Norridge School District No. 80

Annual Financial Report
And Supplemental Information

For the year ended
June 30, 2018

NORRIDGE SCHOOL DISTRICT NO. 80
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Independent Auditor's Report

Board of Education
Norridge School District No. 80
Norridge, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of Norridge School District No. 80, which comprise the statement of assets, liabilities and fund balances – modified cash basis as of June 30, 2018, and the related statement of revenues received, expenditures disbursed and changes in fund balances – modified cash basis for the year then ended, 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. 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 applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Norridge School District No. 80 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. The effects on the financial statements of the

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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 Norridge School District No. 80 as of June 30, 2018, or changes in financial position, thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets, liabilities and fund balances – modified cash basis of Norridge School District No. 80 as of June 30, 2018, and the and the related statement of revenues received, expenditures disbursed and changes in fund balances – modified cash basis for the year then ended, in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note 1.

Emphasis of Matter

Norridge School District No. 80 has kept its records and has prepared its financial statements for previous years on the modified accrual basis of accounting as defined by the Illinois State Board of Education Audit Guide. As described in Note 16 to the financial statements, the District has adopted the modified cash basis of accounting as defined by the Illinois State Board of Education Audit Guide as of the beginning of the 2018 fiscal year. The modified cash basis financial statements omit the recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norridge School District No. 80's basic financial statements. The supplemental information which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of the Norridge School District No. 80's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Norridge School District No. 80's internal control over financial reporting and compliance.

Klein Hall CPAs

Klein Hall CPAs
Aurora, Illinois
November 27, 2018

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
All Fund Types and Account Groups
June 30, 2018

	Educational	Operations and Maintenance	Debt Service	Transportation	Municipal Retirement/ Social Security
ASSETS					
Assets					
Cash and investments	$ 33,668	$ 159,611	$ 295,444	$ 490,855	$ 136,182
Receivables					
Due from other funds	-	-	-	-	-
Land, building and equipment	-	-	-	-	-
Amount available in debt service fund	-	-	-	-	-
Amount to be provided for payment of bonds	-	-	-	-	-
TOTAL ASSETS	$ 33,668	$ 159,611	$ 295,444	$ 490,855	$ 136,182
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds	$ 850,000	$ -	$ -	$ -	$ -
Due to student organizations	-	-	-	-	-
Bonds payable	-	-	-	-	-
Total Liabilities	850,000	-	-	-	-
Fund Balances					
Investment in general fixed assets	-	-	-	-	-
Reserved	-	-	-	-	26,239
Unreserved	(816,332)	159,611	295,444	490,855	109,943
Total Fund Balances	(816,332)	159,611	295,444	490,855	136,182
TOTAL LIABILITIES AND FUND BALANCES	$ 33,668	$ 159,611	$ 295,444	$ 490,855	$ 136,182

See accompanying notes to financial statements

Working Cash	Tort Immunity	Fire Prevention and Safety	Trust and Agency	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
$ 1,707,996	$ 48,930	$ 110,531	$ 34,777	$ -	$ -	$ 3,017,994
850,000	-	-	-	-	-	850,000
-	-	-	-	19,812,629	-	19,812,629
-	-	-	-	-	295,444	295,444
-	-	-	-	-	321,591	321,591
$ 2,557,996	$ 48,930	$ 110,531	$ 34,777	$ 19,812,629	$ 617,035	$ 24,297,658
$ -	$ -	$ -	$ -	$ -	$ -	$ 850,000
-	-	-	34,777	-	-	34,777
-	-	-	-	-	617,035	617,035
-	-	-	34,777	-	617,035	1,501,812
-	-	-	-	19,812,629	-	19,812,629
-	-	-	-	-	-	26,239
2,557,996	48,930	110,531	-	-	-	2,956,978
2,557,996	48,930	110,531	-	19,812,629	-	22,795,846
$ 2,557,996	$ 48,930	$ 110,531	$ 34,777	$ 19,812,629	$ 617,035	$ 24,297,658

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 2018

	Educational	Operations and Maintenance	Debt Service
REVENUES RECEIVED			
Local sources	$ 7,855,412	$ 872,113	$ 115,231
State sources	4,624,452	-	-
Federal sources	531,527	-	-
Total Revenues Received	13,011,391	872,113	115,231
EXPENDITURES DISBURSED			
Current operating			
Instruction	9,946,780	-	-
Supporting services	2,234,246	951,221	-
Community services	942	-	-
Non-programmed charges	1,181,778	-	-
Debt service			
Principal	-	-	85,000
Interest and other	-	-	20,790
Total Expenditures Disbursed	13,363,746	951,221	105,790
Revenues Received over (under) Expenditures Disbursed	(352,355)	(79,108)	9,441
Other Financing Sources (Uses)			
Capital lease proceeds	117,035	-	-
Total Other Financing Sources (Uses)	117,035	-	-
Net change in fund balance	(235,320)	(79,108)	9,441
Fund Balances (Deficit) at beginning of year as previsouly reported	(1,047,086)	203,753	286,003
Prior Period Adjustment	466,074	34,966	-
Fund Balances (Deficit) at beginning of year as restated	(581,012)	238,719	286,003
FUND BALANCES (DEFICIT) AT END OF YEAR	$ (816,332)	$ 159,611	$ 295,444

See accompanying notes to financial statements

Transportation	Municipal Retirement/ Social Security	Working Cash	Tort Immunity	Fire Prevention and Safety	Total (Memorandum Only)
$ 220,259	$ 262,703	$ 12,601	$ 50,403	$ 1,180	$ 9,389,902
238,767	-	-	-	-	4,863,219
-	-	-	-	-	531,527
459,026	262,703	12,601	50,403	1,180	14,784,648
-	128,303	-	-	-	10,075,083
246,252	119,863	-	22,954	-	3,574,536
-	-	-	-	-	942
-	-	-	-	-	1,181,778
-	-	-	-	-	85,000
-	-	-	-	-	20,790
246,252	248,166	-	22,954	-	14,938,129
212,774	14,537	12,601	27,449	1,180	(153,481)
-	-	-	-	-	117,035
-	-	-	-	-	117,035
212,774	14,537	12,601	27,449	1,180	(36,446)
291,765	121,645	2,545,395	21,481	109,351	2,532,307
(13,684)	-	-	-	-	487,356
278,081	121,645	2,545,395	21,481	109,351	3,019,663
$ 490,855	$ 136,182	$ 2,557,996	$ 48,930	$ 110,531	$ 2,983,217

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Revenues Received All Governmental Funds
Year Ended June 30, 2018

	Educational	Operations and Maintenance	Debt Service
REVENUES RECEIVED			
Local sources			
Property taxes	$ 7,120,132	$ 676,422	$ 109,759
Corporate personal property replacement taxes	126,206	-	-
Tuition	57,642	-	-
Earnings on investments	18,317	4,922	5,472
Food services	66,440	-	-
Pupil Activities	236,912	-	-
Textbooks	154,462	-	-
Rentals	-	190,769	-
Other	75,301	-	-
Total local sources	7,855,412	872,113	115,231
State sources			
Unrestricted			
Evidence based funding formula	1,212,468	-	-
Restricted			
Special education	467,732	-	-
Bilingual education	43,585	-	-
State free lunch and breakfast	872	-	-
Transportation	-	-	-
	750	-	-
On behalf payments - State of Illinois	2,899,045	-	-
Total state sources	4,624,452	-	-
Federal sources			
Restricted			
National school lunch programs	95,400	-	-
Title I - low income	149,217	-	-
Special education	155,789	-	-
CTE - other	1,100	-	-
Title II - teacher quality	38,848	-	-
Medicaid	91,173	-	-
Total federal sources	531,527	-	-
TOTAL REVENUES RECEIVED	$ 13,011,391	$ 872,113	$ 115,231

See accompanying notes to financial statements

Transportation	Municipal Retirement/ Social Security	Working Cash	Tort Immunity	Fire Prevention and Safety	Total (Memorandum Only)
$ 216,260	$ 249,860	$ 7,600	$ 50,204	$ 730	$ 8,430,967
-	12,393	-	-	-	138,599
-	-	-	-	-	57,642
3,999	450	5,001	199	450	38,810
-	-	-	-	-	66,440
-	-	-	-	-	236,912
-	-	-	-	-	154,462
-	-	-	-	-	190,769
-	-	-	-	-	75,301
220,259	262,703	12,601	50,403	1,180	9,389,902
-	-	-	-	-	1,212,468
-	-	-	-	-	467,732
-	-	-	-	-	43,585
-	-	-	-	-	872
238,767	-	-	-	-	238,767
-	-	-	-	-	750
-	-	-	-	-	2,899,045
238,767	-	-	-	-	4,863,219
-	-	-	-	-	95,400
-	-	-	-	-	149,217
-	-	-	-	-	155,789
-	-	-	-	-	1,100
-	-	-	-	-	38,848
-	-	-	-	-	91,173
-	-	-	-	-	531,527
$ 459,026	$ 262,703	$ 12,601	$ 50,403	$ 1,180	$ 14,784,648

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
EDUCATIONAL FUND		
Current operating		
Instruction		
Regular programs		
Salaries	$ 4,352,807	$ 4,425,853
Employee benefits	653,528	550,606
On behalf payments - State of Illinois	-	2,899,045
Purchased services	72,393	969
Supplies and materials	264,754	247,050
Capital outlay	15,000	-
Non-capitalized equipment	10,109	12,046
Other objects	-	29,830
Total	5,368,591	8,165,399
Special education programs:		
Salaries	1,071,864	989,591
Employee benefits	245,637	170,715
Supplies and materials	3,028	4,638
Total	1,320,529	1,164,944
Remedial programs		
Salaries	104,118	102,589
Employee benefits	13,758	30,475
Purchased services	61,500	77,344
Supplies and materials	500	16,902
Total	179,876	227,310
CTE Programs		
Salaries	-	5,590
Employee benefits	-	80
Total	$ -	$ 5,670

(Continued)
See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
Interscholastic programs		
Salaries	$ 178,157	$ 211,275
Employee benefits	13,502	10,242
Purchased services	1,623	821
Supplies and materials	1,725	6,426
Other objects	4,500	2,561
Total	199,507	231,325
Bilingual programs		
Salaries	141,529	142,386
Employee benefits	23,868	9,746
Supplies and materials	1,006	-
Total	166,403	152,132
Total instruction	7,234,906	9,946,780
Attendance and social work services		
Salaries	126,410	125,443
Employee benefits	24,272	25,164
Purchased services	4,000	-
Supplies and materials	1,003	529
Total	155,685	151,136
Health services		
Purchased services	107,404	87,143
Supplies and materials	1,573	349
Total	108,977	87,492
Psychological services		
Salaries	19,000	23,861
Employee benefits	2,342	-
Purchased services	70,000	28,570
Supplies and materials	250	-
Total	91,592	52,431
Speech pathology/audio services		
Salaries	131,898	116,715
Employee benefits	23,581	8,657
Supplies and materials	502	-
Total	$ 155,981	$ 125,372

(Continued)
See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
Other support services		
Salaries	$ 30,000	$ 36,981
Employee benefits	-	457
Total	30,000	37,438
Total pupils	542,235	453,869
Instructional staff		
Improvement of instruction services		
Salaries	85,000	-
Employee benefits	9,500	11,398
Purchased services	26,500	26,973
Supplies and materials	3,025	-
Total	124,025	38,371
Educational media services		
Purchased services	60,931	70,585
Supplies and materials	9,705	267,475
Non-capitalized equipment	120,000	-
Total	190,636	338,060
Assessment and testing		
Purchased services	22,000	600
Supplies and materials	5,000	-
Total	27,000	600
Total instructional staff	341,661	377,031
General administration		
Board of education		
Salaries	6,000	900
Purchased services	168,300	219,242
Supplies and materials	12,000	14,429
Capital outlay	6,500	-
Other objects	9,000	-
Total	$ 201,800	$ 234,571

(Continued)

See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

		Original and Final Budget		Actual
Executive administration				
Salaries	$	235,742	$	241,137
Employee benefits		47,111		45,531
Purchased services		5,421		1,239
Supplies and materials		2,800		2,598
Other objects		7,500		3,421
Total		298,574		293,926
Total general administration		500,374		528,497
School administration				
Office of the principal				
Salaries		379,954		331,102
Employee benefits		64,958		40,357
Purchased services		1,624		284
Supplies and materials		11,064		11,459
Capital outlay		1,500		-
Other objects		2,400		884
Non-capitalized equipment		3,000		-
Total		464,500		384,086
Total school administration		464,500		384,086
Business				
Fiscal services				
Salaries		21,375		21,574
Employee benefits		11,052		7,524
Purchased services		12,254		15,015
Supplies and materials		10,161		10,676
Other		6,000		514
Total		60,842		55,303
Food services				
Supplies and materials		218,454		131,855
Total		218,454		131,855
Internal services				
Purchased services		21,647		4,785
Supplies and materials		2,436		11,371
Total	$	24,083	$	16,156

(Continued)

See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
Information services		
Salaries	$ 126,494	$ 126,494
Employee benefits	28,043	19,384
Purchased services	93,350	125,181
Supplies and materials	20,000	639
Capital outlay	7,000	4,759
Non-capitalized equipment	7,500	10,992
Total	282,387	287,449
Total business	585,766	490,763
Total support services	2,434,536	2,234,246
Community services		
Salaries	-	871
Employee benefits	-	71
Total community services	-	942
Non-programmed charges		
Payments for special programs		
Other objects	853,000	1,181,778
Total non-programmed charges	853,000	1,181,778
Total educational fund	10,522,442	13,363,746
OPERATIONS AND MAINTENANCE FUND		
Current operating		
Support services		
Operations and maintenance of plant services		
Salaries	226,986	245,021
Employee benefits	50,792	37,196
Purchased services	288,500	434,905
Supplies and materials	285,250	211,831
Capital outlay	35,000	20,418
Other objects	3,000	1,850
Total operations and maintenance fund	889,528	951,221
DEBT SERVICE FUND		
Debt service		
Principal retirement	80,000	85,000
Interest	27,840	20,390
Purchased services	500	400
Total debt service fund	$ 108,340	$ 105,790

(Continued)

See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
TRANSPORTATION FUND		
Current operating		
Support services		
Pupil transportation services		
Purchased services	$ 271,000	$ 246,252
Total support services	271,000	246,252
Total transportation fund	271,000	246,252
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND		
Current operating		
Instruction		
Regular programs	60,325	65,521
Pre-K programs	-	-
Special education programs	34,048	30,536
Pre-K special education programs	1,925	1,604
Remedial and supplemental programs - K-12	22,084	19,987
CTE programs	-	81
Interscholastic programs	2,983	8,509
Bilingual programs	2,052	2,065
Total instruction	123,417	128,303
Support services		
Pupils		
Social work services	1,833	1,819
Health services	-	2,344
Psychological services	4,030	4,672
Speech pathology	1,913	1,693
Other support services	2,730	471
Instructional staff		
Improvement of instruction services	100	-
Educational media services	291	-
General administration		
Executive administration services	15,163	14,972
School administration		
Office of the principal services	27,151	26,151
Business		
Fiscal services	4,224	4,202
Operation and maintenance employee benefits	45,905	38,888
Central		
Information services	24,995	24,651
Total support services	128,335	119,863
Total municipal retirement/social security fund	$ 251,752	$ 248,166

(Continued)

See accompanying notes to financial statements

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Expenditures Disbursed Budget and Actual
All Governmental Funds
Year Ended June 30, 2018

	Original and Final Budget	Actual
TORT IMMUNITY FUND		
Current operating		
Support services		
Workers compensation	$ 45,000	$ 22,954
Total support services	45,000	22,954
Total tort immunity fund	45,000	22,954
FIRE PREVENTION & SAFETY FUND		
Current operating		
Support services		
Facilities acquisition & construction services		
Purchased services	10,000	-
Capital outlay	40,000	-
Total support services	50,000	-
Total fire prevention & safety fund	$ 50,000	$ -

(Concluded)

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Norridge School District No. 80 (the District) accounting policies conform to the modified cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The financial statements are prepared to comply with regulatory provisions prescribed by the Illinois State Board of Education. The provisions are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

a. The Reporting Entity

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

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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues received, and expenditures disbursed. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. District resources are allocated to and accounted for in individual funds as required by the State of Illinois based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements. The following summarizes the fund types and account groups used by the District:

a. Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

GASB statement No. 54 refined the definitions of various governmental funds. These updated definitions are incorporated into the following fund descriptions.

The following are the District's governmental funds

Educational Fund – The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

Operations and Maintenance Fund – The Operations and Maintenance Fund is also a general operating fund of the District. It is used to account for cost of maintaining school buildings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Transportation Fund – The Transportation Fund accounts for the costs of transporting pupils to and from school and school activities.

Municipal Retirement/Social Security – The Municipal Retirement/Social Security Fund is used to pay the District's share of municipal retirement benefits for covered employees. The District's share of social security and Medicare only is also paid from this fund if a separate tax is levied for that purpose.

Working Cash Fund - The Working Cash Fund which accounts for financial resources held by the District to be used for temporary interfund loans to any other fund for which taxes are levied.

Tort Immunity Fund – The Tort Immunity Fund is used to pay the District's share of tort immunity costs.

Fire Preventions and Safety Fund – The Fire Prevention and Safety is used to account for financial resources to be used for the acquisition or additions related to qualifying fire prevention and safety projects.

b. Fiduciary Fund Types

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

Agency Funds - The Agency Funds (Activity Funds) include Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve measurement of the results of operations. The amounts due to the activity fund organizations and the other trusts are equal to the assets.

c. Governmental and Expendable Trust Funds – Measurement Focus

The financial statements of all Governmental Funds 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." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

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

c. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements.

The District maintains its accounting records for all funds and account groups on the modified 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, results from previous cash transactions.

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

d. Budgets and Budgetary Accounting

Annual budgets for the Governmental Funds are adopted on the cash basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayers comments.

3. Prior to September 30, the budget is legally adopted through passage of an ordinance. By the last Tuesday in December each year, a tax levy ordinance is filed with the county clerk to obtain tax revenues.

4. Management is authorized, to transfer budget amounts provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after following the public hearing process mandated by law. There were no supplemental appropriations during the year.

5. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.

6. Budgeted amounts for the governmental funds are adopted on a basis consistent with modified cash basis of accounting. Governmental Fund budgets are adopted on the modified cash basis. The level of budgetary control is established by function and activity within an individual fund.

7. Appropriations lapse at the end of the fiscal year.

8. The budget was adopted by the Board of Education on September 19, 2017.

The following funds had an excess of expenditures over budget as of June 30, 2018:

	Budget	Actual	Excess
Education Fund	$ 10,522,442	$ 13,363,746	$ 2,841,304
Operations and Maintenance Fund	889,528	951,221	61,693

The Education Fund excess is due to the District not budgeting for the State of Illinois on-behalf payment to the Teachers Retirement System. The expenditure variances were absorbed by surpluses in the individual funds and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

e. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are reordered in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding are cancelled at year end and therefore not recorded as reservations of fund balances, and not re-appropriated in the ensuing year's budget.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the District cash and investment management policy, the institutions in which investments are made must be approved by the Board of Education.

g. Personal Property Replacement Taxes

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

h. General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. Contributed fixed assets are recorded as general fixed assets at estimated fair market value at the time received. The estimated useful lives of the buildings, improvements, educational equipment and transportation equipment are 50, 20, 10 and 5 years respectively. Depreciation of general fixed assets is not charged to the operations of the District in accordance with reporting standards for governments of this type.

i. Compensated Absences

Employees who work a 12 month year are entitled to be compensated for vacation time. Vacations are usually taken within the calendar year as any unused vacation time at fiscal year-end is lost. As a result, accrued but unpaid vacation leave at June 30, 2018 does not exist for the District and has not been reflected as a liability.

All certified employees receive twelve sick days per year, in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days accumulate to a maximum of 200 days. When a certified employee with 15 or more years of service retires from the District, they receive $50 per each unused sick day. Upon retirement, a certified employee may apply up to 180 days of unused sick leave toward service credit for TRS. They are reimbursed for any remaining unused sick days at $50 per day.

Educational support personnel receive twelve sick days per year, which accumulate to a maximum of 200 days. The District does not reimburse employees for unused sick days remaining upon termination of employment. Upon retirement, however, employees with 15 years of service are reimbursed for accumulated sick days at $50 per day.

Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statement for accumulated unpaid sick leave.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for note disclosure purposes, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts disclosed in accordance with GASB Statement No. 68 are not reported in the financial statements due to reporting on the basis of accounting described above.

k. Total Memorandum Only

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. PROPERTY TAXES

The owner of real property on January 1, in any year is liable for taxes of that year and collected the following year. The District filed its tax levy resolution on December 12, 2017. The District's property tax is levied each year on all taxable real property located in the District.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the State. The Assessor reassesses the county every three years.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year the Illinois Department of Revenue furnishes the County Clerk with an adjustment factor to equalize the level of assessment between counties at one third of market value. This factor (the "Equalization Factor") is then applied to the assessed valuation to compute the valuation of property to which a tax rate will be applied (the "Equalized Assessed Valuation").

The County Clerk adds the Equalized Valuation of all real property in the county to the valuation of property assessed directly by the State (to which the Equalization Factor is not applied) to arrive at the base amount (the "Assessment Base") used in calculating the annual tax rates, as described above. The Equalized Assessed Valuation in Cook County for the extension of the 2017 tax levy was $393,235,400.

The County Clerk computes the annual tax rate by dividing the levy into the Assessment Base of the Unit. The clerk then computes the rate for each parcel of real property by aggregating the tax rates of all units having jurisdiction over that particular parcel. He enters that tax in the books, which he prepares for the County Collector along with the Assessed Valuation and Equalized Valuation described in the preceding paragraphs. These books are the Collector's authority for the collection of taxes and are used by the Collector as the basis for issuing tax bills to all taxpayers in the county.

2. PROPERTY TAXES (Continued)

Property taxes are collected by the Cook County Collector/Treasurer who remits to the School Treasurer. Taxes levied in one year become due and payable in two installments on approximately March 1 and approximately September 1 during the following year. The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill.

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per $100.00 of assessed valuation for the prior three tax levy years:

	Limit	2017 Levy	2016 Levy	2015 Levy
Educational	3.5000	1.9103	1.8068	2.0527
Tort Immunity	No Limit	0.0131	0.0132	0.0146
Special Education	.4000	0.0131	0.0357	0.0146
Operations and Maintenance	.5500	0.1899	0.1651	0.1972
Working Cash	.0500	0.0003	0.0040	0.0029
Transportation	No Limit	0.0393	0.0779	0.0921
Municipal Retirement/Social Security	No Limit	0.0524	0.0818	0.0876
Fire Prevention/Safety	.1000	0.0003	0.0007	0.0006
Debt Service	No Limit	0.0291	0.0288	0.0336
		2.2478	2.2140	2.4959

3. SPECIAL TAX LEVIES AND RESTRICTED EQUITY

a. Tort Immunity

Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Tort Immunity Fund. Cumulative expenditures disbursed exceeded cumulative revenues received resulting in a fund balance of $48,930 at June 30, 2018. Tort Immunity expenditures disbursed consisted of insurance premiums of $22,954.

b. Special Education

Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures disbursed exceeded cumulative revenues received; therefore, there is no restriction of these funds in accordance with the Illinois Compiled Statutes.

4. CASH AND INVESTMENTS

a. Custodial Credit Risk – Deposits

At June 30, 2018, the carrying amount of the District's deposits, which include both cash and certificate of deposits totaled $1,074,408 and the bank balances totaled $1,246,175. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018, all of the District's deposits were collateralized or insured.

4. CASH AND INVESTMENTS (Continued)

b. Investments

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

The District does not report any investments subject to fair value measurement as of June 30, 2018

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an investment pool created and regulated by the Illinois General Assembly. The fair value of the District's investment in ISDLAF+ has been determined using the net asset value (NAV) per share (or its equivalent) of the investments. The NAV of the Liquid Class and MAX Class are determined as of the close of business on each Illinois banking day. The Multi-Class Series invests in high-quality short-term debt instruments (money market instruments), and shares may be redeemed on any Illinois banking day. The Term Series invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year, and shares may be redeemed with seven days' advance notice. There were no known restrictions on redemption of the District's investments as of June 30, 2018. At June 30, 2018, the District has the following investments and maturities:

Investment Type	Fair Value	Maturities (in years) Less than 1	Applicable Agency Rating
ISDLAF+ Liquid	$ 505,592	$ 505,592	AAA
ISDLAF+ MAX	1,437,994	1,437,994	AAA
Total Investments	$ 1,943,586	$ 1,943,586	

Credit Risk. The District's investments are rated, as shown above, by the applicable rating agency.

Foreign Credit Risk. The District held no foreign investments during the fiscal year.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are concentrated in specific individual investments. The above table indicates the percentage of each investment to the total investments of the District.

5. EMPLOYEE RETIREMENT SYSTEMS

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

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

a. Plan Description

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

TRS issues a publicly available financial report that can be obtained at https://www.trsil.org/financial/cafrs/fy2017; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

b. Benefits Provided

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

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

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

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

c. Contributions

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

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of $2,824,337 in pension contributions from the State of Illinois.

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2018 were $36,721 and are deferred because they were paid after the June 30, 2017 measurement date.

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

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

For the year ended June 30, 2018, the employer pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, there were no salaries paid from the federal and special trust funds which required no employer contributions.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District made no payments to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the District made no payments to TRS for employer contributions due on salary increases in excess of 6% and the District made no payments for sick leave days granted in excess of the normal annual allotment.

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

District's proportionate share of the net pension liability	$	706,033
State's proportionate share of the net pension liability associated with the District		49,007,830
Total	$	49,713,863

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.000924%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $2,824,337 and revenue of $2,824,337 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,668	$ 326
Changes in assumptions	47,123	20,288
Net difference between projected and actual earnings on pension plan investments	484	-
Changes in proportion and differences between District contributions and proportionate share of contributions	12,680	846,549
District contributions subsequent to the measurement date	36,721	-
Total	$ 104,676	$ 867,163

$36,721 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Year Ending June 30	Net Deferred Inflows of Resources
2018	$ (200,625)
2019	(184,231)
2020	(182,403)
2021	(203,530)
2022	(28,419)
Total	$ (799,208)

e. Actuarial Assumptions

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

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

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

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

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
	100%	

f. Discount rate

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

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

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 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:

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 867,454	$ 706,033	$ 573,816

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

b. Illinois Municipal Retirement Fund (IMRF)

a. Plan Description and Benefits

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

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

b. Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	62
Active employees	19
Total	122

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actual contribution rate for calendar year 2017 was 11.59% of covered payroll. The District contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

d. Net Pension Liability

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

e. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Price inflation	2.50%
Salary increases	3.39% to 14.25%
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 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes	There were no benefit changes during the year.

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	37.0%	6.85%
International equities	18.0%	6.75%
Fixed income	28.0%	3.00%
Real estate	9.0%	5.75%
Alternatives	7.0%	2.65-7.35%
Cash	1.0%	2.25%
	100.0%	

f. Single Discount Rate

The Single Discount Rate used to measure the total pension liability for IMRF was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

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

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

g. Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	$ 5,316,508	$ 4,499,581	$ 816,927
Changes for the year:			
Service Cost	104,205	-	104,205
Interest on the Total Pension Liability	394,124	-	394,124
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(60,407)	-	(60,407)
Changes of Assumptions	(164,227)	-	(164,227)
Contributions - Employer	-	100,556	(100,556)
Contributions - Employees	-	39,043	(39,043)
Net Investment Income	-	774,867	(774,867)
Benefit Payments, including Refunds			-
of Employee Contributions	(227,260)	(227,260)	-
Other (Net Transfer)		(46,240)	46,240
Net Changes	46,435	640,966	(594,531)
Balances at December 31, 2017	$ 5,362,943	$ 5,140,547	$ 222,396

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 854,747	$ 222,396	$ (304,491)

5. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended June 30, 2018, the District recognized pension expense of $44,398. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 41,789
Changes in assumptions	-	93,145
Net difference between projected and actual earnings on pension plan investments	144,080	353,936
Contributions subsequent to the measurement date	47,873	-
Total	$ 191,953	$ 488,870

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

Year Ending December 31	Net Deferred Outflows of Resources
2018	$ (129,301)
2019	(43,703)
2020	(83,302)
2021	(88,484)
Thereafter	-
Total	$ (344,790)

6. OTHER POST-EMPLOYMENT BENEFIT

a. Teacher Health Insurance Security (THIS)

Plan Description

The District participates in the THIS. The THIS is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS members are retirees of public schools who were certified educators or administrators. Eligibility is currently limited to former full-time employees, and others who were not full-time employees that meet certain requirements, and their dependents. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) (SEGIA) establishes the eligibility and benefit provisions of the plan.

The THIS issues a publicly available financial report that can be obtained at the website of the Illinois Auditor General: https://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp. The current reports are listed under “Central Management Services”; prior reports are available under “Healthcare and Family Services”.

Benefits Provided

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Amendments to the plan can be made only by legislative action with the Governor’s approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS.

Contributions

The SEGIA requires that all active contributors to 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 0.88% of each teacher’s salary. Additionally, the SEGIA requires the State to match the employees’ contribution on-behalf of the employer. 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 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 SEGIA requires that the Department’s Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

On-behalf contributions to THIS. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were $74,708, and the district recognized revenue and expenditures of this amount during the year.

6. OTHER POST-EMPLOYMENT BENEFIT (Continued)

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.88% during the year ended June 30, 2018. For the year ended June 30, 2018, the District paid $55,714 to the THIS Fund, which was 100 percent of the required contribution.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability. 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 OPEB liability	$	7,429,678
State's proportionate share of the net OPEB liability associated with the District		9,757,013
Total	$	17,186,691

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.028631%, which was an increase of 0.001553% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of $55,714 on the modified cash basis of accounting.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 4,208
Changes in assumptions	-	884,601
Net difference between projected and actual earnings on OPEB plan investments	-	82
Changes in proportion and differences between District contributions and proportionate share of contributions	363,768	-
District contributions subsequent to the measurement date	55,714	-
Total	$ 419,482	$ 888,891

6. OTHER POST-EMPLOYMENT BENEFIT (Continued)

$55,714 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	$ (80,672)
2019	(80,672)
2020	(80,672)
2021	(80,672)
2022	(80,652)
2023	(80,652)
Thereafter	(41,131)
Total	$ (525,123)

Actuarial Valuation Method

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

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	0.00%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for Excise Tax.

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

6. OTHER POST-EMPLOYMENT BENEFIT (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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 the THIS 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 increase in the single discount rate from 2.85% to 3.56% caused the total OPEB liability to decrease by approximately $3.564 billion from 2016 to 2017.

Sensitivity of the employer's proportionate share of the net OPEB liability to changes in the discount rate and healthcare cost trend 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%)
District's proportionate share of the net OPEB liability	$ 8,915,575	$ 7,429,678	$ 6,240,725

The following presents the District's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, 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 or 1-percentage-point higher than the current rate:

6. OTHER POST-EMPLOYMENT BENEFIT (Continued)

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
District's proportionate share of the net OPEB liability	$ 5,996,511	$ 7,429,678	$ 9,486,747

(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.

7. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Land	$ 50,000	$ -	$ -	$ 50,000
Building	17,156,051	-	-	17,156,051
Land	289,430	-	-	289,430
Equipment	2,317,148	-	-	2,317,148
	$ 19,812,629	$ -	$ -	$ 19,812,629

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not included in the General Fixed Assets Account Group.

8. LONG-TERM DEBT

During the year ended June 30, 2018, the following changes occurred in liabilities that were reported in the General Long-Term Debt Account Group:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Amount due in one year
General Obligation Bonds, Series 2010	$ 585,000	$ -	$ 85,000	$ 500,000	$ 90,000
Capital Lease	-	117,035	-	117,035	40,781
Total	$ 585,000	$ 117,035	$ 85,000	$ 617,035	$ 130,781

The annual debt services requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 130,781	$ 17,327	$ 148,108
2020	127,269	17,622	144,891
2021	133,985	12,530	146,515
2022	100,000	7,000	107,000
2023	100,000	3,000	103,000
2024	25,000	500	25,500
Total	$ 617,035	$ 57,979	$ 675,014

The 2010 Series Bonds are general obligation bonds issued in the amount of $1,055,000 on March 10, 2010. The bonds were issued for working cash requirements. These bonds are payable in varying amounts through December 1, 2023 with interest rates varying from 2.00% to 4.00%.

A capital lease was initiated by the District in June 2018 for the purchase of technology equipment in the amount of $117,035. The lease is payable in annual amounts through August 31, 2020 with an interest rate 4.61%.

The District is subject to the Illinois Compiled Statues which limits the amount of bond indebtedness, including the certificate of participation, to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was $27,133,243 providing a debt margin of $26,811,652 after taking into account amounts available in the Debt Service Fund.

9. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

9. FUND BALANCE REPORTING (Continued)

A. Nonspendable Fund Balance

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

B. Restricted Fund Balance

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

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenues received for this purpose, resulting in no restricted fund balance.

2. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2018, expenditures disbursed exceeded revenues received from state grants, resulting in no restricted balances.

3. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Prior year fund balance and revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of $26,239.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used

for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

D. Assigned Fund Balance

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

9. FUND BALANCE REPORTING (Continued)

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, and Working Cash Funds.

F. Reconciliation of Fund Balance Reporting

	Generally Accepted Accounting Principles					Regulatory Basis	
Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned	Statements Reserved	Financial Statements
Educational	$ -	$ -	$ -	$ -	$ (816,332)	$ -	$ (816,332)
Operations & Maintenance	-	-	-	-	159,611	-	159,611
Debt Service	-	295,444	-	-	-	-	295,444
Transportation	-	490,855	-	-	-	-	490,855
Municipal Retirement	-	136,182	-	-	-	26,239	109,943
Working Cash	-	-	-	-	2,557,996	-	2,557,996
Tort Immunity	-	48,930	-	-	-	-	48,930
Fire Prevention & Safety	-	110,531	-	-	-	-	110,531
	$ -	$ 1,081,942	$ -	$ -	$ 1,901,275	$ 26,239	$ 2,956,978

G. Expenditures of Fund Balance

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

10. COMMON BANK ACCOUNT

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

Occasionally certain accounts of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures, which have been approved by the School Board, in excess of available funds. Such overdrafts constitute unauthorized interfund loans since these loans were not authorized by the School Board.

11. RISK MANAGEMENT

The District has purchased insurance from a risk pools and private insurance companies. Risks covered include general liability, workers compensation medical and other. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverage been paid or reported during the last three years.

12. SCHOOL EMPLOYEES LOSS FUND (SELF)

The District is a member of SELF, which has been formed to reduce local school districts' workers' compensation costs. SELF is controlled by a Board of Directors which is composed of representatives designed by each school district. The day-to-day operations of SELF are managed through and Executive Board elected by the Board of Directors. Each member district has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage. Complete financial statements for SELF can be obtained from their accountant at Two Pierce Place, Itasca, IL 60143.

13. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverage and protection other than health, life and accident coverage procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator at Two Pierce Place, Itasca, IL 60143.

14. EDUCATIONAL BENEFIT COOPERATIVE (EBC)

The District is a member of EBC, which has been formed to allow member Districts to pool their resources to purchase medical, dental and stop less coverage. A Board of Directors consisting of one delegate from each member district directs the EBC. The operations of the cooperative are governed by bylaws administered by the Board of Directors. Complete financial statements can be obtained from its administrator at Two Pierce Place, Itasca, IL 60143.

15. CONTINGENCIES

Revenues received from federal and state governments in the current and prior years are subject to audits by the granting agencies. The Board believes that adjustments which may arise from these audits, if any will not be significant.

16. CHANGES IN ACCOUNTING PRINCIPLES

During the year, the District changed its accounting method from the modified accrual basis to the modified cash basis for its fund financial statements. As a result of the change, the District reported the following changes to fund balances:

Fund	Fund Balance, as Previously Reported	Prior Period Adjustment	Fund Balance, as Restated
Educational	$ (1,047,086)	$ 466,074	$ (581,012)
Operations &	203,753	34,966	238,719
Debt Service	286,003	-	286,003
Transportation	291,765	(13,684)	278,081
Municipal Retirement	121,645	-	121,645
Working Cash	2,545,395	-	2,545,395
Tort Immunity	21,481	-	21,481
Fire Prevention & Safety	109,351	-	109,351
	$ 2,532,307	$ 487,356	$ 3,019,663

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
Illinois Municipal Retirement Fund
Last Four Calendar Years

	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	$ 104,205	$ 116,170	$ 115,049	$ 116,989
Interest	394,124	376,690	350,899	315,219
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(60,407)	(41,670)	57,785	(10,874)
Changes of Assumptions	(164,227)	(18,656)	6,100	214,481
Benefit Payments, Including Refunds of Member Contributions	(227,260)	(201,282)	(156,437)	(136,762)
Net Change in Total Pension Liability	46,435	231,252	373,396	499,053
Total Pension Liability - Beginning	5,316,508	5,085,256	4,711,860	4,212,807
TOTAL PENSION LIABILITY - ENDING	$5,362,943	$5,316,508	$5,085,256	$4,711,860
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	$ 100,556	$ 124,145	$ 124,622	$ 121,673
Contributions - Member	39,043	45,642	46,773	44,551
Net Investment Income	774,867	289,278	21,149	242,499
Benefit Payments, Including Refunds of Member Contributions	(227,260)	(201,282)	(156,437)	(136,762)
Administrative Expense	(46,240)	46,994	(63,608)	(10,313)
Net Change in Plan Fiduciary Net Position	640,966	304,777	(27,501)	261,648
Plan Net Position - Beginning	4,499,581	4,194,804	4,222,305	3,960,657
PLAN NET POSITION - ENDING	$5,140,547	$4,499,581	$4,194,804	$4,222,305
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ 222,396	$ 816,927	$ 890,452	$ 489,555
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.85%	84.63%	82.49%	89.61%
Covered-Employee Payroll	$ 867,616	$1,014,265	$1,039,389	$ 990,019
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	25.63%	80.54%	85.67%	49.45%

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

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Four Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 94,814	$ 94,814	$ -	$ 801,641	11.83%
2017	110,339	110,339	-	925,970	11.92%
2016	126,186	126,186	-	1,040,987	12.12%
2015	120,560	121,673	(1,113)	980,959	12.40%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market; 20% corridor
Price Inflation	2.75%, approximate
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Retirement System
Last Four Fiscal Years

	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	0.00092%	0.00240%	0.00237%	0.00241%
District's proportionate share of the net pension liability	$ 706,033	$ 1,892,735	$ 1,550,268	$ 1,467,532
State's proportionate share of the net pension liability associated with the District	49,007,830	50,082,853	41,475,440	34,697,999
Total	$49,713,863	$51,975,588	$43,025,708	$36,165,531
District's covered payroll	$ 6,603,665	$ 6,325,153	$ 6,164,884	$ 5,985,324
District's proportionate share of the net pension liability as a percentage of it's covered payroll	10.69%	29.92%	25.15%	24.52%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.40%	41.50%	43.00%

Notes to Schedule

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

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

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

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

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

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of Employer Contributions
Teachers' Retirement System
Last Four Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 36,721	$ 36,721	-	$ 6,331,175	0.58%
2017	38,301	38,301	-	6,603,665	0.58%
2016	156,565	156,565	-	6,325,153	2.48%
2015	86,477	86,477	-	6,164,884	1.40%

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

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teachers' Health Insurance Security Fund
June 30, 2018

		2018*
District's proportion of the net OPEB liability		0.028631%
District's proportionate share of the net OPEB liability	$	7,429,678
State's proportionate share of the net OPEB liability associated with the District		9,757,013
	$	17,186,691
District's covered-employee payroll	$	6,603,665
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll		112.51%
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%

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

The District implemented GASB Statement No. 75 in fiscal year 2018.
Information prior to fiscal year 2018 is not available.

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of Employer Contributions
Teachers' Health Insurance Security Fund
Year Ended June 30, 2018

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 55,714	$ 55,714	$ -	$ 6,331,175	0.88%

The District implemented GASB Statement No. 75 in fiscal year 2018.
Information prior to fiscal year 2018 is not available.

NORRIDGE SCHOOL DISTRICT NO. 80
Statement of Changes in Assets and Liabilities
Agency Funds - Activity Funds
Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Assets:				
Cash	$ 34,777	$ -	$ -	$ 34,777
Liabilities:				
Due to organizations	$ 34,777	$ -	$ -	$ 34,777

Due Year Ended June 30	March 10, 2010 $1,055,000 Interest Varying From 2.00%-4.00% Principal	Interest	Total
2019	$ 90,000	$ 17,327	$ 107,327
2020	90,000	14,110	104,110
2021	95,000	10,734	105,734
2022	100,000	7,000	107,000
2023	100,000	3,000	103,000
2024	25,000	500	25,500
Totals	$ 500,000	$ 52,671	$ 552,671

NORRIDGE SCHOOL DISTRICT NO. 80
Operating Expenditures Per Pupil
Years Ended June 30, 2018 and 2017

	2018	2017
Expenditures		
Educational fund	$ 10,423,920	$ 10,490,995
Operations and maintenance fund	951,221	771,746
Debt service fund	146,571	108,659
Transportation fund	246,252	382,562
Municipal retirement/social security fund	248,166	248,286
Tort Immunity fund	22,954	27,834
Total expenditures	12,039,084	12,030,082
Less revenues/expenditures not applicable to operating expense of regular programs		
Tuition	1,181,778	1,328,681
Pre-K programs	104,198	95,937
Community services	942	-
Capital outlay	25,177	69,986
Non-capitalized equipment	23,038	-
Bond principal retired	85,000	85,000
Subtotal	1,420,133	1,579,604
Operating expenditures	$ 10,618,951	$ 10,450,478
Average daily attendance	1,023.79	1,052.22
Operating expenditures per student	$ 10,372	$ 9,932

Source: ISBE Form 50-35 Annual Financial Report

NORRIDGE SCHOOL DISTRICT NO. 80
Schedule of Assessed Valuations, Tax Rates and Extensions
Tax Levy Years 2017, 2016, and 2015

	TAX LEVY YEAR		
	2017	2016	2015
ASSESSED VALUATION	$ 393,235,400	$ 389,918,842	$ 342,347,578
TAX RATES			
Educational	1.9103	1.8068	2.0527
Tort immunity	0.0131	0.0132	0.0146
Special education	0.0131	0.0357	0.0146
Operations and maintenance	0.1899	0.1651	0.1972
Debt service	0.0291	0.0288	0.0336
Transportation	0.0393	0.0779	0.0921
Municipal retirement	0.0262	0.0409	0.0438
Social security	0.0262	0.0409	0.0438
Working cash	0.0003	0.0040	0.0029
Fire prevention and safety	0.0003	0.0007	0.0006
TOTAL	2.2478	2.2140	2.4959
TAX EXTENSIONS			
Educational	$ 7,511,961	$ 7,045,142	$ 7,027,368
Tort immunity	51,500	51,500	49,982
Special education	51,500	139,050	49,982
Operations and maintenance	746,750	643,938	675,109
Debt service	114,348	112,222	115,122
Transportation	154,500	303,850	315,302
Municipal retirement	103,000	159,650	149,948
Social security	103,000	159,650	149,948
Working cash	1,030	15,450	9,928
Fire prevention and safety	1,030	2,575	2,054
TOTAL	$ 8,838,619	$ 8,633,027	$ 8,544,743

Source: Agency Tax Rate Reports from the Cook County Clerk's Office