

Berwyn North School District 98

Berwyn, Illinois

Annual Financial Report

Year Ended June 30, 2018

Berwyn North School District 98
Annual Financial Report
For the Year Ended June 30, 2018

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Independent Auditors' Report

To Members of the Board of Education
Berwyn North School District 98
Berwyn, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berwyn North School District 98 (District), as of and for the period 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 have 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 of material misstatement.

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

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

To the Board of Education
Berwyn North School District 98

Basis for Qualified Opinion

The District has omitted disclosures required by the Governmental Accounting Standards Board Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The amount this disclosure would affect the basic financial statements is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified 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 the District, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 10, other post-employment benefits information on page 57, the Teachers Retirement System Fund pension data on page 58 the Illinois Municipal Retirement Fund pension data on page 59-61, and budgetary comparison schedules and notes to the required supplementary information on pages 62 through 79 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 other 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 combining and individual nonmajor fund financial statements and the statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary financial information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic

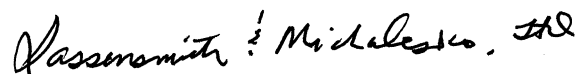
To the Board of Education
Berwyn North School District 98

financial statements. Such information 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 supplementary financial information for the year ended June 30, 2018 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2017, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The 2017 other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2017 other supplementary information is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts 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 the District's internal control over financial reporting and compliance.



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

September 6, 2018

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

The discussion and analysis of Berwyn North School District 98'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 and notes to the financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- Total net position increased by approximately \$1.6 Million.
- Assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$71 million.

Overview of the Financial Statements

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

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains required, supplementary and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

The statement of activities presents information showing how the District's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund financial statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a school district's near-term financial 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund (Educational, Tort Immunity and Judgment Account, and Working Cash Account), Operations and Maintenance, Transportation, IMRF, and Fire Prevention and Safety, all of which are considered to be major funds.

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

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

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

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its noncertified employees. Information is also included comparing actual results to the initial budget.

Government-Wide Financial Analysis

- The District's net position is \$1.6 million higher as of June 30, 2018 than it was as of June 30, 2017.
- The District's total revenues were \$52.7 million. Real estate and personal property replacement taxes accounted for 16 percent of revenues. Another 84 percent of revenues came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.
- The District's total expenses were \$51.2 million. These expenses were used to provide instructional and related services to the District's students.

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

Table 1 Condensed Statement of Net Position		
	<u>2018</u>	<u>2017</u>
Current and other assets	51,694,751	48,317,104
Capital assets, net	<u>31,360,939</u>	<u>32,601,279</u>
Total assets	<u>83,055,690</u>	<u>80,918,383</u>
Deferred outflow of resources	1,636,523	2,939,321
Current liabilities	<u>30,280</u>	<u>132,640</u>
Long-term liabilities	<u>6,477,418</u>	<u>9,308,503</u>
Total liabilities	<u>6,507,698</u>	<u>9,441,143</u>
Deferred inflow of resources	<u>6,723,220</u>	<u>4,511,031</u>
Net position:		
Investment in capital assets	31,360,939	32,601,279
Restricted	4,456,760	3,615,261
Unrestricted	<u>35,643,596</u>	<u>33,688,990</u>
Total net position	<u>71,461,295</u>	<u>69,905,530</u>

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

Table 2
Changes in Net Position

	<u>2018</u>	<u>% of Total</u>	<u>2017</u>	<u>% of Total</u>
Revenues:				
Program revenues:				
Charges for services	60,411	0.1%	57,311	0.1%
Operating/capital grants and contributions	18,849,559	35.7%	19,427,449	38.6%
General revenues:				0.0%
Property taxes	8,664,461	16.4%	8,761,814	17.4%
General state aid	24,603,467	46.7%	21,533,270	42.7%
Other	555,035	1.1%	610,352	1.2%
Total revenues	<u>52,732,933</u>	<u>100.0%</u>	<u>50,390,196</u>	<u>100.0%</u>
Expenses:				
Instruction	35,569,952	69.5%	36,888,603	73.0%
Pupil and instructional services	4,985,604	9.7%	4,434,299	8.8%
Administration and business	5,332,793	10.4%	4,693,336	9.3%
Transportation	1,372,932	2.7%	1,180,502	2.3%
Operations and maintenance	3,788,828	7.4%	2,867,207	5.7%
Other	127,059	0.2%	485,887	1.0%
Total expenses	<u>51,177,168</u>	<u>100.0%</u>	<u>50,549,834</u>	<u>100.0%</u>
Increase (decrease) in net position	<u>1,555,765</u>		<u>(159,638)</u>	
Net Position, beginning of Year	<u>69,905,530</u>		<u>70,065,168</u>	
Net Position, End of Year	<u>71,461,295</u>		<u>69,905,530</u>	

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported combined fund balances of \$47.5 million.

The most significant changes in the fund balances occurred in the General Fund. The General Fund had revenues in excess of expenditures in the amount of \$2.6 million and is discussed in more detail below.

The General Fund ended with a net increase of \$2,527,455, and ended with a fund balance of \$43,312,532. Revenues were higher than anticipated due to additional state aid received combined with lower than anticipated expenditures.

The Operations and Maintenance Fund ended with a net increase of \$780,269 and ended with a fund balance of \$3,836,406. Revenues were higher than anticipated combined with lower than anticipated expenditures.

The Transportation Fund ended with a net decrease of \$23,906, and ended with a fund balance of \$186,458.

The IMRF/Social Security Fund ended with a net increase of \$25,742, and ended with a fund balance of \$40,638 primarily due to the abatement of working cash transfer.

The Debt Service Fund ended with a net decrease of \$620, and ended with a fund balance of \$7,384 as a result of property tax refund that was paid that was not anticipated.

The Fire Prevention and Safety Fund had a net decrease of \$3,367, and an ending fund balance of \$103,726. The change approximates the decrease the District anticipated in the budget.

General Fund Budgetary Highlights

Over the course of the year, the District did not revise the annual operating budget. Expenditures were under budget in the Education Account, of the General Fund, by \$370 thousand, excluding the on-behalf payments, primarily due to the cost of salaries and benefits being less than anticipated. Revenues were in line with budgeted amount.

Berwyn North School District 98
Management's Discussion and Analysis
Year Ended June 30, 2018

Capital Asset

By the end of fiscal 2018, the District has invested \$31.3 million in a broad range of capital assets, including school buildings, furnishings, and equipment. Total depreciation expense for the year was \$1.4 million.- Detailed information on the District's capital assets can be found in Note 5 of the District's financial statements.

Table 3 Capital Assets (net of depreciation)		
	<u>2018</u>	<u>2017</u>
Land	255,810	255,810
Construction in process	-	228,335
Buildings	30,332,033	31,226,041
Equipment and vehicles	773,096	891,093
Total	<u>31,360,939</u>	<u>32,601,279</u>

Factors Bearing on the District's Future

Staff and health insurance costs are anticipated to increase, in addition to transportation costs and expenditures in the IMRF fund to support pensions, FICA, and Medicare payments required for qualified non-certified staff. As a consequence of the State's financial condition, State Aid payments have been reduced in the past and this may continue unless the State changes how it funds public education. This loss of income from the State, coupled with lack of access to tax revenue to replace it because of the tax cap, will mean that the District will closely monitor their expenditures in order to continue adopting a balanced budget. If the problem with revenue continues, the district will need to draw down its reserve funds to avoid the sale of bonds or a referendum and/or make program cuts that will have a negative effect on the instructional program.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Director of Business Services, 6633 West 16th Street, Berwyn, Illinois 60402.

BERWYN NORTH SCHOOL DISTRICT 98
STATEMENT OF NET POSITION- GOVERNMENTAL ACTIVITIES
June 30, 2018

	<u>2018</u>
Cash and investments	47,053,417
Receivable (net of allowance for uncollectibles):	
Property Taxes	4,210,785
Replacement taxes	19,297
Intergovernmental	411,252
Capital assets:	
Land	255,810
Other capital assets, net of depreciation	31,105,129
Total assets	<u>83,055,690</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	1,636,523
Total assets and deferred outflows of resources	<u>84,692,213</u>
<u>LIABILITIES</u>	
Accounts payable	30,280
Long-term liabilities:	
Due within one year	-
Due after one year	6,477,418
Total liabilities	<u>6,507,698</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pensions	2,546,193
Deferred inflows of resources related to taxes	4,177,027
<u>NET POSITION</u>	
Invested in Capital assets, net of related debt	31,360,939
Restricted For:	
Operations and maintenance	3,836,406
Debt service	7,384
Student transportation	186,458
Retirement benefits	40,938
Tort immunity	281,848
Fire prevention and safety	103,726
Unrestricted	35,643,596
Total Net Position	<u><u>71,461,295</u></u>

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

BERWYN NORTH SCHOOL DISTRICT 98
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Changes for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
Instruction:				
Regular programs	14,210,054	-	1,319,882	(12,890,172)
Special programs	4,750,759	-	2,247,950	(2,502,809)
Other instructional programs	4,397,058	-	252,722	(4,144,336)
State retirement contributions	12,212,081	-	12,212,081	-
Support services:				
Pupils	2,055,157	-	-	(2,055,157)
Instructional staff	1,522,966	-	493,482	(1,029,484)
General administration	862,776	-	-	(862,776)
School administration	1,596,631	-	-	(1,596,631)
Business	2,490,791	60,411	1,474,280	(956,100)
Transportation	1,372,932	-	826,360	(546,572)
Operations and maintenance	3,788,828	-	-	(3,788,828)
Central	382,595	-	-	(382,595)
Other supporting services	1,407,481	-	22,802	(1,384,679)
Community services	<u>127,059</u>	<u>-</u>	<u>-</u>	<u>(127,059)</u>
Total governmental activities	<u>51,177,168</u>	<u>60,411</u>	<u>18,849,559</u>	<u>(32,267,198)</u>

GENERAL REVENUES:

Taxes:

Real estate taxes, levied for general purposes	5,868,798
Real estate taxes, levied for specific purposes	2,691,945
Personal property replacement taxes	103,718
State aid-formula grants	24,603,467
Investment earnings	287,221
Other Revenues	<u>267,814</u>
Total general revenues	<u>33,822,963</u>
Change in net position	1,555,765
Net Position -Beginning	<u>69,905,530</u>
Net Position - End	<u>71,461,295</u>

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

BERWYN NORTH SCHOOL DISTRICT 98
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>
<u>ASSETS</u>			
Cash and investments	42,872,460	3,831,947	200,781
Receivables (net of allowance for uncollectibles):			
Property taxes	2,633,365	588,699	336,671
Replacement taxes	19,297	-	-
Intergovernmental	411,252	-	-
Prepaid items	-	-	-
Total assets	<u>45,936,374</u>	<u>4,420,646</u>	<u>537,452</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Accounts payable	<u>15,160</u>	-	<u>15,120</u>
Total liabilities	<u>15,160</u>	-	<u>15,120</u>
Deferred Inflows of Resources			
Unearned revenue	<u>2,608,682</u>	<u>584,240</u>	<u>335,874</u>
Fund balances:			
Nonspendable	-	-	-
Restricted - operations and maintenance	-	3,836,406	-
Restricted - Debt Service	-	-	-
Restricted - Student Transportation	-	-	186,458
Restricted - Retirement Benefits	-	-	-
Restricted - Tort Immunity	281,848	-	-
Restricted - Fire Prevention and Safety	-	-	-
Unassigned	<u>43,030,684</u>	-	-
Total fund balance	<u>43,312,532</u>	<u>3,836,406</u>	<u>186,458</u>
Total liabilities and fund balance	<u>45,936,374</u>	<u>4,420,646</u>	<u>537,452</u>

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

<u>Municipal Retirement/ Soc. Sec</u>	<u>Debt Service</u>	<u>Fire Prevention and Safety</u>	<u>Total</u>
37,120	7,384	103,725	47,053,417
644,875	-	7,175	4,210,785
-	-	-	19,297
-	-	-	411,252
-	-	-	-
<u>681,995</u>	<u>7,384</u>	<u>110,900</u>	<u>51,694,751</u>
-	-	-	30,280
-	-	-	30,280
<u>641,057</u>	<u>-</u>	<u>7,174</u>	<u>4,177,027</u>
-	-	-	-
-	-	-	3,836,406
-	7,384	-	7,384
-	-	-	186,458
40,938	-	-	40,938
-	-	-	281,848
-	-	103,726	103,726
-	-	-	43,030,684
<u>40,938</u>	<u>7,384</u>	<u>103,726</u>	<u>47,487,444</u>
<u>681,995</u>	<u>7,384</u>	<u>110,900</u>	<u>51,694,751</u>

BERWYN NORTH SCHOOL DISTRICT 98
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

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

Total fund balances - governmental funds	47,487,444
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Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	31,360,939
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions	1,636,523
Deferred inflows of resources related to pensions	(2,546,193)

Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not recognized in the governmental funds balance sheet.	<u>(6,477,418)</u>
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Net Position - governmental activities	<u><u>71,461,295</u></u>
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The notes to the basic financial statements are an integral part of this statement.

BERWYN NORTH SCHOOL DISTRICT 98
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Transportation</u>
Revenues			
Property Taxes	5,868,798	1,131,850	439,474
Replacement taxes	83,718	-	-
State aid	35,612,695	3,005,748	826,360
Federal aid	4,022,301	-	-
Interest	267,271	17,762	1,124
Other	155,379	171,432	2,034
Total revenues	<u>46,010,162</u>	<u>4,326,792</u>	<u>1,268,992</u>
Expenditures			
Current:			
Instruction:			
Regular programs	12,240,068	-	-
Special programs	4,518,763	-	-
Other instructional programs	4,330,861	-	-
State retirement contributions	12,212,081	-	-
Support services:			
Pupils	2,006,605	-	-
Instructional staff	1,487,813	-	-
General administration	792,471	-	-
School administration	1,509,208	-	-
Business	2,305,569	-	-
Transportation	-	-	1,294,098
Operations and maintenance	-	3,546,523	-
Central	322,556	-	-
Other supporting services	1,407,481	-	-
Community services	116,927	-	-
Nonprogrammed charges	13,638	-	-
Capital outlay	188,666	-	-
Total expenditures	<u>43,452,707</u>	<u>3,546,523</u>	<u>1,294,098</u>
Excess (deficiency) of revenues over expenditures	2,557,455	780,269	(25,106)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	(30,000)	-	-
Proceeds from sales of capital assets	-	-	1,200
Refund of prior year's taxes	-	-	-
Total other financing sources (uses)	<u>(30,000)</u>	<u>-</u>	<u>1,200</u>
Net change in fund balances	2,527,455	780,269	(23,906)
Fund balance, beginning of year	<u>40,785,077</u>	<u>3,056,137</u>	<u>210,364</u>
Fund balance, end of year	<u>43,312,532</u>	<u>3,836,406</u>	<u>186,458</u>

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

<u>Municipal Retirement/ Soc. Sec</u>	<u>Debt Service</u>	<u>Fire Prevention and Safety</u>	<u>Total</u>
1,113,471	-	7,150	8,560,743
20,000	-	-	103,718
-	-	-	39,444,803
-	-	-	4,022,301
260	-	804	287,221
-	-	-	328,845
<u>1,133,731</u>	<u>-</u>	<u>7,954</u>	<u>52,747,631</u>
126,833	-	-	12,366,901
218,358	-	-	4,737,121
66,197	-	-	4,397,058
-	-	-	12,212,081
48,552	-	-	2,055,157
35,153	-	-	1,522,966
21,048	-	-	813,519
87,423	-	-	1,596,631
165,473	-	11,321	2,482,363
66,135	-	-	1,360,233
232,646	-	-	3,779,169
60,039	-	-	382,595
-	-	-	1,407,481
10,132	-	-	127,059
-	-	-	13,638
-	-	-	188,666
<u>1,137,989</u>	<u>-</u>	<u>11,321</u>	<u>49,442,638</u>
(4,258)	-	(3,367)	3,304,993
30,000	-	-	30,000
-	-	-	(30,000)
-	-	-	1,200
-	(620)	-	(620)
<u>30,000</u>	<u>(620)</u>	<u>-</u>	<u>580</u>
25,742	(620)	(3,367)	3,305,573
<u>15,196</u>	<u>8,004</u>	<u>107,093</u>	<u>44,181,871</u>
<u>40,938</u>	<u>7,384</u>	<u>103,726</u>	<u>47,487,444</u>

BERWYN NORTH SCHOOL DISTRICT 98
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

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

Net changes in fund balances - total governmental funds	3,305,573
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are 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.	(1,240,340)
--	-------------

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(3,340,553)
--	-------------

The increase in long-term liabilities consumes the current financial resources of the government	<u>2,831,085</u>
--	------------------

Change in net position - governmental activities	<u><u>1,555,765</u></u>
--	-------------------------

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

BERWYN NORTH SCHOOL DISTRICT 98
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2018

	<u>ASSETS</u>	
Cash and investments		<u>70,136</u>
	<u>LIABILITIES</u>	
Due to student groups		<u>70,136</u>

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Berwyn North School District 98 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

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

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

The District is not included as a component unit in any other governmental reporting entity, as defined by Governmental Accounting Standards Board (GASB) pronouncements.

B. Fund Accounting

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

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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

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

C. Government-Wide and Fund Financial Statements

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

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

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements (continued)

1. General Fund

The General Fund includes the Educational Account the Working Cash Account, and the Tort Immunity and Judgment Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this account may be permanently abolished and become part of the Educational Account or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property levy and expenditures of these monies is for risk management activities and claims.

2. Special Revenue Funds

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

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

Operations and Maintenance Fund accounts for all revenue and expenditures made for operations, repair and maintenance of the District's buildings and land. Revenue consists primarily of general state aid and local property taxes.

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements (continued)

2. Special Revenue Funds (continued)

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

3. Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

4. Capital Projects Fund

Fire Prevention and Safety Fund accounts for state-approved life safety projects financed through serial bond issued or local property taxes levied specifically for such purposes.

5. Fiduciary Fund

The Fiduciary (Agency) Fund accounts for assets held by the District in an agency capacity for individuals, private organizations, or other funds.

The Student Activity Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. These Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. It accounts for activities such as student yearbook, student clubs and council, and scholarships.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Balance

In the fund financial statements, the governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

1. *Nonspendable* includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.
2. *Restricted* refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
3. *Committed* refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2018, the District had no committed fund balances.
4. *Assigned* refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board of Education or an individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education has not delegated this authority. At June 30, 2018, the District had no assigned fund balances.
5. *Unassigned* refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Balance (continued)

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

Governmental fund balances reported on the fund financial statements at June 30, 2018 are as follows:

The restricted fund balance in the General Fund is comprised of \$281,484, representing the remaining unspent portion of the restricted tort immunity levy.

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

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

Governmental funds are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measureable and available". "Measureable" means that the amount of the transaction can be determined, and "available" means collective within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property tax revenues and most other revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

F. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s). At June 30, 2018, the District has deferred outflows related to pension liabilities. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period(s). At June 30, 2018, the District reported deferred inflows of resources related to property taxes levied for a future period and amounts related to pension liabilities.

G. Budgetary Data

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value equals cost. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity.

I. Personal Property Replacement Taxes

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

J. Capital Assets

Capital assets are recorded in the statement of net position at cost (or estimated historical cost). Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are updated for additions and retirements during the year. The District maintains a capitalization threshold of \$1,500 and an estimated useful life in excess of one year. All reported capital assets, except land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15 - 75
Improvements other than buildings	20
Vehicles	8 - 10
Machinery and equipment	5 - 20

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Compensated Absences

Noncertified and certified employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the calendar year. Accrued by unpaid vacation leave at June 30, 2018 was \$99,123.

Noncertified and certified employees receive a specific number of sick days per year depending on years of service, in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days are accumulated. Upon retirement from the District, certified employees receive TRS creditable service time for accumulated sick days. Due to the nature of the policies on sick leave, no liability has been recorded in the District's financial statements.

L. 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, and losses on refunding of bonds are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. Bond issuance costs are expensed as incurred. The District had no outstanding bonds at June 30, 2018.

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs and losses on refunding, are reported as debt service expenditures.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Restricted Net Position

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

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

N. Use of Estimates

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

O. Pensions

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Other postemployment benefit obligations	\$(156,901)
Compensated absences	(99,123)
IMRF net pension liability	(725,069)
TRS net pension liability	<u>(5,496,325)</u>
Net adjustment to reduce total fund balances – governmental funds to arrive at net position- governmental activities	<u>\$ (6,477,418)</u>

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 188,667
Depreciation expense	<u>(1,429,007)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (1,240,340)</u>

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, other) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds.” The details of this difference are as follows:

Other postemployment benefit obligations, net	\$ 213,040
Compensated absences, net	36,975
IMRF pension expense, net	1,696,246
TRS pension expense, net	<u>884,824</u>

Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities.	\$2,831,085
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NOTE 3 DEPOSITS AND INVESTMENTS

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

At June 30, 2018, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash	<u>\$47,053,417</u>	<u>\$70,136</u>	<u>\$47,123,553</u>

For disclosure purposes, this amount is segregated into two components as follows:

Deposits with financial institutions	\$ 41,341,918
Investment with ISLAF+	<u>\$5,711,499</u>
Total	<u>\$47,053,417</u>

A. Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose and amount of funds.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provision of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. government or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of "investment grade" quality (that is, at the time of purchase, rated no lower than "Baa" by Moody's and no lower than "BBB" by Standard & Poor's). The Board, at its discretion, may impose a higher standard on an individual investment manager basis, as circumstances require, to protect bondholders.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

C. Concentration of Credit Risk

The District places no limit on the amount it may invest.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an unrated, non-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

D. Custodial Risk

With respect to deposits, custodial risk is the risk that, in the event of the failure of the bank, the District's will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for District investment or any other high quality, interest-bearing security rated at least AAA/Aaa by one or more standard rating service, to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization.

NOTE 4 PROPERTY TAX RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on October 30, 2017. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 PROPERTY TAX RECEIVABLE (continued)

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.9627 for 2017.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2017 tax levy was \$267,693,489.

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

The portion of the 2017 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 2%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time thereafter does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as deferred inflow of resources.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Construction in progress	228,335	-	228,335	-
Land	<u>255,810</u>	<u>-</u>	<u>-</u>	<u>255,810</u>
Total capital assets not being depreciated	<u>484,145</u>	<u>-</u>	<u>228,335</u>	<u>255,810</u>
Capital assets, being depreciated				
Buildings	45,670,568	-	-	45,670,568
Improvements other than buildings	606,699	228,335	-	835,034
Vehicles	456,071	67,647	-	523,718
Machinery and equipment	<u>3,760,799</u>	<u>121,019</u>	<u>-</u>	<u>3,881,818</u>
Total capital assets being depreciated	<u>50,494,137</u>	<u>417,001</u>	<u>-</u>	<u>50,911,138</u>
Less accumulated depreciation for:				
Buildings	14,600,869	1,082,502	-	15,683,371
Improvements other than buildings	450,353	39,845	-	490,198
Vehicles	443,441	12,699	-	456,140
Machinery and equipment	<u>2,882,339</u>	<u>293,961</u>	<u>-</u>	<u>3,176,300</u>
Total accumulated depreciation	<u>18,377,002</u>	<u>1,429,007</u>	<u>-</u>	<u>19,806,009</u>
Total capital assets, being depreciated, net	<u>32,117,135</u>	<u>(1,012,006)</u>	<u>-</u>	<u>31,105,129</u>
Governmental activities, capital assets, net	<u>32,601,280</u>	<u>(1,012,006)</u>	<u>-</u>	<u>31,360,939</u>

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5 CAPITAL ASSETS (continued)

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

Governmental activities	
General government	
Instructional staff	
Regular programs	\$1,348,964
Support services	
General administration	49,257
Food service	8,428
Operations and maintenance	9,659
Transportation	<u>12,699</u>
Total depreciation from governmental activities	<u><u>\$1,429,007</u></u>

NOTE 6 LONG-TERM LIABILITIES

The following is the long-term liability activity for the District for the year ended June 30, 2018:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>
Other postemployment benefit obligations	369,941	-	213,040	156,901
IMRF net pension liability	2,421,315	-	1,696,246	725,069
TRS net pension liability	6,381,149	-	884,824	5,496,325
Compensated absences	<u>136,098</u>	<u>-</u>	<u>36,975</u>	<u>99,123</u>
Total long-term liabilities	<u><u>9,308,503</u></u>	<u><u>-</u></u>	<u><u>2,831,085</u></u>	<u><u>6,477,418</u></u>

The District implemented an early retirement incentive plan in which a certified employee can notify the District of her/his intent to retire at the end of three upcoming school years. The certified employee shall receive a 6% increase in salary for each year up to retirement. This payment is paid to the certified employee over the course of the next three fiscal school years. As of June 30, 2018, the entire liability was paid in full.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description

The school 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 <https://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 West Washington Street, P O Box 19253, Springfield, IL 62794 or by calling (888) 678-3675, option 2.

Benefits provided

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

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUND COMMITMENTS (continued)

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

Benefits provided (continued)

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

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

Contributions

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

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

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2018, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$12,005,881 in pension contributions from the state of Illinois.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$101,708, 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 district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher. For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$538,711 were paid from federal and special trust funds that required employer contributions of \$54,410. 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 percent and applies when the member is age 55 at retirement. For the year ending 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 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

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

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

Employer's proportionate share of the net pension liability	5,496,325
State's proportionate share of the net pension liability associated with the employer	<u>121,992,129</u>
Total	<u><u>127,488,454</u></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 employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .0072 percent, which was an decrease (decrease) of .0009 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$12,005,881 and revenue of \$12,005,881 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	59,696	2,537
Net difference between projected and actual earnings on pension plan investments	3,771	-
Changes of assumptions	366,840	157,939
Changes in proportion and differences between employer contributions and proportionate share of contributions	380,598	606,412
Employer contributions subsequent to the measurement date	<u>156,118</u>	<u>-</u>
Total	<u><u>967,023</u></u>	<u><u>766,888</u></u>

\$156,118 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:

Year ended June 30:

2019	834
2020	5,004
2021	96,616
2022	(137,226)
2023	(21,211)

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

Actuarial assumptions

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

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

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

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

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%</u>	

Discount rate

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note #7 RETIREMENT FUNDS COMMITMENTS (continued)

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

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.

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

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	6,752,953	5,496,325	4,467,042

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*.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

B. THIS Fund:

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to the THIS Fund.

The State of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$206,200, and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund.

The district also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the district paid \$153,777 to the THIS Fund, which was 100 percent of the required contribution.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund

IMRF 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 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

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

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

Employees Covered by Benefit Terms

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

Number of	
Retirees and Beneficiaries	80
Inactive, Non-Retired Members	104
Active Members	131
Total	<u>315</u>
Covered Valuation Payroll	\$ 4,581,348

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 10.40%. For the fiscal year ended June 30, 2018, the District contributed \$501,437 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.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

Net Pension Liability

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

Actuarial Assumptions

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

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

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

- 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:

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

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

Single Discount Rate (continued)

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2016	16,062,863	13,641,548	2,421,315
Changes for the year:			-
Service Cost	498,172	-	498,172
Interest on the Total Pension Liability	1,198,432	-	1,198,432
Changes of Benefit Terms	-	-	-
Experience of the Total Pension Liability	(97,422)	-	(97,422)
Changes of Assumptions	(516,534)	-	(516,534)
Contributions - Employer	-	495,685	(495,685)
Contributions - Employees	-	206,326	(206,326)
Net Investment Income	-	2,355,207	(2,355,207)
Benefit Payments, including Refunds of Employee Contributions	(665,699)	(665,699)	-
Other (Net Transfer)	-	(278,324)	278,324
Net Changes	<u>416,949</u>	<u>2,113,195</u>	<u>(1,696,246)</u>
Balances at December 31, 2017	<u>16,479,812</u>	<u>15,754,743</u>	<u>725,069</u>

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	3,009,565	725,069	(1,144,383)

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

For the year ended June 30, 2018, the District incurred pension expense of \$693,567. At June 30, 2018, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	145,527	274,511
Changes of assumptions	95,260	431,861
Net difference between projected and actual earnings on pension plan investments	428,713	1,072,933
Employer contributions subsequent to the measurement date	271,895	-
Total	<u>941,395</u>	<u>1,779,305</u>

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 RETIREMENT FUND COMMITMENTS (continued)

C. Illinois Municipal Retirement Fund (continued)

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

Year ended December 31:

2018	\$ (88,016)
2019	(221,176)
2020	(438,955)
2021	(361,658)
2022	-

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Retiree Health Plan

Plan Description. The District pays the premium for healthcare insurance in the State of Illinois' Teachers Retirement System plan for qualified retirees. The teacher must have insurance through the District at the time of retirement. The employee moves off the District's plan and onto the TRS insurance program and the District pays the premiums until the employee reaches age 65. Effective in 2009, both Teachers' Retirement System (TRS) and Illinois Municipal Retirement (IMRF) retirees may access the health insurance plan during retirement years. If a retiree elects to leave the health plan, they may not return to the plan in a future year. Retirees also receive dental and life insurance benefits until age 65. For 2017, no former employees accessed postemployment benefits through the District, 11 active employees were fully eligible to retire, and 78 active employees were not yet fully eligible to retire.

Funding Policy. The contributions by the District are negotiated between the District and union representatives. The District's insurance benefits cease at age 65 for all retirees. Educational Support Retirees who are Medicare eligible may access a Medicare supplemental policy through the District and must pay the entire cost.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (continued)

At June 30, 2018, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	1
Active Members	108
Total	<u>109</u>
Covered Payroll	\$ 3,787,165

The net other post-employment benefit liability (NOL) was measured on June 30, 2018.

Actuarial Assumptions

The following are the methods and assumptions used to determine total NOL as of June 30, 2018:

Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Rate Increase	4.00%
Funded Ratio	0.00%
(Fiduciary Net Position as a percentage of Total OPEB Liability)	
Initial Health Care Cost Trend Rate	6.00%
Ultimate Health Care Cost Trend Rate	5.00%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2028

Discount Rate

The discount rate under GASB 75 is required to be a blend of the long-term expected rate of return to the extent funded and the 20 year municipal bond rate. Specifically, an initial projection is made using the long-term ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments, this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20 year municipal bond yield or index. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. Since the District does not pre-fund plan liabilities, the discount rate used is equal to the 20 year municipal bond rate. This rate was 2.98% as of June 30, 2018.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8 Postemployment Benefits other than Pensions (continued)

Reconciliation of Total OPEB Liability

The Total OPEB Liability (“TOL”) is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The following represents a reconciliation of the TOL from the beginning of the Fiscal Year (July 1, 2017) to the end of the Fiscal Year (June 30, 2018). The TOL as of June 30, 2018 is as follows:

	Total OPEB Liability
Balances at June 30, 2017	97,885
Changes for the year:	
Service Cost	7,531
Interest	4,521
Differences Between Expected and Actual	
Experience	(1,815)
Changes of Assumptions	1,452
Contributions - Employer	-
Benefit payments	(10,377)
Other (Net Transfer)	<u>57,704</u>
Net Changes	<u>59,016</u>
Balances at June 30, 2018	<u><u>156,901</u></u>

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

The following presents the Total OPEB Liability, calculated using a Single Discount Rate of 2.98%, 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 (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Net Pension Liability/(Asset)	148,456	156,901	165,772

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8 Postemployment Benefits other than Pensions (continued)

Differences between expected and actual experience, assumption changes, and projected and actual earnings, are amortized over their respective periods as discussed in the prior section. The amounts left to be amortized in the future are reported as deferred inflows and outflows of resources.

The table below summarizes the current balances of collective deferred inflows and outflows of resources along with the net recognition through annual expense over future years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	1,630
Changes of assumptions	54,240	1,118
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>54,240</u>	<u>2,748</u>

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

Year ended December 31:

2019	\$ (5,850)
2020	(5,850)
2021	(5,850)
2022	(5,850)
2023	(5,850)
Thereafter	(22,242)

NOTE 10 OPERATING LEASES

The District has an operating lease for copiers that commenced January 1, 2014 and expires on December 31, 2018. The lease requires monthly payments of \$1,735. The future minimum lease payments under this agreement are \$10,408 in fiscal 2019.

Berwyn North School District 98

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to and destruction of assets; and natural disasters. To protect against such risks, the District participates in the following public entity risk pools: the Suburban School Cooperative Insurance Pool (SSCIP) and the School Employee Loss Fund (SELF). The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three years.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. There have been no significant reductions in insurance coverage from coverage in prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 REQUIRED INDIVIDUAL FUND DISCLOSURES

Transfers - During the current fiscal year a transfer was made from the Working Cash Account of the General Fund in the amount of \$30,000 to partially abate the Working Cash Fund. The Working Cash fund transferred \$30,000 to the Municipal Retirement Fund.

NOTE 12 CONTINGENCIES

A. Litigation.

The District is a defendant in various lawsuits. The eventual outcome and related liability, if any, are not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs.

B. Grants.

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

BERWYN NORTH SCHOOL DISTRICT 98

SCHEDULES OF OTHER SUPPLEMENTARY INFORMATION - OPEB
MULTIYEAR SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(schedule to be built prospectively from 2018)

Fiscal year ending June 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total OPEB Liability				
Service Cost	7,531			
Interest on the Total Pension Liability	4,521			
Benefit Changes	-			
Difference between Expected and Actual Experience	(1,815)			
Assumption Changes	1,452			
Benefit Payments	(10,377)			
Other changes	<u>57,704</u>			
Net Change in Total Pension Liability	59,016			
Total Pension Liability - Beginning	<u>97,885</u>			
Total Pension Liability - Ending (a)	<u>156,901</u>			
Plan Fiduciary Net Position				
Employer Contributions	-			
Net Investment Income	-			
Benefit payments	-			
Other	<u>-</u>			
Net Change in Plan Fiduciary Net Position	-			
Plan Fiduciary Net Position - Beginning	<u>-</u>			
Plan Fiduciary Net Position - Ending (b)	<u>-</u>			
Net OPEB Liability (Asset) - Ending (a) - (b)	156,901			
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%			
Current Valuation Payroll	3,787,165			
Net Pension Liability as a Percentage of Covered Valuation Payroll	4.14%			

The District Implemented GASB 75 in fiscal year ended June 30, 2018, therefore 10 years of information not yet available.

BERWYN NORTH SCHOOL DISTRICT 98

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2018

	6/30/2018*	6/30/2017*	6/30/2016*	6/30/2015*
Employer's proportion of the net pension liability	0.71900%	0.00794%	0.00714%	0.00733%
Employer's proportionate share of the net pension liability	\$ 5,496,325	\$ 5,202,524	\$ 4,679,368	\$ 5,202,524
State's proportionate share of the net pension liability associated with the employer	<u>121,992,129</u>	<u>128,487,052</u>	<u>107,528,890</u>	<u>128,487,052</u>
Total	<u>\$ 127,488,454</u>	<u>\$ 133,689,576</u>	<u>\$ 112,208,258</u>	<u>\$ 133,689,576</u>
Employer's covered-employee payroll	\$ 17,474,611	\$ 17,097,829	\$ 16,645,674	\$ 16,218,130
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.5%	30.4%	28.1%	32.1%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
Fiscal Year 2018

Statutorily-required contribution	156,118	294,981	249,844	161,736
Contributions in relation to the statutorily-required contributions	<u>(156,118)</u>	<u>(294,981)</u>	<u>(250,289)</u>	<u>(245,209)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (445)</u>	<u>\$ (83,473)</u>
Employer's covered-employee payroll	17,474,611	17,097,829	16,645,674	16,218,130
Contributions as a percentage of covered-employee payroll	0.89%	1.73%	1.50%	1.00%

Notes to Required Supplementary Information

Changes of assumptions

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

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience 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 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

The District Implemented GASB 68 in fiscal year ended June 30, 2015, therefore 10 years of information not yet available.

BERWYN NORTH SCHOOL DISTRICT 98

SCHEDULE OF CHANGES IN THE
NET PENSION LIABILITY AND RELATED RATIOS - IMRF

Calendar Year Ended December 31

Calendar year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	498,172	506,751	479,990	491,055
Interest on the Total Pension Liability	1,198,432	1,146,617	1,045,592	942,714
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	(97,422)	(324,902)	398,313	(68,330)
Assumption Changes	(516,534)	(43,091)	20,895	561,201
Benefit Payments and Refunds	<u>(665,699)</u>	<u>(596,491)</u>	<u>(581,320)</u>	<u>(480,252)</u>
Net Change in Total Pension Liability	416,949	688,884	1,363,470	1,446,388
Total Pension Liability - Beginning	<u>16,062,863</u>	<u>15,373,979</u>	<u>14,010,509</u>	<u>12,564,121</u>
Total Pension Liability - Ending (a)	<u>16,479,812</u>	<u>16,062,863</u>	<u>15,373,979</u>	<u>14,010,509</u>
Plan Fiduciary Net Position				
Employer Contributions	495,685	484,965	476,208	435,573
Employee Contributions	206,326	198,725	199,530	191,610
Pension Plan Net Investment Income	2,355,207	878,283	62,544	720,410
Benefit payments and Refunds	(665,699)	(596,491)	(581,320)	(480,252)
Other	<u>(278,324)</u>	<u>(4,919)</u>	<u>62,354</u>	<u>(142,199)</u>
Net Change in Plan Fiduciary Net Position	2,113,195	960,563	219,316	725,142
Plan Fiduciary Net Position - Beginning	<u>13,641,548</u>	<u>12,680,985</u>	<u>12,461,669</u>	<u>11,736,527</u>
Plan Fiduciary Net Position - Ending (b)	<u>15,754,743</u>	<u>13,641,548</u>	<u>12,680,985</u>	<u>12,461,669</u>
Net Pension Liability (Asset) - Ending (a) - (b)	725,069	2,421,315	2,692,994	1,548,840
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.60%	84.93%	82.48%	89.65%
Current Valuation Payroll	4,581,348	4,416,085	4,433,973	4,145,208
Net Pension Liability as a Percentage of Covered Valuation Payroll	15.83%	54.83%	60.74%	37.36%

The District Implemented GASB 68 in fiscal year ended June 30, 2015, therefore 10 years of information not yet available.

BERWYN NORTH SCHOOL DISTRICT 98

SCHEDULE OF EMPLOYER CONTRIBUTIONS - IMRF

MOST RECENT CALENDAR YEAR

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	435,573	435,573	-	4,145,208	10.51%
2015	476,209	476,208	1	4,433,973	10.74%
2016	475,612	484,965	(9,353)	4,416,085	10.98%
2017	492,953	495,685	(2,732)	4,581,348	10.82%

The District Implemented GASB 68 in fiscal year ended June 30, 2015, therefore 10 years of information not yet available.

BERWYN NORTH SCHOOL DISTRICT 98

NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2017 CONTRIBUTION RATE*

Valuation Date

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age = normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27 year closed period
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table adjusted to match current IMRF experience. For disabled lives , an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members , an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes There were no benefit changes during the year.

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

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>	<u>Actual</u>
Revenues				
Local Sources				
General levy	5,549,081	5,811,630	262,549	6,300,454
Special Education	57,262	57,168	(94)	56,311
Corporation Personal Property				
Replacement taxes	71,000	83,718	12,718	105,861
Summer School - Tuition From Pupils				
Or Parents (In State)	-	-	-	-
Earnings on investments	95,537	267,272	171,735	158,928
Sales to pupils - Lunch	40,000	51,570	11,570	53,061
Sales to pupils - Breakfast	2,000	8,841	6,841	4,250
Fees	-	-	-	-
Other - textbooks	-	-	-	-
Contributions and Donation	1,738	1,963	225	12,000
Payments from other districts	3,159	-	(3,159)	6,059
Local Fees	35,000	45,743	10,743	42,014
Other	58,606	47,262	(11,344)	170,895
Total local sources	<u>5,913,383</u>	<u>6,375,167</u>	<u>461,784</u>	<u>6,909,833</u>
State sources				
Evidence Based Funding	20,068,099	21,597,719	1,529,620	19,396,629
General State Aid - Hold Harmless/Supp.	-	-	-	-
Special Education - Private Facility Tuition	500,000	694,384	194,384	542,695
Special Education - Extraordinary	400,000	112,235	(287,765)	336,705
Special Education - Personnel	550,000	186,172	(363,828)	553,337
Special Education - Summer School	100,000	118,355	18,355	-
Bilingual Education - Downstate - TPI and TPE	275,500	382,369	106,869	158,397
State Free Lunch and Breakfast	22,000	34,607	12,607	5,319
Early Childhood - Block Grant	80,000	251,971	171,971	95,229
Flowthrough Revenue from State Sources	-	-	-	-
Other State sources	1,800	22,802	21,002	(80,472)
Total state sources	<u>21,997,399</u>	<u>23,400,614</u>	<u>1,403,215</u>	<u>21,007,839</u>
Federal sources				
National School Lunch Program	1,000,000	895,773	(104,227)	997,201
Special Breakfast Program	150,000	543,900	393,900	183,334
Title I - Low Income	1,122,454	1,042,518	(79,936)	1,277,530
Fed - Sp Ed - Pre-school Flow Through	27,676	22,078	(5,598)	29,248
Fed - Sp Ed - I.D.E.A. Flow Through	600,000	511,414	(88,586)	608,657
Fed - Sp Ed - I.D.E.A. Room and Board	-	387	387	-
Title III Immigrant Education Program	4,593	751	(3,842)	2,839
Title III - English Language Acquisition	100,500	86,304	(14,196)	144,733
Title IVA	28,934	14,078	(14,856)	-
Title II - Teacher Quality	164,927	111,113	(53,814)	73,239

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	<u>Original and</u>	<u>Actual</u>	<u>Variance from</u>	<u>2017</u>
	<u>Final Budget</u>		<u>Final Budget</u>	<u>Actual</u>
Revenues (continued)				
Federal sources (continued)				
Medicaid Matching Funds -				
Administrative Outreach	-	123,648	123,648	95,842
Medicaid Matching Funds -				
Fee-For-Service Program	340,000	392,973	52,973	330,727
Other federal sources	350,000	277,364	(72,636)	139,814
Total federal sources	<u>3,889,084</u>	<u>4,022,301</u>	<u>133,217</u>	<u>3,883,164</u>
Total revenues	<u>31,799,866</u>	<u>33,798,082</u>	<u>1,998,216</u>	<u>31,800,836</u>
Expenditures				
Instruction				
Regular programs				
Salaries	8,770,571	8,642,691	(127,880)	8,488,348
Employee benefits	3,091,964	2,840,849	(251,115)	2,956,359
Purchased services	88,939	201,771	112,832	348,085
Supplies and materials	243,249	189,073	(54,176)	209,093
Capital outlay	50,000	-	(50,000)	-
Other objects	55,000	15,340	(39,660)	53,226
Non-capitalized equipment	356,105	342,919	(13,186)	46,937
Termination Benefits	-	-	-	-
Total regular programs	<u>12,655,828</u>	<u>12,232,643</u>	<u>(423,185)</u>	<u>12,102,048</u>
Pre-K programs				
Purchased services	1,000	-	(1,000)	-
Supplies and materials	3,550	7,425	3,875	3,354
Total Pre-K programs	<u>4,550</u>	<u>7,425</u>	<u>2,875</u>	<u>3,354</u>
Special education programs				
Salaries	4,102,477	3,967,884	(134,593)	3,889,776
Employee benefits	119,377	98,562	(20,815)	330,451
Purchased services	51,100	79,572	28,472	50,638
Supplies and materials	59,045	68,558	9,513	81,954
Capital outlay	-	9,206	9,206	-
Other objects	250,000	288,887	38,887	257,799
Non-capitalized equipment	9,500	6,094	(3,406)	3,153
Termination benefits	-	-	-	-
Total special education programs	<u>4,591,499</u>	<u>4,518,763</u>	<u>(72,736)</u>	<u>4,613,771</u>

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	<u>Original and</u>	<u>Actual</u>	<u>Variance from</u>	<u>2017</u>
	<u>Final Budget</u>		<u>Final Budget</u>	<u>Actual</u>
Expenditures (continued)				
Remedial and Supplemental				
Programs K-12				
Salaries	109,193	138,208	29,015	105,491
Employee benefits	12,626	14,527	1,901	17,743
Purchased services	125,629	102,356	(23,273)	103,134
Supplies and materials	228,487	181,396	(47,091)	151,454
Capital outlay	-	-	-	33,438
Non-capitalized equipment	7,200	-	(7,200)	104,706
Total remedial and supp. programs K-12	<u>483,135</u>	<u>436,487</u>	<u>(46,648)</u>	<u>515,966</u>
Interscholastic Programs				
Salaries	175,000	171,400	(3,600)	173,274
Supplies and materials	2,557	17,172	14,615	25,923
Employee benefits	7,150	6,963	(187)	5,462
Purchased services	500	138	(362)	-
Other objects	2,000	-	(2,000)	-
Total interscholastic programs	<u>187,207</u>	<u>195,673</u>	<u>10,466</u>	<u>204,659</u>
Summer school programs				
Salaries	136,150	215,400	79,250	155,287
Employee benefits	1,346	2,319	973	1,540
Purchased services	5,000	-	(5,000)	3,146
Supplies and materials	-	-	-	-
Total summer school programs	<u>142,496</u>	<u>217,719</u>	<u>75,223</u>	<u>159,973</u>
Gifted programs				
Salaries	12,360	12,360	-	12,360
Employee benefits	181	158	(23)	176
Supplies and materials	1,500	687	(813)	873
Other objects	-	-	-	-
Total gifted programs	<u>14,041</u>	<u>13,205</u>	<u>(836)</u>	<u>13,409</u>
Bilingual programs				
Salaries	2,054,827	2,065,173	10,346	2,146,874
Employee benefits	30,023	33,244	3,221	48,516
Purchased services	48,356	51,505	3,149	48,967
Supplies and materials	16,288	12,040	(4,248)	95
Capital outlay	-	-	-	-
Total bilingual programs	<u>2,149,494</u>	<u>2,161,962</u>	<u>12,468</u>	<u>2,244,452</u>
Special education programs K-12 - Private Tuition	<u>1,180,000</u>	<u>1,283,126</u>	<u>103,126</u>	<u>1,175,747</u>
Summer school programs - Private Tuition	<u>210,000</u>	<u>211,355</u>	<u>1,355</u>	<u>208,228</u>
Total instruction	<u>21,618,250</u>	<u>21,278,358</u>	<u>(445,248)</u>	<u>21,241,607</u>

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	<u>Original and</u>	<u>Actual</u>	<u>Variance from</u>	<u>Actual</u>
	<u>Final Budget</u>		<u>Final Budget</u>	
Expenditures (continued)				
Support services				
Pupils				
Attendance and social work services				
Salaries	570,443	565,290	(5,153)	536,523
Employee benefits	8,143	8,225	82	7,431
Supplies and materials	-	-	-	-
Total attendance and social work services	<u>578,586</u>	<u>573,515</u>	<u>(5,071)</u>	<u>543,954</u>
Health services				
Salaries	328,557	328,587	30	316,527
Employee benefits	3,255	3,242	(13)	6,075
Purchased services	190,920	206,798	15,878	190,205
Supplies and materials	3,700	2,199	(1,501)	3,296
Non-capitalized equipment	-	-	-	-
Total health services	<u>526,432</u>	<u>540,826</u>	<u>14,394</u>	<u>516,103</u>
Psychological services				
Salaries	114,667	110,687	(3,980)	111,195
Employee benefits	1,678	1,616	(62)	1,579
Purchased services	102,000	97,716	(4,284)	108,643
Supplies and materials	4,000	-	(4,000)	-
Capital Outlay	-	-	-	-
Total psychological services	<u>222,345</u>	<u>210,019</u>	<u>(12,326)</u>	<u>221,417</u>
Speech pathology and audiology services				
Salaries	305,682	303,814	(1,868)	293,275
Employee benefits	4,468	4,436	(32)	4,166
Purchased services	332,750	370,554	37,804	357,089
Supplies and materials	4,000	3,441	(559)	5,943
Total speech pathology/audiology services	<u>646,900</u>	<u>682,245</u>	<u>35,345</u>	<u>660,473</u>
Total pupils	<u>1,974,263</u>	<u>2,006,605</u>	<u>32,342</u>	<u>1,941,947</u>
Instructional staff				
Improvement of instruction services				
Salaries	556,855	494,317	(62,538)	511,518
Employee benefits	52,513	44,042	(8,471)	155,089
Purchased services	316,269	289,864	(26,405)	283,699
Supplies and materials	63,844	40,823	(23,021)	24,832
Capital Outlay	-	-	-	-
Non-capitalized equipment	1,000	1,075	75	-
Total improvement of inst. svc.	<u>990,481</u>	<u>870,121</u>	<u>(120,360)</u>	<u>975,138</u>

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance from Final Budget	2017
	Original and Final Budget	Actual		Actual
Expenditures (continued)				
Educational media services				
Salaries	373,350	341,864	(31,486)	352,817
Employee benefits	4,154	4,147	(7)	3,871
Purchased services	-	-	-	-
Supplies and materials	70,931	191,682	120,751	101,485
Other objects	9,000	4,021	(4,979)	6,847
Non-capitalized equipment	3,000	-	(3,000)	-
Total educational media services	460,435	541,714	84,279	465,020
Assessment and testing				
Salaries	13,680	5,071	(8,609)	14,758
Employee benefits	201	52	(149)	145
Purchased services	71,300	64,912	(6,388)	62,270
Supplies and materials	-	-	-	-
Non-capitalized equipment	2,500	5,943	3,443	2,067
Total assessment and testing	87,681	75,978	(11,703)	79,240
Total instructional staff	1,538,597	1,487,813	(47,784)	1,519,398
General administration				
Board of Education services				
Purchased services	43,000	40,525	(2,475)	41,498
Supplies and materials	18,000	1,809	(16,191)	2,268
Non-capitalized equipment	-	-	-	-
Total board of education services	61,000	42,334	(18,666)	43,766
Executive administration services				
Salaries	241,990	241,990	-	228,293
Employee benefits	3,534	3,532	(2)	3,242
Purchased services	10,500	14,686	4,186	6,096
Supplies and materials	7,000	18,217	11,217	17,197
Non-capitalized equipment	-	-	-	-
Total executive administration	263,024	278,425	15,401	254,828
Expenditures (continued)				
Special Area Administration Services				
Salaries	233,506	233,506	-	207,642
Employee benefits	2,280	2,278	(2)	2,152
Purchased services	26,700	30,365	3,665	22,808
Supplies and materials	1,000	9,747	8,747	6,603
Total special area administration services	263,486	275,896	12,410	239,205
Tort Immunity Services				
Salaries	20,000	17,438	(2,562)	17,288
Purchased services	193,600	178,378	(15,222)	203,325
Total Tort Immunity Services	213,600	195,816	(17,784)	220,613
Total general administration	801,110	792,471	(8,639)	758,412

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Original and Final Budget	Actual	Variance from Final Budget	Actual
Expenditures (continued)				
School administration				
Office of the principal services				
Salaries	1,489,156	1,484,800	(4,356)	1,482,995
Employee benefits	15,347	15,346	(1)	15,112
Purchased services	5,200	3,454	(1,746)	3,630
Supplies and materials	7,150	5,608	(1,542)	5,349
Total office of the principal services	1,516,853	1,509,208	(7,645)	1,507,086
Total school administration	1,516,853	1,509,208	(7,645)	1,507,086
Business				
Direction of business services				
Salaries	87,920	66,150	(21,770)	66,478
Employee benefits	1,284	-	(1,284)	-
Purchased services	3,000	-	-	-
Supplies and materials	-	348	348	428
Total direction of business services	92,204	66,498	(22,706)	66,906
Fiscal services				
Salaries	494,462	492,561	(1,901)	499,622
Employee benefits	-	-	-	-
Purchased services	283,495	195,138	(88,357)	250,092
Supplies and materials	37,000	38,075	1,075	37,230
Capital outlay	-	-	-	-
Non-capitalized equipment	16,000	-	(16,000)	-
Other objects	-	-	-	-
Termination Benefit	-	-	-	-
Total fiscal services	830,957	725,774	(105,183)	786,944
Operations and maintenance of plant services				
Capital Outlay	-	-	-	228,334
Total operations/maintenance of plant svc	-	-	-	228,334
Pupil transportation services				
Purchased services	-	2,534	2,534	-
Total pupil transportation services	-	2,534	2,534	-
Food services				
Salaries	574,038	504,364	(69,674)	409,904
Employee benefits	1,342	1,134	(208)	1,009
Purchased services	7,500	1,230	(6,270)	1,029
Supplies and materials	1,031,484	985,038	(46,446)	793,053
Non-capitalized equipment	-	18,997	18,997	33,515
Total food services	1,614,364	1,510,763	(103,601)	1,238,510
Total business	2,537,525	2,305,569	(206,250)	2,320,694

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Original and Final Budget	Actual	Variance from Final Budget	Actual
Expenditures (continued)				
Support Services, Central				
Planning, research, development and				
Salaries	228,709	228,709	-	222,036
Employee benefits	2,479	2,477	(2)	2,340
Purchased services	55,000	50,743	(4,257)	26,328
Supplies and materials	-	40,627	40,627	26,546
Total planning, research, dev. svc.	286,188	322,556	36,368	277,250
Staff services				
Salaries	8,400	8,400	-	8,400
Employee benefits	972	972	-	3,357
Purchased services	6,000	1,317	(4,683)	2,462
Total staff services	15,372	10,689	(4,683)	14,219
Data Processing Services				
Salaries	399,957	398,044	(1,913)	377,727
Employee benefits	2,193	2,184	(9)	1,939
Purchased services	364,867	335,051	(29,816)	316,146
Supplies and materials	54,800	61,857	7,057	53,608
Capital outlay	113,000	111,813	(1,187)	-
Non-capitalized equipment	76,000	487,843	411,843	121,742
Total Data Processing Services	1,010,817	1,396,792	385,975	871,162
Total Support Services	9,680,725	9,831,703	179,684	9,210,168
Community services				
Salaries	126,644	81,049	(45,595)	85,618
Employee benefits	3,326	1,289	(2,037)	1,582
Purchased services	44,943	21,152	(23,791)	39,067
Supplies and materials	24,724	13,437	(11,287)	12,786
Other objects	-	-	-	-
Total community services	199,637	116,927	(82,710)	139,053
Payments to Other Districts and Gov't Units				
Other payments				
Purchased services	1,500	526	(974)	294
Other objects	13,000	13,112	112	15,289
Total payments to Other Districts and Other Government Units	14,500	13,638	(862)	15,583
Provision for contingencies	100,000	-	(100,000)	-
Total expenditures	31,613,112	31,240,626	(372,486)	30,606,411

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>	<u>Actual</u>
Expenditures (continued)				
Deficiency of revenues over expenditures	<u>186,754</u>	<u>2,557,456</u>	<u>2,370,702</u>	<u>1,194,425</u>
Other financing sources (uses)				
Permanent transfer from working cash fund -Abatement	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(175,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(175,000)</u>
Net change to fund balance	<u>186,754</u>	<u>2,527,456</u>	<u>2,340,702</u>	<u>1,019,425</u>
Fund balance, beginning of year		<u>4,078,077</u>		<u>39,757,852</u>
Fund balance, end of year		<u>\$ 6,605,533</u>		<u>\$ 40,777,277</u>

BERWYN NORTH SCHOOL DISTRICT 98
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
<u>Revenues</u>				
Local Sources				
General levy	1,146,807	1,131,850	(14,957)	1,112,440
Interest on Investments	7,690	17,762	10,072	10,025
Refund of prior years' expenditures	15,000	23,226	8,226	21,882
Other	93,000	148,206	55,206	105,380
Total local sources	<u>1,262,497</u>	<u>1,321,044</u>	<u>58,547</u>	<u>1,249,727</u>
State sources				
General State Aid	2,998,681	3,005,748	7,067	2,136,641
Other State	-	-	-	80,472
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total state sources	<u>2,998,681</u>	<u>3,005,748</u>	<u>7,067</u>	<u>2,217,113</u>
Federal sources				
Other restricted grants	-	-	-	-
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,261,178</u>	<u>4,326,792</u>	<u>65,614</u>	<u>3,466,840</u>
<u>Expenditures</u>				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	10,000	25,043	15,043	190,605
Capital outlay	-	-	-	-
Termination benefits	-	-	-	-
Total operations/maintenance	<u>10,000</u>	<u>25,043</u>	<u>15,043</u>	<u>190,605</u>

BERWYN NORTH SCHOOL DISTRICT 98
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
Operations and maintenance of plant services				
Salaries	1,330,704	1,301,329	(29,375)	1,272,625
Employee benefits	211,174	281,788	70,614	177,610
Purchased services	1,506,750	1,083,450	(423,300)	526,442
Supplies and materials	528,625	517,000	(11,625)	349,497
Capital outlay	-	-	-	-
Other objects	100	337,913	337,813	291,166
Non-Capitalized equipment	5,000	-	(5,000)	4,448
Termination benefits	-	-	-	-
Total operations/maintenance	<u>3,582,353</u>	<u>3,521,480</u>	<u>(60,873)</u>	<u>2,621,788</u>
Other Support Services	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support services	<u>3,842,353</u>	<u>3,546,523</u>	<u>(45,830)</u>	<u>2,812,393</u>
Provision for contingencies	100,000	-	(100,000)	-
Total expenditures	<u>3,942,353</u>	<u>3,546,523</u>	<u>(145,830)</u>	<u>2,812,393</u>
Net change in fund balance	<u>318,825</u>	780,269	<u>211,444</u>	654,447
Fund balance, beginning of year		<u>3,056,137</u>		<u>2,401,690</u>
Fund balance (deficit), end of year		<u>3,836,406</u>		<u>3,056,137</u>

BERWYN NORTH SCHOOL DISTRICT 98
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
<u>Revenues</u>				
Local Sources				
General levy	657,568	439,474	(218,094)	198,189
Interest on Investments	800	1,124	324	883
Other local revenues	6,000	2,034	(3,966)	10,840
Total local sources	664,368	442,632	(221,736)	209,912
State sources				
Transportation - Regular/Vocational	-	-	-	-
Transportation - Special Education	635,000	826,360	191,360	660,137
Other State Sources	-	-	-	-
Total state sources	635,000	826,360	191,360	660,137
Total revenues	1,299,368	1,268,992	(30,376)	870,049
<u>Expenditures</u>				
Support services				
Business				
Pupil transportation services				
Salaries	390,891	354,020	(36,871)	320,847
Employee benefits	93,708	64,503	(29,205)	82,027
Purchased services	705,013	789,198	84,185	691,415
Supplies and materials	25,000	18,730	(6,270)	16,172
Capital Outlay	80,000	67,647	(12,353)	-
Other Objects	-	-	-	-
Total pupil transportation services	1,294,612	1,294,098	(514)	1,110,461
Total support services	1,294,612	1,294,098	(514)	1,110,461
Total expenditures	1,294,612	1,294,098	(514)	1,110,461
Excess (deficiency) of revenues over expenditures	4,756	(25,106)	(29,862)	(240,412)

BERWYN NORTH SCHOOL DISTRICT 98
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
Other financing sources				
Proceeds from sales of assets	-	1,200	1,200	-
Permanent transfer from working cash fund	-	-	-	21,000
Total other financing sources	-	1,200	-	21,000
Net change in fund balance	4,756	(23,906)	(29,862)	(219,412)
Fund balance, beginning of year		210,364		429,776
Fund balance (deficit), end of year		186,458		210,364

BERWYN NORTH SCHOOL DISTRICT 98
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
<u>Revenues</u>				
Local Sources				
General levy	619,520	541,091	(78,429)	468,051
Social Security/Medicare only levy	640,175	572,380	(67,795)	498,823
Corporate personal property replacement taxes	20,000	20,000	-	20,000
Interest on investments	537	260	(277)	205
Total local sources	<u>1,280,232</u>	<u>1,133,731</u>	<u>(146,501)</u>	<u>987,079</u>
Total revenues	<u>1,280,232</u>	<u>1,133,731</u>	<u>(146,501)</u>	<u>987,079</u>
<u>Expenditures</u>				
Instruction				
Regular programs	132,436	126,833	(5,603)	128,614
Pre-K programs			-	
Special education programs	243,206	218,358	(24,848)	218,164
Remedial and supplemental programs K-12	1,585	689	(896)	610
Interscholastic programs	2,539	5,234	2,695	5,118
Summer school programs	9,261	8,128	(1,133)	6,486
Gifted programs	180	2,842	2,662	2,113
Bilingual programs	50,273	49,304	(969)	49,704
Total instruction	<u>439,480</u>	<u>411,388</u>	<u>(28,092)</u>	<u>410,809</u>
Support services				
Pupils				
Attendance and social work svc	9,081	6,500	(2,581)	6,759
Guidance services	-	-	-	-
Health services	25,054	35,911	10,857	35,043
Psychological services	1,664	2,896	1,232	2,852
Speech pathology/audiology svc	4,434	3,245	(1,189)	3,139
Other support services	-	-	-	-
Total pupils	<u>40,233</u>	<u>48,552</u>	<u>8,319</u>	<u>47,793</u>

BERWYN NORTH SCHOOL DISTRICT 98
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
Instructional staff				
Improvement of instruction svcs	19,953	19,433	(520)	19,877
Educational media services	20,549	14,157	(6,392)	17,892
Assessment and testing	199	1,563	1,364	2,011
Total instructional staff	40,701	35,153	(5,548)	39,780
General administration				
Executive administration services	3,509	74	(3,435)	214
Special Area administration services	16,526	19,586	3,060	15,548
Edu, Insp. Sprvsr Loss Prev	1,530	1,388	(142)	1,370
Total general administration	21,565	21,048	(517)	17,132
School administration				
Office of the principal services	95,906	87,423	(8,483)	86,245
Total school administration	95,906	87,423	(8,483)	86,245
Business				
Direction of business support service	16,188	17,885	1,697	21,014
Fiscal services	91,032	83,093	(7,939)	85,709
Operations and maintenance of plant services	244,990	232,646	(12,344)	231,054
Pupil transportation services	70,760	66,135	(4,625)	57,342
Food services	89,159	64,495	(24,664)	51,750
Total business	512,129	464,254	(47,875)	446,869
Central				
Planning, research, development and evaluation services	13,322	9,939	(3,383)	9,762
Staff services	122	3,316	3,194	3,220
Data Processing services	48,169	46,784	(1,385)	46,528
Total Central	61,613	60,039	(1,574)	59,510
Total support services	772,147	716,469	(55,678)	697,329
Community Services	18,075	10,132	(7,943)	10,074
Contingencies	10,000	-	(10,000)	-
Total expenditures	1,239,702	1,137,989	(101,713)	1,118,212

BERWYN NORTH SCHOOL DISTRICT 98
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
Excess (deficiency) of revenues over expenditures	<u>40,530</u>	<u>(4,258)</u>	<u>(44,788)</u>	<u>(131,133)</u>
Other financing sources				
Permanent transfer from working cash fund - Abatement	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>146,200</u>
Total other financing sources	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>146,200</u>
Net change in fund balance	<u>40,530</u>	<u>25,742</u>	<u>(14,788)</u>	<u>15,067</u>
Fund balance, beginning of year		<u>15,196</u>		<u>129</u>
Fund balance (deficit), end of year		<u><u>40,938</u></u>		<u><u>15,196</u></u>

BERWYN NORTH SCHOOL DISTRICT 98
FIRE PREVENTION AND SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			
	Final Budget	Actual	Variance from Final Budget	2017 Actual
<u>Revenues</u>				
Local Sources				
General levy	8,719	7,150	(1,569)	1,685
Interest on Investments	299	804	505	495
Other	-	-	-	-
Total local sources	<u>9,018</u>	<u>7,954</u>	<u>(1,064)</u>	<u>2,180</u>
Total revenues	<u>9,018</u>	<u>7,954</u>	<u>(1,064)</u>	<u>2,180</u>
<u>Expenditures</u>				
Support services				
Facilities acquisition and construction services				
Purchased services	15,000	11,321	(3,679)	15,943
Capital outlay	-	-	-	-
Total operations/maintenance	<u>15,000</u>	<u>11,321</u>	<u>(3,679)</u>	<u>15,943</u>
Total support services	<u>15,000</u>	<u>11,321</u>	<u>(3,679)</u>	<u>15,943</u>
Total expenditures	<u>15,000</u>	<u>11,321</u>	<u>(3,679)</u>	<u>15,943</u>
Deficiency of revenues over expenditures	<u>(5,982)</u>	<u>(3,367)</u>	<u>2,615</u>	<u>(13,763)</u>
Net change in fund balance	<u>(5,982)</u>	<u>(3,367)</u>	<u>2,615</u>	<u>(13,763)</u>
Fund balance, beginning of year		<u>107,093</u>		<u>120,856</u>
Fund balance (deficit), end of year		<u>103,726</u>		<u>107,093</u>

BERWYN NORTH SCHOOL DISTRICT 98
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements were approved by the Board of Education on September 28, 2017 effective for the year ending June 30, 2018.
- g) All budget appropriations lapse at the end of the fiscal year.

BERWYN NORTH SCHOOL DISTRICT 98
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

2. BUDGET RECONCILIATION

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

	<u>Revenues</u>	<u>Expenditures</u>
General Fund - budgetary basis	31,799,866	31,613,112
To adjust for on-behalf payments received	12,212,081	-
To adjust for on-behalf payments made	<u>-</u>	<u>12,212,081</u>
General Fund - GAAP baiss	<u><u>44,011,947</u></u>	<u><u>43,825,193</u></u>

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
BALANCE SHEET
June 30, 2018

	<u>Educational</u>	<u>Tort</u>	<u>Working Cash</u>	<u>Total</u>
ASSETS				
Cash and investments	42,220,794	280,798	370,868	42,872,460
Receivables (net of allowance for uncollectibles):				-
Property taxes	2,495,215	138,150	-	2,633,365
Replacement taxes	19,297	-	-	19,297
Intergovernmental	411,252	-	-	411,252
Prepaid expense	-	-	-	-
Total assets	<u>45,146,558</u>	<u>418,948</u>	<u>370,868</u>	<u>45,936,374</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	15,160	-	-	15,160
Salaries and wages payable	-	-	-	-
Payroll deductions payable	-	-	-	-
Unearned revenue	<u>2,471,582</u>	<u>137,100</u>	<u>-</u>	<u>2,608,682</u>
Total liabilities	<u>2,486,742</u>	<u>137,100</u>	<u>-</u>	<u>2,623,842</u>
Fund balances:				
Restricted	-	281,848	-	281,848
Unassigned	<u>42,659,816</u>	<u>-</u>	<u>370,868</u>	<u>43,030,684</u>
Total fund balance	<u>42,659,816</u>	<u>281,848</u>	<u>370,868</u>	<u>43,312,532</u>
Total liabilities and fund balance	<u>45,146,558</u>	<u>418,948</u>	<u>370,868</u>	<u>45,936,374</u>

BERWYN NORTH SCHOOL DISTRICT 98
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	General	Working Cash	Tort	Total
<u>Revenues</u>				
Property taxes	5,602,910	-	265,888	5,868,798
Replacement taxes	83,718	-	-	83,718
State aid	23,400,614	-	-	23,400,614
Federal aid	4,022,301	-	-	4,022,301
Interest	262,581	3,581	1,109	267,271
Other	<u>155,379</u>	<u>-</u>	<u>-</u>	<u>155,379</u>
Total revenues	<u>33,527,503</u>	<u>3,581</u>	<u>266,997</u>	<u>33,798,081</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular programs	12,240,068	-	-	12,240,068
Special programs	4,518,763	-	-	4,518,763
Other instructions programs	4,330,861	-	-	4,330,861
State on-behalf payments	-	-	-	-
Support services:				
Pupils	2,006,605	-	-	2,006,605
Instructional staff	1,487,813	-	-	1,487,813
General administration	596,655	-	195,816	792,471
School administration	1,509,208	-	-	1,509,208
Business	2,305,569	-	-	2,305,569
Operations and maintenance	-	-	-	-
Central	322,556	-	-	322,556
Other supporting services	1,407,481	-	-	1,407,481
Community services	116,927	-	-	116,927
Nonprogrammed charges	13,638	-	-	13,638
Capital outlay	<u>188,666</u>	<u>-</u>	<u>-</u>	<u>188,666</u>
Total expenditures	<u>31,044,810</u>	<u>-</u>	<u>195,816</u>	<u>31,240,626</u>
Deficiency of revenues over expenditures	<u>2,482,693</u>	<u>3,581</u>	<u>71,181</u>	<u>2,557,455</u>
Other financing sources (uses)				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balances	2,482,693	(26,419)	71,181	2,527,455
Fund balance, beginning of year	<u>40,177,123</u>	<u>397,287</u>	<u>210,667</u>	<u>40,785,077</u>
Fund balance, end of year	<u>42,659,816</u>	<u>370,868</u>	<u>281,848</u>	<u>43,312,532</u>

BERWYN NORTH SCHOOL DISTRICT 98
PROPERTY TAX RATES AND LEVIES
LAST FIVE TAX LEVY YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed valuation	<u>267,693,489</u>	<u>215,973,566</u>	<u>209,903,385</u>	<u>216,502,292</u>	<u>232,173,685</u>
Rates Extended					
Educational	2.0341	2.8069	2.9058	2.8500	2.7628
Tort Immunity	0.1038	0.1257	0.1374	0.1242	0.1074
Special Education	0.0220	0.0267	0.0270	0.0281	0.0242
Operations/Maintenance	0.4425	0.5349	0.5108	0.4615	0.3000
Transportation	0.2530	0.0956	0.0930	0.0951	0.0843
IMRF	0.2384	0.2241	0.2208	0.1879	0.1584
Social Security	0.2463	0.2337	0.2380	0.2236	0.2017
Fire Prevention and Safety	<u>0.0054</u>	<u>0.0005</u>	<u>0.0005</u>	<u>0.0005</u>	<u>-</u>
Total rates extended	<u>3.3455</u>	<u>4.0481</u>	<u>4.1333</u>	<u>3.9709</u>	<u>3.6388</u>
Levies Extended					
Educational	5,445,190	6,062,158	6,099,437	6,170,329	6,414,478
Tort Immunity	277,987	271,378	288,400	268,830	249,260
Special Education	58,980	57,680	56,650	60,770	56,201
Operations/Maintenance	1,184,500	1,155,176	1,072,230	999,203	696,510
Transportation	677,295	206,453	195,237	206,000	195,700
IMRF	638,106	483,894	463,500	406,850	367,871
Social Security	659,380	504,700	499,550	484,100	468,199
Fire Prevention and Safety	<u>14,420</u>	<u>1,030</u>	<u>1,030</u>	<u>1,030</u>	<u>-</u>
Total levies extended	<u>8,955,858</u>	<u>8,742,469</u>	<u>8,676,034</u>	<u>8,597,112</u>	<u>8,448,219</u>

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

BERWYN NORTH SCHOOL DISTRICT 98
OPERATING COSTS AND TUITION CHARGE (Unaudited)
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>2,349</u>	<u>2,517</u>
Operating costs:		
Educational	31,044,810	30,385,798
Operations and Maintenance	3,546,523	2,812,393
Tort Immunity	195,816	220,613
Transportation	1,294,098	1,110,461
Municipal Retirement/Social Security	<u>1,137,989</u>	<u>1,118,212</u>
Subtotal	<u>37,219,236</u>	<u>35,647,477</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	1,501,906	1,348,256
Summer School	225,847	214,714
Capital outlay	188,666	447,671
Non-capitalized equipment	862,871	316,568
Community services	127,059	149,127
Payments to other governments	<u>13,638</u>	<u>15,583</u>
Subtotal	<u>2,919,987</u>	<u>2,491,919</u>
Operating costs	<u>34,299,249</u>	<u>33,155,558</u>
Operating costs per pupil - based on ADA	<u>14,602</u>	<u>13,171</u>
Tuition Charge		
Operating costs:	34,299,249	33,155,558
Less - revenues from specific programs, such as special education or lunch programs	<u>6,206,297</u>	<u>6,076,076</u>
Net operating costs	28,092,952	27,079,482
Depreciation allowance	<u>1,515,294</u>	<u>1,450,664</u>
Allowance tuition costs	<u>29,608,246</u>	<u>28,530,146</u>
Tuition charges per pupil - based on ADA	<u>12,605</u>	<u>11,333</u>

BERWYN NORTH SCHOOL DISTRICT 98
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Educational Account, Tort Immunity Account and Operations and Maintenance Fund)

Last ten years

	2018	2017	2016	2015
Revenues				
Local Sources	7,692,629	8,157,254	7,818,758	7,682,573
State Sources	-			
Educational Fund	23,400,614	21,147,653	20,888,563	20,285,890
Operations & Maintenance Fund	3,005,748	2,217,113	1,838,643	737,297
Federal Sources	4,022,301	3,743,350	3,813,949	3,774,082
Total revenues	<u>38,121,292</u>	<u>35,265,370</u>	<u>34,359,913</u>	<u>32,479,842</u>
Expenditures				
Instruction	21,089,692	21,428,782	19,495,720	20,154,093
Support Services				
Educational and Tort Fund	9,831,703	8,761,221	8,923,705	8,912,904
Operations & Maintenance Fund	3,546,523	2,812,393	2,576,170	2,278,263
Community services	116,927	139,053	117,820	110,039
Nonprogrammed charges	13,638	15,583	10,020	27,384
Capital Outlay	188,666	261,772	534,360	321,409
Total expenditures	<u>34,787,149</u>	<u>33,418,804</u>	<u>31,657,795</u>	<u>31,804,092</u>
Deficiency of revenues over expenditures	<u>3,334,143</u>	<u>1,846,566</u>	<u>2,702,118</u>	<u>675,750</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(675,536)
Bond Proceeds	-	-	-	-
payments to escrow	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(675,536)</u>
Net change in fund balance	3,334,143	1,846,566	2,702,118	214
Fund balance, beginning of year	<u>43,443,927</u>	<u>41,597,361</u>	<u>38,895,243</u>	<u>38,895,029</u>
Fund balance, end of year	<u>46,778,070</u>	<u>43,443,927</u>	<u>41,597,361</u>	<u>38,895,243</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
6,802,005	7,494,662	7,306,633	6,500,674	7,210,397	7,312,099
20,094,889	17,965,536	17,774,366	18,532,257	13,354,336	14,232,741
789,417	2,738,498	8,376,038	2,209,891	2,353,122	1,579,371
<u>3,569,655</u>	<u>3,287,417</u>	<u>3,551,142</u>	<u>5,526,360</u>	<u>7,368,007</u>	<u>6,374,886</u>
<u>31,255,966</u>	<u>31,486,113</u>	<u>37,008,179</u>	<u>32,769,182</u>	<u>30,285,862</u>	<u>29,499,097</u>
18,696,911	17,944,817	16,970,443	16,292,736	15,900,825	16,751,428
8,520,434	8,326,076	7,829,980	7,368,146	6,910,387	6,367,953
2,524,403	2,479,720	2,443,893	2,800,076	2,705,154	2,475,117
83,839	92,347	70,025	42,663	81,175	74,034
66,987	69,036	56,568	250,448	303,639	231,620
<u>60,601</u>	<u>1,001,688</u>	<u>1,179,776</u>	<u>-</u>	<u>-</u>	<u>575,583</u>
<u>29,953,175</u>	<u>29,913,684</u>	<u>28,550,685</u>	<u>26,754,069</u>	<u>25,901,180</u>	<u>26,475,735</u>
<u>1,302,791</u>	<u>1,572,429</u>	<u>8,457,494</u>	<u>6,015,113</u>	<u>4,384,682</u>	<u>3,023,362</u>
-	820,000	-	-	-	87,615
(4,601,853)	(1,204,057)	-	-	-	(87,615)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,601,853)</u>	<u>(384,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,299,062)	1,188,372	8,457,494	6,015,113	4,384,682	3,023,362
<u>42,194,091</u>	<u>41,005,719</u>	<u>32,548,225</u>	<u>26,533,112</u>	<u>22,148,430</u>	<u>19,125,068</u>
<u>38,895,029</u>	<u>42,194,091</u>	<u>41,005,719</u>	<u>32,548,225</u>	<u>26,533,112</u>	<u>22,148,430</u>

BERWYN NORTH SCHOOL DISTRICT 98
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN ACCUMULATED BALANCES
Child Nutrition Program
Last five years

	2018	2017	2016	2015	2014
Receipts/Revenues					
Federal reimbursement	895,773	997,201	1,112,155	1,148,574	1,112,044
State reimbursement	34,607	5,319	12,230	11,359	24,673
Children's payments	51,570	53,061	52,540	80,126	103,231
Adults' payments	-	-	-	-	-
Total receipts/revenues	<u>981,950</u>	<u>1,055,581</u>	<u>1,176,925</u>	<u>1,240,059</u>	<u>1,239,948</u>
Expenditures					
Salaries	504,364	409,904	381,954	408,917	360,667
Benefits	1,134	1,009	930	-	198
Food and contracted food service	986,268	794,082	827,439	899,712	974,279
Capital Outlay	18,997	33,515	-	-	-
Other Costs	-	-	-	-	-
Total expenditures	<u>1,510,763</u>	<u>1,238,510</u>	<u>1,210,323</u>	<u>1,308,629</u>	<u>1,335,144</u>
Deficiency of revenues over expenditures	(528,813)	(182,929)	(33,398)	(68,570)	(95,196)
Accumulated balance excess, beginning of year	<u>(214,378)</u>	<u>(31,449)</u>	<u>1,949</u>	<u>70,519</u>	<u>165,715</u>
Accumulated balance excess (deficit) end of year	<u>(743,191)</u>	<u>(214,378)</u>	<u>(31,449)</u>	<u>1,949</u>	<u>70,519</u>

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 Members of Board of Education
Berwyn North School District 98
Berwyn, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Berwyn North School District 98 (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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

To the Members of the Board of Education
Berwyn North School District 98

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 the 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 the District'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.



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

September 6, 2018

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

To the Members of the Board of Education
Berwyn North School District 98
Berwyn, Illinois

Report on Compliance for Each Major Federal Program

We have audited Berwyn North School District 98's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District'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 the District'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 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 the District's compliance with those

To the Members of the Board of Education
Berwyn North School District 98

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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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 the District 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 the District'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 the District'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 combinations 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.

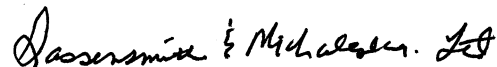
To the Members of the Board of Education
Berwyn North School District 98

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.

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 6, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

Joliet, Illinois
September 6, 2018

06-016-0980-02
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 # (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 Pass through to Subrecipients (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients (G)			
U.S. Department of Agriculture:										
<i>Flow-Through From the Illinois State Board of Education:</i>										
Child Nutrition Cluster:										
National School Lunch Program (m)	10.555	18-4210-00	-	773,888.00	-	-	773,888.00	-	773,888.00	n/a
National School Lunch Program	10.555	17-4210-00	847,875.00	121,885.00	847,875.00	-	121,885.00	-	969,760.00	n/a
School Breakfast Program (m)	10.555	18-4220-00	-	460,701.00	-	-	46,701.00	-	46,701.00	n/a
School Breakfast Program	10.555	17-4220-00	161,691.00	83,199.00	161,691.00	-	83,199.00	-	244,890.00	n/a
Non-Cash Commodities Received:										
Value of Food Commodities - Preferred meal service (m)	10.555	18-4999-00	-	124,333.00	-	-	124,333.00	-	124,333.00	n/a
Value of Food Commodities - Preferred meal service	10.555	17-4999-00	134,905.00	-	134,905.00	-	-	-	134,905.00	n/a
Total U.S. Department of Agriculture:			1,144,471.00	1,564,006.00	1,144,471.00	-	1,150,006.00	-	2,294,477.00	n/a
U.S. Department of Education:										
<i>Flow-Through From the Illinois State Board of Education:</i>										
Title I - Low Income (m)	84.010A	18-4300	-	786,901.00	-	-	957,284.00	-	957,284.00	1,304,992
Title I - Low Income (m)	84.010A	17-4300	1,141,650.00	255,617.00	1,141,650.00	-	255,617.00	-	1,397,267.00	1,397,267
Title III - Immigrant education program (IEP)	84.365A	18-4905-00	-	751.00	-	-	751.00	-	751.00	1,754
Title III - Immigrant education program (IEP)	84.365A	17-4905-00	2,839.00	-	2,839.00	-	-	-	2,839.00	4,593
Title III - Lang. Inst. Progr. Limited Eng. (LIPLEP)	84.365A	18-4909-00	-	77,969.00	-	-	77,969.00	-	77,969.00	142,703
Title III - Lang. Inst. Progr. Limited Eng. (LIPLEP)	84.365A	17-4909-00	70,388.00	8,335.00	70,388.00	-	8,335.00	-	78,723.00	131,008
Title IVA - Student Support & Academic Enrich	84.424A	18-4400	-	14,078.00	-	-	14,078.00	-	14,078.00	28,934
Title II - Teacher Quality	84.367A	18-4932-00	-	108,256.00	-	-	117,716.00	-	117,716.00	175,342
Title II - Teacher Quality	84.367A	17-4932-00	72,537.00	2,857.00	72,537.00	-	2,857.00	-	75,394.00	85,750
IDEA - Flow Through/Preschool	84.173A	18-4600-00	-	22,078.00	-	-	22,108.00	-	22,108.00	27,676
IDEA - Flow Through/Preschool	84.173A	17-4600-00	29,248.00	-	29,248.00	-	-	-	29,248.00	29,848
IDEA - Room & Board	84.027A	17-4625-00	-	387.00	-	-	387.00	-	387.00	
IDEA - Flow Through	84.027A	18-4620-00	-	511,414.00	-	-	631,384.00	-	631,384.00	784,258
IDEA - Flow Through	84.027A	17-4620-00	608,657.00	-	608,657.00	-	-	-	608,657.00	726,449
<i>Flow-Through From the Morton College District 527</i>										
Preschool Expansion Grant	84.419B	18-4902-00	139,814.00	277,364.00	139,814.00	-	227,364.00	-	367,178.00	610,620
Total U.S. Department of Education:			2,065,133.00	2,066,007.00	2,065,133.00	-	2,315,850.00	-	4,380,983.00	
U.S. Department of Health and Human Services:										
<i>Flow-Through From the Illinois Department of Healthcare & Family Services</i>										
Medicaid Administrative Outreach	93.778	18-4991	-	123,648.00	-	-	126,348.00	-	126,348.00	n/a
Medicaid Administrative Outreach	93.778	17-4991	95,842.00	-	95,842.00	-	-	-	95,842.00	n/a
Total U.S. Department of Health and Human Services			95,842.00	123,648.00	95,842.00	-	126,348.00	-	222,190.00	n/a
TOTAL FEDERAL AWARDS			3,305,446.00	3,753,661.00	3,305,446.00	-	3,592,204.00	-	6,897,650.00	n/a

• (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.

Berwyn North School District 98

Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

Note 1 Accounting Basis

The schedule of expenditures of federal awards includes the federal grant activity of the Berwyn North School District 98 (District), and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the 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), therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the uniform guidance.

Reconciliation Of Schedule of Expenditures Of Federal Awards To Basic Financial Statements

Revenues Per Schedule of Expenditures Of Federal Awards	\$3,753,661
Add-Medicaid Fees-For-Service Program	392,973
Less- Values of Commodities	<u>(124,333)</u>
Total Federal Revenues Per Basic Financial Statements	<u><u>\$4,022,301</u></u>

Note 2 Subrecipients, Insurance, and Loans

Of the federal expenditures in the schedule, the District did not provide any federal awards to subrecipients. The District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at the year end.

Berwyn North School District 98

Summary of Findings and Questionable Costs
June 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the modified accrual basis financial statements of the District for the year ended June 30, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

2. No material weaknesses were disclosed during the audit of the financial statements. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the combined financial statements of the District were disclosed during the audit.

INTERNAL CONTROL OVER MAJOR PROGRAMS

4. No material weaknesses were disclosed during the audit of compliance over major federal award programs. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of compliance over major federal award programs.
5. The Auditor's Report on Compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for the District.

IDENTIFICATION OF MAJOR PROGRAMS

7. The program tested as major programs was Child Nutrition Cluster (10.555) and Title I (84.010A).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The District was not determined to be a low-risk auditee.

Berwyn North School District 98

Summary of Findings and Questionable Costs
June 30, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no financial statement findings reported for the fiscal year ended June 30, 2018.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD
PROGRAMS AUDIT

There were no federal award findings reported for the fiscal year ended June 30, 2018.

Berwyn North School District 98
Summary Schedule of Prior Audit Findings
June 30, 2018

The prior audit findings that affected federally funded programs have not been repeated in the current year.