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***AVOCA PUBLIC SCHOOL DISTRICT NO. 37
COOK COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

eder, casella & co.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Avoca Public School District No. 37
Wilmette, Illinois

Report on the Financial Statements

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

Avoca Public School District No. 37

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Avoca Public School District No. 37 as of June 30, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Net Pension Liability and Related Ratios, Schedules of Employer Contribution, Schedule of the Employer's Proportionate Share of the Net Pension Liability, Schedule of Funding Progress, and budgetary comparison information on pages 6 through 11 and 39 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2017 on our consideration of Avoca Public School District No. 37'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 Avoca Public School District No. 37's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 9, 2017



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

To the Board of Education
Avoca Public School District No. 37
Wilmette, Illinois

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

Avoca Public School District No. 37

as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Avoca Public School District No. 37's basic financial statements, and have issued our report thereon dated October 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avoca Public School District No. 37'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 Avoca Public School District No. 37's internal control. Accordingly, we do not express an opinion on the effectiveness of Avoca Public School District No. 37's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avoca Public School District No. 37'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

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

Purpose of this Report

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

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 9, 2017

REQUIRED SUPPLEMENTARY INFORMATION

AVOCA PUBLIC SCHOOL DISTRICT NO. 37

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

The Management's Discussion and Analysis of Avoca Public School District No. 37's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$13,989,563 (net position). Of this amount, \$1,955,543 (unrestricted net position) may be used at the District's discretion and has not been restricted for specific purposes.
- The District's total net position decreased by \$401,506.
- At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$4,162,070, a decrease of \$1,443,158 in comparison with the prior year.
- The District's total long-term debt decreased by \$539,182 during the current fiscal year due to scheduled repayment of the debt.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The District maintains 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 and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, and Fire Prevention and Safety Funds, all of which are considered to be major funds.

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

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

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

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

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

The notes to the financial statements can be found on pages 20 through 38 of this report.

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

Required supplementary information can be found on pages 39 through 52 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,989,563 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2017 and 2016:

Avoca Public School District No. 37's Net Position at Year-End

	Governmental Activities	
	FY 2017	FY 2016
Assets		
Current and Other Assets	\$ 18,864,685	\$ 20,009,583
Capital Assets	14,089,622	13,596,144
Total Assets	\$ 32,954,307	\$ 33,605,727
Deferred Outflows of Resources	\$ 881,128	\$ 986,401
Liabilities		
Other Liabilities	\$ 1,425,611	\$ 1,821,406
Long-Term Debt Outstanding	5,005,557	5,114,773
Total Liabilities	\$ 6,431,168	\$ 6,936,179
Deferred Inflows of Resources	\$ 13,445,448	\$ 13,295,624
Net Position		
Net Investment in Capital Assets	\$ 10,815,725	\$ 9,751,755
Restricted	1,218,295	1,833,270
Unrestricted	1,924,799	2,775,300
Total Net Position	\$ 13,958,819	\$ 14,360,325

The net investment in capital assets (77% of total net position) represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,924,799) may be used to meet the District's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The District's net position decreased by \$401,506 during the current fiscal year. Substantially all of this decrease represents the degree to which increases in ongoing expenses exceeded similar increases in ongoing revenues.

Governmental Activities. Governmental activities decreased the District's net position by \$401,506. Key elements of this decrease are as follows:

Avoca Public School District No. 37's Change in Net Position

	Governmental Activities	
	FY 2017	FY 2016
Revenues:		
Program Revenues		
Charges for Services	\$ 1,065,490	\$ 1,139,384
Operating Grants and Contributions	6,905,517	4,979,089
Capital Grants and Contributions	30,744	-
General Revenues:		
Property Taxes	13,029,766	12,807,813
Other Taxes	325,054	292,627
Other	270,278	200,889
Total Revenues	<u>\$ 21,626,849</u>	<u>\$ 19,419,802</u>
Expenses:		
Instruction	\$ 8,264,614	\$ 7,919,920
Support Services	6,770,149	6,614,056
Other	6,993,592	4,837,145
Total Expenses	<u>\$ 22,028,355</u>	<u>\$ 19,371,121</u>
Increase/(Decrease) in Net Position	\$ (401,506)	\$ 48,681
Net Position - Beginning	<u>14,360,325</u>	<u>14,311,644</u>
Net Position - Ending	<u>\$ 13,958,819</u>	<u>\$ 14,360,325</u>

The District's total revenue increased \$2,207,047 (11.4%) compared to the prior year. Significant revenue increases are mainly a result of an increase in On-Behalf contributions of \$1,910,829 from the prior year. The total increase in revenues (excluding On-Behalf contributions) was 1.97% from the prior year.

The District's total expenses increased \$2,657,234 (13.7%) compared to the prior year. Significant expense increases are mainly a result of the increase in On-Behalf contributions of \$1,910,829 from the prior year. Other expenses in total increased by 4.99% from the prior year.

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's six governmental funds reported combined ending fund balances of \$4,162,070, a decrease of \$1,443,158.

The General Fund is the chief operating fund of the District. At June 30, 2017, unassigned fund balance was \$2,423,506. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13% of total General Fund expenditures. The General Fund's balance decreased by \$475,097 in comparison with the prior year. This decrease is mainly due to an increase in salaries and benefits, changes in student needs, and strategic plan expenditures.

The Operations and Maintenance Fund's balance decreased by \$359,761 in comparison with the prior year. This decrease is due to an increase in capital outlay expenditures.

The Debt Services Fund's balance increased by \$19,102 in comparison with the prior year. This increase is mainly due to the county's loss and cost factors that affect the property tax revenues.

The Transportation Fund's balance decreased by \$54,492 in comparison with the prior year. This decrease is mainly due to a decrease in property tax revenue and an increase in support services expenditures.

The Illinois Municipal Retirement/Social Security Fund's balance increased by \$6,311 in comparison with the prior year. This increase is consistent with prior years and is due to an increase in property tax revenue, personal property replacement tax revenue, and investment earnings.

The Fire Prevention and Safety Fund's balance decreased by \$579,221 in comparison with the prior year. This decrease is consistent with the prior year and is due to capital outlay expenditures. These expenditures were funded with the 2015 bond issuance.

General Fund Budgetary Highlights

The District did not amend the budget during the year ended June 30, 2017; therefore, there are no differences between the original and final budget.

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

- The difference between budgeted revenues and actual revenues was \$2,940,421 (favorable) and was mainly due to an increase in On-Behalf payments.
- The difference between budgeted expenditures and actual expenditures was \$2,810,591, (unfavorable) mainly due to an increase in On-Behalf payments.
- TRS calculated On-Behalf payments at \$2,984,145 more than budgeted.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2017 the District had invested \$14,089,622 (net of accumulated depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, capitalized equipment, and construction in progress. Total depreciation expense for the year was \$708,492.

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

Avoca Public School District No. 37's Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 384,683	\$ 384,683
Construction in Progress	162,803	252,155
Building and Building Improvements	12,343,125	11,669,425
Site Improvements and Infrastructure	95,185	108,889
Equipment	1,041,221	1,103,216
Transportation Equipment	42,197	51,643
Food Service Equipment	20,408	26,132
Total	\$ 14,089,622	\$ 13,596,143

The District recently took on a new construction project for its life safety and facilities plan work, which is still ongoing. The majority of the increase in capital assets during the fiscal year were due to these projects.

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

Long-Term Debt. At June 30, 2017 the District's long-term debt obligations consisted of general obligation bonds and other post-employment benefits as listed below:

Avoca Public School District No. 37's Outstanding Debt

	Governmental Activities	
	2017	2016
General Obligation Bonds Dated 2-4-15	\$ 3,190,000	\$ 3,480,000
General Obligation Bonds Dated 4-25-07	-	247,093
Accreted Interest	-	115,207
Lease/Purchase Agreements	-	2,089
Total	<u>\$ 3,190,000</u>	<u>\$ 3,844,389</u>

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

Economic Factors and Next Year's Budget

The assessed valuation for 2016 is \$504,108,928, an increase of \$74,244,439 (17.31%) over the prior year.

The Governmental Funds fund balance decreased by \$1,443,158 from the prior year. Of that decrease, \$938,982 was due to planned life safety and facilities projects. The life safety projects were funded with the 2015 bond issuance. The remaining decline in fund balance is due to revenues not keeping up with increases in salaries and benefits, changing student needs, and strategic plan expenditures. The board and administration will closely monitor each annual budget and continually look for ways to increase revenues and decrease expenditures, while continuing to meet the needs of the students.

Requests for Information

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

Avoca Public School District No. 37
 2921 Illinois Road
 Wilmette, IL 60091

BASIC FINANCIAL STATEMENTS

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 1,603,016
Investments, at Fair Value	10,465,801
Accrued Interest Receivable, net of allowance of \$0	70,552
Other Accounts Receivable, net of allowance of \$0	(27,763)
Property Taxes Receivable, net of allowance of \$0	6,429,879
Due from Other Governments, net of allowance of \$0	214,906
Prepaid Items	108,294
Capital Assets (Note 3):	
Land	384,683
Construction in Progress	162,803
Depreciable Buildings, Property, and Equipment, net of depreciation	13,542,136
Total Assets	\$ 32,985,051
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense	\$ 748,631
Deferred Employer Pension Contributions	132,497
Total Deferred Outflows of Resources	\$ 881,128
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 261,176
Payroll Liabilities	1,123,573
Deposits	35,847
Long-Term Liabilities	
Due Within One Year	683,239
Due in More Than One Year	4,322,318
Total Liabilities	\$ 6,426,153
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 13,282,019
Deferred Pension Revenue	168,444
Total Deferred Inflows of Resources	\$ 13,450,463
NET POSITION	
Net Investment in Capital Assets	\$ 10,815,725
Restricted for:	
Debt Service	50,261
Transportation	613
Retirement	46,270
Fire Prevention/Life Safety	1,121,151
Unrestricted/(Deficit)	1,955,543
Total Net Position	\$ 13,989,563

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction					
Regular Programs	\$ 6,969,282	\$ 227,010	\$ 54,719	\$ 30,344	\$ (6,657,209)
Special Education Programs	546,601	-	412,877	-	(133,724)
Other Instructional Programs	748,732	32,390	33,665	-	(682,677)
Support Services					
Pupils	1,592,227	-	-	-	(1,592,227)
Instructional Staff	1,324,742	-	-	-	(1,324,742)
General Administration	582,494	-	-	-	(582,494)
School Administration	601,509	-	-	-	(601,509)
Business	390,153	-	-	-	(390,153)
Facilities Acquisition and Construction	26,563	-	-	-	(26,563)
Operations and Maintenance	1,471,264	471,559	-	400	(999,305)
Transportation	496,226	59,661	75,098	-	(361,467)
Food Services	257,919	274,870	5,316	-	22,267
Other Support Services	27,052	-	-	-	(27,052)
Payments to Other Districts and Governmental Units	612,684	-	-	-	(612,684)
Interest and Fees on Long-Term Debt	57,066	-	-	-	(57,066)
On-Behalf Retirement Contributions	6,323,842	-	6,323,842	-	-
Total Governmental Activities	\$ 22,028,356	\$ 1,065,490	\$ 6,905,517	\$ 30,744	\$ (14,026,605)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 12,283,484
Property Taxes, Levied for Debt Service					746,282
Personal Property Replacement Taxes					325,054
Grants and Contributions not Restricted to Specific Activities					178,070
Unrestricted Investment Earnings					54,951
Gain/(Loss) on Sale of Capital Assets					(13,070)
Miscellaneous Income					12,645
Total General Revenues					\$ 13,587,416
Change in Net Position					\$ (439,189)
Net Position - July 1, 2016					14,360,325
Net Position - June 30, 2017					\$ 13,921,136

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Fire Prevention and Safety Fund	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 1,209,677	\$ 120,810	\$ 58,238	\$ 20,374	\$ 31,918	\$ 161,999	\$ 1,603,016
Investments, at Fair Value	7,897,753	788,744	380,231	133,021	208,388	1,057,664	10,465,801
Accrued Interest Receivable, net of allowance of \$0	34,816	3,074	1,392	30,344	926	-	70,552
Other Accounts Receivable, net of allowance of \$0	-	-	-	(27,763)	-	-	(27,763)
Property Taxes Receivable, net of allowance of \$0	5,409,727	335,783	366,705	136,970	180,694	-	6,429,879
Due from Other Governments, net of allowance of \$0	177,281	-	-	37,625	-	-	214,906
Prepaid Items	102,383	3,386	-	2,525	-	-	108,294
Total Assets	\$ 14,861,981	\$ 1,251,797	\$ 806,566	\$ 333,496	\$ 421,926	\$ 1,219,663	\$ 18,895,429
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts Payable and Accrued Expenses	\$ 35,944	\$ 118,697	\$ -	\$ 8,023	\$ -	\$ 98,512	\$ 261,176
Payroll Liabilities	1,100,609	15,105	-	7,859	-	-	1,123,573
Security Deposits	5,015	30,832	-	-	-	-	35,847
Total Liabilities	\$ 1,141,568	\$ 164,634	\$ -	\$ 15,882	\$ -	\$ 98,512	\$ 1,420,596
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes and Fees	\$ 11,164,180	\$ 690,200	\$ 753,761	\$ 302,462	\$ 371,416	\$ -	\$ 13,282,019
Total Deferred Inflows of Resources	\$ 11,164,180	\$ 690,200	\$ 753,761	\$ 302,462	\$ 371,416	\$ -	\$ 13,282,019
FUND BALANCE							
Nonspendable							
Prepaid Items	\$ 102,383	\$ 3,386	\$ -	\$ 2,525	\$ -	\$ -	\$ 108,294
Restricted							
Transportation	-	-	-	613	-	-	613
Illinois Municipal Retirement Fund	-	-	-	-	46,270	-	46,270
Debt Service	-	-	50,261	-	-	-	50,261
Fire Prevention and Safety	-	-	-	-	-	1,121,151	1,121,151
Assigned							
Operations and Maintenance	-	393,577	-	-	-	-	393,577
Debt Service	-	-	2,544	-	-	-	2,544
Transportation	-	-	-	11,614	-	-	11,614
Illinois Municipal Retirement Fund/Social Security	-	-	-	-	4,240	-	4,240
Unassigned	2,423,506	-	-	-	-	-	2,423,506
Total Fund Balance	\$ 2,525,889	\$ 396,963	\$ 52,805	\$ 14,752	\$ 50,510	\$ 1,121,151	\$ 4,162,070
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 14,831,637	\$ 1,251,797	\$ 806,566	\$ 333,096	\$ 421,926	\$ 1,219,663	\$ 18,864,685

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2017

Total Fund Balances - Governmental Funds		\$ 4,162,070
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Pension Costs	\$ 580,187	
Deferred Employer Contributions to Pension	<u>132,497</u>	712,684
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 27,360,505	
Accumulated Depreciation on Capital Assets	<u>(13,270,883)</u>	14,089,622
<p>Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>		
Bonds and Leases Payable		(3,190,000)
<p>Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.</p>		
Bond Premiums, net of related amortization		(83,897)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net Pension Liability/(Asset)	\$ (1,718,937)	
Net OPEB Liability/(Asset)	<u>(12,723)</u>	(1,731,660)
Net Position of Governmental Activities		<u>\$ 13,958,819</u>

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Fire Prevention and Safety Fund	Total Governmental Funds
REVENUES							
Property Taxes	\$ 10,959,930	\$ 689,955	\$ 746,282	\$ 267,938	\$ 365,661	\$ -	\$ 13,029,766
Payments in Lieu of Taxes	287,360	17,836	-	7,276	12,582	-	325,054
Tuition	89,395	-	-	-	-	-	89,395
Transportation Fees	-	-	-	30,344	-	-	30,344
Earnings on Investments	30,344	5,609	2,543	1,209	1,842	13,404	54,951
Food Service	274,870	-	-	-	-	-	274,870
District/School Activity Income	115,821	-	-	-	-	-	115,821
Textbooks	54,183	-	-	-	-	-	54,183
Other Local Sources	42,047	471,959	-	944	-	-	514,950
State Aid	482,878	-	-	75,098	-	-	557,976
Federal Aid	201,768	-	-	-	-	-	201,768
On-Behalf Payments	6,323,842	-	-	-	-	-	6,323,842
	<u>\$ 18,862,438</u>	<u>\$ 1,185,359</u>	<u>\$ 748,825</u>	<u>\$ 382,809</u>	<u>\$ 380,085</u>	<u>\$ 13,404</u>	<u>\$ 21,572,920</u>
				400			
EXPENDITURES							
Current							
Instruction							
Regular Programs	\$ 6,385,898	\$ -	\$ -	\$ -	\$ 77,332	\$ -	\$ 6,463,230
Special Education Programs	484,937	-	-	-	56,683	-	541,620
Other Instructional Programs	725,191	-	-	-	14,824	-	740,015
Support Services							
Pupils	1,533,490	-	-	-	43,793	-	1,577,283
Instructional Staff	1,288,226	-	-	-	27,798	-	1,316,024
General Administration	565,080	-	-	-	13,678	-	578,758
School Administration	561,366	-	-	-	33,916	-	595,282
Business	358,373	-	-	-	28,044	-	386,417
Facilities Acquisition and Construction	-	26,563	-	-	-	-	26,563
Operations and Maintenance	173,032	990,073	-	-	49,985	-	1,213,090
Transportation	-	-	-	456,567	27,721	-	484,288
Food Services	252,195	-	-	-	-	-	252,195
Other Support Services	-	17,001	-	10,051	-	-	27,052
Payments to Other Districts and Governmental Units	612,684	-	-	-	-	-	612,684
Debt Service							
Principal	-	-	539,182	-	-	-	539,182
Interest and Fees	-	-	190,512	-	-	-	190,512
Capital Outlay	108,784	513,632	-	-	-	592,625	1,215,041
On-Behalf Payments	6,323,842	-	-	-	-	-	6,323,842
	<u>\$ 19,373,098</u>	<u>\$ 1,547,269</u>	<u>\$ 729,694</u>	<u>\$ 466,618</u>	<u>\$ 373,774</u>	<u>\$ 592,625</u>	<u>\$ 23,083,078</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	<u>\$ (510,660)</u>	<u>\$ (361,910)</u>	<u>\$ 19,131</u>	<u>\$ (83,809)</u>	<u>\$ 6,311</u>	<u>\$ (579,221)</u>	<u>\$ (1,510,158)</u>

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Fire Prevention and Safety Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Interfund Transfers	\$ (2,120)	\$ -	\$ 2,120	\$ -	\$ -	\$ -	\$ -
Interest Transfers	-	2,149	(2,149)	-	-	-	-
	<u>\$ (2,120)</u>	<u>\$ 2,149</u>	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	\$ (512,780)	\$ (359,761)	\$ 19,102	\$ (83,809)	\$ 6,311	\$ (579,221)	\$ (1,510,158)
FUND BALANCES - JULY 1, 2016	3,000,986	756,724	33,703	69,244	44,199	1,700,372	5,605,228
FUND BALANCES - JUNE 30, 2017	<u>\$ 2,488,206</u>	<u>\$ 396,963</u>	<u>\$ 52,805</u>	<u>\$ (14,565)</u>	<u>\$ 50,510</u>	<u>\$ 1,121,151</u>	<u>\$ 4,095,070</u>

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (1,510,158)

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

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

Depreciation Expense	\$ (708,492)	
Capital Outlays	<u>1,215,041</u>	506,549

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

Gain/(Loss) on Sale of Capital Assets		(13,070)
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The change in the Net OPEB Liability is not included in the governmental funds.		90
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense	\$ (124,545)	
Amortization of Bond Premiums	18,239	
Accreted Interest	<u>115,207</u>	8,901

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>539,182</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (468,506)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2017

	Agency Fund - Student Activity Fund
ASSETS	
Cash and Cash Equivalents	\$ 6,270
Total Assets	\$ 6,270
LIABILITIES	
Due to Activity Funds	\$ 6,270
Total Liabilities	\$ 6,270

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Avoca Public School District No. 37's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

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

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

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

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

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

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

The District does not allocate indirect costs.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

C. *Basic Financial Statements – Fund Financial Statements*

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

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

The following fund types are used by the District:

1. Governmental Funds

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

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

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

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

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

2. Fiduciary Funds

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

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

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

Agency Fund – The Agency Fund (Student Activity Fund) accounts for assets held by the District as an agent for the student organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to student organizations are equal to the assets.

NOTES TO FINANCIAL STATEMENTS (Continued)

D. *Basis of Accounting*

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

1. *Accrual*

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

2. *Modified Accrual*

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

E. *Cash and Cash Equivalents and Investments*

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

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

No District fund had a cash overdraft at June 30, 2017.

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Items*

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

H. *Inventories*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. *Interfund Activity*

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

J. *Capital Assets*

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

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

K. *Deferred Outflows and Inflows of Resources*

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

L. *Compensated Absences*

Compensated absences represent vacation earned but not taken. Employees earn 10-25 vacation days annually, depending on their position and length of service in the District.

M. *Long-Term Obligations*

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

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

N. *Government-Wide Fund Net Position*

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

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Restricted net position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

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

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue funds, the Debt Services Fund, and capital projects funds.

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

P. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2016 tax levy was passed by the Board on December 15, 2016. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

NOTES TO FINANCIAL STATEMENTS (Continued)

Q. *Estimates*

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7. As of June 30, 2017, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (n Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pools	\$ 1,111,400	\$ 1,111,400	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pools is the same as the value of pool shares. The State Investment Pools are not SEC-registered, but do have regulatory oversight through the State of Illinois.

Interest Rate Risk. The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2017, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor's

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 384,683	\$ -	\$ -	\$ 384,683
Construction in Progress	252,155	162,803	252,155	162,803
Total Capital Assets not being depreciated	\$ 636,838	\$ 162,803	\$ 252,155	\$ 547,486
Other Capital Assets				
Building and Building Improvements	\$ 20,676,434	\$ 1,112,584	\$ -	\$ 21,789,018
Site Improvements and Infrastructure	285,630	-	-	285,630
Equipment	4,391,656	191,809	256,622	4,326,843
Transportation Equipment	333,326	-	-	333,326
Food Service Equipment	78,202	-	-	78,202
Total Other Capital Assets at historical cost	\$ 25,765,248	\$ 1,304,393	\$ 256,622	\$ 26,813,019
Less Accumulated Depreciation for				
Building and Building Improvements	\$ 9,007,009	\$ 438,884	\$ -	\$ 9,445,893
Site Improvements and Infrastructure	176,741	13,704	-	190,445
Equipment	3,288,440	240,734	243,552	3,285,622
Transportation Equipment	281,683	9,446	-	291,129
Food Service Equipment	52,070	5,724	-	57,794
Total Accumulated Depreciation	\$ 12,805,943	\$ 708,492	\$ 243,552	\$ 13,270,883
Other Capital Assets, Net	\$ 12,959,305	\$ 595,901	\$ 13,070	\$ 13,542,136
Governmental Activities Capital Assets, Net	\$ 13,596,143	\$ 758,704	\$ 265,225	\$ 14,089,622

NOTES TO FINANCIAL STATEMENTS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
Instruction	\$ 438,884
Operations and Maintenance	254,438
Transportation	9,446
Food Services	5,724
Total Governmental Activities Depreciation Expense	<u>\$ 708,492</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
General Obligation Bonds Dated 2-4-15	\$ 3,480,000	\$ -	\$ 290,000	\$ 3,190,000	\$ 665,000
General Obligation Bonds Dated 4-25-07	247,093	-	247,093	-	-
Accreted Interest	115,207	-	115,207	-	-
Lease/Purchase Agreements	2,089	-	2,089	-	-
Total Long-Term Debt Payable	<u>\$ 3,844,389</u>	<u>\$ -</u>	<u>\$ 654,389</u>	<u>\$ 3,190,000</u>	<u>\$ 665,000</u>
Other Long-Term Liabilities					
Unamortized Bond Premium	\$ 102,136	\$ -	\$ 18,239	\$ 83,897	\$ 18,239
Net Pension Liability - IMRF	596,339	-	95,088	501,251	-
Net Pension Liability - TRS	1,115,520	102,166	-	1,217,686	-
Net OPEB Obligation	12,813	-	90	12,723	-
Total Other Long-Term Liabilities	<u>\$ 1,826,808</u>	<u>\$ 102,166</u>	<u>\$ 113,417</u>	<u>\$ 1,815,557</u>	<u>\$ 18,239</u>
Governmental Activities Long-Term Liabilities	<u>\$ 5,671,197</u>	<u>\$ 102,166</u>	<u>\$ 767,806</u>	<u>\$ 5,005,557</u>	<u>\$ 683,239</u>

Long-term debt consisted of the following at June 30, 2017:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities					
General Obligation Limited Tax School Bonds	2/4/2015	12/1/2021	1.25%	\$ 3,695,000	\$ 3,190,000

At June 30, 2017 the annual debt service requirements to service all long-term debt are:

Year Ending June 30	Principal	Interest	Total
2018	\$ 665,000	\$ 57,150	\$ 722,150
2019	675,000	43,750	718,750
2020	690,000	30,100	720,100
2021	700,000	16,200	716,200
2022	460,000	4,600	464,600
	<u>\$ 3,190,000</u>	<u>\$ 151,800</u>	<u>\$ 3,341,800</u>

NOTE 5 - INTERFUND TRANSFERS

The District had interfund transfers during the year ended June 30, 2017 in the following funds:

Transfer from	Transfer To	Amount
General Fund	Debt Services Fund	\$ 2,120
Debt Services Fund	Operations and Maintenance Fund	2,149

NOTE 6 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance at June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2016 tax levy. The unavailable revenue is 100% of the 2016 tax levy net of estimated uncollectible amounts. These taxes are unavailable as only a portion of the taxes are collected near the end of the fiscal year and the District does not consider the amounts to be available and does not budget for their use in fiscal year 2017. The District has determined that 100% of the amounts collected for the 2015 levy are allocable for use in fiscal year 2017. Therefore, 100% of the amounts collected for the 2015 and prior levies (\$13,029,766) are recorded in these financial statements as property tax revenue. A summary of the assessed valuations and extensions for tax years 2016, 2015, and 2014 is as follows:

ASSESSED VALUATION	2016		2015		2014	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
	\$504,108,928		\$429,864,489		\$442,141,685	
Educational	2.2192	\$ 11,187,185	2.5724	\$ 11,057,834	2.4552	\$ 10,855,462
Tort Immunity	0.0202	101,830	0.0293	125,950	0.0325	143,696
Operations and Maintenance	0.1390	700,711	0.1638	704,118	0.1484	656,138
Transportation	0.0567	285,829	0.0636	273,393	0.0629	278,107
Municipal Retirement	0.0274	138,125	0.0318	136,696	0.0315	139,274
Social Security	0.0474	238,947	0.0550	236,425	0.0525	232,124
Bond and Interest	0.1518	765,240	0.1772	761,490	0.1734	766,500
	<u>2.6617</u>	<u>\$ 13,417,867</u>	<u>3.0931</u>	<u>\$ 13,295,906</u>	<u>2.9564</u>	<u>\$ 13,071,301</u>

NOTE 8 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2017, the following funds had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 16,562,506	\$ 19,373,097	\$ 2,810,591
Debt Services	727,900	729,694	1,794
Operations and Maintenance	1,532,942	1,547,269	14,327

NOTE 9 - OPERATING LEASES

The District currently leases school buses and copiers under operating leases. Total lease expense for fiscal year 2017 was \$109,228.

Annual requirements to cover outstanding lease agreements at June 30, 2017 are:

Year Ending June 30	Total Payments
2018	\$ 87,837
2019	68,032
2020	23,100
2021	19,890
	<u>\$ 198,859</u>

The District is also a lesser in several lease agreements in which it leases property it owns to other organizations.

Annual income from outstanding leases are:

Year Ending June 30	Total Payments
2018	\$ 214,221
	<u>\$ 214,221</u>

Total rental income for lease agreements for the year ended June 30, 2017 was \$471,559.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

General Information About the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4% of creditable earnings. On July 1, 2016, the rate dropped to 9.0% 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$6,228,898 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017 were \$49,168 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 District pension contribution was 38.54% of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$21,597 were paid from federal and special trust funds that required District contributions of \$8,323. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the District paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$9,199 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 District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,217,686
State's proportionate share of the net pension liability associated with the District	63,426,794
Total Net Pension Liability	<u>\$ 64,644,480</u>

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 District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all

NOTES TO FINANCIAL STATEMENTS (Continued)

participating TRS employers and the State during that period. At June 30, 2016, the District's proportion was 0.001543%, which was a decrease of 0.0001598% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$6,228,898 and revenue of \$6,228,898 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 9,004	\$ 826	\$ 8,178
Net difference between projected and actual earnings on pension plan investments	34,402	-	34,402
Changes of assumptions	104,581	-	104,581
Changes in proportion and differences between employer contributions and proportionate share of contributions	181,496	163,780	17,716
Employer contributions subsequent to the measurement date	59,741	-	59,741
	<u>\$ 389,224</u>	<u>\$ 164,606</u>	<u>\$ 224,618</u>

\$59,741 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30	
2018	\$ 36,382
2019	36,382
2020	76,215
2021	15,004
2022	894
	<u>\$ 164,877</u>

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

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

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.5% to 7%. 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

NOTES TO FINANCIAL STATEMENTS (Continued)

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

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

Discount Rate

At June 30, 2016, the discount rate used to measure total pension liability was a blended rate of 6.83%, which was a change from the June 30, 2015 rate of 7.47%. 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%. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.83%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83%) or 1-percentage-point-higher (7.83%) 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	\$ 1,489,280	\$ 1,217,686	\$ 995,867

TRS Fiduciary Net Position

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*.

NOTES TO FINANCIAL STATEMENTS (Continued)

B. *Illinois Municipal Retirement Fund*

Plan Description

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	142
Active plan members	32
Total	<u>228</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 9.60%. For the fiscal year ended June 30, 2017, the District contributed \$140,107 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2016, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	8,956,644
IMRF Fiduciary Net Position		8,455,393
District's Net Pension Liability		501,251
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		94.40%

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.75%
Salary Increases	3.75% - 14.50% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

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

Long-Term Expected Rate of Return

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

NOTES TO FINANCIAL STATEMENTS (Continued)

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Target Allocation	Projected Return
Equities	38.0%	6.85%
International Equities	17.0%	6.75%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	5.75%
Alternatives	9.0%	
Private Equity		7.35%
Hedge Funds		5.25%
Commodities		2.65%
Cash	1.0%	2.25%
	<u>100.0%</u>	

Single Discount Rate

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

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

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	\$ 8,684,211	\$ 8,087,872	\$ 596,339
Changes for the year:			
Service Cost	\$ 176,259	\$ -	\$ 176,259
Interest on the Total Pension Liability	636,512	-	636,512
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	2,962	-	2,962
Changes of Assumptions	(17,648)	-	(17,648)
Contributions - Employer	-	139,327	(139,327)
Contributions - Employee	-	65,310	(65,310)
Net Investment Income	-	553,668	(553,668)
Benefit Payments, Including Refunds of Employee Contributions	(525,652)	(525,652)	-
Other (Net Transfer)	-	134,868	(134,868)
Net Changes	\$ 272,433	\$ 367,521	\$ (95,088)
Balances at December 31, 2016	\$ 8,956,644	\$ 8,455,393	\$ 501,251

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

	1% Lower 6.50%	Current Discount Rate 7.50%	1% Higher 8.50%
Net Pension Liability/(Asset)	\$ 1,448,042	\$ 501,251	\$ (293,772)

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

For the year ended June 30, 2017, the District recognized pension expense of \$201,575. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 644	\$ -	\$ 644
Changes of assumptions	-	3,838	(3,838)
Net difference between projected and actual earnings on pension plan investments	418,504	-	418,504
Total deferred amounts to be recognized in pension expense in future periods	\$ 419,148	\$ 3,838	\$ 415,310
Pension contributions made subsequent to the measurement date	75,006	-	75,006
Total deferred amounts related to pensions	\$ 494,154	\$ 3,838	\$ 490,316

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

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 140,103
2018	143,298
2019	122,719
2020	9,190
2021	-
Thereafter	-
	\$ 415,310

C. *Social Security*

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

NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS

A. *Teacher Health Insurance Security Fund (THIS)*

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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% 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 District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12% of pay during the year ended June 30, 2017. State of Illinois contributions were \$94,944, and the District recognized revenue and expenditures of this amount during the year.

- Employer contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.84% during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$71,208 to the THIS Fund, which was 100% of the required contribution.

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

B. *Retiree Paid Insurance*

Plan Overview

The District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides healthcare benefits to retirees and their covered eligible dependents. All employees receiving pension benefits under TRS, retire directly from the District, are receiving healthcare benefits under the Teacher Retirement Insurance Program, and meet the eligibility criteria may receive premium reimbursement from the District. All active employees under IMRF who retire directly from the District and meet the eligibility criteria may participate, but at their own cost.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

NOTES TO FINANCIAL STATEMENTS (Continued)

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

Annual required contribution	\$ 17,817
Interest on net OPEB obligation	641
Adjustment to annual required contribution	(813)
Annual OPEB cost (expense)	<u>\$ 17,645</u>
Contributions made	<u>(17,735)</u>
Change in net OPEB obligation	\$ (90)
Net OPEB obligation - beginning of year	12,813
Net OPEB obligation - end of year	<u><u>\$ 12,723</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 17,645	\$ 17,735	101%	\$ 12,723
6/30/2016	17,980	20,908	116%	12,813
6/30/2015	21,027	20,218	96%	15,956

Funded Status and Funding Progress

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The Actuarial Accrual Liability was determined using a 5% discount rate. Research suggests a 6% Long-term average increase for all Healthcare Benefits, trending down to 5% increases in 2019 and later years. The mortality rates used are from the RP-2014 Healthy Mortality Tables with Blue Collar Adjustments for retirees, projected generationally with Scale MP-2014. Pre- and post-commencement rates were further adjusted. Specifically, male rates were multiplied by 88% for all ages and female rates were multiplied by 82% for all ages. The Unit Credit cost method was used to value liabilities. It is assumed that 10% of IMRF

NOTES TO FINANCIAL STATEMENTS (Continued)

employees will enroll in post-employment insurance and will select coverage consistent with their current coverage. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized on a closed, level dollar method. The remaining amortization period at July 1, 2016 was 30 years.

NOTE 12 - RISK MANAGEMENT

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

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

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

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

As of June 30, 2017, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 13 - CONTINGENCIES

The District is involved in litigation with various taxpayers who have filed an appeal with the Property Tax Appeal Board concerning their tax assessment. Although the outcome of this litigation is not presently determinable, it is the opinion of the District that the resolution of these matters will not have a material adverse effect on the financial condition of the District in the years in which they are resolved.

NOTE 14 - LEGAL DEBT LIMITATION

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

2016 EAV	\$	504,108,928
Rate		<u>6.90%</u>
Debt Margin	\$	34,783,516
Current Debt		<u>3,190,000</u>
Remaining Debt Margin	\$	<u><u>31,593,516</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 176,259	\$ 171,419	\$ 175,067
Interest on the Total Pension Liability	636,512	597,747	550,116
Differences Between Expected and Actual Experience	2,962	257,298	4,594
Changes of Assumptions	(17,648)	17,400	368,735
Benefit Payments, Including Refunds of Member Contributions	<u>(525,652)</u>	<u>(487,809)</u>	<u>(435,418)</u>
Net Change in Total Pension Liability	\$ 272,433	\$ 556,055	\$ 663,094
Total Pension Liability - Beginning	<u>8,684,211</u>	<u>8,128,156</u>	<u>7,465,062</u>
Total Pension Liability - Ending	<u>\$ 8,956,644</u>	<u>\$ 8,684,211</u>	<u>\$ 8,128,156</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 139,327	\$ 128,158	\$ 129,823
Contributions - Member	65,310	66,137	64,912
Net Investment Income	553,668	40,055	490,907
Benefit Payments, Including Refunds of Member Contributions	(525,652)	(487,809)	(435,418)
Other (Net Transfers)	<u>134,868</u>	<u>183,666</u>	<u>(260,558)</u>
Net Change in Plan Fiduciary Net Position	\$ 367,521	\$ (69,793)	\$ (10,334)
Plan Net Position - Beginning	<u>8,087,872</u>	<u>8,157,665</u>	<u>8,167,999</u>
Plan Net Position - Ending	<u>\$ 8,455,393</u>	<u>\$ 8,087,872</u>	<u>\$ 8,157,665</u>
District's Net Pension Liability	<u>\$ 501,251</u>	<u>\$ 596,339</u>	<u>\$ (29,509)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.40%	93.13%	100.36%
Covered-Valuation Payroll	\$ 1,451,327	\$ 1,469,711	\$ 1,443,173
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	34.54%	40.58%	-2.04%

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

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Actuarially-Determined Contribution	\$ 139,327	\$ 128,159	\$ 129,886
Contributions in relation to Actuarially-Determined Contribution	<u>139,327</u>	<u>128,158</u>	<u>129,823</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 63</u>
Covered-Valuation Payroll	\$ 1,451,327	\$ 1,469,711	\$ 1,443,173
Contributions as a percentage of Covered-Valuation Payroll	9.60%	8.72%	9.00%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2016 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 27-year closed period

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

Wage Growth: 3.5%

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

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

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

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

*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Employer's proportion of the Net Pension Liability	0.0015430%	0.0017028%	0.0012248%
Employer's proportionate share of the Net Pension Liability	\$ 1,217,686	\$ 1,115,520	\$ 745,390
State's proportionate share of the Net Pension Liability associated with the employer	<u>63,426,794</u>	<u>52,812,609</u>	<u>44,170,528</u>
Total	<u>\$ 64,644,480</u>	<u>\$ 53,928,129</u>	<u>\$ 44,915,918</u>
Employer's Covered-Employee Payroll	\$ 8,052,241	\$ 7,781,271	\$ 7,534,482
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	15.12%	14.34%	9.89%
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 requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

Changes of Assumptions

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

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

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-Required Contribution	\$ 58,156	\$ 61,329	\$ 43,700
Contributions in relation to Statutorily-Required Contribution	<u>58,156</u>	<u>61,329</u>	<u>43,700</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 8,052,241	\$ 7,781,271	\$ 7,534,482
Contributions as a percentage of Covered-Employee Payroll	0.72%	0.79%	0.58%

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

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

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 RETIREE PAID INSURANCE
 SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Unit Credit (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	\$ -	\$ 165,160	\$ 165,160	0%	N/A	N/A
7/1/2012	-	176,480	176,480	0%	N/A	N/A
7/1/2009	-	144,633	144,633	0%	N/A	N/A

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
REVENUES		
Property Taxes	\$ 11,050,629	\$ 10,959,930
Payments in Lieu of Taxes	230,031	287,360
Tuition	102,643	89,395
Earnings on Investments	43,067	30,344
Food Service	269,361	274,870
District/School Activity Income	104,965	115,821
Textbooks	55,962	54,183
Other Local Sources	33,000	42,047
State Aid		
General State Aid	178,070	178,070
Special Education	279,246	279,264
Bilingual	35,832	25,306
State Free Lunch and Breakfast	157	238
Other Restricted Revenue from State Sources	750	-
Federal Aid		
Food Service	6,200	5,078
Title I	42,321	46,921
Federal Special Education	133,930	133,612
Title III - English Language Acquisition	8,359	8,359
Title II - Teacher Quality	7,797	7,798
On-Behalf Payments	3,339,697	6,323,842
Total Revenues	\$ 15,922,017	\$ 18,862,438
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 5,236,342	\$ 5,305,749
Employee Benefits	750,015	756,949
Purchased Services	66,200	57,950
Supplies and Materials	207,070	200,220
	<u>\$ 6,259,627</u>	<u>\$ 6,320,868</u>
Pre-K Programs		
Salaries	\$ 56,426	\$ 56,458
Employee Benefits	6,304	6,381
Supplies and Materials	4,001	2,191
	<u>\$ 66,731</u>	<u>\$ 65,030</u>
Special Education Programs		
Salaries	\$ 357,446	\$ 344,227
Employee Benefits	112,733	114,894
Purchased Services	1,000	2,897
Supplies and Materials	1,000	-
	<u>\$ 472,179</u>	<u>\$ 462,018</u>
Special Education Programs Pre-K		
Salaries	\$ 19,825	\$ 19,825
Employee Benefits	2,242	2,260
Supplies and Materials	1,327	834
	<u>\$ 23,394</u>	<u>\$ 22,919</u>
Interscholastic Programs		
Salaries	\$ 185,000	\$ 175,156
Employee Benefits	2,102	1,900
	<u>\$ 187,102</u>	<u>\$ 177,056</u>
Summer School Programs		
Salaries	\$ 28,000	\$ 32,025
Employee Benefits	397	386
	<u>\$ 28,397</u>	<u>\$ 32,411</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Gifted Programs		
Salaries	\$ 143,906	\$ 144,906
Employee Benefits	18,876	17,421
Supplies and Materials	750	-
	<u>\$ 163,532</u>	<u>\$ 162,327</u>
Bilingual Programs		
Salaries	\$ 289,269	\$ 294,277
Employee Benefits	48,192	50,947
Supplies and Materials	6,000	8,173
	<u>\$ 343,461</u>	<u>\$ 353,397</u>
Total Instruction	<u>\$ 7,544,423</u>	<u>\$ 7,596,026</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 824,607	\$ 779,993
Employee Benefits	137,783	143,350
Purchased Services	7,500	8,403
Supplies and Materials	7,800	12,050
Other Objects	1,000	239
	<u>\$ 978,690</u>	<u>\$ 944,035</u>
Health Services		
Salaries	\$ 119,245	\$ 118,807
Employee Benefits	1,000	1,440
Purchased Services	2,400	5,180
Supplies and Materials	3,000	3,087
	<u>\$ 125,645</u>	<u>\$ 128,514</u>
Psychological Services		
Salaries	\$ 241,115	\$ 243,365
Employee Benefits	37,518	38,328
Supplies and Materials	2,000	1,195
	<u>\$ 280,633</u>	<u>\$ 282,888</u>
Speech Pathology and Audiology Services		
Salaries	\$ 144,824	\$ 141,961
Employee Benefits	2,661	2,725
Supplies and Materials	1,000	1,595
	<u>\$ 148,485</u>	<u>\$ 146,281</u>
Other Support Services - Pupils		
Purchased Services	\$ 10,326	\$ 8,062
Supplies and Materials	25,100	23,710
	<u>\$ 35,426</u>	<u>\$ 31,772</u>
Total Support Services - Pupils	<u>\$ 1,568,879</u>	<u>\$ 1,533,490</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 186,137	\$ 181,357
Employee Benefits	41,737	47,879
Purchased Services	74,521	58,300
Supplies and Materials	6,000	2,126
	<u>\$ 308,395</u>	<u>\$ 289,662</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff (Continued)		
Educational Media Services		
Salaries	\$ 599,859	\$ 599,019
Employee Benefits	78,962	79,343
Purchased Services	273,757	238,630
Supplies and Materials	60,719	73,577
Non-Capitalized Equipment	-	1,032
	<u>\$ 1,013,297</u>	<u>\$ 991,601</u>
Assessment and Testing		
Supplies and Materials	\$ 7,500	\$ 6,963
	<u>\$ 7,500</u>	<u>\$ 6,963</u>
Total Support Services - Instructional Staff	<u>\$ 1,329,192</u>	<u>\$ 1,288,226</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 203,615	\$ 196,735
Supplies and Materials	800	-
Other Objects	6,800	7,565
	<u>\$ 211,215</u>	<u>\$ 204,300</u>
Executive Administration Services		
Salaries	\$ 299,385	\$ 297,374
Employee Benefits	43,534	43,940
Purchased Services	5,000	998
Supplies and Materials	18,200	16,099
Other Objects	6,000	2,369
	<u>\$ 372,119</u>	<u>\$ 360,780</u>
Total Support Services - General Administration	<u>\$ 583,334</u>	<u>\$ 565,080</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 450,932	\$ 449,499
Employee Benefits	97,167	99,110
Purchased Services	8,000	2,204
Supplies and Materials	9,725	10,297
Other Objects	1,000	256
	<u>\$ 566,824</u>	<u>\$ 561,366</u>
Total Support Services - School Administration	<u>\$ 566,824</u>	<u>\$ 561,366</u>
Business		
Direction of Business Support Services		
Salaries	\$ 215,199	\$ 205,788
Employee Benefits	10,771	10,878
Purchased Services	4,000	1,064
Supplies and Materials	300	-
Other Objects	1,200	1,130
	<u>\$ 231,470</u>	<u>\$ 218,860</u>
Fiscal Services		
Salaries	\$ 127,045	\$ 127,357
Employee Benefits	8,423	8,648
Purchased Services	4,140	3,196
Supplies and Materials	1,500	312
	<u>\$ 141,108</u>	<u>\$ 139,513</u>
Total Support Services - Business	<u>\$ 372,578</u>	<u>\$ 358,373</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Operations and Maintenance		
Purchased Services	\$ 45,000	\$ 37,440
Supplies and Materials	166,138	135,592
Total Support Services - Operations and Maintenance	\$ 211,138	\$ 173,032
Food Services		
Purchased Services	\$ 255,000	\$ 251,574
Supplies and Materials	500	621
Total Support Services - Food Services	\$ 255,500	\$ 252,195
Total Support Services	\$ 4,887,445	\$ 4,731,762
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Other Objects		
Payments for Special Education Programs	\$ 637,396	\$ 612,684
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 637,396	\$ 612,684
Total Payments to Other Districts and Governmental Units	\$ 637,396	\$ 612,684
Capital Outlay		
Instruction		
Regular Programs	\$ 41,000	\$ 18,431
Support Services		
Pupils	5,320	-
Instructional Staff	107,225	90,353
	\$ 153,545	\$ 108,784
On-Behalf Payments	\$ 3,339,697	\$ 6,323,842
Total Expenditures	\$ 16,562,506	\$ 19,373,098
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (640,489)	\$ (510,660)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	-	(2,120)
NET CHANGE IN FUND BALANCE	\$ (640,489)	\$ (512,780)
FUND BALANCE - JULY 1, 2016	9,608,936	3,000,986
FUND BALANCE - JUNE 30, 2017	\$ 8,968,447	\$ 2,488,206

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 695,664	\$ 689,955
Payments in Lieu of Taxes	14,482	17,836
Earnings on Investments	4,632	5,609
Other Local Sources	469,665	471,959
Total Revenues	\$ 1,184,443	\$ 1,185,359
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 40,000	\$ 26,563
	\$ 40,000	\$ 26,563
Operations and Maintenance		
Salaries	\$ 289,213	\$ 284,510
Employee Benefits	28,903	31,270
Purchased Services	596,162	592,622
Supplies and Materials	80,777	81,250
Other Objects	400	175
Non-Capitalized Equipment	-	246
Total Support Services - Operations and Maintenance	\$ 995,455	\$ 990,073
Other Support Services		
Purchased Services	\$ 17,002	\$ 17,001
Total Other Support Services	\$ 17,002	\$ 17,001
Total Support Services	\$ 1,052,457	\$ 1,033,637
Capital Outlay		
Support Services		
Facilities Acquisition and Construction	\$ -	\$ 23,824
Operations and Maintenance	480,485	489,808
	\$ 480,485	\$ 513,632
Total Expenditures	\$ 1,532,942	\$ 1,547,269
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (348,499)	\$ (361,910)
OTHER FINANCING SOURCES (USES)		
Interest Transfers	2,086	2,149
NET CHANGE IN FUND BALANCE	\$ (346,413)	\$ (359,761)
FUND BALANCE - JULY 1, 2016	1,187,612	756,724
FUND BALANCE - JUNE 30, 2017	\$ 841,199	\$ 396,963

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 270,173	\$ 267,938
Payments in Lieu of Taxes	5,623	7,276
Transportation Fees	63,939	59,661
Earnings on Investments	1,136	1,209
Other Local Sources	943	944
State Aid		
Transportation	82,765	75,098
Total Revenues	<u>\$ 424,579</u>	<u>\$ 412,126</u>
EXPENDITURES		
Support Services		
Transportation		
Salaries	\$ 183,333	\$ 171,867
Employee Benefits	32,959	31,653
Purchased Services	219,861	230,327
Supplies and Materials	18,700	22,720
Total Support Services - Transportation	<u>\$ 454,853</u>	<u>\$ 456,567</u>
Other Support Services		
Purchased Services	\$ 10,051	\$ 10,051
Total Support Services - Other Support Services	<u>\$ 10,051</u>	<u>\$ 10,051</u>
Total Support Services	<u>\$ 464,904</u>	<u>\$ 466,618</u>
Total Expenditures	<u>\$ 464,904</u>	<u>\$ 466,618</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (40,325)</u>	<u>\$ (54,492)</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (40,325)</u>	<u>\$ (54,492)</u>
FUND BALANCE - JULY 1, 2016	<u>222,300</u>	<u>69,244</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 181,975</u>	<u>\$ 14,752</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2017

	Budgeted	
	Amounts	
	Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 135,161	\$ 133,969
FICA/Medicare Only Purposes Levies	233,647	231,692
Payments in Lieu of Taxes	11,363	12,582
Earnings on Investments	1,080	1,842
Total Revenues	\$ 381,251	\$ 380,085
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 77,303	\$ 76,529
Pre-K Programs		
Employee Benefits	802	803
Special Education Programs		
Employee Benefits	60,255	56,399
Special Education Programs - Pre-K		
Employee Benefits	282	284
Interscholastic Programs		
Employee Benefits	8,373	8,122
Summer School Programs		
Employee Benefits	398	782
Gifted Programs		
Employee Benefits	2,045	2,021
Bilingual Programs		
Employee Benefits	4,111	3,899
Total Instruction	\$ 153,569	\$ 148,839
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 19,021	\$ 18,280
Health Services		
Employee Benefits	20,204	20,299
Psychological Services		
Employee Benefits	3,426	3,236
Speech Pathology and Audiology Services		
Employee Benefits	2,058	1,978
Total Supports Services - Pupils	\$ 44,709	\$ 43,793
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 3,095	\$ 2,548
Educational Media Services		
Employee Benefits	24,779	25,250
Total Support Services - Instructional Staff	\$ 27,874	\$ 27,798
General Administration		
Executive Administration Services		
Employee Benefits	\$ 13,739	\$ 13,678
Total Support Services - General Administration	\$ 13,739	\$ 13,678

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 33,600	\$ 33,916
Total Support Services - School Administration	\$ 33,600	\$ 33,916
Business		
Direction of Business Support Services		
Employee Benefits	\$ 8,373	\$ 6,933
Fiscal Services		
Employee Benefits	21,527	21,111
Total Support Services - Business	\$ 29,900	\$ 28,044
Operations and Maintenance		
Employee Benefits	\$ 49,005	\$ 49,985
Total Support Services - Operations and Maintenance	\$ 49,005	\$ 49,985
Transportation		
Employee Benefits	\$ 30,196	\$ 27,721
Total Support Services - Transportation	\$ 30,196	\$ 27,721
Total Support Services	\$ 229,023	\$ 224,935
Total Expenditures	\$ 382,592	\$ 373,774
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,341)	\$ 6,311
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (1,341)	\$ 6,311
FUND BALANCE - JULY 1, 2016	232,299	44,199
FUND BALANCE - JUNE 30, 2017	\$ 230,958	\$ 50,510

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2017

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 22, 2016. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

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

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

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

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2017, the following funds had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 16,562,506	\$ 19,373,097	\$ 2,810,591
Operations and Maintenance	1,532,942	1,547,269	14,327

SUPPLEMENTAL FINANCIAL INFORMATION

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2017

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,133,133	\$ 53,381	\$ 23,163	\$ 1,209,677
Investments, at Fair Value	7,398,007	348,517	151,229	7,897,753
Accrued Interest Receivable, net of allowance of \$0	33,007	1,332	477	34,816
Property Taxes Receivable, net of allowance of \$0	5,360,930	-	48,797	5,409,727
Due from Other Governments, net of allowance of \$0	177,281	-	-	177,281
Prepaid Items	102,383	-	-	102,383
Total Assets	\$ 14,204,741	\$ 403,230	\$ 223,666	\$ 14,862,381
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 35,944	\$ -	\$ -	\$ 35,944
Payroll Liabilities	1,100,609	-	-	1,100,609
Deposits	5,015	-	-	5,015
Total Liabilities	\$ 1,141,568	\$ -	\$ -	\$ 1,141,568
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 11,063,877	\$ -	\$ 100,303	\$ 11,164,180
Total Deferred Inflows of Resources	\$ 11,063,877	\$ -	\$ 100,303	\$ 11,164,180
FUND BALANCE				
Nonspendable				
Prepaid Items	\$ 102,383	\$ -	\$ -	\$ 102,383
Unassigned	1,896,913	403,230	123,363	2,423,506
Total Fund Balance	\$ 1,999,296	\$ 403,230	\$ 123,363	\$ 2,525,889
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 14,204,741	\$ 403,230	\$ 223,666	\$ 14,831,637

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2017

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
REVENUES				
Property Taxes	\$ 10,836,463	\$ -	\$ 123,467	\$ 10,959,930
Payments in Lieu of Taxes	284,768	-	2,592	287,360
Tuition	89,395	-	-	89,395
Earnings on Investments	64,407	2,616	1,004	30,344
Food Service	274,870	-	-	274,870
District/School Activity Income	115,821	-	-	115,821
Textbooks	54,183	-	-	54,183
Other Local Sources	42,047	-	-	42,047
State Aid	482,878	-	-	482,878
Federal Aid	201,768	-	-	201,768
On-Behalf Payments	6,323,842	-	-	6,323,842
	<u>\$ 18,770,442</u>	<u>\$ 2,616</u>	<u>\$ 127,063</u>	<u>\$ 18,862,438</u>
EXPENDITURES				
				400
Instruction				
Regular Programs	\$ 6,385,898	\$ -	\$ -	\$ 6,385,898
Special Education Programs	484,937	-	-	484,937
Other Instructional Programs	725,191	-	-	725,191
Support Services				
Pupils	1,533,490	-	-	1,533,490
Instructional Staff	1,288,226	-	-	1,288,226
General Administration	475,685	-	89,395	565,080
School Administration	561,366	-	-	561,366
Business	358,373	-	-	358,373
Operations and Maintenance	173,032	-	-	173,032
Food Services	252,195	-	-	252,195
Payments to Other Districts and Governmental Units	612,684	-	-	612,684
Capital Outlay	108,784	-	-	108,784
On-Behalf Payments	6,323,842	-	-	6,323,842
	<u>\$ 19,283,703</u>	<u>\$ -</u>	<u>\$ 89,395</u>	<u>\$ 19,373,098</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (513,261)</u>	<u>\$ 2,616</u>	<u>\$ 37,668</u>	<u>\$ (510,660)</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	\$ (2,120)	\$ -	\$ -	\$ (2,120)
Interest Transfers	2,056	(2,056)	-	-
	<u>\$ (64)</u>	<u>\$ (2,056)</u>	<u>\$ -</u>	<u>\$ (2,120)</u>
NET CHANGE IN FUND BALANCES	\$ (513,325)	\$ 560	\$ 37,668	\$ (512,780)
FUND BALANCE - JULY 1, 2016	<u>2,512,621</u>	<u>402,670</u>	<u>85,695</u>	<u>3,000,986</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 1,999,296</u>	<u>\$ 403,230</u>	<u>\$ 123,363</u>	<u>\$ 2,488,206</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - EDUCATIONAL FUND
 YEAR ENDED JUNE 30, 2017

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Property Taxes	\$ 10,926,092	\$ 10,836,463
Payments in Lieu of Taxes	227,440	284,768
Tuition	102,643	89,395
Earnings on Investments	41,013	64,407
Food Service	269,361	274,870
District/School Activity Income	104,965	115,821
Textbooks	55,962	54,183
Other Local Sources	33,000	42,047
State Aid		
General State Aid	178,070	178,070
Special Education	279,246	279,264
Bilingual	35,832	25,306
State Free Lunch and Breakfast	157	238
Other Restricted Revenue from State Sources	750	-
Federal Aid		
Food Service	6,200	5,078
Title I	42,321	46,921
Federal Special Education	133,930	133,612
Title III - English Language Acquisition	8,359	8,359
Title II - Teacher Quality	7,797	7,798
On-Behalf Payments	3,339,697	6,323,842
Total Revenues	\$ 15,792,835	\$ 18,770,442
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 5,236,342	\$ 5,305,749
Employee Benefits	750,015	756,949
Purchased Services	66,200	57,950
Supplies and Materials	207,070	200,220
	\$ 6,259,627	\$ 6,320,868
Pre-K Programs		
Salaries	\$ 56,426	\$ 56,458
Employee Benefits	6,304	6,381
Supplies and Materials	4,001	2,191
	\$ 66,731	\$ 65,030
Special Education Programs		
Salaries	\$ 357,446	\$ 344,227
Employee Benefits	112,733	114,894
Purchased Services	1,000	2,897
Supplies and Materials	1,000	-
	\$ 472,179	\$ 462,018
Special Education Programs Pre-K		
Salaries	\$ 19,825	\$ 19,825
Employee Benefits	2,242	2,260
Supplies and Materials	1,327	834
	\$ 23,394	\$ 22,919
Interscholastic Programs		
Salaries	\$ 185,000	\$ 175,156
Employee Benefits	2,102	1,900
	\$ 187,102	\$ 177,056
Summer School Programs		
Salaries	\$ 28,000	\$ 32,025
Employee Benefits	397	386
	\$ 28,397	\$ 32,411

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Gifted Programs		
Salaries	\$ 143,906	\$ 144,906
Employee Benefits	18,876	17,421
Supplies and Materials	750	-
	<u>\$ 163,532</u>	<u>\$ 162,327</u>
Bilingual Programs		
Salaries	\$ 289,269	\$ 294,277
Employee Benefits	48,192	50,947
Supplies and Materials	6,000	8,173
	<u>\$ 343,461</u>	<u>\$ 353,397</u>
Total Instruction	<u>\$ 7,544,423</u>	<u>\$ 7,596,026</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 824,607	\$ 779,993
Employee Benefits	137,783	143,350
Purchased Services	7,500	8,403
Supplies and Materials	7,800	12,050
Other Objects	1,000	239
	<u>\$ 978,690</u>	<u>\$ 944,035</u>
Health Services		
Salaries	\$ 119,245	\$ 118,807
Employee Benefits	1,000	1,440
Purchased Services	2,400	5,180
Supplies and Materials	3,000	3,087
	<u>\$ 125,645</u>	<u>\$ 128,514</u>
Psychological Services		
Salaries	\$ 241,115	\$ 243,365
Employee Benefits	37,518	38,328
Supplies and Materials	2,000	1,195
	<u>\$ 280,633</u>	<u>\$ 282,888</u>
Speech Pathology and Audiology Services		
Salaries	\$ 144,824	\$ 141,961
Employee Benefits	2,661	2,725
Supplies and Materials	1,000	1,595
	<u>\$ 148,485</u>	<u>\$ 146,281</u>
Other Support Services - Pupils		
Purchased Services	\$ 10,326	\$ 8,062
Supplies and Materials	25,100	23,710
	<u>\$ 35,426</u>	<u>\$ 31,772</u>
Total Support Services - Pupils	<u>\$ 1,568,879</u>	<u>\$ 1,533,490</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 186,137	\$ 181,357
Employee Benefits	41,737	47,879
Purchased Services	74,521	58,300
Supplies and Materials	6,000	2,126
	<u>\$ 308,395</u>	<u>\$ 289,662</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff		
Educational Media Services		
Salaries	\$ 599,859	\$ 599,019
Employee Benefits	78,962	79,343
Purchased Services	273,757	238,630
Supplies and Materials	60,719	73,577
Non-Capitalized Equipment	-	1,032
	<u>\$ 1,013,297</u>	<u>\$ 991,601</u>
Assessment and Testing		
Supplies and Materials	\$ 7,500	\$ 6,963
	<u>\$ 7,500</u>	<u>\$ 6,963</u>
Total Support Services - Instructional Staff	<u>\$ 1,329,192</u>	<u>\$ 1,288,226</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 111,069	\$ 107,340
Supplies and Materials	800	-
Other Objects	6,800	7,565
	<u>\$ 118,669</u>	<u>\$ 114,905</u>
Executive Administration Services		
Salaries	\$ 299,385	\$ 297,374
Employee Benefits	43,534	43,940
Purchased Services	5,000	998
Supplies and Materials	18,200	16,099
Other Objects	6,000	2,369
	<u>\$ 372,119</u>	<u>\$ 360,780</u>
Total Support Services - General Administration	<u>\$ 490,788</u>	<u>\$ 475,685</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 450,932	\$ 449,499
Employee Benefits	97,167	99,110
Purchased Services	8,000	2,204
Supplies and Materials	9,725	10,297
Other Objects	1,000	256
	<u>\$ 566,824</u>	<u>\$ 561,366</u>
Total Support Services - School Administration	<u>\$ 566,824</u>	<u>\$ 561,366</u>
Business		
Direction of Business Support Services		
Salaries	\$ 215,199	\$ 205,788
Employee Benefits	10,771	10,878
Purchased Services	4,000	1,064
Supplies and Materials	300	-
Other Objects	1,200	1,130
	<u>\$ 231,470</u>	<u>\$ 218,860</u>
Fiscal Services		
Salaries	\$ 127,045	\$ 127,357
Employee Benefits	8,423	8,648
Purchased Services	4,140	3,196
Supplies and Materials	1,500	312
	<u>\$ 141,108</u>	<u>\$ 139,513</u>
Total Support Services - Business	<u>\$ 372,578</u>	<u>\$ 358,373</u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Operations and Maintenance		
Purchased Services	\$ 45,000	\$ 37,440
Supplies and Materials	166,138	135,592
Total Support Services - Operations and Maintenance	\$ 211,138	\$ 173,032
Food Services		
Purchased Services	\$ 255,000	\$ 251,574
Supplies and Materials	500	621
Total Support Services - Food Services	\$ 255,500	\$ 252,195
Total Support Services	\$ 4,794,899	\$ 4,642,367
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Other Objects		
Payments for Special Education Programs	\$ 637,396	\$ 612,684
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 637,396	\$ 612,684
Total Payments to Other Districts and Governmental Units	\$ 637,396	\$ 612,684
Capital Outlay		
Instruction		
Regular Programs	\$ 41,000	\$ 18,431
Support Services		
Pupils	5,320	-
Instructional Staff	107,225	90,353
	\$ 153,545	\$ 108,784
On-Behalf Payments	\$ 3,339,697	\$ 6,323,842
Total Expenditures	\$ 16,469,960	\$ 19,283,703
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (677,125)	\$ (513,261)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ -	\$ (2,120)
Interest Transfers	1,618	2,056
	\$ 1,618	\$ (64)
NET CHANGE IN FUND BALANCE	\$ (675,507)	\$ (513,325)
FUND BALANCE - JULY 1, 2016	9,057,883	2,512,621
FUND BALANCE - JUNE 30, 2017	\$ 8,382,376	\$ 1,999,296

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - WORKING CASH FUND
 YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 1,618	\$ 2,616
Total Revenues	\$ 1,618	\$ 2,616
EXPENDITURES	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,618	\$ 2,616
OTHER FINANCING SOURCES (USES)		
Interest Transfers	\$ (1,618)	\$ (2,056)
NET CHANGE IN FUND BALANCE	\$ -	\$ 560
FUND BALANCE - JULY 1, 2016	401,898	402,670
FUND BALANCE - JUNE 30, 2017	\$ 401,898	\$ 403,230

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - TORT IMMUNITY FUND
YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>
REVENUES		
Property Taxes	\$ 124,537	\$ 123,467
Payments in Lieu of Taxes	2,591	2,592
Earnings on Investments	436	1,004
Total Revenues	<u>\$ 127,564</u>	<u>\$ 127,063</u>
EXPENDITURES		
Support Services		
General Administration		
Workers' Compensation or Worker's Occupational Disease Act		
Purchased Services	<u>\$ 53,561</u>	<u>\$ 53,988</u>
	<u>\$ 53,561</u>	<u>\$ 53,988</u>
Unemployment Insurance Payments		
Purchased Services	<u>\$ 15,000</u>	<u>\$ 11,422</u>
	<u>\$ 15,000</u>	<u>\$ 11,422</u>
Insurance Payments		
Purchased Services	<u>\$ 23,985</u>	<u>\$ 23,985</u>
	<u>\$ 23,985</u>	<u>\$ 23,985</u>
Total Support Services - General Administration	<u>\$ 92,546</u>	<u>\$ 89,395</u>
Total Support Services	<u>\$ 92,546</u>	<u>\$ 89,395</u>
Total Expenditures	<u>\$ 92,546</u>	<u>\$ 89,395</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 35,018</u>	<u>\$ 37,668</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 35,018</u>	<u>\$ 37,668</u>
FUND BALANCE - JULY 1, 2016	<u>149,155</u>	<u>85,695</u>
FUND BALANCE - JUNE 30, 2017	<u><u>\$ 184,173</u></u>	<u><u>\$ 123,363</u></u>

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICES FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 752,619	\$ 746,282
Earnings on Investments	2,086	2,543
Total Revenues	<u>\$ 754,705</u>	<u>\$ 748,825</u>
EXPENDITURES		
Debt Service		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 189,607	\$ 189,637
Total Debt Service - Interest	<u>\$ 189,607</u>	<u>\$ 189,637</u>
Debt Service - Payment of Principal on Long-Term Debt		
Other Objects	\$ 537,093	\$ 539,182
Total Debt Service - Payment of Principal on Long-Term Debt	<u>\$ 537,093</u>	<u>\$ 539,182</u>
Debt Services - Other		
Purchased Services	\$ 1,200	\$ 875
Total Debt Services - Other	<u>\$ 1,200</u>	<u>\$ 875</u>
Total Debt Service	<u>\$ 727,900</u>	<u>\$ 729,694</u>
Total Expenditures	<u>\$ 727,900</u>	<u>\$ 729,694</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 26,805</u>	<u>\$ 19,131</u>
OTHER FINANCING SOURCES (USES)		
Interest Transfers	\$ (2,086)	\$ (2,149)
Interfund Transfers	-	2,120
	<u>\$ (2,086)</u>	<u>\$ (29)</u>
NET CHANGE IN FUND BALANCE	\$ 24,719	\$ 19,102
FUND BALANCE - JULY 1, 2016	<u>417,647</u>	<u>33,703</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 442,366</u>	<u>\$ 52,805</u>

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AVOCA PUBLIC SCHOOL DISTRICT NO. 37
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - FIRE PREVENTION AND SAFETY FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 7,000	\$ 13,404
Total Revenues	\$ 7,000	\$ 13,404
EXPENDITURES		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 100,000	\$ -
Total Support Services - Business	\$ 100,000	\$ -
Total Support Services	\$ 100,000	\$ -
Capital Outlay		
Support Services		
Facilities Acquisition and Construction Services	\$ 1,100,000	\$ 592,625
Total Capital Outlay	\$ 1,100,000	\$ 592,625
Total Expenditures	\$ 1,200,000	\$ 592,625
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,193,000)	\$ (579,221)
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (1,193,000)	\$ (579,221)
FUND BALANCE - JULY 1, 2016	1,702,122	1,700,372
FUND BALANCE - JUNE 30, 2017	\$ 509,122	\$ 1,121,151

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AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 ACTIVITY FUNDS
 YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash and Cash Equivalents	\$ 8,498	\$ 3,642	\$ 5,870	\$ 6,270
 LIABILITIES				
Amount Due to Activity				
Marie Murphy	\$ 4,989	\$ 3,642	\$ 5,649	\$ 2,982
Avoca West	1,618	-	5	1,613
Parent and Teacher Council	1,891	-	216	1,675
	\$ 8,498	\$ 3,642	\$ 5,870	\$ 6,270

See Accompanying Independent Auditor's Report

AVOCA PUBLIC SCHOOL DISTRICT NO. 37
 COMPUTATION OF OPERATING EXPENSE PER PUPIL
 AND PER CAPITA TUITION CHARGE
 YEAR ENDED JUNE 30, 2017

OPERATING EXPENSE PER PUPIL		
EXPENDITURES:		
ED	Total Expenditures	\$ 12,959,860
O&M	Total Expenditures	1,547,269
DS	Total Expenditures	729,694
TR	Total Expenditures	466,618
MR/SS	Total Expenditures	373,774
TORT	Total Expenditures	89,395
	Total Expenditures	\$ 16,166,610

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

TR	Regular - Transp Fees from Other Districts (In State)	\$ 1,893
TR	Summer Sch - Transp. Fees from Pupils or Parents (In State)	4,145
ED	Pre-K Programs	65,030
ED	Special Education Programs Pre-K	22,919
ED	Summer School Programs	32,411
ED	Total Payments to Other Govt Units	612,684
ED	Capital Outlay	108,784
ED	Non-Capitalized Equipment	1,032
O&M	Capital Outlay	513,632
O&M	Non-Capitalized Equipment	246
DS	Debt Service - Payments of Principal on Long-Term Debt	539,183
MR/SS	Pre-K Programs	803
MR/SS	Special Education Programs - Pre-K	284
MR/SS	Summer School Programs	782
	Total Deductions for OEPP Computation (Sum of Lines 18 - 73)	\$ 1,903,828
	Total Operating Expenses Regular K-12 (Line 14 minus Line 75)	14,262,782
	9 Mo ADA from the General State Aid Claimable for 2015-2016 and Payable in 2016-2017 (ISBE 54-33), L12	692.65
	Estimated OEPP (Line 76 divided by Line 77)	\$ 20,591.62

PER CAPITA TUITION CHARGE		
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LESS OFFSETTING RECEIPTS/REVENUES:		
TR	Regular -Transp Fees from Pupils or Parents (In State)	\$ 50,825
TR	Regular - Transp Fees from Co-curricular Activities (In State)	2,798
ED	Total Food Service	274,870
ED-O&M	Total District/School Activity Income	115,820
ED	Rentals - Regular Textbooks	54,183
ED-O&M	Rentals	471,559
ED-O&M-TR	Total Special Education	279,264
ED-MR/SS	Total Bilingual Ed	25,306
ED	State Free Lunch & Breakfast	238
ED-O&M-TR-MR/SS	Total Transportation	75,098
ED-MR/SS	Total Food Service	5,078
ED-O&M-TR-MR/SS	Total Title I	46,921
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through	131,465
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLP)	8,359
ED-O&M-TR-MR/SS	Title II - Teacher Quality	7,798
	Total Deductions for PCTC Computation Line 83 through Line 173	\$ 1,549,582
	Net Operating Expense for Tuition Computation (Line 76 minus Line 175)	12,713,200
	Total Depreciation Allowance (from page 27, Col I)	708,620
	Total Allowance for PCTC Computation (Line 176 minus Line 177)	13,421,820
	9 Month ADA (from the GSA Claimable for 2015-2016 Payable in 2016-2017 (ISBE form 54-33, Line 12))	692.65
	Total Estimated PCTC (Line 178 divided by Line 179)	\$ 19,377.49

Unaudited