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**LAKE ZURICH COMMUNITY UNIT
SCHOOL DISTRICT NO. 95
STATE OF ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

eder, casella & co.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lake Zurich Community Unit School District No. 95
Zurich, 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

Lake Zurich Community Unit School District No. 95

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Zurich Community Unit School District No. 95 as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 17 to the financial statements, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

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 on pages 6 through 11 and 48 through 67 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, 2019 on our consideration of Lake Zurich Community Unit School District No. 95's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Zurich Community Unit School District No. 95's internal control over financial reporting and compliance.



EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 22, 2019

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
Lake Zurich Community Unit School District No. 95
Lake Zurich, Illinois

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

Lake Zurich Community Unit School District No. 95

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lake Zurich Community Unit School District No. 95's basic financial statements, and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Zurich Community Unit School District No. 95's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Zurich Community Unit School District No. 95's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,

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

Purpose of this Report

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



EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Lake Zurich Community Unit School District No. 95

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The Management's Discussion and Analysis of Lake Zurich Community Unit School District No. 95's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$109,758,772 (net position).
- The District's total net position decreased by \$41,668,972. This decrease is net of a net position adjustment of \$47,000,676, which decreased the net position. A portion of the net position adjustment, positive \$124,492, was due to updating fixed assets to match up to the appraisal valuation. The total decrease is due to restating prior year net position for the Other Post Employment Benefits Fund in the amount of \$47,125,165. Without this net asset adjustment, the net position increased \$5,331,704. Substantially all of this increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses.
- At June 30, 2018 the District's governmental funds reported combined ending fund balances of \$82,488,140, an increase of \$1,562,255 in comparison with the prior year.
- At June 30, 2018 the unassigned fund balance for the General Fund was \$45,075,435, or 46% of total General Fund expenditures.
- The District's total long-term debt decreased by \$3,103,491 during the year ended June 30, 2018 due to scheduled repayments and accreted interest on long-term debt.

Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the District's net position changed during the 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 12 and 13 of this report.

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, and 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 14 through 18 and the required supplementary information can be found on pages 48 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 19 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 20 through 47 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 \$109,758,772 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, 2018 and 2017:

Lake Zurich Community Unit School District No. 95's Net Position at Year-End

	Governmental Activities	
	FY 2018	FY 2017
Assets		
Current and Other Assets	\$ 132,675,861	\$ 129,322,320
Capital Assets	111,084,342	106,458,375
Total Assets	\$ 243,760,203	\$ 235,780,695
Deferred Outflows of Resources		
Deferred Pension Expense	\$ 3,369,125	\$ 2,865,373
Deferred Employer Pension Contributions	1,043,673	696,264
Total Deferred Outflows of Resources	\$ 4,412,798	\$ 3,561,637
Liabilities		
Other Liabilities	\$ 9,386,546	\$ 8,736,512
Long-Term Liabilities Outstanding	79,636,063	39,049,302
Total Liabilities	\$ 89,022,609	\$ 47,785,814
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 40,845,303	\$ 39,700,803
Deferred Pension Revenue	8,546,317	427,971
Total Deferred Inflows of Resources	\$ 49,391,620	\$ 40,128,774
Net Position		
Net Investment in Capital Assets	\$ 96,074,976	\$ 91,843,524
Restricted	23,877,184	26,495,960
Unrestricted	(10,193,388)	33,088,260
Total Net Position	\$ 109,758,772	\$ 151,427,744

The net investment in capital assets (87% of total net position) represents assets such as land, buildings, and equipment less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (21%) represents resources that are subject to external restrictions on how they may be used.

The District's net position decreased by \$41,668,972. This decrease is net of a net position adjustment of \$47,000,676, which decreased the net position. A portion of the net position adjustment, positive \$124,492, was due to updating fixed assets to match up to the appraisal valuation. The total decrease is due to restating prior year net position for the Other Post-Employment Benefits Fund in the amount of \$47,125,165. Without this net asset adjustment, the net position increased \$5,331,704. Substantially all of this increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses

Governmental Activities. Governmental activities increased the District's net position by \$5,331,704. Key elements of this increase are as follows:

Lake Zurich Community Unit School District No. 95's Change in Net Position

	Governmental Activities	
	FY 2018	FY 2017
Revenues:		
Program Revenues		
Charges for Services	\$ 4,058,269	\$ 4,089,124
Operating Grants and Contributions	35,076,716	39,217,842
Capital Grants and Contributions	98,925	451,225
General Revenues:		
Property Taxes	79,940,235	78,560,652
Other Payments in Lieu of Taxes	218,938	265,964
Grants and Contributions not Restricted to Specific Activities	3,953,398	2,239,699
Unrestricted Investment Earnings	918,763	410,026
TIF Revenues	489,864	480,994
Gain/(Loss) on Sale of Capital Assets	939,737	-
Miscellaneous	157,883	11,853
Total Revenues	<u>\$ 125,852,728</u>	<u>\$ 125,727,379</u>
Expenses:		
Instruction	\$ 48,428,688	\$ 43,550,274
Support Services	35,524,444	35,620,324
Community Services	88,590	84,893
Payments to Other Districts and Governmental Units	944,864	1,141,324
Interest and Fees on Long-Term Debt	1,468,919	1,577,658
On-Behalf Retirement Contributions	30,385,254	31,851,945
Depreciation - Unallocated	3,680,265	3,537,421
Total Expenses	<u>\$ 120,521,024</u>	<u>\$ 117,363,839</u>
Change in Net Position	\$ 5,331,704	\$ 8,363,540
Net Position - Beginning	151,427,744	151,795,943
Net Assets Adjustment	(47,000,676)	(8,731,739)
Net Position - Ending	<u>\$ 109,758,772</u>	<u>\$ 151,427,744</u>

- Property Taxes increased by \$1,379,583 over the prior year due to an overall increase in the EAV for the District.
- Operating Grants and Contributions decreased by \$4,141,126 primarily due to a \$1,466,691 decrease in On-Behalf Retirement Contributions due to actuarial changes in calculating the On-Behalf payments to TRS. Special Education Programs also decreased by \$1,457,094 and Transportation Programs decreased by \$970,277.
- The District's total expenses increased \$3,157,185 (2.7%). Significant expense increases include Instruction which increased by \$4,878,414 which \$2,962,230 is attributed to increases in Regular Program expenses

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, 2018, the District's six governmental funds reported combined ending fund balances of, \$82,488,140, an increase of \$1,562,255.

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 educational and working cash tax levies, tuition, and textbook rentals.

At June 30, 2018 the General Fund had an unassigned fund balance of \$45,075,435. This unassigned fund balance represents 46% of total General Fund expenditures.

The remaining five funds had a combined fund balance of \$34,406,621. The significant transactions of these funds for the year ended June 30, 2018 are summarized as follows:

	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund
Beginning Fund Balance	\$ 11,082,985	\$ 7,173,824	\$ 8,602,456	\$ 1,959,258	\$ 6,086,024
Net Change in Fund Balance	2,169,152	26,147	(1,161,208)	(88,035)	(1,443,982)
Ending Fund Balance	<u>\$ 13,252,137</u>	<u>\$ 7,199,971</u>	<u>\$ 7,441,248</u>	<u>\$ 1,871,223</u>	<u>\$ 4,642,042</u>

General Fund Budgetary Highlights

The District did not amend its budget ordinance during the year ended June 30, 2018.

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

- The difference between budgeted revenues and actual revenues was \$8,399,427 (favorable) which is 8% of total revenues. The most significant factor was On-Behalf Retirement Contributions being higher than budgeted by \$7,808,588.
- The difference between budgeted expenditures and actual expenditures was \$7,829,503 (unfavorable) which is 8% of total expenditures. The most significant factor contributing to this amount was the On-Behalf Retirement Contributions being higher than budgeted by \$7,808,588. When taking the On-Behalf Retirement Contribution out of the calculation, the difference in the District’s budgeted expenditures and actual expenditures was \$20,915 (unfavorable).

Capital Asset and Debt Administration

Capital Assets. At June 30, 2018 the District had invested \$111,084,342 (net of depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, capitalized equipment, and construction in progress. Total depreciation expense for the year was \$4,098,479.

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

- The completion of a 2017 Parking Lot Projects in the amount of \$1,697,946;
- High School Secured Entrance Project in the amount of \$548,851;
- Capital lease agreement for the new Administrative Building in the amount of \$3,767,774
- Replacement of Middle School South’s roof in the amount of \$777,100; and
- Purchase of new buses for the District in the amount of \$4,477,224

Lake Zurich Community Unit School District No. 95's Capital Assets
(net of depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 11,953,158	\$ 11,953,158
Building and Building Improvements	85,352,273	82,689,572
Site Improvements and Infrastructure	8,053,115	6,557,651
Capitalized Equipment	5,648,086	4,780,951
Construction in Progress	77,710	477,043
	<u>\$ 111,084,342</u>	<u>\$ 106,458,375</u>

Additional information on the District's capital assets can be found in note 4 on page 26 of this report.

Long-Term Debt. At June 30, 2018 the District had \$26,141,331 in long-term debt.

Lake Zurich Community Unit School District No. 95's Outstanding Debt

	Governmental Activities	
	2018	2017
Bonds	\$ 26,037,823	\$ 29,040,153
Lease/Purchase Agreements	103,508	204,640
Total	<u>\$ 26,141,331</u>	<u>\$ 29,244,793</u>

Additional information on the District's long-term debt can be found in note 5 on pages 26 through 28 of this report.

Economic Factors and Next Year's Budget

Fiscal year 2018 represents the 11th consecutive balanced budget adopted by the District. The District annually completes a five-year long-range plan to anticipate and address the resources and expenses of the District. For the 2017-2018 school year, Lake Zurich Community Unit School District No. 95 saw a slight increase in enrollment and implemented full day kindergarten. The District's assessed property values have increased for the fourth year after four years of decline in property values. Property values are anticipated to continue to increase in the future. The communities that make up the tax base of Lake Zurich Community Unit School District No. 95 have had resurgence in new construction, both commercial and residential, that will increase the District's assessed valuation. The communities served by District strongly support the School District; this was illustrated by passing a building referendum for \$77.6 million by a 2 to 1 vote. The District has a stable workforce and this past year extended its labor agreement with the District's certified staff through the 2021-2022 school year.

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:

Lake Zurich Community Unit School District No. 95
832 South Rand Road
Lake Zurich, IL 60047-2459

BASIC FINANCIAL STATEMENTS

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 38,130,048
Investments, at Fair Value	56,278,270
Facility Rental Receivable, net of allowance of \$0	34,406
Interest Receivable, net of allowance of \$0	358,013
Taxes Receivable, net of allowance of \$0	36,237,865
Due from Other Governments, net of allowance of \$0	1,116,960
Prepaid Expenses	520,299
Capital Assets (Note 4):	
Land	11,953,158
Construction in Progress	77,710
Depreciable Buildings, Property, and Equipment, net of depreciation	99,053,474
Total Assets	\$ 243,760,203
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense	\$ 3,369,125
Deferred Employer Pension Contributions	1,043,673
Total Deferred Outflows of Resources	\$ 4,412,798
Total Assets and Deferred Outflows of Resources	\$ 248,173,001
LIABILITIES	
Accounts Payable	\$ 1,328,844
Accrued Expenses	44,128
Payroll Liabilities	7,931,513
Unearned Revenue	82,061
Long-Term Liabilities	
Due Within One Year	7,355,976
Due in More Than One Year	72,280,087
Total Liabilities	\$ 89,022,609
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 40,845,303
Deferred Pension Revenue	8,546,317
Total Deferred Inflows of Resources	\$ 49,391,620
Total Liabilities and Deferred Inflows of Resources	\$ 138,414,229
NET POSITION	
Net Investment in Capital Assets	\$ 96,074,976
Restricted for:	
Operations and Maintenance	9,117,149
Debt Service	7,125,207
Transportation	6,385,944
Retirement	617,252
Future Capital Projects	631,632
Unrestricted/(Deficit)	(10,193,388)
Total Net Position	\$ 109,758,772

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction					
Regular Programs	\$ 33,037,042	\$ 247,857	\$ 382,938	\$ -	\$ (32,406,247)
Special Education Programs	7,134,339	51,224	1,444,831	-	(5,638,284)
Other Instructional Programs	8,257,307	1,797,654	129,004	-	(6,330,649)
Support Services					
Pupils	5,617,843	-	250,923	-	(5,366,920)
Instructional Staff	1,897,519	-	2,360	-	(1,895,159)
General Administration	2,008,330	-	-	-	(2,008,330)
School Administration	5,066,196	-	-	-	(5,066,196)
Business	973,185	-	-	-	(973,185)
Facilities Acquisition and Construction	33,200	-	-	98,925	65,725
Operations and Maintenance	7,385,939	247,525	139,739	-	(6,998,675)
Transportation	3,996,032	89,290	1,474,259	-	(2,432,483)
Food Services	1,765,597	1,624,719	173,807	-	32,929
Central	6,629,187	-	-	-	(6,629,187)
Other Support Services	151,416	-	-	-	(151,416)
Community Services	88,590	-	-	-	(88,590)
Payments to Other Districts and Governmental Units	944,864	-	693,601	-	(251,263)
Interest and Fees on Long-Term Debt	1,468,919	-	-	-	(1,468,919)
On-Behalf Retirement Contributions	30,385,254	-	30,385,254	-	-
Depreciation - Unallocated	3,680,265	-	-	-	(3,680,265)
Total Governmental Activities	<u>\$ 120,521,024</u>	<u>\$ 4,058,269</u>	<u>\$ 35,076,716</u>	<u>\$ 98,925</u>	<u>\$ (81,287,114)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 72,014,174
Property Taxes, Levied for Debt Service					7,926,061
Other Payments in Lieu of Taxes					218,938
Grants and Contributions not Restricted to Specific Activities					3,953,398
Unrestricted Investment Earnings					918,763
TIF Revenues					489,864
Gain/(Loss) on Sale of Capital Assets					939,737
Miscellaneous Income					157,883
Total General Revenues					<u>\$ 86,618,818</u>
Change in Net Position					\$ 5,331,704
Net Position - July 1, 2017					151,427,744
Net Position Adjustment (Note 18)					<u>(47,000,676)</u>
Net Position June 30, 2018					<u>\$ 109,758,772</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 23,866,501	\$ 5,659,211	\$ 2,996,586	\$ 2,833,656	\$ 804,715	\$ 1,969,379	\$ 38,130,048
Investments, at Fair Value	34,207,004	8,747,335	4,632,326	4,403,223	1,243,983	3,044,399	56,278,270
Facility Rental Receivable, net of allowance of \$0	-	34,406	-	-	-	-	34,406
Interest Receivable, net of allowance of \$0	187,229	97,494	25,585	24,019	6,872	16,814	358,013
Taxes Receivable, net of allowance of \$0	26,790,972	4,695,491	3,543,912	551,290	656,200	-	36,237,865
Due from Other Governments, net of allowance of \$0	745,771	-	-	371,189	-	-	1,116,960
Prepaid Expenses	485,808	34,312	179	-	-	-	520,299
Total Assets	<u>\$ 86,283,285</u>	<u>\$ 19,268,249</u>	<u>\$ 11,198,588</u>	<u>\$ 8,183,377</u>	<u>\$ 2,711,770</u>	<u>\$ 5,030,592</u>	<u>\$ 132,675,861</u>
LIABILITIES							
Accounts Payable	\$ 254,860	\$ 661,400	\$ -	\$ 24,034	\$ -	\$ 388,550	\$ 1,328,844
Payroll Liabilities	7,678,527	56,762	-	96,071	100,153	-	7,931,513
Unearned Revenue	82,061	-	-	-	-	-	82,061
Total Liabilities	<u>\$ 8,015,448</u>	<u>\$ 718,162</u>	<u>\$ -</u>	<u>\$ 120,105</u>	<u>\$ 100,153</u>	<u>\$ 388,550</u>	<u>\$ 9,342,418</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	\$ 30,186,318	\$ 5,297,950	\$ 3,998,617	\$ 622,024	\$ 740,394	\$ -	\$ 40,845,303
Total Deferred Inflows of Resources	<u>\$ 30,186,318</u>	<u>\$ 5,297,950</u>	<u>\$ 3,998,617</u>	<u>\$ 622,024</u>	<u>\$ 740,394</u>	<u>\$ -</u>	<u>\$ 40,845,303</u>
FUND BALANCES							
Nonspendable							
Prepaid Expenses	\$ 485,808	\$ 34,312	\$ 179	\$ -	\$ -	\$ -	\$ 520,299
Restricted							
Operations and Maintenance	-	9,117,149	-	-	-	-	9,117,149
Debt Service	-	-	7,125,207	-	-	-	7,125,207
Transportation	-	-	-	6,385,944	-	-	6,385,944
Illinois Municipal Retirement	-	-	-	-	1,129,113	-	1,129,113
Social Security	-	-	-	-	617,252	-	617,252
Capital Projects	-	-	-	-	-	631,632	631,632
Assigned							
Health Insurance Funds	1,260,138	-	-	-	-	-	-
Operations and Maintenance	-	4,100,676	-	-	-	-	4,100,676
Debt Service	-	-	74,585	-	-	-	74,585
Transportation	-	-	-	1,055,304	-	-	1,055,304
Illinois Municipal Retirement	-	-	-	-	124,858	-	124,858
Capital Projects	-	-	-	-	-	4,010,410	4,010,410
Unassigned	45,075,435	-	-	-	-	-	45,075,435
Total Fund Balances	<u>\$ 48,081,519</u>	<u>\$ 13,252,137</u>	<u>\$ 7,199,971</u>	<u>\$ 7,441,248</u>	<u>\$ 1,871,223</u>	<u>\$ 4,642,042</u>	<u>\$ 82,488,140</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 86,283,285</u>	<u>\$ 19,268,249</u>	<u>\$ 11,198,588</u>	<u>\$ 8,183,377</u>	<u>\$ 2,711,770</u>	<u>\$ 5,030,592</u>	<u>\$ 132,675,861</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018

Total Fund Balances - Governmental Funds		\$ 82,488,140
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Pension Costs	\$ (5,177,192)	
Deferred Employer Contributions to Pension	<u>1,043,673</u>	(4,133,519)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 171,306,861	
Accumulated Depreciation on Capital Assets	<u>(60,222,519)</u>	111,084,342
<p>Deferred charges and credits for debt issue discounts or premiums are not financial resources and therefore are not reported in the funds.</p>		
Bond Premiums, net of related amortization		(249,665)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds and Notes Payable	\$ (26,141,331)	
Accrued Interest on Long-Term Debt	(44,128)	
Compensated Absences Payable	(228,037)	
Net Pension (Liability)/Asset	<u>(53,017,030)</u>	<u>(79,430,526)</u>
Net Position of Governmental Activities		<u><u>\$ 109,758,772</u></u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Property Taxes	\$ 58,913,626	\$ 10,218,887	\$ 7,926,061	\$ 1,243,681	\$ 1,637,980	\$ -	\$ 79,940,235
Payments in Lieu of Taxes	128,938	-	-	-	90,000	-	218,938
Tuition	533,697	-	-	-	-	-	533,697
Transportation Fees	-	-	-	89,290	-	-	89,290
Earnings on Investments	574,682	144,589	83,197	71,504	21,529	23,262	918,763
Food Service	1,624,719	-	-	-	-	-	1,624,719
District/School Activity Income	1,287,232	-	-	-	-	-	1,287,232
Textbooks	116,856	-	-	-	-	-	116,856
Other Local Sources	682,844	526,934	-	-	-	62,289	1,272,067
State Aid	4,771,615	-	-	1,474,259	-	-	6,245,874
Federal Aid	2,169,572	-	-	-	110,494	-	2,280,066
On-Behalf Payments	30,385,254	-	-	-	-	-	30,385,254
	<u>\$ 101,189,035</u>	<u>\$ 10,890,410</u>	<u>\$ 8,009,258</u>	<u>\$ 2,878,734</u>	<u>\$ 1,860,003</u>	<u>\$ 85,551</u>	<u>\$ 124,912,991</u>
EXPENDITURES							
Current							
Instruction							
Regular Programs	\$ 30,858,587	\$ -	\$ -	\$ -	\$ 426,015	\$ -	\$ 31,284,602
Special Education Programs	6,450,715	-	-	-	278,599	-	6,729,314
Other Instructional Programs	7,925,876	-	-	-	104,070	-	8,029,946
Support Services							
Pupils	5,119,403	-	-	-	196,722	-	5,316,125
Instructional Staff	1,799,440	-	-	-	36,522	-	1,835,962
General Administration	1,875,396	-	-	-	33,334	-	1,908,730
School Administration	4,385,063	-	-	-	139,156	-	4,524,219
Business	861,012	-	-	-	43,278	-	904,290
Facilities Acquisition and Construction	-	33,200	-	-	-	-	33,200
Operations and Maintenance	-	7,199,581	-	-	163,283	-	7,362,864
Transportation	-	-	-	3,339,229	225,322	-	3,564,551
Food Services	1,745,932	-	-	-	-	-	1,745,932
Central	5,969,505	-	-	-	294,999	-	6,264,504
Other Support Services	149,794	-	-	-	1,411	-	151,205
Community Services	80,560	-	-	-	5,327	-	85,887
Payments to Other Districts and Governmental Units	944,864	-	-	-	-	-	944,864
Debt Service							
Principal	-	-	3,550,115	-	-	-	3,550,115
Interest and Fees	-	-	4,836,725	-	-	-	4,836,725
Capital Outlay	230,857	5,212,902	-	4,733,810	-	1,529,533	11,707,102
On-Behalf Payments	30,385,254	-	-	-	-	-	30,385,254
	<u>\$ 98,782,258</u>	<u>\$ 12,445,683</u>	<u>\$ 8,386,840</u>	<u>\$ 8,073,039</u>	<u>\$ 1,948,038</u>	<u>\$ 1,529,533</u>	<u>\$ 131,165,391</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,406,777	\$ (1,555,273)	\$ (377,582)	\$ (5,194,305)	\$ (88,035)	\$ (1,443,982)	\$ (6,252,400)
OTHER FINANCING SOURCES (USES)							
Interfund Transfers	\$ (346,596)	\$ (57,133)	\$ 403,729	\$ -	\$ -	\$ -	\$ -
Sale or Compensation for Fixed Assets	-	13,784	-	4,033,097	-	-	4,046,881
Other Sources (Attach Itemization)	-	3,767,774	-	-	-	-	3,767,774
	<u>\$ (346,596)</u>	<u>\$ 3,724,425</u>	<u>\$ 403,729</u>	<u>\$ 4,033,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,814,655</u>
NET CHANGE IN FUND BALANCES	\$ 2,060,181	\$ 2,169,152	\$ 26,147	\$ (1,161,208)	\$ (88,035)	\$ (1,443,982)	\$ 1,562,255
FUND BALANCE - JULY 1, 2017	<u>46,021,338</u>	<u>11,082,985</u>	<u>7,173,824</u>	<u>8,602,456</u>	<u>1,959,258</u>	<u>6,086,024</u>	<u>80,925,885</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 48,081,519</u>	<u>\$ 13,252,137</u>	<u>\$ 7,199,971</u>	<u>\$ 7,441,248</u>	<u>\$ 1,871,223</u>	<u>\$ 4,642,042</u>	<u>\$ 82,488,140</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,562,255

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	\$ (4,098,479)	
Capital Outlays	<u>11,707,102</u>	7,608,623

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

Gain/(Loss) on Sale of Capital Assets	\$ 925,953	
Proceeds from Sale of Fixed Assets	<u>(4,033,097)</u>	(3,107,144)

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 Position and is therefore not reported in the Statement of Activities.

Proceeds from Long-Term Debt		(3,767,774)
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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 Bond Premiums	\$ 49,933	
Accrued Interest	(3,247)	
Accreted Interest	3,321,120	
Compensated Absences	(29,671)	
Pension Expense	<u>(5,263,805)</u>	(1,925,670)

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.

1,411,299

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>3,550,115</u>
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Change in Net Position of Governmental Activities		<u>\$ 5,331,704</u>
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The Notes to Financial Statements are an integral part of this statement.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 85,429
Total Assets	\$ 85,429
LIABILITIES	
Due to Activity Fund Organizations	\$ 85,429
Total Liabilities	\$ 85,429

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Zurich Community Unit School District No. 95's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

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

A. Reporting Entity

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

B. Basic Financial Statements – Government-Wide Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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.).

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. 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 and Working Cash levies and included in this fund.

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

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

Capital Projects Fund – The Capital Projects Fund 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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. An exception was made to the 60 day recognition period for State Aid revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. 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 may 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, 2018.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

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 \$5,000 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	5 - 50 years
Site Improvements and Infrastructure	20 years
Capitalized Equipment	5 - 20 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement 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 so 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 so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts up to specified maximums depending on tenure with the District. A portion of unused vacation time can accumulate and carryover to the subsequent year depending upon which department the employee is employed in.

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 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. Bond issuance costs are reported as debt service expenditure.

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*

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 – the remaining net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

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 2017 levy was passed by the Board on December 21, 2017. 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.

Investments

As of June 30, 2018, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 12,091,121	\$ 12,091,121	\$ -	\$ -	\$ -
U.S. Treasury Bills	8,343,536	8,343,536	-	-	-
U.S. Treasury Notes	547,750	547,750	-	-	-
Total	<u>\$ 20,982,407</u>	<u>\$ 20,982,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District has an investment policy that would further limit its investment choices. As of June 30, 2018, the District's investments were rated as follows:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - FAIR VALUE MEASUREMENT

Lake Zurich Community Unit School District No. 95 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, 2018:

Investments by fair value level	6/30/2018	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
US Treasury Securities:	\$ 8,891,286	\$ 8,891,286	\$ -
Certificates of Deposit	47,365,983	-	47,365,983
Term Series	3,950,000	-	3,950,000
Total Investments by fair value level	\$ 60,207,269	\$ 8,891,286	\$ 51,315,983

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, 2018 was as follows:

	Balance July 1, 2017	Adjustments (Note 18)	Increases	Decreases	Balance June 30, 2018
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 11,953,158	\$ -	\$ -	\$ -	\$ 11,953,158
Construction in Progress	477,043	-	77,710	477,043	77,710
Total Capital Assets not being depreciated	\$ 12,430,201	\$ -	\$ 77,710	\$ 477,043	\$ 12,030,868
Other Capital Assets					
Building and Building Improvements	\$ 133,042,833	\$ 11,705	\$ 5,349,125	\$ -	\$ 138,403,663
Site Improvements and Infrastructure	9,753,107	59,687	1,970,068	-	11,782,862
Capitalized Equipment	8,698,470	48,095	4,787,239	4,444,336	9,089,468
Total Other Capital Assets at historical cost	\$ 151,494,410	\$ 119,487	\$ 12,106,432	\$ 4,444,336	\$ 159,275,993
Less Accumulated Depreciation for					
Building and Building Improvements	\$ 50,353,261	\$ -	\$ 2,698,129	\$ -	\$ 53,051,390
Site Improvements and Infrastructure	3,195,456	-	534,291	-	3,729,747
Capitalized Equipment	3,917,519	(5,005)	866,059	1,337,191	3,441,382
Total Accumulated Depreciation	\$ 57,466,236	\$ (5,005)	\$ 4,098,479	\$ 1,337,191	\$ 60,222,519
Other Capital Assets, Net	\$ 94,028,174	\$ 124,492	\$ 8,007,953	\$ 3,107,145	\$ 99,053,474
Governmental Activities Capital Assets, Net	\$ 106,458,375	\$ 124,492	\$ 8,085,663	\$ 3,584,188	\$ 111,084,342

Depreciation expense was charged to functions as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental Activities

Transportation	\$ 398,549
Food Services	19,665
Unallocated	3,680,265
Total Governmental Activities Depreciation Expense	<u>\$ 4,098,479</u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Adjustments (See Note 18)	Interest Accretion	Additions	Retirement	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:							
Long-Term Debt							
Capital Appreciation							
Bonds, 1998	\$ 367,964	\$ -	\$ -	\$ -	\$ 367,964	\$ -	\$ -
Accreted Interest							
1998 Bonds	562,814	-	59,222	-	622,036	-	-
Capital Appreciation							
Bonds, 2000B	9,742,650	-	-	-	2,674,172	7,068,478	2,509,229
Accreted Interest							
2000B Bonds	13,906,671	-	1,352,522	-	4,110,828	11,148,365	3,229,185
Building Bonds, 2008A	460,054	-	-	-	226,789	233,265	233,265
GO Limited Tax School							
Bonds, Series 2017	4,000,000	-	-	-	50,000	3,950,000	1,055,000
Lease/Purchase Agreements	204,640	-	-	-	101,132	103,508	103,508
Admin Building Capital Lease	-	-	-	3,142,345	14,848	3,127,497	175,856
Admin Building Capital Lease Build Out	-	-	-	625,429	115,211	510,218	-
Total Long-Term Debt	<u>\$ 29,244,793</u>	<u>\$ -</u>	<u>\$ 1,411,744</u>	<u>\$ 3,767,774</u>	<u>\$ 8,282,980</u>	<u>\$ 26,141,331</u>	<u>\$ 7,306,043</u>
Other Long-Term Liabilities							
Net Pension Liability - IMRF	\$ 2,694,352		\$ -	\$ -	\$ 2,232,811	\$ 461,541	\$ -
Net Pension Liability - TRS	6,612,193		-	-	602,502	6,009,691	-
Net OPEB Liability - IMRF	-	216,460	-	-	7,106	209,354	-
Net OPEB Liability - THIS	-	46,908,705	-	-	572,261	46,336,444	-
Bond Premiums	299,598	-	-	-	49,933	249,665	49,933
Compensated Absences	198,366	-	-	29,671	-	228,037	-
Total Other Long-Term Liabilities	<u>\$ 9,804,509</u>	<u>\$ 47,125,165</u>	<u>\$ -</u>	<u>\$ 29,671</u>	<u>\$ 3,464,613</u>	<u>\$ 53,494,732</u>	<u>\$ 49,933</u>
Governmental Activities							
Long-Term Liabilities	<u>\$ 39,049,302</u>	<u>\$ 47,125,165</u>	<u>\$ 1,411,744</u>	<u>\$ 3,797,445</u>	<u>\$ 11,747,593</u>	<u>\$ 79,636,063</u>	<u>\$ 7,355,976</u>

Bonds and notes payable consisted of the following at June 30, 2018:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Capital Appreciation Bonds, 1998	1/1/2018	3.70% - 5.15%	\$ 4,098,043	\$ -
Capital Appreciation Bonds, 2000B	12/1/2020	4.89% - 5.71%	28,852,880	18,216,843
Refunding Bonds, 2004	12/1/2016	2.05% - 5.00%	13,020,000	-
Debt Certificates, 2007	6/1/2017	4.50%	149,474	-
Building Bonds, 2008A	10/1/2018	3.00% - 5.00%	1,755,440	233,265
GO Limited Tax School Bonds, Series 2017	1/1/2022	2.01%	4,000,000	3,950,000
Copier Lease	8/20/2018	2.35%	504,924	103,508
Admin Building Capital Lease	4/30/2024	4.50%	3,142,345	3,127,497
Admin Building Capital Lease Build Out	4/30/2024	0.00%	625,429	510,218

At June 30, 2018 the annual debt service requirements to service long-term debt are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending June 30	Principal	Interest	Total
2019	\$ 7,306,043	\$ 1,270,220	\$ 8,576,263
2020	7,442,595	907,343	8,349,938
2021	7,824,658	528,270	8,352,928
2022	979,975	125,441	1,105,416
2023	309,219	102,529	411,748
2024	2,278,841	78,073	2,356,914
	<u>\$ 26,141,331</u>	<u>\$ 3,011,876</u>	<u>\$ 29,153,207</u>

Payments for compensated absences are made from the fund(s) from which the salaries are paid for each individual employee (i.e. General Fund or Transportation Fund).

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	\$ 7,306,043	\$ 18,835,288	\$ 26,141,331
Bond Premiums, net of amortization	49,933	199,732	249,665
Other Long-Term Liabilities	-	53,494,732	53,494,732
	<u>\$ 7,355,976</u>	<u>\$ 72,529,752</u>	<u>\$ 79,885,728</u>

NOTE 6 - DEFICIT FUND BALANCE

No fund had a deficit fund balance at June 30, 2018.

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2017 tax levy. The unavailable revenue is 50% of the 2017 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 2017 tax levy (\$40,845,302) and 50% of the 2016 tax levy, plus back taxes, less uncollectible amounts (\$39,094,933) are allocable for use in fiscal year 2018. 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 2017, 2016, and 2015 is as follows:

TAX YEAR ASSESSED VALUATION	2017 \$1,646,893,698		2016 \$1,581,386,865		2015 \$1,501,530,360	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	3.6192	\$ 59,604,212	3.6383	\$ 57,535,598	3.7366	\$ 56,105,868
Special Education	0.0368	606,650	0.0416	657,857	0.0491	737,101
Operations and Maintenance	0.6434	10,595,900	0.6320	9,994,365	0.6700	10,059,728
Debt Service	0.4856	7,997,233	0.5044	7,975,899	0.5133	7,706,785
Transportation	0.0755	1,244,047	0.0797	1,259,575	0.0850	1,276,301
Municipal Retirement	0.0251	412,596	0.0351	555,067	0.0493	740,750
Social Security	0.0649	1,068,192	0.0800	1,265,109	0.0793	1,191,044
Working Cash	0.0098	161,774	0.0100	158,138	0.0088	132,675
	<u>4.9603</u>	<u>\$ 81,690,604</u>	<u>5.0211</u>	<u>\$ 79,401,608</u>	<u>5.1914</u>	<u>\$ 77,950,252</u>

NOTE 8 - OVEREXPENDITURE OF BUDGET

For the year ended June 30, 2018, the expenditures of the following funds exceeded the budget:

NOTES TO FINANCIAL STATEMENTS (Continued)

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 90,952,755	\$ 98,782,258	\$ 7,829,503
Operations & Maintenance	9,875,907	12,445,683	2,569,776
Debt Services	8,268,744	8,386,840	118,096

The excess of expenditures over budget in the General Fund was a result of the On-Behalf Payments being higher than budgeted. This increase was due to actuarial changes in calculating the On-Behalf Payments of TRS. The amount was not available for the District until after the fiscal year's budget was adopted. The excess was covered by the offsetting On-Behalf Revenue.

The excess of expenditures over budget in the Operations and Maintenance was a result of an increase in capital expenditures related to new capital lease agreements in the current year.

The excess of expenditures over budget in the Debt Services Fund was covered by available fund balance.

NOTE 9 - 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.

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%

NOTES TO FINANCIAL STATEMENTS (Continued)

of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017 was 9.0% 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, 2018, 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 \$29,932,114 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, 2018 were \$250,355 and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the District pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$226,280 were paid from federal and special trust funds that required District contributions of \$22,854. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

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

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the District paid \$507 to TRS for employer

NOTES TO FINANCIAL STATEMENTS (Continued)

contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the 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	\$ 6,009,691
State's proportionate share of the net pension liability associated with the District	304,141,140
Total	<u>\$ 310,150,831</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The 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, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the District's proportion was 0.007866%, which was an decrease of .000511 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$29,932,114 and revenue of \$29,932,114 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 65,272	\$ (2,774)	\$ 62,498
Net difference between projected and actual earnings on pension plan investments	4,123	-	4,123
Changes of assumptions	401,104	(172,691)	228,413
Changes in proportion and differences between employer contributions and proportionate share of contributions	572,688	(486,927)	85,761
Employer contributions subsequent to the measurement date	273,210	-	273,210
	<u>\$ 1,316,397</u>	<u>\$ (662,392)</u>	<u>654,005</u>

\$273,210 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending June 30		
2019	\$	76,229
2020		283,147
2021		131,226
2022		(95,355)
2023		(14,453)
	<u>\$</u>	<u>380,794</u>

Actuarial Assumptions

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

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

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

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

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

Discount Rate

At June 30, 2017, the discount rate used to measure total pension liability was 7.00%, which was a change from the June 30, 2016 rate of 6.83%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Sensitivity of the 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	\$ 7,383,690	\$ 6,009,691	\$ 4,884,271

TRS Fiduciary Net Position

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

B. *Illinois Municipal Retirement Fund*

Plan Description

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

Benefits Provided

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

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

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit,

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	165
Inactive plan members entitled to but not yet receiving benefits	216
Active plan members	248
Total	<u>629</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 2017 was 9.43%. For the fiscal year ended June 30, 2018, the District contributed \$745,512 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2017, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	25,947,880
IMRF Fiduciary Net Position		25,486,339
District's Net Pension Liability		461,541
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		98.22%

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, 2017 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions		
Inflation		2.75%
Salary Increases	3.75% to 14.50%	including inflation
Interest Rate		7.50%
Asset Valuation Method	Market value of assets	

Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
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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, 2017:

Asset Class	Target Allocation	Projected Return
Equities	37.0%	6.85%
International Equities	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternatives	7.0%	
Private Equity		7.35%
Hedge Funds		5.25%
Commodities		2.65%
Cash	1.0%	2.25%
	<u>100.0%</u>	

Single Discount Rate

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A)-(B)
Balances at December 31, 2016	\$ 24,671,571	\$ 21,977,219	\$ 2,694,352
Changes for the year:			
Service Cost	\$ 811,275	\$ -	\$ 811,275
Interest on the Total Pension Liability	1,843,321	-	1,843,321
Differences Between Expected and Actual Experience of the Total Pension Liability	378,878	-	378,878
Changes of Assumptions	(757,981)	-	(757,981)
Contributions - Employer	-	727,025	(727,025)
Contributions - Employee	-	350,270	(350,270)
Net Investment Income	-	3,846,587	(3,846,587)
Benefit Payments, including Refunds of Employee Contributions	(999,184)	(999,184)	-
Other (Net Transfer)	-	(415,578)	415,578
Net Changes	\$ 1,276,309	\$ 3,509,120	\$ (2,232,811)
Balances at December 31, 2017	\$ 25,947,880	\$ 25,486,339	\$ 461,541

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability/(Asset)	\$ 3,687,096	\$ 461,541	\$ (2,209,512)

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

For the year ended June 30, 2018, the District recognized pension expense/(income) of \$1,032,596. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 284,541	\$ -	\$ 284,541
Changes of assumptions	6,529	558,441	(551,912)
Net difference between projected and actual earnings on pension plan investments	709,888	1,768,761	(1,058,873)
Total deferred amounts to be recognized in pension expense in future periods	\$ 1,000,958	\$ 2,327,202	\$ (1,326,244)
Pension contributions made subsequent to the measurement date	390,613	-	390,613
Total deferred amounts related to pensions	\$ 1,391,571	\$ 2,327,202	\$ (935,631)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (183,602)
2019	(243,449)
2020	(457,002)
2021	(442,191)
2022	-
Thereafter	-
	<u>\$ (1,326,244)</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 10 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

- 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.

Contributions

For the fiscal year ended June 30, 2018, 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 1.18% of salary and for every employer of a teacher to contribute an amount equal to .88% of each teacher's salary. For the fiscal year ended June 30, 2017, the employee contribution was 1.12% of salary and the employer contribution was .84% 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, 2018, 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 \$453,140 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, 2018, 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	\$	46,336,444
State's proportionate share of the net pension liability associated with the District		60,851,113
Total	\$	<u>107,187,557</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all

NOTES TO FINANCIAL STATEMENTS (Continued)

participating THIS employers and the State during that period. At June 30, 2017, the District's proportion was 0.178564%, which was an increase of 0.0057% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized benefit expense of \$3,647,588 and on-behalf revenue/expense of \$453,140 for support provided by the State. At June 30, 2018, 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 Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (26,245)	\$ (26,245)
Net difference between projected and actual earnings on pension plan investments	-	(510)	(510)
Changes of assumptions	-	(5,516,965)	(5,516,965)
Changes in proportion and differences between employee contributions and proportionate share of contributions	1,323,871	-	1,323,871
Employer contributions subsequent to the measurement date	379,849	-	379,849
	<u>\$ 1,703,720</u>	<u>\$ (5,543,720)</u>	<u>\$ (3,840,000)</u>

\$379,849 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	
2019	\$ 616,787
2020	(1,133,267)
2021	(1,343,739)
2022	(2,020,020)
2023	(339,610)
	<u>\$ (4,219,849)</u>

Actuarial Assumptions

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Inflation	2.75%
Salary Increases	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.
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decrease to an ultimate trend of 4.5%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.
Healthcare Cost Trend C	

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.

The actuarial assumptions that were used in the June 30, 2016 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%	0.68%
	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 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. 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, 2017 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

NOTES TO FINANCIAL STATEMENTS (Continued)

rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2017, the discount rate used to measure the total OPEB liability was 3.56%.

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 3.56%, 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 (2.56%) or 1 percentage-point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%
Employer's proportionate share of the net OPEB liability	\$ 128,624,366	\$ 107,187,441	\$ 90,034,502

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 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

	1% Decrease	Healthcare Cost Valuation	1% Increase
	(a)	Rate	(b)
Employer's proportionate share of the net OPEB liability	\$ 86,511,244	\$ 107,187,441	\$ 136,864,625

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- (b) One percentage point decrease in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

B. Retiree Insurance Plan

Plan Overview

In addition to the retirement plan described in Note 9, 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

IMRF employees may continue coverage into retirement on the District plan if they pay the entire premium. Dependents may also continue coverage on a pay-all basis. Coverage may continue for as long as required contributions are paid.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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)

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)

Membership in the plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Active Employees	273
Inactive Employees Entitled to but not yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	1
Total	274

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 29, 2018, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 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	2.98%
Salary Rate Increase	4.00%
Expected long-term investment rate of return	N/A

Health Care Trend	Period	PPO	HMO IL	Blue Adv. HMO
(1) Known rate	IY18-IY19	5.50%	5.00%	5.00%
	IY19-IY20	5.39%	4.94%	4.94%
	IY20-IY21	5.28%	4.89%	4.89%
	IY21-IY22	5.17%	4.83%	4.83%
	IY22-IY23	5.06%	4.78%	4.78%
	IY23-IY24	4.94%	4.72%	4.72%
	IY24-IY25	4.83%	4.67%	4.67%
	IY25-IY26	4.72%	4.61%	4.61%
	IY26-IY27	4.61%	4.56%	4.56%
	IY27-IY28	4.50%	4.50%	4.50%
	Subsequent	4.50%	4.50%	4.50%

NOTES TO FINANCIAL STATEMENTS (Continued)

Retiree Contribution Trend Same as Health Care Trend
 Mortality IMRF Employees and Retirees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report
 The Mortality Table reflects recent rates developed by the Society of Actuaries.
 Disability Rates IMRF Employees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report
 Average Retirement Age IMRF Tier 1: Age 60
 IMRF Tier 2: Age 65

Starting Per Capita Costs

PPO			HMO IL		
Age	Retiree	Spouse	Age	Retiree	Spouse
55	\$ 14,333	\$ 22,071	55	\$ 11,217	\$ 17,252
57	15,652	24,102	57	12,249	18,840
60	17,861	27,504	60	13,979	21,500
62	19,505	30,035	62	15,265	23,478
64	21,300	32,799	64	16,670	25,639
Blue Adv. HMO					
Age	Retiree	Spouse			
55	\$ 9,205	\$ 14,156			
57	10,053	15,459			
60	11,472	17,641			
62	12,527	19,265			
64	13,680	21,038			
	Retiree	Spouse			
PPO Plan	\$ 9,645	\$ 14,852			
HMO Plan	7,548	11,609			
Blue Adv. HMO	6,194	9,526			

Retiree Contributions

Election at Retirement

Marital Status

5% of active employees are assumed to elect coverage at retirement

40% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

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).

A rate of 2.98% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2018.

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2017	\$ 216,460	\$ -	\$ 216,460
Changes for the year:			
Service Cost	\$ 12,540	\$ -	\$ 12,540
Interest on Total OPEB Liability	6,054	-	6,054
Assumption Changes	1,263	-	1,263
Benefit Payments	(12,378)	-	(12,378)
Other Changes	(14,585)	-	(14,585)
Net Changes	\$ (7,106)	\$ -	\$ (7,106)
Balances at June 30, 2018	\$ 209,354	\$ -	\$ 209,354

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:

1% Increase	Valuation Rate	1% Decrease
\$ 201,046	\$ 209,354	\$ 217,901

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:

1% Increase	Healthcare Cost	1% Decrease
	Valuation Rate	
\$ 224,430	\$ 209,354	\$ 195,881

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$17,166. At June 30, 2018, 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	\$ 1,110	\$ 13,004
Total	\$ 1,110	\$ 13,004	\$ (11,894)

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 (8.25 years, active and retired) in the postretirement plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

<u>Year ending June 30</u>	<u>Outflows</u>
2019	\$ (1,640)
2020	(1,640)
2021	(1,640)
2022	(1,640)
2023	(1,640)
2024	(1,640)
2025	(1,640)
2026	(414)
	<u>\$ (11,894)</u>

NOTE 11 - INTERFUND TRANSFERS

The following funds were transferred for the year ended June 30, 2018:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Debt Services Fund	\$ 346,596
Operations and Maintenance Fund	Debt Services Fund	141,294
Debt Services Fund	Operations and Maintenance Fund	84,161

- The transfer from the General Fund to the Debt Services Fund was made to pay principal and interest on capital leases, debt certificates, and SEDOL debt.
- The transfer from the Operations and Maintenance Fund to the Debt Services Fund was made to pay principal and interest on capital leases, debt certificates, and SEDOL debt.
- The transfer from the Debt Services Fund to the Operations and Maintenance Fund was made to transfer interest earned in the Debt Services Fund.

NOTE 12 - JOINT VENTURE – LAKE COUNTY AREA VOCATIONAL SYSTEM (LCAVS)

The District and seventeen other districts within Lake and McHenry Counties have entered into a joint agreement to provide vocational programs for member districts that are not offering these services individually. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of LCAVS at June 30, 2017 (most recent information available) is as follows:

Assets	<u>\$ 2,908,627</u>
Liabilities	\$ 5,792
Fund Equity	<u>29,902,835</u>
	<u>\$ 29,908,627</u>
Revenues Received	\$ 9,405,611
Expenditures Disbursed	<u>9,654,348</u>
Net Increase/(Decrease) in Fund Balance	<u>\$ (248,737)</u>

Complete financial statements for LCAVS can be obtained from the Administrative Offices at 19525 W. Washington Street, Grayslake, Illinois 60030.

NOTE 13 - RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

During the year ended June 30, 2018, 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, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 14 - CONSTRUCTION COMMITMENTS

The District has entered into contracts for building repairs at various schools. The total amount of outstanding contracts is \$4,117,849. As of June 30, 2018, \$777,100 has been accrued to be paid on these contracts.

NOTE 15 - CONTINGENCIES

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

NOTE 16 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 13.8% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2017 EAV		\$ 1,646,893,698
Rate		<u>13.8%</u>
Debt Margin		\$ 227,271,330
Current Debt	\$ 26,141,331	
Less: Long-term debt not subject to limit	<u>(11,381,630)</u>	
		<u>14,759,701</u>
Remaining Debt Margin		<u>\$ 212,511,629</u>

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2018, the District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. This Statement establishes financial reporting standards for postemployment benefits other than pension agreements offered by the District. The Statement also

NOTES TO FINANCIAL STATEMENTS (Continued)

requires additional disclosures about the postemployment benefits other than pensions offered by the District (see Note 10).

NOTE 18 - NET POSITION ADJUSTMENT

The District had the following net position adjustments:

- \$124,492 recorded to adjust current fixed asset balances to match the ending balances from the fixed asset appraisal report completed by the District's asset appraisal company (Industrial Appraisal).
- (\$47,125,165) recorded to restate prior year net position Other Post Employment Benefit (OPEB) funds in accordance to new GASB Statement No. 75 (see Note 17).

REQUIRED SUPPLEMENTARY INFORMATION

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 811,275	\$ 785,893	\$ 769,744	\$ 759,848
Interest on the Total Pension Liability	1,843,321	1,724,142	1,610,109	1,426,663
Differences Between Expected and Actual Experience	378,878	33,774	30,795	126,797
Changes in Assumptions	(757,981)	(58,945)	55,792	962,055
Benefit Payments, Including Refunds of Member Contributions	(999,184)	(940,740)	(844,495)	(824,221)
Net Change in Total Pension Liability	<u>\$ 1,276,309</u>	<u>\$ 1,544,124</u>	<u>\$ 1,621,945</u>	<u>\$ 2,451,142</u>
Total Pension Liability - Beginning	<u>24,671,571</u>	<u>23,127,447</u>	<u>21,505,502</u>	<u>19,054,360</u>
Total Pension Liability - Ending	<u>\$ 25,947,880</u>	<u>\$ 24,671,571</u>	<u>\$ 23,127,447</u>	<u>\$ 21,505,502</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 727,025	\$ 677,406	\$ 644,504	\$ 682,318
Contributions - Member	350,270	317,204	316,913	300,900
Net Investment Income	3,846,587	1,400,189	102,786	1,174,242
Benefit Payments, Including Refunds of Member Contributions	(999,184)	(940,740)	(844,495)	(824,221)
Other (Net Transfer)	(415,578)	34,300	(229,537)	(4,926)
Net Change in Plan Fiduciary Net Position	<u>\$ 3,509,120</u>	<u>\$ 1,488,359</u>	<u>\$ (9,829)</u>	<u>\$ 1,328,313</u>
Plan Net Position - Beginning	<u>21,977,219</u>	<u>20,488,860</u>	<u>20,498,689</u>	<u>19,170,376</u>
Plan Net Position - Ending	<u>\$ 25,486,339</u>	<u>\$ 21,977,219</u>	<u>\$ 20,488,860</u>	<u>\$ 20,498,689</u>
District's Net Pension Liability	<u>\$ 461,541</u>	<u>\$ 2,694,352</u>	<u>\$ 2,638,587</u>	<u>\$ 1,006,813</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.22%	89.08%	88.59%	95.32%
Covered-Valuation Payroll	\$ 7,709,711	\$ 7,048,963	\$ 6,741,674	\$ 6,630,887
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	5.99%	38.22%	39.14%	15.18%

* 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.

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 727,026	\$ 677,405	\$ 644,504	\$ 682,318
Contributions in relation to Actuarially-Determined Contribution	<u>727,025</u>	<u>677,406</u>	<u>644,504</u>	<u>682,318</u>
Contribution deficiency/(excess)	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Valuation Payroll	\$ 7,959,134	\$ 7,048,963	\$ 6,741,674	\$ 6,630,887
Contributions as a Percentage of Covered-Valuation Payroll	9.13%	9.61%	9.56%	10.29%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 26-year closed period

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

Wage Growth: 3.5%

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

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

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

Mortality: RP-2014 Blue Collar Healthy Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 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, 2015 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.7866300%	0.0083766%	0.0076401%	0.0065414%
Employer's proportionate share of the Net Pension Liability	\$ 6,009,691	\$ 6,612,193	\$ 5,005,063	\$ 3,980,983
State's proportionate share of the Net Pension Liability associated with the employer	304,141,140	319,652,142	252,187,576	233,914,815
Total	<u>\$ 310,150,831</u>	<u>\$ 326,264,335</u>	<u>\$ 257,192,639</u>	<u>\$ 237,895,798</u>
Employer's Covered-Employee Payroll	\$ 41,085,437	\$ 40,263,644	\$ 38,944,406	\$ 37,909,516
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	14.63%	16.42%	12.85%	10.50%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

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

This schedule is presented to illustrate the requirement to show information for 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-Required Contribution	\$ 324,088	\$ 324,360	\$ 267,693	\$ 233,359
Contributions in relation to Statutorily-Required Contribution	<u>324,137</u>	<u>324,360</u>	<u>267,693</u>	<u>233,359</u>
Contribution deficiency/(excess)	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 43,164,712	\$ 40,263,644	\$ 38,944,406	\$ 37,909,516
Contributions as a percentage of Covered-Employee Payroll	0.75%	0.81%	0.69%	0.62%

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

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2018

	6/30/2018 *
Employer's proportion of the Net OPEB Liability	0.1785630%
Employer's proportionate share of the Net OPEB Liability	\$ 46,336,328
State's proportionate share of the Net OPEB Liability associated with the employer	60,851,113
Total	\$ 107,187,441
Employer's Covered Payroll	\$ 41,308,170
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	112.17%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-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 2017 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018 *
Statutorily-Required Contribution	\$ 345,054
Contributions in relation to the Statutorily-Required Contribution	345,118
Contribution deficiency/(excess)	\$ (64)
Employer's Covered Payroll	\$ 43,390,992
Contributions as a percentage of Covered Payroll	0.80%

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.

LAKE ZUIRCH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	6/30/2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 12,540
Interest	6,054
Benefit Payments	(12,378)
Changes in Assumptions	1,263
Other Changes	(14,585)
Net Change in Total OPEB Liability	\$ (7,106)
 Total OPEB Liability - Beginning	 216,460
 Total OPEB Liability - Ending	 \$ 209,354
 OPEB PLAN FIDUCIARY NET POSITION	
Net Change in OPEB Plan Net Position	\$ -
 OPEB Plan Net Position - Beginning	 -
 OPEB Net Position - Ending	 \$ -
 District's Net OPEB Plan Liability	 \$ 209,354
 OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
 Covered-Employee Payroll	\$ 6,656,975
 Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	3.14%

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.

LAKE ZUIRCH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018
Actuarially-Determined Contribution	N/A
Contributions in Relation to Actuarially-Determined Contribution	-
Contribution Deficiency/(Excess)	N/A
Covered-Employee Payroll	\$ 6,656,975
Contributions as a Percentage of Covered-Employee Payroll	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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Property Taxes	\$ 58,792,754	\$ 58,913,626
Payments in Lieu of Taxes	113,578	128,938
Tuition	478,650	533,697
Earnings on Investments	215,000	574,682
Food Service	1,505,000	1,624,719
District/School Activity Income	1,344,950	1,287,232
Textbooks	120,500	116,856
Other Local Sources	534,464	682,844
State Aid		
General State Aid	4,020,138	3,953,398
Special Education	1,163,125	706,790
Career and Technical Education	24,097	25,945
Bilingual	-	28,628
State Free Lunch and Breakfast	900	1,776
Driver Education	34,674	31,899
Other State Aid	-	23,179
Federal Aid		
Food Service	148,000	172,031
Title I	200,930	267,301
Title IV	10,000	9,698
Federal Special Education	1,149,541	1,324,607
CTE - Perkins	16,432	16,368
Emergency Immigrant Assistance	10,000	8,473
Title III - English Language Acquisition	36,000	33,646
Title II - Teacher Quality	94,709	86,525
Medicaid Matching Funds - Administrative Outreach	34,500	56,725
Medicaid Matching Funds - Fee-for-Service Program	140,000	194,198
Other Federal Aid	25,000	-
On-Behalf Payments	22,576,666	30,385,254
Total Revenues	\$ 92,789,608	\$ 101,189,035
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 25,580,166	\$ 26,017,558
Employee Benefits	3,326,785	3,391,121
Purchased Services	351,327	330,697
Supplies and Materials	1,290,774	1,048,249
Other Objects	47,200	37,874
Non-Capitalized Equipment	44,500	32,727
	\$ 30,640,752	\$ 30,858,226
Pre-K Programs		
Purchased Services	\$ -	\$ 48
Supplies and Materials	3,000	313
	\$ 3,000	\$ 361
Special Education Programs		
Salaries	\$ 5,177,500	\$ 5,360,846
Employee Benefits	676,207	695,922
Purchased Services	45,000	18,956
Supplies and Materials	96,600	47,010
Non-Capitalized Equipment	9,000	4,844
	\$ 6,004,307	\$ 6,127,578
Special Education Programs Pre-K		
Salaries	\$ 305,000	\$ 282,080
Employee Benefits	35,985	33,164
Purchased Services	1,500	-
Supplies and Materials	14,500	7,893
	\$ 356,985	\$ 323,137

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Instruction (Continued)		
CTE Programs		
Salaries	\$ 1,096,160	\$ 1,093,006
Employee Benefits	156,180	155,812
Purchased Services	2,374	149
Supplies and Materials	67,808	43,896
	<u>\$ 1,322,522</u>	<u>\$ 1,292,863</u>
Interscholastic Programs		
Salaries	\$ 1,412,826	\$ 1,353,109
Employee Benefits	18,416	17,323
Purchased Services	281,710	224,310
Supplies and Materials	214,154	280,438
Other Objects	25,100	23,213
Non-Capitalized Equipment	500	4,984
	<u>\$ 1,952,706</u>	<u>\$ 1,903,377</u>
Summer School Programs		
Salaries	\$ 343,869	\$ 375,898
Employee Benefits	16,041	9,244
Purchased Services	21,440	28,133
Supplies and Materials	40,500	26,505
	<u>\$ 421,850</u>	<u>\$ 439,780</u>
Gifted Programs		
Salaries	\$ 358,000	\$ 358,598
Employee Benefits	44,675	44,409
Supplies and Materials	1,000	285
	<u>\$ 403,675</u>	<u>\$ 403,292</u>
Driver's Education Programs		
Salaries	\$ 298,000	\$ 296,443
Employee Benefits	36,485	26,617
Purchased Services	2,000	1,379
Supplies and Materials	6,500	3,343
	<u>\$ 342,985</u>	<u>\$ 327,782</u>
Bilingual Programs		
Salaries	\$ 1,128,000	\$ 1,150,692
Employee Benefits	183,365	171,599
Purchased Services	1,500	1,934
Supplies and Materials	10,000	4,099
	<u>\$ 1,322,865</u>	<u>\$ 1,328,324</u>
Private Tuition - Other Objects		
Regular K-12 Programs	\$ 18,000	\$ -
Special Education Programs K-12	1,775,000	2,230,458
	<u>\$ 1,793,000</u>	<u>\$ 2,230,458</u>
Total Instruction	<u>\$ 44,564,647</u>	<u>\$ 45,235,178</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 1,198,000	\$ 1,202,775
Employee Benefits	166,675	163,071
Purchased Services	1,000	134
Supplies and Materials	6,000	3,306
	<u>\$ 1,371,675</u>	<u>\$ 1,369,286</u>

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Guidance Services		
Salaries	\$ 826,815	\$ 823,001
Employee Benefits	108,780	111,470
Purchased Services	4,000	14,609
Supplies and Materials	10,500	10,246
	<u>\$ 950,095</u>	<u>\$ 959,326</u>
Health Services		
Salaries	\$ 926,181	\$ 883,414
Employee Benefits	94,374	95,037
Purchased Services	107,200	93,895
Supplies and Materials	22,000	18,134
Other Objects	1,000	400
Non-Capitalized Equipment	3,000	2,079
	<u>\$ 1,153,755</u>	<u>\$ 1,092,959</u>
Psychological Services		
Salaries	\$ 600,000	\$ 609,680
Employee Benefits	73,600	68,377
Purchased Services	26,000	62,799
Supplies and Materials	15,000	15,205
	<u>\$ 714,600</u>	<u>\$ 756,061</u>
Speech Pathology and Audiology Services		
Salaries	\$ 793,000	\$ 813,719
Employee Benefits	96,990	106,056
Purchased Services	112,600	16,051
Supplies and Materials	10,000	4,108
	<u>\$ 1,012,590</u>	<u>\$ 939,934</u>
Other Support Services - Pupils		
Purchased Services	\$ 500	\$ 1,087
Supplies and Materials	1,000	750
	<u>\$ 1,500</u>	<u>\$ 1,837</u>
Total Support Services - Pupils	<u>\$ 5,204,215</u>	<u>\$ 5,119,403</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 96,300	\$ 71,870
Employee Benefits	1,115	1,121
Purchased Services	620,319	534,830
Supplies and Materials	43,000	37,625
Non-Capitalized Equipment	2,000	-
	<u>\$ 762,734</u>	<u>\$ 645,446</u>
Educational Media Services		
Salaries	\$ 788,995	\$ 789,817
Employee Benefits	106,815	111,418
Purchased Services	2,000	1,639
Supplies and Materials	112,833	105,318
Non-Capitalized Equipment	1,500	2,924
	<u>\$ 1,012,143</u>	<u>\$ 1,011,116</u>
Assessment and Testing		
Salaries	\$ -	\$ 246
Employee Benefits	-	9
Purchased Services	68,000	78,752
Supplies and Materials	35,000	57,425
Non-Capitalized Equipment	5,000	6,446
	<u>\$ 108,000</u>	<u>\$ 142,878</u>
Total Support Services - Instructional Staff	<u>\$ 1,882,877</u>	<u>\$ 1,799,440</u>

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration		
Board of Education Services		
Purchased Services	\$ 346,850	\$ 233,604
Supplies and Materials	7,000	4,194
Other Objects	20,000	30,131
Non-Capitalized Equipment	-	6,050
	<u>\$ 373,850</u>	<u>\$ 273,979</u>
Executive Administration Services		
Salaries	\$ 267,226	\$ 268,519
Employee Benefits	60,652	57,084
Purchased Services	16,500	14,326
Supplies and Materials	1,750	1,024
Other Objects	6,000	3,598
	<u>\$ 352,128</u>	<u>\$ 344,551</u>
Special Area Administration Services		
Salaries	\$ 441,693	\$ 443,515
Employee Benefits	136,535	130,564
Purchased Services	66,000	31,061
Supplies and Materials	14,000	8,771
Other Objects	2,500	1,213
Non-Capitalized Equipment	-	1,210
	<u>\$ 660,728</u>	<u>\$ 616,334</u>
Tort Immunity Services		
Purchased Services	\$ 575,000	\$ 592,245
Other Objects	25,000	48,287
	<u>\$ 600,000</u>	<u>\$ 640,532</u>
Total Support Services - General Administration	<u>\$ 1,986,706</u>	<u>\$ 1,875,396</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 3,278,985	\$ 3,271,419
Employee Benefits	1,056,576	1,042,509
Purchased Services	4,700	6,871
Supplies and Materials	20,650	31,830
Other Objects	15,700	13,978
Non-Capitalized Equipment	5,000	923
Termination Benefits	13,952	17,533
	<u>\$ 4,395,563</u>	<u>\$ 4,385,063</u>
Total Support Services - School Administration	<u>\$ 4,395,563</u>	<u>\$ 4,385,063</u>
Business		
Direction of Business Support Services		
Salaries	\$ 196,032	\$ 196,017
Employee Benefits	54,563	51,199
Purchased Services	11,000	913
Supplies and Materials	400	61
Other Objects	2,500	1,598
	<u>\$ 264,495</u>	<u>\$ 249,788</u>
Fiscal Services		
Salaries	\$ 234,000	\$ 239,322
Employee Benefits	54,935	55,857
Purchased Services	320,750	299,666
Supplies and Materials	35,000	8,741
Other Objects	7,000	4,398
Non-Capitalized Equipment	40,000	-
	<u>\$ 691,685</u>	<u>\$ 607,984</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Business (Continued)		
Internal Services		
Purchased Services	\$ 3,000	\$ 3,240
	<u>\$ 3,000</u>	<u>\$ 3,240</u>
Total Support Services - Business	<u>\$ 959,180</u>	<u>\$ 861,012</u>
Transportation		
Purchased Services	\$ 6,200	\$ -
Total Support Services - Transportation	<u>\$ 6,200</u>	<u>\$ -</u>
Food Services		
Purchased Services	\$ 1,675,000	\$ 1,712,986
Supplies and Materials	22,000	2,037
Other Objects	47,000	27,015
Non-Capitalized Equipment	50,000	3,894
Total Support Services - Food Services	<u>\$ 1,794,000</u>	<u>\$ 1,745,932</u>
Central		
Planning, Research, Development and Evaluation Services		
Salaries	\$ 1,429,500	\$ 1,427,971
Employee Benefits	316,461	318,904
Purchased Services	51,500	5,940
Supplies and Materials	500	417
Other Objects	1,500	481
Non-Capitalized Equipment	-	605
	<u>\$ 1,799,461</u>	<u>\$ 1,754,318</u>
Information Services		
Salaries	\$ 150,626	\$ 155,080
Employee Benefits	35,920	36,020
Purchased Services	80,500	56,337
Supplies and Materials	20,500	22,276
Other Objects	750	303
Non-Capitalized Equipment	2,000	6,740
	<u>\$ 290,296</u>	<u>\$ 276,756</u>
Staff Services		
Salaries	\$ 383,077	\$ 365,147
Employee Benefits	129,502	106,714
Purchased Services	132,500	140,498
Supplies and Materials	4,000	5,012
Other Objects	3,000	111
	<u>\$ 652,079</u>	<u>\$ 617,482</u>
Data Processing Services		
Salaries	\$ 1,051,860	\$ 1,063,618
Employee Benefits	140,495	141,522
Purchased Services	339,000	322,646
Supplies and Materials	1,047,500	640,314
Other Objects	25,000	1,414
Non-Capitalized Equipment	846,830	1,146,562
Termination Benefits	2,551	4,873
	<u>\$ 3,453,236</u>	<u>\$ 3,320,949</u>
Total Support Services - Central	<u>\$ 6,195,072</u>	<u>\$ 5,969,505</u>

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Salaries	\$ 28,600	\$ 17,339
Purchased Services	132,955	132,455
Non-Capitalized Equipment	2,500	-
Total Other Support Services	\$ 164,055	\$ 149,794
Total Support Services	\$ 22,587,868	\$ 21,905,545
Community Services		
Salaries	\$ 47,165	\$ 63,341
Employee Benefits	21,855	3,819
Purchased Services	11,609	7,244
Supplies and Materials	10,513	6,156
Total Community Services	\$ 91,142	\$ 80,560
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Regular Programs		
Other Objects	\$ 245,000	\$ 256,441
Payments for Special Education Programs		
Other Objects	746,000	688,423
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 991,000	\$ 944,864
Total Payments to Other Districts and Governmental Units	\$ 991,000	\$ 944,864
Capital Outlay		
Instruction		
Regular Programs	\$ 5,000	\$ 32,508
Other Instructional Programs	16,432	40,075
Support Services		
Food Services	40,000	67,278
Central	80,000	90,996
Total Capital Outlay	\$ 141,432	\$ 230,857
On-Behalf Payments	\$ 22,576,666	\$ 30,385,254
Total Expenditures	\$ 90,952,755	\$ 98,782,258
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,836,853	\$ 2,406,777
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	(346,597)	(346,596)
NET CHANGE IN FUND BALANCE	\$ 1,490,256	\$ 2,060,181
FUND BALANCE - JULY 1, 2017	49,348,224	46,021,338
FUND BALANCE - JUNE 30, 2018	\$ 50,838,480	\$ 48,081,519

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 9,695,736	\$ 10,218,887
Earnings on Investments	40,000	144,589
Other Local Sources	430,000	526,934
Total Revenues	\$ 10,165,736	\$ 10,890,410
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction		
Purchased Services	\$ -	\$ 33,200
Total Support Services - Facilities Acquisition and Construction	\$ -	\$ 33,200
Operations and Maintenance		
Salaries	\$ 1,024,885	\$ 1,000,717
Employee Benefits	157,350	162,629
Purchased Services	4,869,718	3,933,224
Supplies and Materials	2,002,484	2,036,698
Other Objects	15,000	1,880
Non-Capitalized Equipment	175,000	64,433
Total Support Services - Operations and Maintenance	\$ 8,244,437	\$ 7,199,581
Total Support Services	\$ 8,244,437	\$ 7,232,781
Capital Outlay		
Support Services		
Facilities Acquisition and Construction		
Operations and Maintenance	\$ -	\$ 3,767,774
Total Capital Outlay	\$ 1,631,470	\$ 1,445,128
Total Expenditures	\$ 9,875,907	\$ 12,445,683
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 289,829	\$ (1,555,273)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ 37,000	\$ (57,133)
Sale or Compensation for Fixed Assets	-	13,784
Other Sources	-	3,767,774
	\$ 37,000	\$ 3,724,425
NET CHANGE IN FUND BALANCE	\$ 326,829	\$ 2,169,152
FUND BALANCE - JULY 1, 2017	11,476,983	11,082,985
FUND BALANCE - JUNE 30, 2018	\$ 11,803,812	\$ 13,252,137

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Property Taxes	\$ 1,245,803	\$ 1,243,681
Transportation Fees	72,400	89,290
Earnings on Investments	28,000	71,504
State Aid		
Transportation	1,965,047	1,474,259
Total Revenues	<u>\$ 3,311,250</u>	<u>\$ 2,878,734</u>
EXPENDITURES		
Support Services		
Transportation		
Salaries	\$ 1,596,500	\$ 1,470,725
Employee Benefits	251,900	240,004
Purchased Services	1,752,500	1,363,575
Supplies and Materials	279,250	241,909
Other Objects	1,000	1,235
Non-Capitalized Equipment	19,000	19,800
Termination Benefits	-	1,981
Total Support Services - Transportation	<u>\$ 3,900,150</u>	<u>\$ 3,339,229</u>
Total Support Services	<u>\$ 3,900,150</u>	<u>\$ 3,339,229</u>
Capital Outlay		
Support Services		
Transportation	\$ 4,753,887	\$ 4,733,810
Total Capital Outlay	<u>\$ 4,753,887</u>	<u>\$ 4,733,810</u>
Total Expenditures	<u>\$ 8,654,037</u>	<u>\$ 8,073,039</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,342,787)	\$ (5,194,305)
OTHER FINANCING SOURCES (USES)		
Sale or Compensation for Fixed Assets	<u>4,033,097</u>	<u>4,033,097</u>
NET CHANGE IN FUND BALANCE	\$ (1,309,690)	\$ (1,161,208)
FUND BALANCE - JULY 1, 2017	<u>7,463,795</u>	<u>8,602,456</u>
FUND BALANCE - JUNE 30, 2018	<u><u>\$ 6,154,105</u></u>	<u><u>\$ 7,441,248</u></u>

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 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, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Property Taxes	\$ 520,301	\$ 418,768
FICA/Medicare Only Purposes Levies	1,158,122	1,219,212
Payments in Lieu of Taxes	90,000	90,000
Earnings on Investments	8,000	21,529
State Aid		
Career and Technical Education	1,848	-
Federal Aid		
Title I	1,947	3,046
Federal - Special Education	98,847	107,035
Emergency Immigrant Assistance	1,000	-
Title III - English Language Acquisition	400	413
Total Revenues	<u>\$ 1,880,465</u>	<u>\$ 1,860,003</u>
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 294,842	\$ 426,015
Pre-K Programs		
Employee Benefits	136,093	-
Special Education Programs		
Employee Benefits	254,500	259,913
Special Education Programs - Pre-K		
Employee Benefits	17,674	18,686
CTE Programs		
Employee Benefits	14,350	13,616
Interscholastic Programs		
Employee Benefits	44,290	39,472
Summer School Programs		
Employee Benefits	14,850	12,840
Gifted Programs		
Employee Benefits	5,200	5,191
Driver's Education Programs		
Employee Benefits	4,375	4,049
Bilingual Programs		
Employee Benefits	14,400	28,902
	<u>\$ 800,574</u>	<u>\$ 808,684</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 16,500	\$ 17,027
Guidance Services		
Employee Benefits	28,688	28,914
Health Services		
Employee Benefits	123,270	130,318
Psychological Services		
Employee Benefits	7,500	8,543
Speech Pathology and Audiology Services		
Employee Benefits	9,750	11,920
	<u>\$ 185,708</u>	<u>\$ 196,722</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
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, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 1,445	\$ 1,343
Educational Media Services		
Employee Benefits	36,285	35,129
Assessment and Testing		
Employee Benefits	-	50
	<u>\$ 37,730</u>	<u>\$ 36,522</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 13,400	\$ 12,714
Special Area Administrative Services		
Employee Benefits	21,770	20,620
	<u>\$ 35,170</u>	<u>\$ 33,334</u>
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 142,330	\$ 139,156
	<u>\$ 142,330</u>	<u>\$ 139,156</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 2,810	\$ 2,812
Fiscal Services		
Employee Benefits	41,700	40,466
	<u>\$ 44,510</u>	<u>\$ 43,278</u>
Operations and Maintenance		
Employee Benefits	\$ 178,500	\$ 163,283
	<u>\$ 178,500</u>	<u>\$ 163,283</u>
Transportation		
Employee Benefits	\$ 255,300	\$ 225,322
	<u>\$ 255,300</u>	<u>\$ 225,322</u>
Central		
Planning, Research, Development and Evaluation Services		
Employee Benefits	\$ 35,555	\$ 34,707
Information Services		
Employee Benefits	25,125	25,042
Staff Services		
Employee Benefits	61,350	59,187
Data Processing Services		
Employee Benefits	178,000	176,063
	<u>\$ 300,030</u>	<u>\$ 294,999</u>
Other Support Services		
Employee Benefits	\$ 925	\$ 1,411
Total Other Support Services	<u>\$ 925</u>	<u>\$ 1,411</u>
Total Support Services	<u>\$ 1,180,203</u>	<u>\$ 1,134,027</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 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, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Community Services		
Employee Benefits	\$ 2,864	\$ 5,327
Total Community Services	<u>\$ 2,864</u>	<u>\$ 5,327</u>
 Total Expenditures	 <u>\$ 1,983,641</u>	 <u>\$ 1,948,038</u>
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ (103,176)	 \$ (88,035)
 OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCE	 \$ (103,176)	 \$ (88,035)
 FUND BALANCE - JULY 1, 2017	 <u>2,058,012</u>	 <u>1,959,258</u>
 FUND BALANCE - JUNE 30, 2018	 <u><u>\$ 1,954,836</u></u>	 <u><u>\$ 1,871,223</u></u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2018

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 26, 2017 and was not amended. 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, 2018 the expenditures of the following fund presented as Required Supplementary Information exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 90,952,755	\$ 98,782,258	\$ 7,829,503
Operations & Maintenance	9,875,907	12,445,683	2,569,776

The excess of expenditures over budget in the General Fund was a result of an increase in the On-Behalf Payments. This increase was due to actuarial changes in calculating the On-Behalf Payments of TRS. The amount was not available for the District until after the fiscal year's budget was adopted. The excess was covered by the offsetting On-Behalf Revenue.

The excess of expenditures over budget in the Operations & Maintenance Fund was a result of an increase in capital expenditures related to new capital lease agreements in the current year.

SUPPLEMENTAL FINANCIAL INFORMATION

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2018

	Educational Fund	Working Cash Fund	General Fund Total
ASSETS			
Cash and Cash Equivalents	\$ 22,697,714	\$ 1,168,787	\$ 23,866,501
Investments, at Fair Value	32,400,215	1,806,789	34,207,004
Interest Receivable, net of allowance of \$0	177,251	9,978	187,229
Taxes Receivable, net of allowance of \$0	26,719,283	71,689	26,790,972
Due from Other Governments, net of allowance of \$0	745,771	-	745,771
Prepaid Expenses	485,808	-	485,808
	<u>\$ 83,226,042</u>	<u>\$ 3,057,243</u>	<u>\$ 86,283,285</u>
Total Assets			
LIABILITIES			
Accounts Payable	\$ 254,860	\$ -	\$ 254,860
Payroll Liabilities	7,678,527	-	7,678,527
Unearned Revenue	82,061	-	82,061
Total Liabilities	<u>\$ 8,015,448</u>	<u>\$ -</u>	<u>\$ 8,015,448</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 30,105,431	\$ 80,887	\$ 30,186,318
Total Deferred Inflows of Resources	<u>\$ 30,105,431</u>	<u>\$ 80,887</u>	<u>\$ 30,186,318</u>
FUND BALANCE			
Nonspendable			
Prepaid Expenses	\$ 485,808	\$ -	\$ 485,808
Assigned			
Health Insurance Funds	1,260,138	-	1,260,138
Unassigned	43,359,217	2,976,356	46,335,573
Total Fund Balance	<u>\$ 45,105,163</u>	<u>\$ 2,976,356</u>	<u>\$ 48,081,519</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 83,226,042</u>	<u>\$ 3,057,243</u>	<u>\$ 86,283,285</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018

	Educational Fund	Working Cash Fund	General Fund Total
REVENUES			
Property Taxes	\$ 58,753,209	\$ 160,417	\$ 58,913,626
Payments in Lieu of Taxes	128,938	-	128,938
Tuition	533,697	-	533,697
Earnings on Investments	547,746	26,936	574,682
Food Service	1,624,719	-	1,624,719
District/School Activity Income	1,287,232	-	1,287,232
Textbooks	116,856	-	116,856
Other Local Sources	682,844	-	682,844
State Aid	4,771,615	-	4,771,615
Federal Aid	2,169,572	-	2,169,572
On-Behalf Payments	30,385,254	-	30,385,254
	<u>\$ 101,001,682</u>	<u>\$ 187,353</u>	<u>\$ 101,189,035</u>
EXPENDITURES			
Current			
Instruction			
Regular Programs	\$ 30,858,587	\$ -	\$ 30,858,587
Special Education Programs	6,450,715	-	6,450,715
Other Instructional Programs	7,925,876	-	7,925,876
Support Services			
Pupils	5,119,403	-	5,119,403
Instructional Staff	1,799,440	-	1,799,440
General Administration	1,875,396	-	1,875,396
School Administration	4,385,063	-	4,385,063
Business	861,012	-	861,012
Food Services	1,745,932	-	1,745,932
Central	5,969,505	-	5,969,505
Other Support Services	149,794	-	149,794
Community Services	80,560	-	80,560
Payments to Other Districts and Governmental Units	944,864	-	944,864
Capital Outlay	230,857	-	230,857
On-Behalf Payments	30,385,254	-	30,385,254
	<u>\$ 98,782,258</u>	<u>\$ -</u>	<u>\$ 98,782,258</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,219,424	\$ 187,353	\$ 2,406,777
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	(346,596)	-	(346,596)
NET CHANGE IN FUND BALANCES	\$ 1,872,828	\$ 187,353	\$ 2,060,181
FUND BALANCE - JULY 1, 2017	43,232,335	2,789,003	46,021,338
FUND BALANCE - JUNE 30, 2018	<u>\$ 45,105,163</u>	<u>\$ 2,976,356</u>	<u>\$ 48,081,519</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Property Taxes	\$ 58,632,284	\$ 58,753,209
Payments in Lieu of Taxes	113,578	128,938
Tuition	478,650	533,697
Earnings on Investments	205,000	547,746
Food Service	1,505,000	1,624,719
District/School Activity Income	1,344,950	1,287,232
Textbooks	120,500	116,856
Other Local Sources	534,464	682,844
State Aid		
General State Aid	4,020,138	3,953,398
Special Education	1,163,125	706,790
Career and Technical Education	24,097	25,945
Bilingual	-	28,628
State Free Lunch and Breakfast	900	1,776
Driver Education	34,674	31,899
Other State Aid	-	23,179
Federal Aid		
Food Service	148,000	172,031
Title I	200,930	267,301
Title IV	10,000	9,698
Federal Special Education	1,149,541	1,324,607
CTE - Perkins	16,432	16,368
Emergency Immigrant Assistance	10,000	8,473
Title III - English Language Acquisition	36,000	33,646
Title II - Teacher Quality	94,709	86,525
Medicaid Matching Funds - Administrative Outreach	34,500	56,725
Medicaid Matching Funds - Fee-for-Service Program	140,000	194,198
Other Federal Aid	25,000	-
On-Behalf Payments	22,576,666	30,385,254
Total Revenues	\$ 92,619,138	\$ 101,001,682
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 25,580,166	\$ 26,017,558
Employee Benefits	3,326,785	3,391,121
Purchased Services	351,327	330,697
Supplies and Materials	1,290,774	1,048,249
Other Objects	47,200	37,874
Non-Capitalized Equipment	44,500	32,727
	\$ 30,640,752	\$ 30,858,226
Pre-K Programs		
Purchased Services	\$ -	\$ 48
Supplies and Materials	3,000	313
	\$ 3,000	\$ 361
Special Education Programs		
Salaries	\$ 5,177,500	\$ 5,360,846
Employee Benefits	676,207	695,922
Purchased Services	45,000	18,956
Supplies and Materials	96,600	47,010
Non-Capitalized Equipment	9,000	4,844
	\$ 6,004,307	\$ 6,127,578
Special Education Programs Pre-K		
Salaries	\$ 305,000	\$ 282,080
Employee Benefits	35,985	33,164
Purchased Services	1,500	-
Supplies and Materials	14,500	7,893
	\$ 356,985	\$ 323,137

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Instruction (Continued)		
CTE Programs		
Salaries	\$ 1,096,160	\$ 1,093,006
Employee Benefits	156,180	155,812
Purchased Services	2,374	149
Supplies and Materials	67,808	43,896
	<u>\$ 1,322,522</u>	<u>\$ 1,292,863</u>
Interscholastic Programs		
Salaries	\$ 1,412,826	\$ 1,353,109
Employee Benefits	18,416	17,323
Purchased Services	281,710	224,310
Supplies and Materials	214,154	280,438
Other Objects	25,100	23,213
Non-Capitalized Equipment	500	4,984
	<u>\$ 1,952,706</u>	<u>\$ 1,903,377</u>
Summer School Programs		
Salaries	\$ 343,869	\$ 375,898
Employee Benefits	16,041	9,244
Purchased Services	21,440	28,133
Supplies and Materials	40,500	26,505
	<u>\$ 421,850</u>	<u>\$ 439,780</u>
Gifted Programs		
Salaries	\$ 358,000	\$ 358,598
Employee Benefits	44,675	44,409
Supplies and Materials	1,000	285
	<u>\$ 403,675</u>	<u>\$ 403,292</u>
Driver's Education Programs		
Salaries	\$ 298,000	\$ 296,443
Employee Benefits	36,485	26,617
Purchased Services	2,000	1,379
Supplies and Materials	6,500	3,343
	<u>\$ 342,985</u>	<u>\$ 327,782</u>
Bilingual Programs		
Salaries	\$ 1,128,000	\$ 1,150,692
Employee Benefits	183,365	171,599
Purchased Services	1,500	1,934
Supplies and Materials	10,000	4,099
	<u>\$ 1,322,865</u>	<u>\$ 1,328,324</u>
Private Tuition - Other Objects		
Regular K-12 Programs	\$ 18,000	\$ -
Special Education Programs K-12	1,775,000	2,230,458
	<u>\$ 1,793,000</u>	<u>\$ 2,230,458</u>
Total Instruction	<u>\$ 44,564,647</u>	<u>\$ 45,235,178</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 1,198,000	\$ 1,202,775
Employee Benefits	166,675	163,071
Purchased Services	1,000	134
Supplies and Materials	6,000	3,306
	<u>\$ 1,371,675</u>	<u>\$ 1,369,286</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - EDUCATIONAL FUND
 YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Guidance Services		
Salaries	\$ 826,815	\$ 823,001
Employee Benefits	108,780	111,470
Purchased Services	4,000	14,609
Supplies and Materials	10,500	10,246
	<u>\$ 950,095</u>	<u>\$ 959,326</u>
Health Services		
Salaries	\$ 926,181	\$ 883,414
Employee Benefits	94,374	95,037
Purchased Services	107,200	93,895
Supplies and Materials	22,000	18,134
Other Objects	1,000	400
Non-Capitalized Equipment	3,000	2,079
	<u>\$ 1,153,755</u>	<u>\$ 1,092,959</u>
Psychological Services		
Salaries	\$ 600,000	\$ 609,680
Employee Benefits	73,600	68,377
Purchased Services	26,000	62,799
Supplies and Materials	15,000	15,205
	<u>\$ 714,600</u>	<u>\$ 756,061</u>
Speech Pathology and Audiology Services		
Salaries	\$ 793,000	\$ 813,719
Employee Benefits	96,990	106,056
Purchased Services	112,600	16,051
Supplies and Materials	10,000	4,108
	<u>\$ 1,012,590</u>	<u>\$ 939,934</u>
Other Support Services - Pupils		
Purchased Services	\$ 500	\$ 1,087
Supplies and Materials	1,000	750
	<u>\$ 1,500</u>	<u>\$ 1,837</u>
 Total Support Services - Pupils	 <u>\$ 5,204,215</u>	 <u>\$ 5,119,403</u>
 Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 96,300	\$ 71,870
Employee Benefits	1,115	1,121
Purchased Services	620,319	534,830
Supplies and Materials	43,000	37,625
Non-Capitalized Equipment	2,000	-
	<u>\$ 762,734</u>	<u>\$ 645,446</u>
Educational Media Services		
Salaries	\$ 788,995	\$ 789,817
Employee Benefits	106,815	111,418
Purchased Services	2,000	1,639
Supplies and Materials	112,833	105,318
Non-Capitalized Equipment	1,500	2,924
	<u>\$ 1,012,143</u>	<u>\$ 1,011,116</u>
Assessment and Testing		
Salaries	\$ -	\$ 246
Employee Benefits	-	9
Purchased Services	68,000	78,752
Supplies and Materials	35,000	57,425
Non-Capitalized Equipment	5,000	6,446
	<u>\$ 108,000</u>	<u>\$ 142,878</u>
 Total Support Services - Instructional Staff	 <u>\$ 1,882,877</u>	 <u>\$ 1,799,440</u>

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration		
Board of Education Services		
Purchased Services	\$ 346,850	\$ 233,604
Supplies and Materials	7,000	4,194
Other Objects	20,000	30,131
Non-Capitalized Equipment	-	6,050
	\$ 373,850	\$ 273,979
Executive Administration Services		
Salaries	\$ 267,226	\$ 268,519
Employee Benefits	60,652	57,084
Purchased Services	16,500	14,326
Supplies and Materials	1,750	1,024
Other Objects	6,000	3,598
	\$ 352,128	\$ 344,551
Special Area Administration Services		
Salaries	\$ 441,693	\$ 443,515
Employee Benefits	136,535	130,564
Purchased Services	66,000	31,061
Supplies and Materials	14,000	8,771
Other Objects	2,500	1,213
Non-Capitalized Equipment	-	1,210
	\$ 660,728	\$ 616,334
Tort Immunity Services		
Purchased Services	\$ 575,000	\$ 592,245
Other Objects	25,000	48,287
	\$ 600,000	\$ 640,532
 Total Support Services - General Administration	 \$ 1,986,706	 \$ 1,875,396
 School Administration		
Office of the Principal Services		
Salaries	\$ 3,278,985	\$ 3,271,419
Employee Benefits	1,056,576	1,042,509
Purchased Services	4,700	6,871
Supplies and Materials	20,650	31,830
Other Objects	15,700	13,978
Non-Capitalized Equipment	5,000	923
Termination Benefits	13,952	17,533
	\$ 4,395,563	\$ 4,385,063
 Total Support Services - School Administration	 \$ 4,395,563	 \$ 4,385,063
 Business		
Direction of Business Support Services		
Salaries	\$ 196,032	\$ 196,017
Employee Benefits	54,563	51,199
Purchased Services	11,000	913
Supplies and Materials	400	61
Other Objects	2,500	1,598
	\$ 264,495	\$ 249,788
Fiscal Services		
Salaries	\$ 234,000	\$ 239,322
Employee Benefits	54,935	55,857
Purchased Services	320,750	299,666
Supplies and Materials	35,000	8,741
Other Objects	7,000	4,398
Non-Capitalized Equipment	40,000	-
	\$ 691,685	\$ 607,984

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Business (Continued)		
Internal Services		
Purchased Services	\$ 3,000	\$ 3,240
	\$ 3,000	\$ 3,240
 Total Support Services - Business	 \$ 959,180	 \$ 861,012
 Transportation		
Purchased Services	\$ 6,200	\$ -
Total Support Services - Transportation	\$ 6,200	\$ -
 Food Services		
Purchased Services	\$ 1,675,000	\$ 1,712,986
Supplies and Materials	22,000	2,037
Other Objects	47,000	27,015
Non-Capitalized Equipment	50,000	3,894
Total Support Services - Food Services	\$ 1,794,000	\$ 1,745,932
 Central		
Planning, Research, Development and Evaluation Services		
Salaries	\$ 1,429,500	\$ 1,427,971
Employee Benefits	316,461	318,904
Purchased Services	51,500	5,940
Supplies and Materials	500	417
Other Objects	1,500	481
Non-Capitalized Equipment	-	605
	\$ 1,799,461	\$ 1,754,318
Information Services		
Salaries	\$ 150,626	\$ 155,080
Employee Benefits	35,920	36,020
Purchased Services	80,500	56,337
Supplies and Materials	20,500	22,276
Other Objects	750	303
Non-Capitalized Equipment	2,000	6,740
	\$ 290,296	\$ 276,756
Staff Services		
Salaries	\$ 383,077	\$ 365,147
Employee Benefits	129,502	106,714
Purchased Services	132,500	140,498
Supplies and Materials	4,000	5,012
Other Objects	3,000	111
	\$ 652,079	\$ 617,482
Data Processing Services		
Salaries	\$ 1,051,860	\$ 1,063,618
Employee Benefits	140,495	141,522
Purchased Services	339,000	322,646
Supplies and Materials	1,047,500	640,314
Other Objects	25,000	1,414
Non-Capitalized Equipment	846,830	1,146,562
Termination Benefits	2,551	4,873
	\$ 3,453,236	\$ 3,320,949
 Total Support Services - Central	 \$ 6,195,072	 \$ 5,969,505

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - EDUCATIONAL FUND
 YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Salaries	\$ 28,600	\$ 17,339
Purchased Services	132,955	132,455
Non-Capitalized Equipment	2,500	-
Total Other Support Services	\$ 164,055	\$ 149,794
Total Support Services	\$ 22,587,868	\$ 21,905,545
Community Services		
Salaries	\$ 47,165	\$ 63,341
Employee Benefits	21,855	3,819
Purchased Services	11,609	7,244
Supplies and Materials	10,513	6,156
Total Community Services	\$ 91,142	\$ 80,560
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Regular Programs		
Other Objects	\$ 245,000	\$ 256,441
Payments for Special Education Programs		
Other Objects	746,000	688,423
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 991,000	\$ 944,864
Total Payments to Other Districts and Governmental Units	\$ 991,000	\$ 944,864
Capital Outlay		
Instruction		
Regular Programs	\$ 5,000	\$ 32,508
Other Instructional Programs	16,432	40,075
Support Services		
Food Services	40,000	67,278
Central	80,000	90,996
Total Capital Outlay	\$ 141,432	\$ 230,857
On-Behalf Payments	\$ 22,576,666	\$ 30,385,254
Total Expenditures	\$ 90,952,755	\$ 98,782,258
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,666,383	\$ 2,219,424
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	(346,597)	(346,596)
NET CHANGE IN FUND BALANCE	\$ 1,319,786	\$ 1,872,828
FUND BALANCE - JULY 1, 2017	46,564,383	43,232,335
FUND BALANCE - JUNE 30, 2018	\$ 47,884,169	\$ 45,105,163

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - WORKING CASH FUND
 YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 160,470	\$ 160,417
Earnings on Investments	10,000	26,936
Total Revenues	\$ 170,470	\$ 187,353
EXPENDITURES	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 170,470	\$ 187,353
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ 170,470	\$ 187,353
FUND BALANCE - JULY 1, 2017	2,783,841	2,789,003
FUND BALANCE - JUNE 30, 2018	\$ 2,954,311	\$ 2,976,356

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICES FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 7,931,364	\$ 7,926,061
Earnings on Investments	35,000	83,197
Total Revenues	\$ 7,966,364	\$ 8,009,258
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 4,831,438	\$ 4,836,252
Total Debt Services - Interest	\$ 4,831,438	\$ 4,836,252
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 3,435,056	\$ 3,550,115
Total Debt Services - Payment of Principal on Long-Term Debt	\$ 3,435,056	\$ 3,550,115
Debt Services - Other		
Purchased Services	\$ 2,250	\$ 473
Total Debt Services - Other	\$ 2,250	\$ 473
Total Debt Services	\$ 8,268,744	\$ 8,386,840
Total Expenditures	\$ 8,268,744	\$ 8,386,840
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (302,380)	\$ (377,582)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	309,597	403,729
NET CHANGE IN FUND BALANCE	\$ 7,217	\$ 26,147
FUND BALANCE - JULY 1, 2017	7,169,849	7,173,824
FUND BALANCE - JUNE 30, 2018	\$ 7,177,066	\$ 7,199,971

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 7,700	\$ 23,262
Other Local Sources	40,000	62,289
Total Revenues	\$ 47,700	\$ 85,551
EXPENDITURES		
Capital Outlay		
Support Services		
Facilities Acquisition and Construction	\$ 2,003,000	\$ 1,529,533
Total Capital Outlay	\$ 2,003,000	\$ 1,529,533
Total Expenditures	\$ 2,003,000	\$ 1,529,533
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,955,300)	\$ (1,443,982)
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (1,955,300)	\$ (1,443,982)
FUND BALANCE - JULY 1, 2017	6,488,862	6,086,024
FUND BALANCE - JUNE 30, 2018	\$ 4,533,562	\$ 4,642,042

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LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 ACTIVITY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
A S S E T S				
Cash and Cash Equivalents	<u>\$ 104,232</u>	<u>\$ 204,517</u>	<u>\$ 223,320</u>	<u>\$ 85,429</u>
L I A B I L I T I E S				
Amount Due to Activity Lake Zurich High School	<u>\$ 104,232</u>	<u>\$ 204,517</u>	<u>\$ 223,320</u>	<u>\$ 85,429</u>

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 COMPUTATION OF OPERATING EXPENSE PER PUPIL AND
 PER CAPITA TUITION CHARGE
 YEAR ENDED JUNE 30, 2018

OPERATING EXPENSE PER PUPIL		
EXPENDITURES:		
ED	Total Expenditures	\$ 68,397,004
O&M	Total Expenditures	12,445,683
DS	Total Expenditures	8,386,840
TR	Total Expenditures	8,073,039
MR/SS	Total Expenditures	1,948,038
	Total Expenditures	\$ 99,250,604
LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:		
TR	Regular - Transp Fees from Other Districts (In State)	\$ 20,617
ED	Pre-K Programs	361
ED	Special Education Programs Pre-K	315,244
ED	Summer School Programs	439,780
ED	Special Education Programs K-12 - Private Tuition	2,230,458
ED	Community Services	80,560
ED	Total Payments to Other District & Govt Units	944,864
ED	Capital Outlay	230,857
ED	Non-Capitalized Equipment	1,219,988
O&M	Capital Outlay	5,212,902
O&M	Non-Capitalized Equipment	64,433
DS	Debt Service - Payments of Principal on Long-Term Debt	3,550,115
TR	Capital Outlay	4,733,810
TR	Non-Capitalized Equipment	19,800
MR/SS	Special Education Programs - Pre-K	18,686
MR/SS	Summer School Programs	12,840
MR/SS	Community Services	5,327
	Total Deductions	\$ 19,100,642
	Total Operating Expenses (Regular K-12)	\$ 80,149,962
	9 Mo ADA (See the General State Aid Claim for 2016-2017 and Payable in 2017-2018 (ISBE 54-33, L12))	5,310.29
	Estimated OEPP	\$ 15,093.33
PER CAPITA TUITION CHARGE		
LESS OFFSETTING RECEIPTS/REVENUES:		
TR	Regular -Transp Fees from Pupils or Parents (In State)	\$ 24,000
TR	Regular - Transp Fees from Co-curricular Activities (In State)	44,673
ED	Total Food Service	1,624,719
ED-O&M	Total District/School Activity Income	1,287,232
ED	Sales - Regular Textbooks	497
ED	Other (Describe & Itemize)	116,359
ED-O&M	Rentals	247,525
ED-O&M-TR	Total Special Education	706,790
ED-O&M-MR/SS	Total Career and Technical Education	25,945
ED-MR/SS	Total Bilingual Ed	28,628
ED	State Free Lunch & Breakfast	1,776
ED-O&M	Driver Education	31,899
ED-O&M-TR-MR/SS	Total Transportation	1,474,259
ED-O&M-DS-TR-MR/SS-Tort	Other Restricted Revenue from State Sources	23,179
ED-MR/SS	Total Food Service	172,031
ED-O&M-TR-MR/SS	Total Title I	270,347
ED-O&M-TR-MR/SS	Total Title IV	9,698
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through	1,178,176
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Room & Board	217,169
ED-O&M-MR/SS	Total CTE - Perkins	16,368
ED-TR-MR/SS	Title III - Immigrant Education Program (IEP)	8,473
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLEP)	34,059
ED-O&M-TR-MR/SS	Title II - Teacher Quality	86,525
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach	56,725
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Fee-for-Service Program	194,198
ED-TR-MR/SS	Special Education Contributions from EBF Funds	1,708,358
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds	72,874
	Total Allowance for PCTC Computation	\$ 9,662,482
	Net Operating Expense for PCTC Computation	\$ 70,487,480
	Total Depreciation Allowance (from page 27, Col I)	\$ 4,223,897
	Total Allowance for PCTC Computation	\$ 74,711,377
	9 Mo ADA (See the General State Aid Claim for 2016-2017 and Payable in 2017-2018 (ISBE 54-33, L12))	5,310.29
	Total Estimated PCTC	\$ 14,069.17

Unaudited

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

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

To the Board of Education
Lake Zurich Community Unit School District No. 95
Lake Zurich, Illinois

Report on Compliance for Each Major Federal Program

We have audited

Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95's major federal programs for the year ended June 30, 2018. Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95's compliance.

Opinion on Each Major Federal Program

In our opinion, Lake Zurich Community Unit School District No. 95 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, 2018.

Report on Internal Control Over Compliance

Management of Lake Zurich Community Unit School District No. 95 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 Lake Zurich Community Unit School District No. 95'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 Lake Zurich Community Unit School District No. 95'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.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 22, 2019

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients			
U.S. Department of Agriculture Passed Through										
U.S. Department of Defense:										
Food Donation Program	10.555	18-4299-00		12,876			12,876		12,876	N/A
U.S. Department of Agriculture Passed Through										
Illinois State Board of Education:										
Food Donation Program	10.555	18-4299-00		35,532			35,532		35,532	N/A
National School Lunch Program	10.555	17-4210-00	135,176	23,565	135,176		23,565		158,741	N/A
National School Lunch Program (1)	10.555	18-4210-00		148,466			148,466		148,466	N/A
Subtotal - CFDA "10"			135,176	220,439	135,176		220,439		355,615	
U.S. Department of Education Passed Through										
Illinois State Board of Education:										
Title I - Low Income	84.010	17-4300-00	272,665	62,065	272,665		62,065		334,730	397,424
Title I - Low Income (2)	84.010	18-4300-00		208,282			208,282		208,282	363,197
Title IVA Student Support & Academic Enrich (2)	84.424A	18-4400-00		9,698			9,698		9,698	10,000

• (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.

¹ 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.

² 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.

³ 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)

⁴ 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients			
U.S. Department of Education Passed Through										
Illinois State Board of Education (continued):										
Special Education - Preschool (M)	84.173	18-4600-00		36,297		36,297			36,297	51,600
Special Education - Grants to States (M)	84.027	17-4620-00	1,042,965	73,169	1,042,965	73,169			1,116,134	1,215,127
Special Education - Grants to States (M)	84.027	18-4620-00		1,105,007		1,105,007		8,148	1,113,155	1,159,495
Fed. - Sp. Ed. - I.D.E.A. - Room & Board (M)	84.027	17-4625-00	22,979	50,834	22,979	50,834			73,813	N/A
Fed. - Sp. Ed. - I.D.E.A. - Room & Board (M)(2)	84.027	18-4625-00		116,364		116,364			116,364	N/A
Fed. - Sp. Ed. - I.D.E.A. - Room & Board (M)(2)	84.027	17-4625-XC		49,972		49,972			49,972	N/A
Title III - Immigrant Education Program	84.365	17-4905-00	6,780		6,780				6,780	16,057
Title III - Immigrant Education Program (2)	84.365	18-4905-00		8,473		8,473			8,473	8,473
Title III - Lang Inst Prog - Limited English LIPLEP	84.365	17-4909-00	19,656	2,002	19,656	2,002			21,658	44,486
Title III - Lang Inst Prog - Limited English LIPLEP (2)	84.365	18-4909-00		32,057		32,057			32,057	64,910
Title II - Teacher Quality	84.367	17-4932-00	73,655	393	73,655	393			74,048	75,973
Title II - Teacher Quality (2)	84.367	18-4932-00		86,132		86,132			86,132	96,992

• (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.

¹ 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.

² 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.

³ 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)

⁴ 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients			
U.S. Department of Education Passed Through										
Lake County Area Vocational System:										
V.E. Perkins - Title IIC - Secondary	84.048	18-4745-00		16,368		16,368			16,368	16,368
Subtotal - CFDA "84"			1,438,700	1,857,113	1,438,700	1,857,113		8,148	3,303,961	
U.S. Department of Health and Human Services										
Passed Through Illinois Dept. of Healthcare & Family Services:										
Medicaid Matching Funds - Administrative Outreach	93.778	18-4991-00		59,090		59,090			59,090	N/A
Subtotal - CFDA "93"				59,090		59,090			59,090	
Total Federal Assistance			1,573,876	2,136,642	1,573,876	2,136,642		8,148	3,718,666	

(1) - Project end date is 9/30

(2) - Project end date is 8/31

- **(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.

¹ 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.

² 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.

³ 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)

⁴ 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.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of Lake Zurich Community Unit School District No. 95 under programs of the federal government for the year ended June 30, 2018. 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, 2018.

NOTE 5 - FEDERAL LOANS

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

- 1) Summary of auditor's results:
 - a) The auditor's report expresses an unmodified opinion on whether the financial statements of Lake Zurich Community Unit School District No. 95 were prepared in accordance with GAAP.
 - b) No significant deficiencies are reported during the audit of the financial statements. No material weaknesses are reported.
 - c) No instances of noncompliance material to the financial statements of Lake Zurich Community Unit School District No. 95, 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 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 Lake Zurich Community Unit School District No. 95 expresses an unmodified opinion on all major federal programs.
 - f) There are no audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a).
 - g) The program tested as a major program was: Special Education Cluster - CFDA numbers 84.027 and 84.173.
 - h) The threshold used for distinguishing between Type A and Type B programs was \$750,000.
 - i) Lake Zurich Community Unit School District No. 95 was determined to be a low-risk auditee.
- 2) There were no findings relating to the financial statements which are required to be reported.
- 3) There were no findings and questioned costs for federal awards which are required to be reported.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2018- N/A 2. THIS FINDING IS: New Repeat from Prior Year?
Year originally reported? _____

3. Criteria or specific requirement

4. Condition

5. Context¹²

6. Effect

7. Cause

8. Recommendation

9. Management's response¹³

For ISBE Review	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹¹ 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 2017 would be assigned a reference number of 2017-001, 2017-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² 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.

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2018-** N/A 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____

4. Project No.: _____ 5. CFDA No.: _____

6. Passed Through: _____

7. Federal Agency: _____

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

9. Condition¹⁵

10. Questioned Costs¹⁶

11. Context¹⁷

12. Effect

13. Cause

14. Recommendation

15. Management's response¹⁸

For ISBE Review	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).
¹⁷ See footnote 12.
¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2018

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
NONE		

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

¹⁹ Explanation of this schedule - Title 2 CFR §200.511 (b)

²⁰ 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.



LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2018

Corrective Action Plan

Finding No.: **2018- None**

Condition:

Plan:

Anticipated Date of Completion:

Name of Contact Person: [Name and Title of person responsible for implementation]

Management Response: [If applicable, an explanation giving specific reasons if the district officials do not agree with the finding and believe that corrective action is unnecessary.]

²¹ Must address **each** audit finding - §200.511 (c)