

Pleasantdale School District 107
Burr Ridge, Illinois

Annual Financial Report

Year Ended June 30, 2017

Pleasantdale School District 107

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

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Pleasantdale School District 107

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Pleasantdale School District 107
Burr Ridge, 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 Pleasantdale School District 107 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Pleasantdale School District 107's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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.

Auditors' Responsibility

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

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

(Continued)

Auditors' Responsibility (Continued)

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 Pleasantdale School District 107, 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 on pages 5 through 11, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension data on pages 57 through 60, and budgetary comparison schedules and notes to the required supplementary information on pages 61 through 81 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, for the year ended June 30, 2017, was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasantdale School District 107's basic financial statements. The other schedules listed in the table of contents as supplementary financial information and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The supplementary financial 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 for the year ended June 30, 2017 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 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 supplementary financial information for the year ended June 30, 2017 is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Pleasantdale School District 107, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated November 14, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasantdale School District 107's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Debt Service Fund and Fire Prevention and Safety Fund with comparative actual amounts for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the Debt Service Fund and Fire Prevention and Safety Fund have been subjected to the auditing procedures applied in the audit of the 2016 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Debt Service Fund and Fire Prevention and Safety Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

The Other Supplementary Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of Pleasantdale School District 107'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 Pleasantdale School District 107's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
November 13, 2017

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

The discussion and analysis of Pleasantdale School District 107's (the "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. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > In total, net position increased by \$2.5. This represents a 12% increase from 2016.
- > General revenues accounted for \$14.9 in revenue or 72% of all revenues in fiscal year 2017. Program specific revenues in the form of charges for services and fees and grants accounted for \$5.7 or 28% of total revenues of \$20.6.
- > The District incurred \$18.1 in expenses related to government activities in fiscal year 2017. However, only \$5.7 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

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

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

This report also contains required supplementary information, supplementary financial information, and 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, liabilities, and deferred inflows and outflows, 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 government'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.

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds. The District does not have any proprietary 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 school district'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 government'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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all funds.

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

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 statement 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.

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the financial statements.

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2017, than it was the year before, increasing 12% to \$24.2.

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>2016</u>	<u>2017</u>
Assets:		
Current and other assets	\$ 20.6	\$ 20.5
Capital Assets	<u>16.3</u>	<u>16.3</u>
Total assets	<u>36.9</u>	<u>36.8</u>
Deferred outflows:		
Related to pensions	<u>0.5</u>	<u>0.5</u>
Total deferred outflows	<u>0.5</u>	<u>0.5</u>
Liabilities:		
Current liabilities	0.3	0.3
Long-term debt outstanding	<u>8.3</u>	<u>6.7</u>
Total liabilities	<u>8.6</u>	<u>7.0</u>
Deferred inflows:		
Property tax levied for a future period	7.0	6.0
Related to pensions	<u>0.2</u>	<u>0.1</u>
Total deferred inflows	<u>7.2</u>	<u>6.1</u>
Net position:		
Net investment in capital assets	10.2	11.7
Restricted	6.3	6.5
Unrestricted	<u>5.2</u>	<u>6.0</u>
Total net position	<u>\$ 21.7</u>	<u>\$ 24.2</u>

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

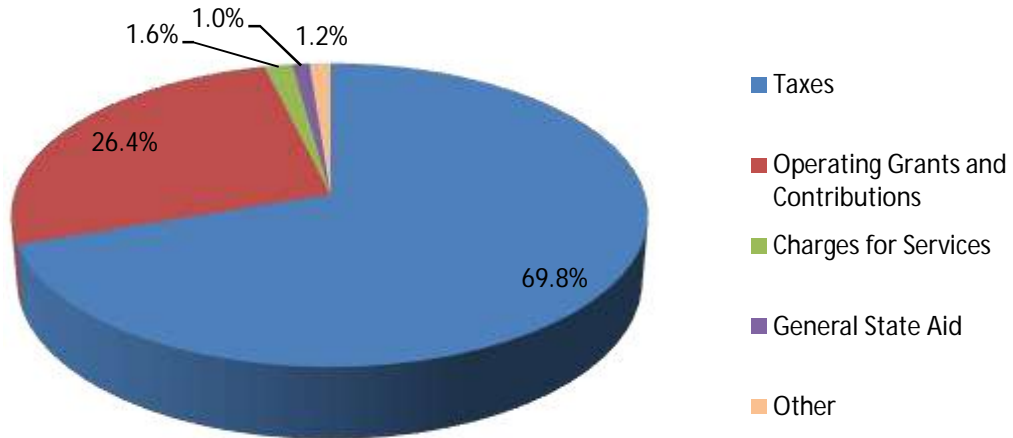
Revenues in the governmental activities of the District of \$20.6 exceeded expenditures by \$2.5.

<i>Table 2</i>		
<i>Changes in Net Position</i>		
<i>(in millions of dollars)</i>		
	<u>2016</u>	<u>2017</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 0.3	\$ 0.3
Operating grants and contributions	4.0	5.4
<i>General revenues:</i>		
Taxes	11.8	14.4
General state aid	0.2	0.2
Other	<u>0.2</u>	<u>0.3</u>
Total revenues	<u>16.5</u>	<u>20.6</u>
Expenses:		
Instruction	10.8	12.8
Support services	4.7	5.0
Other	<u>0.5</u>	<u>0.3</u>
Total expenses	<u>16.0</u>	<u>18.1</u>
Increase in net position	0.5	2.5
Beginning net position	<u>21.2</u>	<u>21.7</u>
Ending net position	<u>\$ 21.7</u>	<u>\$ 24.2</u>

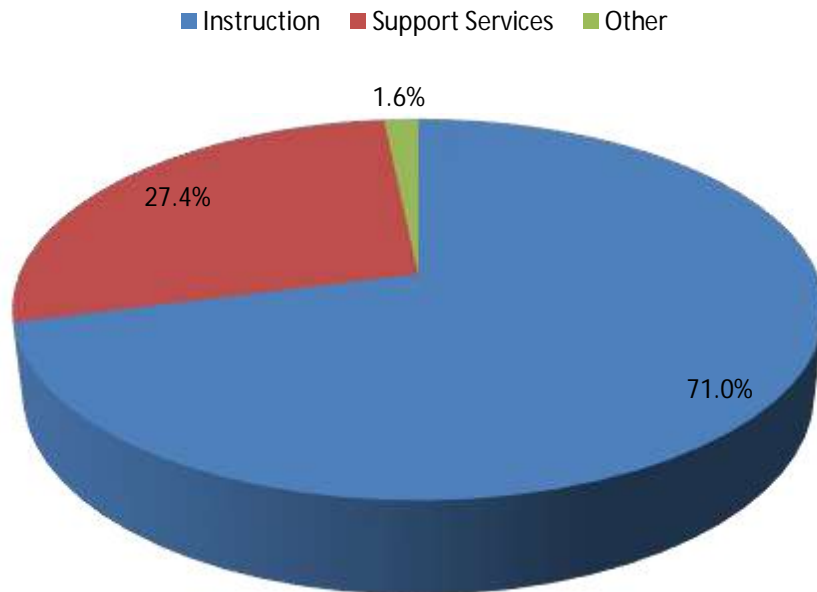
Property taxes accounted for the largest portion of the District's revenues, contributing 70%. The remainder of revenues came from personal property replacement taxes, state and federal grants, and other sources. The total cost of all the District's programs was \$18.1, mainly related to instruction and support services.

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

Government-Wide Revenues by Source



Government-Wide Expenses by Function



Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

Financial Analysis of the District's Funds

The District's Governmental Funds balance increased from \$13.4 at June 30, 2016 to \$14.2 at June 30, 2017.

General Fund Budgetary Highlights

The District budgeted for the General Fund's fund balance to decrease by \$0.6. The General Fund Balance actually increased by \$0.6.

Capital Assets and Debt Administration

Capital assets

By the end of 2017, the District had compiled a total investment of \$25.8 (\$16.3 net of accumulated depreciation) in a broad range of capital assets including land, land improvements, building improvements, buildings, and equipment. Total depreciation expense for the year was \$0.4. More detailed information about capital assets can be found in Note E of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	<u>2016</u>	<u>2017</u>
Land	\$ 0.4	\$ 0.4
Land improvements	0.1	0.2
Building improvements	0.3	0.4
Equipment	0.1	0.2
Buildings	<u>15.4</u>	<u>15.1</u>
Total	<u>\$ 16.3</u>	<u>\$ 16.3</u>

Long-term debt

The District retired \$1.7 of bonds in 2017. At the end of fiscal 2017, the District had a debt margin of \$35.4, of which \$30.4 is fully available. More detailed information on long-term debt can be found in Note F of the basic financial statements.

Table 4
Outstanding Long-Term Debt
(in millions of dollars)

	<u>2016</u>	<u>2017</u>
General obligation bonds	\$ 6.9	\$ 5.1
Other long term liabilities	<u>1.4</u>	<u>1.6</u>
Total	<u>\$ 8.3</u>	<u>\$ 6.7</u>

Pleasantdale School District 107
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2017

Factors Bearing on the District's Future

Consistent with West Cook County, Pleasantdale School District 107's EAV increased by 4.3% in 2016 after a decrease of 3.0% in 2015. The National Consumer Price Index for tax year 2016 is 0.7 % and the CPI for tax year 2017 will be 2.1%. Any increase in the local property tax revenues will be limited to the CPI, plus "new growth."

The District negotiated and finalized the collective bargaining agreement with certified and educational support staff members in 2015. This five-year contract (2015-2020) has a significant impact on future financial projections as salaries account for the majority of the District's expenditures.

Enrollments decreased from 782 students in grades K-8 at the end of 2016-2017 to 771 students at the beginning of the 2017-2018 school year. According to demographic projections, enrollments are expected to remain flat or decrease after fiscal year 2018.

The District utilizes the strategic blueprint to assure a quality education program well into the future. The blueprint puts vision into action plans that articulate instructional, facility, and human capital changes that will be implemented and desired achievement levels to be attained. The strategic blueprint also serves as a means to budget new initiatives within fiscal parameters each year.

The Pleasantdale mission statement:

"To create a community of inspired learners."

The mission is known by the staff and community and is the guiding force behind all decisions at Pleasantdale. The strategic blueprint serves the District well to advance the quality of education the community expects within fiscal realities.

In summary, Pleasantdale School District 107 has the financial resources to adequately fund educational services to advance the District mission.

Requests for Information

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

Catherine Chang
Pleasantdale School District 107
7450 South Wolf Road
Burr Ridge, Illinois 60527

BASIC FINANCIAL STATEMENTS

Pleasantdale School District 107
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2017

ASSETS

Cash and investments	\$	14,075,363
Receivables (net of allowance for uncollectibles):		
Property taxes		5,986,566
Replacement taxes		86,882
Intergovernmental		298,590
Other current assets		3,726
Capital assets:		
Land		399,498
Construction in progress		48,107
Depreciable buildings, property, and equipment, net		15,889,704
Total assets		36,788,436

DEFERRED OUTFLOW OF RESOURCES

Deferred outflows related to pensions		518,821
Total deferred outflows		518,821

LIABILITIES

Accounts payable		209,068
Unearned revenue		47,971
Interest payable		11,137
Long-term liabilities:		
Due within one year		1,665,000
Due after one year		5,050,873
Total liabilities		6,984,049

DEFERRED INFLOW OF RESOURCES

Property taxes levied for a future period		5,986,566
Deferred inflows related to pensions		102,493
Total deferred inflows		6,089,059

NET POSITION

Net investment in capital assets		11,709,102
Restricted For:		
Operations and maintenance		3,897,252
Debt service		860,353
Student transportation		1,191,045
Retirement benefits		293,853
Fire prevention and safety		289,939
Tort immunity		31,763
Unrestricted		5,960,842
Total net position	\$	24,234,149

The accompanying notes are an integral part of this statement.

Pleasantdale School District 107

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 4,842,435	\$ 308,870	\$ 56,191	\$ (4,477,374)
Special programs	2,371,995	-	393,184	(1,978,811)
Other instructional programs	842,983	27,475	1,361	(814,147)
State retirement contributions	4,769,195	-	4,769,195	-
Support services:				
Pupils	285,727	-	-	(285,727)
Instructional staff	1,252,274	-	2,595	(1,249,679)
General administration	450,071	-	-	(450,071)
School administration	793,300	-	-	(793,300)
Business	479,766	-	45,045	(434,721)
Transportation	705,722	-	174,354	(531,368)
Operations and maintenance	943,446	1,200	-	(942,246)
Central	34,556	-	-	(34,556)
Community services	300	-	-	(300)
Nonprogrammed charges - excluding special education	148,877	-	-	(148,877)
Interest and fees	143,924	-	-	(143,924)
Total governmental activities	<u>\$ 18,064,571</u>	<u>\$ 337,545</u>	<u>\$ 5,441,925</u>	<u>\$ (12,285,101)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				9,578,466
Real estate taxes, levied for specific purposes				2,834,658
Real estate taxes, levied for debt service				1,312,756
Personal property replacement taxes				613,180
State aid-formula grants				211,042
Investment earnings				193,548
Miscellaneous				62,258
Total general revenues				<u>14,805,908</u>
Change in net position				2,520,807
Net position, beginning of year				<u>21,713,342</u>
Net position, end of year				<u>\$ 24,234,149</u>

The accompanying notes are an integral part of this statement.

Pleasantdale School District 107

Governmental Funds

BALANCE SHEET

June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 7,511,036	\$ 4,087,872	\$ 1,108,055	\$ 206,971
Receivables (net of allowance for uncollectibles):				
Property taxes	4,266,760	741,635	314,604	157,065
Replacement taxes	-	-	-	86,882
Intergovernmental	211,795	-	86,795	-
Other current assets	<u>3,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,993,317</u>	<u>\$ 4,829,507</u>	<u>\$ 1,509,454</u>	<u>\$ 450,918</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,643	\$ 190,620	\$ 3,805	\$ -
Unearned revenue	<u>47,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>62,614</u>	<u>190,620</u>	<u>3,805</u>	<u>-</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>4,266,760</u>	<u>741,635</u>	<u>314,604</u>	<u>157,065</u>
Total deferred inflows	<u>4,266,760</u>	<u>741,635</u>	<u>314,604</u>	<u>157,065</u>
FUND BALANCES				
Restricted	31,763	3,897,252	1,191,045	293,853
Unassigned	<u>7,632,180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>7,663,943</u>	<u>3,897,252</u>	<u>1,191,045</u>	<u>293,853</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 11,993,317</u>	<u>\$ 4,829,507</u>	<u>\$ 1,509,454</u>	<u>\$ 450,918</u>

The accompanying notes are an integral part of this statement.

Debt Service	Fire Prevention and Safety	Total
\$ 871,490	\$ 289,939	\$ 14,075,363
506,502	-	5,986,566
-	-	86,882
-	-	298,590
-	-	3,726
<u>\$ 1,377,992</u>	<u>\$ 289,939</u>	<u>\$ 20,451,127</u>
\$ -	\$ -	\$ 209,068
-	-	47,971
-	-	257,039
<u>506,502</u>	<u>-</u>	<u>5,986,566</u>
<u>506,502</u>	<u>-</u>	<u>5,986,566</u>
871,490	289,939	6,575,342
-	-	7,632,180
<u>871,490</u>	<u>289,939</u>	<u>14,207,522</u>
<u>\$ 1,377,992</u>	<u>\$ 289,939</u>	<u>\$ 20,451,127</u>

Pleasantdale School District 107
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	14,207,522
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.		16,337,309
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources related to pensions	\$	396,110
Deferred outflows of 2017 employer contributions related to pensions		<u>122,711</u>
		518,821
Deferred inflows of resources related to pensions		(102,493)
Interest on long-term liabilities accrued in the statement of net position will not be paid with current financial resources and, accordingly, is not recognized in the governmental funds balance sheet.		(11,137)
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.		<u>(6,715,873)</u>
Net position of governmental activities	\$	<u><u>24,234,149</u></u>

The accompanying notes are an integral part of this statement.

Pleasantdale School District 107

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 9,667,844	\$ 1,683,391	\$ 738,352	\$ 323,537
Replacement taxes	527,935	-	-	85,245
State aid	5,362,993	-	174,354	-
Federal aid	115,620	-	-	-
Interest	114,059	48,519	16,779	2,900
Other	366,319	33,484	-	-
Total revenues	16,154,770	1,765,394	929,485	411,682
Expenditures				
Current:				
Instruction:				
Regular programs	4,565,752	-	-	48,878
Special programs	1,788,078	-	-	131,508
Other instructional programs	826,549	-	-	14,927
State retirement contributions	4,769,195	-	-	-
Support services:				
Pupils	260,786	-	-	14,329
Instructional staff	880,236	-	-	32,000
General administration	421,682	-	-	8,707
School administration	738,667	-	-	36,574
Business	399,979	2,013	-	9,378
Transportation	-	-	695,701	3,395
Operations and maintenance	1,502	815,681	-	32,650
Central	26,730	-	-	4,125
Community services	300	-	-	-
Nonprogrammed charges	597,048	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	276,581	445,864	-	-
Total expenditures	15,553,085	1,263,558	695,701	336,471
Excess (deficiency) of revenues over expenditures	601,685	501,836	233,784	75,211
Other financing sources (uses)				
Transfers in	16,779	-	-	-
Transfers (out)	-	-	(516,779)	-
Total other financing sources (uses)	16,779	-	(516,779)	-
Net change in fund balance	618,464	501,836	(282,995)	75,211
Fund balance, beginning of year	7,045,479	3,395,416	1,474,040	218,642
Fund balance, end of year	\$ 7,663,943	\$ 3,897,252	\$ 1,191,045	\$ 293,853

The accompanying notes are an integral part of this statement.

	Debt Service	Fire Prevention and Safety	Total
\$	1,312,756	\$ -	\$ 13,725,880
	-	-	613,180
	-	-	5,537,347
	-	-	115,620
	7,733	3,558	193,548
	-	-	399,803
	<u>1,320,489</u>	<u>3,558</u>	<u>20,585,378</u>
	-	-	4,614,630
	-	-	1,919,586
	-	-	841,476
	-	-	4,769,195
	-	-	275,115
	-	-	912,236
	-	-	430,389
	-	-	775,241
	-	5,422	416,792
	-	-	699,096
	-	-	849,833
	-	-	30,855
	-	-	300
	-	-	597,048
	1,715,000	-	1,715,000
	186,182	-	186,182
	-	-	722,445
	<u>1,901,182</u>	<u>5,422</u>	<u>19,755,419</u>
	<u>(580,693)</u>	<u>(1,864)</u>	<u>829,959</u>
	500,000	-	516,779
	-	-	(516,779)
	<u>500,000</u>	<u>-</u>	<u>-</u>
	(80,693)	(1,864)	829,959
	<u>952,183</u>	<u>291,803</u>	<u>13,377,563</u>
\$	<u>871,490</u>	<u>\$ 289,939</u>	<u>\$ 14,207,522</u>

Pleasantdale School District 107

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ 829,959
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.	51,791
Changes in deferred outflows and inflows or resources related to pensions are reported only in the statement of activities:	
Deferred outflow and inflows of resources related to IMRF pension liability	(119,949)
Deferred outflow and inflows of resources related to TRS pension liability	175,512
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	8,468
Governmental funds report the effects of premiums, discounts, and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year net effect of these differences.	62,984
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	<u>1,512,042</u>
Change in net position of governmental activities	<u>\$ 2,520,807</u>

The accompanying notes are an integral part of this statement.

Pleasantdale School District 107
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2017

	Student Activity Fund
<hr/>	
ASSETS	
Cash	\$ <u>37,994</u>
LIABILITIES	
Due to student groups	\$ 36,456
Due to employees	<u>1,538</u>
	<u>\$ 37,994</u>

The accompanying notes are an integral part of this statement.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pleasantdale School District 107 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. **Reporting Entity**

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

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

The District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. **Fund Accounting**

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Governmental funds are used to account for the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service fund), and the acquisition or construction of major capital facilities (capital project fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The District considers all governmental funds to be major.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) amounts paid by recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

a. General Fund

The *General Fund* includes the Educational Account, the Working Cash Account, and the Tort Immunity and Judgment Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid upon collection of property taxes in those funds. As allowed by the School Code of Illinois, this Account may be permanently abolished and become part of the Educational Account or it may be partially abated to any fund in need, as long as the District maintains a balance in the Working Cash Account of at least 0.05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property levy and state reimbursement grants and expenditures of these monies for risk management activities.

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service, Capital Projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds (Continued)

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenues to finance contributions are derived primarily from local property taxes and personal property replacement taxes.

c. Debt Service Fund

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Fund

Fire Prevention and Safety Fund - accounts for state-approved life safety projects financed through bond issues or local property taxes levied specifically for such purposes. Revenues are derived from bond proceeds or transfers from other funds.

e. Fiduciary Fund

The Fiduciary Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

The *Agency Funds* - include student activity funds and convenience funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Although the Board of Education has the ultimate responsibility for activity funds, they are not local education agency funds. These funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. It accounts for activities such as student yearbook, student clubs and council. Convenience accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary agency fund statements. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable" and "available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers most revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if they are vouchered by year-end. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, replacement taxes, interest, and intergovernmental revenues associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has the resources, the liability or deferred inflow of resources for unearned and unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

The fiduciary fund statements are reported using the accrual basis of accounting.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to future periods. At June 30, 2017, the District reported deferred outflows of resources related to pension liabilities. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to future reporting periods. At June 30, 2017, the District reported deferred inflows related to property taxes levied for a future period and pension liabilities.

6. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the state for the employer's share of the Teachers' Retirement Pension (see budgetary reconciliation in the notes to the required supplementary information). Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

7. Deposits and Investments

Investments are stated at fair value. Changes in fair value are included in investment income.

8. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

9. Capital Assets

Capital assets, which include land, construction in progress, buildings, building improvements, land improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	80
Building improvements	20
Land improvements	20
Equipment	5 - 15

Construction in progress is stated at cost and includes engineering and design incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and put in use.

10. 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 are deferred and amortized over the life of the applicable bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and 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 cost and losses on refunding are reported as debt service expenditures.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

12. Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints exist that are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. All of the District's restricted net position was restricted as a result of enabling legislation.

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

13. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash, such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions, such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds, capital project funds and debt service funds are by definition restricted for those specified purposes.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance (Continued)

- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2017, the District had no committed fund balances.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Superintendent or Superintendent's designee. At June 30, 2017 the District had no assigned fund balances.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet." The details of this difference are as follows:

General obligation bonds	\$ (4,981,613)
Unamortized bond premiums	(173,207)
Net pension liability - IMRF	(718,274)
Net pension liability - TRS	<u>(842,779)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position of governmental activities	 \$ <u><u>(6,715,873)</u></u>

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Governmental funds report capital outlay 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." The details of this difference are as follows:

Capital outlay	\$ 433,407
Depreciation expense	<u>(381,616)</u>
 Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	 \$ <u><u>51,791</u></u>

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments			
General obligation bonds	\$	1,715,000	
Accretion		(29,194)	
Net pension liability - IMRF, net		22,893	
Net pension liability - TRS, net		(196,657)	
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	\$	1,512,042	

NOTE C - DEPOSITS AND INVESTMENTS

The District's investment policy, which is the same as the Treasurer's investment policy, is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The Illinois Compiled Statutes require the District to utilize the investment services of the Lyons Township School Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois School Code. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

1. Cash and Investments Under the Custody of the Township Treasurer

District cash and investments (other than the student activity accounts, convenience accounts, and imprest fund) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. Cash for all funds, including cash applicable to the Debt Service Fund and the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 7.69 years, at June 30, 2017. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$163,965,897. The District's proportionate share of all pooled cash and investments is approximately 7.71%. Further information about investments held at the Treasurer's office is available from the Treasurer's financial statements.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Cash and Investments in the Custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. At June 30, 2017, the carrying value of the District's Agency Funds and imprest funds were \$41,122, all of which were deposited with financial institutions.

Custodial Credit Risk - With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2017, the District had no uninsured cash balances.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 21, 2016. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County, except for certain railroad property, which is assessed directly by the state. One third of the county is reassessed every year by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.8032 for 2016.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2016 tax levy was \$513,384,114.

Property taxes are collected by the Cook County Collector/Treasurer, who remits them to the District. Taxes levied in one year become due and payable in two installments on March 1 and approximately August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment bill is based on the current levy, assessment, and equalization, and any changes from the prior year.

The portion of the 2016 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as property taxes levied for a future period (deferred inflow).

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - CAPITAL ASSETS

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

	<u>Balance July 1, 2016</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated				
Land	\$ 399,498	\$ -	\$ -	\$ 399,498
Construction in progress	<u>30,803</u>	<u>48,107</u>	<u>30,803</u>	<u>48,107</u>
Total capital assets, not being depreciated	<u>430,301</u>	<u>48,107</u>	<u>30,803</u>	<u>447,605</u>
Capital assets, being depreciated				
Buildings	21,256,079	-	-	21,256,079
Building improvements	325,586	121,187	5,450	441,323
Land improvements	404,843	141,468	-	546,311
Equipment	<u>3,071,741</u>	<u>153,448</u>	<u>83,190</u>	<u>3,141,999</u>
Total capital assets, being depreciated	<u>25,058,249</u>	<u>416,103</u>	<u>88,640</u>	<u>25,385,712</u>
Less accumulated depreciation for:				
Buildings	5,853,840	265,701	-	6,119,541
Building improvements	37,649	22,338	5,450	54,537
Land improvements	331,371	27,315	-	358,686
Equipment	<u>2,980,172</u>	<u>66,262</u>	<u>83,190</u>	<u>2,963,244</u>
Total accumulated depreciation	<u>9,203,032</u>	<u>381,616</u>	<u>88,640</u>	<u>9,496,008</u>
Total capital assets, being depreciated, net	<u>15,855,217</u>	<u>34,487</u>	<u>-</u>	<u>15,889,704</u>
Governmental activities capital assets, net	<u>\$ 16,285,518</u>	<u>\$ 82,594</u>	<u>\$ 30,803</u>	<u>\$ 16,337,309</u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	
Regular programs	\$ 216,233
Education media	9,844
General administration	19,056
School administration	16,334
Facilities acquisition and construction services	50,316
Operations and maintenance	68,740
Food service	<u>1,093</u>
 Total depreciation from governmental activities	 \$ <u><u>381,616</u></u>

NOTE F - LONG-TERM LIABILITIES

The following is the long-term liability activity for the District for the year ended June 30, 2017:

	Balance July 1, 2016	Additions/ Accretion	Reductions	Balance June 30, 2017
Bonds payable:				
General obligation bonds	\$ 6,667,419	\$ 29,194	\$ 1,715,000	\$ 4,981,613
Unamortized premium	<u>236,191</u>	<u>-</u>	<u>62,984</u>	<u>173,207</u>
 Total bonds payable	 <u>6,903,610</u>	 <u>29,194</u>	 <u>1,777,984</u>	 <u>5,154,820</u>
 IMRF net pension liability	 741,167	 509,708	 532,601	 718,274
TRS net pension liability	<u>646,122</u>	<u>238,005</u>	<u>41,348</u>	<u>842,779</u>
 Total long-term liabilities - governmental activities	 \$ <u><u>8,290,899</u></u>	 \$ <u><u>776,907</u></u>	 \$ <u><u>2,351,933</u></u>	 \$ <u><u>6,715,873</u></u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - LONG-TERM LIABILITIES (Continued)

	Due within one year
General obligation bonds	\$ <u><u>1,665,000</u></u>

1. General Obligation Bonds

The summary of activity in bonds payable for the year ended June 30, 2017 is as follows:

	Bonds Payable July 1, 2016	Accretion	Debt Retired	Bonds Payable June 30, 2017
Series 2005 Capital Appreciation Bonds interest at 4.50%, maturing December 1, 2018	\$ 782,419	\$ 29,194	\$ 285,000	\$ 526,613
Series 2016 General Obligation Refunding Bonds interest at 2.00% to 3.00%, maturing December 2, 2019	<u>5,885,000</u>	<u>-</u>	<u>1,430,000</u>	<u>4,455,000</u>
Total	<u>\$ 6,667,419</u>	<u>\$ 29,194</u>	<u>\$ 1,715,000</u>	<u>\$ 4,981,613</u>

The amount of bonds payable at June 30, 2017 is as follows:

	Interest Rates	Face Amount	Carrying Amount
Series 2005 Capital Appreciation Bonds	4.50%	\$ 550,000	\$ 526,613
Series 2016 General Obligation Refunding Bonds	2.00% - 3.00%	<u>4,455,000</u>	<u>4,455,000</u>
		<u>\$ 5,005,000</u>	<u>\$ 4,981,613</u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds (Continued)

At June 30, 2017, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,665,000	\$ 112,950	\$ 1,777,950
2019	1,830,000	68,775	1,898,775
2020	<u>1,510,000</u>	<u>22,650</u>	<u>1,532,650</u>
	<u>\$ 5,005,000</u>	<u>\$ 204,375</u>	<u>\$ 5,209,375</u>

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$871,490 in the Debt Service Fund to service the outstanding bonds payable.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$35,423,504, of which \$30,418,504 is fully available.

In prior years, the District defeased certain general obligation bonds and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2017, \$4,640,000 of bonds principal outstanding are considered defeased.

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pools: the Collective Liability Insurance Cooperative (CLIC) for property damage and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. Complete financial statements for CLIC can be obtained from its treasurer, 624 Kenilworth, Grayslake, Illinois, 60030.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. Premiums have been recorded as expenditures in the appropriate funds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

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

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

Benefits Provided

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

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

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

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2017, state of Illinois contributions recognized by the 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 \$4,693,060 in pension contributions from the state of Illinois.

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$39,427, 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.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$9,066 were paid from federal and special trust funds that required employer contributions of \$3,494. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Early 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 percent 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, 2017.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 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	\$	842,779
State's proportionate share of the net pension liability associated with the District		<u>47,787,873</u>
 Total	 \$	 <u><u>48,630,652</u></u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

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 projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.0010676731 percent, which was an increase of 0.0000813783 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,755,365 and revenue of \$4,693,060 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,232	\$ 572
Changes in assumptions	72,382	-
Net difference between projected and actual earnings on pension plan investments	23,810	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>66,481</u>	<u>79,016</u>
Total deferred amount to be recognized in pension expense in the future period	168,905	79,588
District contributions subsequent to the measurement date	<u>42,921</u>	-
Total	<u>\$ 211,826</u>	<u>\$ 79,588</u>

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

The District reported \$42,921 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

<u>Year ended June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 2,942
2019	2,942
2020	43,116
2021	34,610
2022	<u>5,707</u>
Total	<u>\$ 89,317</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 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of</u>
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	<u>14.0</u>	10.63
Total	<u><u>100 %</u></u>	

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was 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 percent, 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 percent) or 1-percentage-point higher (7.83 percent) than the current rate:

	<u>1% Lower (5.83%)</u>	<u>Current Discount (6.83%)</u>	<u>1% Higher (7.83%)</u>
District's proportionate share of the net pension liability	\$ <u>1,030,753</u>	\$ <u>842,779</u>	\$ <u>689,254</u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

2. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administer of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. 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. That 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).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	67
Active plan members	43
Total	132

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 11.50%. For the fiscal year ended June 30, 2017 the District contributed \$149,367 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.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific monthly table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Pleasantdale School District 107
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Long-term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. 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
- b. 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 valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2016:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2015	\$ 4,977,666	\$ 4,236,499	\$ 741,167
Changes for the year:			
Service cost	151,769	-	151,769
Interest on the total pension liability	370,646	-	370,646
Difference between expected and actual experience of the total pension liability	3,237	-	3,237
Changes of assumptions	(12,707)	-	(12,707)
Contributions - Employer	-	152,679	(152,679)
Contributions - Employees	-	59,744	(59,744)
Net Investment Income	-	289,224	(289,224)
Benefit payments, including refunds of employee contributions	(196,768)	(196,768)	-
Other (net transfer)	-	34,191	(34,191)
Net changes	<u>316,177</u>	<u>339,070</u>	<u>(22,893)</u>
Balances at December 31, 2016	\$ <u>5,293,843</u>	\$ <u>4,575,569</u>	\$ <u>718,274</u>

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 than the current rate:

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ <u>1,405,251</u>	\$ <u>718,274</u>	\$ <u>157,078</u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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 \$246,423. At June 30, 2017, the District reported deferred outflows / inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 1,960	\$ 15,209
Change of assumptions	1,547	7,696
Net difference between projected and actual earnings on pension plan investments	<u>223,698</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>227,205</u>	<u>22,905</u>
<i>Pension contributions made subsequent to the measurement date</i>	<u>79,790</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 306,995</u>	<u>\$ 22,905</u>

The District reported \$79,790 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

<u>Year ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 58,793
2019	74,185
2020	65,247
2021	6,075
Thereafter	<u>-</u>
Total	<u>\$ 204,300</u>

3. Summary of Pension Items

Below is a summary of the various pension items:

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources			
Employer contributions	\$ 42,921	\$ 79,790	\$ 122,711
Experience	6,232	1,960	8,192
Assumptions	72,382	1,547	73,929
Proportionate share	66,481	-	66,481
Investments	<u>23,810</u>	<u>223,698</u>	<u>247,508</u>
	<u>\$ 211,826</u>	<u>\$ 306,995</u>	<u>\$ 518,821</u>
Net pension liability	<u>\$ 842,779</u>	<u>\$ 718,274</u>	<u>\$ 1,561,053</u>

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - PENSION LIABILITIES (Continued)

3. Summary of Pension Items (Continued)

	TRS		IMRF		Total
Deferred inflows of resources					
Experience	\$ 572	\$	15,209	\$	15,781
Assumptions	-		7,696		7,696
Proportionate share	79,016		-		79,016
	\$ 79,588	\$	22,905	\$	102,493

4. Social Security/Medicare

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

NOTE I - OTHER POSTEMPLOYMENT BENEFITS

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

The 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 percent of the percentage of salary actually required to be paid in the previous fiscal year.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$76,135 and the District recognized revenue and expenditures of this amount during the year.

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2016, the District paid \$57,102 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

NOTE J - INTERFUND TRANSFERS

The District transferred \$500,000 from the Transportation Fund to the Debt Service Fund. The amount transferred is to be used for funding future debt payments.

The District transferred \$16,779 from the Transportation Fund to the Educational Account. The amount transferred represents interest earned on investments.

Pleasantdale School District 107
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE K - JOINT AGREEMENTS

The District is a member of LaGrange Area Department of Special Education (LADSE), a joint agreement that provides certain special education services to residents of many school districts. The District is also a member in a risk management pool, CLIC, mentioned in Note G. The District believes that, because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint governing boards, it is properly not included as a component unit of the District.

NOTE L - CONTINGENCIES

1. Litigation

The District at times is a defendant in various lawsuits and other pending matters, such as PTAB appeals. Although the eventual outcome and related liability, if any, is not determinable at this time, in the opinion of the District's management, the resolution of these matters will not have a material adverse effect on the financial condition of the District. No provision has been made in the accompanying financial statements for settlement costs.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE M - CONSTRUCTION COMMITMENTS

The District has certain commitments in various funds for constructions projects which have been approved by the Board of Education at June 30, 2017. Commitments approximate \$358,000 at June 30, 2017.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2017, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Pleasantdale School District 107
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Illinois Municipal Retirement Fund
June 30, 2017

Calendar Year Ended December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 151,769	\$ 149,557	\$ 152,338
Interest on the total pension liability	370,646	353,626	311,836
Difference between expected and actual experience of the total pension liability	3,237	(60,503)	77,228
Assumption changes	(12,707)	6,157	217,974
Benefit payments and refunds	(196,768)	(235,393)	(153,589)
Net change in total pension liability	<u>316,177</u>	<u>213,444</u>	<u>605,787</u>
Total pension liability, beginning	4,977,666	4,764,222	4,158,435
Total pension liability, ending	<u><u>\$ 5,293,843</u></u>	<u><u>\$ 4,977,666</u></u>	<u><u>\$ 4,764,222</u></u>
Plan fiduciary net position			
Contributions, employer	\$ 152,679	\$ 136,130	\$ 136,352
Contributions, employee	59,744	57,358	56,761
Net investment income	289,224	21,075	244,607
Benefit payments, including s refunds of employee contribution	(196,768)	(235,393)	(153,589)
Other (net transfer)	34,191	21,326	(38,323)
Net change in plan fiduciary net position	<u>339,070</u>	<u>496</u>	<u>245,808</u>
Plan fiduciary net position, beginning	4,236,499	4,236,003	3,990,195
Plan fiduciary net position, ending	<u><u>\$ 4,575,569</u></u>	<u><u>\$ 4,236,499</u></u>	<u><u>\$ 4,236,003</u></u>
Net pension liability	<u><u>\$ 718,274</u></u>	<u><u>\$ 741,167</u></u>	<u><u>\$ 528,219</u></u>
Plan fiduciary net position as a percentage of the total pension liability	86.43 %	85.11 %	88.91 %
Covered Valuation Payroll	\$ 1,327,643	\$ 1,274,619	\$ 1,261,348
Net pension liability as a percentage of covered valuation payroll	54.10 %	58.15 %	41.88 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

Pleasantdale School District 107
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
June 30, 2017

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 152,679	* \$ 152,679	\$ -	\$ 1,327,643	11.50 %
2015	136,129	136,130	(1)	1,274,619	10.68
2014	136,352	136,352	-	1,261,348	10.81

* Estimated based on contribution rate of 11.50% and covered valuation payroll of \$1,327,643 (most recent information available).

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

Pleasantdale School District 107
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
June 30, 2017

Fiscal year ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0010676731 %	0.0009862948 %	0.0009248978 %
District's proportionate share of the net pension liability	\$ 842,779	\$ 646,122	\$ 562,877
State's proportionate share of the net pension liability associated with the District	<u>47,787,873</u>	<u>38,581,979</u>	<u>35,101,562</u>
Total	<u>\$ 48,630,652</u>	<u>\$ 39,228,101</u>	<u>35,664,439</u>
District's covered-employee payroll	<u>\$ 6,324,214</u>	<u>\$ 5,954,992</u>	<u>5,689,636</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.33 %	10.85 %	9.89 %
Plan fiduciary net position as a percentage of the total pension liability	36.40 %	41.50 %	43.00 %

Note 1: The amounts presented were determined as of the prior fiscal-year end.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

Pleasantdale School District 107
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
June 30, 2017

Fiscal year ended June 30,

	2016	2015	2014
Contractually required contribution	\$ 43,109	\$ 34,539	\$ 33,000
Contributions in relation to the contractually required contribution	41,348	15,529	16,450
Contribution deficiency	\$ 1,761	\$ 19,010	\$ 16,550
District's covered-employee payroll	\$ 6,797,802	\$ 6,324,214	\$ 5,954,992
Contributions as a percentage of covered-employee payroll	0.61 %	0.25 %	0.28 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 9,349,060	\$ 9,529,394	\$ 180,334	\$ 8,261,650
Special education levy	135,640	138,450	2,810	118,898
Corporate personal property replacement taxes	356,560	527,935	171,375	344,888
Regular tuition from pupils or parents	30,740	214,744	184,004	174,609
Regular tuition from other districts	152,410	81,164	(71,246)	-
Summer school tuition from pupils or parents	10,000	27,475	17,475	10,145
Interest on investments	68,800	114,059	45,259	103,066
Sales to pupils - lunch	-	-	-	69,707
Sales to pupils - a la carte	-	-	-	18,088
Fees	-	-	-	4,052
Rentals - regular textbook	8,500	12,962	4,462	352
Contributions and donations from private sources	-	-	-	59
Impact fees from municipal or county governments	-	5,756	5,756	-
Services provided other districts	-	-	-	-
Refund of prior years' expenditures	4,000	4,914	914	2,014
Other	500	19,304	18,804	1,146
Total local sources	10,116,210	10,676,157	559,947	9,108,674

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
State sources				
General State Aid	\$ 200,000	\$ 211,042	\$ 11,042	\$ 192,446
Special Education - Private Facility Tuition	68,000	64,541	(3,459)	78,027
Special Education - Funding for Children Requiring Sp Ed Services	97,430	99,186	1,756	92,172
Special Education - Personnel	200,000	217,262	17,262	219,124
Special Education - Summer School	-	174	174	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	1,000	1,361	361	1,641
State Free Lunch and Breakfast	150	232	82	168
Other state sources	<u>750</u>	<u>-</u>	<u>(750)</u>	<u>750</u>
Total state sources	<u>567,330</u>	<u>593,798</u>	<u>26,468</u>	<u>584,328</u>
Federal sources				
National School Lunch Program	30,000	44,813	14,813	36,076
Title I - Low Income	54,165	56,191	2,026	65,779
Federal - Special Education - I.D.E.A. - Flow Through	1,464	1,464	-	252
Federal - Special Education - I.D.E.A. - Room and Board	-	10,557	10,557	-
Title II - Teacher Quality	10,064	2,595	(7,469)	10,716
Other federal sources	<u>66,500</u>	<u>-</u>	<u>(66,500)</u>	<u>-</u>
Total federal sources	<u>162,193</u>	<u>115,620</u>	<u>(46,573)</u>	<u>112,823</u>
Total revenues	<u>10,845,733</u>	<u>11,385,575</u>	<u>539,842</u>	<u>9,805,825</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 3,671,079	\$ 3,664,905	\$ 6,174	\$ 3,457,666
Employee benefits	831,065	719,739	111,326	762,411
Purchased services	44,650	33,730	10,920	24,390
Supplies and materials	175,248	145,458	29,790	140,167
Capital outlay	9,000	7,517	1,483	12,861
Other objects	3,496	864	2,632	585
Non-capitalized equipment	<u>7,000</u>	<u>1,056</u>	<u>5,944</u>	<u>76,759</u>
Total	<u>4,741,538</u>	<u>4,573,269</u>	<u>168,269</u>	<u>4,474,839</u>
Pre-K programs				
Salaries	185,031	185,031	-	155,322
Employee benefits	45,215	48,641	(3,426)	35,373
Supplies and materials	<u>5,000</u>	<u>4,766</u>	<u>234</u>	<u>4,100</u>
Total	<u>235,246</u>	<u>238,438</u>	<u>(3,192)</u>	<u>194,795</u>
Special education programs				
Salaries	1,412,588	1,382,161	30,427	1,260,599
Employee benefits	300,803	320,849	(20,046)	234,649
Purchased services	6,750	4,836	1,914	4,670
Supplies and materials	18,340	13,872	4,468	7,740
Capital outlay	<u>9,500</u>	<u>-</u>	<u>9,500</u>	<u>6,836</u>
Total	<u>1,747,981</u>	<u>1,721,718</u>	<u>26,263</u>	<u>1,514,494</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Interscholastic programs				
Salaries	\$ 323,970	\$ 319,994	\$ 3,976	\$ 305,617
Employee benefits	33,480	33,316	164	30,914
Purchased services	6,000	3,884	2,116	5,028
Supplies and materials	8,467	4,239	4,228	8,878
Other objects	800	675	125	75
	<u>372,717</u>	<u>362,108</u>	<u>10,609</u>	<u>350,512</u>
Total				
Summer school programs				
Salaries	26,410	40,397	(13,987)	23,815
Employee benefits	1,925	3,548	(1,623)	1,851
Supplies and materials	-	880	(880)	538
	<u>28,335</u>	<u>44,825</u>	<u>(16,490)</u>	<u>26,204</u>
Total				
Gifted programs				
Salaries	151,963	149,977	1,986	144,209
Employee benefits	27,570	29,319	(1,749)	30,344
Supplies and materials	2,260	1,882	378	1,211
	<u>181,793</u>	<u>181,178</u>	<u>615</u>	<u>175,764</u>
Total				
Special education programs K-12 - private tuition	<u>82,000</u>	<u>66,360</u>	<u>15,640</u>	<u>73,045</u>
Special education programs pre-K - private tuition	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,780</u>
Total instruction	<u>7,389,610</u>	<u>7,187,896</u>	<u>201,714</u>	<u>6,897,433</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 108,381	\$ 113,601	\$ (5,220)	\$ 104,092
Employee benefits	30,764	34,375	(3,611)	29,483
Supplies and materials	2,860	1,247	1,613	2,015
Total	142,005	149,223	(7,218)	135,590
Health services				
Salaries	76,443	75,937	506	68,890
Employee benefits	28,050	33,926	(5,876)	25,538
Purchased services	50	-	50	-
Supplies and materials	2,000	1,700	300	1,798
Capital outlay	65	-	65	-
Total	106,608	111,563	(4,955)	96,226
Total pupils	248,613	260,786	(12,173)	231,816
Instructional staff				
Improvement of instruction services				
Salaries	231,715	226,238	5,477	223,008
Employee benefits	92,503	94,903	(2,400)	87,736
Purchased services	45,202	26,261	18,941	39,311
Supplies and materials	86,950	66,207	20,743	60,239
Total	456,370	413,609	42,761	410,294

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Educational media services				
Salaries	\$ 300,661	\$ 307,541	\$ (6,880)	\$ 274,848
Employee benefits	59,733	62,999	(3,266)	60,610
Purchased services	22,580	6,058	16,522	15,831
Supplies and materials	71,795	69,634	2,161	53,544
Capital outlay	304,578	265,632	38,946	46,712
Other objects	18,550	19,585	(1,035)	17,622
Non-capitalized equipment	<u>4,000</u>	<u>810</u>	<u>3,190</u>	<u>2,115</u>
Total	<u>781,897</u>	<u>732,259</u>	<u>49,638</u>	<u>471,282</u>
Total instructional staff	<u>1,238,267</u>	<u>1,145,868</u>	<u>92,399</u>	<u>881,576</u>
General administration				
Board of education services				
Purchased services	73,000	48,572	24,428	73,866
Supplies and materials	19,000	7,837	11,163	13,368
Other objects	<u>7,500</u>	<u>7,866</u>	<u>(366)</u>	<u>7,021</u>
Total	<u>99,500</u>	<u>64,275</u>	<u>35,225</u>	<u>94,255</u>
Executive administration services				
Salaries	208,707	208,707	-	212,928
Employee benefits	54,615	56,122	(1,507)	54,190
Purchased services	14,000	12,535	1,465	10,837
Supplies and materials	5,500	3,587	1,913	3,626
Capital outlay	2,000	-	2,000	-
Other objects	7,500	7,632	(132)	5,919
Termination benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,916</u>
Total	<u>292,322</u>	<u>288,583</u>	<u>3,739</u>	<u>337,416</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<hr/>				
Tort immunity services				
Purchased services	\$ 68,825	\$ 68,824	\$ 1	\$ 78,609
Total	68,825	68,824	1	78,609
Total general administration	460,647	421,682	38,965	510,280
 School administration				
Office of the principal services				
Salaries	575,040	560,390	14,650	469,951
Employee benefits	135,969	146,695	(10,726)	113,381
Purchased services	24,500	15,791	8,709	15,985
Supplies and materials	17,300	14,618	2,682	12,277
Capital outlay	2,500	-	2,500	1,100
Other objects	2,710	1,173	1,537	1,165
Total	758,019	738,667	19,352	613,859
Total school administration	758,019	738,667	19,352	613,859

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Fiscal services				
Salaries	\$ 152,363	\$ 152,362	\$ 1	\$ 147,079
Employee benefits	28,681	31,124	(2,443)	31,136
Purchased services	125,150	99,351	25,799	105,610
Supplies and materials	6,545	550	5,995	419
Capital outlay	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total	<u>314,739</u>	<u>283,387</u>	<u>31,352</u>	<u>284,244</u>
Operation and maintenance of plant services				
Purchased services	<u>5,200</u>	<u>1,502</u>	<u>3,698</u>	<u>1,370</u>
Total	<u>5,200</u>	<u>1,502</u>	<u>3,698</u>	<u>1,370</u>
Food services				
Salaries	82,540	77,674	4,866	71,303
Employee benefits	7,210	7,198	12	6,947
Supplies and materials	56,000	31,720	24,280	125,235
Capital outlay	<u>3,064</u>	<u>3,432</u>	<u>(368)</u>	<u>-</u>
Total	<u>148,814</u>	<u>120,024</u>	<u>28,790</u>	<u>203,485</u>
Total business	<u>468,753</u>	<u>404,913</u>	<u>63,840</u>	<u>489,099</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Central				
Information services				
Salaries	\$ 27,500	\$ 23,144	\$ 4,356	\$ 18,813
Employee benefits	<u>3,499</u>	<u>3,586</u>	<u>(87)</u>	<u>2,369</u>
Total	<u>30,999</u>	<u>26,730</u>	<u>4,269</u>	<u>21,182</u>
Total central	<u>30,999</u>	<u>26,730</u>	<u>4,269</u>	<u>21,182</u>
Total support services	<u>3,205,298</u>	<u>2,998,646</u>	<u>206,652</u>	<u>2,747,812</u>
Community services				
Purchased services	<u>1,282</u>	<u>300</u>	<u>982</u>	<u>1,130</u>
Total	<u>1,282</u>	<u>300</u>	<u>982</u>	<u>1,130</u>
Payments for special education programs				
Other objects	<u>577,152</u>	<u>448,171</u>	<u>128,981</u>	<u>323,418</u>
Payments for special education programs - tuition				
Other objects	<u>290,402</u>	<u>148,877</u>	<u>141,525</u>	<u>182,292</u>
Total payments to other districts and other government units	<u>867,554</u>	<u>597,048</u>	<u>270,506</u>	<u>505,710</u>
Total expenditures	<u>11,463,744</u>	<u>10,783,890</u>	<u>679,854</u>	<u>10,152,085</u>
Excess (deficiency) of revenues over expenditures	<u>(618,011)</u>	<u>601,685</u>	<u>1,219,696</u>	<u>(346,260)</u>

(Continued)

Pleasantdale School District 107

General Fund - Budgetary Basis

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Permanent transfer of interest	\$ 12,870	\$ 16,779	\$ 3,909	\$ 16,406
Permanent transfer to Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Total other financing sources (uses)	<u>12,870</u>	<u>16,779</u>	<u>3,909</u>	<u>(983,594)</u>
Net change to fund balance	<u>\$ (605,141)</u>	618,464	<u>\$ 1,223,605</u>	(1,329,854)
Fund balance, beginning of year		<u>7,045,479</u>		<u>8,375,333</u>
Fund balance, end of year		<u>\$ 7,663,943</u>		<u>\$ 7,045,479</u>

(Concluded)

Pleasantdale School District 107
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,649,020	\$ 1,683,391	\$ 34,371	\$ 1,462,393
Interest on investments	36,270	48,519	12,249	38,894
Rentals	-	1,200	1,200	45,524
Contributions and donations from private sources	-	500	500	-
Impact fees from municipal or county governments	5,000	15,734	10,734	33,852
Other	-	16,050	16,050	442
Total local sources	<u>1,690,290</u>	<u>1,765,394</u>	<u>75,104</u>	<u>1,581,105</u>
Total revenues	<u>1,690,290</u>	<u>1,765,394</u>	<u>75,104</u>	<u>1,581,105</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	15,000	2,013	12,987	51,888
Capital outlay	<u>309,898</u>	<u>274,427</u>	<u>35,471</u>	<u>88,924</u>
Total	<u>324,898</u>	<u>276,440</u>	<u>48,458</u>	<u>140,812</u>

(Continued)

Pleasantdale School District 107
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Operation and maintenance of plant services				
Salaries	\$ 184,829	\$ 180,047	\$ 4,782	\$ 185,699
Employee benefits	28,826	28,011	815	24,791
Purchased services	436,771	325,327	111,444	467,724
Supplies and materials	252,200	282,296	(30,096)	203,851
Capital outlay	<u>115,000</u>	<u>171,437</u>	<u>(56,437)</u>	<u>67,592</u>
 Total	 <u>1,017,626</u>	 <u>987,118</u>	 <u>30,508</u>	 <u>949,657</u>
 Total business	 <u>1,342,524</u>	 <u>1,263,558</u>	 <u>78,966</u>	 <u>1,090,469</u>
 Total support services	 <u>1,342,524</u>	 <u>1,263,558</u>	 <u>78,966</u>	 <u>1,090,469</u>
 Total expenditures	 <u>1,342,524</u>	 <u>1,263,558</u>	 <u>78,966</u>	 <u>1,090,469</u>
 Excess of revenues over expenditures	 <u>347,766</u>	 <u>501,836</u>	 <u>154,070</u>	 <u>490,636</u>
 Other financing uses				
Permanent transfer to Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(782,378)</u>
 Total other financing uses	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(782,378)</u>
 Net change in fund balance	 <u>\$ 347,766</u>	 501,836	 <u>\$ 154,070</u>	 (291,742)
 Fund balance, beginning of year		<u>3,395,416</u>		<u>3,687,158</u>
 Fund balance, end of year		<u>\$ 3,897,252</u>		<u>\$ 3,395,416</u>

(Concluded)

Pleasantdale School District 107

Transportation Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 747,700	\$ 738,352	\$ (9,348)	\$ 681,161
Interest on investments	<u>12,870</u>	<u>16,779</u>	<u>3,909</u>	<u>16,406</u>
Total local sources	<u>760,570</u>	<u>755,131</u>	<u>(5,439)</u>	<u>697,567</u>
State sources				
Transportation - Regular/Vocational	110,000	121,911	11,911	112,234
Transportation - Special Education	<u>50,000</u>	<u>52,443</u>	<u>2,443</u>	<u>79,684</u>
Total state sources	<u>160,000</u>	<u>174,354</u>	<u>14,354</u>	<u>191,918</u>
Total revenues	<u>920,570</u>	<u>929,485</u>	<u>8,915</u>	<u>889,485</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Salaries	49,234	46,986	2,248	47,638
Employee benefits	8,985	9,354	(369)	8,927
Purchased services	<u>629,800</u>	<u>639,361</u>	<u>(9,561)</u>	<u>613,211</u>
Total	<u>688,019</u>	<u>695,701</u>	<u>(7,682)</u>	<u>669,776</u>
Total support services	<u>688,019</u>	<u>695,701</u>	<u>(7,682)</u>	<u>669,776</u>
Total expenditures	<u>688,019</u>	<u>695,701</u>	<u>(7,682)</u>	<u>669,776</u>

(Continued)

Pleasantdale School District 107
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017				2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget		
Excess of revenues over expenditures	\$ 232,551	\$ 233,784	\$ 1,233	\$ 219,709	
Other financing uses					
Permanent transfer of interest - out	(12,870)	(16,779)	(3,909)	(16,406)	
Permanent transfer to Debt Service Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	
Total other financing uses	<u>(512,870)</u>	<u>(516,779)</u>	<u>(3,909)</u>	<u>(16,406)</u>	
Net change in fund balance	<u>\$ (280,319)</u>	(282,995)	<u>\$ (2,676)</u>	203,303	
Fund balance, beginning of year		<u>1,474,040</u>		<u>1,270,737</u>	
Fund balance, end of year		<u>\$ 1,191,045</u>		<u>\$ 1,474,040</u>	

(Concluded)

Pleasantdale School District 107
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 137,490	\$ 151,459	\$ 13,969	\$ 115,084
Social security/Medicare only levy	148,000	172,078	24,078	119,598
Corporate personal property replacement taxes	88,000	85,245	(2,755)	89,638
Interest on investments	<u>1,300</u>	<u>2,900</u>	<u>1,600</u>	<u>2,237</u>
Total local sources	<u>374,790</u>	<u>411,682</u>	<u>36,892</u>	<u>326,557</u>
Total revenues	<u>374,790</u>	<u>411,682</u>	<u>36,892</u>	<u>326,557</u>
Expenditures				
Instruction				
Regular programs	52,950	48,878	4,072	46,283
Pre-K programs	2,685	2,564	121	2,172
Special education programs	141,663	131,508	10,155	118,534
Interscholastic programs	9,410	8,333	1,077	7,311
Summer school programs	1,720	1,914	(194)	1,644
Gifted programs	<u>2,205</u>	<u>2,116</u>	<u>89</u>	<u>2,034</u>
Total instruction	<u>210,633</u>	<u>195,313</u>	<u>15,320</u>	<u>177,978</u>
Support services				
Pupils				
Attendance and social work services	1,572	1,511	61	1,397
Health services	<u>14,336</u>	<u>12,818</u>	<u>1,518</u>	<u>11,802</u>
Total pupils	<u>15,908</u>	<u>14,329</u>	<u>1,579</u>	<u>13,199</u>

(Continued)

Pleasantdale School District 107
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Instructional staff				
Improvement of instruction services	\$ 3,257	\$ 3,262	\$ (5)	\$ 3,162
Educational media services	<u>37,260</u>	<u>28,738</u>	<u>8,522</u>	<u>30,745</u>
Total instructional staff	<u>40,517</u>	<u>32,000</u>	<u>8,517</u>	<u>33,907</u>
General administration				
Executive administration services	<u>8,610</u>	<u>8,707</u>	<u>(97)</u>	<u>8,501</u>
Total general administration	<u>8,610</u>	<u>8,707</u>	<u>(97)</u>	<u>8,501</u>
School administration				
Office of the principal services	<u>40,135</u>	<u>36,574</u>	<u>3,561</u>	<u>35,993</u>
Total school administration	<u>40,135</u>	<u>36,574</u>	<u>3,561</u>	<u>35,993</u>
Business				
Fiscal services	7,071	7,164	(93)	6,840
Operation and maintenance of plant services	33,093	32,650	443	31,825
Pupil transportation services	3,877	3,395	482	3,660
Food services	<u>3,980</u>	<u>2,214</u>	<u>1,766</u>	<u>1,662</u>
Total business	<u>48,021</u>	<u>45,423</u>	<u>2,598</u>	<u>43,987</u>

(Continued)

Pleasantdale School District 107
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Central				
Information services	\$ 4,963	\$ 4,125	\$ 838	\$ 3,394
Total central	<u>4,963</u>	<u>4,125</u>	<u>838</u>	<u>3,394</u>
Total support services	<u>158,154</u>	<u>141,158</u>	<u>16,996</u>	<u>138,981</u>
Total expenditures	<u>368,787</u>	<u>336,471</u>	<u>32,316</u>	<u>316,959</u>
Excess of revenues over expenditures	<u>\$ 6,003</u>	75,211	<u>\$ 69,208</u>	9,598
Fund balance, beginning of year		<u>218,642</u>		<u>209,044</u>
Fund balance, end of year		<u>\$ 293,853</u>		<u>\$ 218,642</u>

(Concluded)

Pleasantdale School District 107

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for "on-behalf" payments that are not budgeted for. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 21, 2016.
- g) The following fund had expenditures in excess of budget at June 30, 2017:

<u>Fund</u>	<u>Variance</u>
Transportation	7,682

Pleasantdale School District 107

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

2. BUDGET RECONCILIATION

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the state of Illinois for the employer's share of the Teachers' Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
General fund - budgetary basis	\$ 11,385,575	\$ 10,783,890
To adjust for on-behalf payments received	4,760,729	-
To adjust for on-behalf payments made	-	4,760,729
	<u>\$ 16,146,304</u>	<u>\$ 15,544,619</u>

3. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.00 percent, including an inflation rate of 2.50 percent and a real return of 4.50%. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. However, salary increases were assumed to vary by age.

Pleasantdale School District 107

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

4. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 IMRF CONTRIBUTION RATE*

Valuation Date:

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

Methods and Assumptions Used to Determine the 2016 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
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 calculation pursuant to an experience study of the period 2011-2013.

Pleasantdale School District 107

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

4. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 IMRF CONTRIBUTION RATE* (Continued)

Methods and Assumptions Used to Determine the 2016 Contribution Rate:

(Continued)

Mortality

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

Other Information:

Notes

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.

SUPPLEMENTARY FINANCIAL INFORMATION

Pleasantdale School District 107

General Fund
COMBINING BALANCE SHEET
June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
ASSETS				
Cash and investments	\$ 7,209,953	\$ 31,763	\$ 269,320	\$ 7,511,036
Receivables (net of allowance for uncollectibles):				
Property taxes	4,227,553	39,207	-	4,266,760
Intergovernmental	211,795	-	-	211,795
Other current assets	3,726	-	-	3,726
Total assets	<u>\$ 11,653,027</u>	<u>\$ 70,970</u>	<u>\$ 269,320</u>	<u>\$ 11,993,317</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,643	\$ -	\$ -	\$ 14,643
Unearned revenue	47,971	-	-	47,971
Total liabilities	<u>62,614</u>	<u>-</u>	<u>-</u>	<u>62,614</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>4,227,553</u>	<u>39,207</u>	<u>-</u>	<u>4,266,760</u>
Total deferred inflows	<u>4,227,553</u>	<u>39,207</u>	<u>-</u>	<u>4,266,760</u>
FUND BALANCES				
Restricted	-	31,763	-	31,763
Unassigned	7,362,860	-	269,320	7,632,180
Total fund balance	<u>7,362,860</u>	<u>31,763</u>	<u>269,320</u>	<u>7,663,943</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 11,653,027</u>	<u>\$ 70,970</u>	<u>\$ 269,320</u>	<u>\$ 11,993,317</u>

Pleasantdale School District 107

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
Revenues				
Property taxes	\$ 9,578,466	\$ 89,378	\$ -	\$ 9,667,844
Replacement taxes	527,935	-	-	527,935
State aid	5,362,993	-	-	5,362,993
Federal aid	115,620	-	-	115,620
Interest	110,657	136	3,266	114,059
Other	366,319	-	-	366,319
	<u>16,061,990</u>	<u>89,514</u>	<u>3,266</u>	<u>16,154,770</u>
Total revenues				
Expenditures				
Current:				
Instruction:				
Regular programs	4,565,752	-	-	4,565,752
Special programs	1,788,078	-	-	1,788,078
Other instructional programs	826,549	-	-	826,549
State retirement contributions	4,769,195	-	-	4,769,195
Support services:				
Pupils	260,786	-	-	260,786
Instructional staff	880,236	-	-	880,236
General administration	352,858	68,824	-	421,682
School administration	738,667	-	-	738,667
Business	399,979	-	-	399,979
Operations and maintenance	1,502	-	-	1,502
Central	26,730	-	-	26,730
Community services	300	-	-	300
Nonprogrammed charges	597,048	-	-	597,048
Capital outlay	276,581	-	-	276,581
	<u>15,484,261</u>	<u>68,824</u>	<u>-</u>	<u>15,553,085</u>
Total expenditures				
Excess of revenues over expenditures	<u>577,729</u>	<u>20,690</u>	<u>3,266</u>	<u>601,685</u>
Other financing sources				
Transfers in	<u>16,779</u>	<u>-</u>	<u>-</u>	<u>16,779</u>
Total other financing sources	<u>16,779</u>	<u>-</u>	<u>-</u>	<u>16,779</u>
Net change in fund balance	594,508	20,690	3,266	618,464
Fund balance, beginning of year	<u>6,768,352</u>	<u>11,073</u>	<u>266,054</u>	<u>7,045,479</u>
Fund balance, end of year	<u>\$ 7,362,860</u>	<u>\$ 31,763</u>	<u>\$ 269,320</u>	<u>\$ 7,663,943</u>

Pleasantdale School District 107
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,428,940	\$ 1,312,756	\$ (116,184)	\$ 643,866
Interest on investments	<u>9,340</u>	<u>7,733</u>	<u>(1,607)</u>	<u>5,199</u>
Total local sources	<u>1,438,280</u>	<u>1,320,489</u>	<u>(117,791)</u>	<u>649,065</u>
Total revenues	<u>1,438,280</u>	<u>1,320,489</u>	<u>(117,791)</u>	<u>649,065</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	<u>294,190</u>	<u>184,456</u>	<u>109,734</u>	<u>153,689</u>
Total debt service - interest	<u>294,190</u>	<u>184,456</u>	<u>109,734</u>	<u>153,689</u>
Principal payments on long-term debt	<u>1,605,266</u>	<u>1,715,000</u>	<u>(109,734)</u>	<u>1,475,000</u>
Other debt service				
Purchased services	-	-	-	101,003
Other objects	<u>5,500</u>	<u>1,726</u>	<u>3,774</u>	<u>1,140</u>
Total	<u>5,500</u>	<u>1,726</u>	<u>3,774</u>	<u>102,143</u>
Total debt service	<u>1,904,956</u>	<u>1,901,182</u>	<u>3,774</u>	<u>1,730,832</u>
Total expenditures	<u>1,904,956</u>	<u>1,901,182</u>	<u>3,774</u>	<u>1,730,832</u>
Deficiency of revenues over expenditures	<u>(466,676)</u>	<u>(580,693)</u>	<u>(114,017)</u>	<u>(1,081,767)</u>

(Continued)

Pleasantdale School District 107
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources (uses)				
Principal on bonds sold	\$ -	\$ -	\$ -	\$ 5,885,000
Premium on issuance of bonds	-	-	-	251,937
Deposit with escrow agent	-	-	-	(6,035,934)
Transfer from other funds	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>1,782,378</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>1,883,381</u>
Net change in fund balance	<u>\$ 33,324</u>	(80,693)	<u>\$ (114,017)</u>	801,614
Fund balance, beginning of year		<u>952,183</u>		<u>150,569</u>
Fund balance, end of year		<u>\$ 871,490</u>		<u>\$ 952,183</u>

(Concluded)

Pleasantdale School District 107
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 140	\$ -	\$ (140)	\$ -
Interest on investments	<u>2,800</u>	<u>3,558</u>	<u>758</u>	<u>3,150</u>
Total local sources	<u>2,940</u>	<u>3,558</u>	<u>618</u>	<u>3,150</u>
Total revenues	<u>2,940</u>	<u>3,558</u>	<u>618</u>	<u>3,150</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	<u>12,000</u>	<u>5,422</u>	<u>6,578</u>	<u>7,585</u>
Total	<u>12,000</u>	<u>5,422</u>	<u>6,578</u>	<u>7,585</u>
Total support services	<u>12,000</u>	<u>5,422</u>	<u>6,578</u>	<u>7,585</u>
Total expenditures	<u>12,000</u>	<u>5,422</u>	<u>6,578</u>	<u>7,585</u>
Deficiency of revenues over expenditures	<u>\$ (9,060)</u>	(1,864)	<u>\$ 7,196</u>	(4,435)
Fund balance, beginning of year		<u>291,803</u>		<u>296,238</u>
Fund balance, end of year		<u>\$ 289,939</u>		<u>\$ 291,803</u>

Pleasantdale School District 107
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash	\$ 24,836	\$ 119,434	\$ 106,276	\$ 37,994
Liabilities				
Due to:				
<i>District Office</i>				
Friendship Fund	\$ 1,650	\$ 4,434	\$ 4,546	\$ 1,538
<i>Middle School</i>				
8th Grade Trip	(372)	25,285	22,961	1,952
Calculators	1,738	90	-	1,828
Celebration Books Library	2,724	985	2,277	1,432
Coca-Cola	314	119	162	271
Field Trips	(3,255)	8,750	5,876	(381)
Locks	3,328	35	429	2,934
Miscellaneous	3,322	3,417	4,253	2,486
Music	3,495	6,591	5,973	4,113
Outdoor Education	1,677	12,592	14,037	232
P.E. Uniforms	4,650	11,559	10,933	5,276
Peer Leadership	(429)	429	-	-
Scholarships	200	1,696	419	1,477
Science Fair/Invention Council	425	1,279	980	724
Student Council	7,258	6,402	7,104	6,556
Technology Fund	56	-	-	56
Yearbooks	(4,317)	9,818	6,185	(684)
<i>Elementary School</i>				
Field Trips	388	7,126	7,644	(130)
General	2,011	5,318	5,784	1,545
Library	98	5,599	3,812	1,885
Staff Related Expenses	32	-	-	32
Recycling	90	-	-	90
Butterfly Garden	557	-	-	557
Student Council	5	-	-	5
Classroom Activity	-	80	42	38
Revtrak	1,174	797	24	1,947
Yearbooks	(1,983)	7,033	2,835	2,215
Total liabilities	\$ 24,836	\$ 119,434	\$ 106,276	\$ 37,994

Pleasantdale School District 107
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2017

		Maturity as follows			
		for the Year			
		<u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2005 Capital Appreciation Bonds					
dated December 28, 2005	2018	\$	285,000	\$ -	\$ 285,000
(Interest at 4.50%,	2019		265,000	-	265,000
Principal due December 1)			<u>550,000</u>	<u>-</u>	<u>550,000</u>
	Total		<u>550,000</u>	<u>-</u>	<u>550,000</u>
Series 2016 General Obligation Refunding					
Bonds dated March 10, 2016	2018		1,380,000	112,950	1,492,950
(Interest at 2.00% to 3.00%,	2019		1,565,000	68,775	1,633,775
Principal due December 1)	2020		1,510,000	22,650	1,532,650
	Total		<u>4,455,000</u>	<u>204,375</u>	<u>4,659,375</u>
Total General Obligation Bonds		\$	<u>5,005,000</u>	\$ <u>204,375</u>	\$ <u>5,209,375</u>

OTHER SUPPLEMENTARY INFORMATION
(Unaudited)

Pleasantdale School District 107
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST FIVE TAX LEVY YEARS

	2016	2015	2014	2013	2012
Assessed valuation	\$513,384,114	\$492,031,994	\$507,181,813	\$499,090,300	\$527,661,324
Rates Extended					
Educational	1.7640	1.8158	1.7291	1.7151	1.5798
Special Education	0.0259	0.0266	0.0249	0.0247	0.0228
Tort Immunity	0.0166	0.0173	0.0164	0.0162	0.0149
Operations and Maintenance	0.3140	0.3244	0.3089	0.3064	0.2822
Debt Service	0.2145	0.2853	-	-	0.1199
Transportation	0.1332	0.1471	0.1477	0.1468	0.1352
Municipal Retirement	0.0304	0.0269	0.0230	0.0227	0.0209
Social Security	0.0361	0.0289	0.0230	0.0227	0.0209
Total rates extended	2.5347	2.6723	2.2730	2.2546	2.1966
Levies Extended					
Educational	\$ 9,056,095	\$ 8,934,075	\$ 8,769,680	\$ 8,559,897	\$ 8,335,993
Special Education	132,966	131,081	126,288	123,275	120,306
Tort Immunity	85,221	84,933	83,177	80,852	78,621
Operations and Maintenance	1,612,026	1,596,037	1,566,684	1,529,212	1,489,060
Debt Service	1,101,083	1,403,774	-	-	632,392
Transportation	683,827	723,642	749,107	732,664	713,398
Municipal Retirement	156,068	132,554	116,651	113,293	110,281
Social Security	185,331	142,372	116,651	113,293	110,281
Total levies extended	\$ 13,012,617	\$ 13,148,468	\$ 11,528,238	\$ 11,252,486	\$ 11,590,332

Note: Tax Rates are expressed in dollars per \$100 of assessed valuation.

Pleasantdale School District 107
OPERATING COSTS AND TUITION CHARGE
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>779.27</u>	<u>775.47</u>
Operating costs:		
Educational	\$ 10,715,066	\$ 10,073,476
Operations and Maintenance	1,263,558	1,090,469
Debt Service	1,901,182	1,730,832
Transportation	695,701	669,776
Municipal Retirement/Social Security	336,471	316,959
Tort	<u>68,824</u>	<u>78,609</u>
Subtotal	<u>14,980,802</u>	<u>13,960,121</u>
Less Revenues/Expenditures of Nonregular Programs:		
Summer School	46,739	27,848
Pre-K Programs	241,002	196,967
Special Education	66,360	160,825
Payments to Other Districts and Gov't Units	597,048	505,710
Capital Outlay	722,445	224,025
Debt Principal Retired	1,715,000	1,475,000
Non-capitalized Equipment	1,866	78,874
Community Services	<u>300</u>	<u>1,130</u>
Subtotal	<u>3,390,760</u>	<u>2,670,379</u>
Operating costs	<u>\$ 11,590,042</u>	<u>\$ 11,289,742</u>
Operating costs per pupil - based on ADA	<u>\$ 14,873</u>	<u>\$ 14,559</u>
Tuition Charge		
Operating costs	\$ 11,590,042	\$ 11,289,742
Less - revenues from specific programs, such as special education or lunch programs	<u>686,892</u>	<u>834,346</u>
Net operating costs	10,903,150	10,455,396
Depreciation allowance	<u>381,803</u>	<u>322,351</u>
Allowance tuition costs	<u>\$ 11,284,953</u>	<u>\$ 10,777,747</u>
Tuition charge per pupil - based on ADA	<u>\$ 14,481</u>	<u>\$ 13,898</u>

Source of information: Annual Financial Reports