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**MILLBURN COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 24
LAKE COUNTY, ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

eder, casella & co.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Millburn Community Consolidated School District No. 24
Wadsworth, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Millburn Community Consolidated School District No. 24

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Millburn Community Consolidated School District No. 24 as of June 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the District implemented GASB Statement No. 75, *Accounting and financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund-Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund-Schedules of Employer Contribution, Teacher's Retirement System of the State of Illinois-Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teacher's Retirement System of the State of Illinois- Schedule of Employer Contribution, Other Post-Employments Benefit-Retiree Health Plan-Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, Other Post-Employments Benefit-Retiree Health Plan-Schedule of Employer Contribution, Teacher Health Insurance Security Fund of the State of Illinois-Schedule of the Employer's Proportionate Share of the Net OPEB Liability, Teacher Health Insurance Security Fund of the State of Illinois-Schedule of Employer Contribution, and budgetary comparison information on pages 6 through 11, and 46 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Millburn Community Consolidated School District No. 24's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019 on our consideration of Millburn Community Consolidated School District No. 24'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 Millburn Community Consolidated School District No. 24's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 22, 2019

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

To the Board of Education
Millburn Community Consolidated School District No. 24
Wadsworth, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Millburn Community Consolidated School District No. 24

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Millburn Community Consolidated School District No. 24's basic financial statements, and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Millburn Community Consolidated School District No. 24's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Millburn Community Consolidated School District No. 24's internal control. Accordingly, we do not express an opinion on the effectiveness of Millburn Community Consolidated School District No. 24's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control which we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Millburn Community Consolidated School District No. 24's financial statements are free from material misstatement, we performed

tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The Management's Discussion and Analysis of Millburn Community Consolidated School District No. 24's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The liabilities and deferred inflows of resources outflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2018 by \$5,585,490 (net position). Of this amount, \$(18,133,400) (unrestricted net position) may be used at the District's discretion and has not been restricted for specific purposes.
- The District's total net position decreased by \$6,494,055, including a net position adjustment of \$(8,678,855).
- At June 30, 2018, the District's governmental funds reported combined ending fund balances of \$2,818,835, an increase of \$1,714,570 in comparison with the prior year. This is due mainly to the District lowering expenses over last year and recording proceeds for equipment leasing. Of this, \$1,041,125 is unassigned fund balance.
- At June 30, 2018, the unassigned fund balance for the General Fund was \$1,197,690.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General; Operations and Maintenance; Debt Services; Transportation; Illinois Municipal Retirement/Social Security; Capital Projects Funds and Fire Prevention and Safety Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

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

The basic fiduciary fund financial statement can be found on page 19 of this report.

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

The notes to the financial statements can be found on pages 20 through 45 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in meeting its obligation to provide, as fully adequate as possible, educational services and extracurricular activities to all of its residents' students.

Required supplementary information can be found on pages 46 through 64 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$-5,585,490) at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2018 and 2017:

Millburn Community Consolidated School District No. 24's Net Position at Year-End		
	Governmental Activities	
	FY 2018	FY 2017
Assets		
Current and Other Assets	\$ 18,818,152	\$ 16,577,433
Capital Assets	24,774,639	25,485,299
Total Assets	\$ 43,592,791	\$ 42,062,732
Deferred Outflows of Resources	\$ 696,713	\$ 655,346
Liabilities		
Long-Term Liabilities Outstanding	\$ 32,139,848	\$ 26,085,053
Other Liabilities	1,545,490	1,566,993
Total Liabilities	\$ 33,685,338	\$ 27,652,046
Deferred Inflows of Resources	\$ 16,189,656	\$ 14,157,467
Net Position		
Net Investment in Capital Assets	\$ 11,705,936	\$ 11,270,733
Restricted	841,974	720,407
Unrestricted	(18,133,400)	(11,082,575)
Total Net Position	\$ (5,585,490)	\$ 908,565

The net investment in capital assets represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of Net Investment in Capital Assets was \$11,705,936 at June 30, 2018.

An additional portion of the District's net position (negative 15.07%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the District can report positive balances in all categories of net position, except the unrestricted.

The District's net position decreased by \$6,494,055 (including a net position adjustment of a negative \$8,678,855 with the change in net position being a positive \$2,184,800 before the adjustment, during the current fiscal year. Substantially all of this increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses.

Governmental Activities. Governmental activities increased the District's net position by \$2,184,800. Key elements of this increase are as follows:

Millburn Community Consolidated School District No. 24's Change in Net Position

	Governmental Activities	
	FY 2018	FY 2017
Revenues:		
Program Revenues		
Charges for Services	\$ 1,035,129	\$ 935,117
Operating Grants and Contributions	6,203,249	7,117,852
Capital Grants and Contributions	28,014	106,487
General Revenues:		
Property Taxes	13,926,077	13,590,148
Other Taxes	17,084	20,753
Other	4,074,795	3,324,568
Total Revenues	<u>\$ 25,284,348</u>	<u>\$ 25,094,925</u>
Expenses:		
Instruction	\$ 9,323,464	\$ 8,404,678
Support Services	7,022,036	6,918,012
Other	6,754,048	6,033,979
Total Expenses	<u>\$ 23,099,548</u>	<u>\$ 21,356,669</u>
Increase in Net Position	\$ 2,184,800	\$ 3,738,256
Net Position - Beginning	908,565	(4,005,693)
Net Position Adjustment	(8,678,855)	1,176,002
Net Position - Ending	<u>\$ (5,585,490)</u>	<u>\$ 908,565</u>

Charges for Services, Property Taxes, and Other revenue increased with Operating Grants and Contributions decreasing account for the overall net increase in revenue over the prior year.

The majority of the increase in expenses was due to increases in Instructional and Other Programs over the prior year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's seven governmental funds reported combined ending fund balances of \$2,818,835, an increase of \$1,714,570.

The General Fund is the chief operating fund of the District. At June 30, 2018, unassigned fund balance was \$1,197,690. The General Fund's balance increased by \$1,389,147 in comparison with the prior year. This increase is mainly due to an increase in state aid revenue and property taxes in addition to recording capital lease proceeds.

The Operations and Maintenance Fund's balance increased by \$72,341 in comparison with the prior year. This increase is due to an increase in the property tax revenue and a decrease in expenditures reported in the current fiscal year.

The Debt Services Fund had minimal changes in fund balance during the current year.

The Transportation Fund's balance increased by \$287,848 in comparison with the prior year. This increase is due mainly to an increase in property tax revenue and a decrease in expenditures.

The IMRF/Social Security Fund's balance decreased by \$249,527 in comparison with the prior year. This increase is due to a decrease in the property tax revenue.

The Capital Projects Fund's balance increased by \$105,881 in comparison with the prior year. This increase was due to less expenditures in the current year and a transfer from other funds of \$225,000.

The Fire Prevention and Safety Fund's balance increased by \$80,944 in comparison with the prior year. This increase is due to less expenditures in the current year.

General Fund Budgetary Highlights

The District's budget was approved on September 25, 2017 for the year ended June 30, 2018.

Significant differences between budgeted and actual revenues and expenditures are summarized as follows:

- The difference between budgeted revenues and actual revenues was \$1,984,729 (favorable) and the difference between budgeted expenditures and actual expenditures was \$1,420,285 (unfavorable) and were both due mainly to an increase in On-Behalf Payments.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2018 the District had invested \$24,774,639 (net of accumulated depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, capitalized equipment, vehicles, and construction in progress. Total depreciation expense for the year was \$820,227.

Millburn Community Consolidated School District No. 24's Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 826,414	\$ 826,414
Construction in Progress	-	39,939
Building and Building Improvements	22,507,062	23,068,969
Site Improvements and Infrastructure	567,221	597,421
Capitalized Equipment	827,214	900,259
Vehicles	46,728	52,297
Total	<u>\$ 24,774,639</u>	<u>\$ 25,485,299</u>

Major capital asset events during the current fiscal year included the following:

- Water Well Project - \$33,392
- Bleacher Project - \$27,821
- Fans/Fire Relay Project - \$17,725

Additional information on the District's capital assets can be found in note 3 on pages 25 and 26 of this report.

Long-Term Debt. At June 30, 2018 the District had \$21,781,679 in outstanding debt.

Millburn Community Consolidated School District No. 24's Outstanding Debt

	Governmental Activities	
	2018	2017
Bonds and Notes Payable	\$ 13,068,703	\$ 14,214,566
Accreted Interest	8,712,976	9,254,508
Total	<u>\$ 21,781,679</u>	<u>\$ 23,469,074</u>

The decrease in debt was mainly due to the payments on the 2004 bonds.

Additional information on the District's long-term debt can be found in note 4 on pages 26 and 27 of this report.

Economic Factors and Next Year's Budget

The assessed valuation 2017 is \$225,649,446, an increase of \$1,240,656 or 0.55% over the prior year.

Requests for Information

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

Millburn Community Consolidated School District No. 24
18550 Millburn Rd.
Wadsworth, IL 60083

BASIC FINANCIAL STATEMENTS

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 11,671,677
Property Taxes Receivable, net of allowance of \$34,853	6,570,293
Accounts Receivable, net of allowance of \$0	163,602
Due from Other Governments, net of allowance of \$0	179,898
Prepaid Items	232,682
Capital Assets (Note 3):	
Land	826,414
Depreciable Buildings, Property, and Equipment, net of depreciation	23,948,225
Total Assets	\$ 43,592,791
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Expense/Contributions - THIS	\$ 257,619
Pension Expense/Contributions - IMRF	336,995
Pension Expense/Contributions - TRS	102,099
Total Deferred Outflows of Resources	\$ 696,713
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 322,379
Payroll Liabilities	1,090,902
Unearned Revenue - Registration Fees	132,209
Long-Term Liabilities	
Due Within One Year	3,472,820
Due in More Than One Year	28,667,028
Total Liabilities	\$ 33,685,338
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 14,453,827
OPEB Expense/Contributions - THIS	955,141
Pension Expense/Contributions - TRS	83,884
Pension Expense/Contributions - IMRF	696,804
Total Deferred Inflows of Resources	\$ 16,189,656
NET POSITION	
Net Investment in Capital Assets	\$ 11,705,936
Restricted for:	
Capital Projects	206,696
Debt Service	218,638
Transportation	275,397
Fire Prevention/Life Safety	141,243
Unrestricted/(Deficit)	(18,133,400)
Total Net Position	\$ (5,585,490)

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction					
Regular Programs	\$ 6,245,398	\$ 367,335	\$ 36,024	\$ -	\$ (5,842,039)
Special Education Programs	2,194,165	225,731	309,725	-	(1,658,709)
Other Instructional Programs	883,901	-	7,418	-	(876,483)
Support Services					
Pupils	1,068,847	-	9,356	-	(1,059,491)
Instructional Staff	827,403	-	-	-	(827,403)
General Administration	803,468	-	-	-	(803,468)
School Administration	693,451	-	-	-	(693,451)
Business	302,610	-	-	-	(302,610)
Facilities Acquisition and Construction	30,321	3,690	-	-	(26,631)
Operations and Maintenance	1,949,474	286,932	-	28,014	(1,634,528)
Transportation	973,778	12,450	543,126	-	(418,202)
Food Services	237,901	138,991	62,759	-	(36,151)
Central	134,783	-	-	-	(134,783)
Community Services	151,040	-	-	-	(151,040)
Payments to Other Districts and Governmental Units	280,201	-	-	-	(280,201)
Interest and Fees on Long-Term Debt	1,087,966	-	-	-	(1,087,966)
On-Behalf Retirement Contributions	5,234,841	-	5,234,841	-	-
Total Governmental Activities	<u>\$ 23,099,548</u>	<u>\$ 1,035,129</u>	<u>\$ 6,203,249</u>	<u>\$ 28,014</u>	<u>\$(15,833,156)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 10,691,269
Property Taxes, Levied for Debt Service					3,234,808
Personal Property Replacement Taxes					17,084
Grants and Contributions not Restricted to Specific Activities					3,622,269
Unrestricted Investment Earnings					73,219
Gain/(Loss) on Sale of Capital Assets					(11,816)
Miscellaneous Income					391,123
Total General Revenues					<u>\$ 18,017,956</u>
Change in Net Position					\$ 2,184,800
Net Position - July 1, 2017					908,565
Net Position Adjustment (Note 18)					<u>(8,678,855)</u>
Net Position - June 30, 2018					<u>\$ (5,585,490)</u>

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 7,105,119	\$ 575,913	\$ 2,268,182	\$ 659,830	\$ 268,576	\$ 591,490	\$ 202,567	\$ 11,671,677
Property Taxes Receivable, net of allowance of \$34,853	3,910,517	545,937	1,603,147	254,182	206,557	-	49,953	6,570,293
Accounts Receivable, net of allowance of \$0	163,602	-	-	-	-	-	-	163,602
Due from Other Governments, net of allowance of \$0	41,802	-	-	135,185	2,911	-	-	179,898
Prepaid Items	232,582	100	-	-	-	-	-	232,682
Total Assets	\$ 11,453,622	\$ 1,121,950	\$ 3,871,329	\$ 1,049,197	\$ 478,044	\$ 591,490	\$ 252,520	\$ 18,818,152
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable and Accrued Expenses	\$ 256,441	\$ 52,830	\$ -	\$ 13,108	\$ -	\$ -	\$ -	\$ 322,379
Payroll Liabilities	1,032,047	24,592	-	11,421	22,842	-	-	1,090,902
Unearned Revenue - Registration Fees	132,209	-	-	-	-	-	-	132,209
Total Liabilities	\$ 1,420,697	\$ 77,422	\$ -	\$ 24,529	\$ 22,842	\$ -	\$ -	\$ 1,545,490
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Taxes	\$ 8,602,653	\$ 1,200,993	\$ 3,526,723	\$ 559,169	\$ 454,399	\$ -	\$ 109,890	\$ 14,453,827
Total Deferred Inflows of Resources	\$ 8,602,653	\$ 1,200,993	\$ 3,526,723	\$ 559,169	\$ 454,399	\$ -	\$ 109,890	\$ 14,453,827
FUND BALANCE								
Nonspendable								
Prepaid Items	\$ 232,582	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,682
Restricted								
Debt Service	-	-	218,638	-	-	-	-	218,638
Transportation	-	-	-	275,397	-	-	-	275,397
Capital Projects	-	-	-	-	-	206,696	-	206,696
Fire Prevention and Safety	-	-	-	-	-	-	141,243	141,243
Assigned								
Debt Service	-	-	125,968	-	-	-	-	125,968
Transportation	-	-	-	190,102	-	-	-	190,102
Illinois Municipal Retirement Fund/Social Security	-	-	-	-	803	-	-	803
Capital Projects	-	-	-	-	-	384,794	1,387	386,181
Unassigned	1,197,690	(156,565)	-	-	-	-	-	1,041,125
Total Fund Balance	\$ 1,430,272	\$ (156,465)	\$ 344,606	\$ 465,499	\$ 803	\$ 591,490	\$ 142,630	\$ 2,818,835
Total Liabilities and Fund Balance	\$ 11,453,622	\$ 1,121,950	\$ 3,871,329	\$ 1,049,197	\$ 478,044	\$ 591,490	\$ 252,520	\$ 18,818,152

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018

Total Fund Balances - Governmental Funds		\$ 2,818,835
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Deferred pension and OPEB costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Pension Expenses/Contributions - IMRF	\$ (359,809)	
OPEB Expenses/Contributions - THIS	(697,522)	
Pension Expenses/Contributions - TRS	<u>18,215</u>	
		(1,039,116)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
		24,774,639
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>		
Bonds Payable	\$ (12,728,112)	
Capital Lease Payable	(340,591)	
Accreted and Accrued Interest Payable	(8,712,976)	
Unamortized Bond Premiums	<u>(244,012)</u>	
		(22,025,691)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net OPEB Obligation-THIS	\$ (7,983,417)	
Net OPEB Obligation	(625,498)	
Net Pension Liability/(Asset) - TRS	(761,135)	
Net Pension Liability/(Asset) - IMRF	<u>(744,107)</u>	
		<u>(10,114,157)</u>
Net Position of Governmental Activities		<u><u>\$ (5,585,490)</u></u>

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
REVENUES								
Property Taxes	\$ 8,505,989	\$ 1,232,759	\$ 3,234,808	\$ 599,203	\$ 273,685	\$ -	\$ 79,633	\$ 13,926,077
Payments in Lieu of Taxes	-	-	-	-	17,084	-	-	17,084
Tuition	436,108	-	-	-	-	-	-	436,108
Transportation Fees	-	-	-	12,450	-	-	-	12,450
Earnings on Investments	46,882	4,527	10,144	3,991	2,237	4,127	1,311	73,219
Food Service	138,991	-	-	-	-	-	-	138,991
District/School Activity Income	108,948	-	-	-	-	-	-	108,948
Textbooks	721	-	-	-	-	-	-	721
Other Local Sources	466,426	286,932	-	-	-	3,690	-	757,048
State Aid	3,800,016	-	-	543,126	-	-	-	4,343,142
Federal Aid	247,535	-	-	-	-	-	-	247,535
On-Behalf Payments	5,234,841	-	-	-	-	-	-	5,234,841
	<u>\$ 18,986,457</u>	<u>\$ 1,524,218</u>	<u>\$ 3,244,952</u>	<u>\$ 1,158,770</u>	<u>\$ 293,006</u>	<u>\$ 7,817</u>	<u>\$ 80,944</u>	<u>\$ 25,296,164</u>
EXPENDITURES								
Current								
Instruction								
Regular Programs	\$ 5,863,751	\$ -	\$ -	\$ -	\$ 82,568	\$ -	\$ -	\$ 5,946,319
Special Education Programs	1,972,435	-	-	-	100,985	-	-	2,073,420
Other Instructional Programs	860,067	-	-	-	8,643	-	-	868,710
Support Services								
Pupils	978,908	-	-	-	37,582	-	-	1,016,490
Instructional Staff	610,753	-	-	-	27,999	-	-	638,752
General Administration	733,768	-	-	-	11,195	-	-	744,963
School Administration	611,606	-	-	-	32,143	-	-	643,749
Business	276,655	-	-	-	17,969	-	-	294,624
Facilities Acquisition and Construction	-	-	-	-	-	30,321	-	30,321
Operations and Maintenance	-	1,286,152	-	-	90,921	-	-	1,377,073
Transportation	-	-	-	866,932	95,574	-	-	962,506
Food Services	210,607	-	-	-	2,906	-	-	213,513
Central	127,401	-	-	-	-	-	-	127,401
Community Services	124,223	-	-	-	16,824	-	-	141,047
Payments to Other Districts and Governmental Units	250,156	12,821	-	-	17,224	-	-	280,201
Debt Service								
Principal	-	-	1,603,289	-	-	-	-	1,603,289
Interest and Fees	-	-	1,720,421	-	-	-	-	1,720,421
Capital Outlay	15,988	8,780	-	-	-	96,615	-	121,383
On-Behalf Payments	5,234,841	-	-	-	-	-	-	5,234,841
	<u>\$ 17,871,159</u>	<u>\$ 1,307,753</u>	<u>\$ 3,323,710</u>	<u>\$ 866,932</u>	<u>\$ 542,533</u>	<u>\$ 126,936</u>	<u>\$ -</u>	<u>\$ 24,039,023</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,115,298</u>	<u>\$ 216,465</u>	<u>\$ (78,758)</u>	<u>\$ 291,838</u>	<u>\$ (249,527)</u>	<u>\$ (119,119)</u>	<u>\$ 80,944</u>	<u>\$ 1,257,141</u>

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)								
Interfund Transfers	\$ (141,838)	\$ (200,000)	\$ 116,838	\$ -	\$ -	\$ 225,000	\$ -	\$ -
Interest Transfers	(41,742)	55,876	(10,144)	(3,990)	-	-	-	-
Other Sources	457,429	-	-	-	-	-	-	457,429
	<u>\$ 273,849</u>	<u>\$ (144,124)</u>	<u>\$ 106,694</u>	<u>\$ (3,990)</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 457,429</u>
NET CHANGE IN FUND BALANCES	\$ 1,389,147	\$ 72,341	\$ 27,936	\$ 287,848	\$ (249,527)	\$ 105,881	\$ 80,944	\$ 1,714,570
FUND BALANCES - JULY 1, 2017	41,125	(228,806)	316,670	177,651	250,330	485,609	61,686	1,104,265
FUND BALANCES - JUNE 30, 2018	<u>\$ 1,430,272</u>	<u>\$ (156,465)</u>	<u>\$ 344,606</u>	<u>\$ 465,499</u>	<u>\$ 803</u>	<u>\$ 591,490</u>	<u>\$ 142,630</u>	<u>\$ 2,818,835</u>

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,714,570

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (820,227)	
Capital Outlays	121,383	
		(698,844)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets		(11,816)
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Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Proceeds from Long-Term Debt		(457,429)
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Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,603,289

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense	\$ (312,802)	
Amortization of Bond Premiums	90,920	
OPEB Expenses	(676,496)	
Accreted Interest	541,535	
		(356,843)

Employer pension/OPEB contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

IMRF Employer Contributions	249,257	
TRS Employer Contributions	41,812	
OPEB Employer Contributions	100,804	
		391,873

Change in Net Position of Governmental Activities		\$ 2,184,800
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The Notes to Financial Statements are an integral part of this statement.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2018

	PTO/Student Activity Fund/ Band Boosters	Flexible Spending Account Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 141,656	\$ 34,353	\$ 176,009
Total Assets	\$ 141,656	\$ 34,353	\$ 176,009
LIABILITIES			
Due to PTO/Activity Funds/Band Boosters and Flexible Spending Account Plan	\$ 141,656	\$ 34,353	\$ 176,009
Total Liabilities	\$ 141,656	\$ 34,353	\$ 176,009

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Millburn Community Consolidated School District No. 24's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs, payments to other districts and governmental units, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

NOTES TO FINANCIAL STATEMENTS (Continued)

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of all governmental funds) for the determination of major funds. The District electively made all governmental funds major funds.

The following fund types are used by the District:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The Educational, Tort and Working Cash levies are included in this fund.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund) are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest, and related fees on general long-term debt.

Capital Projects Fund – The Capital Projects Fund (Capital Projects Fund and Fire Prevention and Safety Fund) is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using generally accepted accounting principles.

The District's fiduciary fund is presented in the fiduciary fund financial statement by type (agency). Since by definition these assets are being held for the benefit of a third party (student organizations) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

The following is a description of the fiduciary fund of the District:

Agency Fund – The Agency Fund (PTO/Student Activity Fund, Boosters, and Flexible Spending Account Fund) accounts for assets held by the District as an agent for the student organizations, PTO, and employees. These funds are custodial in nature and do not involve the measurement of the results of

NOTES TO FINANCIAL STATEMENTS (Continued)

operations. The amounts due to student organizations, PTO, Boosters, and employees are equal to the assets.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses when incurred.

2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. *Cash and Cash Equivalents and Investments*

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

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

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

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

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred. The District has adopted a formal written investment and cash management policy.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

H. *Inventories*

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

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and Building Improvements	50 years
Site Improvements and Infrastructure	20 years
Capitalized Equipment	5-10 years
Vehicles	5 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the balance sheet(s) and statement(s) of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the District. Vacations are usually taken within the fiscal year. The entire compensated absences liability is reported on the district-wide financial statements. For the governmental funds, the current portion of the compensated absences is the amount that is normally expected to be paid using expendable available resources. These amounts are recorded in the fund from which the employees who have accumulated vacation leave are paid.

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bond issuance costs are reported as debt service expenditures. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

N. *Government-Wide Fund Net Position*

Government-wide fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt services fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue funds, the Debt Services Fund, and capital projects funds.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

P. *Property Tax Calendar and Revenues*

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

Q. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 826,414	\$ -	\$ -	\$ 826,414
Construction in Progress	39,939		39,939	-
Total Capital Assets not being depreciated	<u>\$ 866,353</u>	<u>\$ -</u>	<u>\$ 39,939</u>	<u>\$ 826,414</u>
Other Capital Assets				
Building and Building Improvements	\$ 33,614,909	\$ 112,644	\$ -	\$ 33,727,553
Site Improvements and Infrastructure	1,038,006	23,910	2,898	1,059,018
Capitalized Equipment	4,378,475	24,768	45,458	4,357,785
Vehicles	111,381	-	-	111,381
Total Other Capital Assets at historical cost	<u>\$ 39,142,771</u>	<u>\$ 161,322</u>	<u>\$ 48,356</u>	<u>\$ 39,255,737</u>
Less Accumulated Depreciation for				
Building and Improvements	\$ 10,545,940	\$ 674,551	\$ -	\$ 11,220,491
Site Improvements and Infrastructure	440,585	52,951	1,739	491,797
Capitalized Equipment	3,478,216	87,156	34,801	3,530,571
Vehicles	59,084	5,569	-	64,653
Total Accumulated Depreciation	<u>\$ 14,523,825</u>	<u>\$ 820,227</u>	<u>\$ 36,540</u>	<u>\$ 15,307,512</u>
Other Capital Assets, Net	<u>\$ 24,618,946</u>	<u>\$ (658,905)</u>	<u>\$ 11,816</u>	<u>\$ 23,948,225</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,485,299</u>	<u>\$ (658,905)</u>	<u>\$ 51,755</u>	<u>\$ 24,774,639</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
Regular Programs	\$ 26,599
Other Instructional Programs	4,837
Instructional Staff	150,727
General Administration	32,241
Operations and Maintenance	567,812
Transportation	6,448
Food Services	24,181
Central	7,382
Total Governmental Activities Depreciation Expense	<u>\$ 820,227</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Bonds and Leases Payable					
General Obligation School Bonds, Series 2004B	\$ 8,564,566	\$ -	\$ 1,486,454	\$ 7,078,112	\$ 586,562
General Obligation School Bonds, Series 2012	5,650,000	-	-	5,650,000	2,020,000
Capital Lease Apple Ipads		457,429	116,838	340,591	111,900
Accreted Interest	9,254,508	952,014	1,493,546	8,712,976	663,438
Total Bonds and Leases Payable	<u>\$ 23,469,074</u>	<u>\$ 1,409,443</u>	<u>\$ 3,096,838</u>	<u>\$ 21,781,679</u>	<u>\$ 3,381,900</u>
Other Long-Term Liabilities					
Net Pension Liability - IMRF	\$ 1,405,544	\$ -	\$ 661,437	\$ 744,107	\$ -
Net Pension Liability - TRS	823,613	-	62,478	761,135	-
OPEB Obligation	51,890	573,608	-	625,498	-
THIS OPEB Obligation	-	7,983,417	-	7,983,417	-
Unamortized Bond Premium	334,932	-	90,920	244,012	90,920
Total Other Long-Term Liabilities	<u>\$ 2,615,979</u>	<u>\$ 8,557,025</u>	<u>\$ 814,835</u>	<u>\$ 10,358,169</u>	<u>\$ 90,920</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 26,085,053</u>	<u>\$ 9,966,468</u>	<u>\$ 3,911,673</u>	<u>\$ 32,139,848</u>	<u>\$ 3,472,820</u>

Long-term debt consisted of the following at June 30, 2018:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
General Obligation School Bonds, Series 2004B	5/1/2004	6/1/2024	3.25% - 5.00%	\$ 15,984,547	\$ 7,078,112
General Obligation School Bonds, Series 2012	5/1/2012	1/1/2020	2.00% - 4.00%	5,775,000	5,650,000
Capital Lease-Apple Ipads	5/17/2017	7/15/2020	1.45%	457,429	340,591

At June 30, 2018, the annual debt services (excluding accreted interest) requirements to cover all outstanding debt are:

Year Ending June 30	Principal	Interest	Total
2019	\$ 2,718,462	\$ 894,376	\$ 3,612,838
2020	3,743,524	148,516	3,892,040
2021	1,809,474	2,417,364	4,226,838
2022	1,711,576	2,728,424	4,440,000
2023	1,716,466	3,078,534	4,795,000
2024	1,369,202	3,805,798	5,175,000
	<u>\$ 13,068,704</u>	<u>\$ 13,073,012</u>	<u>\$ 26,141,716</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Various bond issues have been defeased by creating separate irrevocable trust funds. New debt was issued, and the proceeds have been used to purchase U.S. government securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. As a result, the 2004 bond issue is considered to be partially defeased and the liability for the amount refunded on these bond issues has been removed from the District's liabilities. At June 30, 2018, a total of \$5,650,000 of defeased debt is still outstanding.

NOTE 5 - INTERFUND LOANS

There were no interfund loans at June 30, 2018.

NOTE 6 - DEFICIT FUND BALANCES

The Operations and Maintenance Fund had a deficit fund balance of \$156,465 at June 30, 2018.

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are the 2017 tax levy. The unavailable revenue is 100% of the 2017 tax levy net of estimated uncollectible amounts. These taxes are unavailable as only a portion of the taxes are collected near the end of the fiscal year and the District does not consider the amounts to be available and does not budget for their use in fiscal year 2018. The District has determined that 100% of the amounts collected for the 2016 levy are allocable for use in fiscal year 2018. Therefore, 100% of the amounts collected for the 2016 and prior levies (\$13,926,077) are recorded in these financial statements as property tax revenue. A summary of the assessed valuations and extensions for tax years 2017, 2016, and 2015 is as follows:

ASSESSED VALUATION	2017		2016		2015	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$225,649,446		\$224,408,790		\$215,699,157
Educational	3.3440	\$ 7,545,643	3.3399	\$ 7,495,000	3.4307	\$ 7,400,002
Special Education	0.3668	827,587	0.3743	840,000	0.3900	841,227
Operations and Maintenance	0.5329	1,202,436	0.5500	1,234,239	0.5500	1,186,345
Bond and Interest	1.5648	3,530,960	1.4429	3,238,062	1.3888	2,995,660
Transportation	0.2481	559,841	0.2674	600,000	0.1397	301,383
Municipal Retirement	0.0173	38,947	0.0446	100,001	0.1483	319,804
Social Security	0.1769	399,190	0.0697	156,494	0.1271	274,117
SEDOL IMRF	0.0074	16,809	0.0077	17,226	0.0076	16,492
Liability Insurance	0.0653	147,263	0.0602	135,002	0.0592	127,756
Fire Prevention and Safety	0.0488	110,022	0.0357	80,002	0.0321	69,326
Working Cash	0.0410	92,496	0.0201	45,001	0.0400	86,280
	<u>6.4133</u>	<u>\$ 14,471,194</u>	<u>6.2123</u>	<u>\$ 13,941,027</u>	<u>6.3136</u>	<u>\$ 13,618,392</u>

NOTE 8 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2018, the following fund had expenditures that exceeded budget.

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 16,484,366	\$ 17,871,159	\$ 1,386,793

NOTE 9 - OPERATING LEASES, AS LESSEE

The District, as lessee, leases buses. Estimated minimum annual rentals are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 82,510
2020	231,020
2021	641,286
	<u>\$ 954,816</u>

The rental expense for all operating leases for the year ended June 30, 2018 was \$165,020.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

General Information About the Pension Plan

Plan Description

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

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

Benefits Provided

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

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

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions

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

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 \$5,156,769 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$41,812 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the District pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$0 were paid from federal and special trust funds that required District contributions of \$0. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

At June 30, 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	\$ 761,135
State's proportionate share of the net pension liability associated with the District	52,398,094
Total Net Pension Liability	<u>\$ 53,159,229</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the District's proportion was 0.0010433932%, which was a decrease of 0.000471119% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$5,156,769 and revenue of \$5,156,769 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	Net Outflows of Resources
Differences between expected and actual experience	\$ 8,267	\$ (351)	\$ 7,916
Net difference between projected and actual earnings on pension plan investments	522	-	522
Changes of assumptions	50,800	(21,871)	28,929
Changes in proportion and differences between employer contributions and proportionate share of contributions	698	(61,662)	(60,964)
Employer contributions subsequent to the measurement date	41,812	-	41,812
	<u>\$ 102,099</u>	<u>\$ (83,884)</u>	<u>\$ 18,215</u>

\$41,812 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 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 in these reporting years:

<u>Year Ending June 30</u>	
2019	\$ (21,433)
2020	4,020
2021	7,449
2022	(12,134)
Thereafter	(1,499)
	<u>\$ (23,597)</u>

Actuarial Assumptions

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
Total	100.0%	

Discount Rate

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

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

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would

NOTES TO FINANCIAL STATEMENTS (Continued)

be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point-higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 935,154	\$ 761,135	\$ 618,599

TRS Fiduciary Net Position

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

B. *Illinois Municipal Retirement Fund*

Plan Description

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

Benefits Provided

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	108
Active plan members	<u>86</u>
Total	<u>226</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2017 was 11.60%. For the fiscal year ended June 30, 2018, the District contributed \$249,257 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Total Pension Liability/(Asset)	\$ 6,807,902
IMRF Fiduciary Net Position	6,063,795
District's Net Pension Liability/(Asset)	744,107
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	89.07%

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

Actuarial Assumptions

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Long-Term Expected Rate of Return

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

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

Single Discount Rate

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2016	\$ 6,517,892	\$ 5,112,348	\$ 1,405,544
Changes for the year:			
Service Cost	\$ 236,076	\$ -	\$ 236,076
Interest on the Total Pension Liability	491,193	-	491,193
Differences Between Expected and Actual Experience of the Total Pension Liability	(78,634)	-	(78,634)
Changes of Assumptions	(185,258)	-	(185,258)
Contributions - Employer	-	243,576	(243,576)
Contributions - Employee	-	95,280	(95,280)
Net Investment Income	-	854,220	(854,220)
Benefit Payments, including Refunds of Employee Contributions	(173,367)	(173,367)	-
Other (Net Transfer)	-	(68,262)	68,262
Net Changes	\$ 290,010	\$ 951,447	\$ (661,437)
Balances at December 31, 2017	\$ 6,807,902	\$ 6,063,795	\$ 744,107

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability/(Asset)	\$ 1,649,852	\$ 744,107	\$ 541

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 \$272,198. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 30,767	\$ 167,869	\$ (137,102)
Changes of assumptions	17,056	155,217	(138,161)
Net difference between projected and actual earnings on pension plan investments	158,753	373,718	(214,965)
Total deferred amounts to be recognized in pension expense in future periods	\$ 206,576	\$ 696,804	\$ (490,228)
Pension contributions made subsequent to the measurement date	130,419	-	130,419
Total deferred amounts related to pensions	\$ 336,995	\$ 696,804	\$ (359,809)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (97,072)
2019	(149,277)
2020	(150,451)
2021	(93,428)
	<u>\$ (490,228)</u>

C. Social Security

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

NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS

Teacher Health Insurance Security Fund (THIS)

General Information About the OPEB Plan

Plan Description

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

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

Benefits Provided

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Contributions

For the fiscal year ended June 30, 2018, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the THIS make contributions to the plan at a rate of 1.18% of salary and for every employer of a teacher to contribute an amount equal to .88% of each teacher's salary. For the fiscal year ended June 30, 2017, the employee contribution was 1.12% of salary and the employer contribution was .84% of each teacher's salary. The Department of Central Management Services determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THISF), an amount equal to the amount certified by the Board of Trustees of THIS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to THIS by the employer.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$78,072 in benefit contributions from the State of Illinois.

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

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

District's proportionate share of the net pension liability	\$ 7,983,417
State's proportionate share of the net pension liability associated with the District	10,484,168
Total	<u>\$ 18,467,585</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2017, the District's proportion was 0.031765%, which was an increase of 0.000839% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized benefit expense of \$623,242 and on-behalf revenue/expense of \$78,072 for support provided by the State. At June 30, 2018, the District reported

NOTES TO FINANCIAL STATEMENTS (Continued)

deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,522)	\$ (4,522)
Net difference between projected and actual earnings on pension plan investments	-	(88)	(88)
Changes of assumptions	-	(950,531)	(950,531)
Changes in proportion and differences between employee contributions and proportionate share of contributions	194,181	-	194,181
Employer contributions subsequent to the measurement date	63,438	-	63,438
	<u>\$ 257,619</u>	<u>\$ (955,141)</u>	<u>\$ (697,522)</u>

\$63,438 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting 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 in these reporting years:

	1% Decrease 2.56% (a)	Healthcare Cost Valuation Rate	1% Increase 4.56% (b)
Employer's proportionate share of the net OPEB liability	\$ 14,905,207	\$ 18,467,585	\$ 23,580,698

Actuarial Assumptions

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100.0%	0.68%
	100.0%	

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, THIS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Employer's proportionate share of the net OPEB liability	\$ 22,160,966	\$ 18,467,585	\$ 15,512,236

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Decrease 2.56% (a)	Healthcare Cost Valuation Rate	1% Increase 4.56% (b)
Employer's proportionate share of the net OPEB liability	\$ 14,905,207	\$ 18,467,585	\$ 23,580,698

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

Payable to the OPEB Plan

At June 30, 2018, the District reported a payable of \$53,412 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

NOTE 12 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

Plan Overview

In addition to the retirement plan described in Note 10, the District provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Medical Coverage

Retirees - IMRF - Pre-65 Coverage:

Retiree pays the full cost of coverage, including any dependent coverage in District HMO or PPO. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs.

Retirees - IMRF - Post-65 Coverage:

Retirees may continue coverage past Medicare eligibility, but District coverage is secondary to Medicare once applicable. Retiree pays the full cost of coverage, including any dependent coverage. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs.

Retirees – TRS - Date of Retire Before 12/31/2016 - Pre-65/Post-65 Coverage:

The District will pay for 4 years of single coverage through TRIP/TRAIL. Any dependent coverage is paid for by the Retiree. After the 4-year period, the Retiree may elect to retain TRIP/TRAIL coverage, paying all costs

Retirees – TRS -Date of Retire After 12/31/2016 - Pre-65/Post-65 Coverage:

The District will pay up to \$300 per month -- regardless if the employee elects single or dependent coverage – for 4 years. Should the premiums be less than \$300/month, the District will see the savings. Should the premium be more than \$300/month, the Retiree will pay the additional cost. After the 4-year period, the Retiree may elect to retain TRIP/TRAIL coverage, paying all costs of coverage.

Dental, Vision & Life Insurance

Retirees- IMRF - Pre-65/Post-65 Coverage:

Retirees are not permitted to remain on District Vision or Life Insurance. Retirees may remain on District Dental Insurance with the Retiree paying the full cost of coverage, including any dependent coverage. Coverage may continue past Medicare eligibility. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs.

Retirees- TRS - Pre-65/Post-65 Coverage:

Retirees are not permitted to remain on District Dental, Vision or Life Insurance.

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

Eligibility

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Full-Time Employees- IMRF

Tier I IMRF Full-Time District employees:

- * Age 55 with at least 8 years of service (Reduced Pension)
- * Age 55 with at least 30 years of service (Reduced Pension)
- * Age 55 with at least 35 years of service (Full Pension)
- * Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time District employees:

- * Age 62 with at least 10 years of service (Reduced Pension)
- * Age 62 with at least 30 years of service (Reduced Pension)
- * Age 62 with at least 35 years of service (Full Pension)
- * Age 67 with at least 10 years of service (Full Pension)

Full-Time Employees- TRS

Tier I TRS Full-Time District employees:

- * Age 55 with at least 20 years of service (Reduced Pension)
- * Age 55 with at least 35 years of service (Full Pension)
- * Age 60 with at least 10 years of service (Full Pension)
- * Age 62 with at least 5 years of service (Full Pension)

Tier II TRS Full-Time District employees:

- * Age 62 with at least 10 years of service (Reduced Pension)
- * Age 67 with at least 10 years of service (Full Pension)

Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active Participants (fully eligible for retirement)	155
Active Participants (not yet fully eligible for retirement)	0
Retirees	0
Total	155

Contribution

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

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

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

Discount rate used for the Total OPEB Liability	3.87%
Long-Term Expected rate of return on Plan Assets	N/A
High Quality 20 year Tax Exempt G.O. Bond Rate	3.87%
Total Payroll Increases	2.25%
Retiree Contribution Rates	Same as Health Care Trend

Blended Premium Rates

	Annual Blended Premiums			
	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
HMO	\$ 7,786	\$ 7,264	\$ 4,671	\$ 4,671
PPO	\$ 8,674	\$ 15,061	\$ 8,674	\$ 8,674

NOTES TO FINANCIAL STATEMENTS (Continued)

Health Care Trend Rates

Health Care Trend

<u>Period</u>	<u>HMO</u>	<u>PPO</u>	<u>TRS</u>	<u>Stipend</u>
FY17-FY18	0.00%	3.10%	5.00%	0.00%
FY18-FY19	6.50%	6.50%	5.00%	0.00%
FY19-FY20	6.50%	6.50%	5.00%	0.00%
FY20-FY21	6.00%	6.00%	5.00%	0.00%
FY21-FY22	6.00%	6.00%	5.00%	0.00%
FY22-FY23	5.50%	5.50%	5.00%	0.00%
Ultimate	5.00%	5.00%	5.00%	0.00%

Election at Retirement

Coverage election at retirement is assumed at the following rates:

IMRF	30%
IMRF-Currently Waiving	10%
TRS-District Insurance	N/A
TRS District Stipend	100%

If an employee has waived active medical coverage it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

Spousal Election

Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. The amount of premium charged for spousal coverage covers the true cost of claims, so there is no assumed implicit liability for spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Plan Participation Rate

Of the employees that will elect coverage at retirement, as noted above, it is assumed they will elect coverage in the available medical plans at the following rates:

	<u>IMRF</u>	<u>TRS</u>
HMO	0%	N/A
PPO	100%	N/A

Retiree Lapse Rates

Retirees receiving medical coverage are expected to lapse all coverages at age 65 at the following rates:

IMRF	100%
TRS	N/A

Disability, Retirement, and Termination Rates

IMRF 2017 for IMRF Employees
 TRS 2017 for TRS Employees

Mortality Rates

IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the Rp-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

TRS Mortality follows the Sex Distinct Raw Rates as Developed in the Rp-2014 Study, with White Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates and Weighted Based on the TRS June 30, 2017 Actuarial Valuation.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improved Rates.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Discount Rate

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

A rate of 3.87% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 28, 2018.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at July 1, 2017	\$ 609,611	\$ -	\$ 609,611
Changes for the year:			
Service Cost	\$ 30,385	\$ -	\$ 30,385
Interest on Total OPEB Liability	22,869	-	22,869
Contributions - Employer	-	37,366	(37,366)
Benefit Payments	(37,366)	(37,366)	
Net Changes	\$ 15,888	\$ -	\$ 15,888
Balances at June 30, 2018	\$ 625,499	\$ -	\$ 625,499

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

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

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Valuation Rate	1% Increase
\$ 663,743	\$ 625,499	\$ 589,851

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

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

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Valuation Rate	1% Increase
\$ 569,732	\$ 625,499	\$ 689,354

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$53,254. Because this is the implementation year of GASB 74/75, the beginning total OPEB liability is based on the same assumptions and data as the ending total OPEB liability. Therefore, there are no changes in assumptions or differences between actual and expected experience that are being deferred in the current year. At June 30, 2018, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 13 - INTERFUND TRANSFERS

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

Transfer from	Transfer To	Amount
General Fund	Capital Projects Fund	\$ 25,000
General Fund	Operations and Maintenance Fund	41,742
General Fund	Debt Services Fund	116,838
Operations and Maintenance Fund	Capital Projects Fund	200,000
Debt Services Fund	Operations and Maintenance Fund	10,144
Transportation Fund	Operations and Maintenance Fund	3,990

The transfers from the General Fund, Debt Services Fund, and Transportation Fund to the Operations and Maintenance Fund are transfers of interest. The transfer from the General Fund to the Debt Service Fund is for payments on a capital lease. The transfers from the General Fund and Operations and Maintenance Fund to the Capital Projects Fund are to help cover capital expenses.

NOTE 14 - JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF LAKE COUNTY (SEDOL)

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

A summary of the Statement of Net Position of SEDOL at June 30, 2017 (most recent information available) is as follows:

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

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

NOTE 15 - RISK MANAGEMENT

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

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

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk

NOTES TO FINANCIAL STATEMENTS (Continued)

management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

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

The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experiences. Adjustments in premiums are recorded when paid or received.

During the year ended June 30, 2018, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage for each of the past three years, including the current year. During the year ended June 30, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 16 - CONTINGENCIES

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

NOTE 17 - LEGAL DEBT LIMITATION

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

2017 EAV	\$	225,649,446
Rate		6.90%
Debt Margin	\$	15,569,812
Current Debt		13,068,703
Remaining Debt Margin	\$	<u>2,501,109</u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2018, the District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. This Statement establishes financial reporting standards for postemployment benefits other than pension agreements offered by the District. The Statement also requires additional disclosures about the postemployment benefits other than pensions offered by the District (see Notes 11 and 12).

The implementation of GASB Statement Nos. 75 and 85 required a restatement of prior year net position for prior years' OPEB obligations. As a result, the beginning net position decreased by \$8,678,855.

REQUIRED SUPPLEMENTARY INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY				
Service Cost	\$ 236,076	\$ 245,646	\$ 230,920	\$ 229,710
Interest on the Total Pension Liability	491,193	467,170	421,385	364,946
Differences Between Expected and Actual Experience	(78,634)	(216,745)	106,283	39,209
Changes of Assumptions	(185,258)	(34,168)	16,846	257,103
Benefit Payments, Including Refunds of Member Contributions	(173,367)	(167,043)	(140,856)	(120,194)
Net Change in Total Pension Liability	<u>\$ 290,010</u>	<u>\$ 294,860</u>	<u>\$ 634,578</u>	<u>\$ 770,774</u>
Total Pension Liability - Beginning	<u>6,517,892</u>	<u>6,223,032</u>	<u>5,588,454</u>	<u>4,817,680</u>
Total Pension Liability - Ending	<u>\$ 6,807,902</u>	<u>\$ 6,517,892</u>	<u>\$ 6,223,032</u>	<u>\$ 5,588,454</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 243,576	\$ 252,228	\$ 248,313	\$ 219,930
Contributions - Member	95,280	96,681	102,456	90,297
Net Investment Income	854,220	317,440	22,735	250,138
Benefit Payments, Including Refunds of Member Contributions	(173,367)	(167,043)	(140,856)	(120,194)
Other (Net Transfers)	(68,262)	8,310	(70,049)	(3,638)
Net Change in Plan Fiduciary Net Position	<u>\$ 951,447</u>	<u>\$ 507,616</u>	<u>\$ 162,599</u>	<u>\$ 436,533</u>
Plan Net Position - Beginning	<u>5,112,348</u>	<u>4,604,732</u>	<u>4,442,133</u>	<u>4,005,600</u>
Plan Net Position - Ending	<u>\$ 6,063,795</u>	<u>\$ 5,112,348</u>	<u>\$ 4,604,732</u>	<u>\$ 4,442,133</u>
District's Net Pension Liability	<u>\$ 744,107</u>	<u>\$ 1,405,544</u>	<u>\$ 1,618,300</u>	<u>\$ 1,146,321</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.07%	78.44%	73.99%	79.49%
Covered-Valuation Payroll	\$ 2,100,321	\$ 2,148,452	\$ 2,127,786	\$ 1,996,751
Employer's Net Pension Liability as a percentage of Covered-Valuation Payroll	35.43%	65.42%	76.06%	57.41%

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

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

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 243,575	\$ 252,228	\$ 248,313	\$ 220,441
Contributions in relation to Actuarially-Determined Contribution	243,576	252,228	248,313	219,930
Contribution deficiency/(excess)	\$ (1)	\$ -	\$ -	\$ 511
Covered-Valuation Payroll	\$ 2,351,737	\$ 2,148,452	\$ 2,127,786	\$ 1,996,751
Contributions as a percentage of Covered-Valuation Payroll	10.36%	11.74%	11.67%	11.01%

Notes to Schedule:

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

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 26-year closed period

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

Wage Growth: 3.5%

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

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

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

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

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

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0009963%	0.0010434%	0.0010417%	0.0010934%
Employer's proportionate share of the Net Pension Liability	\$ 761,135	\$ 823,613	\$ 682,398	\$ 665,447
State's proportionate share of the Net Pension Liability associated with the employer	52,398,094	55,298,874	40,748,081	41,497,929
Total	\$ 53,159,229	\$ 56,122,487	\$ 41,430,479	\$ 42,163,376
Employer's Covered-Employee Payroll	\$ 7,076,920	\$ 6,970,454	\$ 6,300,222	\$ 6,300,172
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	10.76%	11.82%	10.83%	10.56%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

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

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

Changes of Assumptions:

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

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

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Statutorily-Required Contribution	\$ 41,046	\$ 40,428	\$ 38,630	\$ 36,541
Contributions in relation to the Statutorily-Required Contribution	<u>41,046</u>	<u>40,428</u>	<u>38,613</u>	<u>36,541</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 7,208,882	\$ 6,970,454	\$ 6,300,222	\$ 6,300,172
Contributions as a percentage of Covered-Employee Payroll	0.57%	0.58%	0.61%	0.58%

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

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2018

	6/30/2018 *
Employer's proportion of the Net OPEB Liability	0.0307650%
Employer's proportionate share of the Net OPEB Liability	\$ 7,983,417
State's proportionate share of the Net OPEB Liability associated with the employer	10,484,168
Total	\$ 18,467,585
Employer's Covered Payroll	\$ 7,076,920
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	112.81%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-0.17%

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

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

Changes of Assumptions:

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018 *
Statutorily-Required Contribution	\$ 59,450
Contributions in relation to the Statutorily-Required Contribution	59,446
Contribution deficiency/(excess)	\$ 4
Employer's Covered Payroll	\$ 7,208,882
Contributions as a percentage of Covered Payroll	0.82%

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

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
 LIABILITY AND RELATED RATIOS
 JUNE 30, 2018

	6/30/2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 30,385
Interest	22,869
Benefit Payments	(37,366)
Net Change in Total OPEB Liability	\$ 15,888
Total OPEB Liability - Beginning	609,611
Total OPEB Liability - Ending	\$ 625,499
OPEB PLAN FIDUCIARY NET POSITION	
Net Change in OPEB Plan Net Position	\$ -
OPEB Plan Net Position - Beginning	-
OPEB Net Position - Ending	\$ -
District's Net OPEB Plan Liability	\$ 625,499
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered-Employee Payroll	\$ 9,177,241
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	6.82%

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018
Actuarially-Determined Contribution	N/A
Contributions in Relation to Actuarially-Determined Contribution	-
Contribution Deficiency/(Excess)	N/A
Covered-Employee Payroll	\$ 9,560,619
Contributions as a Percentage of Covered-Employee Payroll	0.00%

Notes to Schedule:

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

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
REVENUES		
Property Taxes	\$ 8,515,002	\$ 8,505,989
Tuition	427,195	436,108
Earnings on Investments	4,125	46,882
Food Service	157,805	138,991
District/School Activity Income	115,635	108,948
Textbooks	521	721
Other Local Sources	327,780	466,426
State Aid		
Evidence Based Funding	3,581,024	3,622,269
Special Education	225,000	169,868
Career and Technical Education	800	-
Bilingual	7,500	6,531
State Free Lunch and Breakfast	200	461
Other Restricted Revenue from State Sources	-	887
Federal Aid		
Food Service	61,000	62,759
Federal Special Education	193,241	139,857
Title II - Teacher Quality	20,000	36,024
Medicaid Matching Funds - Administrative Outreach	12,000	-
Medicaid Matching Funds - Fee-for-Service Program	22,000	8,895
On-Behalf Payments	3,330,900	5,234,841
Total Revenues	\$ 17,001,728	\$ 18,986,457
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 4,518,557	\$ 4,305,238
Employee Benefits	934,049	879,819
Purchased Services	68,152	60,250
Supplies and Materials	274,770	112,455
Other Objects	1,200	1,101
Non-Capitalized Equipment	13,500	462,541
Termination Benefits	30,000	29,743
	<u>\$ 5,840,228</u>	<u>\$ 5,851,147</u>
Pre-K Programs		
Salaries	\$ 49,083	\$ -
Employee Benefits	9,705	550
Purchased Services	1,500	-
Supplies and Materials	11,600	12,054
	<u>\$ 71,888</u>	<u>\$ 12,604</u>
Special Education Programs		
Salaries	\$ 1,289,637	\$ 1,282,878
Employee Benefits	300,817	298,885
Purchased Services	32,181	22,373
Supplies and Materials	102,239	18,737
Other Objects	-	518
Non-Capitalized Equipment	2,500	13,147
	<u>\$ 1,727,374</u>	<u>\$ 1,636,538</u>
Special Education Programs Pre-K		
Salaries	\$ 257,194	\$ 258,945
Employee Benefits	75,860	75,162
Purchased Services	100	86
Supplies and Materials	4,245	1,704
	<u>\$ 337,399</u>	<u>\$ 335,897</u>
Interscholastic Programs		
Salaries	\$ 116,808	\$ 106,275
Employee Benefits	925	1,461
Purchased Services	14,200	12,548
Supplies and Materials	8,875	6,112
Other Objects	2,950	1,992
Non-Capitalized Equipment	3,000	2,875
	<u>\$ 146,758</u>	<u>\$ 131,263</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Gifted Programs		
Salaries	\$ 176,733	\$ 178,238
Employee Benefits	28,433	29,141
Supplies and Materials	2,500	162
Other Objects	300	352
	<u>\$ 207,966</u>	<u>\$ 207,893</u>
Bilingual Programs		
Salaries	\$ 77,279	\$ 76,495
Employee Benefits	1,713	2,557
Purchased Services	75	-
Supplies and Materials	3,992	252
	<u>\$ 83,059</u>	<u>\$ 79,304</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 360,000	\$ 441,607
	<u>\$ 360,000</u>	<u>\$ 441,607</u>
Total Instruction	<u>\$ 8,774,672</u>	<u>\$ 8,696,253</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 180,085	\$ 179,394
Employee Benefits	44,710	42,637
Supplies and Materials	4,300	2,549
Other Objects	-	100
	<u>\$ 229,095</u>	<u>\$ 224,680</u>
Health Services		
Salaries	\$ 165,211	\$ 162,206
Employee Benefits	9,985	31,048
Purchased Services	24,575	800
Supplies and Materials	6,250	4,599
Non-Capitalized Equipment	1,500	-
	<u>\$ 207,521</u>	<u>\$ 198,653</u>
Psychological Services		
Salaries	\$ 136,361	\$ 136,361
Employee Benefits	28,768	29,080
Purchased Services	2,500	-
Supplies and Materials	5,700	3,131
	<u>\$ 173,329</u>	<u>\$ 168,572</u>
Speech Pathology and Audiology Services		
Salaries	\$ 284,001	\$ 282,668
Employee Benefits	59,794	61,069
Purchased Services	7,000	18,763
Supplies and Materials	3,500	2,642
	<u>\$ 354,295</u>	<u>\$ 365,142</u>
Other Support Services - Pupils		
Salaries	\$ 31,344	\$ 16,883
Employee Benefits	67	216
Purchased Services	600	565
Supplies and Materials	4,350	4,197
	<u>\$ 36,361</u>	<u>\$ 21,861</u>
Total Support Services - Pupils	<u>\$ 1,000,601</u>	<u>\$ 978,908</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 171,325	\$ 182,264
Employee Benefits	73,044	66,043
Purchased Services	118,899	127,900
Supplies and Materials	1,250	724
	<u>\$ 364,518</u>	<u>\$ 376,931</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff (Continued)		
Educational Media Services		
Salaries	\$ 128,205	\$ 133,009
Employee Benefits	44,798	50,121
Purchased Services	19,660	21,297
Supplies and Materials	19,139	11,788
Other Objects	200	150
Non-Capitalized Equipment	4,000	2,292
	<u>\$ 216,002</u>	<u>\$ 218,657</u>
Assessment and Testing		
Purchased Services	\$ 19,000	\$ 14,277
Supplies and Materials	1,100	888
	<u>\$ 20,100</u>	<u>\$ 15,165</u>
Total Support Services - Instructional Staff	<u>\$ 600,620</u>	<u>\$ 610,753</u>
General Administration		
Board of Education Services		
Salaries	\$ 2,288	\$ 2,388
Employee Benefits	53,683	46,000
Purchased Services	198,750	173,963
Supplies and Materials	6,650	4,060
Other Objects	11,750	2,360
	<u>\$ 273,121</u>	<u>\$ 228,771</u>
Executive Administration Services		
Salaries	\$ 405,000	\$ 363,311
Employee Benefits	30,750	36,551
Purchased Services	1,200	1,378
Supplies and Materials	450	333
Other Objects	3,600	1,638
	<u>\$ 441,000</u>	<u>\$ 403,211</u>
Special Area Administration Services		
Supplies and Materials	\$ 100	\$ -
Other Objects	200	130
	<u>\$ 300</u>	<u>\$ 130</u>
Tort Immunity Services		
Purchased Services	\$ 131,000	\$ 101,656
	<u>\$ 131,000</u>	<u>\$ 101,656</u>
Total Support Services - General Administration	<u>\$ 845,421</u>	<u>\$ 733,768</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 454,700	\$ 448,155
Employee Benefits	151,846	153,866
Purchased Services	5,480	4,739
Supplies and Materials	5,420	4,261
Other Objects	1,500	585
	<u>\$ 618,946</u>	<u>\$ 611,606</u>
Total Support Services - School Administration	<u>\$ 618,946</u>	<u>\$ 611,606</u>
Business		
Direction of Business Support Services		
Salaries	\$ 62,090	\$ 67,152
Employee Benefits	6,000	7,395
	<u>\$ 68,090</u>	<u>\$ 74,547</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Business (Continued)		
Fiscal Services		
Salaries	\$ 155,710	\$ 147,700
Employee Benefits	15,985	15,770
Purchased Services	32,600	34,278
Supplies and Materials	3,500	2,545
Other Objects	1,600	1,105
Non-Capitalized Equipment	2,000	690
	<u>\$ 211,395</u>	<u>\$ 202,088</u>
Operations and Maintenance		
Supplies and Materials	\$ 250	\$ 20
Non-Capitalized Equipment	1,500	-
	<u>\$ 1,750</u>	<u>\$ 20</u>
Total Support Services - Business	<u>\$ 281,235</u>	<u>\$ 276,655</u>
Food Services		
Salaries	\$ 20,765	\$ 26,241
Employee Benefits	86	191
Purchased Services	193,600	166,223
Supplies and Materials	6,850	3,007
Other Objects	650	746
Non-Capitalized Equipment	12,500	14,199
	<u>\$ 234,451</u>	<u>\$ 210,607</u>
Total Support Services - Food Services	<u>\$ 234,451</u>	<u>\$ 210,607</u>
Central		
Data Processing Services		
Purchased Services	\$ 137,800	\$ 79,049
Supplies and Materials	121,600	13,174
Non-Capitalized Equipment	40,000	35,178
	<u>\$ 299,400</u>	<u>\$ 127,401</u>
Total Support Services - Central	<u>\$ 299,400</u>	<u>\$ 127,401</u>
Total Support Services	<u>\$ 3,880,674</u>	<u>\$ 3,549,698</u>
Community Services		
Salaries	\$ 131,175	\$ 88,399
Employee Benefits	28,935	28,231
Purchased Services	58,010	2,807
Supplies and Materials	3,500	4,786
Other Objects	4,500	-
Total Community Services	<u>\$ 226,120</u>	<u>\$ 124,223</u>
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Regular Programs		
Purchased Services	\$ -	\$ 44,778
Other Objects	-	51,258
	<u>\$ -</u>	<u>\$ 96,036</u>
Payments for Special Education Programs		
Other Objects	\$ 250,000	\$ 154,120
	<u>\$ 250,000</u>	<u>\$ 154,120</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 250,000</u>	<u>\$ 250,156</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 250,000</u>	<u>\$ 250,156</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Capital Outlay		
Support Services		
Food Services	\$ -	\$ 3,755
Central	22,000	12,233
	\$ 22,000	\$ 15,988
On-Behalf Payments	\$ 3,330,900	\$ 5,234,841
Total Expenditures	\$ 16,484,366	\$ 17,871,159
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 517,362	\$ 1,115,298
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (342,000)	\$ (141,838)
Interest Transfers	(3,500)	(41,742)
Other Sources	-	457,429
	\$ (345,500)	\$ 273,849
NET CHANGE IN FUND BALANCE	\$ 171,862	\$ 1,389,147
FUND BALANCE - JULY 1, 2017	5,165,646	41,125
FUND BALANCE - JUNE 30, 2018	\$ 5,337,508	\$ 1,430,272

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 600,000	\$ 599,203
Transportation Fees	11,500	12,450
Earnings on Investments	200	3,991
Other Local Sources	150	-
State Aid		
Transportation	610,000	543,126
Total Revenues	\$ 1,221,850	\$ 1,158,770
EXPENDITURES		
Support Services		
Pupils		
Other Support Services - Pupils		
Purchased Services	\$ 8,500	\$ -
Total Support Services - Pupils	\$ 8,500	\$ -
Transportation		
Salaries	\$ 558,870	\$ 526,306
Employee Benefits	62,670	61,217
Purchased Services	86,550	61,695
Supplies and Materials	90,700	55,639
Other Objects	550	162,015
Non-Capitalized Equipment	3,000	60
Total Support Services - Transportation	\$ 802,340	\$ 866,932
Total Support Services	\$ 810,840	\$ 866,932
Capital Outlay		
Support Services		
Transportation	\$ 165,020	\$ -
	\$ 165,020	\$ -
Total Expenditures	\$ 975,860	\$ 866,932
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 245,990	\$ 291,838
OTHER FINANCING SOURCES (USES)		
Interest Transfers	(200)	(3,990)
NET CHANGE IN FUND BALANCE	\$ 245,790	\$ 287,848
FUND BALANCE - JULY 1, 2017	262,167	177,651
FUND BALANCE - JUNE 30, 2018	\$ 507,957	\$ 465,499

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts
	<u>Original and Final</u>	<u> </u>
REVENUES		
Property Taxes	\$ 100,001	\$ 100,165
Special Education Purposes Levy	17,226	17,206
FICA/Medicare Only Purposes Levies	156,494	156,314
Payments in Lieu of Taxes	20,858	17,084
Earnings on Investments	500	2,237
Total Revenues	<u>\$ 295,079</u>	<u>\$ 293,006</u>
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 95,500	\$ 82,352
Pre-K Programs		
Employee Benefits	-	216
Special Education Programs		
Employee Benefits	104,895	85,921
Special Education Programs - Pre-K		
Employee Benefits	3,450	15,064
Interscholastic Programs		
Employee Benefits	2,950	2,249
Gifted Programs		
Employee Benefits	2,335	2,430
Bilingual Programs		
Employee Benefits	4,100	3,964
Total Instruction	<u>\$ 213,230</u>	<u>\$ 192,196</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 17,610	\$ 2,477
Health Services		
Employee Benefits	16,300	28,836
Psychological Services		
Employee Benefits	2,000	1,816
Speech Pathology and Audiology Services		
Employee Benefits	4,000	3,855
Other Support Services - Pupils		
Employee Benefits	150	598
Total Supports Services - Pupils	<u>\$ 40,060</u>	<u>\$ 37,582</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 9,750	\$ 17,455
Educational Media Services		
Employee Benefits	10,900	10,544
Total Support Services - Instructional Staff	<u>\$ 20,650</u>	<u>\$ 27,999</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration		
Board of Education Services		
Employee Benefits	\$ 500	\$ 453
Executive Administration Services		
Employee Benefits	18,950	10,742
Total Support Services - General Administration	<u>\$ 19,450</u>	<u>\$ 11,195</u>
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 36,400	\$ 32,143
Total Support Services - School Administration	<u>\$ 36,400</u>	<u>\$ 32,143</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 1,000	\$ 959
Fiscal Services		
Employee Benefits	18,600	17,010
Total Support Services - Business	<u>\$ 19,600</u>	<u>\$ 17,969</u>
Pupil Transportation Services		
Employee Benefits	102,025	95,574
Total Support Services - Pupil Transportation Services	<u>\$ 102,025</u>	<u>\$ 95,574</u>
Operations and Maintenance		
Employee Benefits	\$ 98,850	\$ 90,921
Total Support Services - Operations and Maintenance	<u>\$ 98,850</u>	<u>\$ 90,921</u>
Food Services		
Employee Benefits	\$ -	\$ 2,906
Total Support Services - Food Services	<u>\$ -</u>	<u>\$ 2,906</u>
Total Support Services	<u>\$ 337,035</u>	<u>\$ 316,289</u>
Community Services		
Employee Benefits	\$ 24,000	\$ 16,824
Total Community Services	<u>\$ 24,000</u>	<u>\$ 16,824</u>
Payments to Other Districts and Governmental Units		
Payments for Special Education Programs		
Employee Benefits	\$ 17,226	\$ 17,224
Total Payments to Other Districts and Governmental Units	<u>\$ 17,226</u>	<u>\$ 17,224</u>
Total Expenditures	<u>\$ 591,491</u>	<u>\$ 542,533</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
 YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (296,412)	\$ (249,527)
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (296,412)	\$ (249,527)
FUND BALANCE - JULY 1, 2017	491,619	250,330
FUND BALANCE - JUNE 30, 2018	\$ 195,207	\$ 803

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2018

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 25, 2017 and was not amended. The cash basis budgeted amounts in this report are the result of full compliance with the following procedures:

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

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

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

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2018, the following fund presented as Required Supplementary Information had expenditures that exceeded budget.

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 16,484,366	\$ 17,871,159	\$ 1,386,793

SUPPLEMENTAL FINANCIAL INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2018

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
ASSETS				
Cash and Cash Equivalents	\$ 6,497,160	\$ 442,665	\$ 165,294	\$ 7,105,119
Property Taxes Receivable, net of allowance of \$21,288	3,801,660	41,996	66,861	3,910,517
Accounts Receivable, net of allowance of \$0	163,602	-	-	163,602
Due from Other Governments, net of allowance of \$0	41,802	-	-	41,802
Prepaid Items	139,582	-	93,000	232,582
Total Assets	\$ 10,643,806	\$ 484,661	\$ 325,155	\$ 11,453,622
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 247,746	\$ -	\$ 8,695	\$ 256,441
Payroll Liabilities	1,032,047	-	-	1,032,047
Unearned Revenue - Registration Fees	132,209	-	-	132,209
Total Liabilities	\$ 1,412,002	\$ -	\$ 8,695	\$ 1,420,697
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 8,363,182	\$ 92,385	\$ 147,086	\$ 8,602,653
Total Deferred Inflows of Resources	\$ 8,363,182	\$ 92,385	\$ 147,086	\$ 8,602,653
FUND BALANCE				
Nonspendable				
Prepaid Items	\$ 139,582	\$ -	\$ 93,000	\$ 232,582
Unassigned	729,040	392,276	76,374	1,197,690
Total Fund Balance	\$ 868,622	\$ 392,276	\$ 169,374	\$ 1,430,272
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 10,643,806	\$ 484,661	\$ 325,155	\$ 11,453,622

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
REVENUES				
Property Taxes	\$ 8,326,005	\$ 44,830	\$ 135,154	\$ 8,505,989
Tuition	436,108	-	-	436,108
Earnings on Investments	41,745	3,651	1,486	46,882
Food Service	138,991	-	-	138,991
District/School Activity Income	108,948	-	-	108,948
Textbooks	721	-	-	721
Other Local Sources	459,389	-	7,037	466,426
State Aid	3,800,016	-	-	3,800,016
Federal Aid	247,535	-	-	247,535
On-Behalf Payments	5,234,841	-	-	5,234,841
	<u>\$ 18,794,299</u>	<u>\$ 48,481</u>	<u>\$ 143,677</u>	<u>\$ 18,986,457</u>
EXPENDITURES				
Current				
Instruction				
Regular Programs	\$ 5,863,751	\$ -	\$ -	\$ 5,863,751
Special Education Programs	1,972,435	-	-	1,972,435
Other Instructional Programs	860,067	-	-	860,067
Support Services				
Pupils	978,908	-	-	978,908
Instructional Staff	610,753	-	-	610,753
General Administration	601,913	-	131,855	733,768
School Administration	611,606	-	-	611,606
Business	276,655	-	-	276,655
Food Services	210,607	-	-	210,607
Central	127,401	-	-	127,401
Community Services	124,223	-	-	124,223
Payments to Other Districts and Governmental Units	250,156	-	-	250,156
Capital Outlay	15,988	-	-	15,988
On-Behalf Payments	5,234,841	-	-	5,234,841
	<u>\$ 17,739,304</u>	<u>\$ -</u>	<u>\$ 131,855</u>	<u>\$ 17,871,159</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,054,995</u>	<u>\$ 48,481</u>	<u>\$ 11,822</u>	<u>\$ 1,115,298</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	\$ (141,838)	\$ -	\$ -	\$ (141,838)
Interest Transfers	(41,742)	-	-	(41,742)
Other Sources (Attach Itemization)	457,429	-	-	457,429
	<u>\$ 273,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,849</u>
NET CHANGE IN FUND BALANCES	\$ 1,328,844	\$ 48,481	\$ 11,822	\$ 1,389,147
FUND BALANCE - JULY 1, 2017	<u>(460,222)</u>	<u>343,795</u>	<u>157,552</u>	<u>41,125</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 868,622</u>	<u>\$ 392,276</u>	<u>\$ 169,374</u>	<u>\$ 1,430,272</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Gifted Programs		
Salaries	\$ 176,733	\$ 178,238
Employee Benefits	28,433	29,141
Supplies and Materials	2,500	162
Other Objects	300	352
	<u>\$ 207,966</u>	<u>\$ 207,893</u>
Bilingual Programs		
Salaries	\$ 77,279	\$ 76,495
Employee Benefits	1,713	2,557
Purchased Services	75	-
Supplies and Materials	3,992	252
	<u>\$ 83,059</u>	<u>\$ 79,304</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 360,000	\$ 441,607
	<u>\$ 360,000</u>	<u>\$ 441,607</u>
Total Instruction	<u>\$ 8,774,672</u>	<u>\$ 8,696,253</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 180,085	\$ 179,394
Employee Benefits	44,710	42,637
Supplies and Materials	4,300	2,549
Other Objects	-	100
	<u>\$ 229,095</u>	<u>\$ 224,680</u>
Health Services		
Salaries	\$ 165,211	\$ 162,206
Employee Benefits	9,985	31,048
Purchased Services	24,575	800
Supplies and Materials	6,250	4,599
Non-Capitalized Equipment	1,500	-
	<u>\$ 207,521</u>	<u>\$ 198,653</u>
Psychological Services		
Salaries	\$ 136,361	\$ 136,361
Employee Benefits	28,768	29,080
Purchased Services	2,500	-
Supplies and Materials	5,700	3,131
	<u>\$ 173,329</u>	<u>\$ 168,572</u>
Speech Pathology and Audiology Services		
Salaries	\$ 284,001	\$ 282,668
Employee Benefits	59,794	61,069
Purchased Services	7,000	18,763
Supplies and Materials	3,500	2,642
	<u>\$ 354,295</u>	<u>\$ 365,142</u>
Other Support Services - Pupils		
Salaries	\$ 31,344	\$ 16,883
Employee Benefits	67	216
Purchased Services	600	565
Supplies and Materials	4,350	4,197
	<u>\$ 36,361</u>	<u>\$ 21,861</u>
Total Support Services - Pupils	<u>\$ 1,000,601</u>	<u>\$ 978,908</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 171,325	\$ 182,264
Employee Benefits	73,044	66,043
Purchased Services	118,899	127,900
Supplies and Materials	1,250	724
	<u>\$ 364,518</u>	<u>\$ 376,931</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff		
Educational Media Services		
Salaries	\$ 128,205	\$ 133,009
Employee Benefits	44,798	50,121
Purchased Services	19,660	21,297
Supplies and Materials	19,139	11,788
Other Objects	200	150
Non-Capitalized Equipment	4,000	2,292
	<u>\$ 216,002</u>	<u>\$ 218,657</u>
Assessment and Testing		
Purchased Services	\$ 19,000	\$ 14,277
Supplies and Materials	1,100	888
	<u>\$ 20,100</u>	<u>\$ 15,165</u>
Total Support Services - Instructional Staff	<u>\$ 600,620</u>	<u>\$ 610,753</u>
General Administration		
Board of Education Services		
Salaries	\$ 2,288	\$ 2,388
Employee Benefits	53,683	46,000
Purchased Services	70,750	42,108
Supplies and Materials	6,650	4,060
Other Objects	11,750	2,360
	<u>\$ 145,121</u>	<u>\$ 96,916</u>
Executive Administration Services		
Salaries	\$ 405,000	\$ 363,311
Employee Benefits	30,750	36,551
Purchased Services	1,200	1,378
Supplies and Materials	450	333
Other Objects	3,600	1,638
	<u>\$ 441,000</u>	<u>\$ 403,211</u>
Special Area Administration Services		
Supplies and Materials	\$ 100	\$ -
Other Objects	200	130
	<u>\$ 300</u>	<u>\$ 130</u>
Tort Immunity Services		
Purchased Services	\$ 131,000	\$ 101,656
	<u>\$ 131,000</u>	<u>\$ 101,656</u>
Total Support Services - General Administration	<u>\$ 717,421</u>	<u>\$ 601,913</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 454,700	\$ 448,155
Employee Benefits	151,846	153,866
Purchased Services	5,480	4,739
Supplies and Materials	5,420	4,261
Other Objects	1,500	585
	<u>\$ 618,946</u>	<u>\$ 611,606</u>
Total Support Services - School Administration	<u>\$ 618,946</u>	<u>\$ 611,606</u>
Business		
Direction of Business Support Services		
Salaries	\$ 62,090	\$ 67,152
Employee Benefits	6,000	7,395
	<u>\$ 68,090</u>	<u>\$ 74,547</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Business (Continued)		
Fiscal Services		
Salaries	\$ 155,710	\$ 147,700
Employee Benefits	15,985	15,770
Purchased Services	32,600	34,278
Supplies and Materials	3,500	2,545
Other Objects	1,600	1,105
Non-Capitalized Equipment	2,000	690
	<u>\$ 211,395</u>	<u>\$ 202,088</u>
Operations and Maintenance		
Supplies and Materials	\$ 250	\$ 20
Non-Capitalized Equipment	1,500	-
	<u>\$ 1,750</u>	<u>\$ 20</u>
Total Support Services - Business	<u>\$ 281,235</u>	<u>\$ 276,655</u>
Food Services		
Salaries	\$ 20,765	\$ 26,241
Employee Benefits	86	191
Purchased Services	193,600	166,223
Supplies and Materials	6,850	3,007
Other Objects	650	746
Non-Capitalized Equipment	12,500	14,199
	<u>\$ 234,451</u>	<u>\$ 210,607</u>
Total Support Services - Food Services	<u>\$ 234,451</u>	<u>\$ 210,607</u>
Central		
Data Processing Services		
Purchased Services	\$ 137,800	\$ 79,049
Supplies and Materials	121,600	13,174
Non-Capitalized Equipment	40,000	35,178
	<u>\$ 299,400</u>	<u>\$ 127,401</u>
Total Support Services - Central	<u>\$ 299,400</u>	<u>\$ 127,401</u>
Total Support Services	<u>\$ 3,752,674</u>	<u>\$ 3,417,843</u>
Community Services		
Salaries	\$ 131,175	\$ 88,399
Employee Benefits	28,935	28,231
Purchased Services	58,010	2,807
Supplies and Materials	3,500	4,786
Other Objects	4,500	-
Total Community Services	<u>\$ 226,120</u>	<u>\$ 124,223</u>
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Regular Programs		
Purchased Services	\$ -	\$ 44,778
Other Objects	-	51,258
	<u>\$ -</u>	<u>\$ 96,036</u>
Payments for Special Education Programs		
Other Objects	\$ 250,000	\$ 154,120
	<u>\$ 250,000</u>	<u>\$ 154,120</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 250,000</u>	<u>\$ 250,156</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 250,000</u>	<u>\$ 250,156</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Capital Outlay		
Support Services		
Food Services	\$ -	\$ 3,755
Central	22,000	12,233
	\$ 22,000	\$ 15,988
On-Behalf Payments	\$ 3,330,900	\$ 5,234,841
Total Expenditures	\$ 16,356,366	\$ 17,739,304
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 464,735	\$ 1,054,995
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (142,000)	\$ (141,838)
Other Sources	-	457,429
Interest Transfers	(3,500)	(41,742)
	\$ (145,500)	\$ 273,849
NET CHANGE IN FUND BALANCE	\$ 319,235	\$ 1,328,844
FUND BALANCE - JULY 1, 2017	4,660,641	(460,222)
FUND BALANCE - JUNE 30, 2018	\$ 4,979,876	\$ 868,622

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Earnings on Investments	\$ 500	\$ 4,127
Other Local Sources	85,000	3,690
Total Revenues	\$ 85,500	\$ 7,817
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction		
Purchased Services	\$ 96,314	\$ 27,821
Supplies and Materials	-	2,500
Total Support Services - Facilities Acquisition and Construction	\$ 96,314	\$ 30,321
Total Support Services	\$ 96,314	\$ 30,321
Capital Outlay		
Support Services		
Facilities Acquisition and Construction	\$ 679,600	96,615
	\$ 679,600	\$ 96,615
Total Expenditures	\$ 775,914	\$ 126,936
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (690,414)	\$ (119,119)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	225,000	225,000
NET CHANGE IN FUND BALANCE	\$ (465,414)	\$ 105,881
FUND BALANCE - JULY 1, 2017	469,619	485,609
FUND BALANCE - JUNE 30, 2018	\$ 4,205	\$ 591,490

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 157,278	\$ 326,603	\$ 307,872	\$ 176,009
Total Assets	<u>\$ 157,278</u>	<u>\$ 326,603</u>	<u>\$ 307,872</u>	<u>\$ 176,009</u>
LIABILITIES				
Due to Activity Funds	\$ 72,062	\$ 147,669	\$ 142,048	\$ 77,683
Due to PTO	59,672	42,068	42,805	58,935
Due Band Boosters	-	16,892	11,854	5,038
Due to Employees (Flexible Spending Account Plan)	<u>25,544</u>	<u>119,974</u>	<u>111,165</u>	<u>34,353</u>
Total Liabilities	<u>\$ 157,278</u>	<u>\$ 326,603</u>	<u>\$ 307,872</u>	<u>\$ 176,009</u>

See Accompanying Independent Auditor's Report

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
 COMPUTATION OF OPERATING EXPENSE PER PUPIL
 AND PER CAPITA TUITION CHARGE
 YEAR ENDED JUNE 30, 2018

OPERATING EXPENSE PER PUPIL

EXPENDITURES:

ED	Total Expenditures	\$ 12,504,463
O&M	Total Expenditures	1,307,753
DS	Total Expenditures	3,323,710
TR	Total Expenditures	866,932
MR/SS	Total Expenditures	542,533
TORT	Total Expenditures	131,855
	Total Expenditures	\$ 18,677,246

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

ED	Pre-K Programs	\$ 12,604
ED	Special Education Programs Pre-K	334,107
ED	Special Education Programs K-12 - Private Tuition	441,607
ED	Community Services	124,223
ED	Total Payments to Other Govt Units	250,156
ED	Capital Outlay	15,988
ED	Non-Capitalized Equipment	530,922
O&M	Total Payments to Other Govt Units	12,821
O&M	Capital Outlay	8,780
O&M	Non-Capitalized Equipment	27,720
DS	Debt Service - Payments of Principal on Long-Term Debt	1,603,292
TR	Non-Capitalized Equipment	60
MR/SS	Pre-K Programs	216
MR/SS	Special Education Programs - Pre-K	15,064
MR/SS	Community Services	16,824
MR/SS	Total Payments to Other Govt Units	17,224
	Total Deductions for OEPP Computation (Sum of Lines 18 - 73)	\$ 3,411,608
	Total Operating Expenses Regular K-12 (Line 14 minus Line 75)	15,265,638
	9 Mo ADA from the General State Aid Claimable for 2015-2016 and Payable in 2016-2017 (ISBE 54-33), L12	1,105.94
	Estimated OEPP (Line 76 divided by Line 77)	\$ 13,803.31

PER CAPITA TUITION CHARGE

LESS OFFSETTING RECEIPTS/REVENUES:

TR	Regular -Transp Fees from Pupils or Parents (In State)	\$ 12,450
ED	Total Food Service	138,991
ED-O&M	Total District/School Activity Income	108,949
ED	Sales - Regular Textbooks	721
ED-O&M	Rentals	272,254
ED-O&M-TR	Total Special Education	169,868
ED-MR/SS	Total Bilingual Ed	6,531
ED	State Free Lunch & Breakfast	461
ED-O&M-TR-MR/SS	Total Transportation	543,126
ED-O&M-DS-TR-MR/SS-Tort	Other Restricted Revenue from State Sources	887
ED-MR/SS	Total Food Service	62,759
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through	132,035
ED-O&M-TR-MR/SS	Title II - Teacher Quality	36,024
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach	8,895
ED-TR-MR/SS	Special Education Contributions from EBF Funds	532,190
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds	19,251
	Total Deductions for PCTC Computation Line 83 through Line 173	\$ 2,045,392
	Net Operating Expense for Tuition Computation (Line 76 minus Line 175)	13,220,246
	Total Depreciation Allowance (from page 27, Col I)	876,097
	Total Allowance for PCTC Computation (Line 176 minus Line 177)	14,096,343
	9 Month ADA (from the GSA Claimable for 2015-2016 Payable in 2016-2017 (ISBE form 54-33, Line 12))	1,105.94
	Total Estimated PCTC (Line 178 divided by Line 179)	\$ 12,746.03

Unaudited