | | | | |
| Sales to Pupils - Lunch | 866,829 | - | - | - | - |
| District/School Activity Income | | | | | |
| Admissions - Athletic | 147,674 | - | - | - | - |
| Admissions - Other | 29,357 | - | - | - | - |
| Fees | 498,212 | 60,942 | - | - | - |
| Other District/School Activity Revenue | 32,033 | - | - | - | - |
| Textbooks | | | | | |
| Rentals - Regular Textbook | 342,910 | - | - | - | - |
| Sales - Regular Textbook | 31,188 | - | - | - | - |
| Rentals | - | 44,985 | - | - | - |
| Contributions and Donations from Private Sources | 102,810 | 142,712 | - | - | - |
| Services Provided Other Districts | 215,726 | - | - | - | - |
| Refund of Prior Years' Expenditures | 15,322 | 969 | - | - | - |
| Drivers' Education Fees | 69,417 | - | - | - | - |
| Proceeds from Vendors' Contracts | 1,432 | - | - | - | - |
| Other Local Revenues | 27,314 | 699,228 | - | - | - |
| Total Local Sources | \$ 30,586,602 | \$ 6,956,894 | \$ 5,546,435 | \$ 1,609,924 | \$ 697,439 |
| State Sources | | | | | |
| Unrestricted Grants-In-Aid | | | | | |
| Evidence Based Funding | \$ 1,039,674 | \$ 4,703,490 | \$ 2,890,111 | \$ - | \$ 175,000 |
| Restricted Grants-In-Aid | | | | | |
| Special Education | | | | | |
| Private Facility Tuition | 159,775 | - | - | - | - |
| Orphanage - Individual | 889,053 | - | - | - | - |
| Orphanage - Summer | 170,558 | - | - | - | - |
| Career & Technical Education (CTE) | | | | | |
| Secondary Program Improvement | 27,525 | - | - | - | - |
| Driver Education | 74,320 | - | - | - | - |
| Transportation | | | | | |
| Regular/Vocational | - | - | - | 163,954 | - |
| Special Education | - | - | - | 1,052,215 | - |
| Other Restricted Revenue from State Sources | 47,773 | - | - | - | - |
| Total State Sources | \$ 2,408,678 | \$ 4,703,490 | \$ 2,890,111 | \$ 1,216,169 | \$ 175,000 |
| Federal Sources | | | | | |
| Restricted Grants-In-Aid Received Directly from the Federal Government through the State | | | | | |
| Title I | | | | | |
| Low Income | \$ 114,828 | \$ - | \$ - | \$ - | \$ - |
| Low Income - Neglected, Private | 102,148 | - | - | - | - |
| Federal - Special Education | | | | | |
| IDEA - Flow Through/Low Incidence | 281,893 | - | - | - | - |
| IDEA - Room and Board | 102,070 | - | - | - | - |
| CTE | | | | | |
| Perkins - Title III E Tech Prep | 23,773 | - | - | - | - |
| Title II - Teacher Quality | 57,112 | - | - | - | - |
| Medicaid Matching Funds - Administrative Outreach | 25,713 | - | - | - | - |
| Medicaid Matching Funds - Fee-For-Service Program | 63,424 | - | - | - | - |
| Total Federal Sources | \$ 770,961 | \$ - | \$ - | \$ - | \$ - |
| Total Direct Revenue | \$ 33,766,241 | \$ 11,660,384 | \$ 8,436,546 | \$ 2,826,093 | \$ 872,439 |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

| | CAPITAL PROJECTS | WORKING CASH | TORT | FIRE PREVENTION AND SAFETY | TOTAL (MEMORANDUM ONLY) |
|---------------------------------------------------------------------------------------------|---------------------|------------------|-------------------|----------------------------------|-------------------------------|
| REVENUE RECEIVED | | | | | |
| Local Sources | | | | | |
| Ad Valorem Taxes Levied | | | | | |
| Designated Purpose Levies | \$ - | \$ 62,827 | \$ 240,983 | \$ 25,740 | \$ 39,467,672 |
| Leasing Purposes Levy | - | - | - | - | 99,148 |
| Special Education Purpose Levy | - | - | - | - | 461,228 |
| FICA/Medicare Only Purposes Levy | - | - | - | - | 423,119 |
| Payments in Lieu of Taxes | | | | | |
| Corporate Personal Property Replacement Taxes | - | - | - | - | 238,707 |
| Tuition | | | | | |
| Summer School Tuition from Pupils or Parents (In State) | - | - | - | - | 28,565 |
| Special Education Tuition from Other Districts (In State) | - | - | - | - | 843,754 |
| Interest on Investments | 12,394 | 13,148 | 1,226 | 267 | 862,626 |
| Food Service | | | | | |
| Sales to Pupils - Lunch | - | - | - | - | 866,829 |
| District/School Activity Income | | | | | |
| Admissions - Athletic | - | - | - | - | 147,674 |
| Admissions - Other | - | - | - | - | 29,357 |
| Fees | - | - | - | - | 559,154 |
| Other District/School Activity Revenue | - | - | - | - | 32,033 |
| Textbooks | | | | | |
| Rentals - Regular Textbook | - | - | - | - | 342,910 |
| Sales - Regular Textbook | - | - | - | - | 31,188 |
| Rentals | - | - | - | - | 44,985 |
| Contributions and Donations from Private Sources | - | - | - | - | 245,522 |
| Services Provided Other Districts | - | - | - | - | 215,726 |
| Refund of Prior Years' Expenditures | - | - | - | - | 16,291 |
| Drivers' Education Fees | - | - | - | - | 69,417 |
| Proceeds from Vendors' Contracts | - | - | - | - | 1,432 |
| Other Local Revenues | - | - | - | - | 726,542 |
| Total Local Sources | \$ 12,394 | \$ 75,975 | \$ 242,209 | \$ 26,007 | \$ 45,753,879 |
| State Sources | | | | | |
| Unrestricted Grants-In-Aid | | | | | |
| Evidence Based Funding | \$ - | \$ - | \$ - | \$ 1,243 | \$ 8,809,518 |
| Restricted Grants-In-Aid | | | | | |
| Special Education | | | | | |
| Private Facility Tuition | - | - | - | - | 159,775 |
| Orphanage - Individual | - | - | - | - | 889,053 |
| Orphanage - Summer | - | - | - | - | 170,558 |
| Career & Technical Education (CTE) | | | | | |
| Secondary Program Improvement | - | - | - | - | 27,525 |
| Driver Education | - | - | - | - | 74,320 |
| Transportation | | | | | |
| Regular/Vocational | - | - | - | - | 163,954 |
| Special Education | - | - | - | - | 1,052,215 |
| Other Restricted Revenue from State Sources | - | - | - | - | 47,773 |
| Total State Sources | \$ - | \$ - | \$ - | \$ 1,243 | \$ 11,394,691 |
| Federal Sources | | | | | |
| Restricted Grants-In-Aid Received Directly from the Federal Government through the State | | | | | |
| Title I | | | | | |
| Low Income | \$ - | \$ - | \$ - | \$ - | \$ 114,828 |
| Low Income - Neglected, Private | - | - | - | - | 102,148 |
| Federal - Special Education | | | | | |
| IDEA - Flow Through/Low Incidence | - | - | - | - | 281,893 |
| IDEA - Room and Board | - | - | - | - | 102,070 |
| CTE | | | | | |
| Perkins - Title III E Tech Prep | - | - | - | - | 23,773 |
| Title II - Teacher Quality | - | - | - | - | 57,112 |
| Medicaid Matching Funds - Administrative Outreach | - | - | - | - | 25,713 |
| Medicaid Matching Funds - Fee-For-Service Program | - | - | - | - | 63,424 |
| Total Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ 770,961 |
| Total Direct Revenue | \$ 12,394 | \$ 75,975 | \$ 242,209 | \$ 27,250 | \$ 57,919,531 |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|------------------------------------------|--------------------------|--------------------------|
| EXPENDITURES DISBURSED | | |
| Instruction | | |
| Regular Programs | | |
| Salaries | \$ 10,746,000 | \$ 10,561,628 |
| Employee Benefits | 2,121,000 | 1,929,335 |
| Purchased Services | 550,000 | 490,938 |
| Supplies and Materials | 424,200 | 352,257 |
| Capital Outlay | 533,000 | 526,064 |
| Other Objects | 34,000 | 32,200 |
| Non-Capitalized Equipment | 1,230,700 | 1,202,156 |
| | <u>\$ 15,638,900</u> | <u>\$ 15,094,578</u> |
| Special Education Programs | | |
| Salaries | \$ 3,670,000 | \$ 3,508,319 |
| Employee Benefits | 707,500 | 623,294 |
| Purchased Services | 1,799,700 | 1,528,434 |
| Supplies and Materials | 96,926 | 82,183 |
| Capital Outlay | 69,700 | 68,325 |
| Other Objects | 1,306,000 | 1,274,794 |
| Non-Capitalized Equipment | 17,000 | 16,004 |
| | <u>\$ 7,666,826</u> | <u>\$ 7,101,353</u> |
| CTE Programs | | |
| Purchased Services | \$ 3,050 | \$ 3,044 |
| Supplies and Materials | 22,475 | 22,096 |
| Capital Outlay | 23,750 | 22,790 |
| | <u>\$ 49,275</u> | <u>\$ 47,930</u> |
| Interscholastic Programs | | |
| Salaries | \$ 2,700,000 | \$ 2,560,201 |
| Employee Benefits | 145,000 | 110,539 |
| Purchased Services | 510,000 | 489,362 |
| Supplies and Materials | 260,000 | 231,420 |
| Capital Outlay | 120,000 | 108,736 |
| Non-Capitalized Equipment | 120,000 | 110,345 |
| | <u>\$ 3,855,000</u> | <u>\$ 3,610,603</u> |
| Summer School Programs | | |
| Salaries | \$ 125,000 | \$ 143,979 |
| Employee Benefits | 10,000 | 2,083 |
| Supplies and Materials | 2,000 | 1,059 |
| | <u>\$ 137,000</u> | <u>\$ 147,121</u> |
| Driver's Education Programs | | |
| Salaries | \$ 240,000 | \$ 243,460 |
| Employee Benefits | 50,000 | 43,943 |
| Purchased Services | 23,000 | 22,525 |
| Supplies and Materials | 5,000 | 3,177 |
| | <u>\$ 318,000</u> | <u>\$ 313,105</u> |
| Truant Alternative and Optional Programs | | |
| Salaries | \$ 47,000 | \$ 44,468 |
| Purchased Services | 190,000 | 187,583 |
| Other Objects | 2,000 | 1,599 |
| | <u>\$ 239,000</u> | <u>\$ 233,650</u> |
| Total Instruction | <u>\$ 27,904,001</u> | <u>\$ 26,548,340</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|-----------------------------------------|---------------------|---------------------|
| EXPENDITURES DISBURSED (Continued) | | |
| Support Services | | |
| Pupils | | |
| Attendance and Social Work Services | | |
| Salaries | \$ 605,000 | \$ 607,094 |
| Employee Benefits | 140,000 | 137,888 |
| Supplies and Materials | 7,000 | 6,481 |
| Non-Capitalized Equipment | 500 | 111 |
| | <u>\$ 752,500</u> | <u>\$ 751,574</u> |
| Guidance Services | | |
| Salaries | \$ 942,000 | \$ 929,497 |
| Employee Benefits | 140,000 | 123,573 |
| Purchased Services | 206,000 | 198,232 |
| Supplies and Materials | 10,400 | 6,592 |
| Non-Capitalized Equipment | - | 2,212 |
| | <u>\$ 1,298,400</u> | <u>\$ 1,260,106</u> |
| Health Services | | |
| Salaries | \$ 117,000 | \$ 122,673 |
| Employee Benefits | 30,000 | 26,548 |
| Purchased Services | 111,000 | 100,356 |
| Supplies and Materials | 10,000 | 4,849 |
| Non-Capitalized Equipment | 8,000 | 8,000 |
| | <u>\$ 276,000</u> | <u>\$ 262,426</u> |
| Psychological Services | | |
| Supplies and Materials | \$ 2,000 | \$ 2,193 |
| | <u>\$ 2,000</u> | <u>\$ 2,193</u> |
| Speech Pathology and Audiology Services | | |
| Salaries | \$ 61,000 | \$ 45,201 |
| Purchased Services | 100,000 | 88,403 |
| Supplies and Materials | 1,000 | 382 |
| | <u>\$ 162,000</u> | <u>\$ 133,986</u> |
| Other Support Services - Pupils | | |
| Supplies and Materials | \$ 74,000 | \$ 62,872 |
| | <u>\$ 74,000</u> | <u>\$ 62,872</u> |
| Total Support Services - Pupils | <u>\$ 2,564,900</u> | <u>\$ 2,473,157</u> |
| Instructional Staff | | |
| Improvement of Instruction Services | | |
| Salaries | \$ 275,000 | \$ 222,797 |
| Employee Benefits | 90,000 | 67,461 |
| Purchased Services | 315,000 | 297,280 |
| Supplies and Materials | 10,000 | 2,999 |
| Other Objects | 21,000 | 16,708 |
| | <u>\$ 711,000</u> | <u>\$ 607,245</u> |
| Educational Media Services | | |
| Salaries | \$ 285,000 | \$ 288,929 |
| Employee Benefits | 64,000 | 59,885 |
| Purchased Services | 37,000 | 34,027 |
| Supplies and Materials | 23,000 | 20,840 |
| Non-Capitalized Equipment | 6,900 | 6,111 |
| | <u>\$ 415,900</u> | <u>\$ 409,792</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|-------------------------------------------------|---------------------|---------------------|
| EXPENDITURES DISBURSED (Continued) | | |
| Support Services (Continued) | | |
| Instructional Staff (Continued) | | |
| Assessment and Testing | | |
| Salaries | \$ 60,000 | \$ 56,482 |
| Employee Benefits | 1,000 | 367 |
| Purchased Services | 210,000 | 189,460 |
| Supplies and Materials | 15,000 | 12,788 |
| | <u>\$ 286,000</u> | <u>\$ 259,097</u> |
| Total Support Services - Instructional Staff | <u>\$ 1,412,900</u> | <u>\$ 1,276,134</u> |
| General Administration | | |
| Board of Education Services | | |
| Purchased Services | \$ 50,000 | \$ 46,788 |
| Supplies and Materials | 5,000 | 4,789 |
| | <u>\$ 55,000</u> | <u>\$ 51,577</u> |
| Executive Administration Services | | |
| Salaries | \$ 329,600 | \$ 328,408 |
| Employee Benefits | 55,000 | 45,646 |
| Purchased Services | 10,000 | 3,943 |
| | <u>\$ 394,600</u> | <u>\$ 377,997</u> |
| Tort Immunity Services | | |
| Purchased Services | \$ 6,000 | \$ - |
| | <u>\$ 6,000</u> | <u>\$ -</u> |
| Total Support Services - General Administration | <u>\$ 455,600</u> | <u>\$ 429,574</u> |
| School Administration | | |
| Office of the Principal Services | | |
| Salaries | \$ 1,050,000 | \$ 1,053,807 |
| Employee Benefits | 250,000 | 215,160 |
| Purchased Services | 402,000 | 389,709 |
| Supplies and Materials | 100,000 | 84,558 |
| Capital Outlay | 72,000 | 71,710 |
| Non-Capitalized Equipment | 9,000 | 1,874 |
| | <u>\$ 1,883,000</u> | <u>\$ 1,816,818</u> |
| Total Support Services - School Administration | <u>\$ 1,883,000</u> | <u>\$ 1,816,818</u> |
| Business | | |
| Direction of Business Support Services | | |
| Salaries | \$ 209,300 | \$ 213,158 |
| Employee Benefits | 23,800 | 15,887 |
| | <u>\$ 233,100</u> | <u>\$ 229,045</u> |
| Fiscal Services | | |
| Salaries | \$ 190,000 | \$ 188,254 |
| Employee Benefits | 53,000 | 47,274 |
| Purchased Services | 235,000 | 180,524 |
| Supplies and Materials | 15,500 | 7,822 |
| Capital Outlay | 24,000 | 20,534 |
| Non-Capitalized Equipment | 5,000 | - |
| | <u>\$ 522,500</u> | <u>\$ 444,408</u> |
| Operation and Maintenance of Plant Services | | |
| Purchased Services | \$ 485,000 | \$ 478,995 |
| | <u>\$ 485,000</u> | <u>\$ 478,995</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|---------------------------------------------------------------------------|--------------------------|--------------------------|
| EXPENDITURES DISBURSED (Continued) | | |
| Support Services (Continued) | | |
| Business (Continued) | | |
| Food Services | | |
| Purchased Services | \$ 816,000 | \$ 715,377 |
| Supplies and Materials | 5,000 | 4,775 |
| Capital Outlay | 9,000 | 8,947 |
| | <u>\$ 830,000</u> | <u>\$ 729,099</u> |
| Internal Services | | |
| Supplies and Materials | \$ - | \$ 16,003 |
| | <u>\$ -</u> | <u>\$ 16,003</u> |
| Total Support Services - Business | <u>\$ 2,070,600</u> | <u>\$ 1,897,550</u> |
| Central | | |
| Information Services | | |
| Purchased Services | \$ 17,000 | \$ - |
| | <u>\$ 17,000</u> | <u>\$ -</u> |
| Staff Services | | |
| Employee Benefits | \$ 1,000 | \$ - |
| Purchased Services | 11,000 | 10,814 |
| | <u>\$ 12,000</u> | <u>\$ 10,814</u> |
| Data Processing Services | | |
| Salaries | \$ 600,000 | \$ 581,808 |
| Employee Benefits | 95,000 | 86,458 |
| Purchased Services | 390,000 | 377,730 |
| Supplies and Materials | 110,000 | 104,114 |
| Capital Outlay | 100,000 | 74,690 |
| Non-Capitalized Equipment | 200,000 | 177,512 |
| | <u>\$ 1,495,000</u> | <u>\$ 1,402,312</u> |
| Total Support Services - Central | <u>\$ 1,524,000</u> | <u>\$ 1,413,126</u> |
| Total Support Services | <u>\$ 9,911,000</u> | <u>\$ 9,306,359</u> |
| Payments to Other Districts and Governmental Units | | |
| Payments to Other Districts and Governmental Units (In-State) | | |
| Other Payments to In-State Governmental Units | | |
| Other Objects | \$ - | \$ 826 |
| | <u>\$ -</u> | <u>\$ 826</u> |
| Total Payments to Other Districts and Governmental Units (In-State) | <u>\$ -</u> | <u>\$ 826</u> |
| Payments to Other Districts and Governmental Units-Tuition (In-State) | | |
| Payments for Special Education Programs | | |
| Other Objects | \$ 620,000 | \$ 597,428 |
| Other Objects | 315,000 | 306,360 |
| | <u>\$ 935,000</u> | <u>\$ 903,788</u> |
| Total Payments to Other Districts and Governmental Units | <u>\$ 935,000</u> | <u>\$ 904,614</u> |
| Total Direct Expenditures | <u>\$ 38,750,001</u> | <u>\$ 36,759,313</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|---------------------------------------------------------------------|----------------------------|----------------------------|
| EXPENDITURES DISBURSED | | |
| Support Services | | |
| Business | | |
| Operation and Maintenance of Plant Services | | |
| Salaries | \$ 159,000 | \$ 133,821 |
| Employee Benefits | 9,400 | 9,083 |
| Purchased Services | 3,350,000 | 3,260,277 |
| Supplies and Materials | 1,160,000 | 1,071,578 |
| Capital Outlay | 3,160,000 | 3,143,492 |
| Other Objects | - | 647 |
| Non-Capitalized Equipment | 50,000 | 23,188 |
| | <u>\$ 7,888,400</u> | <u>\$ 7,642,086</u> |
| Total Support Services - Business | <u>\$ 7,888,400</u> | <u>\$ 7,642,086</u> |
| Total Support Services | <u>\$ 7,888,400</u> | <u>\$ 7,642,086</u> |
| Payments to Other Districts and Governmental Units | | |
| Payments to Other Districts and Governmental Units (In-State) | | |
| Payments for Special Education Programs | | |
| Other Objects | \$ 124,000 | \$ 123,266 |
| | <u>\$ 124,000</u> | <u>\$ 123,266</u> |
| Payments for CTE Programs | | |
| Other Objects | \$ 20,000 | \$ 18,802 |
| | <u>\$ 20,000</u> | <u>\$ 18,802</u> |
| Total Payments to Other Districts and Governmental Units (In-State) | <u>\$ 144,000</u> | <u>\$ 142,068</u> |
| Total Payments to Other Districts and Governmental Units | <u>\$ 144,000</u> | <u>\$ 142,068</u> |
| Total Direct Expenditures | <u><u>\$ 8,032,400</u></u> | <u><u>\$ 7,784,154</u></u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
DEBT SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|--------------------------------------------------------------|----------------------------|----------------------------|
| EXPENDITURES DISBURSED | | |
| Debt Services | | |
| Interest | | |
| Other Interest on Long-Term Debt | | |
| Other Objects | \$ 6,068,930 | \$ 6,053,787 |
| Total Debt Services - Interest | <u>\$ 6,068,930</u> | <u>\$ 6,053,787</u> |
| Debt Services - Payment of Principal on Long-Term Debt | | |
| Other Objects | \$ 2,033,017 | \$ 2,032,591 |
| Total Debt Services - Payment of Principal on Long-Term Debt | <u>\$ 2,033,017</u> | <u>\$ 2,032,591</u> |
| Total Debt Services | <u>\$ 8,101,947</u> | <u>\$ 8,086,801</u> |
| Total Direct Expenditures | <u><u>\$ 8,101,947</u></u> | <u><u>\$ 8,086,801</u></u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|-----------------------------------|----------------------------|----------------------------|
| EXPENDITURES DISBURSED | | |
| Support Services | | |
| Business | | |
| Pupil Transportation Services | | |
| Salaries | \$ 15,100 | \$ 14,985 |
| Employee Benefits | 2,300 | 2,238 |
| Purchased Services | 2,850,000 | 2,783,335 |
| Supplies and Materials | 180,000 | 166,676 |
| | <u>\$ 3,047,400</u> | <u>\$ 2,967,234</u> |
| Total Support Services - Business | <u>\$ 3,047,400</u> | <u>\$ 2,967,234</u> |
| Total Support Services | <u>\$ 3,047,400</u> | <u>\$ 2,967,234</u> |
| Total Direct Expenditures | <u><u>\$ 3,047,400</u></u> | <u><u>\$ 2,967,234</u></u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|-------------------------------------------------|-------------------|-------------------|
| EXPENDITURES DISBURSED | | |
| Instruction | | |
| Regular Programs | | |
| Employee Benefits | \$ 170,700 | \$ 166,157 |
| Special Education Programs | | |
| Employee Benefits | 220,900 | 219,896 |
| Interscholastic Programs | | |
| Employee Benefits | 98,000 | 86,915 |
| Driver's Education Programs | | |
| Employee Benefits | 6,200 | 3,880 |
| Truant Alternative and Optional Programs | | |
| Employee Benefits | 1,200 | 909 |
| Total Instruction | <u>\$ 497,000</u> | <u>\$ 477,757</u> |
| Support Services | | |
| Pupils | | |
| Attendance and Social Work Services | | |
| Employee Benefits | \$ 44,800 | \$ 37,463 |
| Guidance Services | | |
| Employee Benefits | 48,300 | 39,509 |
| Health Services | | |
| Employee Benefits | 20,600 | 16,722 |
| Speech Pathology and Audiology Services | | |
| Employee Benefits | 5,700 | 3,441 |
| Total Supports Services - Pupils | <u>\$ 119,400</u> | <u>\$ 97,135</u> |
| Instructional Staff | | |
| Improvement of Instruction Services | | |
| Employee Benefits | \$ 5,300 | \$ 3,088 |
| Educational Media Services | | |
| Employee Benefits | 24,000 | 19,634 |
| Assessment and Testing | | |
| Employee Benefits | 800 | 1,543 |
| Total Support Services - Instructional Staff | <u>\$ 30,100</u> | <u>\$ 24,265</u> |
| General Administration | | |
| Executive Administration Services | | |
| Employee Benefits | \$ 19,600 | \$ 17,080 |
| Total Support Services - General Administration | <u>\$ 19,600</u> | <u>\$ 17,080</u> |
| School Administration | | |
| Office of the Principal Services | | |
| Employee Benefits | \$ 61,500 | \$ 51,584 |
| Total Support Services - School Administration | <u>\$ 61,500</u> | <u>\$ 51,584</u> |
| Business | | |
| Direction of Business Support Services | | |
| Employee Benefits | \$ 3,500 | \$ 3,091 |
| Fiscal Services | | |
| Employee Benefits | 31,600 | 26,651 |
| Operation and Maintenance of Plant Services | | |
| Employee Benefits | 20,300 | 17,282 |
| Pupil Transportation Services | | |
| Employee Benefits | 900 | 547 |
| Total Support Services - Business | <u>\$ 56,300</u> | <u>\$ 47,571</u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|------------------------------------|--------------------------|--------------------------|
| EXPENDITURES DISBURSED (Continued) | | |
| Support Services (Continued) | | |
| Central | | |
| Staff Services | | |
| Employee Benefits | \$ - | \$ 1 |
| Data Processing Services | | |
| Employee Benefits | 101,100 | 79,054 |
| Total Support Services - Central | <u>\$ 101,100</u> | <u>\$ 79,055</u> |
| Total Support Services | <u>\$ 388,000</u> | <u>\$ 316,690</u> |
| Total Direct Expenditures | <u><u>\$ 885,000</u></u> | <u><u>\$ 794,447</u></u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|--------------------------------------------------|------------|-----------|
| EXPENDITURES DISBURSED | | |
| Support Services | | |
| Business | | |
| Facilities Acquisition and Construction Services | | |
| Purchased Services | \$ 100,000 | \$ - |
| Capital Outlay | - | 56,330 |
| Total Support Services - Business | \$ 100,000 | \$ 56,330 |
| Total Direct Expenditures | \$ 100,000 | \$ 56,330 |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
 TORT FUND
 FOR THE YEAR ENDED JUNE 30, 2019

| | BUDGET | ACTUAL |
|------------------------------------------------------------|--------------------------|--------------------------|
| EXPENDITURES DISBURSED | | |
| Support Services | | |
| General Administration | | |
| Workers' Compensation or Worker's Occupational Disease Act | | |
| Purchased Services | \$ 68,000 | \$ 67,404 |
| | <u>\$ 68,000</u> | <u>\$ 67,404</u> |
| Property Insurance | | |
| Purchased Services | \$ 192,000 | \$ 181,551 |
| | <u>\$ 192,000</u> | <u>\$ 181,551</u> |
| Total General Administration | <u>\$ 260,000</u> | <u>\$ 248,955</u> |
| Total Support Services | <u>\$ 260,000</u> | <u>\$ 248,955</u> |
| Total Direct Expenditures | <u><u>\$ 260,000</u></u> | <u><u>\$ 248,955</u></u> |

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

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Community High School District No. 117'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, from state and federal funds, tuition, and textbook rentals. Special Education are 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. Operations of this fund are generally financed by a special tax levied for these purposes from state funds and contributions and donations from private sources.

NOTES TO FINANCIAL STATEMENTS (Continued)

Debt Services Fund – The Debt Services Fund is used to account for all principal, interest, and administrative costs for tax-financed bond payments and other long-term debt. Operations of this fund are generally financed by a special tax levied for these purposes.

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 Funds – The Capital Projects fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of, and/or additions to, major capital facilities.

Working Cash Fund – The Working Cash Fund is used to account for a separate tax levied for working cash purposes and for any bonds sold for this purpose. Cash available in this fund may be loaned or transferred to any fund of the District.

Tort Fund – The Tort Fund is used to account for the proceeds of specific revenue sources that are legally restricted for tort expenditures or paying of insurance premiums on school buildings.

Fire Prevention and Safety Fund – The Fire Prevention and Safety Fund is used to account for the proceeds of specific revenue sources that are legally restricted for fire prevention and safety projects.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 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, except for the Agency Fund, 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 20, 2018 and an amended budget was passed on June 20, 2019.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2019.

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 fair value. Gains or losses on the sale of investments are recognized upon realization.

F. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. While concession inventory is tracked, it is still expensed 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. The District has chosen to capitalize capital asset purchases of \$2,500 or more and are reported at historical cost or estimated historical cost. At the time of purchase, assets are recorded as disbursements in the fund 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).

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 2018 tax levy was passed by the Board on November 14, 2018. The 2017 tax levy was passed by the Board on November 15, 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 approximately one month after these dates.

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

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.

A. *Deposits*

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of June 30, 2018, none of the District’s bank balance was exposed to custodial credit risk.

B. *Investments*

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District has no investment policy that would further limit its investment choices. As of June 30, 2019, the District’s investments were in Certificates of Deposit.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. 100% of the District’s investments are in Certificates of Deposit.

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’s investments consist of Certificates of Deposit and are not considered securities for fair value measurement purposes.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--------------------------------------|-------------------------|---------------------|-------------------|--------------------------|
| Land | \$ 7,280,608 | \$ - | \$ - | \$ 7,280,608 |
| Building and Building Improvements | 73,551,791 | 2,563,101 | - | 76,114,892 |
| Site Improvements and Infrastructure | 18,016,579 | 390,722 | - | 18,407,301 |
| Capitalized Equipment | 22,144,251 | 1,103,320 | 523,127 | 22,724,444 |
| Construction in Progress | - | 56,330 | - | 56,330 |
| | <u>\$ 120,993,229</u> | <u>\$ 4,113,473</u> | <u>\$ 523,127</u> | <u>\$ 124,583,575</u> |

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

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

| | Balance July 1, 2018 | Additions | Retirement | Adjustments | Balance June 30, 2019 |
|-------------------------------------------------|-------------------------|-------------------|---------------------|------------------|--------------------------|
| Long-Term Debt | | | | | |
| Bonds Payable | | | | | |
| General Obligation School Bonds, Series 2000 | \$ 4,503,675 | \$ - | \$ 1,560,570 | \$ - | \$ 2,943,105 |
| General Obligation Refunding Bonds, Series 2013 | 215,397 | - | 214,761 | (636) | - |
| Total Bonds Payable | <u>\$ 4,719,072</u> | <u>\$ -</u> | <u>\$ 1,775,331</u> | <u>\$ (636)</u> | <u>\$ 2,943,105</u> |
| Lease/Purchase Agreements | <u>\$ 165,475</u> | <u>\$ 602,974</u> | <u>\$ 257,260</u> | <u>\$ 10,184</u> | <u>\$ 521,373</u> |
| Total Long-Term Debt | <u>\$ 4,884,547</u> | <u>\$ 602,974</u> | <u>\$ 2,032,591</u> | <u>\$ 9,548</u> | <u>\$ 3,464,478</u> |

Long-term debt payable consisted of the following at June 30, 2019:

| | Maturity Date | Interest Rate | Face Amount | Carrying Amount |
|-------------------------------------------------|------------------|------------------|----------------|--------------------|
| General Obligation School Bonds, Series 2000 | 12/1/2020 | 9.00% | \$ 40,104,335 | \$ 2,943,105 |
| General Obligation Refunding Bonds, Series 2013 | 1/1/2019 | 0.45%-2.00% | 3,140,000 | - |
| Lease/Purchase Agreements | 7/1/2019 | 3.17%-17.05% | 1,255,298 | 521,373 |

At June 30, 2019 the annual debt service requirements to service all long-term debt is as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|---------------------|----------------------|----------------------|
| 2020 | \$ 1,667,076 | \$ 6,482,199 | \$ 8,149,275 |
| 2021 | 1,616,091 | 6,928,184 | 8,544,275 |
| 2022 | 181,311 | 7,963 | 189,274 |
| | <u>\$ 3,464,478</u> | <u>\$ 13,418,346</u> | <u>\$ 16,882,824</u> |

NOTE 6 - SPECIAL TAX LEVIES AND RESERVED EQUITY

A. *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, \$309,679, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is reserved for future Illinois Municipal Retirement/Social Security disbursements in accordance with the Illinois State Board of Education.

B. *SEDOL IMRF 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, \$3,239, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is reserved for future Illinois Municipal Retirement/Social Security disbursements in accordance with the Illinois State Board of Education.

C. *Leasing Tax Levy*

Cash receipts and the related cash disbursements of this reserved tax levy are accounted for in the Educational Fund. The current year disbursements exceeded the current year receipts and any prior year carryover balance. Accordingly, there is no equity reserve balance for this special tax levy.

NOTE 7 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - EXCESS OF EXPENDITURES OVER BUDGET

There were no expenditures over budget in any of the funds.

NOTE 9 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2018 (\$20,651,414) and 2017 (\$19,799,753) tax levies.

A summary of the past three years assessed valuations, tax rates, and extensions follows:

| Tax Year Assessed Valuation | 2018 | | 2017 | | 2016 | |
|-------------------------------------------------------------------|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| | \$1,171,811,631 | | \$1,129,727,953 | | \$1,096,372,686 | |
| | Rates | Extensions | Rates | Extensions | Rates | Extensions |
| Purpose | | | | | | |
| Education | 2.3294 | \$ 27,295,922 | 2.3695 | \$ 26,769,231 | 2.4181 | \$ 26,511,180 |
| Special Education | 0.0364 | 426,575 | 0.0367 | 414,734 | 0.0372 | 407,467 |
| Operations and Maintenance | 0.5429 | 6,361,566 | 0.5261 | 5,943,600 | 0.5290 | 5,800,009 |
| Working Cash | 0.0059 | 69,102 | 0.0052 | 59,119 | 0.0053 | 58,075 |
| Transportation | 0.1371 | 1,606,261 | 0.1482 | 1,674,686 | 0.1368 | 1,500,002 |
| Municipal Retirement | 0.0239 | 279,852 | 0.0052 | 59,119 | 0.0106 | 116,150 |
| Social Security | 0.0303 | 355,340 | 0.0471 | 531,966 | 0.0177 | 193,565 |
| Fire Prevention, Safety, Environmental and Energy Conservation | 0.0000 | - | 0.0050 | 56,001 | 0.0066 | 72,591 |
| Rent | 0.0088 | 103,647 | 0.0092 | 103,449 | 0.0088 | 96,788 |
| Tort Liability | 0.0222 | 259,849 | 0.0213 | 241,061 | 0.0255 | 280,003 |
| School Bonds | 0.3936 | 4,611,700 | 0.6120 | 6,913,461 | 0.6124 | 6,714,285 |
| SEDOL Municipal Retirement | 0.0043 | 50,001 | 0.0062 | 70,009 | 0.0077 | 84,377 |
| | <u>3.5348</u> | <u>\$ 41,419,815</u> | <u>3.7917</u> | <u>\$ 42,836,436</u> | <u>3.8157</u> | <u>\$ 41,834,492</u> |

NOTE 10 - OPERATING LEASES

The District leases office equipment, including a document manager, copiers, and postage machines, under operating leases. Lease expense for the fiscal year ending June 30, 2019 was \$111,888.

Annual requirements to cover outstanding lease agreements at June 30, 2019 are:

| Year Ending June 30 | Total |
|---------------------|-------------------|
| 2020 | \$ 111,888 |
| 2021 | 111,888 |
| 2022 | 111,888 |
| 2023 | 111,888 |
| | <u>\$ 447,552</u> |

NOTE 11 - FARM LEASE RENTAL

The District is the lessor of a farm rental in an agreement from November 1, 2017 until October 31, 2024.

Lease income for the fiscal year ending June 30, 2019 was \$30,000. Annual lease payments expected to be received under this agreement are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

| Year Ending June 30 | Total |
|---------------------|-------------------|
| 2020 | 38,000 |
| 2021 | 40,500 |
| 2022 | 40,500 |
| 2023 | 43,500 |
| Thereafter | 60,000 |
| | <u>\$ 222,500</u> |

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/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange

NOTES TO FINANCIAL STATEMENTS (Continued)

for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018 was 9.0% 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, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$12,571,808 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, 2019, were \$105,470.

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, 2019, the District pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$13,701 were paid from federal and special trust funds that required District contributions of \$1,350.

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 granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the District paid \$218 to TRS for employer contributions due on salary increases in excess of 6%, \$0 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District follows below:

| | |
|---------------------------------------------------------------------------------------|------------------------------|
| District's proportionate share of the net pension liability | \$ 1,954,064 |
| State's proportionate share of the net pension liability associated with the District | <u>133,861,574</u> |
| Total net pension liability | <u><u>\$ 135,815,638</u></u> |

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the District's proportion was 0.00250698%, which was an decrease of .00069802% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$12,571,808 and revenue of \$12,571,808 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Outflows of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|------------------------------|
| Differences between expected and actual experience | \$ 39,273 | \$ (426) | \$ 38,847 |
| Net difference between projected and actual earnings on pension plan investments | - | (5,983) | (5,983) |
| Changes of assumptions | 85,704 | (55,382) | 30,322 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 207,090 | (561,636) | (354,546) |
| Employer contributions subsequent to the measurement date | <u>106,820</u> | <u>-</u> | <u>106,820</u> |
| | <u><u>\$ 438,887</u></u> | <u><u>\$ (623,427)</u></u> | <u><u>\$ (184,540)</u></u> |

\$106,820 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other deferred outflows of resources and deferred inflows of resources related to pensions will be part of pension expense in future years as follows:

| <u>Year Ending June 30</u> | |
|----------------------------|----------------------------|
| 2020 | \$ (39,515) |
| 2021 | (60,898) |
| 2022 | (62,279) |
| 2023 | (87,040) |
| 2024 | <u>(41,629)</u> |
| | <u><u>\$ (291,361)</u></u> |

NOTES TO FINANCIAL STATEMENTS (Continued)

Actuarial Assumptions

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

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

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

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|-----------------------------------------------|
| U.S. equities large cap | 15.0% | 6.70% |
| U.S. equities small/mid cap | 2.0% | 7.90% |
| International equities developed | 13.6% | 7.00% |
| Emerging market equities | 3.4% | 9.40% |
| U.S. bonds core | 8.0% | 2.20% |
| U.S. bonds high yield | 4.2% | 4.40% |
| International debt developed | 2.2% | 1.30% |
| Emerging international debt | 2.6% | 4.50% |
| Real estate | 16.0% | 5.40% |
| Commodities (real return) | 4.0% | 1.80% |
| Hedge funds (absolute return) | 14.0% | 3.90% |
| Private Equity | 15.0% | 10.20% |
| Total | <u>100.0%</u> | |

Discount Rate

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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.

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|----------------------------------------------------------------|----------------------|-----------------------------------|----------------------|
| Employer's proportionate share of the net pension liability | \$ 2,396,475 | \$ 1,954,064 | \$ 1,597,790 |

TRS Fiduciary Net Position

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

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. The report is available for download at www.imrf.org.

Benefits Provided

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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

| | |
|------------------------------------------------------------------|------------|
| Retirees and beneficiaries currently receiving benefits | 92 |
| Inactive plan members entitled to but not yet receiving benefits | 32 |
| Active plan members | 57 |
| Total | <u>181</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 2018 was 8.66%. For the fiscal year ended June 30, 2019, the District contributed \$236,810 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 actuarial valuation performed as of December 31, 2018, and a measurement date as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

| | | |
|-------------------------------------------------------------------------------|----|------------|
| Total pension liability | \$ | 14,680,803 |
| IMRF fiduciary net position | | 13,240,317 |
| District's net pension liability | | 1,440,486 |
| IMRF fiduciary net position as a percentage of the total pension liability | | 90.19% |

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplemental Financial 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, 2018 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

| | | |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Assumptions | | |
| Inflation | | 2.75% |
| Salary Increases | 3.39% - 14.25% | including inflation |
| Interest Rate | | 7.25% |
| 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. | |

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, 2018:

| Asset Class | Target Allocation | Projected Return |
|------------------------|-------------------|------------------|
| Equities | 37.0% | 7.15% |
| International Equities | 18.0% | 7.25% |
| Fixed Income | 28.0% | 3.75% |
| Real Estate | 9.0% | 6.25% |
| Alternatives | 7.0% | |
| Private Equity | | 8.50% |
| Hedge Funds | | 5.50% |
| Commodities | | 3.20% |
| Cash Equivalents | 1.0% | 2.50% |
| | 100.0% | |

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).

NOTES TO FINANCIAL STATEMENTS (Continued)

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%.

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 | \$ 13,505,241 | \$ 14,291,091 | \$ (785,850) |
| Changes for the year: | | | |
| Service Cost | \$ 265,013 | \$ - | \$ 265,013 |
| Interest on the Total Pension Liability | 991,544 | - | 991,544 |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 382,769 | - | 382,769 |
| Changes of Assumptions | 370,564 | - | 370,564 |
| Contributions - Employer | - | 236,810 | (236,810) |
| Contributions - Employee | - | 123,054 | (123,054) |
| Net Investment Income | - | (884,950) | 884,950 |
| Benefit Payments, including Refunds of Employee Contributions | (834,328) | (834,328) | - |
| Other (Net Transfer) | - | 308,640 | (308,640) |
| Net Changes | \$ 1,175,562 | \$ (1,050,774) | \$ 2,226,336 |
| Balances at December 31, 2018 | \$ 14,680,803 | \$ 13,240,317 | \$ 1,440,486 |

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|-------------------------------|----------------------|-----------------------------------|----------------------|
| Net Pension Liability (Asset) | \$ 3,100,143 | \$ 1,440,486 | \$ 48,536 |

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District's pension expense/(income) is \$141,881. At June 30, 2019, the District's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|-------------------------------------------------------------------------------------|--------------------------|-------------------------|------------------------------|
| Expense in Future Periods | | | |
| Differences between expected and actual experience | \$ 298,189 | \$ - | \$ 298,189 |
| Changes of assumptions | 246,688 | 158,178 | 88,510 |
| Net difference between projected and actual earnings on pension plan investments | 1,755,692 | 855,137 | 900,555 |
| Total deferred amounts to be recognized in pension expense in future periods | \$ 2,300,569 | \$ 1,013,315 | \$ 1,287,254 |
| Pension contributions made subsequent to the measurement date | 90,832 | - | 90,832 |
| Total deferred amounts related to pensions | \$ 2,391,401 | \$ 1,013,315 | \$ 1,378,086 |

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 |
|----------------------------|---------------------------------------|
| 2019 | \$ 441,202 |
| 2020 | 350,873 |
| 2021 | 105,068 |
| 2022 | 390,111 |
| 2023 | - |
| Thereafter | - |
| | <u>\$ 1,287,254</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 - RETIREE INSURANCE PLAN

Plan Overview

In addition to the retirement plan described in Note 10, 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

Eligible retirees may continue coverage into retirement on the District's plan on a pay-all basis, with premiums paid by the retiree. Coverage is also available for eligible dependents on a pay-all basis, with premiums also paid by the retiree. Coverage is discontinued upon the participant reaching Medicare eligibility. The District also has a special arrangement between the Board of Education and one employee.

Eligibility

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

Eligible to retire under Teachers' Retirement System (TRS) or Illinois Municipal Retirement Fund (IMRF)
Benefits Cease at 65

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

| | |
|---------------------------------------------------------------|------------|
| Active employees | 289 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Inactive employees currently receiving benefits | 22 |
| Total | <u>311</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 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (Continued)

Actuarial Assumptions

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

| | |
|----------------------------------------------|-----------------------|
| Actuarial Cost Method | Entry Age Normal |
| Discount rate | 2.79% |
| Salary Rate Increase | 3.50% |
| Expected long-term investment rate of return | N/A |
| Health Care Trend | Insurance Year Trends |

| Fiscal Year | Medical Trend |
|-------------|---------------|
| FY 18/19 | 7.00% |
| FY 19/20 | 6.75% |
| FY 20/21 | 6.50% |
| FY 21/22 | 6.25% |
| FY 22/23 | 6.00% |
| FY 23/24 | 5.75% |
| FY 24/25 | 5.50% |
| FY 25/26 | 5.25% |
| FY 26/27 | 5.00% |
| FY 27/28 | 4.75% |
| Subsequent | 4.50% |

Retiree Contribution Trend Same as Health Care Trend

Mortality RP-2014 Healthy Mortality Table with white collar adjustment projected generationally with Scale MP-2014. Post- commencement rates were further adjusted.

Disability Rates None
 Average Retirement Age IMRF Tier 1: Age 55-60
 IMRF Tier 2: Age 62-67
 TRS Tier 1: Age 55-62
 TRS Tier 2: Age 62-67

Termination/Turnover Rates TRS and IMRF termination rates are from a 2015 experience study.

Election at Retirement 50% of active employees are assumed to elect coverage at retirement

Marital Status Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided, males were assumed to be the same age as their female counterparts.

Retiree Lapse Rate All participants currently electing coverage under the plan are assumed to maintain coverage in the future

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, **2018** through June 30, 2019.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Total OPEB Liability

| | Increase/(Decrease) | | |
|----------------------------------|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Balances at June 30, 2018 | \$ 3,671,103 | \$ - | \$ 3,671,103 |
| Changes for the year: | | | |
| Service Cost | \$ 177,641 | \$ - | \$ 177,641 |
| Interest on Total OPEB Liability | 110,862 | - | 110,862 |
| Assumption Changes | 56,536 | - | 56,536 |
| Benefit Payments | (258,966) | - | (258,966) |
| Net Changes | \$ 86,073 | \$ - | \$ 86,073 |
| Balances at June 30, 2019 | \$ 3,757,176 | \$ - | \$ 3,757,176 |

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% Decrease | Valuation Rate | 1% Increase |
| \$ 4,067,197 | \$ 3,757,176 | \$ 3,468,394 |

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% Decrease | Healthcare Cost Valuation Rate | 1% Increase |
| \$ 3,348,985 | \$ 3,757,176 | \$ 4,245,879 |

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$298,837. At June 30, 2019, 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 | 85,151 | - | 85,151 |
| Net difference between projected and actual earnings on postretirement plan investments | - | - | - |
| Changes in proportion and differences between employers contributions and share of contributions | - | - | - |
| Total | \$ 85,151 | \$ - | \$ 85,151 |

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 (9.69 years, active and retired) in the postretirement plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

| Year ending June 30 | Recognition |
|---------------------|-------------|
| 2020 | \$ 10,334 |
| 2021 | 10,334 |
| 2022 | 10,334 |
| 2023 | 10,334 |
| 2024 | 10,334 |
| Thereafter | 33,481 |
| | \$ 85,151 |

NOTE 14 - TEACHER HEALTH INSURANCE SECURITY FUND (THIS)

General Information About the OPEB Plan

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that 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.
- 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

- 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, 2019, 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, 2019, 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 \$212,390 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, 2019, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state 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 | \$ 19,975,715 |
| State's proportionate share of the net pension liability associated with the District | 26,823,062 |
| Total | <u>\$ 46,798,777</u> |

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District’s proportion of the net OPEB liability was based on the District’s share of contributions to THIS for the measurement year ended June 30, 2018, relative to the contributions of all participating THIS employers and the State during that period.

At June 30, 2018, the District’s proportion was .075821%, which was an increase of 0.007435% from its proportion measured as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended June 30, 2019, the District had benefit expense of \$1,186,349 and on-behalf revenue/expense of \$212,390 for support provided by the State. At June 30, 2019, 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 | \$ - | \$ (71,673) | \$ (71,673) |
| Net difference between projected and actual earnings on pension plan investments | - | (613) | (613) |
| Changes of assumptions | - | (2,908,800) | (2,908,800) |
| Changes in proportion and differences between employee contributions and proportionate share of contributions | 674,855 | (9,413) | 665,442 |
| Employer contributions subsequent to the measurement date | 167,298 | - | 167,298 |
| | <u>\$ 842,153</u> | <u>\$ (2,990,499)</u> | <u>\$ (2,148,346)</u> |

\$167,298 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 | |
|------------------------|-----------------------|
| 2020 | \$ (291,363) |
| 2021 | (449,031) |
| 2022 | (459,213) |
| 2023 | (641,788) |
| 2024 | (306,951) |
| | <u>\$ (2,148,346)</u> |

Actuarial Assumptions

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

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation | 2.75% |
| 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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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% |
| | <u>100.0%</u> | |

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, 2018 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, 2018, 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 | \$ 56,270,132 | \$ 46,798,777 | \$ 39,321,902 |

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 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

| | 1% Decrease 7.00% (a) | Healthcare Cost Valuation Rate | 1% Increase 9.00% (b) |
|----------------------------------------------------------|--------------------------|--------------------------------------|--------------------------|
| Employer's proportionate share of the net OPEB liability | \$ 37,946,220 | \$ 46,798,777 | \$ 58,725,269 |

- (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 increase 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.

NOTE 15 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2019 were as follows:

| Transfer From | Transfer To | Amount |
|---------------------------------|-----------------------|------------|
| Educational Fund | Debt Services Fund | \$ 287,779 |
| Operations and Maintenance Fund | Debt Services Fund | 140,174 |
| Debt Services Fund | Educational Fund | 52,252 |
| Fire Prevention and Safety Fund | Debt Services Fund | 78,848 |
| Operations and Maintenance Fund | Capital Projects Fund | 5,000,000 |

The purposes of the interfund transfers to the Debt Services Fund were to provide the necessary funds for payment on long-term debt. The transfer to the Educational Fund was to move interest earnings from the Debt Services Fund to help cover expenditures. The transfer to the Capital Projects Fund was to fund the districts Field House project.

NOTE 16 - JOINT VENTURES

A. *Special Education District of Lake County (SEDOL)*

The District and thirty other districts within Lake 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 the Statement of Net Position of SEDOL at June 30, 2018 (most recent information available) is as follows:

| | |
|-----------------------------------------|----------------------|
| Assets | \$ 65,683,561 |
| Deferred Outflows of Resources | 5,516,783 |
| | <u>\$ 71,200,344</u> |
| Liabilities | \$ 25,179,657 |
| Deferred Inflows of Resources | 2,532,765 |
| Net Position | 43,487,922 |
| | <u>\$ 71,200,344</u> |
| Revenues | \$ 80,237,296 |
| Expenses | 79,610,666 |
| Net Increase/(Decrease) in Net Position | <u>\$ 626,630</u> |

Complete financial statements for SEDOL can be obtained from the Administrative Offices at 18160 Gages Lake Road, Gages Lake, Illinois 60030-1819.

NOTES TO FINANCIAL STATEMENTS (Continued)

B. *Lake County Area Vocational System (LCAVS)*

The District and eighteen other districts within Lake and McHenry Counties have entered into a joint agreement to provide vocational programs for member districts that are not offering these services individually. 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 LCAVS at June 30, 2018 (most recent information available) is as follows:

| | |
|-----------------------------------------|----------------------|
| Assets | \$ 31,604,706 |
| Liabilities | \$ 5,131 |
| Fund Equity | 29,902,835 |
| | <u>\$ 29,907,966</u> |
| Revenues Received | \$ 11,699,423 |
| Expenditures Disbursed | 10,385,594 |
| Net Increase/(Decrease) in Fund Balance | <u>\$ 1,313,829</u> |

Complete financial statements for LCAVS can be obtained from the Administrative Offices at 19525 W. Washington Street, Grayslake, Illinois 60030.

C. *Administrative Center Cooperative*

The District has entered into a joint venture with Lake Villa Township and Antioch Township, forming the Administrative Center Cooperative (Cooperative). The Cooperative constructed a community center, which also has office space for both the District and Antioch Township. According to the agreement, the District is 100% responsible for the maintenance of the community center, which includes daily maintenance of the building and premises, but does not include any major repairs or replacement of equipment. The District is also responsible for quarterly payments which would cover (a) expenses for operation of the building and administration of the Cooperative which is based upon each member's proportion of space it uses in the building, and (b) structural repairs of which the District is responsible for 25.80%. Quarterly payments began in August 2002.

Complete financial statements for Administrative Center Cooperative can be obtained from the administrative offices of Community High School District No. 117 at 1625 Deep Lake Road, Lake Villa, Illinois 60046.

D. *Lake Region Schools Benefit Cooperative*

The District has entered into a joint venture with eight other school districts in order to reduce fixed reinsurance costs with common third-party administrators, Blue Cross Blue Shield and Allied Benefits.

A summary of financial condition of the Lake Region Schools Benefit Cooperative can be obtained from the administrative offices of Community High School District No. 117, 1625 Deep Lake Rd., Suite A, Lake Villa, Illinois 60046.

E. *Lake Villa Township*

The District has entered into a joint venture with Lake Villa Township for the purposes of designing, constructing, operating, and maintaining a high ropes, low ropes, and climbing wall facility to be jointly used by the District and Lake Villa Township. Lake Villa Township's contribution to the facility project is providing the use of the real estate. The District is responsible for constructing the facility. Once constructed, Lake Villa Township will have sole responsibility for the maintenance and operation of the facility.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 17 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2019 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal 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, 2019, there were no significant adjustments in premiums based on actual experience.

The District is self-insured for its health and dental insurance and belongs to an insurance cooperative in order to reduce costs. The District covers up to a maximum of \$75,000 per year per individual. However, claims between \$75,000 and \$250,000 may be covered in part by other districts in the Cooperative based on the agreement. The Cooperative purchases stop loss insurance coverage for claims in excess of \$250,000 per individual and for claims in excess of the aggregate maximum plan liability. The maximum liability for the District alone at June 30, 2019 is undeterminable based on the nature of the Cooperative.

See a further description of the insurance cooperative in Note 14. A reconciliation of changes in the aggregate liabilities for claims for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 is as follows:

| | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> |
|----------------------------------------|--------------------|--------------------|--------------------|
| Claims Liabilities - Beginning of Year | \$ - | \$ - | \$ - |
| Incurred Claims | 3,341,301 | 3,006,206 | 3,834,847 |
| Payments on Claims | <u>(3,341,301)</u> | <u>(3,006,206)</u> | <u>(3,834,847)</u> |
| Claims Liabilities - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 18 - CONTINGENCIES

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

NOTE 19 - 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:

| | |
|-----------------------|----------------------|
| 2018 EAV | \$ 1,171,811,631 |
| Rate | <u>6.900%</u> |
| Debt Margin | \$ 80,855,003 |
| Current Debt | <u>3,464,478</u> |
| Remaining Debt Margin | <u>\$ 77,390,525</u> |

SUPPLEMENTAL FINANCIAL INFORMATION

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2019

| | 6/30/2019 * | 6/30/2018 * | 6/30/2017 * | 6/30/2016 * | 6/30/2015 * |
|----------------------------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL PENSION LIABILITY | | | | | |
| Service Cost | \$ 265,013 | \$ 275,232 | \$ 273,543 | \$ 255,338 | \$ 275,316 |
| Interest on the Total Pension Liability | 991,544 | 983,591 | 974,489 | 921,664 | 845,660 |
| Differences Between Expected and Actual Experience | 382,769 | 120,112 | (306,775) | 342,106 | 157,969 |
| Changes of Assumptions | 370,564 | (438,014) | (14,323) | 14,170 | 532,856 |
| Benefit Payments, Including Refunds of Member Contributions | (834,328) | (825,234) | (822,290) | (819,115) | (757,716) |
| Net Change in Total Pension Liability | <u>\$ 1,175,562</u> | <u>\$ 115,687</u> | <u>\$ 104,644</u> | <u>\$ 714,163</u> | <u>\$ 1,054,085</u> |
| Total Pension Liability - Beginning | <u>13,505,241</u> | <u>13,389,554</u> | <u>13,284,910</u> | <u>12,570,747</u> | <u>11,516,662</u> |
| Total Pension Liability - Ending | <u>\$ 14,680,803</u> | <u>\$ 13,505,241</u> | <u>\$ 13,389,554</u> | <u>\$ 13,284,910</u> | <u>\$ 12,570,747</u> |
| PLAN FIDUCIARY NET POSITION | | | | | |
| Contributions - Employer | \$ 236,810 | \$ 228,183 | \$ 210,253 | \$ 274,812 | \$ 1,254,069 |
| Contributions - Member | 123,054 | 136,911 | 108,502 | 109,572 | 100,115 |
| Net Investment Income | (884,950) | 2,348,722 | 865,425 | 62,665 | 709,718 |
| Benefit Payments, Including Refunds of Member Contributions | (834,328) | (825,234) | (822,290) | (819,115) | (757,716) |
| Other (Net Transfers) | 308,640 | (281,599) | (189,188) | 133,094 | 107,698 |
| Net Change in Plan Fiduciary Net Position | <u>\$ (1,050,774)</u> | <u>\$ 1,606,983</u> | <u>\$ 172,702</u> | <u>\$ (238,972)</u> | <u>\$ 1,413,884</u> |
| Plan Net Position - Beginning | <u>14,291,091</u> | <u>12,684,108</u> | <u>12,511,406</u> | <u>12,750,378</u> | <u>11,336,494</u> |
| Plan Net Position - Ending | <u>\$ 13,240,317</u> | <u>\$ 14,291,091</u> | <u>\$ 12,684,108</u> | <u>\$ 12,511,406</u> | <u>\$ 12,750,378</u> |
| District's Net Pension Liability | <u>\$ 1,440,486</u> | <u>\$ (785,850)</u> | <u>\$ 705,446</u> | <u>\$ 773,504</u> | <u>\$ (179,631)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 90.19% | 105.82% | 94.73% | 94.18% | 101.43% |
| Covered Payroll | \$ 2,734,532 | \$ 2,587,097 | \$ 2,411,161 | \$ 2,427,666 | \$ 2,231,134 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 52.68% | -30.38% | 29.26% | 31.86% | -8.05% |

* 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

| | <u>6/30/2019 *</u> | <u>6/30/2018 *</u> | <u>6/30/2017 *</u> | <u>6/30/2016 *</u> | <u>6/30/2015 *</u> |
|------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Actuarially-Determined Contribution | \$ 236,810 | \$ 228,183 | \$ 210,253 | \$ 274,812 | \$ 254,796 |
| Contributions in relation to Actuarially-Determined Contribution | <u>236,810</u> | <u>228,182</u> | <u>210,253</u> | <u>274,812</u> | <u>1,254,069</u> |
| Contribution deficiency/(excess) | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (999,273)</u> |
| Covered Payroll | \$ 2,734,532 | \$ 2,587,097 | \$ 2,411,161 | \$ 2,427,666 | \$ 2,231,134 |
| Contributions as a Percentage of Covered Payroll | 8.66% | 8.82% | 8.72% | 11.32% | 56.21% |

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2018 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, 2016 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2019

| | 6/30/2019 * | 6/30/2018 * | 6/30/2017 * | 6/30/2016 * | 6/30/2015 * |
|----------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Employer's proportion of the Net Pension Liability | 0.2506980% | 0.0032050% | 0.0027705% | 0.0032473% | 0.0030585% |
| Employer's proportionate share of the Net Pension Liability | \$ 1,954,064 | \$ 2,448,767 | \$ 2,186,890 | \$ 2,127,298 | \$ 1,861,328 |
| State's proportionate share of the Net Pension Liability associated with the employer | 133,861,574 | 126,884,197 | 133,385,845 | 108,160,653 | 99,932,918 |
| Total | \$ 135,815,638 | \$ 129,332,964 | \$ 135,572,735 | \$ 110,287,951 | \$ 101,794,246 |
| Employer's Covered Payroll | \$ 17,966,375 | \$ 17,148,775 | \$ 16,822,178 | \$ 16,544,663 | \$ 16,219,668 |
| Employer's proportionate share of the Net Pension Liability as a percentage of its Covered Payroll | 10.88% | 14.28% | 13.00% | 12.86% | 11.48% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 40.00% | 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 2018, 2017 and 2016 measurement years, 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

| | <u>6/30/2019 *</u> | <u>6/30/2018 *</u> | <u>6/30/2017 *</u> | <u>6/30/2016 *</u> | <u>6/30/2015 *</u> |
|----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily-Required Contribution | \$ 104,163 | \$ 132,056 | \$ 107,292 | \$ 113,785 | \$ 109,124 |
| Contributions in relation to Statutorily-Required Contribution | <u>105,407</u> | <u>132,124</u> | <u>108,107</u> | <u>112,146</u> | <u>109,616</u> |
| Contribution deficiency/(excess) | <u>\$ (1,244)</u> | <u>\$ (68)</u> | <u>\$ (815)</u> | <u>\$ 1,639</u> | <u>\$ (492)</u> |
| Employer's Covered Payroll | \$ 18,184,525 | \$ 17,148,775 | \$ 16,822,178 | \$ 16,544,663 | \$ 16,219,668 |
| Contributions as a percentage of Covered Payroll | 0.58% | 0.77% | 0.64% | 0.68% | 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2019

| | <u>6/30/2019 *</u> | <u>6/30/2018 *</u> |
|------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Employer's proportion of the Net OPEB Liability | 0.0758210% | 0.0683860% |
| Employer's proportionate share of the Net OPEB Liability | \$ 19,975,715 | \$ 17,745,743 |
| State's proportionate share of the Net OPEB Liability associated with the employer | <u>25,838,456</u> | <u>19,324,909</u> |
| Total | <u>\$ 45,814,171</u> | <u>\$ 37,070,652</u> |
| Employer's Covered Payroll | \$ 17,978,275 | \$ 17,233,521 |
| Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll | 111.11% | 102.97% |
| OPEB Plan Net Position as a percentage of the Total OPEB Liability | 0.1776% | 0.1429% |

* - 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 2018 & 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

| | 6/30/2019 * | 6/30/2018 * |
|--------------------------------------------------------------------|---------------|---------------|
| Statutorily-Required Contribution | \$ 158,171 | \$ 143,912 |
| Contributions in relation to the Statutorily-Required Contribution | 158,104 | 144,050 |
| Contribution deficiency/(excess) | \$ 67 | \$ (138) |
| Employer's Covered Payroll | \$ 18,198,225 | \$ 17,978,275 |
| Contributions as a percentage of Covered Payroll | 0.87% | 0.80% |

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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

| | <u>6/30/2019</u> | <u>6/30/2018</u> |
|---------------------------------------------------------------------------------|---------------------|---------------------|
| TOTAL OPEB LIABILITY | | |
| Service Cost | \$ 177,641 | \$ 174,022 |
| Interest | 110,862 | 114,388 |
| Benefit Payments | (258,966) | (280,420) |
| Other Changes | 56,536 | 43,431 |
| Net Change in Total OPEB Liability | <u>\$ 86,073</u> | <u>\$ 51,421</u> |
| Total OPEB Liability - Beginning | <u>3,671,103</u> | <u>3,619,682</u> |
| Total OPEB Liability - Ending | <u>\$ 3,757,176</u> | <u>\$ 3,671,103</u> |
| OPEB PLAN FIDUCIARY NET POSITION | | |
| Net Change in OPEB Plan Net Position | \$ - | \$ - |
| OPEB Plan Net Position - Beginning | <u>-</u> | <u>-</u> |
| OPEB Net Position - Ending | <u>\$ -</u> | <u>\$ -</u> |
| District's Net OPEB Plan Liability | <u>\$ 3,757,176</u> | <u>\$ 3,671,103</u> |
| OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.00% | 0.00% |
| Covered-Employee Payroll | \$ 19,058,561 | \$ 19,433,521 |
| Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll | 19.71% | 18.89% |

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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

| | 6/30/2019 | 6/30/2018 |
|------------------------------------------------------------------|---------------|---------------|
| Actuarially-Determined Contribution | N/A | N/A |
| Contributions in relation to Actuarially-Determined Contribution | - | - |
| Contribution deficiency/(excess) | N/A | N/A |
| Covered-Employee Payroll | \$ 19,058,561 | \$ 19,433,521 |
| Contributions as a percentage of Covered-Employee Payroll | 0.00% | 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.

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

| | <u>BALANCE</u> <u>JULY 1, 2018</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>JUNE 30, 2019</u> |
|------------------------------|---------------------------------------|-------------------|-------------------|----------------------------------------|
| A S S E T S | | | | |
| Cash and Cash Equivalents | <u>\$ 497,979</u> | <u>\$ 865,549</u> | <u>\$ 822,317</u> | <u>\$ 541,211</u> |
| L I A B I L I T I E S | | | | |
| Amount Due to Activity | | | | |
| District Wide | \$ 35,393 | \$ 210,421 | \$ 173,383 | \$ 72,431 |
| A.C.H.S. | 234,663 | 301,326 | 324,531 | 211,458 |
| L.C.H.S. | <u>227,923</u> | <u>353,802</u> | <u>324,404</u> | <u>257,321</u> |
| | <u>\$ 497,979</u> | <u>\$ 865,549</u> | <u>\$ 822,317</u> | <u>\$ 541,211</u> |

See Accompanying Independent Auditor's Report

COMMUNITY HIGH SCHOOL DISTRICT NO. 117
 COMPUTATION OF OPERATING EXPENSE PER PUPIL
 AND PER CAPITA TUITION CHARGE
 FOR THE YEAR ENDED JUNE 30, 2019

| OPERATING EXPENSE PER PUPIL | | |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------|
| EXPENDITURES: | | |
| ED | Total Expenditures | \$ 36,759,313 |
| O&M | Total Expenditures | 7,784,154 |
| DS | Total Expenditures | 8,086,801 |
| TR | Total Expenditures | 2,967,234 |
| MR/SS | Total Expenditures | 794,447 |
| TORT | Total Expenditures | 248,955 |
| | Total Expenditures | \$ 56,640,904 |
| LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM: | | |
| ED | Summer School Programs | \$ 147,121 |
| ED | Total Payments to Other Govt Units | 904,614 |
| ED | Capital Outlay | 901,796 |
| ED | Non-Capitalized Equipment | 1,524,325 |
| O&M | Total Payments to Other Govt Units | 142,068 |
| O&M | Capital Outlay | 3,143,492 |
| O&M | Non-Capitalized Equipment | 23,188 |
| DS | Debt Service - Payments of Principal on Long-Term Debt | 2,032,591 |
| | Total Deductions | \$ 8,819,195 |
| | Total Operating Expenses (Regular K-12) | 47,821,709 |
| | 9 Mo ADA (See the General State Aid Claim for 2013-2014 (ISBE 54-33, L12)) | 2,430.50 |
| | Estimated OEPP * | \$ 19,675.67 |

| PER CAPITA TUITION CHARGE | | |
|-------------------------------------------|-----------------------------------------------------------|---------------------|
| LESS OFFSETTING RECEIPTS/REVENUES: | | |
| ED | Total Food Service | \$ 866,829 |
| ED-O&M | Total District/School Activity Income | 768,218 |
| ED | Rentals - Regular Textbooks | 342,910 |
| ED | Sales - Regular Textbooks | 31,188 |
| ED-O&M | Rentals | 44,985 |
| ED-O&M-TR | Services Provided Other Districts | 215,726 |
| ED-O&M-TR | Total Special Education | 1,219,386 |
| ED-O&M-MR/SS | Total Career and Technical Education | 27,525 |
| ED-O&M | Driver Education | 74,320 |
| ED-O&M-TR-MR/SS | Total Transportation | 1,216,169 |
| ED-O&M-DS-TR-MR/SS-Tort | Other Restricted Revenue from State Sources | 47,773 |
| ED-O&M-TR-MR/SS | Total Title I | 216,976 |
| ED-O&M-TR-MR/SS | Fed - Spec Education - IDEA - Flow Through | 281,893 |
| ED-O&M-TR-MR/SS | Fed - Spec Education - IDEA - Room & Board | 102,070 |
| ED-O&M-MR/SS | Total CTE - Perkins | 23,773 |
| ED-O&M-TR-MR/SS | Title II - Teacher Quality | 57,112 |
| ED-O&M-TR-MR/SS | Medicaid Matching Funds - Administrative Outreach | 25,713 |
| ED-O&M-TR-MR/SS | Medicaid Matching Funds - Fee-for-Service Program | 63,424 |
| ED-TR-MR/SS | Special Education Contributions from EBF Funds | 789,805 |
| | Total Allowance for PCTC Computation | \$ 6,415,795 |
| | Net Operating Expense for PCTC Computation | 41,405,914 |
| | Total Depreciation Allowance (from page 27, Col I) | 2,920,195 |
| | Total Allowance for PCTC Computation | 44,326,109 |
| | 9 Mo ADA | 2,430.50 |
| | Total Estimated PCTC * | \$ 18,237.44 |

* The total OEPP/PCTC may change based on the data provided. The final amounts will be calculated by ISBE.

Unaudited