

ANNUAL FINANCIAL REPORT
GAVIN SCHOOL DISTRICT NO. 37
INGLESIDE, ILLINOIS

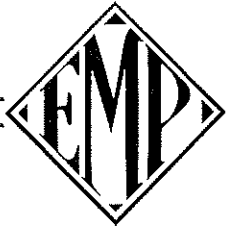
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Gavin School District No. 37
Ingleside, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gavin School District No. 37, Ingleside, Illinois, (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the

aggregate remaining fund information of the Gavin School District No. 37, as of June 30, 2018, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gavin School District No. 37's financial statements. The other information, as listed in the table of contents, which are the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance

Prior-Year Comparative Information

We have previously audited Gavin School District No. 37's 2017 financial statements, and we expressed unmodified audit opinions on the respective modified cash basis statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

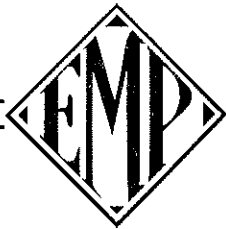
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of Gavin School District No. 37's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gavin School District No. 37's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, P.C.
Certified Public Accountants

Rolling Meadows, Illinois
November 27, 2018



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

To the Board of Education
Gavin School District No. 37
Ingleside, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gavin School District No. 37, Ingleside, Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Gavin School District No. 37's financial statements, and have issued our report thereon dated November 27, 2018. The financial statements were found to be fairly stated on the modified cash basis of accounting, which is a comprehensive basis of accounting other than general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gavin School District No. 37's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gavin School District No. 37's internal control. Accordingly, we do not express an opinion on the effectiveness of Gavin School District No. 37's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we identified a deficiency in internal control that we consider to be a material weakness: one employee has the ability to add new employees into the payroll system, process checks and print with automated signatures, as well as access to the purchasing system and cash disbursement functions. The District does not have adequate controls over purchasing, cash disbursements and payroll; therefore, the combination increases the chance for errors and irregularities.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gavin School District No. 37's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*: one employee has the ability to add new employees into the payroll system, process checks and print with automated signatures, as well as access to the purchasing system and cash disbursement functions. The District does not have adequate controls over purchasing, cash disbursements and payroll; therefore, the combination increases the chance for errors and irregularities.

Management's Response to Findings

Gavin School District No. 37's response to the finding identified in our audit related to the duties assigned to one employee is that the District strives to reallocate duties whenever possible. Gavin School District No. 37's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, P.C.
Certified Public Accountants

Rolling Meadows, Illinois
November 27, 2018

OTHER INFORMATION
Management's Discussion and Analysis

The discussion and analysis of Gavin School District 37's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Total governmental fund balances increased from \$2,854,131 to \$2,883,262 during the fiscal year.

In the district-wide statements the net position increased from \$5,962,263 on July 1, 2017, to \$6,792,466 at June 30, 2018.

In the governmental funds, expenditures disbursed (excluding state on-behalf payments for retirement contributions) were \$10,288,031, a decrease of 10.25% over last year, while revenues (excluding on-behalf payments) were \$10,304,787, a decrease of 3.06% over last year.

Local revenues accounted for 50.93% of all revenues in the governmental funds.

Overview of the Financial Statements

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

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

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

Government-Wide financial statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The 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, operations and maintenance of facilities and transportation services.

Fund financial statements

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

Governmental funds 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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General (Educational and Working Cash Accounts), Operations and Maintenance, Debt Service, Transportation, and Municipal Retirement/Social Security, all of which are considered to be major funds. The District considers all of its funds to be major funds.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the school 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.

Gavin School District No. 37
 Management's Discussion and Analysis
 For the Year Ended June 30, 2018

Notes to the financial statements

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

Other information

In addition to the basic financial statement and accompanying notes, this report also presents certain other information.

District-Wide Financial Analysis

The District's combined net position improved to \$6,792,466 from \$5,962,263 in fiscal year 2018:

Table 1 - Condensed Statement of Net Position - Modified Cash Basis		
	2018	2017
Current assets	\$ 2,890,570	\$ 2,859,336
Non-current assets	4,404,204	4,598,132
Total assets	7,294,774	7,457,468
Current liabilities	7,308	5,205
Non-current liabilities	495,000	1,490,000
Total liabilities	502,308	1,495,205
Net investment in capital assets	3,939,204	3,108,132
Restricted	1,772,643	2,120,742
Unrestricted	1,080,619	733,389
Total net position	\$ 6,792,466	\$ 5,962,263

The following chart depicts district-wide revenues by source and the cost of services by their function:

Table 2 Changes in Modified Cash Net Position				
	2018	Percentage of Total	2017	Percentage of Total
Revenues:				
Program revenues:				
Charges for services	\$ 274,618	2.1%	\$ 273,800	1.9%
Operating grants and contributions	4,452,160	33.4%	4,931,523	35.0%
General revenues:				
Property taxes	6,466,437	48.5%	7,100,986	50.5%
General state aid	2,095,081	15.7%	1,719,262	12.2%
Other	53,919	0.4%	48,521	0.3%
Total revenues	13,342,215		14,074,092	
Expenses:				
Instruction	7,935,739	63.4%	8,372,741	63.7%
Support	3,656,017	29.2%	3,593,159	27.4%
Other	920,256	7.4%	1,168,553	8.9%
Total expenses	12,512,012		13,134,453	
Change in net position	830,203		939,639	
Net position, beginning	5,962,263		5,022,624	
Net position, ending	\$ 6,792,466		\$ 5,962,263	

The following bullet points show the financial burden placed on the District's taxpayers for all governmental activities. Net cost is the total cost less fees and state or federal grants and aid.

- The total cost of all governmental activities this year was \$12,512,012.
- Of that cost, \$274,618 was financed by fees and charges for services.
- The state and federal government subsidized certain programs with aid totaling \$6,547,241.
- The remainder and the major proportion of the District's expenses were financed by the District's taxpayers.

Financial Analysis of the District's Funds

The District's governmental funds have a combined fiscal year-end fund balance of \$2,883,262, an increase of 1.02%. Individually, the General Fund increased \$337,230 to an ending fund balance of \$1,110,619, the Operations and Maintenance Fund increased \$31,993 to an ending fund balance of \$108,533, the Debt Service Fund decreased \$262,715 to an ending fund balance of \$625,249, the

Transportation Fund decreased \$81,120 to an ending fund balance of \$861,803, the Municipal Retirement/Social Security Fund decreased \$39,206 to an ending fund balance of \$174,109 and the Tort Fund increased \$2,949 to an ending fund balance of \$2,949. The combined governmental funds' increase was \$29,131.

Fund Budgetary Highlights

During the year ended June 30, 2018, actual expenditures exceeded budgeted expenditures in the Educational Account by \$3,014,262 (mainly due to unbudgeted on-behalf payments of \$3,037,428) and the Municipal Retirement/Social Security Fund by \$2,315.

Capital Asset and Long-Term Debt

Capital assets

Overall, the District saw a decrease of 4.22% in capital assets due to depreciation expense of \$276,069. For more information please see Note 4 in Notes to Financial Statements.

Table 3 Capital Assets, Net of Accumulated Depreciation			
	2018	2017	Percentage Change
Non-depreciable	\$ 158,453	\$ 158,453	0.00%
Depreciable	4,245,751	4,439,679	-4.37%
Net capital assets	<u>\$ 4,404,204</u>	<u>\$ 4,598,132</u>	<u>-4.22%</u>

Long-term obligations

At year-end the District had \$495,000 general obligation bonds outstanding. The District made payments of \$995,000 for a net decrease in long-term debt. For more information please see Note 5 in Notes to Financial Statements.

Table 4 Outstanding Long-Term Obligations			
	2018	2017	Percentage Change
G. O. bonds and other	\$ 495,000	\$ 1,490,000	-66.78%
Total	<u>\$ 495,000</u>	<u>\$ 1,490,000</u>	<u>-66.78%</u>

Factors Bearing on the District's Future

The District is monitoring the current financial situation and how it will impact revenues and expenditures. A factor that will continue to impact future revenues is the limited revenue due to the low increases in the Consumer Price Index. The District is only seven square miles and essentially has no new land available for development. The uncertainty of adequate and timely payments from the State continues to affect the budgeting of revenues and the planning of cash flows. Fuel and energy costs will continue to affect the District's budget. Staff is asked to conserve energy as much as possible. Special education costs continue to rise as more children are identified and the services are more expensive. As buildings and facilities continue to age, budgeted expenditures will necessarily be diverted from normal operations to repairs and maintenance. The general cost of doing business as a school district will rise and make budgets tighter.

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:

Gavin School District No. 37
25775 West Highway 134
Ingleside, IL 60041

BASIC FINANCIAL STATEMENTS

GAVIN SCHOOL DISTRICT NO. 37
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	Governmental Activities	
	2018	2017
ASSETS		
Current assets		
Cash	\$ 2,890,570	\$ 2,859,336
Total current assets	<u>2,890,570</u>	<u>2,859,336</u>
Non-current assets		
Capital assets, not being depreciated		
Land	158,453	158,453
Total depreciable capital assets, net of depreciation	<u>158,453</u>	<u>158,453</u>
Depreciable capital assets, net of accumulated depreciation		
Improvements, other than buildings	24,117	223
Buildings	3,942,813	4,147,061
Equipment	278,821	292,395
Total depreciable capital assets, net of depreciation	<u>4,245,751</u>	<u>4,439,679</u>
Total non-current assets	<u>4,404,204</u>	<u>4,598,132</u>
Total Assets	<u>7,294,774</u>	<u>7,457,468</u>
LIABILITIES		
Current liabilities		
Payroll deductions and withholdings	7,308	5,205
Total current liabilities	<u>7,308</u>	<u>5,205</u>
Non-current liabilities		
Due within one year	495,000	1,025,000
Due in more than one year	-	465,000
Total non-current liabilities	<u>495,000</u>	<u>1,490,000</u>
Total Liabilities	<u>502,308</u>	<u>1,495,205</u>
NET POSITION		
Net investment in capital assets	3,939,204	3,108,132
Restricted		
Operations and maintenance	108,533	76,540
Debt service	625,249	887,964
Transportation	861,803	942,923
Municipal retirement/Social security	174,109	213,315
Tort	2,949	-
Unrestricted	<u>1,080,619</u>	<u>733,389</u>
Total Net Position	<u>\$ 6,792,466</u>	<u>\$ 5,962,263</u>

The accompanying notes to the financial statements are an integral part of this statement.

GAVIN SCHOOL DISTRICT NO. 37
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses Disbursed	Program Revenues Received		Net (Expenses Disbursed), Revenues Received and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2018	2017
Governmental activities					
Instruction					
Regular programs	\$ 3,324,244	\$ 182,611	\$ -	\$ (3,141,633)	\$ (3,214,765)
Special programs	1,266,719	-	334,719	(932,000)	(827,009)
Other instructional programs	307,348	-	90,498	(216,850)	(110,466)
State retirement contributions	3,037,428	-	3,037,428	-	-
Support services					
Pupils	401,340	-	242,102	(159,238)	(264,877)
Instructional staff	73,363	-	39,397	(33,966)	(2,701)
General administration	447,128	-	-	(447,128)	(354,366)
School administration	449,008	-	-	(449,008)	(441,146)
Business	230,155	81,920	294,882	146,647	96,449
Transportation	614,025	2,151	413,134	(198,740)	(269,258)
Operations and maintenance	775,072	7,936	-	(767,136)	(743,651)
Food service	323,074	-	-	(323,074)	(309,278)
Other supporting services	342,852	-	-	(342,852)	(319,509)
Community services					
Payments to other districts	13,015	-	-	(13,015)	(16,347)
Depreciation - unallocated	576,022	-	-	(576,022)	(669,223)
Debt service					
Interest and fees	276,069	-	-	(276,069)	(286,624)
Other	37,525	-	-	(37,525)	(196,359)
	17,625	-	-	(17,625)	-
Total Governmental Activities	\$ 12,512,012	\$ 274,618	\$ 4,452,160	(7,785,234)	(7,929,130)
GENERAL REVENUES RECEIVED					
				5,679,002	5,477,254
				787,435	1,623,732
				30,628	36,604
				2,095,081	1,719,262
				23,291	11,917
				<u>8,615,437</u>	<u>8,868,769</u>
				830,203	939,639
				5,962,263	5,022,624
				<u>\$ 6,792,466</u>	<u>\$ 5,962,263</u>

The accompanying notes to the financial statements are an integral part of this statement.

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GAVIN SCHOOL DISTRICT NO. 37
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - MODIFIED CASH BASIS
JUNE 30, 2018
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Trans- portation Fund
ASSETS				
Cash	\$ 1,067,440	\$ 158,872	\$ 625,249	\$ 861,891
Interfund receivable	50,000	-	-	-
Total Assets	<u>1,117,440</u>	<u>158,872</u>	<u>625,249</u>	<u>861,891</u>
LIABILITIES				
Payroll deductions and withholdings	6,821	339	-	88
Interfund payable	-	50,000	-	-
Total Liabilities	<u>6,821</u>	<u>50,339</u>	<u>-</u>	<u>88</u>
FUND BALANCES				
Restricted	-	108,533	625,249	861,803
Committed	240,000	-	-	-
Unassigned	870,619	-	-	-
Total Fund Balances	<u>1,110,619</u>	<u>108,533</u>	<u>625,249</u>	<u>861,803</u>
Total Liabilities and Fund Balances	<u>\$ 1,117,440</u>	<u>158,872</u>	<u>625,249</u>	<u>861,891</u>

The accompanying notes to the financial statements are an integral part of this statement.

Municipal Retirement/ Social Security Fund	Tort Fund	Total	
		2018	2017
\$ 174,169	\$ 2,949	\$ 2,890,570	\$ 2,859,336
-	-	50,000	50,000
<u>174,169</u>	<u>2,949</u>	<u>2,940,570</u>	<u>2,909,336</u>
60	-	7,308	5,205
-	-	50,000	50,000
<u>60</u>	<u>-</u>	<u>57,308</u>	<u>55,205</u>
174,109	2,949	1,772,643	2,120,742
-	-	240,000	240,000
-	-	870,619	493,389
<u>174,109</u>	<u>2,949</u>	<u>2,883,262</u>	<u>2,854,131</u>
<u>174,169</u>	<u>2,949</u>	<u>\$ 2,940,570</u>	<u>\$ 2,909,336</u>

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES - MODIFIED CASH BASIS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

Total fund balances-governmental funds (Exhibit C) \$ 2,883,262

Amounts reported for governmental activities in the statement of assets,
liabilities and fund balances - modified cash basis are different because:

When capital assets that are to be used in governmental activities are purchased
or constructed, the cost of those assets are reported as expenditures in the
governmental funds. However, the statement of net position - modified cash
basis includes those capital assets among the assets of the District as a whole.

Cost of capital assets:		
Land	\$ 158,453	
Improvements, other than buildings	198,005	
Buildings	10,248,918	
Equipment	1,587,638	
	<u>12,193,014</u>	
Accumulated depreciation		<u>(7,788,810)</u>
		4,404,204

Long-term liabilities are not due and payable in the current period and therefore
are not reported as liabilities in the governmental funds. Long-term liabilities
at year-end consist of:

Bonds payable	<u>(495,000)</u>	
		<u>(495,000)</u>

Total net position - modified cash basis - governmental activities (Exhibit A) \$ 6,792,466

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GAVIN SCHOOL DISTRICT NO. 37
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2018
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Trans- portation Fund
REVENUES RECEIVED				
Property taxes	\$ 4,504,182	\$ 799,186	\$ 787,435	\$ 79,034
Personal property replacement taxes	26,105	-	-	-
State aid	5,563,540	-	-	413,134
Federal aid	570,567	-	-	-
Interest	23,291	-	-	-
Other	265,181	7,286	-	2,151
Total Revenues Received	10,952,866	806,472	787,435	494,319
EXPENDITURES DISBURSED				
Current				
Instruction				
Regular programs	3,283,352	-	-	-
Special programs	1,203,368	-	-	-
Other instructional programs	293,801	-	-	-
State retirement contributions	3,037,428	-	-	-
Support services				
Pupils	382,672	-	-	-
Instructional staff	67,345	-	-	-
General administration	393,467	-	-	-
School administration	425,738	-	-	-
Business	222,738	-	-	-
Transportation	-	-	-	575,439
Operations and maintenance	3,482	724,300	-	-
Food service	320,126	-	-	-
Other supporting services	321,120	-	-	-
Community services	13,015	-	-	-
Payments to other districts and gov't units	576,022	-	-	-
Debt service				
Principal	-	-	1,025,000	-
Interest	-	-	22,450	-
Other	-	-	15,075	-
Capital outlay	31,962	50,179	-	-
Total Expenditures Disbursed	10,575,636	774,479	1,062,525	575,439

Municipal Retirement/ Social Security Fund	Tort Fund	Total	
		2018	2017
\$ 253,651	\$ 42,949	\$ 6,466,437	\$ 7,100,986
4,523	-	30,628	36,604
-	-	5,976,674	6,032,604
-	-	570,567	618,181
-	-	23,291	11,917
-	-	274,618	273,800
<u>258,174</u>	<u>42,949</u>	<u>13,342,215</u>	<u>14,074,092</u>
40,892	-	3,324,244	3,385,610
63,351	-	1,266,719	1,268,140
13,547	-	307,348	274,994
-	-	3,037,428	3,443,997
18,668	-	401,340	397,952
6,018	-	73,363	51,947
13,661	40,000	447,128	354,366
23,270	-	449,008	441,146
7,417	-	230,155	214,531
38,586	-	614,025	605,354
47,290	-	775,072	899,076
2,948	-	323,074	309,278
21,732	-	342,852	319,509
-	-	13,015	16,347
-	-	576,022	669,223
-	-	1,025,000	1,973,493
-	-	22,450	194,857
-	-	15,075	1,502
-	-	82,141	85,125
<u>297,380</u>	<u>40,000</u>	<u>13,325,459</u>	<u>14,906,447</u>

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Debt Service Fund</u>	<u>Trans- portation Fund</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES	<u>\$ 377,230</u>	<u>\$ 31,993</u>	<u>\$ (275,090)</u>	<u>\$ (81,120)</u>
OTHER FINANCING SOURCES (USES)				
Principal on bonds sold	-	-	265,000	-
Transfer to escrow agent	<u>-</u>	<u>-</u>	<u>(252,625)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,375</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	377,230	31,993	(262,715)	(81,120)
FUND BALANCES, BEGINNING OF YEAR	<u>733,389</u>	<u>76,540</u>	<u>887,964</u>	<u>942,923</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,110,619</u></u>	<u><u>\$ 108,533</u></u>	<u><u>\$ 625,249</u></u>	<u><u>\$ 861,803</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Municipal Retirement/ Social Security Fund	Tort Fund	Total	
		2018	2017
\$ (39,206)	\$ 2,949	\$ 16,756	\$ (832,355)
-	-	265,000	-
-	-	(252,625)	-
-	-	12,375	-
(39,206)	2,949	29,131	(832,355)
213,315	-	2,854,131	3,686,486
<u>\$ 174,109</u>	<u>\$ 2,949</u>	<u>\$ 2,883,262</u>	<u>\$ 2,854,131</u>

GAVIN SCHOOL DISTRICT NO. 37
RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED,
EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES - MODIFIED
CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total net change in fund balances-governmental funds (Exhibit D)	\$ 29,131
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities - modified cash basis, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. Capital outlay expenditures for items below the District's capitalization threshold, repairs and maintenance are expensed.</p>	
Depreciation expense	\$ (276,069)
Capital outlay	82,141
	(193,928)
<p>Repayment of debt principal is reported as an expenditure in governmental funds and thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal reduces the liabilities in the statement of net position - modified cash basis and does not result in an expense on the statement of activities - modified cash basis. The District's debt was reduced by</p>	
Principal payments made from refunding bond	235,000
Principal payments made	1,025,000
	1,260,000
<p>In the governmental funds, the proceeds of bonds sold are reported as other financing sources, while in the government as a whole, liabilities on the statement of net position - modified cash basis.</p>	
Refunding bond issued	(265,000)
Change in net assets of governmental activities (Exhibit B)	\$ 830,203

The accompanying notes to the financial statements are an integral part of this statement.

GAVIN SCHOOL DISTRICT NO. 37
 AGENCY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
 JUNE 30, 2018
 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 121,523	\$ 110,652
Total Assets	<u>\$ 121,523</u>	<u>\$ 110,652</u>
LIABILITIES		
Due to flex benefit account	\$ 24,220	\$ 22,152
Due to student activity funds	<u>97,303</u>	<u>88,500</u>
Total Liabilities	<u>\$ 121,523</u>	<u>\$ 110,652</u>

The accompanying notes to the financial statements are an integral part of this statement.

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GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

B. Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Fund Types

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

General Fund – The General Fund, which consists solely of the legally mandated Educational Account and Working Cash Account, is the primary operating fund of the District and is always classified as a

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

major fund. It is used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds. This method of reporting is required for reports filed with the ISBE.

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

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

Fiduciary Fund Types (not included in government-wide statements)

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

Major and Nonmajor Funds

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

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

The District has classified all funds as major:

Major:

Educational Account	Included in the General Fund; see above for description.
Operations and Maintenance Fund	A Special Revenue Fund used for expenses paid for repair and maintenance of District property. Revenue consists primarily of local revenues.
Transportation Fund	A Special Revenue Fund to account for activity relating to student transportation to and from school.
Municipal Retirement/Social Security Fund	A Special Revenue Fund to account 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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Debt Service Fund	A Debt Service Fund used to accumulate resources for, and payment of, general long-term debt, principal, interest, and related costs.
Working Cash Account	Included in the General Fund; used to account for financial resources held for temporarily loaned funds.

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

C. Measurement Focus/Basis of Accounting

Measurement Focus

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

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

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

D. Cash and Deposits

Deposits are considered to be cash on hand, cash held at financial institutions, and non-negotiable certificates of deposit.

E. Capital Assets

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital outlay expenditures which exceed a capitalization threshold are capitalized and valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded acquisition value at the date of donation. Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized. Prior to July 1, 2003, infrastructure assets were not capitalized. Such assets have been valued at estimated historical cost. Depreciation of all exhaustible

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

capital assets is recorded as an allocation in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings, improvements and infrastructure, 20 to 50 years; transportation equipment, 5 to 10 years; and equipment, 5 to 20 years.

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

F. Long-term Obligations

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

G. Equity Classifications/Fund Balance Reporting

Equity Classifications

Equity is classified as net position and displayed in three components:

Government-Wide Fund Balance Reporting:

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

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation. Restricted fund balances include the: Debt Service Fund, Transportation Fund, and Municipal Retirement/Social Security Fund.

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

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.

Fund Balance Reporting

Governmental fund balances are to be classified into five major classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Restricted – The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. At June 30, 2018, expenditures exceeded revenues for this purpose, resulting in no restricted fund balance.
- *State Grants* – Proceeds from state grants and the related expenditures have been included in the Educational Account and the Transportation Fund. At June 30, 2018, expenditures exceeded revenues from state grants, resulting in no restricted balance.
- *Federal Grants* – Proceeds from federal grants and the related expenditures have been included in the Educational Account. At June 30, 2018, expenditures exceeded revenues from federal grants, resulting in no restricted balance.
- *Social Security* – Expenditures and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. At June 30, 2018, expenditures disbursed exceeded revenue received, resulting in no restricted balance.

Committed – The committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The Board of Education has committed \$240,000 within the General Fund for future roof repairs at Gavin Central Elementary School. These committed funds will be released as the District expends monies on roof repairs.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assignments may take place after the end of the reporting period.

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

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

H. Program Revenues

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

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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

I. Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017, from which such summarized information was derived.

J. Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 – CASH AND DEPOSITS

The District has adopted a formal cash and investment management policy. The financial institutions in which accounts are made must be approved by the Board of Education.

Separate deposit accounts are not maintained for all District funds; instead, the individual funds maintain their balances in the common accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

At June 30, 2018, the carrying amount of the District's deposits totaled \$3,012,021 (\$2,890,570 governmental and \$121,523 fiduciary). Bank balances totaling \$3,376,307 as follows:

	Governmental	Fiduciary	Total
Cash and Deposits	\$ 3,244,238	\$ 132,069	\$ 3,376,307

For disclosure purposes, the amounts are classified as follows:

Cash and Deposits	Amount	Maturities	
		Less Than Six Months	Six Months to One Year
Deposits with Financial Institutions	\$ 591,557	\$ 591,557	\$ -
ISDLAF+	2,784,750	2,784,750	-
Total	\$ 3,376,307	\$ 3,376,307	\$ -

Interest Rate Risk – The District limits its exposure to losses arising from increasing interest rates by limiting the amount of cash held for a period longer than one year. The weighted average for investments was 0.00 days and the weighted portfolio yield was 0.000%.

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

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 2 – CASH AND DEPOSITS (CONT'D)

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

Custodial Risk – Custodial credit risk is the risk that, in the event of the failure of the bank or the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party. The bank balances of \$3,244,238 are as follows:

Depository Account	Bank Balance
FDIC Insured	\$ 250,000
Collateralized	341,557
Uncollateralized	2,784,750
Total Deposits	\$ 3,376,307

NOTE 3 – PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December of the subsequent year. The 2017 tax levy was adopted on December 19, 2017, and the 2016 tax levy was adopted on December 20, 2016. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded on these financial statements are from the 2017 and 2016 tax levy years.

The District's annual property tax levy is subject to two statutory limitations: individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA). The PTELA limitation is applied in the aggregate to the total tax levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent that there is "new growth" in the District's tax base. "New growth" includes new construction, annexations and tax increment finance district property becoming eligible for taxation.

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.

Property taxes are collected by the Lake County Collector/Treasurer, who remits to the District its share of collections. Property taxes are normally distributed to the District within 60 days of the respective installment dates.

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – PROPERTY TAXES (CONT'D)

Tax Year	2017		2016	
	Rates	Extensions	Rates	Extensions
Equalized Assessed Valuation	\$165,233,809		\$156,813,990	
Educational	2.6842	\$ 4,550,000	2.7364	\$ 4,291,016
Special Education	0.0130	22,169	0.0138	21,700
Operations and Maintenance	0.4514	754,200	0.5207	816,546
Bond and Interest	0.3065	506,446	0.6758	1,059,692
Transportation	0.0414	70,000	0.0553	86,785
Municipal Retirement	0.0682	115,000	0.0746	116,946
SEDOL Municipal Retirement	0.0071	11,744	0.0075	11,698
Social Security	0.0721	122,000	0.0784	122,908
Tort Judgement and Liability Insurance	0.0480	80,000	0.0000	-
Working Cash	0.0017	2,900	0.0018	2,895
Totals	3.6936	\$ 6,234,459	4.1643	\$ 6,530,186

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Not being depreciated:				
Land	\$ 158,453	\$ -	\$ -	\$ 158,453
Subtotal	158,453	-	-	158,453
Other Capital Assets:				
Improvements, other than buildings	173,345	24,660	-	198,005
Buildings	10,227,324	21,594	-	10,248,918
Equipment	1,551,751	35,887	-	1,587,638
Subtotal	11,952,420	82,141	-	12,034,561
Accumulated Depreciation:				
Improvements, other than buildings	173,122	766	-	173,888
Buildings	6,080,263	225,842	-	6,306,105
Equipment	1,259,356	49,461	-	1,308,817
Subtotal	7,512,741	276,069	-	7,788,810
Net Capital Assets	\$ 4,598,132	\$ (193,928)	\$ -	\$ 4,404,204

Depreciation was charged to functions as follows:

Governmental Activities:	
Unallocated	\$ 276,069
Total Governmental Activities Depreciation Expense	\$ 276,069

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Balance Due Within One Year
General Obligation Bonds:					
12/1/14 Refunding	\$ 1,490,000	\$ -	\$ 1,260,000	\$ 230,000	\$ 230,000
7/11/17 Refunding	-	265,000	-	265,000	265,000
Total Bonds Payable	<u>1,490,000</u>	<u>265,000</u>	<u>1,260,000</u>	<u>495,000</u>	<u>495,000</u>
Total Long-Term Obligations	<u>\$ 1,490,000</u>	<u>\$ 265,000</u>	<u>\$ 1,260,000</u>	<u>\$ 495,000</u>	<u>\$ 495,000</u>

A summary of bonds payable at June 30, 2018, is as follows:

Purpose	Interest Rate	Amount
Refunding bonds, Series 2014	2.00-3.00%	\$ 230,000
Refunding bonds, Series 2017	2.25%	265,000
		<u>\$ 495,000</u>

On September 8, 2014, the District issued \$3,485,000 of General Obligation Refunding Bonds to retire \$3,465,000 of principal from the General Obligation School Bonds issued on December 1, 2004, in advance. The net proceeds of \$3,531,797 (which includes a \$113,956 premium and after payment of \$67,159 in underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, a portion of the 2004 General Obligation School Bonds are considered to be defeased and the liability for those bonds has been removed from the District's obligations.

On July 11, 2017, the District issued \$265,000 of General Obligation Refunding Bonds to retire \$235,000 of principal from the General Obligation School Bonds issued on December 1, 2004, in advance. The net proceeds of \$252,625 (after payment of \$12,375 in underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, a portion of the 2004 General Obligation School Bonds are considered to be defeased and the corresponding liability for those bonds has been removed from the District's obligations. This refunding realized a net economic loss of \$22,406.

Prior year defeasance of debt. In prior years, the District defeased certain general obligation 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 bonds are not included in the District's financial statements. As June 30, 2018, \$1,040,000 of bonds outstanding is considered defeased.

At June 30, 2018, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Bonds Payable	
	Principal	Interest
2019	\$ 495,000	\$ 6,431
Totals	<u>\$ 495,000</u>	<u>\$ 6,431</u>

Legal debt margin

At June 30, 2018, the legal debt margin for the District was limited to 6.9% of the most recent assessed valuation available. Based on an assessed valuation of \$165,233,809, the debt limit was \$11,401,133. The remaining legal debt margin was \$10,906,133.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – OPERATING LEASES

In fiscal year 2018, the District entered into an agreement to lease nine copiers over a sixty month period. The stated rate pursuant to the agreement is \$3,560 per month. In fiscal year 2018, the District entered into an agreement to lease an additional copier over a 48 month period. The stated rate pursuant to the agreement is \$775 per month. During the year ended June 30, 2018, the District expended \$45,820 in lease payments. The minimum future lease payments are as follows:

Year Ending June 30	Lease Obligation		
	2017	2018	Total
	60 MO Delage Copiers	48 MO Savin Copiers	
2019	\$ 42,720	\$ 9,300	\$ 52,020
2020	42,720	9,300	52,020
2021	42,720	9,300	52,020
2022	24,920	6,200	31,120
Total	\$ 153,080	\$ 34,100	\$ 187,180

NOTE 7 – RETIREMENT FUND COMMITMENTS

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

General Information about the Pension Plan

Plan Description

The employer participates in the Teachers' Retirement System (TRS) of the State of Illinois. 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 <https://www.trsil.org>; by writing to TRS at 2815 W. Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$2,986,525 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$25,020, and are deferred because they were paid after the June 30, 2017, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

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

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

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

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

Employer's proportionate share of the net pension liability	\$ 783,100	
State's proportionate share of the net pension liability associated with the employer	30,346,175	
Total	\$ 31,129,275	

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .00103 percent, which was a (decrease) of .00190 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$3,011,545 and revenue of \$2,986,525 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 8,505	\$ 361
Net difference between projected and actual earnings on pension plan investments	537	-
Changes of assumptions	52,266	22,503
Changes in proportion and differences between employer contributions and proportionate share of contributions	161,505	544,891
Total deferred amounts to be recognized in pension expense in future periods	222,813	567,755
<i>Pension contributions made subsequent to the measurement date</i>	25,020	-
Total	\$ 247,833	\$ 567,755

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

\$25,020 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

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

Year Ending June 30,	Net Deferred Outflows (Inflows) Of Resources
2019	\$ (105,577)
2020	(54,531)
2021	(53,965)
2022	(113,684)
2023	(17,183)
Total	<u>\$ (344,940)</u>

Actuarial Assumptions

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

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

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

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:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

Discount Rate

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 962,141	\$ 783,100	\$ 636,451

TRS Fiduciary Net Position

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

B. Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

December 31,	<u>2017</u>
Retirees and Beneficiaries currently receiving benefits	33
Inactive Plan Members entitled to but not yet receiving benefits	73
Active Plan Members	<u>45</u>
Total	<u><u>151</u></u>

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

Contributions

As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual required contribution rate for calendar year 2017 was 12.25%. For the fiscal year ended June 30, 2018, the employer contributed \$143,761 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study of the period 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015); the IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015); the IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

Asset Class	Target Allocation	Return 12/31/17	Projected Returns/Risks	
			One Year Arithmetic	Ten Year Geometric
Equities	37%	19.60%	8.30%	6.85%
International Equities	18%	27.53%	8.45%	6.75%
Fixed Income	28%	4.67%	3.05%	3.00%
Real Estate	9%	9.10%	6.90%	5.75%
Alternatives	7%			
Private Equity		N/A	12.45%	7.35%
Hedge Funds		N/A	5.35%	5.05%
Commodities		N/A	4.25%	2.65%
Cash Equivalents	1%	N/A	2.25%	2.25%
Total	100%			

Single Discount Rate

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

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

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

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 6,104,195	\$ 5,109,482	\$ 994,713
Changes for the year:			
Service Cost	126,636	-	126,636
Interest on the Total Pension Liability	451,627	-	451,627
Differences Between Expected and Actual Experience of the Total Pension Liability	(64,732)	-	(64,732)
Changes of Assumptions	(167,763)	-	(167,763)
Contributions - Employer	-	144,885	(144,885)
Contributions - Employees	-	53,846	(53,846)
Net Investment Income	-	891,715	(891,715)
Benefits Payments, including Refunds of Employee Contributions	(291,629)	(291,629)	-
Other (Net Transfer)	-	(324,910)	324,910
Net Changes	<u>54,139</u>	<u>473,907</u>	<u>(419,768)</u>
Balances at December 31, 2017	<u>\$ 6,158,334</u>	<u>\$ 5,583,389</u>	<u>\$ 574,945</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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 6,898,331	\$ 6,158,334	\$ 5,546,935
Plan Fiduciary Net Position	<u>5,583,389</u>	<u>5,583,389</u>	<u>5,583,389</u>
Net Pension Liability	<u>\$ 1,314,942</u>	<u>\$ 574,945</u>	<u>\$ (36,454)</u>

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

For the year ended June 30, 2018, the employer recognized pension expense of \$143,761. At June 30, 2018, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
<i>Deferred amounts to be recognized in pension expense in future periods</i>			
Differences between expected and actual experience	\$ 5,742	\$ 42,235	\$ (36,493)
Changes of assumptions	-	117,918	(117,918)
Net difference between projected and actual earnings on pension plan investments	<u>164,660</u>	<u>419,338</u>	<u>(254,678)</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>170,402</u>	<u>579,491</u>	<u>(409,089)</u>
<i>Pension contributions made subsequent to the measurement date</i>	<u>71,837</u>	<u>-</u>	<u>71,837</u>
Total Deferred Amounts Related to Pensions	<u>\$ 242,239</u>	<u>\$ 579,491</u>	<u>\$ (337,252)</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ (102,011)
2019	(102,464)
2020	(99,778)
2021	(104,836)
Thereafter	<u>-</u>
Total	<u>\$ (409,089)</u>

C. Aggregate Pension Amounts

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

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred Outflows of Resources	\$ 247,833	\$ 242,239	\$ 490,072
Net Pension Liability	783,100	574,945	1,358,045
Deferred Inflows of Resources	567,755	579,491	1,147,246
Pension Expense, Net of State Support	25,020	71,837	96,857

D. Social Security/Medicare

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

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

A. Teachers’ Health Insurance Security (THIS) Fund

Plan description. The District participates in the Teachers’ 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.

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. 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.

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

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$50,903, and the District recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the employer paid \$37,962 to the THIS Fund, which was 100 percent of the required contribution. The contributions are deferred because they were paid after the June 30, 2017 measurement date.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability for its proportionate share of the net THIS liability first amount shown below). The state’s support and total are for the net THIS liability, related state support, and the total portion of the net THIS liability that was associated with the employer were as follows:

Employer's proportionate share of the net THIS liability	\$ 4,782,240
State's proportionate share of the net THIS liability associated with the employer	6,280,269
Total	\$ 11,062,509

The net THIS liability was measured as of June 30, 2017, and the total THIS liability used to calculate the net THIS liability was determined by an actuarial valuation as of that date. The District’s proportion of the net THIS liability was based on a projection of the District’s long-term share of contributions to the THIS plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District’s proportion was .018429 percent, which was an increase of .000932 percent from its proportion measured as of June 30, 2016.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

For the year ended June 30, 2018, the employer recognized THIS expense of \$88,865 and revenue of \$37,962 for support by the state. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,709
Net difference between projected and actual earnings on pension plan investments	-	53
Changes of assumptions	-	569,389
Changes in proportion and differences between employer contributions and proportionate share of contributions	218,114	-
Employer contributions subsequent to the measurement date	37,962	-
Total	\$ 256,076	\$ 572,151

\$37,962 reported as deferred outflows of resources related to THIS resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the THIS liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to THIS will be recognized in subsequent periods.

Year ended June 30:	
2019	\$ 54,467
2020	54,467
2021	54,467
2022	54,467
2023	54,467
Thereafter	81,702

Actuarial assumptions. The total THIS liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.75 percent
Salary increases	Varies by amount of service
Investment rate of return	0%, net of THIS plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Additional trend rate of .59% is added to non-Medicare costs on and after 2020 to account for Excise Tax.

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

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set at zero.

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on THIS plan investments (to the extent that the plan fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since THIS is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85%, as of June 30, 2016, and 3.56% as of June 30, 2017.

Sensitivity of the Employer's Proportionate Share of the Net THIS Liability to Changes in the Discount Rate

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

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the net pension liability	\$ 5,736,771	\$ 4,782,240	\$ 4,015,625

Sensitivity of the Employer's Proportionate Share of the Net THIS Liability to Changes in the Health Care Trend Rate

The following presents the employer's proportionate share of the net THIS liability calculated using the health care trend rate of 8.00 percent, as well as what the employer's proportionate share of the net THIS liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Employer's proportionate share of the net pension liability	\$ 3,858,485	\$ 4,782,240	\$ 6,104,294

Further information on the THIS Fund

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

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

B. Retiree Health Plan

Plan Description. The District administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides the ability for retirees and their spouses to access the District’s group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. If a retiree elects to leave the health plan, they may not return to the plan in a future year. Retirees are responsible to contribute a premium toward the cost of their insurance. Retirees may also access dental and life insurance benefits on a “direct pay” basis.

Benefits provided: TRS employees who enroll in the Teacher’s Retirement Insurance Program (TRIP) the board shall pay the monthly cost of their insurance premiums up to a maximum amount equal to six months of the HMO single coverage premium. IMRF employees and their spouses are eligible to continue medical and dental coverage upon retirement until age 65 by paying the full cost of the medical premium.

Employees covered by benefit terms. At July 1, 2017, the census date, the following employees were covered by the benefit terms:

Active Employees	83
Inactive Plan Members entitled to but not yet receiving benefits	-
Inactive Employees Currently Receiving Benefits	1
Total	84

Total Post-retirement Health Plan Liability

The District’s total Post-retirement Health Plan liability is \$69,540, as of June 30, 2017.

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

- The Actuarial Cost Method used was Entry Age Normal.
- Salary Increases were expected to be 4.00%.
- The Funded Ratio was assumed to be 0.00%.
- The Discount rate of 3.13%, taken from the S&P municipal bond 20 year high grade rate index of the measurement date.
- Initial Healthcare Cost Trend Rates: District Medical/Prescription Plan is 7.50%, decreasing to an ultimate rate of 4.50% for 2038 and later years.
- The Retiree Contribution Trend is the same as the Healthcare Cost Trend.
- The Mortality rates were based on the RP-2014 White Collar Mortality Table backed off to 2006 and projected generationally with Scale MP-2017 for TRS and IMRF employees.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Changes in the Total Post-retirement Health Plan Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at July 1, 2016	\$ 88,666	\$ -	\$ 88,666
Changes for the year:			
Service Cost	4,166	-	4,166
Interest on the Total Liability	2,403	-	2,403
Changes of benefit terms	-	-	-
Difference Between Expected and Actual Experience	(29,189)	-	(29,189)
Changes of Assumptions and other	3,494	-	3,494
Contributions - Employer	-	-	-
Contributions - Active and Inactive Employees	8,567	-	8,567
Net Investment Income	-	-	-
Benefits Payments, estimated	(8,567)	-	(8,567)
Administrative Expenses	-	-	-
Other Changes	-	-	-
Net Changes	<u>(19,126)</u>	<u>-</u>	<u>(19,126)</u>
Balances at June 30, 2017	<u>\$ 69,540</u>	<u>\$ -</u>	<u>\$ 69,540</u>

Sensitivity of the total Post-retirement Health Plan liability to changes in the discount rate. The following presents the total District Post-retirement Health Plan liability, as well as what the District total Post-retirement Health Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.71%) or 1-percentage-point higher (3.71%) than the current discount rate:

	1% Lower (1.71%)	Current Discount (2.71%)	1% Higher (3.71%)
Total Post-retirement Health Plan liability	\$ 72,331	\$ 69,540	\$ 66,765

Sensitivity of the total Post-retirement Health Plan liability to changes in the healthcare cost trend rates. The following presents the total District Post-retirement Health Plan liability, as well as what the District total Post-retirement Health Plan liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Total Post-retirement Health Plan liability	\$ 64,746	\$ 69,540	\$ 74,999

Post-retirement Health Plan Expense and Deferred Outflows of Resources and Deferred Inflow of Resources

For the year ended June 30, 2018, the District recognized Post-retirement Health Plan expense of \$4,680. At June 30, 2018, the District reported deferred outflows of resources and deferred inflow of resources related to the Post-retirement Health Plan from the following sources:

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,806
Total	\$ -	\$ 23,806

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

Year Ending June 30	Net Deferred Inflows of Resources
2019	\$ (1,889)
2020	(1,889)
2021	(1,889)
2022	(1,889)
2023	(1,889)
Thereafter	(14,361)
Total	\$ (23,806)

C. Aggregate OPEB Amounts

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

	THIS	Health Benefit Plan	Total
Deferred Outflows of Resources	\$ 256,076	\$ -	\$ 256,076
Net OPEB Liability	4,782,240	69,540	4,851,780
Deferred Inflows of Resources	572,151	23,806	595,957
OPEB Expense	37,962	4,680	42,642

NOTE 9 – COMMON BANK ACCOUNT

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

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years. Premiums have been displayed as expenditures disbursed in the appropriate funds.

GAVIN SCHOOL DISTRICT NO. 37
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 – CONTINGENCIES

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2018, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 12 – COMMITMENTS

At June 30, 2018, the District had no commitments on any major construction contracts.

NOTE 13 – INTERFUND LOANS AND TRANSFERS

Interfund Loans

The following interfund loans were made during the year ended June 30, 2018, to support normal operations; all interfund loans are expected to be repaid with one year.

Account/Fund	From	To
Working Cash Account	\$ 50,000	\$ -
Operations and Maintenance Fund	-	50,000
	\$ 50,000	\$ 50,000

Interfund Transfers

During the year ended June 30, 2018, the Educational Account transferred \$290,000 to the Operations and Maintenance Fund in order to meet ordinary and necessary expenditures.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2018, the District adopted new accounting guidance:

- *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*

NOTE 15 – SUBSEQUENT EVENTS

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

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

OTHER INFORMATION

GAVIN SCHOOL DISTRICT NO. 37
 OTHER INFORMATION
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 MOST RECENT FISCAL YEARS

	FY 17*	FY 16*	FY 15*	FY 14*
Employer's proportion of the net pension liability	0.001025%	0.001901%	0.001502%	0.001502%
Employer's proportionate share of the net pension liability	\$ 783,100	\$ 1,500,555	\$ 983,750	\$ 913,901
State's proportionate share of the net pension liability associated with the employer	<u>30,346,175</u>	<u>34,584,206</u>	<u>25,243,387</u>	<u>23,368,443</u>
Total	<u><u>\$31,129,275</u></u>	<u><u>\$36,084,761</u></u>	<u><u>\$26,227,137</u></u>	<u><u>\$24,282,344</u></u>
Employer's covered-employee payroll	\$ 4,251,474	\$ 4,075,393	\$ 3,908,807	\$ 3,787,808
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.42%	36.82%	25.17%	24.13%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.40%	41.50%	43.00%

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

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

GAVIN SCHOOL DISTRICT NO. 37
 OTHER INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 MOST RECENT FISCAL YEARS

	<u>FY 17*</u>	<u>FY 16*</u>	<u>FY 15*</u>	<u>FY 14*</u>
Contractually-required contribution	\$ 60,391	\$ 56,646	\$ 36,993	\$ 53,579
Contributions in relation to the contractually-required contribution	<u>74,969</u>	<u>89,304</u>	<u>51,711</u>	<u>53,429</u>
Contribution deficiency (excess)	<u>\$ (14,578)</u>	<u>\$ (32,658)</u>	<u>\$ (14,718)</u>	<u>\$ 150</u>
Employer's covered-employee payroll	\$4,251,474	\$4,075,393	\$3,908,807	\$3,787,808
Contributions as a percentage of covered-employee payroll	1.420472%	1.389952%	0.946401%	1.414512%

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

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEARS

Calendar year ending December 31,	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 126,636	\$ 120,876	\$ 122,800	\$ 122,608
Interest on the total pension liability	451,627	429,788	403,235	372,660
Changes to benefit terms	-	-	-	-
Difference between expected and actual experience of the total pension liability	(64,732)	18,498	97,312	(26,666)
Changes of assumption	(167,763)	(27,257)	13,119	190,093
Benefit payments, including refunds of employee contributions	(291,629)	(276,999)	(253,236)	(233,525)
Net change in total pension liability	54,139	264,906	383,230	425,170
Total pension liability - beginning	6,104,195	5,839,289	5,456,059	5,030,889
Total pension liability - ending (A)	\$ 6,158,334	\$ 6,104,195	\$ 5,839,289	\$ 5,456,059
Plan fiduciary net position				
Contributions - employer	\$ 144,885	\$ 132,231	\$ 133,441	\$ 132,986
Contributions - employees	53,846	51,086	52,548	48,812
Net investment income	891,715	335,374	24,471	284,714
Benefit payments, including refunds of employee contributions	(291,629)	(276,999)	(253,236)	(233,525)
Other (net transfer)	(324,910)	24,469	(41,771)	1,581
Net change in plan fiduciary net position	473,907	266,161	(84,547)	234,568
Plan fiduciary net position - beginning	5,109,482	4,843,321	4,927,868	4,693,300
Plan fiduciary net position - ending (B)	\$ 5,583,389	\$ 5,109,482	\$ 4,843,321	\$ 4,927,868
Net pension liability/(asset) - ending (A) - (B)	\$ 574,945	\$ 994,713	\$ 995,968	\$ 528,191
Plan fiduciary net position as a percentage of total pension liability	90.66%	83.70%	82.94%	90.32%
Covered valuation payroll	\$ 1,182,462	\$ 1,127,290	\$ 1,111,081	\$ 1,096,536
Net pension liability as a percentage of covered valuation payroll	48.62%	88.24%	89.64%	48.17%

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEARS

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 144,970	\$ 144,885	\$ 85	\$ 1,182,462	12.25%
2016	132,231	132,231	-	1,127,290	11.73%
2015	133,441	133,441	-	1,111,081	12.01%
2014	134,435	132,986	1,449	1,096,536	12.13%

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

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): 26-year closed 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 21 years for most employers (two employers were financed over 30 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 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-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, 2015 actuarial valuation

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

GAVIN SCHOOL DISTRICT NO. 37
 OTHER INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 OTHER POST-EMPLOYMENT BENEFITS - HEALTH PLAN LIABILITY
 MOST RECENT FISCAL YEARS

	2017
Total Post-retirement Health Plan Liability	
Service Cost	\$ 4,166
Interest	2,403
Experience (Gain)/Loss	(29,189)
Assumption changes	3,494
Employee contributions	8,567
Benefit payments	(8,567)
Net change	(19,126)
Total Post-Retirement Health Plan liability - beginning	88,666
Total Post-Retirement Health Plan liability - ending	\$ 69,540
Covered - employee payroll	\$ 4,492,958
Net OPEB liability as a percentage of covered valuation payroll	1.55%

GAVIN SCHOOL DISTRICT NO. 37
 OTHER INFORMATION
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE THIS LIABILITY
 OTHER POST-EMPLOYMENT BENEFITS - TEACHERS' HEALTH INSURANCE SECURITY FUND
 MOST RECENT FISCAL YEARS

	2017
Employer's proportion of the net THIS liability	0.0159070%
Employer's proportionate share of the net THIS liability	\$ 4,782,240
State's proportionate share of the net THIS liability associated with the employer	6,280,269
Total	\$ 11,062,509
Employer's covered-employee payroll	\$ 4,251,474
Employer's proportionate share of the net THIS liability as a percentage of its covered-employee payroll	260.20%
Plan fiduciary net position as a percentage of the total THIS liability	-0.17%

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

GAVIN SCHOOL DISTRICT NO. 37
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS - TEACHERS' HEALTH INSURANCE SECURITY FUND
MOST RECENT FISCAL YEARS

Contractually-required contribution	\$ 35,712
Contributions in relation to the contractually-required contribution	<u>35,712</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 4,251,474
Contributions as a percentage of covered-employee payroll	0.84%

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

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

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
JUNE 30, 2018
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

	Educational Account	Working Cash Account	Total	
			2018	2017
ASSETS				
Cash	\$ 931,919	\$ 135,521	\$ 1,067,440	\$ 688,107
Interfund receivable	-	50,000	50,000	50,000
Total Assets	\$ 931,919	\$ 185,521	\$ 1,117,440	\$ 738,107
LIABILITIES				
Payroll deductions and withholdings	\$ 6,821	\$ -	\$ 6,821	\$ 4,718
Total Liabilities	\$ 6,821	\$ -	\$ 6,821	\$ 4,718
FUND BALANCE				
Committed	\$ 240,000	\$ -	\$ 240,000	\$ 240,000
Unassigned	685,098	185,521	870,619	493,389
Total Fund Balances	925,098	185,521	1,110,619	733,389
Total Liabilities and Fund Balances	\$ 931,919	\$ 185,521	\$ 1,117,440	\$ 738,107

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total	Total
REVENUES RECEIVED					
Local Sources					
General tax levy	\$ 4,353,000	\$ 4,479,055	\$ 3,054	\$ 4,482,109	\$ 4,255,985
Special education levy	23,000	22,073	-	22,073	22,119
Personal property replacement taxes	35,000	26,105	-	26,105	32,299
Investment earnings	12,000	23,291	-	23,291	11,917
Tuition	17,000	13,050	-	13,050	19,303
Sales to pupils - lunch	79,000	77,004	-	77,004	79,506
Other food service	8,000	4,916	-	4,916	9,450
Admissions - athletic	14,000	2,971	-	2,971	4,324
Gym uniforms	-	-	-	-	29
Fees	-	8,797	-	8,797	10,237
Other District/school activity revenue	-	63,264	-	63,264	64,218
Rentals - regular textbook	65,000	76,473	-	76,473	69,605
Rentals	80,000	650	-	650	278
Refund of prior years' expenditures	-	9,055	-	9,055	1,279
Other	-	9,001	-	9,001	1,850
Total Local Sources	4,686,000	4,815,705	3,054	4,818,759	4,582,399
State Sources					
Evidence based funding formula	2,019,000	2,095,081	-	2,095,081	1,719,262
Special education - Private facility tuition	16,000	35,083	-	35,083	32,587
Special education - Extraordinary	35,000	55,181	-	55,181	83,176
Special education - Personnel	90,000	95,403	-	95,403	141,828
State free lunch and breakfast	624	3,262	-	3,262	1,157
Early Childhood - Block grant	174,000	234,189	-	234,189	132,804
On-behalf payments - State of Illinois	-	3,037,428	-	3,037,428	3,443,997
School safety and educational block grant	-	1,414	-	1,414	271
State library grant	-	6,499	-	6,499	-
Total State Sources	2,334,624	5,563,540	-	5,563,540	5,555,082
Federal Sources					
National School Lunch program	165,000	211,797	-	211,797	155,492
Special milk program	1,750	1,977	-	1,977	1,564
School breakfast program	35,000	51,757	-	51,757	33,600
Food service - other	-	26,089	-	26,089	30,211
Title IVA - Student support and academic enrichment	10,000	3,550	-	3,550	-
Title I - Low income	164,000	86,948	-	86,948	164,528
Fed. - Sp. Ed. - Pre-School Flow Through	5,000	7,457	-	7,457	8,011
Fed. - Sp. Ed. - I.D.E.A. Flow Through	115,000	107,936	-	107,936	164,082

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total	Total
REVENUES RECEIVED					
Title II - Teacher quality	\$ 38,000	\$ 39,397	\$ -	\$ 39,397	\$ 49,246
Medicaid matching funds - administrative outreach	10,000	-	-	-	-
Medicaid matching funds - fee for service	-	33,659	-	33,659	11,447
Total Federal Sources	543,750	570,567	-	570,567	618,181
Total Revenues Received	7,564,374	10,949,812	3,054	10,952,866	10,755,662
EXPENDITURES DISBURSED					
Instruction					
Regular Programs					
Salaries	2,641,750	2,657,303	-	2,657,303	2,673,263
Employee benefits	499,400	458,105	-	458,105	480,012
On-behalf payments - State of Illinois	-	3,037,428	-	3,037,428	3,443,997
Purchased services	31,500	30,572	-	30,572	32,775
Supplies and materials	155,250	137,372	-	137,372	161,535
Capital outlay	25,000	-	-	-	9,869
Total	3,352,900	6,320,780	-	6,320,780	6,801,451
Special Education Programs					
Salaries	1,018,000	1,002,477	-	1,002,477	997,081
Employee benefits	158,030	154,091	-	154,091	158,598
Purchased services	46,000	32,053	-	32,053	37,153
Supplies and materials	11,800	14,747	-	14,747	10,199
Capital outlay	1,500	26,263	-	26,263	1,271
Total	1,235,330	1,229,631	-	1,229,631	1,204,302
Remedial Programs					
Salaries	176,000	146,386	-	146,386	110,878
Employee benefits	34,200	35,681	-	35,681	36,526
Purchased services	-	175	-	175	-
Supplies and materials	-	519	-	519	2,504
Total	210,200	182,761	-	182,761	149,908
Interscholastic Programs					
Salaries	38,000	37,400	-	37,400	37,315
Employee benefits	455	438	-	438	422
Purchased services	7,500	6,294	-	6,294	6,808
Supplies and materials	4,000	6,770	-	6,770	2,423
Total	49,955	50,902	-	50,902	46,968

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total
EXPENDITURES DISBURSED				
Bilingual Programs				
Salaries	\$ 55,000	\$ 50,076	\$ -	\$ 50,076
Employee benefits	9,870	9,999	-	9,999
Supplies and materials	-	63	-	63
Total	64,870	60,138	-	60,138
Total Instruction	4,913,255	7,844,212	-	7,844,212
Support Services				
Attendance and Social Work Services				
Salaries	100,000	103,059	-	103,059
Employee benefits	20,660	19,885	-	19,885
Supplies and materials	-	43	-	43
Total	120,660	122,987	-	122,987
Health Services				
Salaries	42,000	35,800	-	35,800
Employee benefits	100	77	-	77
Purchased services	3,000	800	-	800
Supplies and materials	3,000	3,468	-	3,468
Total	48,100	40,145	-	40,145
Psychological Services				
Salaries	47,000	48,001	-	48,001
Benefits	10,075	10,010	-	10,010
Purchased services	-	-	-	65
Supplies and Materials	1,500	2,675	-	2,675
Total	58,575	60,686	-	60,686
Speech Pathology and Audiology Services				
Salaries	90,000	80,978	-	80,978
Employee benefits	3,250	1,008	-	1,008
Purchased services	200	22,962	-	22,962
Total	93,450	104,948	-	104,948
Other Support Services - Pupils				
Salaries	58,500	53,678	-	53,678
Employee benefits	300	228	-	228
Total	58,800	53,906	-	53,906

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total	Total
EXPENDITURES DISBURSED					
Improvement of Instruction Services					
Purchased services	\$ 19,500	\$ 21,549	\$ -	\$ 21,549	\$ 13,456
Other	-	3,288	-	3,288	-
Total	19,500	24,837	-	24,837	13,456
Educational Media Services					
Salaries	30,000	30,291	-	30,291	29,206
Employee benefits	50	46	-	46	49
Purchased services	-	-	-	-	64
Supplies and materials	4,100	8,313	-	8,313	3,429
Total	34,150	38,650	-	38,650	32,748
Assessment and Testing Services					
Purchased services	-	3,838	-	3,838	-
Supplies and materials	-	20	-	20	-
Total	-	3,858	-	3,858	-
Board of Education Services					
Purchased services	72,500	82,113	-	82,113	64,981
Supplies and materials	4,000	3,070	-	3,070	4,504
Total	76,500	85,183	-	85,183	69,485
Executive Administration Services					
Salaries	214,000	223,773	-	223,773	208,716
Employee benefits	52,700	65,865	-	65,865	52,911
Purchased services	8,000	13,798	-	13,798	9,210
Supplies and materials	2,500	3,431	-	3,431	376
Other	2,000	1,417	-	1,417	1,741
Total	279,200	308,284	-	308,284	272,954
Office of the Principal Services					
Salaries	345,000	339,795	-	339,795	339,240
Employee benefits	78,500	83,032	-	83,032	76,554
Purchased services	1,000	1,815	-	1,815	1,945
Supplies and materials	1,000	1,096	-	1,096	782
Total	425,500	425,738	-	425,738	418,521

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total
EXPENDITURES DISBURSED				
Director of Business Services				
Salaries	\$ 105,334	\$ 105,334	\$ -	\$ 105,334
Employee benefits	42,000	49,707	-	49,707
Total	147,334	155,041	-	155,041
Fiscal Services				
Salaries	27,000	29,770	-	29,770
Employee benefits	50	47	-	47
Purchased services	32,000	35,280	-	35,280
Supplies and materials	2,000	2,600	-	2,600
Total	61,050	67,697	-	67,697
Operations and Maintenance of Plant Services				
Salaries	-	3,482	-	3,482
Employee benefits	-	-	-	-
Total	-	3,482	-	3,482
Food Services				
Salaries	15,400	14,832	-	14,832
Employee benefits	-	46	-	46
Purchased services	260,000	278,120	-	278,120
Supplies and materials	2,000	27,128	-	27,128
Capital outlay	2,000	2,900	-	2,900
Other	1,000	-	-	-
Total	280,400	323,026	-	323,026
Information Services				
Salaries	116,000	115,902	-	115,902
Employee benefits	19,500	16,993	-	16,993
Purchased services	14,500	24,209	-	24,209
Supplies and materials	45,000	82,818	-	82,818
Capital outlay	45,000	2,799	-	2,799
Noncapitalized equipment	-	6,350	-	6,350
Total	240,000	249,071	-	249,071
Data Processing Services				
Purchased services	50,500	73,486	-	73,486
Supplies and materials	16,000	1,362	-	1,362
Total	66,500	74,848	-	74,848
Total Support Services	2,009,719	2,142,387	-	2,142,387

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total	Total
EXPENDITURES DISBURSED					
Community Services					
Salaries	\$ 4,400	\$ 465	\$ -	\$ 465	\$ 845
Employee benefits	-	7	-	7	11
Purchased services	10,600	10,502	-	10,502	13,425
Supplies and materials	3,400	2,041	-	2,041	2,066
Total Community Services	<u>18,400</u>	<u>13,015</u>	<u>-</u>	<u>13,015</u>	<u>16,347</u>
Payments to Other Districts and Gov't Units					
Special Education Programs					
Purchased services	620,000	557,801	-	557,801	621,709
Total	<u>620,000</u>	<u>557,801</u>	<u>-</u>	<u>557,801</u>	<u>621,709</u>
Other Payments to In-State Governmental Units					
Purchased services	-	1,318	-	1,318	1,506
Other	-	16,903	-	16,903	46,008
Total	<u>-</u>	<u>18,221</u>	<u>-</u>	<u>18,221</u>	<u>47,514</u>
Total Payments to Other Districts and Governmental Units	<u>620,000</u>	<u>576,022</u>	<u>-</u>	<u>576,022</u>	<u>669,223</u>
Debt Service					
Tax Anticipation Warrants					
Other	-	-	-	-	152
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152</u>
Total Expenditures Disbursed	<u>7,561,374</u>	<u>10,575,636</u>	<u>-</u>	<u>10,575,636</u>	<u>10,976,716</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>374,176</u>	<u>3,054</u>	<u>377,230</u>	<u>(221,054)</u>
OTHER FINANCING (USES)					
Transfers out	-	-	-	-	(290,000)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,000)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 3,000</u>	<u>374,176</u>	<u>3,054</u>	<u>377,230</u>	<u>(511,054)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>550,922</u>	<u>182,467</u>	<u>733,389</u>	<u>1,244,443</u>
FUND BALANCE - END OF YEAR		<u>\$ 925,098</u>	<u>\$ 185,521</u>	<u>\$ 1,110,619</u>	<u>\$ 733,389</u>

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 4,350,000	\$ 4,479,055	\$ 4,253,034
Special education levy	23,000	22,073	22,119
Personal property replacement taxes	35,000	26,105	32,299
Investment earnings	12,000	23,291	11,917
Tuition	17,000	13,050	19,303
Sales to pupils - lunch	79,000	77,004	79,506
Other food service	8,000	4,916	9,450
Admissions - athletic	14,000	2,971	4,324
Gym uniforms	-	-	29
Fees	-	8,797	10,237
Other District/school activity revenue	-	63,264	64,218
Rentals - regular textbook	65,000	76,473	69,605
Rentals	80,000	650	278
Refund of prior years expenditures	-	9,055	1,279
Other	-	9,001	1,850
Total Local Sources	4,683,000	4,815,705	4,579,448
State Sources			
Evidence based funding formula	2,019,000	2,095,081	1,719,262
Special education - Private facility tuition	16,000	35,083	32,587
Special education - Funding for Children Req. Services	35,000	55,181	83,176
Special education - Personnel	90,000	95,403	141,828
State free lunch and breakfast	624	3,262	1,157
Early Childhood - Block grant	174,000	234,189	132,804
On-behalf payments - State of Illinois	-	3,037,428	3,443,997
Other state revenue	-	1,414	271
State library grant	-	6,499	-
Total State Sources	2,334,624	5,563,540	5,555,082
Federal Sources			
National school Lunch program	165,000	211,797	155,492
Special milk program	1,750	1,977	1,564
School breakfast program	35,000	51,757	33,600
Food service - other	-	26,089	30,211
Title IVA - Student support and academic enrichment	10,000	3,550	-
Title I - Low income	164,000	86,948	164,528
Fed. - Sp. Ed. - Pre-School Flow Through	5,000	7,457	8,011
Fed. - Sp. Ed. - I.D.E.A. Flow Through	115,000	107,936	164,082

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Title II - Teacher quality	\$ 38,000	\$ 39,397	\$ 49,246
Medicaid matching funds - administrative outreach	10,000	-	-
Medicaid matching funds - fee for service	-	33,659	11,447
Total Federal Sources	543,750	570,567	618,181
Total Revenues Received	7,561,374	10,949,812	10,752,711
EXPENDITURES DISBURSED			
Instruction			
Regular Programs			
Salaries	2,641,750	2,657,303	2,673,263
Employee benefits	499,400	458,105	480,012
On-behalf payments - State of Illinois	-	3,037,428	3,443,997
Purchased services	31,500	30,572	32,775
Supplies and materials	155,250	137,372	161,535
Capital outlay	25,000	-	9,869
Total	3,352,900	6,320,780	6,801,451
Special Education Programs			
Salaries	1,018,000	1,002,477	997,081
Employee benefits	158,030	154,091	158,598
Purchased services	46,000	32,053	37,153
Supplies and materials	11,800	14,747	10,199
Capital outlay	1,500	26,263	1,271
Total	1,235,330	1,229,631	1,204,302
Remedial Programs			
Salaries	176,000	146,386	110,878
Employee benefits	34,200	35,681	36,526
Purchased services	-	175	-
Supplies and materials	-	519	2,504
Total	210,200	182,761	149,908
Interscholastic Programs			
Salaries	38,000	37,400	37,315
Employee benefits	455	438	422
Purchased services	7,500	6,294	6,808
Supplies and materials	4,000	6,770	2,423
Total	49,955	50,902	46,968

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Bilingual Programs			
Salaries	\$ 55,000	\$ 50,076	\$ 53,199
Employee benefits	9,870	9,999	9,801
Supplies and materials	-	63	-
Total	64,870	60,138	63,000
Total Instruction	4,913,255	7,844,212	8,265,629
Support Services			
Attendance and Social Work Services			
Salaries	100,000	103,059	97,897
Employee benefits	20,660	19,885	20,510
Supplies and materials	-	43	-
Total	120,660	122,987	118,407
Health Services			
Salaries	42,000	35,800	40,255
Employee benefits	100	77	97
Purchased services	3,000	800	4,018
Supplies and materials	3,000	3,468	1,890
Total	48,100	40,145	46,260
Psychological Services			
Salaries	47,000	48,001	46,510
Employee benefits	10,075	10,010	9,864
Purchased services	-	-	65
Supplies and Materials	1,500	2,675	387
Total	58,575	60,686	56,826
Speech Pathology and Audiology Services			
Salaries	90,000	80,978	67,368
Employee benefits	3,250	1,008	2,564
Purchased services	200	22,962	30,772
Total	93,450	104,948	100,704

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Other Support Services - Pupils			
Salaries	\$ 58,500	\$ 53,678	\$ 57,030
Employee benefits	300	228	256
Total	58,800	53,906	57,286
Improvement of Instruction Services			
Purchased services	19,500	21,549	13,456
Other	-	3,288	-
Total	19,500	24,837	13,456
Educational Media Services			
Salaries	30,000	30,291	29,206
Employee benefits	50	46	49
Purchased services	-	-	64
Supplies and materials	4,100	8,313	3,429
Total	34,150	38,650	32,748
Assessment and Testing Services			
Purchased services	-	3,838	-
Supplies and materials	-	20	-
Total	-	3,858	-
Board of Education Services			
Purchased services	72,500	82,113	64,981
Supplies and materials	4,000	3,070	4,504
Total	76,500	85,183	69,485
Executive Administration Services			
Salaries	214,000	223,773	208,716
Employee benefits	52,700	65,865	52,911
Purchased services	8,000	13,798	9,210
Supplies and materials	2,500	3,431	376
Other	2,000	1,417	1,741
Total	279,200	308,284	272,954

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Office of the Principal Services			
Salaries	\$ 345,000	\$ 339,795	\$ 339,240
Employee benefits	78,500	83,032	76,554
Purchased services	1,000	1,815	1,945
Supplies and materials	1,000	1,096	782
Total	425,500	425,738	418,521
Director of Business Services			
Salaries	105,334	105,334	101,782
Employee benefits	42,000	49,707	43,495
Total	147,334	155,041	145,277
Fiscal Services			
Salaries	27,000	29,770	26,501
Employee benefits	50	47	49
Purchased services	32,000	35,280	34,140
Supplies and materials	2,000	2,600	1,902
Total	61,050	67,697	62,592
Operations and Maintenance of Plant Services			
Salaries	-	3,482	5,541
Employee benefits	-	-	5
Total	-	3,482	5,546
Food Services			
Salaries	15,400	14,832	14,989
Employee benefits	-	46	49
Purchased services	260,000	278,120	255,372
Supplies and materials	2,000	27,128	34,707
Capital outlay	2,000	2,900	-
Other	1,000	-	1,174
Total	280,400	323,026	306,291

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Information Services			
Salaries	\$ 116,000	\$ 115,902	\$ 122,451
Employee benefits	19,500	16,993	19,380
Purchased services	14,500	24,209	26,337
Supplies and materials	45,000	82,818	64,243
Capital outlay	45,000	2,799	22,310
Noncapitalized equipment	-	6,350	15,524
Total	<u>240,000</u>	<u>249,071</u>	<u>270,245</u>
Data Processing Services			
Purchased services	50,500	73,486	37,419
Supplies and materials	16,000	1,362	11,348
Total	<u>66,500</u>	<u>74,848</u>	<u>48,767</u>
Total Support Services	<u>2,009,719</u>	<u>2,142,387</u>	<u>2,025,365</u>
Community Services			
Salaries	4,400	465	845
Employee benefits	-	7	11
Purchased services	10,600	10,502	13,425
Supplies and materials	3,400	2,041	2,066
Total Community Services	<u>18,400</u>	<u>13,015</u>	<u>16,347</u>
Payments to Other Districts and Gov't Units			
Special Education Programs			
Purchased services	620,000	557,801	621,709
Total	<u>620,000</u>	<u>557,801</u>	<u>621,709</u>
Other Payments to In-State Governmental Units			
Purchased services	-	1,318	1,506
Other	-	16,903	46,008
Total	<u>-</u>	<u>18,221</u>	<u>47,514</u>
Total Payments to Other Districts and Gov't Units	<u>620,000</u>	<u>576,022</u>	<u>669,223</u>

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Debt Service			
Tax Anticipation Warrants			
Other	\$ -	\$ -	\$ 152
Total	-	-	152
Total Debt Service	-	-	152
Total Expenditures Disbursed	7,561,374	10,575,636	10,976,716
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	374,176	(224,005)
OTHER FINANCING (USES)			
Transfers out	-	-	(290,000)
Total Other Financing (Uses)	-	-	(290,000)
NET CHANGES IN FUND BALANCE	\$ -	374,176	(514,005)
FUND BALANCE - BEGINNING OF YEAR		550,922	1,064,927
FUND BALANCE - END OF YEAR		\$ 925,098	\$ 550,922

GAVIN SCHOOL DISTRICT NO. 37
 WORKING CASH ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
 JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 3,000	\$ 3,054	\$ 2,951
Total Local Sources	<u>3,000</u>	<u>3,054</u>	<u>2,951</u>
Total Revenues Received	<u>3,000</u>	<u>3,054</u>	<u>2,951</u>
EXPENDITURES DISBURSED			
Total Expenditures Disbursed	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 3,000</u>	3,054	2,951
FUND BALANCE - BEGINNING OF YEAR		<u>182,467</u>	<u>179,516</u>
FUND BALANCE - END OF YEAR		<u>\$ 185,521</u>	<u>\$ 182,467</u>

GAVIN SCHOOL DISTRICT NO. 37
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
 JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 801,000	\$ 799,186	\$ 816,311
Payments from other districts	1,500	-	1,588
Other	6,500	7,286	1,781
Total Local Sources	<u>809,000</u>	<u>806,472</u>	<u>819,680</u>
State Sources			
Other	-	-	151,778
Total State Sources	<u>-</u>	<u>-</u>	<u>151,778</u>
Total Revenues Received	<u>809,000</u>	<u>806,472</u>	<u>971,458</u>
EXPENDITURES DISBURSED			
Support Services			
Operations and Maintenance of Plant Services			
Salaries	240,000	242,518	243,586
Benefits	64,000	63,607	63,114
Purchased services	308,000	220,249	326,275
Supplies and materials	193,000	197,926	213,983
Capital outlay	4,000	50,179	51,675
Total Support Services	<u>809,000</u>	<u>774,479</u>	<u>898,633</u>
Total Expenditures Disbursed	<u>809,000</u>	<u>774,479</u>	<u>898,633</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>31,993</u>	<u>72,825</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	290,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>290,000</u>
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>31,993</u>	<u>362,825</u>
FUND BALANCE - BEGINNING OF YEAR		<u>76,540</u>	<u>(286,285)</u>
FUND BALANCE - END OF YEAR		<u>\$ 108,533</u>	<u>\$ 76,540</u>

GAVIN SCHOOL DISTRICT NO. 37

DEBT SERVICE FUND

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 750,000	\$ 787,435	\$ 1,623,732
Total Local Sources	750,000	787,435	1,623,732
Total Revenues Received	750,000	787,435	1,623,732
EXPENDITURES DISBURSED			
Debt Service			
Principal	1,025,000	1,025,000	1,973,493
Interest	61,900	22,450	194,857
Other	-	15,075	1,350
Total Debt Service	1,086,900	1,062,525	2,169,700
Total Expenditures Disbursed	1,086,900	1,062,525	2,169,700
(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(336,900)	(275,090)	(545,968)
OTHER FINANCING SOURCES (Uses)			
Refunding bonds issued	-	265,000	-
Transfer to escrow agent	-	(252,625)	-
Total Other Financing Sources (Uses)	-	12,375	-
NET CHANGES IN FUND BALANCE	(336,900)	(262,715)	(545,968)
FUND BALANCE - BEGINNING OF YEAR		887,964	1,433,932
FUND BALANCE - END OF YEAR		\$ 625,249	\$ 887,964

GAVIN SCHOOL DISTRICT NO. 37
 TRANSPORTATION FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
 JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 135,000	\$ 79,034	\$ 126,435
Other	5,000	2,151	10,352
Total Local Sources	<u>140,000</u>	<u>81,185</u>	<u>136,787</u>
State Sources			
Transportation aid - regular	135,000	160,277	143,804
Transportation aid - special education	190,000	252,857	181,940
Total State Sources	<u>325,000</u>	<u>413,134</u>	<u>325,744</u>
Total Revenues Received	<u>465,000</u>	<u>494,319</u>	<u>462,531</u>
EXPENDITURES DISBURSED			
Support Services			
Pupil Transportation Services			
Salaries	190,000	201,690	181,890
Employee benefits	9,500	10,504	8,896
Purchased services	370,000	327,132	348,329
Supplies and materials	37,500	36,113	31,803
Capital outlay	2,500	-	-
Total Support Services	<u>609,500</u>	<u>575,439</u>	<u>570,918</u>
Total Expenditures Disbursed	<u>609,500</u>	<u>575,439</u>	<u>570,918</u>
NET CHANGES IN FUND BALANCE	<u>\$ (144,500)</u>	(81,120)	(108,387)
FUND BALANCE - BEGINNING OF YEAR		<u>942,923</u>	<u>1,051,310</u>
FUND BALANCE - END OF YEAR		<u>\$ 861,803</u>	<u>\$ 942,923</u>

GAVIN SCHOOL DISTRICT NO. 37
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources			
General tax levy	\$ 136,000	\$ 117,758	\$ 119,203
Social security/medicare tax levy	129,000	123,950	125,281
Other tax levies	-	11,943	11,920
Personal property replacement taxes	-	4,523	4,305
Total Local Sources	265,000	258,174	260,709
Total Revenues Received	265,000	258,174	260,709
EXPENDITURES DISBURSED			
Instruction - Employee Benefits			
Regular programs	35,350	40,892	38,025
Special education programs	68,025	63,351	65,109
Remedial and supplemental programs K-12	9,800	8,506	9,982
Interscholastic programs	1,800	1,435	1,876
Bilingual programs	3,330	3,606	3,260
Total Instruction	118,305	117,790	118,252
Support Services - Employee benefits			
Pupils			
Attendance and social work services	1,425	1,473	1,397
Health services	8,300	6,967	7,912
Psychological services	685	696	675
Speech pathology and audiology services	1,100	2,322	975
Other support services - pupils	6,350	7,210	7,510
Total Pupils	17,860	18,668	18,469
Instructional Staff			
Educational medial services	6,000	6,018	5,743
Total Instructional Staff	6,000	6,018	5,743
General Administration			
Executive administration services	12,700	13,661	11,927
Total General Administration	12,700	13,661	11,927

(Continued)

GAVIN SCHOOL DISTRICT NO. 37
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
School Administration			
Office of the principal services	\$ 23,250	\$ 23,270	\$ 22,625
Total School Administration	23,250	23,270	22,625
Business			
Direction of business support services	1,500	1,502	1,454
Fiscal services	5,500	5,915	5,208
Operations and maintenance of plant services	48,150	47,290	46,572
Pupil transportation services	35,300	38,586	34,436
Food services	3,100	2,948	2,987
Total Business	93,550	96,241	90,657
Central			
Information services	23,400	21,732	22,807
Total Central	23,400	21,732	22,807
Total Support Services	176,760	179,590	172,228
Total Expenditures Disbursed	295,065	297,380	290,480
NET CHANGES IN FUND BALANCE	\$ (30,065)	(39,206)	(29,771)
FUND BALANCE - BEGINNING OF YEAR		213,315	243,086
FUND BALANCE - END OF YEAR		\$ 174,109	\$ 213,315

GAVIN SCHOOL DISTRICT NO. 37

TORT FUND

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES			
Local Sources			
General tax levy	\$ 40,000	\$ 42,949	\$ -
Total Local Sources	40,000	42,949	-
Total Revenues	40,000	42,949	-
EXPENDITURES			
Support Services			
General Administration			
Workers' compensation	40,000	40,000	-
Total Support Services	40,000	40,000	-
Total Expenditures	40,000	40,000	-
NET CHANGE IN FUND BALANCES	\$ -	2,949	-
FUND BALANCE - BEGINNING OF YEAR		-	-
FUND BALANCE - END OF YEAR		\$ 2,949	\$ -

GAVIN SCHOOL DISTRICT NO. 37
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Cash Received	Cash Disbursed	Cash Balance June 30, 2018
ASSETS				
Cash	\$ 88,500	\$ 113,629	\$ 104,826	\$ 97,303
LIABILITIES				
Student Activity Fund:				
DS Cremmin Memorial Fund	\$ 197	\$ -	\$ -	\$ 197
Drama Club	292	-	-	292
NJHS	503	-	-	503
South Athletics	2,743	2,392	2,027	3,108
Music Booster / Gavin Music	(1,071)	12,673	7,291	4,311
CURB	135	-	-	135
Concessions - S	506	-	-	506
Central PBIS	3,172	-	14	3,158
South PBIS	317	110	-	427
Central AF / Vending / Trip	439	17,242	16,562	1,119
South AF / Friendship / Graduation	7,127	6,508	10,636	2,999
JCE AF	3,966	-	-	3,966
South Cheerleading	2,219	1,527	767	2,979
Central Student Council	3,354	3,392	3,172	3,574
South Student Council	4,155	1,387	226	5,316
South Trip Fund / Wash DC	20,609	5,518	6,273	19,854
South Springfield Trip	2,168	9,373	9,920	1,621
Special Bank Grants	747	-	-	747
Interest	28	590	84	534
Yearbook Central	4,126	3,260	3,294	4,092
Yearbook South	6,814	4,257	6,029	5,042
Zach Tran Mem Fd	500	-	-	500
South Spanish Club	771	-	-	771
Central Spanish Club	607	-	-	607
Retirement Party	1,850	-	-	1,850
Central PE	921	1,500	1,745	676
PTA Field Trips	3,150	-	2,950	200
Lullabye	1,263	2,966	2,774	1,455
PIG	15,292	30,745	27,339	18,698
Central Band	755	847	748	854
8th tablets	-	7,440	460	6,980
Central literacy	-	1,804	1,605	199
South PE	845	98	910	33
Total Student Activity Fund	\$ 88,500	\$ 113,629	\$ 104,826	\$ 97,303

GAVIN SCHOOL DISTRICT NO. 37
 GENERAL LONG-TERM DEBT
 SCHEDULE OF GENERAL OBLIGATION BONDS
 JUNE 30, 2018

Refunding Bonds, Series 2014 (Interest payable June 1 and December 1)	Maturity as follows for the Year Ended June 30,	Principal	Interest	Total
		2019	\$ 230,000	\$ 10,500
	2020	235,000	3,525	238,525
	Total	<u>\$ 465,000</u>	<u>\$ 14,025</u>	<u>\$ 479,025</u>

GAVIN SCHOOL DISTRICT NO. 37
SCHEDULE OF PER CAPITA TUITION CHARGE
AND AVERAGE DAILY ATTENDANCE
JUNE 30, 2018 AND 2017

	2018	2017
OPERATING COSTS PER PUPIL		
Average Daily Attendance (ADA)	740.42	717.44
<u>Operating costs</u>		
Educational Fund	\$ 7,538,208	\$ 7,502,508
Operations and Maintenance Fund	774,479	898,633
Bond and Interest Fund	1,062,525	2,169,700
Transportation Fund	575,439	570,918
Municipal Retirement Fund	297,380	290,480
Tort Fund	40,000	40,000
Subtotal	10,288,031	11,472,239
<u>Less Revenues Received or Expenditures Disbursed</u>		
<u>Not Applicable to Operating Expenses of Regular Programs</u>		
Community services	13,015	16,347
Capital outlay	82,141	85,125
	6,350	-
Payments to other districts	576,022	669,223
Principal retired	1,025,000	1,973,493
Subtotal	1,702,528	2,744,188
Operating costs	\$ 8,585,503	\$ 8,728,051
Operating costs per pupil - based on ADA	\$ 11,595	\$ 12,166
TUITION CHARGE		
Operating costs	\$ 8,585,503	\$ 8,728,051
Less - revenues from specific programs, such as special education or lunch programs	1,343,897	1,491,517
Net operating costs	7,241,606	7,236,534
Depreciation allowance	276,704	286,624
Allowance tuition costs	\$ 7,518,310	\$ 7,523,158
Tuition charge per pupil - based on ADA	\$ 10,154	\$ 10,486

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GAVIN SCHOOL DISTRICT NO. 37
NOTES TO OTHER INFORMATION
JUNE 30, 2018

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

Changes of Assumptions

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

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

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

NOTE 2 – TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND

Changes of Assumptions

Amounts reported in 2016 reflect an investment rate of return of 7.00%, an inflation rate of 2.50% and salary increases that vary by amount of service credit. Amounts reported in 2015 reflect an investment rate of return of 7.50%, an inflation rate of 3.00% and real return of 4.50%, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.50%, and inflation rate of 3.00% and real return of 4.50%, and salary increases of 5.75%.

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Fund types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The original and final budget was passed on September 26, 2017.

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

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

1. After July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

GAVIN SCHOOL DISTRICT NO. 37
NOTES TO OTHER INFORMATION
JUNE 30, 2018

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (CONT'D)

Over-expenditures of Budget

During the year ended June 30, 2018, actual expenditures exceeded budgeted expenditures in the following funds:

	<u>Actual Disbursed</u>	<u>Budgeted Expenditures</u>
Educational Account	\$ 10,575,636	\$ 7,561,374
IMRF Fund	297,380	295,065

The Educational Account was over-expended primarily due to unbudgeted on-behalf payments; the difference was funded with on-behalf revenue and fund balance. The IMRF Fund was over-expended due to increases in operating expenses; the difference was funded with excess revenues over expenditures.