

**ANNUAL FINANCIAL REPORT
GRASS LAKE SCHOOL
DISTRICT NO. 36
ANTIOCH, ILLINOIS
JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Grass Lake School District No. 36
Antioch, Illinois

We have audited the accompanying financial statements of Grass Lake School District No. 36, Antioch, Illinois, as of and for the fiscal year ended June 30, 2018, and the related notes, 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 the financial reporting provisions of the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America. Also, as described in Note 1, management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements of Grass Lake School District No. 36, on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grass Lake School District No. 36, as of June 30, 2018, and the changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of Grass Lake School District No. 36, as of June 30, 2018, and its revenue received and expenditures disbursed during the year then ended, on the basis of the financial reporting provisions of Illinois State Board of Education as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grass Lake School District No. 36’s financial statements. The Other Information as listed in the table of contents, which are the responsibility of management, and presented for purposes of additional analysis and are not a required part of the financial statements. We have applied certain limited procedures to the other information 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of Grass Lake School District No. 36’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 Grass Lake School District No. 36’s internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, PC
Certified Public Accountants

Rolling Meadows, IL
September 10, 2018
(15)



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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
Grass Lake School District No. 36
Antioch, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Grass Lake School District No. 36, Antioch, Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Grass Lake School District No. 36's, financial statements, and have issued our report thereon dated September 10, 2018. Our opinion was adverse because the financial statements were not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grass Lake School District No. 36'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 Grass Lake School District No. 36's internal control. Accordingly, we do not express an opinion on the effectiveness of Grass Lake School District No. 36's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grass Lake School District No. 36'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.

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, PC
Certified Public Accountants

Rolling Meadows, IL
September 10, 2018

BASIC FINANCIAL STATEMENTS

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GRASS LAKE SCHOOL DISTRICT NO. 36
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Assets</u>				
Cash	\$ 3,252,400	\$ 1,505,099	\$ 586,699	\$ 93,518
Capital assets:				
Land	-	-	-	-
Building and improvements	-	-	-	-
Land improvements	-	-	-	-
Equipment	-	-	-	-
Amount available in debt:				
Debt Service Fund	-	-	-	-
Amount to be provided for payment of:				
Bond principal	-	-	-	-
<u>Total Assets</u>	<u>\$ 3,252,400</u>	<u>\$ 1,505,099</u>	<u>\$ 586,699</u>	<u>\$ 93,518</u>
<u>Liabilities</u>				
Due to activity fund organizations	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	(1,166)		150	
Long-term debt payable	-	-	-	-
<u>Total Liabilities</u>	<u>(1,166)</u>	<u>-</u>	<u>150</u>	<u>-</u>
<u>Fund Balance</u>				
Investment in general fixed assets	-	-	-	-
Fund balance - unreserved - designated	1,465,019	92,507	88,612	34,082
Fund balance - unreserved - undesignated	1,788,547	1,412,592	497,937	59,436
<u>Total Fund Balance</u>	<u>3,253,566</u>	<u>1,505,099</u>	<u>586,549</u>	<u>93,518</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$ 3,252,400</u>	<u>\$ 1,505,099</u>	<u>\$ 586,699</u>	<u>\$ 93,518</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects	Working Cash	Fire Prevention and Safety	Agency	General Fixed Assets	General Long-Term Debt	2018
\$ 491,938	\$ 632,284	\$ 167,799	\$ 4,121	\$ -	\$ -	\$ 6,733,858
-	-	-	-	42,000	-	42,000
-	-	-	-	6,899,449	-	6,899,449
-	-	-	-	377,369	-	377,369
-	-	-	-	938,162	-	938,162
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 491,938</u>	<u>\$ 632,284</u>	<u>\$ 167,799</u>	<u>\$ 4,121</u>	<u>\$ 8,256,980</u>	<u>\$ -</u>	<u>\$ 14,990,838</u>
\$ -	\$ -	\$ -	\$ 4,121	\$ -	\$ -	\$ 4,121
-	-	-	-	-	-	(1,016)
-	-	-	-	-	-	-
-	-	-	4,121	-	-	3,105
-	-	-	-	8,256,980	-	8,256,980
-	-	-	-	-	-	1,680,220
491,938	632,284	167,799	-	-	-	5,050,533
491,938	632,284	167,799	-	8,256,980	-	14,987,733
<u>\$ 491,938</u>	<u>\$ 632,284</u>	<u>\$ 167,799</u>	<u>\$ 4,121</u>	<u>\$ 8,256,980</u>	<u>\$ -</u>	<u>\$ 14,990,838</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Revenues Received:</u>				
Local sources	\$ 2,830,513	\$ 192,814	\$ 126,396	\$ 71,935
State sources	108,134	84,998	228,215	-
Federal sources	97,181	-	-	-
<u>Total Direct Revenues Received</u>	<u>3,035,828</u>	<u>277,812</u>	<u>354,611</u>	<u>71,935</u>
<u>Revenues for On Behalf Payments</u>	<u>971,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures Disbursed:</u>				
Instruction	1,745,808	-	-	30,101
Supporting services	1,375,121	331,904	314,437	54,626
Payments to other districts and governmental units	198,799	-	-	586
<u>Total Direct Expenditures Disbursed</u>	<u>3,319,728</u>	<u>331,904</u>	<u>314,437</u>	<u>85,313</u>
<u>Expenditures for On Behalf Payments</u>	<u>971,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues Received Over Expenditures Disbursed</u>	<u>(283,900)</u>	<u>(54,092)</u>	<u>40,174</u>	<u>(13,378)</u>
<u>Fund Balance, July 1,</u>	<u>3,537,466</u>	<u>1,559,191</u>	<u>546,375</u>	<u>106,896</u>
<u>Fund Balance, June 30,</u>	<u>\$ 3,253,566</u>	<u>\$ 1,505,099</u>	<u>\$ 586,549</u>	<u>\$ 93,518</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects	Working Cash	Fire Prevention and Safety	Total (Memorandum Only) 2018
\$ 27,072	\$ 19,228	\$ 2,497	\$ 3,270,455
-	-	-	421,347
-	-	-	97,181
27,072	19,228	2,497	3,788,983
-	-	-	971,684
-	-	-	1,775,909
5,073,209	-	22,141	7,171,438
-	-	-	199,385
5,073,209	-	22,141	9,146,732
-	-	-	971,684
(5,046,137)	19,228	(19,644)	(5,357,749)
5,538,075	613,056	187,443	12,088,502
\$ 491,938	\$ 632,284	\$ 167,799	\$ 6,730,753

GRASS LAKE SCHOOL DISTRICT NO.36
STATEMENT OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Revenues Received:</u>				
<u>Local Sources:</u>				
Designated purpose levies	\$ 2,439,440	\$ 173,424	\$ 111,522	\$ 64,476
Other tax levies	299,365	-	-	-
Corporate replacement taxes	-	5,073	-	6,677
Earnings on investments	34,958	11,417	5,119	782
Impact fees	-	2,900	-	-
Food service	17,163	-	-	-
District/School activity income	12,431	-	-	-
Textbooks	21,478	-	-	-
Contributions from private sources	275	-	1,839	-
Transportation fees	-	-	7,759	-
Other local revenues	5,403	-	157	-
<u>Total Local Sources</u>	<u>2,830,513</u>	<u>192,814</u>	<u>126,396</u>	<u>71,935</u>
<u>States Sources:</u>				
Evidence based funding formula	66,000	84,998	-	-
Special education	42,001	-	-	-
State free lunch	133	-	-	-
Transportation	-	-	228,215	-
School safety block grant	-	-	-	-
<u>Total State Sources</u>	<u>108,134</u>	<u>84,998</u>	<u>228,215</u>	<u>-</u>
<u>Federal Sources:</u>				
Title I - low income	54,753	-	-	-
Special education - IDEA - flow through	30,690	-	-	-
Special education - preschool - flow through	325	-	-	-
Title II - teacher quality	37	-	-	-
Medicaid matching funds - administrative outreach	4,107	-	-	-
Medicaid matching funds - fee for service	7,269	-	-	-
<u>Total Federal Sources</u>	<u>97,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Revenues Received</u>	<u>\$ 3,035,828</u>	<u>\$ 277,812</u>	<u>\$ 354,611</u>	<u>\$ 71,935</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects	Working Cash	Fire Prevention and Safety	Total
\$ -	\$ 18,671	\$ -	\$ 2,807,533
-	-	-	299,365
-	-	-	11,750
27,072	557	2,497	82,402
-	-	-	2,900
-	-	-	17,163
-	-	-	12,431
-	-	-	21,478
-	-	-	2,114
-	-	-	7,759
-	-	-	5,560
<u>27,072</u>	<u>19,228</u>	<u>2,497</u>	<u>3,270,455</u>
-	-	-	150,998
-	-	-	42,001
-	-	-	133
-	-	-	228,215
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>421,347</u>
-	-	-	54,753
-	-	-	30,690
-	-	-	325
-	-	-	37
-	-	-	4,107
-	-	-	7,269
<u>-</u>	<u>-</u>	<u>-</u>	<u>97,181</u>
<u>\$ 27,072</u>	<u>\$ 19,228</u>	<u>\$ 2,497</u>	<u>\$ 3,788,983</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
Instruction:				
Regular programs	\$ 977,815	\$ 117,657	\$ 63,395	\$ 80,986
Special programs	97,215	7,961	-	1,249
Interscholastic programs	32,140	199	3,905	16,902
Summer school programs	20,182	270	-	-
Gifted programs	-	-	-	83,651
Special education programs - private tuition	-	-	-	-
Total Instruction	1,127,352	126,087	67,300	182,788
Support Services:				
Pupil:				
Attendance and social work	54,969	7,348	794	235
Health services	35,875	25	-	1,201
Psychological services	-	-	73,364	-
Speech pathology and audiology services	-	-	53,475	-
Other support services - occupational therapy	-	-	13,855	-
Total Pupil	90,844	7,373	141,488	1,436
Instructional Staff:				
Improvement of instruction services	-	-	80,797	-
Educational media services	-	-	-	1,431
Assessment and testing services	-	-	-	3,335
Total Instructional Staff	-	-	80,797	4,766
General Administration:				
Board of education services	157,885	32,614	211,965	2,071
Executive administration services	140,469	25,408	3,039	1,940
Total General Administration	298,354	58,022	215,004	4,011
School Administration:				
Office of the principal services	109,544	38,963	982	4,312
Other support services - school administration	-	-	2,630	-
Total School Administration	109,544	38,963	3,612	4,312
Business:				
Fiscal services	122,080	7,275	3,357	3,272
Food services	17,511	-	1,538	24,277
Total Business	139,591	7,275	4,895	27,549

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ 59,029	\$ -	\$ 16,645	\$ -	\$ 1,315,527	\$ 1,233,650
2,341	-	-	-	108,766	106,892
-	2,267	-	-	55,413	46,514
-	-	-	-	20,452	24,850
-	-	-	-	83,651	84,400
-	161,999	-	-	161,999	145,000
61,370	164,266	16,645	-	1,745,808	1,641,306
-	200	-	-	63,546	70,083
-	-	-	-	37,101	37,350
-	-	-	-	73,364	65,000
-	-	-	-	53,475	58,000
-	-	-	-	13,855	25,000
-	200	-	-	241,341	255,433
-	-	-	-	80,797	73,200
-	-	-	-	1,431	2,500
-	-	-	-	3,335	-
-	-	-	-	85,563	75,700
-	8,536	2,170	-	415,241	369,500
-	750	-	-	171,606	151,460
-	9,286	2,170	-	586,847	520,960
-	977	-	-	154,778	209,905
-	-	-	-	2,630	-
-	977	-	-	157,408	209,905
-	467	-	-	136,451	142,500
-	-	-	-	43,326	40,250
-	467	-	-	179,777	182,750

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
Central:				
Information services	\$ 51,541	\$ 9,072	\$ 32,439	\$ 30,105
Total Central	51,541	9,072	32,439	30,105
Total Support Services	689,874	120,705	478,235	72,179
Other Charges:				
Payments for special education programs	-	-	7,533	-
Total Other Charges	-	-	7,533	-
Total Expenditures Disbursed	<u>\$ 1,817,226</u>	<u>\$ 246,792</u>	<u>\$ 553,068</u>	<u>\$ 254,967</u>

The accompanying notes are an integral part of these financial statements.

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ 1,028	\$ -	\$ 124,185	\$ 180,100
-	-	1,028	-	124,185	180,100
-	10,930	3,198	-	1,375,121	1,424,848
-	191,266	-	-	198,799	172,000
-	191,266	-	-	198,799	172,000
\$ 61,370	\$ 366,462	\$ 19,843	\$ -	\$ 3,319,728	\$ 3,238,154

GRASS LAKE SCHOOL DISTRICT NO. 36
 OPERATIONS AND MAINTENANCE FUND
 STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Support Services:				
Business:				
Operation and maintenance of plant services	<u>\$ 43,019</u>	<u>\$ 11,442</u>	<u>\$ 213,877</u>	<u>\$ 60,061</u>
Total Business	<u>43,019</u>	<u>11,442</u>	<u>213,877</u>	<u>60,061</u>
Total Support Services	<u>43,019</u>	<u>11,442</u>	<u>213,877</u>	<u>60,061</u>
Total Expenditures Disbursed	<u><u>\$ 43,019</u></u>	<u><u>\$ 11,442</u></u>	<u><u>\$ 213,877</u></u>	<u><u>\$ 60,061</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,505</u>	<u>\$ -</u>	<u>\$ 331,904</u>	<u>\$ 316,700</u>
<u>-</u>	<u>-</u>	<u>3,505</u>	<u>-</u>	<u>331,904</u>	<u>316,700</u>
<u>-</u>	<u>-</u>	<u>3,505</u>	<u>-</u>	<u>331,904</u>	<u>316,700</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,505</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 331,904</u></u>	<u><u>\$ 316,700</u></u>

GRASS LAKE SCHOOL DISTRICT NO. 36
TRANSPORTATION FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Support Services:				
Business:				
Pupil transportation services	<u>\$ 6,796</u>	<u>\$ 1,799</u>	<u>\$ 305,842</u>	<u>\$ -</u>
Total Business	<u>6,796</u>	<u>1,799</u>	<u>305,842</u>	<u>-</u>
Total Support Services	<u>6,796</u>	<u>1,799</u>	<u>305,842</u>	<u>-</u>
Total Expenditures Disbursed	<u><u>\$ 6,796</u></u>	<u><u>\$ 1,799</u></u>	<u><u>\$ 305,842</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,437</u>	<u>\$ 322,274</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,437</u>	<u>322,274</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,437</u>	<u>322,274</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 314,437</u></u>	<u><u>\$ 322,274</u></u>

GRASS LAKE SCHOOL DISTRICT NO. 36
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
Instruction:				
Regular programs	\$ -	\$ 22,674	\$ -	\$ -
Special programs	-	4,177	-	-
Interscholastic programs	-	1,735	-	-
Summer school programs	-	332	-	-
Gifted programs	-	1,183	-	-
Total Instructional	-	30,101	-	-
Support Services:				
Pupil:				
Attendance and social work services	-	298	-	-
Health services	-	5,657	-	-
Total Pupil	-	5,955	-	-
General Administration:				
Board of education services	-	9,588	-	-
Executive administration services	-	2,138	-	-
Total General Administration	-	11,726	-	-
School Administration:				
Office of the principal services	-	4,101	-	-
Total School Administration	-	4,101	-	-
Business:				
Fiscal services	-	16,198	-	-
Operation and maintenance of plant services	-	7,450	-	-
Food services	-	2,471	-	-
Total Business	-	26,119	-	-
Central:				
Information services	-	6,725	-	-
Total Central	-	6,725	-	-
Total Support Services	-	54,626	-	-

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 22,674	\$ 27,550
-	-	-	-	4,177	4,260
-	-	-	-	1,735	1,650
-	-	-	-	332	400
-	-	-	-	1,183	1,215
-	-	-	-	30,101	35,075
-	-	-	-	298	900
-	-	-	-	5,657	5,985
-	-	-	-	5,955	6,885
-	-	-	-	9,588	7,595
-	-	-	-	2,138	1,600
-	-	-	-	11,726	9,195
-	-	-	-	4,101	3,285
-	-	-	-	4,101	3,285
-	-	-	-	16,198	17,200
-	-	-	-	7,450	7,855
-	-	-	-	2,471	4,200
-	-	-	-	26,119	29,255
-	-	-	-	6,725	8,490
-	-	-	-	6,725	8,490
-	-	-	-	54,626	57,110

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Other Charges:				
Payments for special education programs	\$ -	\$ 586	\$ -	\$ -
Total Other Charges	-	586	-	-
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ 85,313</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
\$ -	\$ -	\$ -	\$ -	\$ 586	\$ 6,500
-	-	-	-	586	6,500
\$ -	\$ -	\$ -	\$ -	\$ 85,313	\$ 98,685

GRASS LAKE SCHOOL DISTRICT NO. 36
CAPITAL PROJECTS FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Support Services:				
Business:				
Facilities Acquisition and Construction Services	\$ -	\$ -	\$ 599,706	\$ -
Total Business	-	-	599,706	-
Total Support Services	-	-	599,706	-
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,706</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ 4,467,733</u>	<u>\$ -</u>	<u>\$ 5,770</u>	<u>\$ -</u>	<u>\$ 5,073,209</u>	<u>\$ 5,553,075</u>
<u>4,467,733</u>	<u>-</u>	<u>5,770</u>	<u>-</u>	<u>5,073,209</u>	<u>5,553,075</u>
<u>4,467,733</u>	<u>-</u>	<u>5,770</u>	<u>-</u>	<u>5,073,209</u>	<u>5,553,075</u>
<u><u>\$ 4,467,733</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,770</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,073,209</u></u>	<u><u>\$ 5,553,075</u></u>

GRASS LAKE SCHOOL DISTRICT NO. 36
FIRE PREVENTION AND SAFETY FUND
STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Support Services:				
Business:				
Facilities Acquisition and Construction Services	\$ -	\$ -	\$ 22,141	\$ -
Total Business	<u>-</u>	<u>-</u>	<u>22,141</u>	<u>-</u>
Total Support Services	<u>-</u>	<u>-</u>	<u>22,141</u>	<u>-</u>
Total Expenditures Disbursed	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,141</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Total</u>	<u>Budget</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,141</u>	<u>\$ 188,342</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,141</u>	<u>188,342</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,141</u>	<u>188,342</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,141</u></u>	<u><u>\$ 188,342</u></u>

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GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grass Lake School District No. 36's (the "District") accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District.

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

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

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

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

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Projects Funds – The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of, and/or additions to, major capital facilities. This fund is also used to account for construction projects and renovations financed through serial bond issues.

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

Fire Prevention and Life Safety Fund – This fund is used to account for State-approved life safety projects financed through serial bond issues.

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

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

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

Measurement Focus

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

General Fixed Assets and General Long-Term Debt Account Groups

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

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

C. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

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

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

D. Cash and Deposits

Cash and deposits are considered to be cash with financial institutions and savings deposit accounts.

E. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the fund for which the asset was purchased and capitalized at cost in the General Fixed Assets Account Group. Donated general fixed assets are stated at their estimated fair value at their acquisition value at the date of donation.

General fixed assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year or more. Such assets are recorded at historical cost or estimated fair value at their acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Improvements, other than buildings	20
Buildings	50
Equipment	10

F. Total Memorandum Only

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

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

G. Reserved (Regulatory) Fund Balance Reporting

Reserved fund balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

Social Security Tax Levy

Cash receipts and the related cash disbursements of this reserved tax levy are accounted for in the Municipal Retirement/Social Security Fund.

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – DESIGNATED FUND BALANCE

The District has designated receipts from the 2017 tax levy for expenditures to be incurred during fiscal year 2018. At June 30, 2018, the following balances were designated:

Fund	Amount
Educational	\$ 1,465,019
Operations and Maintenance	92,507
Transportation	88,612
Municipal Retirement/Social Security	34,082
Total	<u>\$ 1,680,220</u>

NOTE 3 – PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2017 levy was passed by the Board on December 19, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these dates. Taxes recorded in these financial statements are from the 2017 and 2016 tax levies.

A summary of the past two years' assessed valuation, tax rates, and extensions follows:

Tax Year	2017		2016	
Equalized				
Assessed Valuation	\$82,913,230		\$79,400,491	
	Rates	Extensions	Rates	Extensions
Purpose				
Educational	3.2564	\$ 2,700,001	3.3408	\$ 2,652,631
Special Education	0.3727	309,000	0.3892	309,050
Operations and Maintenance	0.2292	190,001	0.2330	185,001
Transportation	0.2195	182,000	0.2911	231,101
Municipal Retirement	0.0422	35,000	0.0440	34,925
Social Security	0.0422	35,000	0.0440	34,925
Working Cash	0.0000	0	0.0505	38,632
	<u>4.1622</u>	<u>\$ 3,451,002</u>	<u>4.3926</u>	<u>\$ 3,486,265</u>

NOTE 4 – CASH AND DEPOSITS

Cash and deposits are considered to be cash with financial institutions, and savings deposit accounts. The District has adopted a formal cash management policy. The financial institutions in which accounts are made must be approved by the Board of Education.

At June 30, 2018, the carrying amount of the District's deposits totaled \$6,733,858. The bank balances totaled \$7,140,471, as follows:

	Governmental	Fiduciary	Total
Cash and deposits	<u>\$ 7,136,840</u>	<u>\$ 3,631</u>	<u>\$ 7,140,471</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CASH AND DEPOSITS (CONT'D)

Interest Rate Risk: The District limits its exposure to losses arising from increases interest rates by limiting the amount of cash held for a period longer than one year.

Credit Risk. The District is allowed to invest in securities as authorized by Chapter 30, Sections 23 5/2, and 23 5/6, and Chapter 105, Section 5/8-7 of the *Illinois Compiled Statutes*. These Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies' accounts and any other investments constituting direct obligations of any bank as defined by the Illinois Bank Act, certain short-term commercial paper, accounts of federally insured savings and loans, and the state treasurers' investment pool. The District has no cash policy that would further limit its cash choices.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. This fund is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments are valued at net asset value (NAV) per share price, which is the price at which the investment could be sold, as determined by the pool.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The bank balance of \$7,140,471 is exposed to custodial credit risk as follows:

Depository Account	Amount	
FDIC Insured	\$ 3,491,968	
Collateralized	3,147,048	
Uncollateralized	501,455	
Total	<u>\$ 7,140,471</u>	

Cash and Deposits	Amount	Maturity Less Than Six Months
Cash with financial institutions	\$ 2,998,568	\$ 2,998,568
Savings Deposit/Money market accounts	3,147,048	3,147,048
ISDLAF+	501,455	501,455
Non-Negotiable CD's	493,400	493,400
Total Cash and Deposits	<u>\$ 7,140,471</u>	<u>\$ 7,140,471</u>

NOTE 5 – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Land	\$ 42,000	\$ -	\$ -	\$ 42,000
Construction on progress	45,817		45,817	-
Buildings and improvements	2,891,008	4,008,441	-	6,899,449
Improvements other than buildings	53,868	323,501	-	377,369
Equipment	799,738	138,424	-	938,162
	<u>\$ 3,832,431</u>	<u>\$ 4,470,366</u>	<u>\$ 45,817</u>	<u>\$ 8,256,980</u>

NOTE 6 – RETIREMENT FUND COMMITMENTS

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

General Information about the Pension Plan

Plan Description

The employer 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 nonannuitants 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/cafr>; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 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 percent 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 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$956,635 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent 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 \$7,397, 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 100-0340, the federal and state special trust fund contribution rate is the employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent 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 employer 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 Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016, is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer 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 percent 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 employer paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the employer 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 employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net pension liability	\$ 141,199
State's proportionate share of the net pension liability associated with the employer	9,720,397
Total	<u>\$ 9,861,596</u>

GRASSLAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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 employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .0001848193 percent, which was a (decrease) of .0000128807 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$964,032 and revenue of \$956,635 for support provided by the state. At June 30, 2018, the employer 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
Differences between expected and actual experience	\$ 1,534	\$ 65
Net difference between projected and actual earnings on pension plan investments	97	-
Changes of assumptions	9,424	4,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,380	180,521
Employer contributions subsequent to the measurement date	7,397	-
Total	<u>\$ 40,832</u>	<u>\$ 184,633</u>

\$7,397 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (40,771)
2020	(55,730)
2021	(42,449)
2022	(11,901)
2023	(357)

Actuarial Assumptions

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

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

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

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

GRASSLAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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	14.40%	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	<u>100.0%</u>	

Discount Rate

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017, was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 173,481	\$ 141,199	\$ 114,757

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*.

Payables to TRS

The District as of June 30, 2018, owes TRS \$258 in member contributions and \$52 in District contributions for member benefit increases.

B. Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

The employer'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 employer'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 10 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 10 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:

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

Employees Covered by Benefit Terms

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	13
Inactive Plan Members entitled to but not yet receiving benefits	27
Active Plan Members	<u>12</u>
Total	<u><u>52</u></u>

Contributions

As set by statute, the employer'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 employer's annual contribution rate for calendar year 2017 was 8.90%. For the fiscal year ended 2018, the employer contributed \$32,895 to the plan. The employer 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 employer's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (Base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

- 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.
- 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:

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Equities	37%	6.85%
International Equities	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. 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 the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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	\$ 1,213,748	\$ 1,175,283	\$ 38,465
Changes for the year:			
Service Cost	40,407	-	40,407
Interest on the Total Pension Liability	89,700	-	89,700
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	6,939	-	6,939
Changes of Assumptions	(39,244)	-	(39,244)
Contributions - Employer	-	32,895	(32,895)
Contributions - Employees	-	16,632	(16,632)
Net Investment Income	-	217,205	(217,205)
Benefits Payments, including Refunds of Employee Contributions	(75,907)	(75,907)	-
Other (Net Transfer)	-	(31,946)	31,946
Net Changes	21,895	158,879	(136,984)
Balances at December 31, 2017	\$ 1,235,643	\$ 1,334,162	\$ (98,519)

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% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Total Pension Liability	\$ 1,369,732	\$ 1,235,643	\$ 1,124,016
Fiduciary Net Position	1,334,162	1,334,162	1,334,162
Net Pension Liability/(Asset)	\$ 35,570	\$ (98,519)	\$ (210,146)

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

For the year ended June 30, 2018, the employer recognized pension expense of \$30,783. At June 30, 2018, the employer's deferred outflows or resources and deferred inflows of resources related to pensions are from the following sources:

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 3,601	\$ 17,622
Changes of assumptions	-	20,606
Net difference between projected and actual earnings on pension plan investments	39,709	104,997
Total deferred amounts to be recognized in pension expense in future periods	43,310	143,225
<i>Pension contributions made subsequent to the measurement date</i>	14,621	-
Total Deferred Amounts Related to Pensions	\$ 57,931	\$ 143,225

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

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (38,347)
2019	(9,459)
2020	(25,859)
2021	(26,250)
2022	-
Thereafter	-
Total	\$ (99,915)

C. Aggregate Pension Amounts

For the year ended June 30, 2018, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 40,832	\$ 57,931	\$ 98,763
Net Pension Liability/(Asset)	141,199	(98,519)	42,680
Deferred Inflows of Resources	184,633	143,225	327,858
Pension Expense, Net of State Support	7,397	30,783	38,180

D. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

Teacher Health Insurance Security (THIS) Fund

Contributions

The employer 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 State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$15,049, and the employer recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the employer paid \$11,223 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

NOTE 8 – OPERATING LEASES

The District entered into an agreement to lease copiers and technology equipment over various terms to be paid out of the Educational Fund. The copier lease had an initial term of 60 month lease with monthly payments of \$1,395. The HP lease for laptops and docking stations had an initial term of 3 years with an annual payment of \$25,141. The HP lease for the notebooks had an initial term of three years with an annual payment of \$7,664. Total payments on operating leases at June 30, 2018, was \$49,545. The minimum annual future lease payments are as follows:

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – OPERATING LEASES (CONT'D)

Year Ending June 30	Amount
2019	\$ 49,525
2020	24,384
2021	1,395
TOTAL	<u>\$ 75,304</u>

NOTE 9 – COMMON BANK ACCOUNT

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

Occasionally certain of the funds participating in the common bank account 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.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2017 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF LAKE COUNTY (SEDOL)

The District and thirty-five 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.

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

NOTE 12 - CONTINGENCIES

The District is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

NOTE 13 – COMMITMENTS

At June 30, 2018, the District had construction commitments in the amount of \$576,303.

GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – LEGAL DEBT LIMIT

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$5,721,013, providing a debt margin of \$5,721,013.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2018, and the date of this audit report requiring disclosure in the financial statements.

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OTHER INFORMATION

GRASS LAKE SCHOOL DISTRICT NO. 36
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEARS

	<u>FY 17*</u>	<u>FY 16*</u>	<u>FY 15*</u>	<u>FY 14*</u>
Employer's proportion of the net pension liability	0.0185%	0.0198%	0.0541%	0.0679%
Employer's proportionate share of the net pension liability	\$ 141,199	\$ 156,087	\$ 354,276	\$ 413,174
State's proportionate share of the net pension liability associated with the employer	<u>9,720,397</u>	<u>10,480,064</u>	<u>9,245,809</u>	<u>7,877,349</u>
Total	<u>\$ 9,861,596</u>	<u>\$10,636,151</u>	<u>\$ 9,600,085</u>	<u>\$ 8,290,523</u>
Employer's covered-employee payroll	\$ 1,318,138	\$ 1,315,466	\$ 1,426,888	\$ 1,317,782
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.71%	11.87%	24.83%	31.35%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	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 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

GRASS LAKE SCHOOL DISTRICT NO. 36
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEARS

	<u>FY 17*</u>	<u>FY 16*</u>	<u>FY 15*</u>	<u>FY 14*</u>
Contractually-required contribution	\$ 7,645	\$ 7,630	\$ 18,709	\$ 18,944
Contributions in relation to the contractually-required contribution	<u>7,575</u>	<u>7,658</u>	<u>18,949</u>	<u>18,709</u>
Contribution deficiency (excess)	<u>\$ 70</u>	<u>\$ (28)</u>	<u>\$ (240)</u>	<u>\$ 235</u>
Employer's covered-employee payroll	\$1,318,138	\$1,315,466	\$1,426,888	\$1,317,782
Contributions as a percentage of covered-employee payroll	0.57%	0.58%	1.33%	1.42%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

GRASS LAKE SCHOOL DISTRICT NO. 36
OTHER INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEARS

Calendar year ending December 31,	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 40,407	\$ 38,041	\$ 32,288	\$ 41,745
Interest on the total pension liability	89,700	99,339	94,657	89,648
Benefit changes	-	-	-	-
Difference between expected and actual experience of the total pension liability	6,939	(182,622)	22,176	(46,952)
Changes of assumptions	(39,244)	(2,484)	2,832	62,070
Benefit payments, including refunds of employee contributions	(75,907)	(95,139)	(82,566)	(67,436)
Net change in pension liability	21,895	(142,865)	69,387	79,075
Total pension liability - beginning	1,213,748	1,356,613	1,287,226	1,208,151
Total pension liability - ending (A)	<u>\$ 1,235,643</u>	<u>\$ 1,213,748</u>	<u>\$ 1,356,613</u>	<u>\$ 1,287,226</u>
Plan fiduciary net position				
Contributions - employer	\$ 32,895	\$ 31,292	\$ 30,585	\$ 28,455
Contributions - employees	16,632	14,638	14,352	13,507
Net investment income	217,205	85,900	6,255	74,867
Benefit payments, including refunds of employee contributions	(75,907)	(95,139)	(82,566)	(67,436)
Other (net transfer)	(31,946)	(114,703)	14,804	(19,599)
Net change in plan fiduciary net position	158,879	(78,012)	(16,570)	29,794
Plan fiduciary net position - beginning	1,175,283	1,253,295	1,269,865	1,240,071
Plan fiduciary net position - ending (B)	<u>\$ 1,334,162</u>	<u>\$ 1,175,283</u>	<u>\$ 1,253,295</u>	<u>\$ 1,269,865</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ (98,519)</u>	<u>\$ 38,465</u>	<u>\$ 103,318</u>	<u>\$ 17,361</u>
Plan fiduciary net position as a percentage of total pension liability	107.97%	96.83%	92.38%	98.65%
Covered valuation payroll	\$ 369,603	\$ 325,286	\$ 318,937	\$ 300,161
Net pension liability as a percentage of covered valuation payroll	-26.66%	11.82%	32.39%	5.78%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

GRASS LAKE SCHOOL DISTRICT NO. 36
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEARS

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 32,895	\$ 32,895	\$ -	\$ 369,603	8.90%
2016	31,293	31,292	1	325,286	9.62%
2015	30,586	30,585	1	318,937	9.59%
2014	28,455	28,455	-	300,161	9.48%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

Valuation Date:

Notes 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.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26 year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75% - Approximate; No explicit price inflation assumption is used in this valuation
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	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.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
General tax levy	\$ 2,626,105	\$ 2,439,440
Special education purposes levy	305,960	299,365
Earnings on investments	14,000	34,958
Food services	12,000	17,163
District/School activity income	6,450	12,431
Textbooks	25,800	21,478
Contributions from private sources	3,000	275
Other local revenues	8,000	5,403
<u>Total Local Sources</u>	<u>3,001,315</u>	<u>2,830,513</u>
State Sources:		
Evidence based funding formula	66,000	66,000
Special education	2,800	42,001
State free lunch	-	133
<u>Total State Sources</u>	<u>68,800</u>	<u>108,134</u>
Federal Sources:		
Title I - low income	35,000	54,753
Special education - IDEA - flow through	33,200	30,690
Special education - preschool - flow through	33,500	325
Title II - teacher quality	10,000	37
Medicaid matching funds - administrative outreach	-	4,107
Medicaid matching funds - fee for service	15,100	7,269
<u>Total Federal Sources</u>	<u>126,800</u>	<u>97,181</u>
<u>Total Revenues Received</u>	<u>3,196,915</u>	<u>3,035,828</u>
<u>Expenditures Disbursed:</u>		
Instruction:		
Regular Programs:		
Salaries	1,016,500	977,815
Employee benefits	107,450	117,657
Purchased services	31,500	63,395
Supplies and materials	73,200	80,986
Capital outlay	-	59,029
Non-capitalized equipment	5,000	16,645
<u>Total</u>	<u>1,233,650</u>	<u>1,315,527</u>

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Expenditures Disbursed:</u>		
Instruction:		
Special Education Programs:		
Salaries	\$ 95,700	\$ 97,215
Employee benefits	8,042	7,961
Supplies and materials	2,500	1,249
Capital outlay	650	2,341
Total	106,892	108,766
Interscholastic Programs:		
Salaries	21,500	32,140
Employee benefits	314	199
Purchased services	3,200	3,905
Supplies and materials	20,000	16,902
Other objects	1,500	2,267
Total	46,514	55,413
Summer School Programs:		
Salaries	24,000	20,182
Employee benefits	350	270
Supplies and materials	500	-
Total	24,850	20,452
Gifted Programs:		
Salaries	83,900	83,651
Supplies and materials	500	-
Total	84,400	83,651
Special Education Programs - Private Tuition:		
Tuition	145,000	161,999
Total	145,000	161,999
<u>Total Instruction</u>	<u>1,641,306</u>	<u>1,745,808</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Expenditures Disbursed:</u>		
Support Services:		
Pupils:		
Attendance and Social Work Services:		
Salaries	\$ 60,700	\$ 54,969
Employee benefits	7,683	7,348
Purchased services	600	794
Supplies and materials	750	235
Other	350	200
Total	70,083	63,546
Health Services:		
Salaries	36,000	35,875
Employee benefits	25	25
Purchased services	25	-
Supplies and materials	1,300	1,201
Total	37,350	37,101
Psychological Services:		
Purchased services	65,000	73,364
Total	65,000	73,364
Speech Pathology and Audiology Services:		
Purchased services	58,000	53,475
Total	58,000	53,475
Occupational Therapy Services:		
Purchased services	25,000	13,855
Total	25,000	13,855
Instructional Staff:		
Improvement of Instruction Services:		
Purchased services	73,200	80,797
Total	73,200	80,797

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Expenditures Disbursed:</u>		
Support Services:		
Educational Media Services:		
Supplies and materials	\$ 2,500	\$ 1,431
Total	2,500	1,431
Assessment and Testing Services:		
Supplies and materials	-	3,335
Total	-	3,335
General Administration:		
Board of Education Services:		
Salaries	195,600	157,885
Employee benefits	29,900	32,614
Purchased services	134,200	211,965
Supplies and materials	1,000	2,071
Other	8,800	8,536
Non-capitalized equipment	-	2,170
Total	369,500	415,241
Executive Administration Services:		
Salaries	110,400	140,469
Employee benefits	33,060	25,408
Purchased services	4,000	3,039
Supplies and materials	2,000	1,940
Other	2,000	750
Total	151,460	171,606
School Administration:		
Office of the Principal Services:		
Salaries	101,800	109,544
Employee benefits	40,755	38,963
Purchased services	60,750	982
Supplies and materials	5,000	4,312
Other	1,600	977
Total	209,905	154,778

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
EDUCATIONAL FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Expenditures Disbursed:</u>		
Other Support Services - School Administration:		
Purchased services	\$ -	\$ 2,630
Total	-	2,630
Business:		
Fiscal Services:		
Salaries	123,000	122,080
Employee benefits	7,600	7,275
Purchased services	8,150	3,357
Supplies and materials	3,000	3,272
Other	750	467
Total	142,500	136,451
Food Services:		
Salaries	14,000	17,511
Purchased services	1,250	1,538
Supplies and materials	25,000	24,277
Total	40,250	43,326
Central:		
Informational Services:		
Salaries	52,000	51,541
Employee benefits	8,600	9,072
Purchased services	76,000	32,439
Supplies and materials	36,000	30,105
Capital outlay	5,000	-
Non-capitalized equipment	2,500	1,028
Total	180,100	124,185
<u>Total Support Services</u>	<u>1,424,848</u>	<u>1,375,121</u>
Payments to Other Districts and Governmental Units:		
Payments for special education programs		
Purchased services	10,500	7,533
Other	161,500	191,266
<u>Total Payments to Other Districts and Governmental Units</u>	<u>172,000</u>	<u>198,799</u>
<u>Total Expenditures Disbursed</u>	<u>3,238,154</u>	<u>3,319,728</u>
<u>(Deficiency) of Revenues Received Over Expenditures Disbursed</u>	<u>\$ (41,239)</u>	<u>\$ (283,900)</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
General tax levy	\$ 183,150	\$ 173,424
Corporate replacement taxes	4,600	5,073
Earnings on investments	5,000	11,417
Impact fees	7,500	2,900
<u>Total Local Sources</u>	<u>200,250</u>	<u>192,814</u>
State Sources:		
Evidence based funding formula	84,000	84,998
<u>Total State Sources</u>	<u>84,000</u>	<u>84,998</u>
<u>Total Revenues Received</u>	<u>284,250</u>	<u>277,812</u>
<u>Expenditures Disbursed:</u>		
Support Services:		
Business:		
Operation and Maintenance of Plant Services:		
Salaries	47,200	43,019
Employee benefits	7,300	11,442
Purchased services	201,200	213,877
Supplies and materials	61,000	60,061
Non-capitalized equipment	-	3,505
<u>Total Support Services</u>	<u>316,700</u>	<u>331,904</u>
<u>Total Expenditures Disbursed</u>	<u>316,700</u>	<u>331,904</u>
<u>(Deficiency) of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	<u>\$ (32,450)</u>	<u>\$ (54,092)</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
TRANSPORTATION FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
General tax levy	\$ 228,789	\$ 111,522
Earnings on investments	2,500	5,119
Contributions from private sources	-	1,839
Transportation fees	8,600	7,759
Other local revenues	2,000	157
<u>Total Local Sources</u>	<u>241,889</u>	<u>126,396</u>
State Sources:		
Transportation aid - regular/vocational	54,396	59,583
Transportation aid - special education	109,273	168,632
<u>Total State Sources</u>	<u>163,669</u>	<u>228,215</u>
<u>Total Revenues Received</u>	<u>405,558</u>	<u>354,611</u>
<u>Expenditures Disbursed:</u>		
Support Services:		
Business:		
Pupil Transportation Services:		
Salaries	9,600	6,796
Employee benefits	3,705	1,799
Purchased services	308,969	305,842
<u>Total Support Services</u>	<u>322,274</u>	<u>314,437</u>
<u>Total Expenditures Disbursed</u>	<u>322,274</u>	<u>314,437</u>
<u>Excess of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	<u>\$ 83,284</u>	<u>\$ 40,174</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
General tax levy	\$ 69,152	\$ 64,476
Corporate replacement taxes	6,900	6,677
Earnings on investments	250	782
<u>Total Local Sources</u>	<u>76,302</u>	<u>71,935</u>
<u>Total Revenues Received</u>	<u>76,302</u>	<u>71,935</u>
<u>Expenditures Disbursed:</u>		
Instruction:		
Regular programs	27,550	22,674
Special education programs	4,260	4,177
Interscholastic programs	1,650	1,735
Summer school programs	400	332
Gifted program	1,215	1,183
<u>Total Instruction</u>	<u>35,075</u>	<u>30,101</u>
Support Services:		
Pupil Services:		
Attendance and social work services	900	298
Health services	5,985	5,657
<u>Total Pupil Services</u>	<u>6,885</u>	<u>5,955</u>
General Administration:		
Board of education services	7,595	9,588
Executive administration services	1,600	2,138
<u>Total General Administration</u>	<u>9,195</u>	<u>11,726</u>
School Administration:		
Office of the principal services	3,285	4,101
<u>Total School Administration</u>	<u>3,285</u>	<u>4,101</u>
Business:		
Fiscal services	17,200	16,198
Operations and maintenance of plant services	7,855	7,450
Food services	4,200	2,471
<u>Total Business</u>	<u>29,255</u>	<u>26,119</u>

(Continued)

GRASS LAKE SCHOOL DISTRICT NO. 36
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
Central:		
Information services	\$ 8,490	\$ 6,725
<u>Total Central</u>	<u>8,490</u>	<u>6,725</u>
<u>Total Support Services</u>	<u>57,110</u>	<u>54,626</u>
Payments to Other Districts and Governmental Units:		
Payments for special education programs	6,500	586
<u>Total Payments to Other Districts and Governmental Units</u>	<u>6,500</u>	<u>586</u>
<u>Total Expenditures Disbursed</u>	<u>98,685</u>	<u>85,313</u>
<u>(Deficiency) of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	<u>\$ (22,383)</u>	<u>\$ (13,378)</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
Earnings on investments	\$ 15,000	\$ 27,072
<u>Total Local Sources</u>	<u>15,000</u>	<u>27,072</u>
<u>Total Revenues Received</u>	<u>15,000</u>	<u>27,072</u>
<u>Expenditures Disbursed:</u>		
Support Services:		
Business:		
Facilities Acquisition and Construction Services:		
Purchased services	750,000	599,706
Capital outlay	4,798,075	4,467,733
Non-capitalized equipment	5,000	5,770
<u>Total Support Services</u>	<u>5,553,075</u>	<u>5,073,209</u>
<u>Total Expenditures Disbursed</u>	<u>5,553,075</u>	<u>5,073,209</u>
<u>(Deficiency) of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	<u>\$ (5,538,075)</u>	<u>\$ (5,046,137)</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
WORKING CASH FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
General tax levy	\$ 38,245	\$ 18,671
Earnings on investments	3,500	557
<u>Total Local Sources</u>	<u>41,745</u>	<u>19,228</u>
<u>Total Revenues Received</u>	<u>41,745</u>	<u>19,228</u>
<u>Excess of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	<u>\$ 41,745</u>	<u>\$ 19,228</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
FIRE PREVENTION AND SAFETY
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2018

	2018	
	Budget	Actual
<u>Revenues Received:</u>		
Local Sources:		
Earnings on investments	\$ 900	\$ 2,497
<u>Total Local Sources</u>	900	2,497
<u>Total Revenues Received</u>	900	2,497
Support Services:		
Business:		
Operation and Maintenance of Plant Services:		
Purchased services	-	22,141
Capital outlay	188,342	-
<u>Total Support Services</u>	188,342	22,141
<u>Excess of Revenues Received</u>		
<u>Over Expenditures Disbursed</u>	\$ (187,442)	\$ (19,644)

GRASS LAKE SCHOOL DISTRICT NO. 36
 ACTIVITY FUNDS
 SCHEDULE OF REVENUES COLLECTED AND EXPENSES PAID
 YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2018
Juice and pop	\$ 368	\$ 1,289	\$ 837	\$ 820
Interest	8	-	-	8
Student council	1,812	4,498	4,852	1,458
Drama club	1,058	2,221	1,418	1,861
Bank fees	(26)	-	-	(26)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 3,220</u>	<u>\$ 8,008</u>	<u>\$ 7,107</u>	<u>\$ 4,121</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
SCHEDULE OF ASSESSED VALUATIONS AND TAX EXTENSIONS
TAX LEVY YEAR 2017 AND 2016

	TAX LEVY YEAR	
	2017	2016
<u>Assessed Valuation</u>	<u>\$ 82,913,230</u>	<u>\$ 79,400,491</u>
<u>Tax Extensions By Levy:</u>		
Educational	\$ 2,700,001	\$ 2,652,631
Special Education	309,000	309,050
Operations and Maintenance	190,001	185,002
Transportation	182,000	231,101
Municipal IMRF	35,000	34,925
Working Cash	-	38,632
Social Security	35,000	34,925
TOTAL	<u>\$ 3,451,002</u>	<u>\$ 3,486,266</u>

GRASS LAKE SCHOOL DISTRICT NO. 36
PER CAPITA COSTS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<u>Total Expenditures Disbursed</u>		
Educational Fund	\$ 3,319,728	\$ 3,129,278
Operations and Maintenance Fund	331,904	352,267
Debt Service Fund	-	-
Transportation Fund	314,437	321,731
Municipal Retirement/Social Security Fund	85,313	86,636
Total	<u>4,051,382</u>	<u>3,889,912</u>
<u>Less Revenues Received or Expenditures Disbursed</u>		
<u>Not Applicable to Operating Expenses of Regular Programs</u>		
Summer school programs	20,784	24,843
Special education program K-12 - private tuition	161,999	140,764
Total payments to other district and government units	199,385	221,253
Capital outlay	61,370	47,300
Non-capitalized equipment	23,348	109,587
Total	<u>466,886</u>	<u>543,747</u>
Operating Expense	<u>3,584,496</u>	<u>3,346,165</u>
<u>Less Offsetting Revenues Received</u>	197,821	324,182
<u>Total Deductions for Tuition Computation</u>	<u>664,707</u>	<u>867,929</u>
Net Operating Expense for Tuition Computation	3,386,675	3,021,983
Add Total Depreciation Allowance	<u>253,585</u>	<u>108,285</u>
<u>Total Allowance for Tuition Computation</u>	<u>\$ 3,640,260</u>	<u>\$ 3,130,268</u>
<u>Average Daily Attendance</u>	<u>161.78</u>	<u>147.51</u>
<u>Per Pupil</u>		
Estimated Operating Expense Per Pupil	<u>\$ 22,157</u>	<u>\$ 22,684</u>
Estimated Per Capita Tuition Charge	<u>\$ 22,501</u>	<u>\$ 21,221</u>

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GRASS LAKE SCHOOL DISTRICT NO. 36
NOTES TO OTHER INFORMATION
JUNE 30, 2018

NOTE 1 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (TRS)

Changes of Assumptions

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

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

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 19, 2017.

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

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

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

EXPENDITURES IN EXCESS OF BUDGET

For the year ended June 30, 2018, the school district operated within the confines of the budget. On an individual fund basis, the Education Fund over-expended its budget by \$81,574 and the Operations and Maintenance Fund over-expended its budget by \$15,204.