Kenilworth School District No. 38

Kenilworth, Illinois

Annual Financial Report

For the Year Ended June 30, 2017

KENILWORTH SCHOOL DISTRICT NO. 38

Contents

Year ended June 30, 2017

	Pages
Independent Auditor's Report	1-2
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*	3-4
Other Information:	
Management's Discussion and Analysis	5-13
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position – Modified Cash Basis	14
Statement of Activities – Modified Cash Basis	15
Fund Financial Statements	
Statement of Assets, Liabilities and Fund Balances (Modified Cash Basis) – Governmental Funds	16
Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance (Modified Cash Basis) – Governmental Funds	17
Reconciliations of the Governmental Funds to the Statement of Net Position And the Statement of Activities	18
Statement of Assets and Liabilities Arising from Cash Transactions-Agency Funds	19
Notes to the Basic Financial Statements	20-50

KENILWORTH SCHOOL DISTRICT NO. 38

Contents

Year ended June 30, 2017

Other Information:

Schedule of Employer Contributions – TRS	51
Schedule of the Employer's Proportionate Share of the Net Pension Liability – TRS	52
Schedule of Changes in Net Pension Liability and Related Ratios - IMRF	53
Schedule of Employer Contributions – IMRF	54-55
Schedule of Funding Progress and Contributions – Other Post-Employment Benefits	56
General Fund - Combining Statement of Assets, Liabilities, and Fund Balance	57
General Fund - Combining Schedule of Revenues Received, Expenditures Disbursed And Changes in Fund Balances	58
Educational Account - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	59-64
Working Cash Account - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	65
Operations and Maintenance Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	66
Transportation Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	67
Municipal Retirement Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	68
Debt Service Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	69
Tort Fund Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual	70
Schedule of Revenues Collected and Expenses Paid – Activity Funds	71

KENILWORTH SCHOOL DISTRICT NO. 38

Contents

Year ended June 30, 2017

Schedule of Assessed Valuations, Tax Extensions and Collections	72
Schedule of Bonded Debt Maturities and Interest	73
Schedule of Per Capita Tuition Charge and Average Daily Attendance	74
Notes to Other Information	75-76

Accounting • Auditing • Consulting

44 N. Walkup Ave.
Crystal Lake, IL 60014
T: 815-459-0700
GRA-CPA.com

INDEPENDENT AUDITOR'S REPORT

Board of Education
Kenilworth School District No. 38
Kenilworth, IL

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kenilworth School District No. 38, Kenilworth, Illinois, (the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position — modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of the Kenilworth School District No. 38, as of June 30, 2017, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting 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 modified 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenilworth School District No. 38's basic financial statements. The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, on our consideration of Kenilworth School District No. 38'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 Kenilworth School District No. 38's internal control over financial reporting and compliance.

George Roach & Associates, P.C.

George Roach & Associates
September 25, 2017

Accounting • Auditing • Consulting

44 N. Walkup Ave.
Crystal Lake, IL 60014
T: 815-459-0700
GRA-CPA.com

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*

Board of Education
Kenilworth School District No. 38
Kenilworth, IL

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 Kenilworth School District No. 38, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Kenilworth School District No. 38's financial statements, and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kenilworth School District No. 38'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 Kenilworth School District No. 38's internal control. Accordingly, we do not express an opinion on the effectiveness of Kenilworth School District No. 38'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. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency as defined above.

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 Kenilworth School District No. 38'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.

George Roach & Associates, P.C.

George Roach & Associates
September 25, 2017

OTHER INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis
Year Ended June 30, 2017

This section of the Kenilworth School District No 38's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2017. The intent of the Management's Discussion and Analysis (MD&A) is to look at Kenilworth School District No. 38's financial performance as a whole. Readers should also review the District's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2017 by $22,473,219 (net position). Of this amount, $11,449,686 (unrestricted net position) may be used to meet the District's ongoing operation financial obligations.
- The District's total net position increased by $1,234,133.
- At June 30, 2017, the District's governmental funds reported combined ending fund balances of $19,004,476, an increase of $1,152,304 from the prior year.
- At June 30, 2017, the fund balance for the General Fund was $11,449,686.
- The District's total fixed assets increased by $22,652 during the year ended June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the financial statements

This report also contains other information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements report information about the District as a whole using accounting methods (modified cash basis) similar to those used in private-sector companies. The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The District's net position increased by $1,234,133 in fiscal year 2017.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial

statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a school district's near-term financing requirements.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Operations & Maintenance, Debt Service, Transportation, Municipal Retirement and Tort Funds, all of which are considered major funds.

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

An activity fund (fiduciary fund) is maintained by the District and financial information on that fund is included on page 70 of the audit report.

Notes to the financial statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the District's progress in funding its obligation to provide pension benefits to its non-certificated employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A condensed statement of net position and statement of activities is presented below:

Kenilworth School District No. 38 Net Position

	Governmental Activities	
	June 30, 2017	June 30, 2016
Assets		
Current and Other Assets	$ 19,662,128	$ 18,655,855
Fixed Assets	10,543,743	11,051,914
Total Assets	$ 30,205,871	$ 29,707,769
Liabilities		
Payroll Liabilities	$ 657,652	$ 801,992
Due to Student Activities	-	1,691
Long-Term Debt		
Current Portion	720,000	690,000
Non-current Portion	6,355,000	6,975,000
Total Liabilities	7,732,652	8,468,683
Net Position:		
Net Investment in Capital Assets	3,468,743	3,386,914
Restricted	7,554,790	6,704,227
Unrestricted	11,449,686	11,147,945
Total Net Position	$ 22,473,219	$ 21,239,086

At June 30, 2017, the District is able to report positive balances in all three categories of net position. The District's net position increased by $1,234,133 in comparison with the prior year.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($11,449,686) may be used to meet the District's ongoing operating obligations.

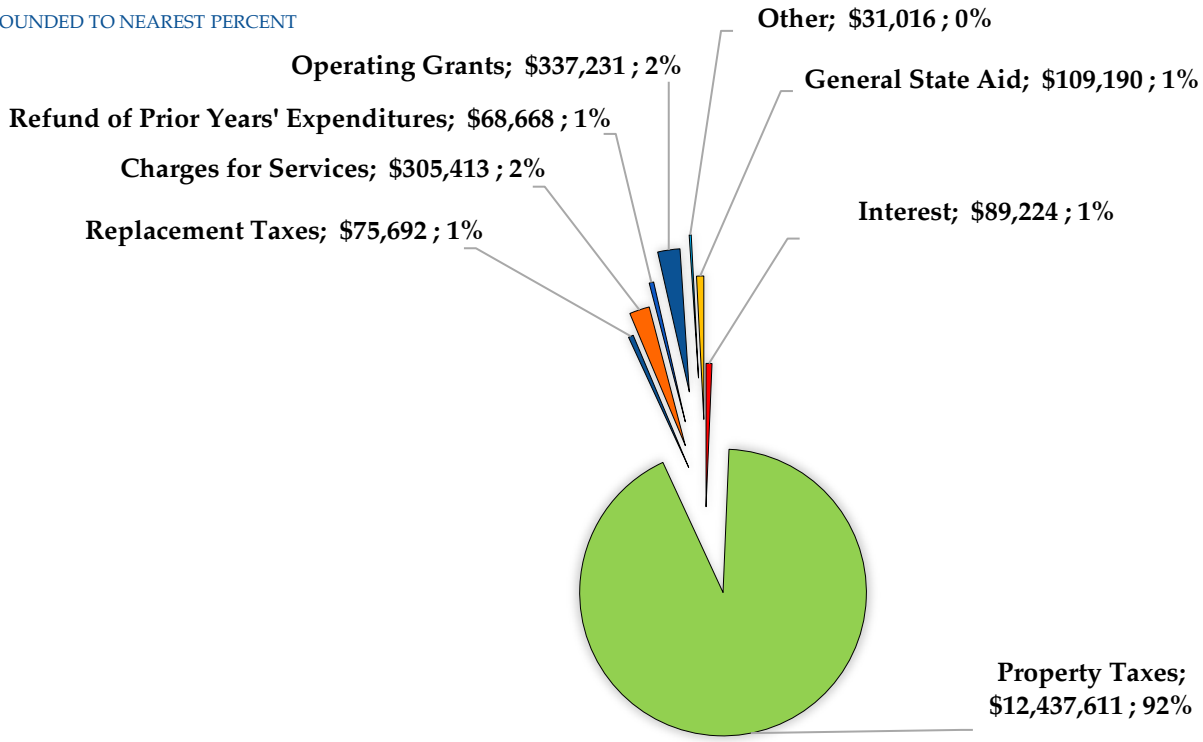
Key elements of the changes to net position by governmental activities are as follows:

Kenilworth School District No. 38 Changes in Net Position

	Governmental Activities	
	June 30, 2017	June 30, 2016
Revenues		
Program Revenues		
Charges for Services	$ 305,413	$ 235,438
Operating Grants	337,231	5,227,042
General Revenues		
Property Taxes	12,437,611	12,266,834
Replacement Taxes	75,692	68,141
Interest	89,224	896
General State Aid	109,190	104,197
Refund of Prior Years' Expenditures	68,668	410,262
Gain(loss) on sale of investments	-	(60,418)
Other	31,016	38,476
Total Revenues	13,454,045	18,290,868
Expenses		
Instruction	6,858,051	11,244,184
Support Services	4,131,657	3,794,826
Payments to Other Governmental Units	260,423	178,818
Interest	438,958	320,957
Depreciation - Unallocated	530,823	534,684
Total Expenses	12,219,912	16,073,469
Increase (Decrease) in Net Position	1,234,133	2,217,399
Net Position - Beginning of Year	21,239,086	19,021,687
Net Position - End of Year	$ 22,473,219	$ 21,239,086

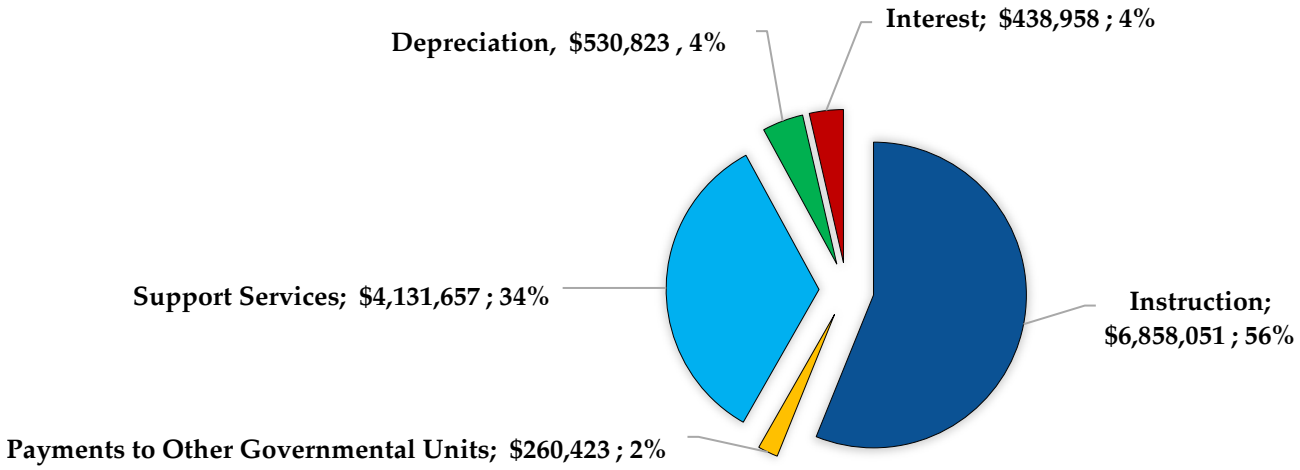
2017 REVENUES

ROUNDED TO NEAREST PERCENT



2017 EXPENSES

ROUNDED TO NEAREST PERCENT



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the Statement of Assets, Liabilities and Fund Balances) reported a combined fund balance of $19,004,476, which is an increase from last year's total of $17,852,172.

The Educational Account revenues were $261,139 more than expenditures. The Educational Account ended the year with a fund balance of $8,409,538.

The Working Cash Account has no expenditures. The Working Cash Account revenues were $40,602 and ended the year with a balance of $3,040,148.

The Operations & Maintenance Fund revenues were $756,222 more than expenditures. The Operations & Maintenance Fund ended the year with a fund balance of $5,325,919.

The Debt Services Fund revenues were $6,912 more than expenditures and ended the year with a balance of $1,008,312.

The Transportation Fund revenues were $10,746 less than expenditures and ended the year with a balance of $143,931.

The Illinois Municipal Retirement Fund revenues were $61,057 more than expenditures and ended the year with a balance of $487,825.

The Tort Fund revenues were $37,118 more than expenditures and ended the year with a balance of $588,803.

General Fund Highlights

The General Fund revenues were $301,741 more than expenditures and ended the year with a balance of $11,449,686.

Fund Budgetary Highlights

Expenditures in all accounts/funds were under the budgeted amounts except in the Educational account, where the District does not budget for the state on-behalf revenues or expenditures and the Transportation Fund.

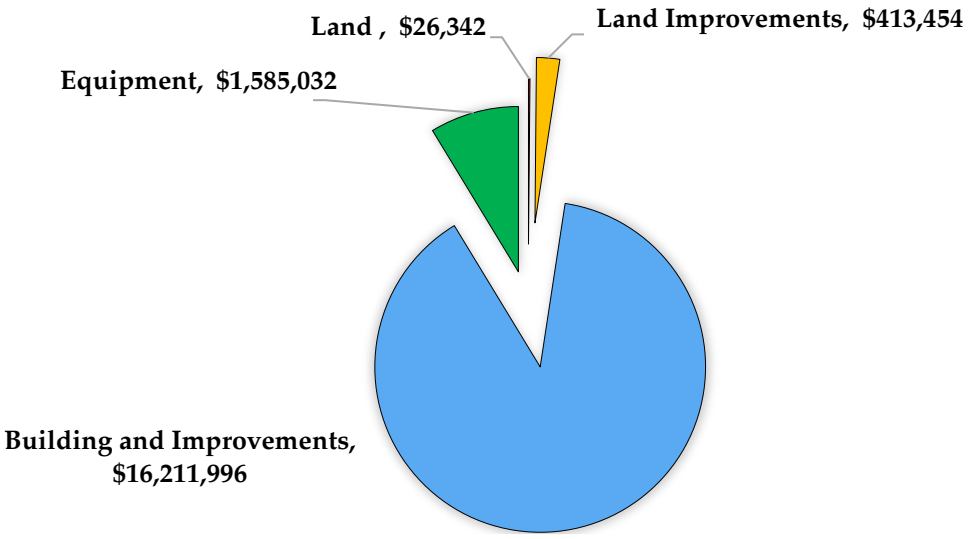
CAPITAL ASSETS

As of June 30, 2017, the District had $10,543,743, net of accumulated depreciation, invested in capital assets, including land, land improvements, buildings and equipment. (See table below.) A new inventory of capital assets was completed in 2005 to verify all values. This was done following the flood of 2002 and the restoration of the facility and replacement of damaged equipment, supplies, and

materials. The inventory was updated at the end of the 2017 Fiscal Year. More detailed information about capital assets is presented in Note 4 to the financial statements.

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Fixed Assets				
Land	$ 26,342	$ -	$ -	$ 26,342
Land Improvements	413,454	-	-	413,454
Building and Improvements	16,211,996	-	-	16,211,996
Equipment	1,562,380	22,652	-	1,585,032
Total Fixed Assets	18,214,172	22,652	-	18,236,824
Less: Accumulated Depreciation	7,162,258	530,823	-	7,693,081
Fixed Assets (Net)	$ 11,051,914	$ (508,171)	-	$ 10,543,743

CAPITAL ASSETS AT JUNE 30, 2017 AT (COST)



DEBT

At year-end, the District had $7,075,000 in bonds and notes outstanding at year-end. The District's general obligation bond rating by Standard & Poor's was AAA in April 2017, preceding the last bond issue. More detailed information about the District's long-term debt is presented in Note 5 to the financial statements and the Schedule of Bonded Debt Maturities.

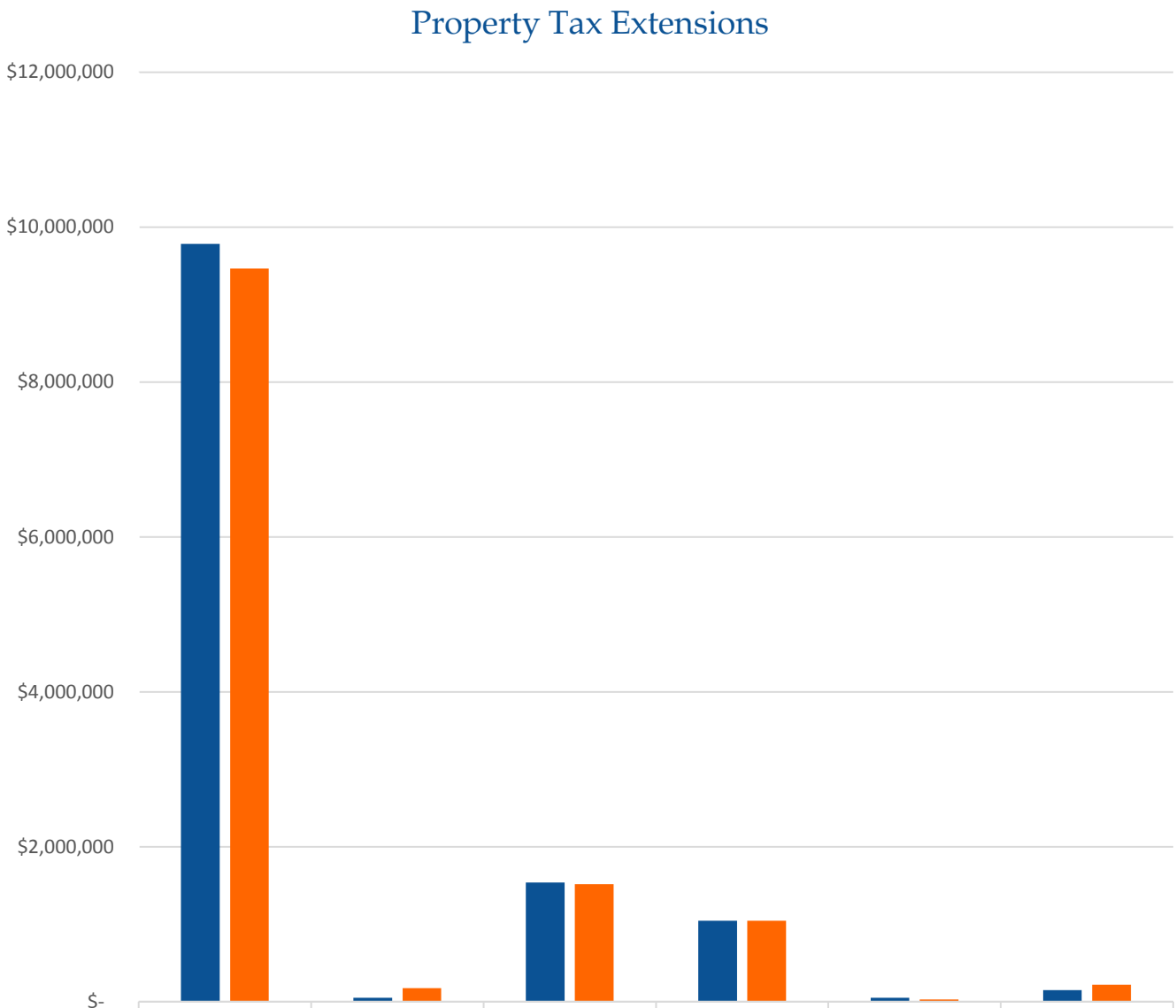
Kenilworth School District No. 38
Assessed Valuations, Extended Tax Rates, Percentage Allocations and Extensions by Fund

Tax Levy Year	2016		2015	
Assessed Valuation				
Cook County	$	363,858,934	$	296,917,403
Tax Rates and Percentage Allocations by Fund				
Funds	**Rate**	**Percentage**	**Rate**	**Percentage**
Educational	2.6886	77.53	3.1885	76.06
Tort Immunity	0.0137	0.39	0.0588	1.39
Operations and Maintenance	0.4229	12.20	0.5109	12.18
Bond and Interest	0.2873	8.29	0.3514	8.38
Transportation	0.0137	0.40	0.0092	0.22
Municipal Retirement	0.0411	1.19	0.0743	1.77
Totals	3.4673	100.00	4.1931	100.00

Property Tax Extensions

Funds	2016	2015
Educational	$ 9,782,711	$ 9,467,211
Tort Immunity	49,848	174,587
Operations and Maintenance	1,538,759	1,516,951
Bond and Interest	1,045,388	1,043,622
Transportation	49,848	27,316
Municipal Retirement	149,546	220,609
Totals	$ 12,616,100	$ 12,450,296

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.



	Educational	Tort Immunity	Operations and Maintenance	Bond and Interest	Transportation	Municipal Retirement
2016 Levy	$9,782,711	$49,848	$1,538,759	$1,045,388	$49,848	$149,546
2015 Levy	$9,467,211	$174,587	$1,516,951	$1,043,622	$27,316	$220,609

Requests for Information

This financial report is designed to provide to the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at The Joseph Sears School District office.

BASIC FINANCIAL STATEMENTS

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Net Position - Modified Cash Basis

June 30, 2017

	Governmental Activities
Assets	
Cash and investments, at cost	$ 19,651,722
Other current assets	10,406
Capital assets not being depreciated	26,342
Capital assets being depreciated, net	10,517,401
Total Assets	$ 30,205,871
Liabilities	
Current Liabilities:	
Accrued payroll & liabilities	$ 657,652
Current portion of long term debt	720,000
Total Current Liabilities	1,377,652
Non-Current liabilities:	
Long term debt	6,355,000
Total Non-Current Liabilities	6,355,000
Total Liabilities	7,732,652
Net Position	
Net investment in capital assets	3,468,743
Restricted for:	
Operations and maintenance	5,325,919
Transportation	143,931
Municipal retirement	487,825
Debt service	1,008,312
Tort	588,803
Unrestricted	11,449,686
Total Net Position	$ 22,473,219

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

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Activities - Modified Cash Basis

Year Ended June 30, 2017

Functions/Programs	Expenditures Disbursed	Program Revenues Received: Charges for Services	Program Revenues Received: Operating Grants and Contributions	Program Revenues Received: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental Activities:					
Instruction	$ 6,858,051	$ 230,618	$ 279,015	$ -	$ (6,348,418)
Support services	4,131,657	74,795	58,216	-	(3,998,646)
Payments to other governmental units	260,423	-	-	-	(260,423)
Depreciation - unallocated	530,823	-	-	-	(530,823)
Debt service - interest and fees	438,958	-	-	-	(438,958)
Total Governmental Activities	$ 12,219,912	$ 305,413	$ 337,231	$ -	(11,577,268)
		General Revenues Received:			
		Property taxes			12,437,611
		Replacement tax			75,692
		General state aid			109,190
		Refund of prior years' expenditures			68,668
		Investment Income			89,224
		Other			31,016
		Total General Revenues			12,811,401
		Changes in Net Position			1,234,133
		Net Position Beginning of Year			21,239,086
		Net Position End of Year			$ 22,473,219

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

KENILWORTH SCHOOL DISTRICT NO. 38

Governmental Funds

Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis

June 30, 2017

Assets	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement Fund	Debt Service Fund	Tort Fund	Total
Cash and cash equivalents	$ 12,080,826	$ 5,325,919	$ 143,931	$ 503,931	$ 1,008,312	$ 588,803	$ 19,651,722
Due from employees	10,406	-	-	-	-	-	10,406
Total Assets	$ 12,091,232	$ 5,325,919	$ 143,931	$ 503,931	$ 1,008,312	$ 588,803	$ 19,662,128
Liabilities							
Accrued payroll & liabilities	$ 641,546	$ -	$ -	$ 16,106	$ -	$ -	$ 657,652
Total Liabilities	641,546	-	-	16,106	-	-	657,652
Fund Balance							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Operations and Maintenance Fund	-	5,325,919	-	-	-	-	5,325,919
Transportation Fund	-	-	143,931	-	-	-	143,931
Municipal Retirement Fund	-	-	-	487,825	-	-	487,825
Debt Service Fund	-	-	-	-	1,008,312	-	1,008,312
Tort Fund	-	-	-	-	-	588,803	588,803
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	11,449,686	-	-	-	-	-	11,449,686
Total Fund Balance	11,449,686	5,325,919	143,931	487,825	1,008,312	588,803	19,004,476
Total Liabilities and Fund Balance	$ 12,091,232	$ 5,325,919	$ 143,931	$ 503,931	$ 1,008,312	$ 588,803	$ 19,662,128

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

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Modified Cash Basis

Year Ended June 30, 2017

	General Fund	Operations and Maintenance Fund	Tansportation Fund	Municipal Retirement Fund	Debt Service Fund	Tort Fund	Total
Revenues Received							
Property taxes	$ 9,555,343	$ 1,516,166	$ 38,928	$ 182,293	$ 1,035,870	$ 109,011	$ 12,437,611
Replacement taxes	-	-	-	75,692	-	-	75,692
Tuition	194,888	-	-	-	-	-	194,888
Interest income	89,224	-	-	-	-	-	89,224
Food service	22,995	-	-	-	-	-	22,995
Pupil activities	49,200	-	-	-	-	-	49,200
Donations	58,216	-	-	-	-	-	58,216
Rentals	2,600	-	-	-	-	-	2,600
Refund of prior years' expenditures	65,849	2,819	-	-	-	-	68,668
Payments from other districts	35,730	-	-	-	-	-	35,730
Other	31,016	-	-	-	-	-	31,016
State sources	238,309	-	13,507	-	-	-	251,816
Federal sources	136,389	-	-	-	-	-	136,389
Total Revenues Received	10,479,759	1,518,985	52,435	257,985	1,035,870	109,011	13,454,045
Expenditures Disbursed							
Instruction	6,749,023	-	-	109,028	-	-	6,858,051
Support services	3,145,920	762,763	63,181	87,900	-	71,893	4,131,657
Payments to other governmental units	260,423	-	-	-	-	-	260,423
Capital outlay	22,652	-	-	-	-	-	22,652
Debt service-- interest and other	-	-	-	-	235,885	-	235,885
Debt service - principal	-	-	-	-	690,000	-	690,000
Total Expenditures Disbursed	10,178,018	762,763	63,181	196,928	925,885	71,893	12,198,668
Excess(deficiency) of revenues over (under) expenditures	301,741	756,222	(10,746)	61,057	109,985	37,118	1,255,377
Other Financing Sources (Uses)							
Transfer to escrow agent	-	-	-	-	(6,073,073)	-	(6,073,073)
Refunding bonds issued	-	-	-	-	5,970,000	-	5,970,000
Total Other Financing Sources (Uses)	-	-	-	-	(103,073)	-	(103,073)
Net Change in Fund Balances	301,741	756,222	(10,746)	61,057	6,912	37,118	1,152,304
Fund Balances, beginning of year	11,147,945	4,569,697	154,677	426,768	1,001,400	551,685	17,852,172
Fund Balances, ending of year	$ 11,449,686	$ 5,325,919	$ 143,931	$ 487,825	$ 1,008,312	$ 588,803	$ 19,004,476

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

KENILWORTH SCHOOL DISTRICT NO. 38

Reconciliations of the Governmental Funds to the Statement of Net Position and the Statement of Activities

Year Ended June 30, 2017

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Total Fund Balances -Total Governmental Funds	$ 19,004,476
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	10,543,743
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position	(7,075,000)
Total Net Position of Governmental Activities	$ 22,473,219

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

Excess (Deficiency) of Revenue Over Expenditures Governmental Funds	$ 1,152,304
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life. (amount shown is net of depreciation)	(508,171)
Governmental funds report the payment of debt and leases as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.	590,000
Changes in Net Position Governmental Funds	$ 1,234,133

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

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Assets and Liabilities Arising from Cash Transactions - Agency Funds

June 30, 2017

	Agency Funds
Assets	
Cash and investments, at cost	$ 154,362
Total Assets	$ 154,362
Liabilities	
Due to student activities	$ 154,362
Total Liabilities	$ 154,362

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education, *Illinois Program Accounting Manual*. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements are as follows:

REPORTING ENTITY

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds required by the Illinois State Board of Education (ISBE). Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

GOVERNMENTAL FUND TYPES

Governmental fund types are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

General Fund – The General Fund consists of the legally mandated Educational Account and Working Cash Account, and is the primary operating fund of the District and is always classified as a major fund. It is used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – The Special Revenue Funds, which include the Operations and Maintenance Fund, Transportation Fund, Tort Fund and the Municipal Retirement Fund, are used to account for revenue received from specific sources (other than those accounted for in the Debt Service and Capital Projects Funds) that are legally restricted to expenditures disbursed for specified purposes.

Debt Service Fund – The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Capital Projects Funds – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Fire Prevention and Safety Fund accounts for financial resources to be used for life safety projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUND TYPES (NOT INCLUDED IN GOVERNMENT-WIDE STATEMENTS)

Agency Funds – The Agency Funds (Student Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

MAJOR AND NONMAJOR FUNDS

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, liabilities, revenues received, or expenditures disbursed of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and

- Total assets, liabilities, revenues received, or expenditures disbursed of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The District has classified all funds as major:

Major:

Educational Account	See above for description.
Working Cash Account	See above for description.
Operations and Maintenance Fund	A Special Revenue Fund to account for the repair and maintenance of District property.
Transportation Fund	A Special Revenue Fund to account for activity relating to student transportation to and from school.
Municipal Retirement Fund	A Special Revenue Fund to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund for non-certified employees.
Debt Service Fund	A Debt Service Fund to accumulate resources for, and payment of, general long-term debt, principal, interest, and related costs.
Tort Fund	A Special Revenue Fund to account for activity relating to District tort immunity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted assets from net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

MEASUREMENT FOCUS

The basic financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

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

CASH AND CASH EQUIVALENTS

Cash equivalents of the District, which are highly liquid certificate of deposits (CD's) and reported by the District at cost. Gains or losses on the sale of CD's are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which cash and cash equivalents are made must be approved by the Board of Education.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District maintains a cash and cash equivalents pool that is available for use by all funds. In addition, cash equivalents may be separately held by some of the District's funds. Cash on hand and cash at fiscal agents has been excluded from the amounts shown.

EQUITY CLASSIFICATIONS/FUND BALANCE REPORTING

Equity is classified in government-wide statements as net position and displayed in three components as follows:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis used by the District there is nothing to report for this classification.

Restricted – the restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Account. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *State Grants* – proceeds from state grants and the related expenditures have been included in the Educational Account and Transportation Fund. At June 30, 2016, expenditures disbursed exceeded revenue received form state grants, resulting in no restricted balance.

- *Federal Grants* – proceeds from federal grants and the related expenditures have been included in the Educational Account. At June 30, 2017, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted balance.

- *Social Security* – expenditures disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement Fund. Expenditures disbursed exceeded revenue received, resulting in no restricted balance.

- *Tort Immunity Tax Levy* - expenditures disbursed and the related cash receipts of this restricted tax levy are accounted for in the Tort Fund. Disbursements made from this fund included: $3,035 for unemployment insurance, $43,168 for liability insurance and $25,690 for workers' compensation in the year ended June 30, 2017, resulting in a restricted fund balance of $558,803.

Committed – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

CAPITAL ASSETS

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

fixed assets were not capitalized. Such assets have been valued at estimated historical cost. The capitalization threshold is $2,000. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings and improvements 20 – 40 years, land improvements 15 – 20, transportation equipment 5 – 10 years, equipment 5 – 20 years.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether they are reported in the governmentwide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

PROGRAM REVENUES

Amounts reported as program revenues include 1) Tuition and fees and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than as program revenues.

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2017, the carrying amount of the District's deposits, (including cash on hand of $900) totaled $19,651,722 and the bank balances totaled $20,172,893, (including cash and cash equivalents in external pools).

Type	Total Cost	Less Than One Year	One to Five Years	Over Five Years
Municipal Bonds	$ 1,212,615	$ 221,197	$ 400,266	$ 591,152
Total	$ 1,212,615	$ 221,197	$ 400,266	$ 591,152

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk. Under Illinois law, the District is restricted to investing funds in specific types of investments. The following generally represents the types of instruments allowable by state law.

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over $500,000,000 rated in the highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds Money Market Fund.
- The Illinois School District Liquid Asset Fund.
- Repurchase agreements, which meet instrument transactions, requirements of Illinois law.

Interest Rate Risk. The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. The weighted average of the portfolio maturity was 291.68 days and the weighted portfolio yield was 1.838%.

Credit Risk. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized rating organization (NRSRO's). The District has no investment policy that would further limit its investment choices. As of June 30, 2016, all the District's other investments had either "AAA" or "A-1 +" ratings by Standard & Poor's.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) and the Illinois Institutional Investors Fund (IIIT) are a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. Neither is registered with the SEC as an investment company. Investments are each rated AAAm and are valued at share price, which is the price for which the investment could be sold.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

Concentration of Credit Risk. The District's policy states investments shall be diversified to avoid incurring unreasonable risks regarding specific security types and/or individual financial institutions. The District shall diversify its investments to the best of its ability based upon the type of funds invested, available institutions to invest in, and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the bank or the counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. Of the District's deposits, $14,753,989 is covered by depository insurance, or collateral held by the District's agents, and $5,418,904 is uninsured.

Custodial Credit Risk – Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring all investments to be secured by private insurance or collateral. Investments held in liquid asset funds as indicated above are not collateralized or insured.

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and un-invested balances in the common checking and investment

NOTE 3 – PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December of the subsequent year. The adoption date for the 2016 tax levy was December 12, 2016. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates.

NOTE 3 – PROPERTY TAXES (CONTINUED)

	Maximum 2016 Levy	Actual 2016 Levy	Actual 2015 Levy
Educational	3.5000	2.6886	3.1885
Operations & Maintenance	0.5500	0.4229	0.5109
Debt Service	0.0000	0.2873	0.3514
Transportation	0.0000	0.0137	0.0092
Municipal Retirement	0.0000	0.0411	0.0743
Social Security	0.0000	None	None
Liability Insurance	0.0000	0.0137	0.0588
Working Cash	0.0500	None	None
Special Education	0.4000	None	None
Total		3.4673	4.1931

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

Governmental Activities:	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Not being depreciated:				
Land	$ 26,342	$ -	$ -	$ 26,342
Depreciable capital assets:				
Land improvements	413,454	-	-	413,454
Building and improvements	16,211,996	-	-	16,211,996
Equipment	1,562,380	22,652	-	1,585,032
Total	18,214,172	22,652	-	18,236,824
Accumulated Depreciation:				
Land improvements	214,031	14,403	-	228,434
Building and improvements	5,890,857	384,624	-	6,275,481
Equipment	1,057,370	131,796	-	1,189,166
Total	7,162,258	530,823	-	7,693,081
Net Capital Assets	$ 11,051,914	$(508,171)	$ -	$ 10,543,743

Depreciation was not charged to any specific function.

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
2007 Refunding Bonds	$ 6,905,000		$ 6,375,000	$ 530,000	$ 530,000
2011 Refunding Bonds	760,000	-	185,000	575,000	190,000
2017 Refunding Bonds	-	5,970,000	-	5,970,000	-
Total	$ 7,665,000	$ 5,970,000	$ 6,560,000	$ 7,075,000	$ 720,000

GENERAL OBLIGATION BONDS PAYABLE

$10,000,000, December 4, 2007 General Obligation School Building Bonds due semi-annually, annual payments varying from $674,054 to $800,214 beginning in 2008 and continuing through 2026, interest rates varying from 3.900% to 4.875%.

$1,515,000, November 15, 2011 General Obligation Refunding Limited Bonds, refunding $1,460,000 of 2001 Limited Bonds, due semi-annually, annual payments varying from $12,213 to $203,526 beginning in 2013 and continuing through 2020, interest rates varying from 1.0% to 2.5%.

$5,970,000, April 27, 2017 General Obligation Refunding Limited Bonds, refunding $5,870,000 of 2007 Building Bonds, due semi-annually, annual payments varying from $134,597 to $729,324 beginning in 2019 and continuing through 2027, interest rate 2.06%.

The Illinois School Code limits the amount of indebtedness to 6.9% of $363,858,934, the most recent assessed valuation of the District. The District's remaining debt margin at June 30, 2017, is $18,031,266.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

At June 30, 2017, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Bonds	
	Principal	Interest
2018	$ 720,000	$ 158,616
2019	805,000	123,887
2020	810,000	106,405
2021	635,000	91,104
2022	650,000	77,869
2023	665,000	64,324
2024	675,000	50,522
2025	690,000	36,463
2026	705,000	22,094
2027	720,000	7,416
Total	$ 7,075,000	$ 738,700

NOTE 6 - OPERATING LEASE OBLIGATIONS

During the fiscal year ended June 30, 2017, the District entered into an operating lease for copiers with a 36 month term and $2,103 per month payment. The minimum future payments are as follows:

Fiscal Year	Minimum Annual Payment
2018	$ 25,236
2019	25,236
2020	25,236
Total	$ 75,708

NOTE 7 - RETIREMENT SYSTEMS

TEACHER'S RETIREMENT SYSTEM

GENERAL INFORMATION ABOUT THE PENSION PLAN

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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the system's administration.

TRS issues a publicly available financial report that can be obtained at **http://trs.illinois.gov/pubs/cafr**; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 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.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

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, 2016 was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

ON-BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2017, 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 $-0- 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, 2017, were $37,132, and are deferred because they were paid after the June 30, 2016 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 a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling $24,254 were paid from federal and special trust funds that required employer contributions of $9,347. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

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 onetime 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, 2017, 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 onetime 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, 2017, the employer paid $14,616 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, 2017, 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	$ (85,529)
State's proportionate share of the net pension liability associated with the employer	(36,393,701)
Total	$(36,479,230)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the employer's proportion was -0.0001083529 percent, which was a decrease of 0.002584342 percent from its proportion measured as of June 30, 2015.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2017, the employer recognized pension expense, on a cash basis, of $-0- and revenue of $-0- for support provided by the state. At June 30, 2017, 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	$ (632)	$ 58
Net difference between projected and actual earnings on pension plan investments	(2,416)	-
Changes in assumptions	(7,346)	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	498,700	(2,273,683)
Employer contributions subsequent to the measurement date	46,479	-
Total	$ 534,785	$ (2,273,625)

$46,479 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2018	(583,491)
2019	(583,491)
2020	(221,484)
2021	(328,110)
2022	(68,744)
Total	(1,785,320)

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

ACTUARIAL ASSUMPTIONS

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

Inflation	2.50 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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.00 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.

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. large cap	14%	6.94%
Global equity excluding U.S.	4%	8.09%
Aggregate bonds	14%	7.46%
U.S.,TIPS	4%	10.15%
NCREIF	11%	2.44%
Opportunistic real estate	5%	1.70%
ARS	15%	5.44%
Risk parity	11%	4.28%
Diversified inflation strategy	8%	4.16%
Private Equity	14%	10.63%
Total	100%	

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

DISCOUNT RATE

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 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, 2016 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, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net pension and the subsidy provided by Tier II were 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 6.83 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 (5.83 percent) or 1percentage-point higher (7.83 percent) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	$ (69,949)	$ (85,529)	$ (104,606)

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS Comprehensive Annual Financial Report and the Actuarial Valuation report as of June 30, 2016 prepared by Segal Consulting.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

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:

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

- 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, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	19
Inactive Plan Members entitled to but not yet receiving benefits	95
Active Plan Members	19
Total	133

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 2016 was 7.85%. For the fiscal year ended June 30, 2017, the employer contributed $59,778 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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- 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 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, 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 2014 valuation according to an experience study from years 2011 to 2013.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The 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:

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

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:

- 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

- 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 3.57%, and the resulting single discount rate is 7.50%.

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Pension (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	$2,890,265	$2,869,468	$ 20,797
Changes for the year:			
Service Cost	82,643	-	82,643
Interest on the Total Pension Liability	212,345	-	212,345
Changes of Benefit Terms	-		-
Differences Between expected and Actual Experience of the Total Pension Liability	134,945	-	134,945
Changes of Assumptions	-	-	-
Contributions-Employer	-	59,778	(59,778)
Contributions- Employees	-	34,268	(34,268)
Net Investment Income	-	197,256	(197,256)
Benefit Payments, Including Refunds of Employee Contributions	(200,634)	(200,634)	-
Other (Net Transfer)	-	(2,419)	2,419
Net Changes	229,299	88,249	141,050
Balance at December 31, 2016	$3,119,564	$2,957,717	$ 161,847

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 (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Total Pension Liability	$ 3,454,404	$ 3,119,564	$ 2,838,402
Plan Fiduciary Net Position	2,957,717	2,957,717	2,957,717
Net Pension Liability/(Asset)	$ 496,687	$ 161,847	$ (119,315)

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2017, the employer recognized pension expense of $59,778. At June 30, 2017, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	$ 28,906	$ -	$ 28,906
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	148,357	-	148,357
Total deferred amounts to be recognized in pension expense in future periods	177,263	-	177,263
Pension contributions made subsequent to the measurement date	28,065	-	28,065
Total deferred amounts related to pensions	$ 205,328	-	$ 205,328

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

PENSION CONTRIBUTIONS MADE SUBSEQUENT TO THE MEASUREMENT DATE

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
2017	$ 80,067
2018	51,160
2019	43,262
2020	2,774
2021	-
Thereafter	-
Total	$ 177,263

AGGREGATE PENSION AMOUNTS

For the Year Ended June 30, 2017, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	$ 8,305	$ 177,263	$ 185,568
Net Pension Liability	(85,529)	161,847	76,318
Deferred Inflows of Resources	(2,273,625)	-	(2,273,625)
Pension Expense, Net of State Support	(589,515)	185,414	(404,101)

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

NOTE 7 - RETIREMENT SYSTEMS (CONCLUDED)

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 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were $71,703, 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 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the employer paid $53,777 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" (http://www.auditor.illinois.gov/Audit-Reports/CMS-THIS.asp). Prior reports are available under "Healthcare and Family Services" (http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp).

NOTE 8 - COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally certain of the funds participating in the common bank account could incur overdrafts (deficits) in the account. The overdrafts result from expenses paid that have been approved by the School Board.

NOTE 9 - RISK MANAGEMENT

The District has purchased insurance from risk pools and private insurance companies. Risks covered include general liability, workers compensation, medical and other. Premiums have been displayed as expenses paid in appropriate funds.

NOTE 10 - JOINT AGREEMENTS

The District is a member of North Suburban Special Education District (NSSED), an organization to provide special education programs and services to the students enrolled. Financial statements are obtained by the District from each of these entities and are available generally after November 1st following each fiscal year. Each member district has a financial responsibility to make annual contributions based the joint agreement.

The District is a member of Collective Liability Insurance Cooperative (CLIC), which has been formed to provide casualty, property and liability protection and to administer some, or all insurance coverage and protection other than health, life and accident coverage procured by the member districts. It is intended, by the creation of CLIC, to allow a member district to equalize annual fluctuations in insurance costs by

establishing a program whereby reserves may be created and temporary deficits of individual districts covered, thereby equalizing the risks and stabilizing the costs of providing casualty, property and liability protection.

The District is also a member, along with other area school districts, of the School Employees Loss Fund (SELF). The District obtains workers compensation insurance, and claims and loss administration services through SELF. The District is financially responsible for annual premiums based on types and levels of coverage. SELF is separately audited and its financial information is not included in these financial statements. Financial information may be obtained by contacting the District.

NOTE 11 - CONTINGENCIES

The District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2017 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The District provides a post-employment single-employer defined benefit healthcare plan other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, the District is required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions ("GASB 75"). The classification of the retiree depends on the year of retirement and the position formerly held in the District. As of June 30, 2017, no current employees are fully eligible to retire and receive benefits and 3 retirees are currently receiving benefits. The District provides medical benefits to certain retirees and pays a portion of the cost. In addition, the District reimburses a retired superintendent for single health insurance for a maximum of five years after retirement.

FUNDING POLICY

The District contributes to the plan on a pay-as-you-go cash basis. With this type of policy, the District funds no more than the current year cost of the post-employment benefits for the retirees.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SUMMARY OF RESULTS

The summary below identifies the results of the costs related to the fiscal year ended June 30, 2017 according to the accounting requirements of GASB 75.

Measurement Date	June 30, 2017
Reporting Date	June 30, 2017
Present Value of Future Benefits	
Actives	$ -
Retirees	27,017
Total	$ 27,017
Total OPEB Liability	
Actives	$ -
Retirees	27,017
Total	$ 27,017
Plan Assets	$ -
Net OPEB Liability	$ 27,017
OPEB Expense	$ 780
Employer Contributions (Pay-as-you-go)	$ 7,970

SENSITIVITY OF TOTAL OPEB LIABILITY (TOL) TO CHANGES IN DISCOUNT RATE

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, while higher discount rates produce a lower TOL.

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 27,682	$ 27,017	$ 26,385

SENSITIVITY OF TOL TO CHANGES IN HEALTHCARE COST TREND RATES

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, while higher discount rates produce a lower TOL.

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 26,518	$ 27,017	$ 27,531

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

FUNDING STATUS AND FUNDING PROGRESS

As of July 1, 2016, the latest valuation date, the total OPEB liability was $27,017, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll is not available from the actuarial valuation report.

The projection of future benefit payments, for an ongoing plan, involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

METHODS AND ASSUMPTIONS

In accordance with GASB 75, the discount rate is based on the S&P Municipal Bond 20 Year High Grade Index, to the extent that projected benefit payments are not covered by plan investments. Specifically, as of June 30, 2016 the rate was 2.71%, while the rate as of June 30, 2017 was 3.13%.

The healthcare trend assumption reflects healthcare inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 6.5% medical cost increase for the fiscal year ended June 30, 2017, trending down to an ultimate 5.00% increase for the Fiscal year ended June 30, 2020 and later. Per the "Superintendent's Employment Contract", an assumed constant 5.00% subsidy trend has been used.

The mortality rates used are from the RP_2014 Healthy Mortality Tables with White Collar Adjustments, projected generationally with Scale MP-2014. Post-commencement rates were further adjusted. Specifically, male rates were multiplied by 115% for ages 78-114, and female rates were multiplied by 76% for ages 50-77 and 106% for ages 78-114.

NOTE 13 – 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 subsequent events, (events or transactions that relate to conditions present at the balance sheet date) and non-recognized subsequent events, (events or transactions that relate to 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, 2017, and the report release date requiring disclosure in the financial statements.

OTHER INFORMATION

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer Contributions

Teachers' Retirement System of the State of Illinois

June 30, 2017

	FY 2017	FY 2016	FY 2015
Contractually required contribution	$ 748,144	$ 706,671	$ 681,652
Contributions in relation to the contractually required contribution	748,144	706,671	681,652
Contribution deficiency (excess)	$ -	$ -	$ -
Employer's covered-employee payroll	$ 6,402,058	$ 5,919,357	$ 5,692,874
Contributions as a percentage of covered-employee payroll	11.69%	11.94%	11.97%

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.

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Teachers' Retirement System of the State of Illinois

June 30, 2017

	FY 2017	FY 2016	FY 2015
Employer's proportion of the net pension liability	-0.0001083529%	0.0024759891%	0.0011625155%
Employer's proportionate share of the net pension liability	$ (85,529)	$ 1,622,022	$ 707,487
State proportionate share of the net pension liability associated with the employer	(36,393,701)	59,176,132	28,413,246
Total	$ (36,479,230)	$ 60,798,154	$ 29,120,733
Employer's covered-employee payroll	$ 6,402,058	$ 5,919,357	$ 5,692,874
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-1.34%	27.40%	12.43%
Plan fiduciary net position as a percentage of the total pension liability	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 requirements 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.

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

Illinois Municipal Retirement Fund

June 30, 2017

Calendar year ended December 31,	2016	2015	2014
Total pension liability			
Service cost	$ 82,643	$ 100,510	$ 99,119
Interest on the total pension liability	212,345	209,919	189,804
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	134,945	(71,947)	31,591
Changes of assumption	-	-	141,996
Benefit payments, including refunds of employee contributions	(200,634)	(193,758)	(196,252)
Net change in total pension liability	229,299	44,724	266,258
Total pension liability - beginning	2,890,265	2,845,541	2,579,283
Total pension liability - ending (A)	$ 3,119,564	$ 2,890,265	$ 2,845,541
Plan fiduciary net position			
Contributions - employer	$ 59,778	$ 61,872	$ 64,856
Contributions - employees	34,268	36,926	40,489
Net investment income	197,256	14,401	170,316
Benefit payments, including refunds of employee contributions	(200,634)	(193,758)	(196,252)
Other (net transfer)	(2,419)	22,420	10,676
Net change in plan fiduciary net position	88,249	(58,139)	90,085
Plan fiduciary net position - beginning	2,869,468	2,927,607	2,837,522
Plan fiduciary net position - ending (B)	$ 2,957,717	$ 2,869,468	$ 2,927,607
Net pension liability/(asset) - ending (A) - (B)	$ 161,847	$ 20,797	$ (82,066)
Plan fiduciary net position as a percentage of total pension liability	94.81%	99.28%	102.88%
Covered valuation payroll	761,510	820,571	835,275
Net pension liability as a percentage of covered valuation payroll	21.25%	2.53%	-9.83%

This schedule is presented to illustrate the requirements 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.

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer Contributions

Illinois Municipal Retirement Fund

June 30, 2017

Calendar year Ending December 31,	Actuarially Determined Contribution		Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % fo Covered Valuation Payroll
2014	$ 69,339		$ 64,856	$ 4,483	$ 887,821	7.31%
2015	61,871		61,872	(1)	820,571	7.54%
2016	59,779	*	59,778	1	761,510	7.85%

* Estimated based on a contribution rate of 7.85% and covered payroll valuation of $761,510.

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.

This schedule is presented to illustrate the requirements 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.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	2.75%. Approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2104 (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 to non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2104 (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, 2014 actuarial valuation; note two year lag between valuation and rate setting.

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

Other Post-Employment Benefits (OPEB)

June 30, 2017

Fiscal Year Ended June 30,	2017
Total OPEB liability	
Service cost	$ -
Interest cost	820
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes of assumption	(40)
Expected benefit payments	(7,970)
Net change in total OPEB liability	(7,190)
Total OPEB liability - beginning	34,207
Total OPEB liability - ending (A)	$ 27,017
Plan fiduciary net position	
Expected employer contributions	$ 7,970
Net investment income	-
Expected employee contributions	(7,970)
Administrative expenses	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (B)	$ -
Net OPEB liability/(asset) - ending (A) - (B)	$ 27,017
Plan fiduciary net position as a percentage of total OPEB liability (TOL)	0.00%
Covered valuation payroll	-
Net pension liability as a percentage of covered valuation payroll	N/A
Discount Rate:	
Beginning of year	2.71%
End of Year	3.13%

This schedule is presented to illustrate the requirements 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.

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

KENILWORTH SCHOOL DISTRICT NO. 38

General Fund

Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis

June 30, 2017

	2017		
	Educational Account	Working Cash Account	Total General Fund
Assets			
Cash and cash equivalents	$ 9,040,678	$ 3,040,148	$ 12,080,826
Due from employees	10,406	-	10,406
Total Assets	$ 9,051,084	$ 3,040,148	$ 12,091,232
Liabilities			
Accrued payroll Liabilities	$ 641,546	$ -	$ 641,546
Total Liabilities	641,546	-	641,546
Fund Balance			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	8,409,538	3,040,148	11,449,686
Total Fund Balance	8,409,538	3,040,148	11,449,686
Total Liabilities and Fund Balance	$ 9,051,084	$ 3,040,148	$ 12,091,232

KENILWORTH SCHOOL DISTRICT NO. 38

General Fund - Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Modified Cash Basis

Year Ended June 30, 2017

	Educational Account	Working Cash Account	Total General Fund
Revenues Received			
Property taxes	$ 9,555,343	$ -	$ 9,555,343
Tuition	194,888	-	194,888
Interest income	48,622	40,602	89,224
Food service	22,995	-	22,995
Pupil activities	49,200	-	49,200
Rentals	2,600	-	2,600
Donations	58,216	-	58,216
Refund of prior years' expenditures	65,849	-	65,849
Payments from other districts	35,730	-	35,730
Other	31,016	-	31,016
State sources	238,309	-	238,309
Federal sources	136,389	-	136,389
Total Revenues Received	10,439,157	40,602	10,479,759
Expenditures Disbursed			
Instruction	6,749,023	-	6,749,023
Support services	3,145,920	-	3,145,920
Payments to other governmental units	260,423	-	260,423
Capital outlay	22,652	-	22,652
Total Expenditures Disbursed	10,178,018	-	10,178,018
Net Change in Fund Balances	261,139	40,602	301,741
Fund Balances, beginning of year	8,148,399	2,999,546	11,147,945
Fund Balances, ending of year	$ 8,409,538	$ 3,040,148	$ 11,449,686

KENILWORTH SCHOOL DISTRICT NO. 38

Educational Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 9,819,224	$ 9,819,224	$ 9,555,343
Tuition	154,705	154,705	194,888
Interest income	34,773	34,773	48,622
Food service	39,055	39,055	22,995
Pupil activities	36,200	36,200	49,200
Rentals	236	236	2,600
Donations	56,861	56,861	58,216
Refund of prior years' expenditures	40,693	40,693	65,849
Payments from other districts	34,689	34,689	35,730
Other	29,094	29,094	31,016
Total Local Sources	10,245,530	10,245,530	10,064,459
State Sources:			
General state aid	99,461	99,461	109,190
Special Education	183,789	183,789	129,119
On behalf payments to TRS	1,600,000	1,600,000	-
Other	750	750	-
Total State Sources	1,884,000	1,884,000	238,309
Federal sources:			
Title I - low income	39,816	39,816	36,802
Title II - teacher quality	3,843	3,843	7,363
Title IV - safe & drug free schools	1,897	1,897	-
I.D.E.A. flow thru	90,444	90,444	92,224
Total Federal Sources	136,000	136,000	136,389
Total Revenues Received	12,265,530	12,265,530	10,439,157
Expenditures Disbursed			
Instruction:			
Regular Programs:			
Salaries	4,540,139	4,540,139	4,261,452
Employee benefits	789,928	789,928	671,489
Employee benefits - on behalf	1,600,000	1,600,000	-
Purchased services	15,686	15,686	65,247
Supplies and materials	225,248	225,248	236,279

KENILWORTH SCHOOL DISTRICT NO. 38

Educational Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Regular Programs (continued)			
Capital outlay	$ 12,489	$ 12,489	$ 18,314
Non-capitalized equipment	-	-	114,309
Total	7,183,490	7,183,490	5,367,090
Tuition Payment to Charter Schools			
Purchased services	1,155	1,155	-
Total	1,155	1,155	-
Pre-K Programs:			
Salaries	12,726	12,726	-
Employee benefits	4,139	4,139	-
Supplies and materials	1,959	1,959	1,031
Total	18,824	18,824	1,031
Special Education Programs:			
Salaries	638,461	638,461	943,679
Employee benefits	71,040	71,040	195,271
Purchased services	51,083	51,083	139,712
Supplies and materials	5,414	5,414	15,056
Total	765,998	765,998	1,293,718
Remedial and Supplemental Programs			
Salaries	-	-	24,254
Employee benefits	-	-	8,719
Total	-	-	32,973
Interscholastic Programs:			
Salaries	40,221	40,221	40,640
Employee benefits	447	447	416
Purchased services	20,232	20,232	23,653
Supplies and materials	4,606	4,606	1,218
Total	65,506	65,506	65,927
Summer School:			
Salaries	16,264	16,264	6,300
Employee benefits	236	236	298
Total	16,500	16,500	6,598
Total Instruction	8,051,473	8,051,473	6,767,337

KENILWORTH SCHOOL DISTRICT NO. 38

Educational Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Expenditures (continued)			
Support Services:			
Attendance and Social Work Services:			
Salaries	$ 213,794	$ 213,794	$ 227,766
Employee benefits	41,938	41,938	35,844
Purchased services	503	503	-
Supplies and materials	-	-	600
Total	256,235	256,235	264,210
Health:			
Salaries	93,851	93,851	76,257
Employee benefits	19,054	19,054	12,709
Supplies and materials	2,060	2,060	2,101
Total	114,965	114,965	91,067
Psychological:			
Salaries	69,255	69,255	70,074
Employee benefits	11,715	11,715	10,196
Supplies and materials	55,172	55,172	742
Total	136,142	136,142	81,012
Speech Pathology and Audiology:			
Salaries	73,828	73,828	65,732
Employee benefits	22,159	22,159	10,134
Total	95,987	95,987	75,866
Instructional Staff:			
Improvement of Instructional Staff:			
Salaries	143,022	143,022	114,760
Employee benefits	2,298	2,298	1,588
Purchased services	54,444	54,444	23,628
Supplies and materials	4,046	4,046	4,381
Total	203,810	203,810	144,357
Education Media:			
Salaries	380,219	380,219	416,914
Employee benefits	84,508	84,508	81,354

KENILWORTH SCHOOL DISTRICT NO. 38

Educational Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Education Media (continued)			
Purchased services	$ 181,502	$ 181,502	$ 244,766
Supplies and materials	192,202	192,202	225,136
Capital outlay	6,198	6,198	4,338
Total	844,629	844,629	972,508
Assessment and Testing:			
Supplies and materials	6,364	6,364	11,237
Total	6,364	6,364	11,237
General Administration:			
Board of Education:			
Purchased services	97,033	97,033	76,974
Supplies and materials	18,416	18,416	13,365
Other	7,476	7,476	800
Total	122,925	122,925	91,139
Executive Administration:			
Salaries	150,356	150,356	131,851
Employee benefits	37,379	37,379	37,689
Purchased services	687	687	3,807
Supplies and materials	8,025	8,025	2,581
Other	8,387	8,387	5,835
Total	204,834	204,834	181,763
Special Area Administration Services:			
Salaries	122,401	122,401	117,212
Employee benefits	19,091	19,091	42,989
Purchased services	68,368	68,368	54,291
Supplies and materials	27	27	2,925
Other	3,434	3,434	3,404
Total	213,321	213,321	220,821
School Administration:			
Office of the Principal:			
Salaries	366,956	366,956	445,359
Employee benefits	105,369	105,369	116,547
Purchased services	35,539	35,539	47,470
Supplies and materials	22,074	22,074	20,307

	Original Budget	Final Budget	Modified Cash Basis Actual
Office of the Principal (continued)			
Other	$ 4,644	$ 4,644	$ 235
Total	534,582	534,582	629,918
Business:			
Direction of Business Support Services:			
Salaries	106,407	106,407	104,281
Employee benefits	30,374	30,374	24,550
Total	136,781	136,781	128,831
Fiscal:			
Salaries	154,524	154,524	112,172
Employee benefits	40,367	40,367	29,535
Purchased services	4,788	4,788	13,791
Supplies and materials	2,248	2,248	7,322
Capital outlay	1,314	1,314	-
Total	203,241	203,241	162,820
Operations and Maintenance of Plant Services:			
Purchased services	83	83	-
Total	83	83	-
Food Services:			
Supplies and materials	52,019	52,019	43,107
Total	52,019	52,019	43,107
Internal Services:			
Purchased services	47,848	47,848	30,575
Total	47,848	47,848	30,575
Planning, Research, Development and Evaluation Services:			
Purchased services	6,859	6,859	21,027
Total	6,859	6,859	21,027
Total Support Services	3,180,625	3,180,625	3,150,258

KENILWORTH SCHOOL DISTRICT NO. 38

Educational Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Expenditures (continued)			
Payments to Other Governmental Units:			
Payments for Regular Programs:			
Tuition	$ 6,549	$ 6,549	$ 5,242
Payments to Other Governmental Units (concluded)			
Payments for Special Education Programs:			
Purchased services	8,509	8,509	1,589
Other	375,946	375,946	253,592
Total Payments to Other Governmental Units	391,004	391,004	260,423
Total Expenditures Disbursed	11,623,102	11,623,102	10,178,018
Net Change in Fund Balances	$ 642,428	$ 642,428	261,139
Fund Balance, beginning of year			8,148,399
Fund Balance, end of year			$ 8,409,538

KENILWORTH SCHOOL DISTRICT NO. 38

Working Cash Account - Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Interest income	$ (95,680)	$ (95,680)	$ 40,602
Total Local Sources	(95,680)	(95,680)	40,602
Total Revenues Received	(95,680)	(95,680)	40,602
Net Change in Fund Balances	$ (95,680)	$ (95,680)	40,602
Fund Balance, beginning of year			2,999,546
Fund Balance, end of year			$ 3,040,148

KENILWORTH SCHOOL DISTRICT NO. 38

Operations and Maintenance Fund - Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 1,578,972	$ 1,578,972	$ 1,516,166
Interest income	455	455	-
Rentals	3,270	3,270	-
Refund of prior years' expenditures	9,569	9,569	2,819
Other	162	162	-
Total Local Sources	1,592,428	1,592,428	1,518,985
Total Revenues Received	1,592,428	1,592,428	1,518,985
Expenditures Disbursed			
Supporting Services:			
Facilities Acquisition and Construction Services:			
Purchased services	49,767	49,767	59,695
Supplies and materials	-	-	19,135
Capital outlay	200,657	200,657	-
Total	250,424	250,424	78,830
Operations and Maintenance of Plant Services:			
Salaries	133,460	133,460	94,990
Employee benefits	32,335	32,335	27,917
Purchased services	289,006	289,006	315,767
Supplies and materials	186,028	186,028	245,259
Capital outlay	1,899	1,899	-
Total	642,728	642,728	683,933
Total Supporting Services	893,152	893,152	762,763
Total Expenditures Disbursed	893,152	893,152	762,763
Net Change in Fund Balances	$ 699,276	$ 699,276	756,222
Fund Balance, beginning of year			4,569,697
Fund Balance, end of year			$ 5,325,919

KENILWORTH SCHOOL DISTRICT NO. 38

Transportation Fund - Revenues Received, Expenditures Disbursed and Changes in Fund Balance

Budget and Actual - Modified Cash Basis

Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 21,242	$ 21,242	$ 38,928
Interest income	24	24	-
Total Local Sources	21,266	21,266	38,928
State Sources:			
Transportation aid - special education	-	-	13,507
Total State Sources	-	-	13,507
Total Revenues Received	21,266	21,266	52,435
Expenditures Disbursed			
Supporting Services:			
Pupil Transportation Services:			
Purchased services	64,218	64,218	63,181
Total	64,218	64,218	63,181
Total Supporting Services	64,218	64,218	63,181
Total Expenditures Disbursed	64,218	64,218	63,181
Net Change in Fund Balances	$ (42,952)	$ (42,952)	(10,746)
Fund Balance, beginning of year			154,677
Fund Balance, end of year			$ 143,931

KENILWORTH SCHOOL DISTRICT NO. 38

Municipal Retirement Fund - Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 229,199	$ 229,199	$ 182,293
Replacement taxes	68,686	68,686	75,692
Interest income	43	43	-
Total Local Sources	297,928	297,928	257,985
Total Revenues Received	297,928	297,928	257,985
Expenditures Disbursed			
Instruction - employee benefits	63,736	63,736	109,028
Supporting services - employee benefits	78,402	78,402	87,900
Total Supporting Services	142,138	142,138	196,928
Total Expenditures Disbursed	142,138	142,138	196,928
Net Change in Fund Balances	$ 155,790	$ 155,790	61,057
Fund Balance, beginning of year			426,768
Fund Balance, end of year			$ 487,825

KENILWORTH SCHOOL DISTRICT NO. 38

Debt Service Fund - Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 535,408	$ 535,408	$ 1,035,870
Interest income	129	129	-
Total Local Sources	535,537	535,537	1,035,870
Total Revenues Received	535,537	535,537	1,035,870
Expenditures Disbursed			
Debt Service:			
Principal	726,209	726,209	690,000
Interest	339,466	339,466	171,169
Fiscal agent charges	-	-	64,716
Total Supporting Services	1,065,675	1,065,675	925,885
Total Expenditures Disbursed	1,065,675	1,065,675	925,885
Excess(deficiency) of revenues over (under) expenditures	(530,138)	(530,138)	109,985
Other Financing Sources (Uses)			
Transfer to escrow agent	-	-	(6,073,073)
Refunding bonds issued	-	-	5,970,000
Total Other Financing Sources (Uses)	-	-	(103,073)
Net Change in Fund Balances	$ (530,138)	$ (530,138)	6,912
Fund Balance, beginning of year			1,001,400
Fund Balance, end of year			$ 1,008,312

KENILWORTH SCHOOL DISTRICT NO. 38

Tort Fund - Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
Year Ended June 30, 2017

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	$ 181,600	$ 181,600	$ 109,011
Interest income	57	57	-
Total Local Sources	181,657	181,657	109,011
Total Revenues Received	181,657	181,657	109,011
Expenditures Disbursed			
Support Services:			
Workers' compensation insurance	-	-	25,690
Unemployment insurance payments	553	553	3,035
Liability insurance payments	75,697	75,697	43,168
Total Supporting Services	76,250	76,250	71,893
Total Expenditures Disbursed	76,250	76,250	71,893
Net Change in Fund Balances	$ 105,407	$ 105,407	37,118
Fund Balance, beginning of year			551,685
Fund Balance, end of year			$ 588,803

KENILWORTH SCHOOL DISTRICT NO. 38

Activity Funds - Schedule of Revenues Collected and Expenses Paid

Year Ended June 30, 2017

	Cash Balance July 1, 2016	Revenues Collected	Expenses Paid	Cash Balance July 1, 2017
Interest	$ 421	$ 31	$ 30	$ 422
Lego	753	-	-	753
Student Council	9,333	1,887	2,092	9,128
Architecture	914	-	-	914
In and Out	12,645	3,542	2,895	13,292
School Store	584	102	-	686
Yearbook	7,269	12,020	11,025	8,264
Girls on the Run	7,280	1,700	180	8,800
Eighth Grade	8,126	16,596	16,533	8,189
Library	14,628	3,208	16	17,820
Great Books	40,922	6,325	1,767	45,480
Drama	4,981	-	-	4,981
French	7,989	2,800	550	10,239
Art	(637)	-	-	(637)
Marker Space Club	-	6,450	-	6,450
Environment Club	1,123	-	-	1,123
Latin Club	400	6,812	1,416	5,796
Book Club Discipline and Ethics	270	-	-	270
Sandwiches and Spotlight	1,700	4,400	-	6,100
Mandarian Club	340	-	-	340
Science Olympiad	6,330	600	978	5,952
Total	$ 125,371	$ 66,473	$ 37,482	$ 154,362

KENILWORTH SCHOOL DISTRICT NO. 38

Schedule of Assessed Valuations, Tax Extensions and Collections

Year Ended June 30, 2017

	TAX LEVY YEAR		
	2016	2015	2014
Assessed Valuation	$ 363,858,934	$ 296,917,403	$ 306,757,334
Tax Rate by Levy:			
Educational	2.6886	3.1885	3.0336
Tort Immunity	0.0137	0.0588	0.0562
Operations and Maintenance	0.4229	0.5109	0.4884
Bond and Interest	0.2873	0.3514	0.3442
Transportation	0.0137	0.0092	0.0040
Municipal Retirement	0.0411	0.0743	0.0710
Total	3.4673	4.1931	3.9974
Tax Extensions by Levy:			
Educational	9,782,711	9,467,211	9,305,790
Tort Immunity	49,848	174,587	172,398
Operations and Maintenance	1,538,759	1,516,951	1,498,203
Bond and Interest	1,045,388	1,043,622	1,055,866
Transportation	49,848	27,316	12,270
Municipal Retirement	149,546	220,609	217,798
Total	$ 12,616,100	$ 12,450,296	$ 12,262,325
Tax Collections:	$ 6,492,562	$ 12,471,252	$ 12,196,083
Percent of Total levy Collected to June 30, 2016	51.46%	100.17%	99.46%

KENILWORTH SCHOOL DISTRICT NO. 38

Schedule of Bonded Debt Maturities and Interest

Year Ended June 30, 2017

Due Year Ended June 30,	2017 Refunding Bonds		2011 Refunding Bonds		2007 Building Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ -	$ 134,597	$ 190,000	$ 11,763	$ 530,000	$ 12,256	$ 720,000	$ 158,616
2019	610,000	116,699	195,000	7,188	-	-	805,000	123,887
2020	620,000	104,030	190,000	2,375	-	-	810,000	106,405
2021	635,000	91,104	-	-	-	-	635,000	91,104
2022	650,000	77,869	-	-	-	-	650,000	77,869
2023	665,000	64,324	-	-	-	-	665,000	64,324
2024	675,000	50,522	-	-	-	-	675,000	50,522
2025	690,000	36,463	-	-	-	-	690,000	36,463
2026	705,000	22,094	-	-	-	-	705,000	22,094
2027	720,000	7,416	-	-	-	-	720,000	7,416
	$ 5,970,000	$ 705,118	$ 575,000	$ 21,326	$ 530,000	$ 12,256	$ 7,075,000	$ 738,700

KENILWORTH SCHOOL DISTRICT NO. 38

Schedule of Per Capita Tuition Charge

Year Ended June 30, 2017

	2017
Average Daily Attendance (ADA)	463.65
Operating Costs:	
Educational	$ 10,178,018
Operations and maintenance	762,763
Debt service	6,998,958
Transportation	63,181
Municipal retirement	196,928
Tort	71,893
Subtotal	18,271,741
Less revenue/expenditures of non-regular programs:	
Tuition	260,423
Pre-K	1,031
Summer school	6,657
Capital outlay	22,652
Non-capitalized equipment	114,309
Debt principal retired	6,560,000
Subtotal	6,965,072
Operating Costs	11,306,669
Operating Costs Per Pupil	$ 24,386
Operating Costs	$ 11,306,669
Less revenues from specific programs, such as special education or lunch programs	389,540
Net Operating Costs	10,917,129
Depreciation allowance	542,254
Allowable Tuition Costs	11,459,383
Tuition Charge Per Pupil - Based on ADA	$ 24,716

NOTES TO OTHER INFORMATION

NOTE 1 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

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

For the 2015 measurement year, the assumed investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase that 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 of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Fund types and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The budget was passed on September 19, 2016.

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

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

1. After July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 3 – EXCESS OF ACTUAL EXPENDITURES DISBURSED OVER BUDGETED EXPENDITURES

The District over-expended their budgeted expenditures in the Municipal Retirement Fund by $54,790, during the fiscal year ended June 30, 2017.