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**GRAYSLAKE COMMUNITY CONSOLIDATED  
SCHOOL DISTRICT NO. 46  
STATE OF ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**

eder, caseilla & co

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Fiduciary Assets and Liabilities	20
Notes to Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	49
Illinois Municipal Retirement Fund – Schedule of Employer Contribution	50
Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability	51
Teachers' Retirement System of the State of Illinois – Schedule of Employer Contribution	52

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</b>	
Teachers' Health Insurance Security Fund of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net OPEB Liability	53
Teachers' Health Insurance Security Fund of the State of Illinois – Schedule of Employer Contribution	54
Other Post-Employment Benefit - Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios	55
Other Post-Employment Benefit - Schedule of Employer Contribution	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Operations and Maintenance Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Transportation Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Illinois Municipal Retirement/Social Security Fund	64
Notes to Required Supplementary Information	67
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
Combining Balance Sheet – General Fund	68
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Educational Fund	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Working Cash Fund	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Tort Fund	76
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Services Fund	77

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
SUPPLEMENTAL FINANCIAL INFORMATION (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	78
Schedule of Changes in Fiduciary Assets and Liabilities – Activity Funds	79
Computation of Operating Expense Per Pupil and Per Capita Tuition Charge	80
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	81
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87
Summary Schedule of Prior Audit Findings	91
Corrective Action Plan for Current Year Audit Findings	92



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Grayslake Community Consolidated School District No. 46  
Grayslake, Illinois

### Report on the Financial Statements

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

Grayslake Community Consolidated School District No. 46

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grayslake Community Consolidated School District No. 46 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020 on our consideration of Grayslake Community Consolidated School District No. 46'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 solely 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 the effectiveness of Grayslake Community Consolidated School District No. 46's 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 Grayslake Community Consolidated School District No. 46's internal control over financial reporting and compliance.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
January 22, 2020



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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  
 Grayslake Community Consolidated School District No. 46  
 Grayslake, Illinois

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

Grayslake Community Consolidated School District No. 46

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Grayslake Community Consolidated School District No. 46's basic financial statements, and have issued our report thereon dated January 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Grayslake Community Consolidated School District No. 46'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 Grayslake Community Consolidated School District No. 46's internal control. Accordingly, we do not express an opinion on the effectiveness of Grayslake Community Consolidated School District No. 46'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, that we consider to be material weaknesses.





## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grayslake Community Consolidated School District No. 46's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Grayslake Community Consolidated School District No. 46's Response to Findings**

Grayslake Community Consolidated School District No. 46's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Grayslake Community Consolidated School District No. 46'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.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
January 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION

# **Grayslake Community Consolidated School District No. 46**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2019

The Management's Discussion and Analysis of Grayslake Community Consolidated School District No. 46's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2019. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$2,482,858 (net position).
- The District's total net position increased by \$1,995,881.
- At June 30, 2019 the District's governmental funds reported combined ending fund balances of \$24,345,603, a decrease of \$219,270. 55% of this fund balance is available for spending at the District's discretion (unassigned fund balance \$13,352,224).
- At June 30, 2019 the unassigned fund balance for the General Fund was \$13,352,224, or 24% of total General Fund expenditures.
- The District's total long-term debt decreased by \$1,199,698 during the year ended June 30, 2019 primarily due to scheduled repayment of long-term debt offset by the accretion of interest on capital appreciation bonds.

### **Overview of the Financial Statements**

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

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include instruction, support services, operations and maintenance,

transportation, food services, and certain other activities and expenses such as payments to other districts and governmental units, and interest and fees.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, and Capital Projects Funds, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is required supplementary information, has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.

The basic fund financial statements can be found on pages 15 through 19 and the required supplementary information can be found on pages 49 through 67 of this report.

*Fiduciary Funds* - Fiduciary funds are used to account for assets held for others, such as student activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the assets of these funds are not available to support the District's operations.

The basic fiduciary fund financial statement can be found on page 20 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 48 of this report.

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

Supplemental financial information can be found on pages 68 through 80 of this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,482,858 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2019 and 2018:

	Governmental Activities	
	FY 2019	FY 2018
<b>Assets</b>		
Current and Other Assets	\$ 47,903,585	\$ 48,235,072
Capital Assets	62,968,851	61,364,954
<b>Total Assets</b>	<b>\$ 110,872,436</b>	<b>\$ 109,600,026</b>
<b>Deferred Outflows of Resources</b>		
Defeasance Asset, net of amortization	\$ 2,308,328	\$ 2,678,710
Pension Expense/Revenue	4,220,280	2,520,310
<b>Total Deferred Outflows of Resources</b>	<b>\$ 6,528,608</b>	<b>\$ 5,199,020</b>
<b>Liabilities</b>		
Other Liabilities	\$ 5,622,779	\$ 6,060,715
Long-Term Liabilities Outstanding	85,759,426	84,326,367
<b>Total Liabilities</b>	<b>\$ 91,382,205</b>	<b>\$ 90,387,082</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue - Property Taxes	\$ 18,176,043	\$ 17,807,142
Pension Expense/Revenue	5,359,938	6,117,845
<b>Total Deferred Inflows of Resources</b>	<b>\$ 23,535,981</b>	<b>\$ 23,924,987</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 19,205,421	\$ 19,318,378
Restricted	8,893,402	9,001,067
Unrestricted	(25,615,965)	(27,832,468)
<b>Total Net Position</b>	<b>\$ 2,482,858</b>	<b>\$ 486,977</b>

The net investment in capital assets represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of Net Investment in Capital Assets was \$19,205,421 at June 30, 2019.

**Governmental Activities.** Governmental activities increased the District's net position by \$1,995,881. Key elements of this increase are as follows:

Grayslake Community Consolidated School District No. 46's Change in Net Position

	Governmental Activities	
	FY 2019	FY 2018
Revenues:		
Program Revenues		
Charges for Services	\$ 1,398,666	\$ 1,584,447
Operating Grants and Contributions	20,718,391	20,698,017
Capital Grants and Contributions	34,961	58,401
General Revenues:		
Property Taxes	35,887,545	35,175,986
Other Taxes	146,459	124,763
Grants and Contributions not Restricted to Specific Activities	12,610,225	11,637,308
Unrestricted Investment Earnings	528,240	304,624
Gain/(Loss) on Sale of Capital Assets	-	(3,017)
Miscellaneous	70,024	161,397
Total Revenues	<u>\$ 71,394,511</u>	<u>\$ 69,741,926</u>
Expenses:		
Instruction	\$ 26,614,160	\$ 26,479,033
Support Services	19,307,231	18,374,374
Community Services	52,917	53,855
Payments to Other Districts and Governmental Units	1,646,225	1,803,191
Interest and Fees on Long-Term Debt	2,342,825	2,746,196
On-Behalf Retirement Contributions	16,337,293	15,649,218
Depreciation - Unallocated	3,097,979	2,970,137
Total Expenses	<u>\$ 69,398,630</u>	<u>\$ 68,076,004</u>
Change in Net Position	\$ 1,995,881	\$ 1,665,922
Net Position - Beginning	486,977	23,650,917
Net Position Adjustment	-	(24,829,862)
Net Position - Ending	<u>\$ 2,482,858</u>	<u>\$ 486,977</u>

- The District's total revenues increased by \$1,652,585 compared to the prior year. The most significant changes were: an increase in Property Taxes of \$711,559 compared to the prior year due mainly to receiving more levies from the County and an increase in Grants and Contributions not Restricted to Specific Activities of \$972,917 compared to the prior year due mainly to an increase in General State Aid revenue.
- The District's total expenses increased by \$1,322,626. The most significant changes were: an increase in On-Behalf payments of \$688,075 compared to the prior year, and an increase in Instruction and Support Services expenses of \$1,067,984 compared to the prior year.

### Financial Analysis of the District's Funds

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

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

As of June 30, 2019, the District's six governmental funds reported combined ending fund balances of \$24,345,603, a decrease of \$219,270 from the prior year.

General Fund – The greatest variety and the largest volume of transactions shall be recorded in the General Fund because the General Fund covers transactions that are not specifically covered

in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health, and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include instruction tax levies, tuition, and textbook rentals.

- At June 30, 2019 the General Fund had an unassigned fund balance of \$13,352,224. This unassigned fund balance represents 24% of total General Fund expenditures.

The Operations and Maintenance Fund's fund balance increased by \$349,572 in comparison with the prior year. This change is due to an increase in property tax revenue and a decrease in capital outlay expenses.

The Debt Services Fund's fund balance increased by \$57,514 in comparison with the prior year. This increase is due to property taxes exceeding scheduled debt payments.

The Transportation Fund's fund balance increased by \$412,069 in comparison with the prior year. This change is due to a decrease in transportation costs.

The Illinois Municipal Retirement/Social Security Fund's fund balance increased by \$109,001 in comparison with the prior year. This increase is due to property taxes that exceeded the current year expenditures.

The Capital Projects Fund's fund balance decreased by \$793,945 in comparison with the prior year due to significant capital projects being completed during the year.

### **General Fund Budgetary Highlights**

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

- The difference between budgeted revenues and actual revenues in the General Fund was \$1,631,548 (unfavorable) which is 3% of total revenues. The most significant factor was that the District did not budget for the decrease of the On-Behalf Retirement Contributions from the State of Illinois.
- The difference between budgeted expenditures and actual expenditures in the General Fund was \$1,086,302 (favorable) which is 2% of total expenditures. The most significant factor was the decrease of the On-Behalf Retirement Contributions from the State of Illinois.

### **Capital Asset and Debt Administration**

**Capital Assets.** At June 30, 2019 the District had invested \$62,968,851 (net of depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, and capitalized equipment. Total depreciation expense for the year was \$3,779,029.

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

- Solar panel project (construction in progress as of June 30, 2018) at Grayslake Middle School, Frederick School, Park School, and Prairieview School in the amount of \$6,502,921.
- Bus drop off project at Frederick School in the amount of \$249,027.

Grayslake Community Consolidated School District No. 46's Capital Assets  
(net of depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 2,265,169	\$ 2,265,169
Building and Building Improvements	58,488,908	54,451,049
Site Improvements and Infrastructure	1,548,767	1,430,773
Capitalized Equipment	666,007	1,042,830
Construction in Progress	-	2,175,133
<b>Total</b>	<b>\$ 62,968,851</b>	<b>\$ 61,364,954</b>

Additional information on the District's capital assets can be found in note 4 on page 27 and 28 of this report.

**Long-Term Debt.** At June 30, 2019 the District had \$50,843,828 in long-term debt.

Grayslake Community Consolidated School District No. 46's Outstanding Debt

	Governmental Activities	
	2019	2018
Bonds and Notes Payable	\$ 50,843,828	\$ 52,043,526
<b>Total</b>	<b>\$ 50,843,828</b>	<b>\$ 52,043,526</b>

Additional information on the District's long-term debt can be found in note 5 on pages 28 and 29 of this report.

**Economic Factors and Next Year's Budget**

For five years in a row, the property values within the boundary of the District realized an overall increase in Equalized Assessed Value (2014 - \$535,683,256; 2015 - \$559,368,747; 2016 - \$613,358,204; 2017 - \$659,639,906; 2018 - \$693,954,245). The reversal from a downward to an upward trend is expected to continue as housing prices continue to show strong growth resulting in decreasing tax rates for the community.

In accordance with inflationary projections, costs associated with purchases including equipment, service, and supplies will continue to increase. The District's main recourse for collecting additional revenues to offset these increases is the levy process. This process uses the lesser of 5% or the Consumer Price Index to cap additional local tax revenue. The December CPI in 2018 was finalized at 1.9%. This represents the anticipated increase the District plans to request during the 2019 levy process.

Under Illinois' Evidence Based Funding (EBF) disbursements, the District is a Tier 1 entity and therefore eligible for additional funding above the base funding minimum. In fiscal year 2019, the District received a total of \$12.6 million through EBF.

In the prior year, the District installed solar panels in several locations. The solar project was financed from fund balance and the issuance of debt certificates. The District continues to pay down the debt associated with the solar project and anticipates a potential expansion of solar panels to other school buildings in the future.

The Collective Bargaining Agreement that was reached in December of 2017 affected salaries for 2017-18 and 2018-19. In February 2019, the District began negotiating salaries for school years 2019-2020 and 2020-2021. Agreement on salaries was reached in November 2019 for salary increases for teachers and support staff through the balance of the current contract terms. The salary increases for the union membership for 2019-2020 is 4.0% and for 2020-2021 is 3.6%.



The potential for pension shifts and property tax freezes continue to loom over the public education sector. The District will continue to monitor activity in the State legislature and adjust its practices accordingly.

### **Requests for Information**

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

Grayslake Community Consolidated School District No. 46  
565 Frederick Road  
Grayslake, IL 60030

## BASIC FINANCIAL STATEMENTS

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 20,970,453
Investments, at Fair Value	6,722,044
Employee Receivables, net of allowance of \$0	69,448
Property Taxes Receivable, net of allowance of \$0	18,361,210
Due from Other Governments, net of allowance of \$0	1,327,016
Prepaid Expenses	61,764
Other Current Assets	391,650
Capital Assets (Note 4):	
Land	2,265,169
Depreciable Buildings, Property, and Equipment, net of depreciation	60,703,682
<b>Total Assets</b>	<b>\$ 110,872,436</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Amount of Refunding, net of amortization	\$ 2,308,328
Pension Expense/Revenue - IMRF	2,287,591
Pension Expense/Revenue - TRS	785,146
Pension Expense/Revenue - THIS	1,143,465
Pension Expense/Revenue - OPEB	4,078
<b>Total Deferred Outflows of Resources</b>	<b>\$ 6,528,608</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 1,934,273
Accrued Payroll and Payroll Liabilities	3,688,506
Long-Term Liabilities	
Due Within One Year	7,563,993
Due in More Than One Year	78,195,433
<b>Total Liabilities</b>	<b>\$ 91,382,205</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	\$ 18,176,043
Pension Expense/Revenue - TRS	1,600,950
Pension Expense/Revenue - OPEB THIS	3,749,553
Pension Expense/Revenue - OPEB IMRF	9,435
<b>Total Deferred Inflows of Resources</b>	<b>\$ 23,535,981</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 19,205,421
Restricted for:	
Operations and Maintenance	2,701,639
Debt Service	4,609,584
Transportation	768,427
Retirement	663,858
Tort	149,894
Unrestricted/(Deficit)	(25,615,965)
<b>Total Net Position</b>	<b>\$ 2,482,858</b>

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2019

Functions/Programs Governmental Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 14,329,540	\$ 298,351	\$ 343,641	\$ -	\$ (13,687,548)
Regular Programs	7,430,043	38,801	621,479	-	(6,769,763)
Special Education Programs	4,854,577	582,409	48,325	-	(4,223,843)
Other Instructional Programs					
Support Services					
Pupils	3,623,403	-	469,185	-	(3,154,218)
Instructional Staff	2,080,325	-	2,743	-	(2,077,582)
General Administration	1,489,253	-	-	-	(1,489,253)
School Administration	1,939,234	-	-	-	(1,939,234)
Business	1,122,636	-	-	-	(1,122,636)
Facilities Acquisition and Construction	806,781	-	-	34,961	(771,820)
Operations and Maintenance	3,328,151	61,282	111,012	-	(3,155,857)
Transportation	2,741,548	34,314	1,938,614	-	(768,620)
Food Services	791,581	383,509	500,458	-	92,386
Central	1,384,319	-	-	-	(1,384,319)
Community Services	52,917	-	-	-	(52,917)
Payments to Other Districts and Governmental Units	1,646,225	-	345,641	-	(1,300,584)
Interest and Fees on Long-Term Debt	2,342,825	-	-	-	(2,342,825)
On-Behalf Retirement Contributions	16,337,293	-	16,337,293	-	-
Depreciation - Unallocated	3,097,979	-	-	-	(3,097,979)
Total Governmental Activities	\$ 69,398,630	\$ 1,398,666	\$ 20,718,391	\$ 34,961	\$ (47,246,612)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 28,172,964
Property Taxes, Levied for Debt Service					7,714,581
Other Payments in Lieu of Taxes					146,459
Grants and Contributions not Restricted to Specific Activities					12,610,225
Unrestricted Investment Earnings					528,240
Miscellaneous Income					70,024
Total General Revenues					\$ 49,242,493
Change in Net Position					\$ 1,995,881
Net Position - July 1, 2018					486,977
Net Position - June 30, 2019					\$ 2,482,858

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 13,080,403	\$ 3,248,456	\$ 3,607,340	\$ 419,815	\$ 547,876	\$ 66,563	\$ 20,970,453
Investments, at Fair Value	4,088,119	1,084,428	1,204,233	140,146	182,897	22,221	6,722,044
Employee Receivables, net of allowance of \$0	69,032	-	-	416	-	-	69,448
Property Taxes Receivable, net of allowance of \$0	11,296,704	1,767,829	3,907,009	611,163	778,505	-	18,361,210
Due from Other Governments, net of allowance of \$0	820,611	7,383	-	481,030	17,992	-	1,327,016
Prepaid Expenses	23,590	38,174	-	-	-	-	61,764
Other Current Assets	391,650	-	-	-	-	-	391,650
<b>Total Assets</b>	<b>\$ 29,770,109</b>	<b>\$ 6,146,270</b>	<b>\$ 8,718,582</b>	<b>\$ 1,652,570</b>	<b>\$ 1,527,270</b>	<b>\$ 88,784</b>	<b>\$ 47,903,585</b>
<b>LIABILITIES</b>							
Accounts Payable and Accrued Expenses	\$ 1,378,031	\$ 160,061	\$ 550	\$ 134,299	\$ 20,492	\$ -	\$ 1,693,433
Accrued Payroll and Payroll Liabilities	3,683,589	(6,762)	-	(415)	12,094	-	3,688,506
Total Liabilities	\$ 5,061,620	\$ 153,299	\$ 550	\$ 133,884	\$ 32,586	\$ -	\$ 5,381,939
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	\$ 11,182,781	\$ 1,750,000	\$ 3,867,608	\$ 605,000	\$ 770,654	\$ -	\$ 18,176,043
Total Deferred Inflows of Resources	\$ 11,182,781	\$ 1,750,000	\$ 3,867,608	\$ 605,000	\$ 770,654	\$ -	\$ 18,176,043
<b>FUND BALANCE</b>							
Nonspendable							
Prepaid Expenses	\$ 23,590	\$ 38,174	\$ -	\$ -	\$ -	\$ -	\$ 61,764
Restricted							
Operations and Maintenance	-	2,701,639	-	-	-	-	2,701,639
Debt Service	-	-	4,850,424	-	-	-	4,850,424
Illinois Municipal Retirement Fund	-	-	-	-	570,452	-	570,452
Special Education Illinois Municipal Retirement	-	-	-	-	93,406	-	93,406
Tort Liability	149,894	-	-	-	-	-	149,894
Transportation	-	-	-	768,427	-	-	768,427
Assigned							
Transportation	-	-	-	145,259	-	-	145,259
Operations and Maintenance	-	1,503,158	-	-	-	-	1,503,158
Illinois Municipal Retirement Fund	-	-	-	-	60,172	-	60,172
Capital Projects	-	-	-	-	-	88,784	88,784
Unassigned	13,352,224	-	-	-	-	-	13,352,224
Total Fund Balance	\$ 13,525,708	\$ 4,242,971	\$ 4,850,424	\$ 913,686	\$ 724,030	\$ 88,784	\$ 24,345,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 29,770,109	\$ 6,146,270	\$ 8,718,582	\$ 1,652,570	\$ 1,527,270	\$ 88,784	\$ 47,903,585

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2019

Total Fund Balances - Governmental Funds \$ 24,345,603

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

Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.

Pension Expense/Revenue - IMRF	\$	2,287,591	
Pension Expense/Revenue - TRS		(815,804)	
Pension Expense/Revenue - OPEB THIS		(2,606,088)	
Pension Expense/Revenue - OPEB IMRF		<u>(5,357)</u>	
			(1,139,658)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$	110,831,061	
Accumulated Depreciation on Capital Assets		<u>(47,862,210)</u>	
			62,968,851

Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.

Deferred Amount of Refunding, net of related amortization	\$	2,308,328	
Bond Premiums, net of related amortization		<u>(2,660,499)</u>	
			(352,171)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and Notes Payable	\$	(50,843,828)	
Accrued Interest on Long-Term Debt		(240,840)	
Compensated Absences		(384,148)	
Net Pension Liability - TRS		(2,497,950)	
Net Pension Liability - IMRF		(4,094,541)	
Net Pension Liability - OPEB THIS		(25,045,882)	
Net Pension Liability - OPEB IMRF		<u>(232,578)</u>	
			<u>(83,339,767)</u>

Net Position of Governmental Activities \$ 2,482,858

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes	\$ 22,112,440	\$ 3,411,567	\$ 7,714,581	\$ 1,168,974	\$ 1,479,983	\$ -	\$ 35,887,545
Payments in Lieu of Taxes	56,839	-	-	-	89,620	-	146,459
Tuition	71,390	-	-	-	-	-	71,390
Transportation Fees	-	-	-	34,314	-	-	34,314
Earnings on Investments	324,183	89,854	68,968	6,985	14,014	24,236	528,240
Food Service	383,509	-	-	-	-	-	383,509
District/School Activity Income	289,874	-	-	-	-	-	289,874
Textbooks	293,918	-	-	-	-	-	293,918
Other Local Sources	390,765	172,294	-	1,779	-	6,820	571,658
State Aid	12,984,651	-	-	1,938,614	-	-	14,923,265
Federal Aid	1,957,046	-	-	-	-	-	1,957,046
On-Behalf Payments	16,337,293	-	-	-	-	-	16,337,293
	\$ 55,171,908	\$ 3,673,715	\$ 7,783,549	\$ 3,150,666	\$ 1,583,617	\$ 31,056	\$ 71,394,511

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
<b>EXPENDITURES</b>							
Current							
Instruction	\$ 13,723,004	\$ -	\$ -	\$ -	\$ 228,577	\$ -	\$ 13,951,581
Regular Programs	6,945,670	-	-	-	350,973	-	7,296,643
Special Education Programs	4,615,214	-	-	-	172,751	-	4,787,965
Other Instructional Programs							
Support Services							
Pupils	3,403,518	-	-	-	179,936	-	3,583,454
Instructional Staff	1,978,520	-	-	-	64,705	-	2,043,225
General Administration	1,418,820	-	-	-	32,213	-	1,451,033
School Administration	1,804,241	-	-	-	91,343	-	1,895,584
Business	1,064,819	-	-	-	58,394	-	1,123,213
Operations and Maintenance	75	3,177,725	-	-	181,134	-	3,358,934
Transportation	2,141	-	-	2,738,597	1,075	-	2,741,813
Food Services	767,369	-	-	-	9,942	-	777,311
Central	1,262,642	-	-	-	103,415	-	1,366,057
Community Services	52,761	-	-	-	151	-	52,912
Payments to Other Districts and Governmental Units	1,609,114	37,104	-	-	7	-	1,646,225
Debt Service							
Principal	-	-	1,793,918	-	-	-	1,793,918
Interest and Fees	-	-	5,870,282	-	-	-	5,870,282
Capital Outlay	7,298	109,314	-	-	-	5,419,726	5,536,338
On-Behalf Payments	16,337,293	-	-	-	-	-	16,337,293
	\$ 54,992,499	\$ 3,324,143	\$ 7,664,200	\$ 2,738,597	\$ 1,474,616	\$ 5,419,726	\$ 75,613,781

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
(Continued)							
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 179,409	\$ 349,572	\$ 119,349	\$ 412,069	\$ 109,001	\$ (5,388,670)	\$ (4,219,270)
OTHER FINANCING SOURCES (USES)							
Interfund Transfers	\$ (477,863)	\$ -	\$ -	\$ -	\$ -	\$ 477,863	\$ -
Interest Transfers	(55,027)	-	(61,835)	-	-	116,862	-
Principal on Bonds Sold	-	-	-	-	-	4,000,000	4,000,000
	<u>\$ (532,890)</u>	<u>\$ -</u>	<u>\$ (61,835)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,594,725</u>	<u>\$ 4,000,000</u>
NET CHANGE IN FUND BALANCES	\$ (353,481)	\$ 349,572	\$ 57,514	\$ 412,069	\$ 109,001	\$ (793,945)	\$ (219,270)
FUND BALANCE - JULY 1, 2018	13,879,189	3,893,399	4,792,910	501,617	615,029	882,729	24,564,873
FUND BALANCE - JUNE 30, 2019	<u>\$ 13,525,708</u>	<u>\$ 4,242,971</u>	<u>\$ 4,850,424</u>	<u>\$ 913,686</u>	<u>\$ 724,030</u>	<u>\$ 88,784</u>	<u>\$ 24,345,603</u>

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



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (219,270)

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

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

Depreciation Expense	\$ (3,125,662)	
Capital Outlays	<u>4,729,557</u>	1,603,895

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Proceeds from Long-Term Debt		(4,000,000)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of Defeasance Asset	\$ (370,382)	
Amortization of Bond Premiums	489,229	
Accrued Interest on Long-Term Debt	2,830	
Accreted Interest	(1,005,303)	
Compensated Absences	(75,312)	
Pension Expense	<u>(1,753,747)</u>	(2,712,685)

Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.

		1,118,940
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Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>6,205,001</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 1,995,881</u></u>
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GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 JUNE 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 87,796
Total Assets	\$ 87,796
<b>LIABILITIES</b>	
Due to Activity Fund Organizations	\$ 87,796
Total Liabilities	\$ 87,796

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Grayslake Community Consolidated School District No. 46's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

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

**A. *Reporting Entity***

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

**B. *Basic Financial Statements – Government-Wide Statements***

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

The District does not allocate indirect costs.

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

### C. *Basic Financial Statements – Fund Financial Statements*

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

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

The following fund types are used by the District:

#### 1. Governmental Fund Types

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

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

#### 2. Fiduciary Funds

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

### D. *Basis of Accounting*

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

#### 1. *Accrual*

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

#### 2. *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available.

Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

### E. *Cash and Cash Equivalents and Investments*

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

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

No District fund had a cash overdraft at June 30, 2019.

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

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred. The District has adopted a formal written investment and cash management policy.

### F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### G. *Prepaid Expenses*

Prepaid expenses are for payments made by the District in the current year for goods and services received in the subsequent fiscal year.

### H. *Inventories*

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

### I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

### J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and Building Improvements	20 - 40 years
Site Improvements and Infrastructure	20 - 50 years
Capitalized Equipment	5 - 20 years

### K. *Deferred Outflows and Inflows of Resources*

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

### L. *Compensated Absences*

Vacation benefits and unused sick days are granted to employees in varying amounts up to specified maximums depending on tenure with the District. Unused vacation time can accumulate and carryover to subsequent years up to specified maximums. However, as vacation benefits are not paid out upon termination, no provision for compensated absences liability is included in the financial statements. The unused sick days can be carried over and teachers that have been employed for five or more years are entitled to be paid for the past five years of unused sick days. This will be paid out at 50% of a regular substitute teacher's daily rate.

### M. *Long-Term Obligations*

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

### N. *Government-Wide Net Position*

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net positions are reported in this category.

### O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

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

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue, debt services, and capital projects funds.

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

P. *Property Tax Calendar and Revenues*

The District’s property tax is levied each calendar year on all taxable real property located in the District’s district on or before the last Tuesday in December. The 2018 levy was passed by the Board on December 5, 2018. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

Q. *Estimates*

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

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

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities in accordance with the Public Fund Investment Act, 30 ILCS 235. As of June 30, 2019, \$0 of the District’s bank balance of \$29,688,356 was exposed to custodial credit risk.

*Investments*

As of June 30, 2019, the District had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
State Investment Pool	\$ 21,408,795	\$ 21,408,795

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

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



NOTES TO FINANCIAL STATEMENTS (Continued)

*Credit Risk.* State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2019, the District's investments were rated as follows:

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

**NOTE 3 - FAIR VALUE MEASUREMENT**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	6/30/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 3,170,843	\$ -	\$ 3,170,843
Term Series	5,200,000	-	5,200,000
Total Investments by fair value level	\$ 8,370,843	\$ -	\$ 8,370,843

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Adjustments	Increases	Decreases	Balance June 30, 2019
<b>Governmental Activities</b>					
Capital Assets not being depreciated					
Land	\$ 2,265,169	\$ -	\$ -	\$ -	\$ 2,265,169
Construction in Progress	2,175,133	-	-	2,175,133	-
Total Capital Assets not being depreciated	\$ 4,440,302	\$ -	\$ -	\$ 2,175,133	\$ 2,265,169
Other Capital Assets					
Building and Building Improvements	\$ 92,047,372	\$ 8,728	\$ 6,547,989	\$ -	\$ 98,604,089
Site Improvements and Infrastructure	4,118,290	-	300,853	-	4,419,143
Capitalized Equipment	5,502,119	(8,728)	55,849	6,573	5,542,667
Total Other Capital Assets at historical cost	\$ 101,667,781	\$ -	\$ 6,904,691	\$ 6,573	\$ 108,565,899
Less Accumulated Depreciation for					
Building and Building Improvements	\$ 37,596,323	\$ (2)	\$ 2,518,860	\$ -	\$ 40,115,181
Site Improvements and Infrastructure	2,687,517	1	182,858	-	2,870,376
Capitalized Equipment	4,459,289	-	423,944	6,573	4,876,660
Total Accumulated Depreciation	\$ 44,743,129	\$ (1)	\$ 3,125,662	\$ 6,573	\$ 47,862,217
Other Capital Assets, Net	\$ 56,924,652	\$ 1	\$ 3,779,029	\$ -	\$ 60,703,682
<b>Governmental Activities Capital Assets, Net</b>	\$ 61,364,954	\$ 1	\$ 3,779,029	\$ 2,175,133	\$ 62,968,851

Depreciation expense was charged to functions as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

**Governmental Activities**

Food Services	\$	13,899
Operations and Maintenance		13,784
Unallocated		3,097,979
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$</b>	<b>3,125,662</b>

**NOTE 5 - LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Interest Accretion	Additions	Retirement	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities:</b>						
Bonds and Notes Payable						
Capital Appreciation						
Bonds, 2000	\$ 497,500	\$ -	\$ -	\$ 497,500	\$ -	\$ -
Accreted Interest 2000 Bonds	2,002,501	-	-	2,002,501	-	-
Capital Appreciation						
Bonds, 2001	2,145,750	-	-	391,608	1,754,142	4,500,000
Accreted Interest 2001 Bonds	7,740,225	726,930	-	1,408,392	7,058,763	(387,095)
Capital Appreciation						
Bonds, 2002	1,102,461	-	-	324,810	777,651	1,405,000
Accreted Interest 2002 Bonds	3,403,949	278,373	-	1,000,190	2,682,132	(179,794)
General Obligation						
Refunding Bonds, 2012	8,635,000	-	-	40,000	8,595,000	45,000
General Obligation						
Refunding Bonds, 2014	7,700,000	-	-	-	7,700,000	-
General Obligation						
Refunding Bonds, 2015	18,790,000	-	-	540,000	18,250,000	265,000
Government Obligation						
Contract, 2018	26,140	-	-	-	26,140	8,333
Debt Certificate, Series 2018	-	-	4,000,000	-	4,000,000	1,418,320
<b>Total Bonds and Notes Payable</b>	<b>\$ 52,043,526</b>	<b>\$ 1,005,303</b>	<b>\$ 4,000,000</b>	<b>\$ 6,205,001</b>	<b>\$ 50,843,828</b>	<b>\$ 7,074,764</b>
Other Long-Term Obligations						
Compensated Absences	\$ 308,836	\$ -	\$ 75,312	\$ -	\$ 384,148	\$ -
Net Pension Liability - IMRF	-	-	4,094,541	-	4,094,541	-
Net Pension Liability - TRS	4,346,172	-	-	1,848,222	2,497,950	-
Net OPEB Liability - THIS	24,263,911	-	781,971	-	25,045,882	-
Net OPEB Liability - IMRF	214,195	-	18,383	-	232,578	-
<b>Total Other Long-Term Liabilities</b>	<b>\$ 29,133,114</b>	<b>\$ -</b>	<b>\$ 4,970,207</b>	<b>\$ 1,848,222</b>	<b>\$ 32,255,099</b>	<b>\$ -</b>
<b>Governmental Activities</b>						
<b>Long-Term Liabilities</b>	<b>\$ 81,176,640</b>	<b>\$ 1,005,303</b>	<b>\$ 8,970,207</b>	<b>\$ 8,053,223</b>	<b>\$ 83,098,927</b>	<b>\$ 7,074,764</b>

Bonds and notes payable consisted of the following at June 30, 2019:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Capital Appreciation Bonds, 2000	12/1/2018	8.95%	\$ 9,449,899	\$ -
Capital Appreciation Bonds, 2001	5/1/2021	8.99%	3,999,955	8,812,905
Capital Appreciation Bonds, 2002	1/1/2022	8.75%	3,497,696	3,459,783
General Obligation Refunding Bonds, 2012	11/1/2024	1.00%-4.00%	8,990,000	8,595,000
General Obligation Refunding Bonds, 2014	11/1/2025	2.00%-3.00%	8,750,000	7,700,000
General Obligation Refunding Bonds, 2015	11/1/2023	1.45%-5.00%	21,005,000	18,250,000
Government Obligation Contract, 2018	7/1/2021	8.97%	43,622	26,140
Debt Certificate, Series 2018	8/29/2023	3.50%	4,000,000	4,000,000

NOTES TO FINANCIAL STATEMENTS (Continued)

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, a total of \$46,215,000 of bonds is considered defeased.

At June 30, 2019 the annual debt service requirements to service long-term debt are:

Year Ending June 30	Principal	Interest	Total
2020	\$ 7,074,764	\$ 2,117,064	\$ 9,191,828
2021	6,706,620	1,589,126	8,295,746
2022	6,900,868	1,366,126	8,266,994
2023	7,215,861	1,042,399	8,258,260
2024	6,135,153	714,160	6,849,313
2025	8,538,027	407,641	8,945,668
2026	7,874,003	132,765	8,006,768
2027	180,192	11,076	191,268
2028	186,601	4,667	191,268
2029	31,739	140	31,879
	<u>\$ 50,843,828</u>	<u>\$ 7,385,164</u>	<u>\$ 58,228,992</u>

*Reconciliation to the Statement of Net Position*

The following summarizes non-current liabilities as shown on the Statement of Net Position:

	Due Within One Year	Due in More Than One Year	Total
Bonds and Notes Payable	\$ 7,074,764	\$ 43,769,064	\$ 50,843,828
Bond Premiums, net of amortization	489,229	2,171,270	2,660,499
Other Long-Term Obligations	-	32,255,099	32,255,099
	<u>\$ 7,563,993</u>	<u>\$ 78,195,433</u>	<u>\$ 85,759,426</u>

**NOTE 6 - INTERFUND BALANCES**

There were no interfund balances at June 30, 2019.

**NOTE 7 - DEFICIT FUND BALANCE**

No fund had a deficit fund balance at June 30, 2019.

**NOTE 8 - PROPERTY TAXES**

Property taxes recorded in these financial statements as property taxes receivable and unavailable revenue are from the 2018 tax levy. The unavailable revenue is 50% of the 2018 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the District does not consider the remaining amounts to be available and does not budget for their use until the following fiscal year. The District has determined that 50% of the 2018 tax levy (\$18,176,043) and 50% of the 2017 tax levy, plus back taxes, less uncollectible amounts (\$17,711,502) are allocable for use in fiscal year 2019. Therefore, 50% of each of these levies are recorded in these financial statements as property taxes revenue. A summary of tax rates, assessed valuations, and extensions for tax years 2018, 2017, and 2016 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

TAX YEAR ASSESSED VALUATION	2018		2017		2016	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$693,954,245		\$659,639,906		\$613,358,204
Educational	3.2042	\$ 22,235,557	3.3038	\$ 21,793,322	3.3515	\$ 20,556,498
Special Education	-	-	-	-	0.0812	497,961
Operations and Maintenance	0.5044	3,500,000	0.5065	3,341,076	0.5498	3,372,513
Debt Service	1.1147	7,735,216	1.1727	7,735,492	1.2609	7,733,736
Transportation	0.1744	1,209,999	0.1719	1,134,040	0.2144	1,314,991
Municipal Retirement	0.1009	699,999	0.0927	611,440	0.0978	599,999
Social Security	0.1153	799,997	0.1166	768,936	0.1125	690,003
SEDOL IMRF	0.0060	41,311	0.0070	45,944	0.0073	44,671
Working Cash	0.0000	7	0.0034	22,711	0.0041	25,000
Tort	0.0187	129,999	0.0245	161,321	0.0255	156,100
	<u>5.2384</u>	<u>\$ 36,352,085</u>	<u>5.3990</u>	<u>\$ 35,614,282</u>	<u>5.7049</u>	<u>\$ 34,991,472</u>

**NOTE 9 - OVEREXPENDITURE OF BUDGET**

For the year ended June 30, 2019, the expenditures of the following funds exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Debt Services	\$ 7,663,651	\$ 7,664,200	\$ 549

**NOTE 10 - OPERATING LEASES, AS LESSEE**

The District has various lease agreements for copiers.

Annual requirements to cover the outstanding lease agreements are:

Year Ending June 30	Total Payments
2020	\$ 360,359
2021	335,564
	<u>\$ 695,923</u>

Total rental expense for lease agreements for the year ended June 30, 2019 was \$198,547.

**NOTE 11 - RETIREMENT FUND COMMITMENTS**

*A. Teachers' Retirement System of the State of Illinois*

*General Information About the Pension Plan*

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Benefits Provided

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

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

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

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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

### Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018 was 9.0% 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 District. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$16,070,997 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were \$129,730 and are deferred because they were paid after the June 30, 2018 measurement date.

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2019, the District pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$99,951 were paid from federal and special trust funds that required District contributions of \$9,845. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree’s final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the District paid \$6,907 to TRS for employer contributions due on salary increases in excess of 6%, \$0 for salary increases in excess of 3 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, 2019, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State’s support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District follows below:

District's proportionate share of the Net Pension Liability	\$ 2,497,950
State's proportionate share of the Net Pension Liability associated with the District	<u>171,120,087</u>
Total	<u><u>\$ 173,618,037</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the District’s proportion was 0.003205%, which was an increase of 0.002484 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$16,070,997 and revenue of \$16,070,997 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## NOTES TO FINANCIAL STATEMENTS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 50,204	\$ (545)	\$ 49,659
Net difference between projected and actual earnings on pension plan investments	-	(7,648)	(7,648)
Changes of assumptions	109,559	(70,797)	38,762
Changes in proportion and differences between employer contributions and proportionate share of contributions	485,808	(1,521,960)	(1,036,152)
Employer contributions subsequent to the measurement date	139,575	-	139,575
	<u>\$ 785,146</u>	<u>\$ (1,600,950)</u>	<u>\$ (815,804)</u>

\$139,575 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<u>Year Ending June 30</u>	
2020	\$ (22,865)
2021	(158,423)
2022	(294,943)
2023	(328,529)
2024	(150,619)
	<u>\$ (955,379)</u>

### Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.0%, net of pension plan investment expenses, including inflation

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) 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:

NOTES TO FINANCIAL STATEMENTS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0%	6.70%
U.S. equities small/mid cap	2.0%	7.90%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.40%
U.S. bonds core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.40%
International debt developed	2.2%	1.30%
Emerging international debt	2.6%	4.50%
Real estate	16.0%	5.40%
Commodities (real return)	4.0%	1.80%
Hedge funds (absolute return)	14.0%	3.90%
Private Equity	15.0%	10.20%
Total	100.0%	

Discount Rate

At June 30, 2018, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2017 rate. 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, 2018 was projected to be available to make all projected future benefit payments to 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.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point-higher (8.00%) 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	\$ 3,063,500	\$ 2,497,950	\$ 2,042,513

TRS Fiduciary Net Position

Detailed information about the TRS’s fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**B. Illinois Municipal Retirement Fund**

Plan Description

The District’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer



## NOTES TO FINANCIAL STATEMENTS (Continued)

public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

### Benefits Provided

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

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

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

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

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	84
Inactive Plan members entitled to but not yet receiving benefits	292
Active Plan members	197
Total	<u><u>573</u></u>

### Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018 was 11.40%. For the fiscal year ended June 30, 2019, the District contributed \$551,280 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for

## NOTES TO FINANCIAL STATEMENTS (Continued)

disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2018, and a measurement date as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	24,457,274
IMRF Fiduciary Net Position		20,362,733
District's Net Pension Liability		4,094,541
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		83.26%

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

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study form years 2014 to 2016.

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. 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.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Asset Class	Target Allocation	Projected Return
Equities	37.0%	7.15%
International Equities	18.0%	7.25%
Fixed Income	28.0%	3.75%
Real Estate	9.0%	6.25%
Alternatives	7.0%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1.0%	2.50%
	100.0%	

### Single Discount Rate

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

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

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A)-(B)
Balances at December 31, 2017	\$ 20,371,182	\$ 20,417,195	\$ (46,013)
Changes for the year:			
Service Cost	\$ 422,844	\$ -	\$ 422,844
Interest on the Total Pension Liability	1,519,780	-	1,519,780
Differences Between Expected and Actual Experience of the Total Pension Liability	2,065,401	-	2,065,401
Changes of Assumptions	715,816	-	715,816
Contributions - Employer	-	899,064	(899,064)
Contributions - Employee	-	381,523	(381,523)
Net Investment Income	-	(890,106)	890,106
Benefit Payments, including Refunds of Employee Contributions	(637,749)	(637,749)	-
Other (Net Transfer)	-	192,806	(192,806)
Net Changes	\$ 4,086,092	\$ (54,462)	\$ 4,140,554
Balances at December 31, 2018	\$ 24,457,274	\$ 20,362,733	\$ 4,094,541

### 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 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher than the current rate:

NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 7,348,339	\$ 4,094,541	\$ 1,421,134

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

For the year ended June 30, 2019, the District recognized pension expense/(income) of \$391,651. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 1,458,162	\$ 1,019,381	\$ 438,781
Changes of assumptions	505,362	175,700	329,662
Net difference between projected and actual earnings on pension plan investment	<u>2,228,497</u>	<u>979,721</u>	<u>1,248,776</u>
Total deferred amounts to be recognized in pension expense in future periods	\$ 4,192,021	\$ 2,174,802	\$ 2,017,219
Pension contributions made subsequent to the measurement date	<u>270,372</u>	-	<u>270,372</u>
Total deferred amounts related to pensions	<u><u>\$ 4,462,393</u></u>	<u><u>\$ 2,174,802</u></u>	<u><u>\$ 2,287,591</u></u>

The deferred outflows of resources related to pensions resulting from the District's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. 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 December 31	Net Deferred Outflows of Resources
2019	\$ 485,090
2020	549,472
2021	492,109
2022	490,548
2023	-
Thereafter	-
	<u><u>\$ 2,017,219</u></u>

**C. Social Security**

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

**NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS**

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

*General Information About the OPEB Plan*

Plan Description

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

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

Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
  - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
  - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
  - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

NOTES TO FINANCIAL STATEMENTS (Continued)

Contributions

For the fiscal year ended June 30, 2019, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the THIS make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to .92% of each teacher's salary. For the fiscal year ended June 30, 2018, the employee contribution was 1.18% of salary and the employer contribution was .88% of each teacher's salary. The Department of Central Management Services determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THISF), an amount equal to the amount certified by the Board of Trustees of THIS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to THIS by the employer.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$266,299 in benefit contributions from the State of Illinois.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state benefit support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 25,045,882
State's proportionate share of the net pension liability associated with the District	<u>33,631,332</u>
Total	<u>\$ 58,677,214</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2018, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2018, the District's proportion was 0.095066%, which was an increase of 0.001562% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized benefit expense of \$1,504,933 and on-behalf revenue/expense of \$266,299 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (89,865)	\$ (89,865)
Net difference between projected and actual earnings on pension plan investments	-	(769)	(769)
Changes of assumptions	-	(3,647,101)	(3,647,101)
Changes in proportion and differences between employee contributions and proportionate share of contributions	937,686	(11,818)	925,868
Employer contributions subsequent to the measurement date	205,779	-	205,779
	<u>\$ 1,143,465</u>	<u>\$ (3,749,553)</u>	<u>\$ (2,606,088)</u>

\$205,779 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

Year Ending June 30	
2020	\$ (67,296)
2021	(466,270)
2022	(868,075)
2023	(966,925)
2024	(443,301)
	<u>\$ (2,811,867)</u>

Actuarial Assumptions

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

Inflation	2.75%	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Salary Increases		
Investment Rate of Return		0%, net of OPEB plan investment expense, including inflation Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decrease to an ultimate trend of 4.5%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.
Healthcare Cost Trend		

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

NOTES TO FINANCIAL STATEMENTS (Continued)

The actuarial assumptions that were used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100.0%	1.30%
	100.0%	

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 OPEB plan investments (to the extent that the plan's 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 TRIP (Teachers' Retirement Insurance Program) 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 3.65% as of June 30, 2017, and 3.62% as of June 30, 2018. 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, THIS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. 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 THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2018, the discount rate used to measure the total OPEB liability was 3.62%.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.62%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62%) or 1 percentage-point higher (4.62%) than the current rate.

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Employer's proportionate share of the net OPEB liability	\$ 30,114,893	\$ 25,045,882	\$ 21,044,466



NOTES TO FINANCIAL STATEMENTS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage.

	Healthcare		
	1% Decrease	Cost Valuation	1% Increase
	(a)	Rate	(b)
Employer's proportionate share of the net OPEB liability	\$ 20,308,223	\$ 25,045,882	\$ 31,428,845

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

**B. Retiree Insurance Plan**

Plan Overview

In addition to the retirement plan described in Note 11, the District provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Medical Coverage

Retirees and their eligible dependents can remain as participants on the District’s insurance plan provided that they pay the entire premium. Coverage continues until the attainment of Medicare eligibility age by the participant. The District does not pay any portion of the cost of coverage.

The Plan does not issue a stand-alone financial report.

Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)
- At least 55 years old and at least 35 years of credited service (full pension)

Regular Plan Tier 2 (Enrolled in IMRF On or After January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)
- At least 62 years old and at least 35 years of credited service (full pension)

Membership in the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

NOTES TO FINANCIAL STATEMENTS (Continued)

Active Employees	209
Inactive Employees Entitled to but not yet Receiving Benefits	-
Inactive Employees Currently Receiving Benefits	-
Total	209

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 26, 2019, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

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

Actuarial Method	Entry Age Normal
Discount rate	3.18%
Salary Rate Increase	4.00%
Expected long-term investment rate of return	N/A
Health Care Trend	

Period	PPO Plan	HMO Plan	HDHP
FY18-FY19	5.80%	5.60%	5.80%
FY19-FY20	6.00%	5.00%	6.00%
FY20-FY21	5.81%	4.94%	5.81%
FY21-FY22	5.63%	4.88%	5.63%
FY22-FY23	5.44%	4.81%	5.44%
FY23-FY24	5.25%	4.75%	5.25%
FY24-FY25	5.06%	4.69%	5.06%
FY25-FY26	4.88%	4.63%	4.88%
FY26-FY27	4.69%	4.56%	4.69%
Subsequent	4.50%	4.50%	4.50%

Retiree Contribution Trend Same as Health Care Trend

Mortality *IMRF Employees and Retirees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report*

Retirement, Withdrawal and Disability Rates *IMRF Employees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report. No early retirement rates assumed.*

Age	PPO Plan		HMO Plan		HDHP	
	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
55	\$ 15,400	\$ 17,136	\$ 12,082	\$ 13,412	\$ 12,435	\$ 13,836
57	16,817	18,712	13,194	14,646	13,579	15,110
60	19,191	21,354	15,056	16,714	15,496	17,242
62	20,957	23,319	16,442	18,252	16,922	18,829
64	22,886	25,465	17,955	19,932	18,479	20,562

	Retiree		Spouse	
PPO Plan	\$ 9,916	\$ 11,034		
HMO Plan	7,780	8,636		
HDHP	8,007	8,910		

Age	Rate Per Age
Under 65	4.50%

NOTES TO FINANCIAL STATEMENTS (Continued)

Election at Retirement	5% of IMRF employees are assumed to elect medical coverage continuation into retirement
Marital Status	25% of employees electing coverage continuation are assumed to be married and to elect spousal coverage with males three years older than females.

The actuarial assumptions used in the June 1, 2018 valuation were based on assumptions about future events.

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

The District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

The Discount Rate was changed from 3.18% used in fiscal year 18 valuation to 2.79%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2019.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 214,195	\$ -	\$ 214,195
Changes for the year:			
Service Cost	\$ 13,759	\$ -	\$ 13,759
Interest on Total OPEB Liability	6,711	-	6,711
Assumption Changes	4,629	-	4,629
Benefit Payments	(6,337)	-	(6,337)
Other Changes	(379)	-	(379)
Net Changes	\$ 18,383	\$ -	\$ 18,383
Balances at June 30, 2019	\$ 232,578	\$ -	\$ 232,578

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Increase	Valuation Rate	1% Decrease
\$ 220,876	\$ 232,578	\$ 244,807

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

NOTES TO FINANCIAL STATEMENTS (Continued)

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost		
1% Increase	Valuation Rate	1% Decrease
\$ 252,302	\$ 232,578	\$ 215,038

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$19,472. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows of Resources
Changes of Assumptions	\$ 4,078	\$ 9,435	\$ (5,357)
Total	\$ 4,078	\$ 9,435	\$ (5,357)

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (8.05 years) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year ending June 30	Outflows	Inflows
2020	\$ 552	\$ 1,550
2021	552	1,550
2022	552	1,550
2023	552	1,550
2024	552	1,550
2025	552	1,550
2026	552	117
2027	214	18
	\$ 4,078	\$ 9,435

**NOTE 13 - INTERFUND TRANSFERS**

The following transfers were made for the year ended June 30, 2019:

Transfer from	Transfer to	Amount
General Fund	Capital Projects Fund	\$ 532,890
Debt Service Fund	Capital Projects Fund	61,835

The purpose of the interfund transfer was to cover an abatement in Capital Projects Fund.

**NOTE 14 - JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF LAKE COUNTY (SEDOL)**

The District and thirty other districts within Lake County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of the Statement of Net Position of SEDOL at June 30, 2018 (most recent information available) is as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Assets	\$ 65,045,051
Deferred Outflows of Resources	(1,963,921)
	<u>\$ 63,081,130</u>
Liabilities	\$ 37,805,745
Deferred Inflows of Resources	4,964,466
Net Position	20,310,919
	<u>\$ 63,081,130</u>
Revenues	\$ 78,448,350
Expenses	77,456,502
Net Increase/(Decrease) in Net Position	<u>\$ 991,848</u>

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

### NOTE 15 - 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 injuries to employees.

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

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

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members. As of June 30, 2019, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

During the year ended June 30, 2019, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2019, there were no significant adjustments in premiums based on actual experience.

### NOTE 16 - SELF INSURANCE

The District self-insures a portion of its employees' health care benefits (their PPO plan, as well as a High Deductible Plan). A third party administrator has been contracted to manage the plan. Stop loss insurance has been obtained from Blue Cross Blue Shield for losses in excess of \$65,000 per individual. At June 30, 2019 the liability for unpaid claims was \$302,920. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Claims Liabilities - Beginning of the Year	\$ 57,409
Incurred Claims	2,127,071
Payments on Claims	<u>(1,881,560)</u>
Claim Liabilities - end of Year	<u>\$ 302,920</u>

**NOTE 17 - CONTINGENCIES**

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

**NOTE 18 - LEGAL DEBT LIMITATION**

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

2018 EAV		\$ 693,954,245
Rate		<u>6.90%</u>
Debt Margin		\$ 47,882,843
Current Debt	\$ 50,843,828	
Less: Long-term debt not subject to limit	<u>(35,690,895)</u>	
		<u>15,152,933</u>
Remaining Debt Margin		<u>\$ 32,729,910</u>

REQUIRED SUPPLEMENTARY INFORMATION

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 422,844	\$ 657,562	\$ 667,394	\$ 641,051	\$ 669,630
Interest on the Total Pension Liability	1,519,780	1,599,657	1,485,739	1,352,380	1,197,725
Differences Between Expected and Actual Experience	2,065,401	(2,238,369)	(67,846)	301,119	(27,866)
Changes of Assumptions	715,816	(367,023)	(55,708)	26,503	709,032
Benefit Payments, Including Refunds of Member Contributions	(637,749)	(561,238)	(556,227)	(498,194)	(397,982)
Net Change in Total Pension Liability	<u>\$ 4,086,092</u>	<u>\$ (909,411)</u>	<u>\$ 1,473,352</u>	<u>\$ 1,822,859</u>	<u>\$ 2,150,539</u>
Total Pension Liability - Beginning	<u>20,371,182</u>	<u>21,280,593</u>	<u>19,807,241</u>	<u>17,984,382</u>	<u>15,833,843</u>
Total Pension Liability - Ending	<u>\$ 24,457,274</u>	<u>\$ 20,371,182</u>	<u>\$ 21,280,593</u>	<u>\$ 19,807,241</u>	<u>\$ 17,984,382</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 899,064	\$ 446,101	\$ 653,135	\$ 627,393	\$ 575,850
Contributions - Member	381,523	176,092	260,099	260,528	250,260
Net Investment Income	(890,106)	2,948,394	1,107,030	80,175	898,059
Benefit Payments, Including Refunds of Member Contributions	(637,749)	(561,238)	(556,227)	(498,194)	(397,982)
Other (Net Transfers)	192,806	(204,083)	175,249	(337,483)	5,818
Net Change in Plan Fiduciary Net Position	<u>\$ (54,462)</u>	<u>\$ 2,805,266</u>	<u>\$ 1,639,286</u>	<u>\$ 132,419</u>	<u>\$ 1,332,005</u>
Plan Net Position - Beginning	<u>20,417,195</u>	<u>17,611,929</u>	<u>15,972,643</u>	<u>15,840,224</u>	<u>14,508,219</u>
Plan Net Position - Ending	<u>\$ 20,362,733</u>	<u>\$ 20,417,195</u>	<u>\$ 17,611,929</u>	<u>\$ 15,972,643</u>	<u>\$ 15,840,224</u>
District's Net Pension Liability	<u>\$ 4,094,541</u>	<u>\$ (46,013)</u>	<u>\$ 3,668,664</u>	<u>\$ 3,834,598</u>	<u>\$ 2,144,158</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26%	100.23%	82.76%	80.64%	88.08%
Covered-Valuation Payroll	\$ 6,068,726	\$ 3,911,445	\$ 5,777,307	\$ 5,642,021	\$ 5,369,507
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	67.47%	-1.18%	63.50%	67.96%	39.93%

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

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



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 682,732	\$ 446,101	\$ 652,836	\$ 627,393	\$ 574,000
Contributions in Relation to Actuarially-Determined Contribution	<u>682,732</u>	<u>446,101</u>	<u>653,135</u>	<u>627,393</u>	<u>575,850</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (299)</u>	<u>\$ -</u>	<u>\$ (1,850)</u>
Covered-Valuation Payroll	\$ 5,766,275	\$ 5,124,994	\$ 5,777,307	\$ 5,642,021	\$ 5,369,507
Contributions as a Percentage of Covered-Valuation Payroll	11.84%	8.70%	11.31%	11.12%	10.72%

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation**

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

**Actuarial Cost Method:** Aggregate entry age = normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 25-year closed period

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

**Wage Growth:** 3.5%

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

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

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

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

\*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 JUNE 30, 2019

	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Employer's proportion of the Net Pension Liability	0.3204770%	0.0056888%	0.0054249%	0.0046807%	0.0032977%
Employer's proportionate share of the Net Pension Liability	\$ 2,497,950	\$ 4,346,173	\$ 4,282,168	\$ 3,066,318	\$ 2,006,942
State's proportionate share of the Net Pension Liability associated with the employer	<u>171,120,087</u>	<u>156,601,127</u>	<u>169,344,942</u>	<u>137,401,339</u>	<u>119,790,118</u>
Total	<u>\$ 173,618,037</u>	<u>\$ 160,947,300</u>	<u>\$ 173,627,110</u>	<u>\$ 140,467,657</u>	<u>\$ 121,797,060</u>
Employer's Covered-Employee Payroll	\$ 22,387,813	\$ 21,838,814	\$ 21,147,237	\$ 20,646,245	\$ 19,933,566
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	11.16%	19.90%	20.25%	14.85%	10.07%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	40.00%	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 ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

**Changes of Assumptions:**

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

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

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 JUNE 30, 2019

	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-required contribution	\$ 139,575	\$ 157,350	\$ 234,715	\$ 208,105	\$ 171,782
Contributions in relation to statutorily-required contribution	<u>373,593</u>	<u>157,350</u>	<u>234,715</u>	<u>208,105</u>	<u>171,782</u>
Contribution deficiency/(excess)	<u>\$ (234,018)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 22,367,293	\$ 22,387,813	\$ 21,147,237	\$ 20,646,245	\$ 19,933,566
Contributions as a percentage of covered-employee payroll	1.67%	0.70%	1.11%	1.01%	0.86%

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

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY  
 JUNE 30, 2019

	6/30/2019 *	6/30/2018 *
Employer's proportion of the Net OPEB Liability	0.0950660%	0.0935040%
Employer's proportionate share of the Net OPEB Liability	\$ 25,045,882	\$ 24,263,913
State's proportionate share of the Net OPEB Liability associated with the employer	33,631,332	31,864,481
Total	\$ 58,677,214	\$ 56,128,394
Employer's Covered Payroll	\$ 22,387,813	\$ 22,119,171
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	111.87%	109.70%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-0.07%	-0.17%

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

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

**Changes of Assumptions:**

For the 2018 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.75%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 JUNE 30, 2019

	6/30/2019 *	6/30/2018 *
Statutorily-Required Contribution	\$ 198,318	\$ 180,686
Contributions in relation to the Statutorily-Required Contribution	197,013	183,446
Contribution deficiency/(excess)	\$ 1,305	\$ (2,760)
Employer's Covered Payroll	\$ 22,367,293	\$ 22,387,813
Contributions as a percentage of Covered Payroll	0.88%	0.82%

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

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
OTHER POST-EMPLOYMENT BENEFIT  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2019

	<u>6/30/2019</u>	<u>6/30/2018</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 13,759	\$ 14,068
Interest	6,711	6,606
Benefit Payments	(6,337)	(4,205)
Changes in Assumptions	4,629	(1,584)
Other Changes	(379)	(10,526)
Net Change in Total OPEB Liability	<u>\$ 18,383</u>	<u>\$ 4,359</u>
 Total OPEB Liability - Beginning	 <u>214,195</u>	 <u>209,836</u>
Total OPEB Liability - Ending	<u>\$ 232,578</u>	<u>\$ 214,195</u>
 OPEB PLAN FIDUCIARY NET POSITION		
OPEB Plan Net Position - Beginning	<u>\$ -</u>	<u>\$ -</u>
OPEB Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>
District's Net OPEB Plan Liability	<u>\$ 232,578</u>	<u>\$ 214,195</u>
 OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.00%	 0.00%
Covered-Employee Payroll	\$ 6,241,435	\$ 5,566,781
 Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	 3.73%	 3.85%

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 OTHER POST-EMPLOYMENT BENEFIT  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 JUNE 30, 2019

	6/30/2019	6/30/2018
Actuarially-Determined Contribution	N/A	N/A
Contributions in Relation to Actuarially-Determined Contribution	-	-
Contribution Deficiency/(Excess)	N/A	N/A
Covered-Employee Payroll	\$ 6,241,435	\$ 5,566,781
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%

**Notes to Schedule:**

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

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

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 22,077,880	\$ 22,112,440
Payments in Lieu of Taxes	69,000	56,839
Tuition	53,100	71,390
Earnings on Investments	115,650	324,183
Food Service	326,500	383,509
District/School Activity Income	264,550	259,874
Textbooks	246,500	293,918
Other Local Sources	240,500	390,765
State Aid		
General State Aid	12,590,207	12,610,225
Special Education	460,500	366,612
Bilingual	76,767	-
State Free Lunch and Breakfast	5,500	7,656
Other State Aid	-	158
Federal Aid		
Food Service	425,000	492,802
Title I	253,971	240,400
Federal Special Education	517,339	600,508
Emergency Immigrant Assistance	-	1,484
Title III - English Language Acquisition	56,700	48,325
Title II - Teacher Quality	103,792	104,342
Medicaid Matching Funds - Administrative Outreach	70,000	52,245
Medicaid Matching Funds - Fee-for-Service Program	350,000	416,940
On-Behalf Payments	18,500,000	16,337,293
Total Revenues	\$ 56,803,456	\$ 55,171,908
<b>EXPENDITURES</b>		
Instruction		
Regular Programs		
Salaries	\$ 11,239,512	\$ 11,423,991
Employee Benefits	1,658,607	1,681,565
Purchased Services	179,000	161,582
Supplies and Materials	502,698	435,666
Other Objects	1,000	1,825
Non-Capitalized Equipment	11,000	18,375
	\$ 13,591,817	\$ 13,723,004
Pre-K Programs		
Salaries	\$ -	\$ 64,763
Employee Benefits	-	15,937
Supplies and Materials	-	154
	\$ -	\$ 80,854
Special Education Programs		
Salaries	\$ 3,854,732	\$ 3,788,116
Employee Benefits	917,073	905,867
Purchased Services	46,200	52,210
Supplies and Materials	66,015	57,671
	\$ 4,884,020	\$ 4,803,864
Remedial and Supplemental Programs K-12		
Salaries	\$ 1,782,622	\$ 1,802,992
Employee Benefits	281,418	266,549
	\$ 2,064,040	\$ 2,069,541
Special Education Programs Pre-K		
Salaries	\$ 812,985	\$ 778,774
Employee Benefits	115,671	130,513
Purchased Services	5,500	3,558
Supplies and Materials	27,958	19,945
	\$ 962,114	\$ 932,790

See Accompanying Independent Auditor's Opinion



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Instruction (Continued)		
Interscholastic Programs		
Salaries	\$ 420,879	\$ 386,111
Employee Benefits	8,257	7,609
Purchased Services	8,750	12,812
Supplies and Materials	7,280	7,178
Other Objects	4,700	5,426
	\$ 449,866	\$ 419,136
Summer School Programs		
Salaries	\$ 117,200	\$ 115,699
Employee Benefits	1,902	1,812
Purchased Services	150	180
Supplies and Materials	1,500	640
	\$ 120,752	\$ 118,331
Driver's Education Programs		
Salaries	\$ -	\$ 80
	\$ -	\$ 80
Bilingual Programs		
Salaries	\$ 1,388,932	\$ 1,622,937
Employee Benefits	201,448	233,670
Purchased Services	11,504	25,080
Supplies and Materials	5,400	45,585
	\$ 1,607,284	\$ 1,927,272
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 1,000,000	\$ 1,209,016
	\$ 1,000,000	\$ 1,209,016
 Total Instruction	 \$ 24,679,893	 \$ 25,283,888
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 1,012,115	\$ 969,777
Employee Benefits	113,102	124,844
Purchased Services	-	90
	\$ 1,125,217	\$ 1,094,711
Health Services		
Salaries	\$ 333,095	\$ 339,271
Employee Benefits	75,455	86,133
Purchased Services	120,200	126,267
Supplies and Materials	5,500	6,385
	\$ 534,250	\$ 558,056
Psychological Services		
Salaries	\$ 338,251	\$ 325,563
Employee Benefits	53,181	55,497
Purchased Services	2,750	2,669
Supplies and Materials	200	-
	\$ 394,382	\$ 383,729
Speech Pathology and Audiology Services		
Salaries	\$ 789,081	\$ 736,266
Employee Benefits	97,286	87,088
Purchased Services	45,750	34,073
Supplies and Materials	1,500	1,235
	\$ 933,617	\$ 858,662

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Other Support Services - Pupils		
Salaries	\$ 455,141	\$ 456,388
Employee Benefits	42,754	43,620
Purchased Services	-	1,925
Supplies and Materials	1,500	6,427
	<u>\$ 499,395</u>	<u>\$ 508,360</u>
Total Support Services - Pupils	<u>\$ 3,486,861</u>	<u>\$ 3,403,518</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 804,901	\$ 786,829
Employee Benefits	128,462	135,323
Purchased Services	43,352	76,897
Supplies and Materials	26,579	44,854
	<u>\$ 1,003,294</u>	<u>\$ 1,043,903</u>
Educational Media Services		
Salaries	\$ 783,700	\$ 695,455
Employee Benefits	124,284	114,726
Purchased Services	450	331
Supplies and Materials	31,650	24,170
Non-Capitalized Equipment	2,000	-
	<u>\$ 942,084</u>	<u>\$ 834,682</u>
Assessment and Testing		
Salaries	\$ -	\$ 242
Purchased Services	125,000	99,693
Supplies and Materials	500	-
	<u>\$ 125,500</u>	<u>\$ 99,935</u>
Total Support Services - Instructional Staff	<u>\$ 2,070,878</u>	<u>\$ 1,978,520</u>
General Administration		
Board of Education Services		
Salaries	\$ 14,350	\$ 4,207
Employee Benefits	68,000	97,027
Purchased Services	139,750	152,010
Supplies and Materials	1,800	6,258
Other Objects	9,000	7,582
	<u>\$ 232,900</u>	<u>\$ 267,084</u>
Executive Administration Services		
Salaries	\$ 248,951	\$ 213,212
Employee Benefits	41,912	38,151
Purchased Services	14,000	12,596
Supplies and Materials	2,500	3,993
Other Objects	6,000	2,719
Non-Capitalized Equipment	-	1,787
	<u>\$ 313,363</u>	<u>\$ 272,458</u>
Special Area Administration Services		
Salaries	\$ 369,540	\$ 396,671
Employee Benefits	73,264	82,442
Purchased Services	38,000	45,863
Supplies and Materials	2,500	1,437
Other Objects	1,250	1,158
Non-Capitalized Equipment	-	4,567
	<u>\$ 484,554</u>	<u>\$ 532,138</u>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Tort Immunity Services		
Purchased Services	\$ 168,696	\$ 183,394
	\$ 168,696	\$ 183,394
Insurance Payments		
Purchased Services	\$ 163,746	\$ 163,746
	\$ 163,746	\$ 163,746
Total Support Services - General Administration	\$ 1,363,259	\$ 1,418,820
School Administration		
Office of the Principal Services		
Salaries	\$ 1,478,968	\$ 1,468,521
Employee Benefits	300,978	311,856
Purchased Services	6,850	5,329
Supplies and Materials	8,346	7,142
Other Objects	5,650	5,479
Non-Capitalized Equipment	3,000	5,914
	\$ 1,803,792	\$ 1,804,241
Total Support Services - School Administration	\$ 1,803,792	\$ 1,804,241
Business		
Direction of Business Support Services		
Salaries	\$ 101,500	\$ 101,500
Employee Benefits	22,069	21,225
Purchased Services	-	626
Other Objects	-	750
	\$ 123,569	\$ 124,101
Fiscal Services		
Salaries	\$ 313,285	\$ 324,273
Employee Benefits	48,516	43,817
Purchased Services	93,500	99,930
Supplies and Materials	4,900	3,101
Other Objects	2,500	207,463
	\$ 462,701	\$ 678,584
Internal Services		
Purchased Services	\$ 196,700	\$ 198,547
Supplies and Materials	58,000	63,587
	\$ 254,700	\$ 262,134
Total Support Services - Business	\$ 840,970	\$ 1,064,819
Operations and Maintenance		
Salaries	\$ -	\$ 75
Total Support Services - Operations and Maintenance	\$ -	\$ 75
Transportation		
Purchased Services	\$ 1,000	\$ 2,141
Total Support Services - Transportation	\$ 1,000	\$ 2,141
Food Services		
Salaries	\$ 29,290	\$ 48,004
Employee Benefits	8,105	13,285
Purchased Services	700,000	692,633
Supplies and Materials	5,750	13,447
Total Support Services - Food Services	\$ 743,145	\$ 767,369
Central		
Staff Services		
Salaries	\$ 10,000	\$ 28,057
Employee Benefits	150,276	110,076
Purchased Services	13,000	30,298
Supplies and Materials	-	10,591
	\$ 173,276	\$ 179,022

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Central (Continued)		
Data Processing Services		
Salaries	\$ 521,911	\$ 568,161
Employee Benefits	86,044	96,047
Purchased Services	80,000	348,009
Supplies and Materials	72,000	59,645
Non-Capitalized Equipment	57,000	11,758
	\$ 816,955	\$ 1,083,620
Total Support Services - Central	\$ 990,231	\$ 1,262,642
Total Support Services	\$ 11,300,136	\$ 11,702,145
Community Services		
Salaries	\$ 500	\$ 2,373
Employee Benefits	50	202
Purchased Services	26,364	47,627
Supplies and Materials	3,250	2,559
Total Community Services	\$ 30,164	\$ 52,761
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Regular Programs		
Other Objects	\$ 9,000	\$ 6,181
Payments for Special Education Programs		
Other Objects	1,500,000	1,602,933
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 1,509,000	\$ 1,609,114
Total Payments to Other Districts and Governmental Units	\$ 1,509,000	\$ 1,609,114
Capital Outlay		
Instruction		
Special Education Programs	\$ 46,100	\$ -
Support Services		
School Administration	-	4,498
Food Services	9,508	2,800
Central	4,000	-
Total Capital Outlay	\$ 59,608	\$ 7,298
On-Behalf Payments	\$ 18,500,000	\$ 16,337,293
Total Expenditures	\$ 56,078,801	\$ 54,992,499
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 724,655	\$ 179,409
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (1,955,000)	\$ (477,863)
Interest Transfers	-	(55,027)
	\$ (1,955,000)	\$ (532,890)
NET CHANGE IN FUND BALANCE	\$ (1,230,345)	\$ (353,481)
FUND BALANCE - JULY 1, 2018		13,879,189
FUND BALANCE - JUNE 30, 2019		\$ 13,525,708

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 3,271,586	\$ 3,411,567
Earnings on Investments	36,000	89,854
Other Local Sources	214,000	172,294
Total Revenues	\$ 3,521,586	\$ 3,673,715
EXPENDITURES		
Support Services		
Operations and Maintenance		
Salaries	\$ 933,733	\$ 938,969
Employee Benefits	236,680	229,013
Purchased Services	902,253	1,025,999
Supplies and Materials	1,001,250	864,593
Other Objects	128,584	116,880
Non-Capitalized Equipment	10,000	2,271
Total Support Services - Operations and Maintenance	\$ 3,212,500	\$ 3,177,725
Total Support Services	\$ 3,212,500	\$ 3,177,725
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 114,854	\$ 37,104
	\$ 114,854	\$ 37,104
Total Payments to Other Districts and Governmental Units (In-State)	\$ 114,854	\$ 37,104
Total Payments to Other Districts and Governmental Units	\$ 114,854	\$ 37,104
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 315,000	\$ 109,314
Total Capital Outlay	\$ 315,000	\$ 109,314
Total Expenditures	\$ 3,642,354	\$ 3,324,143
NET CHANGE IN FUND BALANCE	\$ (120,768)	\$ 349,572
FUND BALANCE - JULY 1, 2018		3,893,399
FUND BALANCE - JUNE 30, 2019		\$ 4,242,971

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - TRANSPORTATION FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 1,276,544	\$ 1,168,974
Transportation Fees	31,500	34,314
Earnings on Investments	3,500	6,985
Other Local Sources	-	1,779
State Aid		
Transportation	1,645,000	1,938,614
Early Childhood - Block Grant	40,000	-
Federal Aid		
Title I	9,000	-
Title III - English Language Acquisition	11,000	-
<b>Total Revenues</b>	<b>\$ 3,016,544</b>	<b>\$ 3,150,666</b>
<b>EXPENDITURES</b>		
Support Services		
Transportation		
Salaries	\$ 47,882	\$ 6,799
Employee Benefits	8,651	1,307
Purchased Services	2,661,200	2,585,158
Supplies and Materials	185,500	145,333
<b>Total Support Services - Transportation</b>	<b>\$ 2,903,233</b>	<b>\$ 2,738,597</b>
<b>Total Support Services</b>	<b>\$ 2,903,233</b>	<b>\$ 2,738,597</b>
<b>Total Expenditures</b>	<b>\$ 2,903,233</b>	<b>\$ 2,738,597</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 113,311</b>	<b>\$ 412,069</b>
<b>FUND BALANCE - JULY 1, 2018</b>		<b>501,617</b>
<b>FUND BALANCE - JUNE 30, 2019</b>		<b>\$ 913,686</b>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 621,065	\$ 654,078
FICA/Medicare Only Purposes Levies	757,498	782,402
Other Tax Levies	48,183	43,503
Payments in Lieu of Taxes	65,000	89,620
Earnings on Investments	5,500	14,014
<b>Total Revenues</b>	<b>\$ 1,497,246</b>	<b>\$ 1,583,617</b>
<b>EXPENDITURES</b>		
Instruction		
Regular Programs		
Employee Benefits	\$ 211,838	\$ 228,577
Pre-K Programs		
Employee Benefits	-	4,266
Special Education Programs		
Employee Benefits	324,604	295,150
Special Education Programs - Pre-K		
Employee Benefits	54,051	55,823
Remedial and Supplemental Programs - K-12		
Employee Benefits	102,002	96,887
Interscholastic Programs		
Employee Benefits	25,815	16,932
Summer School Programs		
Employee Benefits	9,188	8,606
Bilingual Programs		
Employee Benefits	37,261	46,060
	<b>\$ 764,759</b>	<b>\$ 752,301</b>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 14,528	\$ 13,701
Health Services		
Employee Benefits	62,208	64,880
Psychological Services		
Employee Benefits	4,197	4,273
Speech Pathology and Audiology Services		
Employee Benefits	11,416	10,572
Other Support Services - Pupils		
Employee Benefits	87,290	86,510
	<b>\$ 179,639</b>	<b>\$ 179,936</b>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 27,618	\$ 30,229
Educational Media Services		
Employee Benefits	30,164	34,476
	<b>\$ 57,782</b>	<b>\$ 64,705</b>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration		
Board of Education Services		
Employee Benefits	\$ 2,011	\$ 809
Executive Administration Services		
Employee Benefits	3,040	3,092
Special Area Administrative Services		
Employee Benefits	24,120	28,312
	\$ 29,171	\$ 32,213
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 87,866	\$ 91,343
	\$ 87,866	\$ 91,343
Business		
Direction of Business Support Services		
Employee Benefits	\$ 2,034	\$ 1,415
Fiscal Services		
Employee Benefits	47,751	56,979
	\$ 49,785	\$ 58,394
Operations and Maintenance		
Employee Benefits	\$ 184,093	\$ 181,134
	\$ 184,093	\$ 181,134
Transportation		
Employee Benefits	\$ 5,716	\$ 1,075
	\$ 5,716	\$ 1,075
Food Services		
Employee Benefits	\$ 6,004	\$ 9,942
	\$ 6,004	\$ 9,942
Central		
Staff Services		
Employee Benefits	\$ 143	\$ 390
Data Processing Services		
Employee Benefits	87,426	103,025
	\$ 87,569	\$ 103,415
Total Support Services	\$ 687,625	\$ 722,157
Community Services		
Employee Benefits	\$ -	\$ 151
Total Community Services	\$ -	\$ 151
Payments to Other Districts and Governmental Units		
Payments for Special Education Programs		
Employee Benefits	\$ 23,003	\$ 7
Total Payments to Other Districts and Governmental Units	\$ 23,003	\$ 7
Total Expenditures	\$ 1,475,387	\$ 1,474,616

See Accompanying Independent Auditor's Opinion



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
(Continued)		
NET CHANGE IN FUND BALANCE	\$ 21,859	\$ 109,001
FUND BALANCE - JULY 1, 2018		615,029
FUND BALANCE - JUNE 30, 2019		\$ 724,030

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

**NOTE 1 - BUDGETARY PROCESS**

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 19, 2018. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

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

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

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

**NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended June 30, 2019, no funds presented as Required Supplementary Information exceeded the budgeted expenditures.

SUPPLEMENTAL FINANCIAL INFORMATION

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 COMBINING BALANCE SHEET  
 GENERAL FUND  
 JUNE 30, 2019

	Educational Fund	Working Cash Fund	Tort Fund	General Fund Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,861,931	\$ 2,106,590	\$ 111,882	\$ 13,080,403
Investments, at Fair Value	3,347,529	703,240	37,350	4,088,119
Employee Receivables, net of allowance of \$0	69,032	-	-	69,032
Property Taxes Receivable, net of allowance of \$0	11,231,039	4	65,661	11,296,704
Due from Other Governments, net of allowance of \$0	820,611	-	-	820,611
Prepaid Expenses	23,590	-	-	23,590
Other Current Assets	391,650	-	-	391,650
<b>Total Assets</b>	<b><u>\$ 26,745,382</u></b>	<b><u>\$ 2,809,834</u></b>	<b><u>\$ 214,893</u></b>	<b><u>\$ 29,770,109</u></b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 1,378,031	\$ -	\$ -	\$ 1,378,031
Accrued Payroll and Payroll Liabilities	3,683,589	-	-	3,683,589
<b>Total Liabilities</b>	<b><u>\$ 5,061,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,061,620</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 11,117,779	\$ 3	\$ 64,999	\$ 11,182,781
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 11,117,779</u></b>	<b><u>\$ 3</u></b>	<b><u>\$ 64,999</u></b>	<b><u>\$ 11,182,781</u></b>
<b>FUND BALANCE</b>				
Nonspendable				
Prepaid Expenses	\$ 23,590	\$ -	\$ -	\$ 23,590
Restricted				
Tort Liability	-	-	149,894	149,894
Unassigned	10,542,393	2,809,831	-	13,352,224
<b>Total Fund Balance</b>	<b><u>\$ 10,565,983</u></b>	<b><u>\$ 2,809,831</u></b>	<b><u>\$ 149,894</u></b>	<b><u>\$ 13,525,708</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 26,745,382</u></b>	<b><u>\$ 2,809,834</u></b>	<b><u>\$ 214,893</u></b>	<b><u>\$ 29,770,109</u></b>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2019

	Educational Fund	Working Cash Fund	Tort Fund	General Fund Total
<b>REVENUES</b>				
Property Taxes	\$ 21,955,914	\$ 11,299	\$ 145,227	\$ 22,112,440
Payments in Lieu of Taxes	56,839	-	-	56,839
Tuition	71,390	-	-	71,390
Earnings on Investments	242,368	76,325	5,490	324,183
Food Service	383,509	-	-	383,509
District/School Activity Income	259,874	-	-	259,874
Textbooks	293,918	-	-	293,918
Other Local Sources	390,765	-	-	390,765
State Aid	12,984,651	-	-	12,984,651
Federal Aid	1,957,046	-	-	1,957,046
On-Behalf Payments	16,337,293	-	-	16,337,293
	<u>\$ 54,933,567</u>	<u>\$ 87,624</u>	<u>\$ 150,717</u>	<u>\$ 55,171,908</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular Programs	\$ 13,723,004	\$ -	\$ -	\$ 13,723,004
Special Education Programs	6,945,670	-	-	6,945,670
Other Instructional Programs	4,615,214	-	-	4,615,214
Support Services				
Pupils	3,403,518	-	-	3,403,518
Instructional Staff	1,978,520	-	-	1,978,520
General Administration	1,255,074	-	163,746	1,418,820
School Administration	1,804,241	-	-	1,804,241
Business	1,064,819	-	-	1,064,819
Operations and Maintenance	75	-	-	75
Transportation	2,141	-	-	2,141
Food Services	767,369	-	-	767,369
Central	1,262,642	-	-	1,262,642
Community Services	52,761	-	-	52,761
Payments to Other Districts and Governmental Units	1,609,114	-	-	1,609,114
Capital Outlay	7,298	-	-	7,298
On-Behalf Payments	16,337,293	-	-	16,337,293
	<u>\$ 54,828,753</u>	<u>\$ -</u>	<u>\$ 163,746</u>	<u>\$ 54,992,499</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 104,814</u>	<u>\$ 87,624</u>	<u>\$ (13,029)</u>	<u>\$ 179,409</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers	\$ -	\$ (477,863)	\$ -	\$ (477,863)
Interest Transfers	-	(55,027)	-	(55,027)
	<u>\$ -</u>	<u>\$ (532,890)</u>	<u>\$ -</u>	<u>\$ (532,890)</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 104,814	\$ (445,266)	\$ (13,029)	\$ (353,481)
<b>FUND BALANCE - JULY 1, 2018</b>	<u>10,461,169</u>	<u>3,255,097</u>	<u>162,923</u>	<u>13,879,189</u>
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ 10,565,983</u>	<u>\$ 2,809,831</u>	<u>\$ 149,894</u>	<u>\$ 13,525,708</u>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 21,890,338	\$ 21,955,914
Payments in Lieu of Taxes	45,000	56,839
Tuition	53,100	71,390
Earnings on Investments	115,000	242,368
Food Service	326,500	383,509
District/School Activity Income	264,550	259,874
Textbooks	246,500	293,918
Other Local Sources	240,500	390,765
State Aid		
General State Aid	12,590,207	12,610,225
Special Education	460,500	366,612
Bilingual	76,767	-
State Free Lunch and Breakfast	5,500	7,656
Other State Aid	-	158
Federal Aid		
Food Service	425,000	492,802
Title I	253,971	240,400
Federal Special Education	517,339	600,508
Emergency Immigrant Assistance	-	1,484
Title III - English Language Acquisition	56,700	48,325
Title II - Teacher Quality	103,792	104,342
Medicaid Matching Funds - Administrative Outreach	70,000	52,245
Medicaid Matching Funds - Fee-for-Service Program	350,000	416,940
On-Behalf Payments	18,500,000	16,337,293
<b>Total Revenues</b>	<b>\$ 56,591,264</b>	<b>\$ 54,933,567</b>
<b>EXPENDITURES</b>		
Instruction		
Regular Programs		
Salaries	\$ 11,239,512	\$ 11,423,991
Employee Benefits	1,658,607	1,681,565
Purchased Services	179,000	161,582
Supplies and Materials	502,698	435,666
Other Objects	1,000	1,825
Non-Capitalized Equipment	11,000	18,375
	<b>\$ 13,591,817</b>	<b>\$ 13,723,004</b>
Pre-K Programs		
Salaries	\$ -	\$ 64,763
Employee Benefits	-	15,937
Supplies and Materials	-	154
	<b>\$ -</b>	<b>\$ 80,854</b>
Special Education Programs		
Salaries	\$ 3,854,732	\$ 3,788,116
Employee Benefits	917,073	905,867
Purchased Services	46,200	52,210
Supplies and Materials	66,015	57,671
	<b>\$ 4,884,020</b>	<b>\$ 4,803,864</b>
Remedial and Supplemental Programs K-12		
Salaries	\$ 1,782,622	\$ 1,802,992
Employee Benefits	281,418	266,549
	<b>\$ 2,064,040</b>	<b>\$ 2,069,541</b>
Special Education Programs Pre-K		
Salaries	\$ 812,985	\$ 778,774
Employee Benefits	115,671	130,513
Purchased Services	5,500	3,558
Supplies and Materials	27,958	19,945
	<b>\$ 962,114</b>	<b>\$ 932,790</b>

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Instruction (Continued)		
Interscholastic Programs		
Salaries	\$ 420,879	\$ 386,111
Employee Benefits	8,257	7,609
Purchased Services	8,750	12,812
Supplies and Materials	7,280	7,178
Other Objects	4,700	5,426
	\$ 449,866	\$ 419,136
Summer School Programs		
Salaries	\$ 117,200	\$ 115,699
Employee Benefits	1,902	1,812
Purchased Services	150	180
Supplies and Materials	1,500	640
	\$ 120,752	\$ 118,331
Driver's Education Programs		
Salaries	\$ -	\$ 80
	\$ -	\$ 80
Bilingual Programs		
Salaries	\$ 1,388,932	\$ 1,622,937
Employee Benefits	201,448	233,670
Purchased Services	11,504	25,080
Supplies and Materials	5,400	45,585
	\$ 1,607,284	\$ 1,927,272
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 1,000,000	\$ 1,209,016
	\$ 1,000,000	\$ 1,209,016
 Total Instruction	 \$ 24,679,893	 \$ 25,283,888
 Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 1,012,115	\$ 969,777
Employee Benefits	113,102	124,844
Purchased Services	-	90
	\$ 1,125,217	\$ 1,094,711
Health Services		
Salaries	\$ 333,095	\$ 339,271
Employee Benefits	75,455	86,133
Purchased Services	120,200	126,267
Supplies and Materials	5,500	6,385
	\$ 534,250	\$ 558,056
Psychological Services		
Salaries	\$ 338,251	\$ 325,563
Employee Benefits	53,181	55,497
Purchased Services	2,750	2,669
Supplies and Materials	200	-
	\$ 394,382	\$ 383,729
Speech Pathology and Audiology Services		
Salaries	\$ 789,081	\$ 736,266
Employee Benefits	97,286	87,088
Purchased Services	45,750	34,073
Supplies and Materials	1,500	1,235
	\$ 933,617	\$ 858,662

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Other Support Services - Pupils		
Salaries	\$ 455,141	\$ 456,388
Employee Benefits	42,754	43,620
Purchased Services	-	1,925
Supplies and Materials	1,500	6,427
	\$ 499,395	\$ 508,360
Total Support Services - Pupils	\$ 3,486,861	\$ 3,403,518
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 804,901	\$ 786,829
Employee Benefits	128,462	135,323
Purchased Services	43,352	76,897
Supplies and Materials	26,579	44,854
	\$ 1,003,294	\$ 1,043,903
Educational Media Services		
Salaries	\$ 783,700	\$ 695,455
Employee Benefits	124,284	114,726
Purchased Services	450	331
Supplies and Materials	31,650	24,170
Non-Capitalized Equipment	2,000	-
	\$ 942,084	\$ 834,682
Assessment and Testing		
Salaries	\$ -	\$ 242
Purchased Services	125,000	99,693
Supplies and Materials	500	-
	\$ 125,500	\$ 99,935
Total Support Services - Instructional Staff	\$ 2,070,878	\$ 1,978,520
General Administration		
Board of Education Services		
Salaries	\$ 14,350	\$ 4,207
Employee Benefits	68,000	97,027
Purchased Services	139,750	152,010
Supplies and Materials	1,800	6,258
Other Objects	9,000	7,582
	\$ 232,900	\$ 267,084
Executive Administration Services		
Salaries	\$ 248,951	\$ 213,212
Employee Benefits	41,912	38,151
Purchased Services	14,000	12,596
Supplies and Materials	2,500	3,993
Other Objects	6,000	2,719
Non-Capitalized Equipment	-	1,787
	\$ 313,363	\$ 272,458
Special Area Administration Services		
Salaries	\$ 369,540	\$ 396,671
Employee Benefits	73,264	82,442
Purchased Services	38,000	45,863
Supplies and Materials	2,500	1,437
Other Objects	1,250	1,158
Non-Capitalized Equipment	-	4,567
	\$ 484,554	\$ 532,138

See Accompanying Independent Auditor's Opinion



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Tort Immunity Services		
Purchased Services	\$ 168,696	\$ 183,394
	\$ 168,696	\$ 183,394
 Total Support Services - General Administration	 \$ 1,199,513	 \$ 1,255,074
 School Administration		
Office of the Principal Services		
Salaries	\$ 1,478,968	\$ 1,468,521
Employee Benefits	300,978	311,856
Purchased Services	6,850	5,329
Supplies and Materials	8,346	7,142
Other Objects	5,650	5,479
Non-Capitalized Equipment	3,000	5,914
	\$ 1,803,792	\$ 1,804,241
 Total Support Services - School Administration	 \$ 1,803,792	 \$ 1,804,241
 Business		
Direction of Business Support Services		
Salaries	\$ 101,500	\$ 101,500
Employee Benefits	22,069	21,225
Purchased Services	-	626
Other Objects	-	750
	\$ 123,569	\$ 124,101
Fiscal Services		
Salaries	\$ 313,285	\$ 324,273
Employee Benefits	48,516	43,817
Purchased Services	93,500	99,930
Supplies and Materials	4,900	3,101
Other Objects	2,500	207,463
	\$ 462,701	\$ 678,584
Internal Services		
Purchased Services	\$ 196,700	\$ 198,547
Supplies and Materials	58,000	63,587
	\$ 254,700	\$ 262,134
 Total Support Services - Business	 \$ 840,970	 \$ 1,064,819
 Operations and Maintenance		
Salaries	\$ -	\$ 75
Total Support Services - Operations and Maintenance	\$ -	\$ 75
 Transportation		
Purchased Services	\$ 1,000	\$ 2,141
Total Support Services - Transportation	\$ 1,000	\$ 2,141
 Food Services		
Salaries	\$ 29,290	\$ 48,004
Employee Benefits	8,105	13,285
Purchased Services	700,000	692,633
Supplies and Materials	5,750	13,447
Total Support Services - Food Services	\$ 743,145	\$ 767,369
 Central		
Staff Services		
Salaries	\$ 10,000	\$ 28,057
Employee Benefits	150,276	110,076
Purchased Services	13,000	30,298
Supplies and Materials	-	10,591
	\$ 173,276	\$ 179,022

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Central (Continued)		
Data Processing Services		
Salaries	\$ 521,911	\$ 568,161
Employee Benefits	86,044	96,047
Purchased Services	80,000	348,009
Supplies and Materials	72,000	59,645
Non-Capitalized Equipment	57,000	11,758
	\$ 816,955	\$ 1,083,620
Total Support Services - Central	\$ 990,231	\$ 1,262,642
Total Support Services	\$ 11,136,390	\$ 11,538,399
Community Services		
Salaries	\$ 500	\$ 2,373
Employee Benefits	50	202
Purchased Services	26,364	47,627
Supplies and Materials	3,250	2,559
Total Community Services	\$ 30,164	\$ 52,761
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Regular Programs		
Other Objects	\$ 9,000	\$ 6,181
Payments for Special Education Programs		
Other Objects	1,500,000	1,602,933
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 1,509,000	\$ 1,609,114
Total Payments to Other Districts and Governmental Units	\$ 1,509,000	\$ 1,609,114
Capital Outlay		
Instruction		
Special Education Programs	\$ 46,100	\$ -
Support Services		
School Administration	-	4,498
Food Services	9,508	2,800
Central	4,000	-
Total Capital Outlay	\$ 59,608	\$ 7,298
On-Behalf Payments	\$ 18,500,000	\$ 16,337,293
Total Expenditures	\$ 55,915,055	\$ 54,828,753
NET CHANGE IN FUND BALANCE	\$ 676,209	\$ 104,814
FUND BALANCE - JULY 1, 2018		10,461,169
FUND BALANCE - JUNE 30, 2019		\$ 10,565,983

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL FUND - WORKING CASH FUND  
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 23,758	\$ 11,299
Payments in Lieu of Taxes	24,000	-
Earnings on Investments	-	76,325
Total Revenues	\$ 47,758	\$ 87,624
EXPENDITURES	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 47,758	\$ 87,624
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (1,955,000)	\$ (477,863)
Interest Transfers	-	(55,027)
	\$ (1,955,000)	\$ (532,890)
NET CHANGE IN FUND BALANCE	\$ (1,907,242)	\$ (445,266)
FUND BALANCE - JULY 1, 2018		3,255,097
FUND BALANCE - JUNE 30, 2019		\$ 2,809,831

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL FUND - TORT FUND  
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 163,784	\$ 145,227
Earnings on Investments	650	5,490
Total Revenues	\$ 164,434	\$ 150,717
EXPENDITURES		
Support Services		
General Administration		
Insurance Payments		
Purchased Services	\$ 163,746	\$ 163,746
	\$ 163,746	\$ 163,746
Total Support Services - General Administration	\$ 163,746	\$ 163,746
Total Support Services	\$ 163,746	\$ 163,746
Total Expenditures	\$ 163,746	\$ 163,746
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 688	\$ (13,029)
NET CHANGE IN FUND BALANCE	\$ 688	\$ (13,029)
FUND BALANCE - JULY 1, 2018		162,923
FUND BALANCE - JUNE 30, 2019		\$ 149,894

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICES FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 7,715,608	\$ 7,714,581
Earnings on Investments	31,000	68,968
Total Revenues	\$ 7,746,608	\$ 7,783,549
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Short-Term Debt		
Other Objects	\$ 5,865,582	\$ 5,865,582
	\$ 5,865,582	\$ 5,865,582
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 1,793,919	\$ 1,793,918
	\$ 1,793,919	\$ 1,793,918
Debt Services - Other		
Other Objects	\$ 4,150	\$ 4,700
	\$ 4,150	\$ 4,700
Total Debt Services	\$ 7,663,651	\$ 7,664,200
Total Expenditures	\$ 7,663,651	\$ 7,664,200
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 82,957	\$ 119,349
OTHER FINANCING SOURCES (USES)		
Interest Transfers	-	(61,835)
NET CHANGE IN FUND BALANCE	\$ 82,957	\$ 57,514
FUND BALANCE - JULY 1, 2018		4,792,910
FUND BALANCE - JUNE 30, 2019		\$ 4,850,424

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Earnings on Investments	\$ 15,000	\$ 24,236
Other Local Sources	-	6,820
<b>Total Revenues</b>	<b>\$ 15,000</b>	<b>\$ 31,056</b>
<b>EXPENDITURES</b>		
Capital Outlay		
Support Services		
Facilities Acquisition and Construction	\$ 5,967,288	\$ 5,419,726
<b>Total Capital Outlay</b>	<b>\$ 5,967,288</b>	<b>\$ 5,419,726</b>
<b>Total Expenditures</b>	<b>\$ 5,967,288</b>	<b>\$ 5,419,726</b>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (5,952,288)</b>	<b>\$ (5,388,670)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers	\$ 1,955,000	\$ 477,863
Interest Transfers	-	116,862
Principal on Bonds Sold	4,000,000	4,000,000
	<b>\$ 5,955,000</b>	<b>\$ 4,594,725</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,712</b>	<b>\$ (793,945)</b>
FUND BALANCE - JULY 1, 2018		882,729
FUND BALANCE - JUNE 30, 2019		<b>\$ 88,784</b>

See Accompanying Independent Auditor's Opinion

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 ACTIVITY FUNDS  
 YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
<b>A S S E T S</b>				
Cash and Cash Equivalents	<u>\$ 43,490</u>	<u>\$ 321,841</u>	<u>\$ 277,535</u>	<u>\$ 87,796</u>
<b>L I A B I L I T I E S</b>				
Amount Due to Activity				
Grayslake District Office	\$ 1,714	\$ 107,942	\$ 96,807	\$ 12,849
Prairieview School	3,193	8,367	7,344	4,216
Avon Center School	5,687	8,919	6,479	8,127
Grayslake Middle School	13,861	118,890	98,782	33,969
Woodview School	5,720	2,008	3,196	4,532
Meadowview School	6,074	6,331	8,115	4,290
Frederick School	5,073	39,325	34,045	10,353
Park Campus	2,168	30,059	22,767	9,460
	<u>\$ 43,490</u>	<u>\$ 321,841</u>	<u>\$ 277,535</u>	<u>\$ 87,796</u>

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**ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2018-2019)**

*This schedule is completed for school districts only.*

Fund	Sheet, Row	ACCOUNT NO - TITLE	Amount
<b>OPERATING EXPENSE PER PUPIL</b>			
<b>EXPENDITURES:</b>			
ED	Expenditures 15-22, L114	Total Expenditures	\$ 38,491,460
O&M	Expenditures 15-22, L151	Total Expenditures	3,324,143
DS	Expenditures 15-22, L174	Total Expenditures	7,664,200
TR	Expenditures 15-22, L210	Total Expenditures	2,738,597
MR/SS	Expenditures 15-22, L295	Total Expenditures	1,474,616
TORT	Expenditures 15-22, L342	Total Expenditures	163,746
<b>Total Expenditures</b>			<b>\$ 53,856,762</b>

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

ED	Expenditures 15-22, L7, Col K - (G+I)	1125	Pre-K Programs	\$ 80,854
ED	Expenditures 15-22, L9, Col K - (G+I)	1225	Special Education Programs Pre-K	932,790
ED	Expenditures 15-22, L15, Col K - (G+I)	1600	Summer School Programs	118,331
ED	Expenditures 15-22, L22, Col K	1912	Special Education Programs K-12 - Private Tuition	1,209,016
ED	Expenditures 15-22, L75, Col K - (G+I)	3000	Community Services	52,761
ED	Expenditures 15-22, L102, Col K	4000	Total Payments to Other Govt Units	1,609,114
ED	Expenditures 15-22, L114, Col G	-	Capital Outlay	7,298
ED	Expenditures 15-22, L114, Col I	-	Non-Capitalized Equipment	42,401
O&M	Expenditures 15-22, L139, Col K	4000	Total Payments to Other Govt Units	37,104
O&M	Expenditures 15-22, L151, Col G	-	Capital Outlay	109,314
O&M	Expenditures 15-22, L151, Col I	-	Non-Capitalized Equipment	2,271
DS	Expenditures 15-22, L170, Col K	5300	Debt Service - Payments of Principal on Long-Term Debt	1,793,918
MR/SS	Expenditures 15-22, L216, Col K	1125	Pre-K Programs	4,266
MR/SS	Expenditures 15-22, L218, Col K	1225	Special Education Programs - Pre-K	55,823
MR/SS	Expenditures 15-22, L224, Col K	1600	Summer School Programs	8,606
MR/SS	Expenditures 15-22, L280, Col K	3000	Community Services	151
MR/SS	Expenditures 15-22, L285, Col K	4000	Total Payments to Other Govt Units	7
<b>Total Deductions for OEPP Computation (Sum of Lines 18 - 74)</b>				<b>\$ 6,064,025</b>
<b>Total Operating Expenses Regular K-12 (Line 14 minus Line 76)</b>				<b>47,792,737</b>
<b>9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2017-2018</b>				<b>3,545.69</b>
<b>Estimated OEPP (Line 77 divided by Line 78)</b>				<b>\$ 13,479.11</b>

**PER CAPITA TUITION CHARGE**

<b>LESS OFFSETTING RECEIPTS/REVENUES:</b>				
TR	Revenues 9-14, L45, Col F	1415	Regular - Transp Fees from Co-curricular Activities (In State)	\$ 34,314
ED	Revenues 9-14, L75, Col C	1600	Total Food Service	383,509
ED-O&M	Revenues 9-14, L82, Col C,D	1700	Total District/School Activity Income	259,874
ED	Revenues 9-14, L84, Col C	1811	Rentals - Regular Textbooks	248,437
ED	Revenues 9-14, L91, Col C	1829	Sales - Other (Describe & Itemize)	45,481
ED-O&M	Revenues 9-14, L95, Col C,D	1910	Rentals	61,282
ED	Revenues 9-14, L106, Col C	1993	Other Local Fees (Describe & Itemize)	294,379
ED-O&M-TR	Revenues 9-14, L131, Col C,D,F	3100	Total Special Education	366,612
ED-MR/SS	Revenues 9-14, L144, Col C,G	3300	Total Bilingual Ed	0
ED	Revenues 9-14, L145, Col C	3360	State Free Lunch & Breakfast	7,656
ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500	Total Transportation	1,938,614
ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L171, Col C-G,J	3999	Other Restricted Revenue from State Sources	2,743
ED-MR/SS	Revenues 9-14, L201, Col C,G	4200	Total Food Service	492,802
ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	4300	Total Title I	240,400
ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620	Fed - Spec Education - IDEA - Flow Through	432,160
ED-O&M-TR-MR/SS	Revenues 9-14, L221, Col C,D,F,G	4625	Fed - Spec Education - IDEA - Room & Board	140,663
ED-TR-MR/SS	Revenues 9-14, L263, Col C,F,G	4905	Title III - Immigrant Education Program (IEP)	1,484
ED-TR-MR/SS	Revenues 9-14, L264, Col C,F,G	4909	Title III - Language Inst Program - Limited Eng (LIPLEP)	48,325
ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4932	Title II - Teacher Quality	104,342
ED-O&M-TR-MR/SS	Revenues 9-14, L270, Col C,D,F,G	4991	Medicaid Matching Funds - Administrative Outreach	52,245
ED-O&M-TR-MR/SS	Revenues 9-14, L271, Col C,D,F,G	4992	Medicaid Matching Funds - Fee-for-Service Program	416,940
<b>ED-TR-MR/SS</b>	<b>Revenues (Part of EBF Payment)</b>	<b>3100</b>	<b>Special Education Contributions from EBF Funds **</b>	<b>1,601,880</b>
<b>ED-MR/SS</b>	<b>Revenues (Part of EBF Payment)</b>	<b>3300</b>	<b>English Learning (Bilingual) Contributions from EBF Funds ***</b>	<b>275,268</b>
<b>Total Deductions for PCTC Computation Line 84 through Line 174</b>				<b>\$ 7,449,410</b>
<b>Net Operating Expense for Tuition Computation (Line 77 minus Line 176)</b>				<b>40,343,327</b>
<b>Total Depreciation Allowance (from page 26, Line 18, Col I)</b>				<b>3,130,128</b>
<b>Total Allowance for PCTC Computation (Line 177 plus Line 178)</b>				<b>43,473,455</b>
<b>9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2017-2018</b>				<b>3,545.69</b>
<b>Total Estimated PCTC (Line 179 divided by Line 180)</b>				<b>* \$ 12,260.93</b>

Unaudited



ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



815.344.1300 mchenry  
 847.382.3366 barrington  
 847.336.6455 gurnee  
 www.edercasella.com

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education  
 Grayslake Community Consolidated School District No. 46  
 Grayslake, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited

Grayslake Community Consolidated School District No. 46’s

compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grayslake Community Consolidated School District No. 46’s major federal programs for the year ended June 30, 2019. Grayslake Community Consolidated School District No. 46’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Grayslake Community Consolidated School District No. 46’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grayslake Community Consolidated School District No. 46’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Grayslake Community Consolidated School District No. 46’s compliance.



## Opinion on Each Major Federal Program

In our opinion, Grayslake Community Consolidated School District No. 46 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

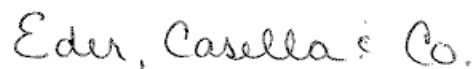
## Report on Internal Control Over Compliance

Management of Grayslake Community Consolidated School District No. 46 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grayslake Community Consolidated School District No. 46's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grayslake Community Consolidated School District No. 46's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
January 22, 2020

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

34-049-0460-04

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project # (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>		Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/17-6/30/18 (C)	Year 7/1/18-6/30/19 (D)	Year 7/1/17-6/30/18 (E)	Year 7/1/18-6/30/19 (F)			
U.S. Department of Agriculture Passed Through									
Illinois State Board of Education:									
Food Donations Program (Non-Cash Commodities)	10.555	19-4299-00		37,798				37,798	N/A
National School Lunch Program	10.555	18-4210-00	336,488	61,978	336,488		61,978	398,466	N/A
National School Lunch Program	10.555	19-4210-00		336,257			336,257	336,257	N/A
School Breakfast Program	10.553	18-4220-00	78,436	13,431	78,436		13,431	91,867	N/A
School Breakfast Program	10.553	19-4220-00		81,136			81,136	81,136	N/A
Passed Through Department of Defense									
Food Donation Program (Non-Cash Commodities)	10.555	19-4299-00		26,735				26,735	N/A
Total Child Nutrition Cluster			414,924	557,335	414,924		557,335	972,259	
Subtotal - CFDA "10"			414,924	557,335	414,924		557,335	972,259	

• (M) Program was audited as a major program as defined by §200.518.

\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SFRA notes.

**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46**  
**34-049-0460-04**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation U.S. Department of Education	CFDA Number <sup>2</sup> (A)	ISBE Project # (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues			Expenditure/Disbursements <sup>4</sup>		Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/17-6/30/18 (C)	Year 7/1/18-6/30/19 (D)	Year 7/1/17-6/30/18 (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/18-6/30/19 (F)			
Passed Through Illinois State Board of Education:										
Title I - Low Income (M)	84.010	18-4300-00	257,577	22,796	257,577	22,796		280,373	330,499	
Title I - Low Income (M)	84.010	19-4300-00		217,604		217,604		217,604	342,832	
Title III - Immigrant Education Program (IEP)	84.365	18-4905-00	377	767	377	767		1,144	4,664	
Title III - Immigrant Education Program (IEP)	84.365	19-4905-00		717		717		717	10,120	
Title III - LIP/LEP	84.365	18-4909-00	53,473	8,396	53,473	8,396		61,869	63,597	
Title III - LIP/LEP	84.365	19-4909-00		39,929		39,929		39,929	58,428	
Title II - Teacher Quality	84.367	19-4932-00		104,342		104,342		104,342	116,116	
Passed Through Illinois State Board of Education:										
Special Education - IDEA - Room and Board (M)	84.027	18-4625-00	39,971	34,391	39,971	34,391		74,362	N/A	
Special Education - IDEA - Room and Board (M)	84.027	19-4625-00		106,273		106,273		106,273	N/A	
Passed Through Special Education District of Lake County:										
Special Education - Grants to States (M)	84.027	19-4620-00		432,160		432,160		432,160	655,710	
Special Education - Grants to States (M)	84.173	19-4600-00	39,971	27,685	39,971	27,685		640,480	79,256	
Total Special Education Cluster			351,398	995,060	351,398	995,060		1,346,458		

• (M) Program was audited as a major program as defined by §200.518.

\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.



GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal award activity of Grayslake Community Consolidated School District No. 46 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, and used in the preparation of, the basic financial statements.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

**NOTE 4 - SUBRECIPIENTS**

The District did not provide federal awards to subrecipients during the year ended June 30, 2019.

**NOTE 5 - FEDERAL LOANS**

There were no federal loans or loan guarantees outstanding at year end.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

- 1) Summary of auditor's results:
  - a. The auditor's report expresses an unmodified opinion on whether the financial statements of Grayslake Community Consolidated School District No. 46 were prepared in accordance with GAAP.
  - b. Two material weaknesses disclosed during the audit of the financial statements are reported in the 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*.
  - c. No instances of noncompliance material to the financial statements of Grayslake Community Consolidated School District No. 46, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
  - d. No significant deficiencies in internal control over major federal award programs are reported during the audit of the financial statements. No material weaknesses in internal control over major federal award programs are reported.
  - e. The auditor's report on compliance for the major federal award programs for Grayslake Community Consolidated School District No. 46 expresses as unmodified opinion on all major federal programs.
  - f. Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a) are reported in this schedule.
  - g. The programs tested as major programs were: CFDA #84.010 Title I – Low Income, and CFDA #84.027 and CFDA #84.173 Special Education Cluster.
  - h. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
  - i. Grayslake Community Consolidated School District No. 46 was determined to not be a low-risk auditee.
- 2) The findings relating to the financial statements which are required to be reported are detailed in finding numbers 2019-001 and 2019-002.
- 3) There were no findings and questioned costs for federal awards which are required to be reported.



**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46**  
**34-049-0460-04**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2019**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

---

1. FINDING NUMBER:<sup>11</sup>                      2019 001                      2. THIS FINDING IS:                       New                       Repeat from Prior Year?  
Year originally reported?                      2010

---

**3. Criteria or specific requirement**

Management is responsible for the accuracy and completeness of all financial statement records.

---

**4. Condition**

During the course of the audit, material misstatements of the financial records were found, resulting in adjusting entries.

---

**5. Context<sup>12</sup>**

There were a few material adjusting journal entries made to the financial records of the District.

---

**6. Effect**

The financial records were materially misstated prior to the start of the audit.

---

**7. Cause**

The District's control policies and procedures did not detect or prevent the misstatements.

---

**8. Recommendation**

Management should develop a process to identify potential adjustments throughout the year to minimize potential adjustments made by the auditor.

---

**9. Management's response<sup>13</sup>**

Management plans to make all necessary adjusting entries prior to the start of the audit process.

---

<sup>11</sup> A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.

**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT**  
**34-049-0460-4**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2019**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

---

1. FINDING NUMBER:<sup>11</sup>                      2019- 002                      2. THIS FINDING IS:                       New                       Repeat from Prior Year?  
Year originally reported?                      2018

---

**3. Criteria or specific requirement**

Management is responsible for the accuracy and completeness of all financial statement records.

---

**4. Condition**

During the course of the audit, cash, payroll liabilities, and accounts payable amounts could not be reconciled to supporting documents.

---

**5. Context<sup>12</sup>**

The District could not provide supporting documents to properly reconcile cash, payroll and accounts payable balances at year end.

---

**6. Effect**

The District should keep sufficient records to confirm and reconcile cash, accounts payable and payroll liabilities amounts.

---

**7. Cause**

The District's internal control policies and procedures did not detect or prevent the misstatements.☒

---

**8. Recommendation**

Management should implement better internal control procedures for review process of postings to accounts payable and payroll liabilities to make sure all transactions are posted correctly and have sufficient supporting documents. Management should initiate procedures to review bank reconciliations and the general ledger in order to ensure the bank reconciliation properly reconciles to the District's cash balances on the general ledger.

---

**9. Management's response<sup>13</sup>**

Management plans to develop control procedures to address these.

---

<sup>11</sup> A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.



**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO 46**  
**34-049-0460-04**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2019**

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
2018-001	During the course of the audit material misstatements of the financial records were found, resulting in adjusting entries.	This is still a finding in the current year. See finding 2019-001.
2018-002	The insurance payable liability amount could not be traced to supporting documents. ☒	This is still a finding in the current year. See finding 2019-002.
2018-003	Several employees had incorrect amounts deducted from their wages for TRS contributions.	This finding was corrected.
2018-004	Employee and employer IMRF contributions submitted during fiscal year 2018 were incorrect.	This finding was corrected.
2018-005	The District has several old outstanding checks and manual adjustments on its bank reconciliation.	This finding was corrected.

---

When possible, all prior findings should be on the same page

<sup>19</sup> Explanation of this schedule - §200.511 (b)

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

# Community Consolidated School District 46 Lake County, Illinois



*The mission of School District 46 is to pursue excellence to shape the future.*

565 Frederick Road • Grayslake • IL • 60030 • Tel: 847.223.3650 • Fax: 847.223.3695

**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO 46**  
**34-049-0460-04**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**Year Ending June 30, 2019**

**Corrective Action Plan**

Finding No.: **2019** 001

Condition:

During the course of the audit, material misstatements of the financial records were found, resulting in adjusting entries.

Plan:

Management plans to make all necessary adjusting entries before the beginning of the audit.

Anticipated Date of Completion: 6/30/2020

Name of Contact Person: John Herrin - Chief School Business Official

Management Response: Management will record all accrual entries before the start of the audit, and will review the entries to ensure they are accurate.

# Community Consolidated School District 46 Lake County, Illinois



*The mission of School District 46 is to pursue excellence to shape the future.*

565 Frederick Road • Grayslake • IL • 60030 • Tel: 847.223.3650 • Fax: 847.223.3695

**GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO 46**  
**34-049-0460-04**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**Year Ending June 30, 2019**

**Corrective Action Plan**

Finding No.: **2019 002**

Condition:

Cash, payroll liabilities, and accounts payable amounts could not be traced to supporting documents.

Plan:

Management plans to implement better internal control procedures for review process of postings to accounts payable and payroll liabilities to make sure all transactions are posted correctly and have sufficient supporting documents. Management plans to initiate procedures to review bank reconciliations and the general ledger in order to ensure the bank reconciliation properly reconciles to the District's cash balances on the general ledger.

Anticipated Date of Completion: 6/30/2020

Name of Contact Person: John Herrin - Chief School Business Official

Management  
Response:

Management will implement better internal control procedures for review process of postings to accounts payable and payroll liabilities to make sure all transactions are posted correctly and have sufficient supporting documents. Management will initiate procedures to review bank reconciliations and the general ledger in order to ensure the bank reconciliation properly reconciles to the District's cash balances on the general ledger.