

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

OF

**NORTH SHORE SCHOOL DISTRICT
112**

HIGHLAND PARK, IL

As of and for the Year Ended June 30, 2018

Officials Issuing Report

Christopher Wildman
Chief Financial Officer/Treasurer/CSBO

Department Issuing Report

Business Office

NORTH SHORE SCHOOL DISTRICT 112

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December 7, 2018

President and Members of the Board of Education
North Shore School District 112
Highland Park, IL 60035

The Comprehensive Annual Financial Report (CAFR) of North Shore School District 112 (District 112), Highland Park, Illinois, for the fiscal year ended June 30, 2018, is attached. The report was prepared by the Chief Financial Officer. The report date on the underlying financial statements is December 7, 2018, and an unmodified auditors' opinion on the financial statements has been issued.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the District fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Financial Statements

The CAFR includes all funds that are controlled by or dependent on the Board of Education of the District and is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, the Certificate of Excellence and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes Management's Discussion and Analysis (MD&A) of the District's financial performance for the year, the basic financial statements, and the fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules and the notes to the financial statements. The statistical section includes selected unaudited financial and demographic information, generally presented on a multiyear basis.

Other information on the District's financial results can be obtained from the Management Discussion & Analysis included with this CAFR.

The District does not have financial accountability over any other entity, and, thus, does not include any other entity as a component unit in this report. Additionally, the District is an independent entity, not includable as a component unit of any other reporting entity.

History of the District

The District was organized on July 1, 1993, and is governed by an elected seven-member Board of Education. The District maintains grades kindergarten through eighth in eight elementary school buildings and three middle school buildings. Pre-kindergarten and certain special education programs are also provided in the District's administrative building.

The District provides educational instruction to children residing in the City of Highland Park, the City of Highwood, Fort Sheridan and a portion of Deerfield. The District's operations are funded primarily through local property taxes. The District operates under guidelines and restrictions set forth in the Illinois School Code and various federal statutes.

The District's year over year enrollment is relatively stable, with some fluctuation during the year generated by military housing in the Fort Sheridan Army base. Absent a growth spurt related to the completion of the new military housing in fiscal 2009, typically the District has experienced minor annual or aggregate volatility in enrollment over the previous ten years. Over the next year, the District does not expect significant enrollment fluctuation.

Accounting Systems and Budgetary Control

The District has complete responsibility for the preparation and modification of its annual budget and is solely accountable for its fiscal matters, including surpluses and deficits, assignments of management, and issuance of debt. The District's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and that (2) the valuation of costs and benefits requires estimates and judgments by management.

The District's independent auditors run tests to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the tests for the fiscal year ended June 30, 2018, did not indicate any instances of material weaknesses in the internal control structure. No significant violations of applicable laws and regulations were noted.

The District maintains sound budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Education.

Monthly, the business office provides the Board with a variance report based on changes to the approved budget. The Board is also provided with other monthly financial information including revenue and expenditure detail, check registers and cash, receivable and investment summaries. Other financial information is routinely provided as needed.

Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds are included in the annual budget. The level of budgetary control is established at the individual fund level. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

General Governmental Activities

The general governmental activities include all services provided by the District. Included are the general, special revenue, debt service, and capital project funds. The activities include all instructional, maintenance, and administrative costs of the district.

Property taxes are the most significant revenue source of the District. The three factors that affect property tax revenues are assessed valuation, the tax multiplier, and the tax rate. The equalized assessed valuation of the District of \$2,475,570,036 represents an increase in the tax base of 10% over the prior year. The tax multiplier is determined by a state agency which attempts to equalize the assessment on real property in order to determine the property value for taxing purposes. This value is referred to as the equalized assessed valuation (EAV).

Economic Condition and Outlook

The District is located in the northeastern part of the state in a mature “built out” community. The District’s tax base is primarily made up of residential communities, with some retail businesses and little industry. The economic condition of the Highland Park and Highwood areas is relatively stable. Assessed property values in the District’s community, as with virtually all nationally, have declined. While being an unfavorable trend, the decline has been far less than other Chicago area communities, some of which have been impacted by double-digit annual declines in assessed values. The prospect of continuing the current level and receiving some additional property tax revenue is good.

The recent downturn in the financial and real estate markets has also had a generally negative impact on housing values. However, under current or any proposed modified “tax cap” legislation, this factor does not currently have a significant effect on the property tax revenues allocated to the District. Changes in relative housing values primarily reallocate taxes due to the District among community taxpayers. The District’s community also continues to demonstrate its ability to pay taxes owed. This financial profile is expected to continue. However, if the aggregate property values declined so significantly that tax rates exceeded authorized maximums, revenues could decline; an event not considered probable. In addition, compared to other community locations, any related negative financial impacts in relative terms are anticipated to continue to be less.

Like all districts in the state, District 112 has fiscal challenges provided by current global economic conditions that will negatively impact future operations and the ability to maintain balanced budgets. Unlike most other districts, however, District 112 has fund balance reserves to help sustain reasonably reduced operations and overall negative economic impacts.

STRATEGIC PLAN, MISSION, BELIEFS, PARAMETERS, OBJECTIVES, AND STRATEGIES

Mission Statement

The mission statement is a clear and concise expression of the District’s identity, purpose, and means. It is the keystone of the Strategic Plan.

The mission of North Shore School District 112, a community partnership committed to a world-class education, is to nurture every child to become an inspired learner, well-rounded individual and contributing member of a global community by striving for excellence within an environment that fosters innovation, respect, engagement, and intellectual inquiry.

Beliefs

The beliefs are the driving force of the entire Strategic Plan. They can be described as the non-negotiable principles that underlie the entire plan and reflect our most deep and abiding convictions.

We Believe That...

- All individuals have inherent value.
- Hard work, self-confidence and determination increase the probability of achieving full potential.
- Individuals are responsible for their own decisions and actions.

- Any community benefits when people willingly contribute to the well-being of others.
- Everyone can be a successful learner.
- Effective education enhances the quality of life.
- Understanding diversity is essential for people to thrive in an interdependent world.
- Honesty and integrity build trusting relationships.
- Effective education is a partnership among school, family and the broader community.
- Change involves risk and is necessary for continuous improvement in a dynamic world.

Parameters

The parameters of the Strategic Plan are absolute pronouncements that establish the boundaries to prevent the overzealous pursuit of the Mission. The parameters are self-imposed limitations that are applied throughout the strategic planning process and the development of the Strategic Plan.

1. We will always provide safe, supportive and nurturing learning and working environments.
2. We will not tolerate behavior that is disrespectful or demeaning to any individual or group.
3. No new program or service will be accepted unless:
 - It is consistent with the strategic plan
 - Its benefits justify costs, and
 - Provisions are made for professional development and program evaluation.
4. No program or service will be retained unless it makes an optimal contribution to the mission and benefits continue to justify the cost.
5. We practice fiscal responsibility while maintaining an operating fund balance of at least 25%.
6. The scope of our programming will always attend to the social, emotional and physical well-being of our students.
7. The School Improvement Plans will always be consistent with the District's Strategic Plan.
8. We will always consider the environmental impact of our decisions as we pursue our Mission.

Objectives

The objectives of the Strategic Plan are the School District's commitment to achieve specific and measurable end results. The objectives are tied very closely to the mission statement and are derived from and define the mission.

- Every student will achieve personal academic excellence by demonstrating growth as measured by North Shore School District 112 standards and assessments.
- Every child will develop, understand and consistently demonstrate the character attributes of respect, responsibility, trustworthiness, caring, fairness and citizenship at school and in the community.

Strategies

The strategies of the Strategic Plan describe the broad statements of how the School District's resources will be deployed to achieve our mission and objectives. The strategies are directly related to the mission and objectives and are designed to close the gap between what is and what could be. These strategies will provide focus and total system concentration of our effort and resources.

1. We will continue to align our curriculum and develop standards and student assessments in all curricular areas.
2. We will ensure our educators have the support necessary to utilize effective instructional strategies and interventions to inspire creativity and intellectual curiosity for each student to grow to academic excellence.
3. We will develop and implement plans to ensure the sustainability of the District's financial and human resources and their equitable distribution.

4. We will develop and implement plans to ensure we have the facilities and technology infrastructure needed to achieve our mission and objectives.
5. We will develop plans to unify our district and community by improving understanding of the benefits of its rich diversity and engaging it as a critical partner in the education of our children.
6. (Combined with Strategy 2, May 2013)
7. We will model, integrate, recognize, reinforce and develop means to assess the character traits of responsibility, respect, fairness, caring, citizenship and trustworthiness throughout the District.

Strategy 1

We will continue to align our curriculum, standards, and student assessments in all curricular areas.

- Plan 1: Operationalize a system that collects, stores, and analyzes student information and performance data from multiple sources.
- Plan 2: Communicate the District's adopted curriculum and its development process to all stakeholders.
- Plan 3: We will implement Common Core State Standards with fidelity as part of the established curricular and programmatic review cycles.
- Plan 4: Improve vertical and horizontal content collaboration focused on student learning.
- Plan 5: Identify and implement unit assessments in the Common Core State Standard areas.
- Plan 6: Ensure differentiated staff professional development to address various stages of curriculum development and assessments.
- Plan 7: Develop an elementary standards-based report card on adopted District standards.
- Plan 8: Embed diversity themes and activities District-adopted curricula.

Strategy 2

We will ensure our educators have the support necessary to utilize effective instructional strategies and interventions to inspire creativity and intellectual curiosity for each student to grow to academic excellence.

- Plan 1: Ensure academic excellence for all North Shore School District 112 students by providing interventions and advanced learning opportunities in addition to Tier I/Core instruction when students demonstrate need.
- Plan 2: All District staff will participate in professional development opportunities based on identified needs related to the curriculum (Common Core State Standards, Power Standards), instruction (Differentiation, Response to Intervention, English Language Learners, principles of effective, intentional teaching, technology integration), and assessment (formative, summative).
- Plan 3: We will increase awareness and access to all instructional programs, resources, tools, and community partnerships available to the North Shore School District 112 faculty.

Strategy 3

We will develop and implement plans to ensure the sustainability of the District's financial and human resources and their equitable distribution.

- Plan 1: The District will maximize the efficient, effective equitable delivery of personnel, programs, and services. (Special Ed Program Realignment, Language Acquisition Programs, Custodial Services) (Diversity)
- Plan 2: The District will improve the efficient and equitable use of the facilities and property (physical) assets.
- Plan 3: The District will improve upon the statistical reporting so the district can measure the equitable distribution of financial and human resources.

Strategy 4

We will develop and implement plans to ensure we have the facilities and technology infrastructure needed to achieve our Mission and Objectives.

- Plan 1: Secure our buildings to make them a safer learning environment.
- Plan 2: Decrease power usage and material waste by 20%.
- Plan 3: Develop a common model for disposal (removal) of outdated and/or unneeded District equipment.
- Plan 4: Study and recommend a district model for facilities PreK-8.
- Plan 5: Create technology standards for teachers.
- Plan 6: Standardize software applications.
- Plan 7: Implement a plan to increase Internet bandwidth to industry best.
- Plan 8: Complete Promethean Board deployment.
- Plan 9: Improve computer-to-student ratio.

Strategy 5

We will develop plans to unify our district and community by improving understanding of the benefits of its rich diversity and engaging it as a critical partner in the education of our children.

- Plan 1: Newly-hired District 112 employees will examine and broaden their understanding of diversity so they can meet the needs of District 112's diverse community.
- Plan 2: The District will increase awareness of existing community events to increase stakeholder participation.
- Plan 3: North Shore School District 112 will develop and implement communications plans that highlight the diversity across the District and promote the Community – School partnership.

Strategy 6

Embedded in Strategy 2.

Strategy 7

Model, integrate, recognize and develop the means to assess the character traits of trustworthiness, respect, responsibility, fairness, caring and citizenship throughout the District.

- Plan 1: Develop a consistent framework for expectations of good character for students, parents, staff and community members.
- Plan 2: Create an organizational culture within each school that supports the District's character framework and nurtures the social-emotional growth of each student.
- Plan 2: Create an organizational culture within each school that supports the District's character framework and nurtures the social-emotional growth of each student.
- Plan 4: The District will create and implement a communication plan regarding its character programs and activities ("character plan").
- Plan 5: The District will develop partnerships with various organizations to strengthen the character strengths of students, parents, staff and community members.
- Plan 6: Develop ways to celebrate good character.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The financial statements audit as of June 30, 2018, and the year then ended was performed by, the independent certified public accounting firm of, Baker Tilly Virchow Krause, LLP. The unmodified auditors' report is included in the financial section of this report.

Awards and Acknowledgments

We wish to thank the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner. We also wish to thank the efficient and dedicated business office staff for their assistance in the timely preparation of this report. Their service was instrumental in our receiving CAFR awards for both ASBO & GFOA for the year ended June 30, 2017.

Respectfully submitted,



Dr. Michael Lubelfeld
Superintendent of Schools



Christopher Wildman
Chief Financial Officer and Treasurer



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

North Shore School District 112

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**North Shore School District 112
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Board of Education



Dr. Michael Lubelfeld
Superintendent of Schools



Ms. Audrey Beresid
Executive Assistant



Dr. Monica Schroeder
Deputy Superintendent

- Personnel Manager
- Executive Assistant
- Teacher on Special Assignment



Mr. Nicholas Glenn
Director of Communication



Dr. John Petzke
Chief Technology Officer

- Database Manager
- Network Administrator
- Software Specialist
- Student Information Manager
- System Specialist
- Administrative Assistant
- Technology Specialists



Dr. Kevin Ryan
Assistant Superintendent Teaching & Learning

- Director of Curriculum & Instruction
- Director of Languages
- Curriculum Learning Coordinators
- Executive Assistant
- Administrative Assistants

Principals

- Associate Principals
- Teaching Staff
- Related Services
- Classified Staff



Dr. Kristin Swanson
Assistant Superintendent Student Services

- Executive Assistant
- Administrative Assistant
- Assistive Technology Specialist
- Health Services Facilitator



Mr. Chris Wildman
Chief Financial Officer, Treasurer, CSBO

- | | |
|---|---|
| <ul style="list-style-type: none"> • Director of Operations, Facilities and Transportation • Assistant Director of Operations and Facilities • Transportation Manager • Administrative Assistants • Clerk • Maintenance Workers • Custodians | <ul style="list-style-type: none"> • Director of Fiscal Services • Accounting Manager • Payroll Manager • Payroll & Insurance • Accounts Payable • Accounts Receivable • Bookkeeper • Executive Assistant |
|---|---|

NORTH SHORE SCHOOLS DISTRICT 112
1936 Green Bay Road
Highland Park, IL 60035

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Officers and Officials

Board of Education

		<u>Term Expires</u> (April)
Eric Ephraim	President	2019
Adam Kornblatt	Vice-President	2019
Bennett Lasko	Secretary	2021
Alexander Brunk	Member	2021
Dan Jenks	Member	2021
Art Kessler	Member	2021
Yumi Ross	Member	2019

District Administration

Michael Lubelfeld, Ed.D.
Superintendent

Official Issuing Report

Christopher Wildman, CPA
Chief Financial Officer / Treasurer / CSBO

Department Issuing Report

Business Office

INDEPENDENT AUDITORS' REPORT

To the Board of Education
North Shore School District 112
Highland Park, IL

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Shore School District 112, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise North Shore School District 112'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 over financial reporting relevant to North Shore School District 112'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 North Shore School District 112's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Shore School District 112 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.

To the Board of Education
North Shore School District 112

Emphasis of Matter

As discussed in Note 3, North Shore School District 112 adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Shore School District 112's basic financial statements. The supplementary information for the year ended June 30, 2018 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements for the year ended June 30, 2018, 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 information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2018.

To the Board of Education
North Shore School District 112

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of North Shore School District 112 as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated October 10, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended June 30, 2017 is presented for purposes of additional analysis 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Shore School District 112's basic financial statements. The introductory and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited North Shore School District 112's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of North Shore School District 112's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Shore School District 112's internal control over financial reporting and compliance.



Oak Brook, Illinois
December 7, 2018

North Shore School District 112

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

The discussion and analysis of North Shore School District 112's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2018. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$2.2. This represents a 3% increase from 2017 and is driven mainly by increase in capital assets and revenues exceeding expenses.
- General revenues accounted for \$72.2 in revenue or 69% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$32.6 or 31% of total revenues of \$104.8.
- The District had \$102.6 in expenses related to government activities. However, only \$32.6 of these expenses were offset by program specific charges and grants.
- During the year, \$6.0 of capital projects were completed.
- Due to the current market conditions, interest income again was a nominal portion of the revenue stream. Over the past year, the District worked with PMA Financial, Wells Fargo, Fifth Third & JP Morgan Chase to obtain the best rates possible.

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 basic financial statements.

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

Government-wide financial statements

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

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them 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.

North Shore School District 112

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund financial statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

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

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

North Shore School District 112

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

Notes to basic financial statements

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

Other information

In addition to the basic financial 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 and other postemployment benefits to its employees.

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2018, than it was the year before, increasing 3% to \$72.8.

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

	<u>2017*</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 124.4	\$ 126.2
Capital Assets	<u>70.7</u>	<u>77.2</u>
Total assets	<u>195.1</u>	<u>203.4</u>
Total deferred outflows of resources	<u>7.1</u>	<u>6.0</u>
Liabilities:		
Current liabilities	6.8	6.5
Long-term debt outstanding	<u>11.2</u>	<u>50.5</u>
Total liabilities	<u>18.0</u>	<u>57.0</u>
Total deferred inflows of resources	<u>69.6</u>	<u>79.6</u>
Net position:		
Investment in capital assets	70.7	77.2
Restricted	5.0	4.6
Unrestricted	<u>38.8</u>	<u>(9.0)</u>
Total net position	<u>\$ 114.5</u>	<u>\$ 72.8</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 75 in fiscal year 2018.

Revenues in the governmental activities of the District of \$104.8 exceeded expenses by \$2.2. This was attributable primarily to the timing of state payments, which included payments from the prior year that were significantly delayed.

North Shore School District 112
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

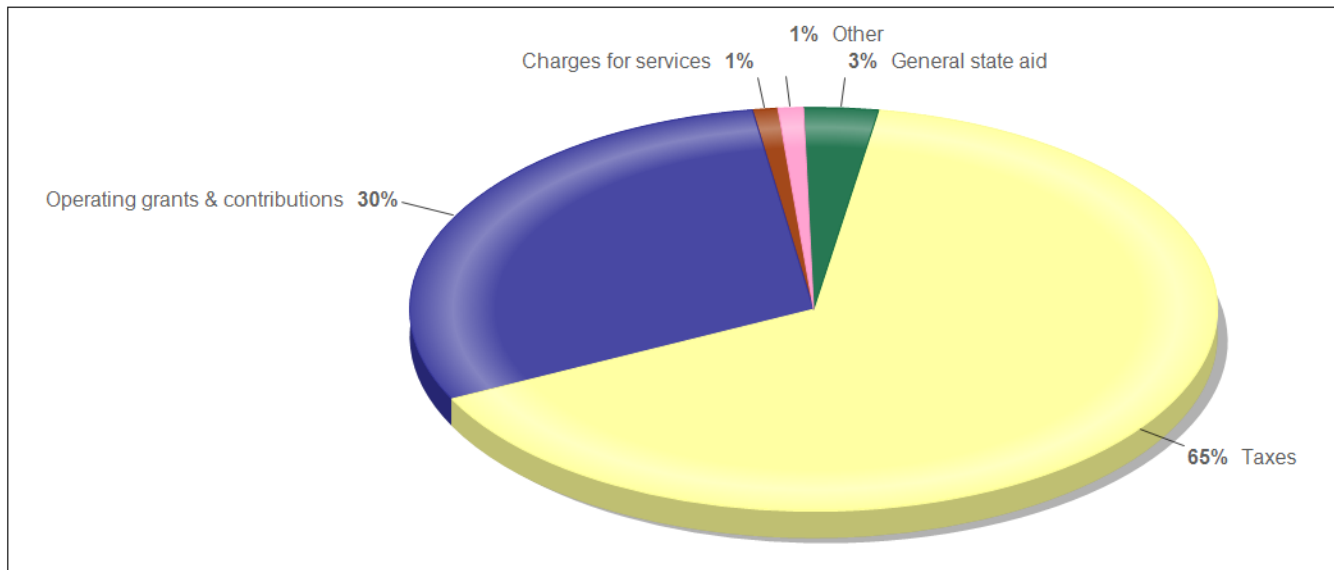
Table 2 Changes in Net Position (in millions of dollars)		
	<u>2017*</u>	<u>2018</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 1.3	\$ 0.8
Operating grants & contributions	36.4	31.8
<i>General revenues:</i>		
Taxes	68.0	68.1
General state aid	1.3	3.4
Other	0.6	0.7
Total revenues	<u>107.6</u>	<u>104.8</u>
Expenses:		
Instruction	70.0	68.2
Pupil & instructional staff services	10.9	14.4
Administration & business	6.2	7.0
Transportation	2.8	3.3
Operations & maintenance	9.3	8.4
Other	1.4	1.3
Total expenses	<u>100.6</u>	<u>102.6</u>
Increase (decrease) in net position	<u><u>\$ 7.0</u></u>	<u><u>\$ 2.2</u></u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 75 in fiscal year 2018

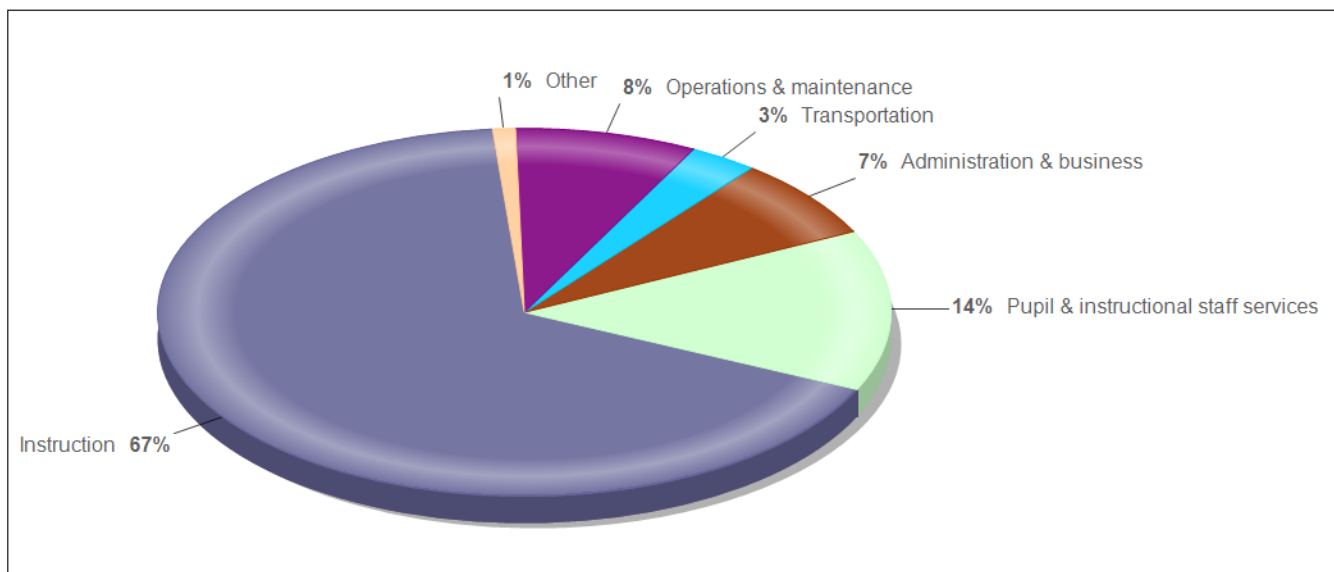
Property taxes accounted for the largest portion of the District's revenues, contributing 65%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$102.6, mainly related to instructing and caring for the students and student transportation at 84%.

North Shore School District 112
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

District-Wide Revenues by Source



District-Wide Expenses by Function



Financial Analysis of the District's Funds

The District's Governmental Funds balance increased from \$48.8 to \$49.1.

The District received delayed payments from the state relating to the prior fiscal year.

North Shore School District 112

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

General Fund Budgetary Highlights

Excluding the neutral effect of an equal amount of revenues and expenditures related to the on behalf payments for TRS pension funding, operating fund revenues were over budget by \$2.0 and expenditures were under budget by \$4.2. Revenue increases were related to delayed payments from the state. Expense decreases were a result of position vacancies (reducing salary & benefits expenditures), and less private special education tuition expense than planned.

Capital Assets and Debt Administration

Capital assets

By the end of 2018, the District had compiled a total investment of \$131.7 (\$77.3 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$2.9. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2017</u>	<u>2018</u>
Land	\$ 3.8	\$ 4.1
Construction in progress	5.0	-
Land improvements	0.1	0.1
Buildings and building improvements	58.7	70.3
Furniture, equipment, and vehicles	3.1	2.8
Total	<u>\$ 70.7</u>	<u>\$ 77.3</u>

Long-term debt

At the end of fiscal 2018, the District had a debt margin of \$170.8. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2017*</u>	<u>2018</u>
Compensated absences and other	\$ 0.1	\$ 0.1
Net pension liabilities	11.1	8.2
Net OPEB liabilities	-	42.2
Total	<u>\$ 11.2</u>	<u>\$ 50.5</u>

* Prior Year information has not been updated for the implementation of GASB 75 as of July 1, 2017.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

The District's buildings are aging and will require considerable repair/maintenance expense over the next 5-10 years. The District anticipates continuing significant capital spending in the 2018-2019 school year to complete needed repairs and maintenance.

North Shore School District 112
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

Requests for Information

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

Christopher Wildman
North Shore School District 112
1936 Green Bay Road
Highland Park, IL 60035

NORTH SHORE SCHOOL DISTRICT 112

STATEMENT OF NET POSITION

AS OF JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 96,885,078
Receivables (net of allowance for uncollectibles):	
Property taxes	28,091,849
Replacement taxes	103,200
Intergovernmental	1,098,068
Accounts	52,033
Capital assets:	
Land	4,063,204
Depreciable buildings, property and equipment, net	<u>73,162,665</u>
Total assets	<u>203,456,097</u>
Deferred outflows of resources	
Deferred outflows related to pensions	5,400,625
Deferred outflows related to OPEB	<u>623,544</u>
Total deferred outflows of resources	<u>6,024,169</u>
Liabilities	
Accounts payable	930,518
Salaries and wages payable	4,281,744
Payroll deductions payable	26,656
Other current liabilities	18,750
Unearned student fees	370,602
Health claims payable	828,705
Long-term liabilities:	
Other long-term liabilities - due within one year	97,178
Other long-term liabilities - due after one year	<u>50,428,771</u>
Total liabilities	<u>56,982,924</u>
Deferred inflows of resources	
Property taxes levied for a future period	69,963,100
Deferred inflows related to pensions	4,648,409
Deferred inflows related to OPEB	<u>5,032,342</u>
Total deferred inflows of resources	<u>79,643,851</u>
Net position	
Investment in capital assets	77,225,869
Restricted for:	
Operations and maintenance	1,901,116
Student transportation	1,655,424
Retirement benefits	991,833
Debt service	33,708
Unrestricted	<u>(8,954,459)</u>
Total net position	<u>\$ 72,853,491</u>

See Notes to Basic Financial Statements

NORTH SHORE SCHOOL DISTRICT 112

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND
				GOVERNMENTAL
				CHANGES IN NET POSITION
Governmental activities				
Instruction:				
Regular programs	\$ 23,867,323	\$ 648,625	\$ 275,130	\$ (22,943,568)
Special programs	9,998,574	-	2,824,918	(7,173,656)
Other instructional programs	6,802,804	1,571	101,704	(6,699,529)
State retirement contributions	27,575,120	-	27,575,120	-
Support Services:				
Pupils	7,220,973	-	-	(7,220,973)
Instructional staff	7,226,009	-	131,058	(7,094,951)
General administration	1,431,123	-	-	(1,431,123)
School administration	4,025,350	-	-	(4,025,350)
Business	1,523,766	33,523	307,190	(1,183,053)
Transportation	3,339,234	22,193	619,199	(2,697,842)
Operations and maintenance	8,354,742	88,625	-	(8,266,117)
Central	1,228,281	-	-	(1,228,281)
Other supporting services	33,994	-	-	(33,994)
Community services	33,773	-	-	(33,773)
Total governmental activities	\$ 102,661,066	\$ 794,537	\$ 31,834,319	(70,032,210)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	51,226,423
Real estate taxes, levied for specific purposes	16,228,594
Personal property replacement taxes	690,421
State aid-formula grants	3,356,655
Investment income	583,741
Miscellaneous	108,507

Total general revenues 72,194,341

Change in net position 2,162,131

Net position, beginning of year (as restated) 70,691,360

Net position, end of year \$ 72,853,491

See Notes to Basic Financial Statements

NORTH SHORE SCHOOL DISTRICT 112
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 78,110,433	\$ 11,368,459	\$ 3,758,949	\$ 3,610,253
Receivables (net allowance for uncollectibles):				
Property taxes	21,592,638	5,086,856	937,581	474,774
Replacement taxes	-	10,066	16,106	77,028
Intergovernmental	943,063	-	155,005	-
Accounts	-	50,924	-	1,109
Prepaid items	-	-	-	-
Total assets	<u>\$ 100,646,134</u>	<u>\$ 16,516,305</u>	<u>\$ 4,867,641</u>	<u>\$ 4,163,164</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 407,919	\$ 384,556	\$ 134,745	\$ 3,298
Salaries and wages payable	4,281,744	-	-	-
Payroll deductions payable	6,706	19,950	-	-
Other current liabilities	4,169	-	14,474	107
Unearned student fees	355,573	-	15,029	-
Due to other governments	-	-	-	-
Health claims payable	828,705	-	-	-
Total liabilities	<u>5,884,816</u>	<u>404,506</u>	<u>164,248</u>	<u>3,405</u>
Deferred inflows of resources				
Property taxes levied for a future period	53,776,733	12,668,878	2,335,057	1,182,432
Unavailable state and federal aid receivable	567,063	-	155,006	-
Total deferred inflows of resources	<u>54,343,796</u>	<u>12,668,878</u>	<u>2,490,063</u>	<u>1,182,432</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	1,901,116	1,500,418	2,897,188
Assigned	-	1,541,805	712,912	80,139
Unassigned	40,417,522	-	-	-
Total fund balance	<u>40,417,522</u>	<u>3,442,921</u>	<u>2,213,330</u>	<u>2,977,327</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 100,646,134</u>	<u>\$ 16,516,305</u>	<u>\$ 4,867,641</u>	<u>\$ 4,163,164</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL	
		2018	2017
\$ 36,708	\$ 276	\$ 96,885,078	\$ 88,528,821
-	-	28,091,849	33,514,889
-	-	103,200	116,261
-	-	1,098,068	2,180,295
-	-	52,033	34,284
-	-	-	21,722
<u>\$ 36,708</u>	<u>\$ 276</u>	<u>\$ 126,230,228</u>	<u>\$ 124,396,272</u>

\$ -	\$ -	\$ 930,518	\$ 1,490,587
-	-	4,281,744	4,274,497
-	-	26,656	-
-	-	18,750	2,776
-	-	370,602	91,425
-	-	-	84,735
-	-	828,705	895,845
-	-	6,456,975	6,839,865

-	-	69,963,100	67,693,607
-	-	722,069	1,070,670
-	-	70,685,169	68,764,277

-	-	-	21,722
33,708	-	6,332,430	6,193,074
3,000	276	2,338,132	1,780,825
-	-	40,417,522	40,796,509
<u>36,708</u>	<u>276</u>	<u>49,088,084</u>	<u>48,792,130</u>
<u>\$ 36,708</u>	<u>\$ 276</u>	<u>\$ 126,230,228</u>	<u>\$ 124,396,272</u>

NORTH SHORE SCHOOL DISTRICT 112
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

Total fund balances - governmental funds \$ 49,088,084

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

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. 77,225,869

Certain state and federal aid revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:

State and federal aid	\$ <u>722,069</u>	722,069
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet. 5,400,625

Deferred outflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet. 623,544

Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet. (4,648,409)

Deferred inflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet. (5,032,342)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2018 are:

Net OPEB liability	\$ (42,259,363)	
Net pension liability	(8,169,408)	
Compensated absences	<u>(97,178)</u>	
		<u>(50,525,949)</u>

Net position of governmental activities \$ 72,853,491

See Notes to Basic Financial Statements

NORTH SHORE SCHOOL DISTRICT 112

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 52,218,947	\$ 11,920,727	\$ 2,161,869	\$ 1,153,474
Corporate personal property replacement taxes	-	70,029	112,045	508,347
State aid	32,515,694	27,470	671,097	-
Federal aid	2,325,314	-	-	-
Investment income	400,428	99,172	45,138	37,395
Other	<u>710,236</u>	<u>141,614</u>	<u>50,786</u>	<u>408</u>
Total revenues	<u>88,170,619</u>	<u>12,259,012</u>	<u>3,040,935</u>	<u>1,699,624</u>
Expenditures				
Current:				
Instruction:				
Regular programs	21,866,825	-	-	282,660
Special programs	7,510,337	-	-	307,673
Other instructional programs	6,082,183	-	-	143,220
State retirement contributions	27,575,120	-	-	-
Support Services:				
Pupils	6,023,665	-	-	145,994
Instructional staff	6,304,490	-	-	133,371
General administration	1,444,144	-	-	13,984
School administration	3,022,762	-	-	132,580
Business	1,311,024	-	-	124,374
Transportation	-	-	3,314,067	14,629
Operations and maintenance	1,017	6,698,895	-	230,652
Central	1,070,082	-	-	74,850
Other supporting services	31,552	-	-	2,722
Community services	27,328	-	-	987
Payments to other districts and gov't units	1,768,568	-	-	-
Capital outlay	<u>532,231</u>	<u>2,682,970</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>84,571,328</u>	<u>9,381,865</u>	<u>3,314,067</u>	<u>1,607,696</u>
Excess (deficiency) of revenues over expenditures	<u>3,599,291</u>	<u>2,877,147</u>	<u>(273,132)</u>	<u>91,928</u>
Other financing sources (uses)				
Transfers in	-	4,000,000	-	-
Transfers (out)	<u>(4,000,000)</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(400,709)	877,147	(273,132)	91,928
Fund balance, beginning of year	<u>40,818,231</u>	<u>2,565,774</u>	<u>2,486,462</u>	<u>2,885,399</u>
Fund balance, end of year	<u>\$ 40,417,522</u>	<u>\$ 3,442,921</u>	<u>\$ 2,213,330</u>	<u>\$ 2,977,327</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL	
		2018	2017
\$ -	\$ -	\$ 67,455,017	\$ 67,272,865
-	-	690,421	735,781
-	-	33,214,261	34,373,819
-	-	2,325,314	2,974,880
444	1,164	583,741	452,122
-	-	903,044	1,483,913
<u>444</u>	<u>1,164</u>	<u>105,171,798</u>	<u>107,293,380</u>
-	-	22,149,485	23,759,650
-	-	7,818,010	8,154,935
-	-	6,225,403	5,718,821
-	-	27,575,120	29,596,726
-	-	6,169,659	5,754,210
-	-	6,437,861	4,466,319
-	-	1,458,128	1,599,472
-	-	3,155,342	3,199,396
-	-	1,435,398	1,520,007
-	-	3,328,696	2,813,469
-	87,440	7,018,004	7,226,023
-	-	1,144,932	1,167,720
-	-	34,274	21,162
-	-	28,315	61,766
-	-	1,768,568	1,823,781
-	5,913,448	9,128,649	6,004,025
<u>-</u>	<u>6,000,888</u>	<u>104,875,844</u>	<u>102,887,482</u>
<u>444</u>	<u>(5,999,724)</u>	<u>295,954</u>	<u>4,405,898</u>
-	6,000,000	10,000,000	-
<u>-</u>	<u>-</u>	<u>(10,000,000)</u>	<u>-</u>
<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>
444	276	295,954	4,405,898
<u>36,264</u>	<u>-</u>	<u>48,792,130</u>	<u>44,386,232</u>
<u>\$ 36,708</u>	<u>\$ 276</u>	<u>\$ 49,088,084</u>	<u>\$ 48,792,130</u>

NORTH SHORE SCHOOL DISTRICT 112
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$ 295,954
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlay exceeds current year depreciation expense in the current period.	6,486,732
Certain state and federal aid revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:	(348,601)
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:	
Compensated absences	\$ 13,281
Net OPEB liability	1,874,649
Deferred outflows related to OPEB	310,716
Deferred inflows related to OPEB	(5,032,342)
Net pension liability	2,967,395
Deferred outflows related to pensions	(1,671,358)
Deferred inflows related to pensions	<u>(2,734,295)</u>
	<u>(4,271,954)</u>
Change in net position of governmental activities	<u>\$ 2,162,131</u>

See Notes to Basic Financial Statements

NORTH SHORE SCHOOL DISTRICT 112
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018

	<u>AGENCY STUDENT ACTIVITY FUND</u>
<hr/>	
Assets	
Cash and investments	\$ <u>245,117</u>
Total assets	\$ <u><u>245,117</u></u>
 Liabilities	
Due to student groups	\$ <u>245,117</u>
Total liabilities	\$ <u><u>245,117</u></u>

See Notes to Basic Financial Statements

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Shore School District 112 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

This report includes all of the funds of the District. The District is located in Lake County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgeting, taxing, and debt matters. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

General Fund - the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or assigned to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

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

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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

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

Capital Project Funds - accounts for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capital Projects Fund - accounts for construction projects and renovations financed through transfers from the Operations and Maintenance Fund.

Other Fund Types

Fiduciary Funds - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity 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. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

On-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net position. Receivables are expected to be collected within one year.

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2017 levy resolution was approved during the November 28, 2017 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2017 and 2016 tax levies were 2.1% and 0.7%, respectively.

Property taxes are collected by the County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 60 days of the respective installment dates.

The 2017 property tax levy is recognized as a receivable in fiscal 2018, less amounts already received. The District considers that the 2017 levy is to be used to finance operations in fiscal 2019. Therefore, the entire 2017 levy, including amounts collected in fiscal 2018, has been recognized as a deferred inflow of resources, in the accompanying financial statements.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

Capital Assets

Capital assets, which include land, land improvements, buildings and building improvements, and furniture, equipment and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 for furniture and equipment and \$100,000 for buildings and improvements, with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and building improvements	40
Land improvements	20
Furniture, equipment, and vehicles	5-10

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2018 are determined on the basis of current salary rates and include salary related payments.

Employees who work a twelve-month year are entitled to be compensated for vacation time. Employees have six months to use their vacation time after it is earned or allotted.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. 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.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. These include items such as property taxes levied for future periods and the District's deferred inflows related to its net pension liabilities.

Equity Classifications

Equity is classified as net position in the government-wide financial statements and displayed in three components:

Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

Restricted net position - Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The Board of Education has declared that the Superintendent may assign amounts for a specific purpose. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in all funds is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The District has a formal minimum fund balance policy. The policy states that unrestricted reserves in the operating funds shall be maintained at a level equal to approximately 25% of the current year expenditures and transfers exclusive of on-behalf payments. The operating budget is comprised of the Educational Accounts and Working Cash Accounts within the General Fund, Operations and Maintenance, and the Transportation Fund.

The restricted and assigned fund balances are for the purposes of the respective funds as described above in the Major Governmental Funds section.

Comparative Data

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

Eliminations and Reclassifications

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

For the year ended June 30, 2018, expenditures exceeded budget in the General Fund (Educational Accounts), the Operations and Maintenance Fund, and the Capital Projects Fund by \$13,948,570, \$1,207,942, and \$888, respectively. The General Fund excess was a result of the TRS on behalf and had no fund balance effect. The Operations and Maintenance Fund and Capital Projects Fund excesses were funded by available fund balances.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*, for OPEB. This standard was implemented July 1, 2017.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS

At year end, the District's cash and investments was comprised of the following:

	Government- wide	Fiduciary	Total
Cash and investments	\$ 96,885,078	\$ 245,117	\$ 97,130,195
Total	<u>\$ 96,885,078</u>	<u>\$ 245,117</u>	<u>\$ 97,130,195</u>

For disclosure purposes, this amount is segregated into the following components:

	Cash and investments
Cash on hand	\$ 945
Deposits with financial institutions	34,457,349
ISDLAF+	5,198,721
Money market mutual funds	890,354
Other investments	<u>56,582,826</u>
Total	<u>\$ 97,130,195</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments detailed in the interest rate risk table below are measured using the market valuation method and Level 2 valuation inputs.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means for managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District's investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

At year end, the District had the following investments subject to interest rate risk:

	Fair Value	Investment Maturity (In Years)			
		Less than one	1-5	5-10	More than 10
Federal Home Loan Mortgage Corporation	\$ 2,961,741	\$ -	\$ 2,961,741	\$ -	\$ -
Negotiable Certificates of Deposit	22,576,652	10,867,596	11,709,056	-	-
U.S. Treasury Notes	11,660,799	7,459,500	4,201,299	-	-
U.S. Treasury Strips	2,555,754	1,387,410	1,168,344	-	-
Federal Home Loan Bank	3,176,988	1,233,281	1,943,707	-	-
Federal National Mortgage Association	495,050	-	495,050	-	-
ISDLAF+ Term Series	8,800,000	8,800,000	-	-	-
Corporate Bond	1,992,607	1,992,607	-	-	-
Municipal Bond	2,363,235	1,868,770	494,465	-	-
Total	<u>\$ 56,582,826</u>	<u>\$ 33,609,164</u>	<u>\$ 22,973,662</u>	<u>\$ -</u>	<u>\$ -</u>

Redemption Notice Period. Investments in ISDLAF's Term Series may be redeemed upon seven days' advance notice. Redemption prior to maturity may result in the realization of a loss on the investment, including a penalty in an amount necessary to recoup the Term Series penalty charges, losses and other costs attributable to the early redemption.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State Statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The District's investment policy does not specifically address credit risk. The District's investments in the money market mutual fund consist of investments in the JP Morgan U.S. Government Money Market Fund and the Federated Government Obligations Money Market Fund. These funds invest exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. The JP Morgan U.S. Government Money Market Fund was rated Aaa-mf by Moody's Investor Services and AAAm by Standard and Poor's. The Federated Government Obligations Money Market was rated Aaa-mf by Moody's Investor Services and AAAm by Standard and Poor's. The District's investments in FHLM Notes, FHLB Notes, and FNMA Notes were also rated Aaa by Moody's Investors Service and AA+ by Standard and Poor's. The corporate bonds were rated P.1 by Moody's Investors Services and A.1 by Standard and Poor's. The Municipal Bonds were rated AA3 to Aa1 by Moody's Investors Services. Ratings were not available for the Negotiable Certificates of Deposit.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-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. Investments are rated AAAm and are valued at share price, which is the price for which the investment could be sold.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Treasurer to meet the District's ongoing need for safety, liquidity, and rate of return. At June 30, 2018, the District had positions in the following issuers that totaled 5% or more of the other investments category: Federal Home Loan Bank (5%) and Federal Home Loan Mortgage Corp (5%).

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2018, the bank balance of the District's deposit with financial institutions totaled \$34,457,349 which was completely collateralized.

Custodial Credit Risk - Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government 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 limits the exposure to investment custodial credit risk by requiring all investments be secured by FDIC or collateral.

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

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

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

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,844,995	\$ 218,209	\$ -	\$ 4,063,204
Construction in progress	<u>5,079,159</u>	<u>-</u>	<u>5,079,159</u>	<u>-</u>
Total capital assets not being depreciated	<u>8,924,154</u>	<u>218,209</u>	<u>5,079,159</u>	<u>4,063,204</u>
<i>Capital assets being depreciated:</i>				
Land improvements	1,191,776	-	-	1,191,776
Buildings and improvements	97,513,839	13,705,056	213,665	111,005,230
Furniture, equipment, and vehicles	<u>14,753,556</u>	<u>795,977</u>	<u>71,923</u>	<u>15,477,610</u>
Total capital assets being depreciated	<u>113,459,171</u>	<u>14,501,033</u>	<u>285,588</u>	<u>127,674,616</u>
<i>Less Accumulated Depreciation for:</i>				
Land improvements	1,045,149	24,761	-	1,069,910
Buildings and improvements	38,803,845	1,942,642	412	40,746,075
Furniture, equipment, and vehicles	<u>11,795,194</u>	<u>960,456</u>	<u>59,684</u>	<u>12,695,966</u>
Total accumulated depreciation	<u>51,644,188</u>	<u>2,927,859</u>	<u>60,096</u>	<u>54,511,951</u>
Net capital assets being depreciated	<u>61,814,983</u>	<u>11,573,174</u>	<u>225,492</u>	<u>73,162,665</u>
Net governmental activities capital assets	<u>\$ 70,739,137</u>	<u>\$ 11,791,383</u>	<u>\$ 5,304,651</u>	<u>\$ 77,225,869</u>

Depreciation expense was recognized in the operating activities of the District as follows:

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular programs	\$ 815,595
Special programs	23,577
Pupils	428,109
General administration	1,832
School administration	1,549
Business	3,206
Transportation	2,837
Operations and maintenance	1,637,859
Central	7,146
Food	<u>6,149</u>
Total depreciation expense - governmental activities	<u>\$ 2,927,859</u>

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2018:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance	Due Within One Year
Net pension liability - IMRF	\$ 3,859,071	\$ -	\$ 3,717,043	\$ 142,028	\$ -
Net pension liability - TRS	7,277,732	1,768,757	1,019,109	8,027,380	-
Net OPEB liability - District	252,606	16,869	19,042	250,433	-
Net OPEB liability - THIS	43,881,406	-	1,872,476	42,008,930	-
Compensated absences	110,459	420,124	433,405	97,178	97,178
Total long-term liabilities - governmental activities	<u>\$ 55,381,274</u>	<u>\$ 2,205,750</u>	<u>\$ 7,061,075</u>	<u>\$ 50,525,949</u>	<u>\$ 97,178</u>

The obligations for the compensated absences and the net OPEB liabilities will be repaid from the General Fund. The obligations for the net pension liabilities will be repaid from the General Fund and the Municipal Retirement/Social Security Fund.

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$170,814,332, providing a debt margin of \$170,814,332.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pool: Collective Liability Insurance Cooperative (CLIC) The District pays annual premiums to the pool for insurance coverage. The arrangements with the pool provides that it 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 fiscal years.

The District continues to carry commercial insurance for all other risks of loss related to torts. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is self-insured for medical and dental coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$175,000 per employee as provided by stop-loss provisions incorporated in the plan.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - RISK MANAGEMENT - (CONTINUED)

At June 30, 2018, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$828,705. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2017 and June 30, 2018, changes in the liability reported in the General Fund for unpaid claims are summarized as follows:

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments</i>	<i>Claims Payable End of Year</i>
Fiscal Year 2017	\$ 658,358	\$ 5,012,303	\$ 4,774,816	\$ 895,845
Fiscal Year 2018	\$ 895,845	\$ 5,146,112	\$ 5,213,252	\$ 828,705

NOTE 8 - JOINT AGREEMENTS

The District is a member of Northern Suburban Special Education District (NSSD), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these are not included as component units of the District.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

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

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

Benefits Provided. 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.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

On Behalf Contributions to 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 THIS Fund from active members which were 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were \$434,240, and the District recognized revenues and expenditures of this amount during the year.

Contributions. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.88% during the year ended June 30, 2018. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2018, the District paid \$323,840 to the THIS Fund, respectively, which was 100 percent of the required contribution for the year.

THIS Fiduciary Net Position. Detailed information about the THIS Fund's fiduciary net position as of June 30, 2017 is available in the separately issued THIS Annual Financial Report.

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

District's proportionate share of the collection net OPEB liability	\$ 42,008,930
State's proportionate share of the collective net OPEB liability associated with the District	<u>55,168,164</u>
Total	<u>\$ 97,177,094</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2017 and 2016, the District's proportion was 0.161887% and 0.160527%, respectively.

Actuarial Assumptions. The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.25% to 9.25%
Investment Rate of Return	0.00%
Healthcare Cost Trend Rates - Initial	Non-Medicare - 8.00%; Post-Medicare - 9.00%
Healthcare Cost Trend Rates - Ultimate	4.50% with additional 0.59% added to non-Medicare costs
Fiscal Year the Ultimate Rate is Reached	2020

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

NORTH SHORE SCHOOL DISTRICT 112NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)**

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

Discount Rate. At June 30, 2017, the discount rate used to measure the total OPEB liability was a blended rate of 3.56%, which was a change from the June 30, 2016 rate of 2.85%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	<u>\$ 50,410,525</u>	<u>\$ 42,008,930</u>	<u>\$ 35,286,367</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.00% decreasing to an ultimate rate of 4.09%) for non-Medicare coverage and initial rate of 8.00% decreasing to an ultimate rate of 3.50% for Medicare coverage) or 1-percentage-point higher (initial rate of 9.00% decreasing to an ultimate rate of 6.09%) for non-Medicare coverage and initial rate of 10.00% decreasing to an ultimate rate of 5.50% for Medicare coverage) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 33,905,529</u>	<u>\$ 42,008,930</u>	<u>\$ 53,640,051</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of \$3,168,334 and on-behalf revenue and expenditures of \$434,240 for support provided by the state. At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to OPEBs were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 23,794
Changes in Assumptions	-	5,001,718
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	462
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	297,992	-
District Contributions Subsequent to the Measurement Date	<u>323,840</u>	<u>-</u>
Total	<u>\$ 621,832</u>	<u>\$ 5,025,974</u>

NORTH SHORE SCHOOL DISTRICT 112NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)**

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net OPEB liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$4,727,982)) will be recognized in OPEB expense as follows in these reporting years:

<i>Year Ending June 30,</i>	<i>Amount</i>
2019	\$ (726,309)
2020	(726,309)
2021	(726,309)
2022	(726,307)
2023	(726,193)
Thereafter	<u>(1,096,555)</u>
Total	<u>\$ (4,727,982)</u>

Retirees' Health Plan

Plan Description. The District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contributions and Benefits Provided. Eligible retirees may continue medical coverage into retirement on the District plans on a pay-all basis. Coverage is also available for eligible dependents on a pay-all basis. Coverage can continue when Medicare eligible. Coverage for dependents can continue upon the death of the retiree given that contributions continue.

Employees Covered by Benefit Terms. At , the actuarial valuation date, the following employees were covered by the benefit terms:

Retired Plan Members	1
Active Employees Not Yet Eligible	-
Active Employees Fully Eligible	<u>133</u>
Total	<u><u>134</u></u>

Total OPEB Liability. The District's total OPEB liability of \$250,433 was measured as of 6/29/2018, and was determined by an actuarial valuation as of July 1, 2017.

Inflation	3.00%
Election at Retirement	10.00%
Discount Rate	2.98%
Healthcare Cost Trend Rate - Initial	4.50%
Healthcare Cost Trend Rate - Ultimate	4.50%
Fiscal Year the Ultimate Rate is Reached	Not applicable

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2018.

Mortality rates were based on those found in the December 31, 2017 IMRF Actuarial Valuation Report.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The actuarial assumptions used in the 6/29/2018 valuation were based on the results of the assumptions about future events.

Changes in Total OPEB Liability. The District's changes in total OPEB liability for the year ended June 30, 2018 was as follows:

	Total OPEB Liability
Balance at June 30, 2017	\$ 252,606
Service Cost	15,059
Interest	7,179
Other Changes	(7,343)
Changes in Assumptions and Other Inputs	1,974
Benefit Payments	<u>(19,042)</u>
Net Changes	<u>(2,173)</u>
Balance at June 30, 2018	<u><u>\$ 250,433</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 263,946</u>	<u>\$ 250,433</u>	<u>\$ 237,565</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 230,419</u>	<u>\$ 250,433</u>	<u>\$ 273,411</u>

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of \$21,526. The District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Assumption Changes	\$ 1,712	\$ 6,368
Total	<u>\$ 1,712</u>	<u>\$ 6,368</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the total OPEB liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$4,656) will be recognized in OPEB expense as follows:

The amounts reported as deferred outflows and inflows of resources related to OPEB (\$4,656) will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2019	\$ (712)
2020	(712)
2021	(712)
2022	(712)
2023	(712)
Thereafter	<u>(1,096)</u>
Total	<u>\$ (4,656)</u>

NOTE 10 - RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

Teachers' Retirement System

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

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

Benefits Provided. TRS provides retirement, disability, and death benefits. *Tier 1* members have TRS or reciprocal system service prior to January 1, 2011. *Tier 1* 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 2 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 2* are identical to those of *Tier 1*. Death benefits are payable under a formula that is different from *Tier 1*.

Essentially all *Tier 1* 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 2* 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 3* 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, 2016 was 9.4 percent of creditable earnings. On July 1, 2016 the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$27,140,880 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$213,436, and are deferred because they were paid after the June 30, 2017 measurement date.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Federal and 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, federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2019.

For the year ended June 30, 2018, the District pension contribution was 10.10 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2018, were \$109,237, which was equal to the District's required contribution. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

Salary increases over 6 percent. The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. For the year ended June 30, 2018, the District paid \$2,524 to TRS for employer contributions due on salary increases in excess of 6 percent.

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.

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

District's proportionate share of the collective net pension liability	\$ 8,027,380
State's proportionate share of the collective net pension liability associated with the District	<u>275,779,332</u>
Total	<u>\$ 283,806,712</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017 and 2016, the District's proportion was 0.01050730 percent and 0.00921978 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective 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 TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2017 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Mortality. 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 valuation.

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return 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:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
U.S. equities large cap	14.40 %	6.94 %
U.S. equities small/mid cap	3.60 %	8.09 %
International equities developed	14.40 %	7.46 %
Emerging market equities	3.60 %	10.15 %
U.S. bonds core	10.70 %	2.44 %
International debt developed	5.30 %	1.70 %
Real estate	15.00 %	5.44 %
Commodities (real return)	11.00 %	4.28 %
Hedge funds (absolute return)	8.00 %	4.16 %
Private equity	14.00 %	10.63 %

Discount Rate. At June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.00 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.

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 of current active and inactive members and all benefit recipients. *Tier 1's* liability is partially funded by *Tier 2* members, as the *Tier 2* member contribution is higher than the cost of *Tier 2* 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 2* were not sufficient to cover all projected benefit payments.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	<u>\$ 9,862,685</u>	<u>\$ 8,027,380</u>	<u>\$ 6,524,113</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the District recognized pension expense of \$1,246,873 and on-behalf revenue of \$27,140,880 for support provided by the state. At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,186	\$ 3,705
Net difference between projected and actual earnings on pension plan investments	5,507	-
Assumption changes	535,770	230,670
Changes in proportion and differences between District contributions and proportionate share of contributions	3,036,156	1,237,374
District contributions subsequent to the measurement date	<u>322,673</u>	<u>-</u>
Total	<u><u>\$ 3,987,292</u></u>	<u><u>\$ 1,471,749</u></u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$2,192,870) will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 589,610
2020	421,914
2021	923,611
2022	239,817
2023	<u>17,918</u>
Total	<u><u>\$ 2,192,870</u></u>

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer pension plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org. IMRF is an agent-multiple employer plan.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 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 *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 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 *Regular 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Plan Membership. At December 31, 2017, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	281
Inactive, non-retired members	395
Active members	140
Total	816

Contributions. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2017 was 11.39 percent of annual covered payroll. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

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

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2017 annual actuarial valuation included (a) 7.50% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	8.30 %	6.85 %
International equities	18.00 %	8.45 %	6.75 %
Fixed income	28.00 %	3.05 %	3.00 %
Real estate	9.00 %	6.90 %	5.75 %
Alternatives	7.00 %		
Private equity		12.45 %	7.35 %
Hedge funds		5.35 %	5.05 %
Commodities		4.25 %	2.65 %
Cash equivalents	1.00 %	2.25 %	2.25 %

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2016 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 39,218,881	\$ 35,416,222	\$ 32,253,730
Plan fiduciary net position	<u>35,274,194</u>	<u>35,274,194</u>	<u>35,274,194</u>
Net pension liability/(asset)	<u>\$ 3,944,687</u>	<u>\$ 142,028</u>	<u>\$ (3,020,464)</u>

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at December 31, 2016	\$ 35,529,036	\$ 31,669,965	\$ 3,859,071
Service cost	651,947	-	651,947
Interest on total pension liability	2,610,710	-	2,610,710
Differences between expected and actual experience of the total pension liability	(108,775)	-	(108,775)
Change of assumptions	(1,175,599)	-	(1,175,599)
Benefit payments, including refunds of employee contributions	(2,091,097)	(2,091,097)	-
Contributions - employer	-	665,976	(665,976)
Contributions - employee	-	274,398	(274,398)
Net investment income	-	5,645,455	(5,645,455)
Other (net transfer)	<u>-</u>	<u>(890,503)</u>	<u>890,503</u>
Balances at December 31, 2017	<u>\$ 35,416,222</u>	<u>\$ 35,274,194</u>	<u>\$ 142,028</u>

Changes in Assumptions and Benefit Terms. The change in the actuarial assumptions was due to the Triennial Experience Study by IMRF done in the fourth quarter of calendar year 2017.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the District recognized pension expense of \$1,144,038. The District's deferred outflows and inflows of resources related to pension were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 42,283
Assumption changes	-	456,974
Net difference between projected and actual earnings on pension plan investments	1,017,449	2,677,403
Contributions subsequent to the measurement date	<u>395,884</u>	<u>-</u>
Total	<u><u>\$ 1,413,333</u></u>	<u><u>\$ 3,176,660</u></u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$2,159,211) will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2018	\$ (638,519)
2019	(220,072)
2020	(631,270)
2021	<u>(669,350)</u>
Total	<u><u>\$ (2,159,211)</u></u>

NOTE 11 - CONTINGENT LIABILITIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 12 - STATE AND FEDERAL AID CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowance, if any, would be immaterial.

NORTH SHORE SCHOOL DISTRICT 112

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - RESTATEMENT

Net position has been restated due to the implementation of GASB Statement No. 75. The restatement is necessary to record the prior year net OPEB liability.

	<i>Governmental Activities</i>
Net position as previously reported, June 30, 2017	\$ 114,512,544
Adjustment to record the net OPEB liability as of June 30, 2017 for THIS	(43,881,406)
Adjustment to record deferred outflows of resources related to OPEB as of June 30, 2017 for THIS	312,828
Adjustment to record the net OPEB liability as of June 30, 2017 for the District's plan	<u>(252,606)</u>
Net position as restated, June 30, 2017	<u><u>\$ 70,691,360</u></u>

NOTE 14 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 83, *Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 85, *Omnibus 2017*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, GASB Statement No. 87, *Leases*, GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, and GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. Application of these standards may restate portions of these financial statements.

NOTE 15 - INTERFUND TRANSFERS

During the year, the District transferred \$4,000,000 of fund balance from the General Fund - Education Accounts to the Operations and Maintenance Fund which then transferred \$6,000,000 of its fund balance to the Capital Projects Fund. The purpose of this transfer was to provide a funding source to the Capital Projects Fund for the payment of capital projects completed during the fiscal year.

NORTH SHORE SCHOOL DISTRICT 112
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Four Most Recent Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 651,947	\$ 650,206	\$ 667,664	\$ 718,390
Interest	2,610,710	2,438,032	2,331,010	2,122,147
Differences between expected and actual experience	(108,775)	1,260,509	418,802	526,739
Changes of assumptions	(1,175,599)	(74,501)	35,695	1,345,471
Benefit payments, including refunds of member contributions	(2,091,097)	(2,028,224)	(1,915,914)	(1,806,182)
Net change in total pension liability	(112,814)	2,246,022	1,537,257	2,906,565
Total pension liability - beginning	35,529,036	33,283,014	31,745,757	28,839,192
Total pension liability - ending (a)	<u>\$ 35,416,222</u>	<u>\$ 35,529,036</u>	<u>\$ 33,283,014</u>	<u>\$ 31,745,757</u>
Plan fiduciary net position				
Employer contributions	\$ 665,976	\$ 668,374	\$ 645,638	\$ 693,937
Employee contributions	274,398	259,568	285,528	271,543
Net investment income	5,645,455	2,021,493	145,061	1,698,754
Benefit payments, including refunds of member contributions	(2,091,097)	(2,028,224)	(1,915,914)	(1,806,182)
Other (net transfer)	(890,503)	1,413,289	670,656	377,670
Net change in plan fiduciary net position	3,604,229	2,334,500	(169,031)	1,235,722
Plan fiduciary net position - beginning	31,669,965	29,335,465	29,504,496	28,268,774
Plan fiduciary net position - ending (b)	<u>\$ 35,274,194</u>	<u>\$ 31,669,965</u>	<u>\$ 29,335,465</u>	<u>\$ 29,504,496</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 142,028</u>	<u>\$ 3,859,071</u>	<u>\$ 3,947,549</u>	<u>\$ 2,241,261</u>
Plan fiduciary net position as a percentage of the total pension liability	99.60%	89.14%	88.14%	92.94%
Covered-employee payroll	\$ 5,781,286	\$ 5,722,380	\$ 5,751,951	\$ 5,795,851
Employer's net pension liability as a percentage of covered-employee payroll	2.46%	67.44%	68.63%	38.67%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Actuary valuations are as of December 31st, which is 6 months prior to the end of the fiscal year.

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Four Most Recent Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 658,488	\$ 668,374	\$ 652,271	\$ 690,286
Contributions in relation to the actuarially determined contribution	<u>(665,976)</u>	<u>(668,374)</u>	<u>(645,638)</u>	<u>(693,937)</u>
Contribution deficiency (excess)	<u>\$ (7,488)</u>	<u>\$ -</u>	<u>\$ 6,633</u>	<u>\$ (3,651)</u>
Covered-employee payroll	\$ 5,781,286	\$ 5,722,380	\$ 5,751,951	\$ 5,795,851
Contributions as a percentage of covered-employee payroll	11.52%	11.68%	11.22%	11.97%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	2.75%
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
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

NORTH SHORE SCHOOL DISTRICT 112
TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS
Four Most Recent Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.001050730%	0.0092197824%	0.0044071134%	0.00935470%
District's proportionate share of the net pension liability	\$ 8,027,380	\$ 7,277,732	\$ 2,887,103	\$ 5,693,111
State's proportionate share of the net pension liability	<u>275,779,322</u>	<u>297,041,611</u>	<u>241,581,897</u>	<u>220,632,818</u>
Total net pension liability	<u>\$ 283,806,702</u>	<u>\$ 304,319,343</u>	<u>\$ 244,469,000</u>	<u>\$ 226,325,929</u>
Covered-employee payroll	\$ 36,799,959	\$ 37,236,364	\$ 37,390,153	\$ 37,372,407
District's proportionate share of the net pension liability as a percentage of covered payroll	21.81%	19.54%	7.72%	15.23%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.40%	41.50%	43.00%
Contractually required contribution	\$ 283,026	\$ 418,881	\$ 356,851	\$ 257,839
Contributions in relation to the contractually required contribution	<u>(322,673)</u>	<u>(477,837)</u>	<u>(356,851)</u>	<u>(257,960)</u>
Contribution deficiency (excess)	<u>\$ (39,647)</u>	<u>\$ (58,956)</u>	<u>\$ -</u>	<u>\$ (121)</u>
Contributions as a percentage of covered employee payroll	0.8768%	1.2833%	0.9544%	0.6902%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.50%	7.50%
Municipal bond index	3.58%	2.85%	3.73%	N/A
Single equivalent discount rate	7.00%	6.83%	7.47%	7.50%
Inflation rate	3.00%	2.50%	3.00%	3.00%
Projected salary increases	3.75% to 9.75%	3.25% to 9.25%	3.75% to 9.75%	5.75%
	composite	varying by service	varying by service	
	approximates 5.25%			

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112
RETIREES' HEALTH PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
Most Recent Fiscal Year

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 15,059
Interest	7,179
Changes of benefit terms	-
Other Changes	(7,343)
Changes of assumptions	1,974
Benefit payments, including refunds of member contributions	<u>(19,042)</u>
Net change in total OPEB liability	(2,173)
Total OPEB liability - beginning	<u>252,606</u>
Total OPEB liability - ending (a)	<u>\$ 250,433</u>
Plan fiduciary net position	
Employer contributions	\$ -
Employee contributions	-
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administration	-
Other (net transfer)	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 250,433</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ 5,091,337
District's net OPEB liability as a percentage of covered-employee payroll	4.92%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112

RETIREES' HEALTH PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS Most Recent Fiscal Year

	2018
Actuarially determined contribution	N/A
Contributions in relation to the actuarially determined contribution	N/A
Contribution deficiency (excess)	N/A
Covered-employee payroll	\$ 5,091,137
Contributions as a percentage of covered-employee payroll	0.00%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

Valuation date:

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Straight line
Remaining amortization period	7.54 years
Asset valuation method	N/A
Election at retirement	10%
Salary increases	N/A
Investment rate of return	N/A
Healthcare cost trend rate - initial	4.50%
Healthcare cost trend rate - ultimate	4.50%
Mortality	December 31, 2017 IMRF Actuarial Valuation Report

Other information:

There were no benefit changes during the year.

NORTH SHORE SCHOOL DISTRICT 112
TEACHERS' HEALTH INSURANCE SECURITY FUND
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS
Most Recent Fiscal Year

	<u>2018</u>
District's proportion of the net OPEB liability	0.16188700%
District's proportionate share of the net OPEB liability	\$ 42,008,930
State's proportionate share of the net OPEB liability	<u>55,168,164</u>
Total net OPEB liability	<u>\$ 97,177,094</u>
Covered-employee payroll	\$ 37,236,364
District's proportionate share of the net OPEB liability as a percentage of covered payroll	112.82%
Plan fiduciary net position as a percentage of the total pension liability	-0.17%
Contractually required contribution	\$ 323,840
Contributions in relation to the contractually required contribution	<u>(323,842)</u>
Contribution deficiency (excess)	<u>\$ (2)</u>
Contributions as a percentage of covered employee payroll	0.8697%

Notes to Schedule:

The District implemented GASB 68 in fiscal year 2018. Information for fiscal years prior to 2018 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Key Assumptions:

Long-term expected rate of return	0.00%
Municipal bond index	3.56%
Single equivalent discount rate	3.56%
Inflation rate	2.75%
Healthcare cost trend rates - initial	Medicare - 8.00%
	Non-Medicare - 9.00%
Healthcare cost trend rates - ultimate	4.50%
Mortality	RP-2014 Tables

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 51,819,699	\$ 51,637,208	\$ (182,491)	\$ 52,514,354
Special education levy	583,794	581,739	(2,055)	562,443
Summer school - tuition from pupils or parents (in state)	-	1,571	1,571	11,945
Investment income	325,000	400,428	75,428	375,016
Sales to pupils - lunch	-	33,523	33,523	54,116
Refund of prior years' expenditures	-	59,728	59,728	-
Payment from other LEA's	-	-	-	26,073
Other local fees	734,400	538,242	(196,158)	656,916
Other	239,936	77,172	(162,764)	442,667
Total local sources	53,702,829	53,329,611	(373,218)	54,643,530
Flow-through revenue from one LEA to another LEA				
Other flow-through	-	-	-	12,000
Total flow-through	-	-	-	12,000
State sources				
Evidence based funding formula	1,219,829	3,356,655	2,136,826	1,267,676
Special education - private facility tuition	161,087	278,968	117,881	318,197
Special education - extraordinary	254,171	127,085	(127,086)	510,199
Special education - personnel	668,712	334,356	(334,356)	1,340,529
Special education - orphanage - individual	-	-	-	44,153
Special education - summer school	2,874	4,311	1,437	-
Bilingual education - downstate - TPI	103,867	232,988	129,121	179,021
State free lunch & breakfast	2,400	4,233	1,833	1,665
School breakfast initiative	-	3,109	3,109	-
Early childhood - block grant	512,300	560,230	47,930	358,777
Other restricted revenue from state sources	-	38,639	38,639	-
On behalf payment to TRS from the state	9,450,000	27,575,120	18,125,120	29,596,726
Total state sources	12,375,240	32,515,694	20,140,454	33,616,943

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Federal sources				
Federal impact aid	\$ 200,000	\$ 177,870	\$ (22,130)	\$ 383,314
National school lunch program	126,218	242,936	116,718	259,410
Special milk program	17,936	19,266	1,330	24,422
School breakfast program	30,515	40,792	10,277	60,079
Title I - Low income	484,000	489,188	5,188	523,216
Federal - special education - preschool flow-through	24,792	30,927	6,135	33,921
Federal - special education - IDEA - flow-through/low incident	788,119	788,631	512	816,660
Federal - special education - IDEA - room & board	30,541	65,573	35,032	188,823
Title III - English language acquisition	77,000	101,704	24,704	46,525
Title II - Teacher quality	100,000	131,058	31,058	172,027
Medicaid matching funds - administrative outreach	68,915	52,886	(16,029)	58,061
Medicaid matching funds - fee-for-service program	60,543	153,332	92,789	374,797
Other restricted revenue from federal sources	-	31,151	31,151	33,625
Total federal sources	<u>2,008,579</u>	<u>2,325,314</u>	<u>316,735</u>	<u>2,974,880</u>
Total revenues	<u>68,086,648</u>	<u>88,170,619</u>	<u>20,083,971</u>	<u>91,247,353</u>
Expenditures				
Instruction				
Regular programs				
Salaries	21,135,719	18,709,991	2,425,728	19,776,559
Employee benefits	5,773,982	2,279,194	3,494,788	2,811,695
On-behalf payments to TRS from the state	9,450,000	27,575,120	(18,125,120)	29,596,726
Purchased services	324,831	185,534	139,297	220,479
Supplies and materials	601,629	664,738	(63,109)	644,525
Capital outlay	38,041	49,808	(11,767)	17,020
Other objects	-	27,368	(27,368)	2,065
Total	<u>37,324,202</u>	<u>49,491,753</u>	<u>(12,167,551)</u>	<u>53,069,069</u>
Pre-K programs				
Salaries	-	752,759	(752,759)	-
Employee benefits	-	64,460	(64,460)	-
Purchased services	-	2,124	(2,124)	-
Supplies and materials	-	1,352	(1,352)	-
Total	-	820,695	(820,695)	-

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Special education programs				
Salaries	\$ 5,369,439	\$ 5,412,707	\$ (43,268)	\$ 5,353,049
Employee benefits	106,123	638,073	(531,950)	705,469
Purchased services	147,000	99,185	47,815	146,846
Supplies and materials	182,750	121,970	60,780	77,219
Capital outlay	30,000	12,874	17,126	5,400
Other objects	1,400	1,565	(165)	1,268
Total	<u>5,836,712</u>	<u>6,286,374</u>	<u>(449,662)</u>	<u>6,289,251</u>
Special education programs Pre-K				
Salaries	47,495	47,495	-	61,678
Employee benefits	4,078	1,142	2,936	27,624
Purchased services	500	267	233	474
Supplies and materials	<u>23,792</u>	<u>12,945</u>	<u>10,847</u>	<u>10,063</u>
Total	<u>75,865</u>	<u>61,849</u>	<u>14,016</u>	<u>99,839</u>
Remedial and supplemental programs K - 12				
Salaries	601,232	586,211	15,021	590,891
Employee benefits	<u>35,493</u>	<u>69,769</u>	<u>(34,276)</u>	<u>83,614</u>
Total	<u>636,725</u>	<u>655,980</u>	<u>(19,255)</u>	<u>674,505</u>
Remedial and supplemental programs Pre - K				
Salaries	166,044	-	166,044	114,263
Employee benefits	2,468	-	2,468	11,779
Purchased services	<u>6,741</u>	<u>-</u>	<u>6,741</u>	<u>1,739</u>
Total	<u>175,253</u>	<u>-</u>	<u>175,253</u>	<u>127,781</u>
Summer school programs				
Salaries	128,186	160,448	(32,262)	144,254
Employee benefits	882	18,736	(17,854)	15,143
Purchased services	11,307	-	11,307	-
Supplies and materials	<u>3,500</u>	<u>100</u>	<u>3,400</u>	<u>955</u>
Total	<u>143,875</u>	<u>179,284</u>	<u>(35,409)</u>	<u>160,352</u>
Gifted programs				
Salaries	646,246	714,778	(68,532)	766,752
Employee benefits	<u>11,165</u>	<u>113,152</u>	<u>(101,987)</u>	<u>89,112</u>
Total	<u>657,411</u>	<u>827,930</u>	<u>(170,519)</u>	<u>855,864</u>
Bilingual programs				
Salaries	4,172,356	3,830,230	342,126	3,959,799
Employee benefits	81,555	414,903	(333,348)	466,062
Purchased services	11,500	4,133	7,367	945
Supplies and materials	<u>8,500</u>	<u>5,008</u>	<u>3,492</u>	<u>9,064</u>
Total	<u>4,273,911</u>	<u>4,254,274</u>	<u>19,637</u>	<u>4,435,870</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Truant's alternative and optional programs				
Special education programs K -12 - private tuition				
Other objects	\$ 1,345,000	\$ 519,008	\$ 825,992	\$ 788,299
Total	1,345,000	519,008	825,992	788,299
Total instruction	50,468,954	63,097,147	(12,628,193)	66,500,830
Support services				
Pupils				
Guidance services				
Salaries	1,335,533	1,253,199	82,334	1,308,018
Employee benefits	133,872	159,665	(25,793)	182,611
Total	1,469,405	1,412,864	56,541	1,490,629
Health services				
Salaries	501,233	491,815	9,418	438,472
Employee benefits	6,245	53,466	(47,221)	55,861
Purchased services	152,400	87,622	64,778	146,578
Supplies and materials	10,000	8,231	1,769	4,040
Capital outlay	2,500	1,389	1,111	2,221
Total	672,378	642,523	29,855	647,172
Psychological services				
Salaries	742,493	855,725	(113,232)	776,766
Employee benefits	11,019	102,933	(91,914)	69,063
Purchased services	35,000	-	35,000	33,488
Supplies and materials	15,000	11,426	3,574	11,655
Total	803,512	970,084	(166,572)	890,972
Speech pathology and audiology services				
Salaries	1,504,492	1,741,196	(236,704)	1,591,519
Employee benefits	36,728	210,456	(173,728)	151,149
Supplies and materials	12,000	6,144	5,856	10,277
Capital outlay	1,500	-	1,500	-
Total	1,554,720	1,957,796	(403,076)	1,752,945
Other support services - pupils				
Salaries	603,091	851,103	(248,012)	684,125
Employee benefits	15,318	190,684	(175,366)	159,639
Total	618,409	1,041,787	(423,378)	843,764
Total pupils	5,118,424	6,025,054	(906,630)	5,625,482

See Auditors' Report and Notes to Required Supplementary Information

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NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Instructional staff				
Improvement of instructional services				
Salaries	\$ 535,893	\$ 623,650	\$ (87,757)	\$ 703,624
Employee benefits	45,657	220,329	(174,672)	289,533
Purchased services	1,148,925	844,832	304,093	258,365
Supplies and materials	330,500	1,571,162	(1,240,662)	409,398
Capital outlay	63,000	54,737	8,263	5,540
Other objects	6,000	5,678	322	5,774
Total	<u>2,129,975</u>	<u>3,320,388</u>	<u>(1,190,413)</u>	<u>1,672,234</u>
Educational media services				
Salaries	1,519,578	1,503,821	15,757	1,416,124
Employee benefits	18,067	196,510	(178,443)	176,793
Purchased services	1,004,126	858,495	145,631	672,848
Supplies and materials	296,500	478,276	(181,776)	389,628
Capital outlay	1,257,200	411,914	845,286	223,833
Other objects	-	1,585	(1,585)	355
Total	<u>4,095,471</u>	<u>3,450,601</u>	<u>644,870</u>	<u>2,879,581</u>
Assessment and testing				
Purchased services	-	-	-	9,337
Supplies and materials	-	152	(152)	736
Total	<u>-</u>	<u>152</u>	<u>(152)</u>	<u>10,073</u>
Total instructional staff	<u>6,225,446</u>	<u>6,771,141</u>	<u>(545,695)</u>	<u>4,561,888</u>
General administration				
Board of education services				
Salaries	-	483	(483)	27,654
Employee benefits	-	33,092	(33,092)	5,189
Purchased services	929,500	476,558	452,942	486,081
Supplies and materials	25,000	8,041	16,959	19,997
Other objects	-	20,143	(20,143)	23,144
Total	<u>954,500</u>	<u>538,317</u>	<u>416,183</u>	<u>562,065</u>
Executive administration services				
Salaries	309,846	317,451	(7,605)	407,568
Employee benefits	80,233	44,418	35,815	81,558
Purchased services	14,000	4,529	9,471	4,608
Supplies and materials	3,000	9,864	(6,864)	8,018
Capital outlay	5,000	468	4,532	-
Other objects	-	429	(429)	1,926
Total	<u>412,079</u>	<u>377,159</u>	<u>34,920</u>	<u>503,678</u>
Tort immunity services				
Purchased services	<u>690,925</u>	<u>529,136</u>	<u>161,789</u>	<u>509,953</u>
Total	<u>690,925</u>	<u>529,136</u>	<u>161,789</u>	<u>509,953</u>
Total general administration	<u>2,057,504</u>	<u>1,444,612</u>	<u>612,892</u>	<u>1,575,696</u>

See Auditors' Report and Notes to Required Supplementary Information

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NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 2,275,520	\$ 2,513,783	\$ (238,263)	\$ 2,495,440
Employee benefits	114,385	503,562	(389,177)	551,739
Purchased services	<u>16,800</u>	<u>5,417</u>	<u>11,383</u>	<u>10,953</u>
Total	<u>2,406,705</u>	<u>3,022,762</u>	<u>(616,057)</u>	<u>3,058,132</u>
Other support services - school administration				
Employee benefits	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total school administration	<u>2,412,705</u>	<u>3,022,762</u>	<u>(610,057)</u>	<u>3,058,132</u>
Business				
Direction of business support services				
Salaries	408,190	416,875	(8,685)	473,106
Employee benefits	41,036	67,044	(26,008)	66,754
Purchased services	2,750	11,487	(8,737)	5,875
Supplies and materials	50	448	(398)	45
Other objects	<u>2,000</u>	<u>4,896</u>	<u>(2,896)</u>	<u>3,330</u>
Total	<u>454,026</u>	<u>500,750</u>	<u>(46,724)</u>	<u>549,110</u>
Fiscal services				
Salaries	251,745	254,748	(3,003)	249,907
Employee benefits	6,581	42,511	(35,930)	43,587
Purchased services	81,097	94,145	(13,048)	111,986
Supplies and materials	27,000	14,895	12,105	7,352
Capital outlay	1,200	-	1,200	-
Other objects	<u>3,200</u>	<u>2,050</u>	<u>1,150</u>	<u>1,263</u>
Total	<u>370,823</u>	<u>408,349</u>	<u>(37,526)</u>	<u>414,095</u>
Operation and maintenance of plant services				
Purchased services	<u>-</u>	<u>1,017</u>	<u>(1,017)</u>	<u>-</u>
Total	<u>-</u>	<u>1,017</u>	<u>(1,017)</u>	<u>-</u>
Food services				
Purchased services	491,963	357,482	134,481	387,667
Supplies and materials	1,275	40,565	(39,290)	35,324
Capital outlay	<u>31,620</u>	<u>-</u>	<u>31,620</u>	<u>-</u>
Total	<u>524,858</u>	<u>398,047</u>	<u>126,811</u>	<u>422,991</u>

NORTH SHORE SCHOOL DISTRICT 112
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Internal services				
Salaries	\$ -	\$ 193	\$ (193)	\$ -
Employee benefits	-	23	(23)	-
Purchased services	-	936	(936)	-
Supplies and materials	4,474	2,726	1,748	4,628
Total	4,474	3,878	596	4,628
Total business	1,354,181	1,312,041	42,140	1,390,824
Central				
Direction of central support services				
Employee benefits	-	34,841	(34,841)	17,251
Total	-	34,841	(34,841)	17,251
Planning, research, development and evaluation services				
Purchased services	1,928	-	1,928	-
Supplies and materials	11,891	18	11,873	38
Total	13,819	18	13,801	38
Information services				
Salaries	142,907	142,907	-	139,896
Employee benefits	3,832	26,132	(22,300)	38,355
Purchased services	52,940	181,831	(128,891)	183,356
Supplies and materials	4,000	3,519	481	1,643
Capital outlay	2,000	973	1,027	-
Other objects	-	3,539	(3,539)	5,764
Total	205,679	358,901	(153,222)	369,014
Staff services				
Salaries	483,599	522,135	(38,536)	526,864
Employee benefits	57,967	89,163	(31,196)	77,637
Purchased services	70,005	62,181	7,824	96,259
Supplies and materials	1,850	3,816	(1,966)	4,944
Other objects	405	-	405	-
Total	613,826	677,295	(63,469)	705,704
Total central	833,324	1,071,055	(237,731)	1,092,007
Other supporting services				
Salaries	24,500	15,773	8,727	17,526
Employee benefits	-	1,651	(1,651)	148
Purchased services	71,676	13,960	57,716	-
Supplies and materials	1,000	168	832	102
Capital outlay	-	68	(68)	-
Total	97,176	31,620	65,556	17,776
Total support services	18,098,760	19,678,285	(1,579,525)	17,321,805

See Auditors' Report and Notes to Required Supplementary Information

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NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Community services				
Salaries	\$ 6,707	\$ 6,811	\$ (104)	\$ -
Employee benefits	1,831	523	1,308	707
Purchased services	22,997	8,172	14,825	5,000
Supplies and materials	<u>3,509</u>	<u>11,822</u>	<u>(8,313)</u>	<u>56,059</u>
Total community services	<u>35,044</u>	<u>27,328</u>	<u>7,716</u>	<u>61,766</u>
Payments to other districts and governmental units				
Payments for special education programs				
Purchased services	<u>1,200,000</u>	<u>800,933</u>	<u>399,067</u>	<u>811,647</u>
Total	<u>1,200,000</u>	<u>800,933</u>	<u>399,067</u>	<u>811,647</u>
Other payments to in-state governmental units				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,168</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,168</u>
Payments for special education programs - tuition				
Other objects	<u>820,000</u>	<u>967,635</u>	<u>(147,635)</u>	<u>946,966</u>
Total	<u>820,000</u>	<u>967,635</u>	<u>(147,635)</u>	<u>946,966</u>
Total payments to other districts and governmental units	<u>2,020,000</u>	<u>1,768,568</u>	<u>251,432</u>	<u>1,823,781</u>
Total expenditures	<u>70,622,758</u>	<u>84,571,328</u>	<u>(13,948,570)</u>	<u>85,708,182</u>
Excess (deficiency) of revenues over expenditures	<u>(2,536,110)</u>	<u>3,599,291</u>	<u>6,135,401</u>	<u>5,539,171</u>
Other financing sources (uses)				
Transfer among funds	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,536,110)</u>	<u>(400,709)</u>	<u>\$ 6,135,401</u>	<u>5,539,171</u>
Fund balance, beginning of year		<u>40,818,231</u>		<u>35,279,060</u>
Fund balance, end of year		<u>\$ 40,417,522</u>		<u>\$ 40,818,231</u>

See Auditors' Report and Notes to Required Supplementary Information

(Concluded)

NORTH SHORE SCHOOL DISTRICT 112**OPERATIONS AND MAINTENANCE FUND**

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

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

WWW.COMPTONNEWSSTORY.COM/AMOUNT-OF-THE-REVENUES-JUNE-30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 11,962,856	\$ 11,920,727	\$ (42,129)	\$ 10,126,373
Corporate personal property replacement taxes	50,000	70,029	20,029	73,578
Investment income	-	99,172	99,172	33,264
Rentals	50,500	88,625	38,125	97,997
Impact fees from municipal or county governments	5,000	48,779	43,779	147,386
Other	<u>187,436</u>	<u>4,210</u>	<u>(183,226)</u>	<u>-</u>
Total local sources	<u>12,255,792</u>	<u>12,231,542</u>	<u>(24,250)</u>	<u>10,478,598</u>
State sources				
Other restricted revenue from state sources	<u>-</u>	<u>27,470</u>	<u>27,470</u>	<u>-</u>
Total state sources	<u>-</u>	<u>27,470</u>	<u>27,470</u>	<u>-</u>
Total revenues	<u>12,255,792</u>	<u>12,259,012</u>	<u>3,220</u>	<u>10,478,598</u>
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	1,173,690	1,234,781	(61,091)	1,275,350
Employee benefits	31,528	157,882	(126,354)	165,236
Purchased services	3,982,958	4,030,266	(47,308)	4,447,884
Supplies and materials	1,335,747	1,275,966	59,781	1,097,514
Capital outlay	<u>1,650,000</u>	<u>2,682,970</u>	<u>(1,032,970)</u>	<u>3,479,749</u>
Total	<u>8,173,923</u>	<u>9,381,865</u>	<u>(1,207,942)</u>	<u>10,465,733</u>
Total business	<u>8,173,923</u>	<u>9,381,865</u>	<u>(1,207,942)</u>	<u>10,465,733</u>
Total support services	<u>8,173,923</u>	<u>9,381,865</u>	<u>(1,207,942)</u>	<u>10,465,733</u>
Total expenditures	<u>8,173,923</u>	<u>9,381,865</u>	<u>(1,207,942)</u>	<u>10,465,733</u>
Excess (deficiency) of revenues over expenditures	<u>4,081,869</u>	<u>2,877,147</u>	<u>(1,204,722)</u>	<u>12,865</u>

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112**OPERATIONS AND MAINTENANCE FUND**

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

	2018		VARIANCE WITH FINAL BUDGET	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other financing sources (uses)				
Transfer among funds	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -
Transfer to capital projects fund	<u>(6,000,000)</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,081,869</u>	877,147	<u>\$ (1,204,722)</u>	12,865
Fund balance, beginning of year		<u>2,565,774</u>		<u>2,552,909</u>
Fund balance, end of year		<u>\$ 3,442,921</u>		<u>\$ 2,565,774</u>

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112
TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 2,169,510	\$ 2,161,869	\$ (7,641)	\$ 2,120,217
Corporate personal property replacement taxes	106,038	112,045	6,007	117,726
Regular transportation fees from pupils or parents (in state)	50,000	22,193	(27,807)	34,813
Investment income	-	45,138	45,138	14,817
Other	-	28,593	28,593	-
Total local sources	<u>2,325,548</u>	<u>2,369,838</u>	<u>44,290</u>	<u>2,287,573</u>
State sources				
Transportation - regular/vocational	13,165	31,460	18,295	23,816
Transportation - special education	<u>399,291</u>	<u>639,637</u>	<u>240,346</u>	<u>733,060</u>
Total state sources	<u>412,456</u>	<u>671,097</u>	<u>258,641</u>	<u>756,876</u>
Total revenues	<u>2,738,004</u>	<u>3,040,935</u>	<u>302,931</u>	<u>3,044,449</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	74,074	74,074	-	73,145
Employee benefits	10,394	12,059	(1,665)	12,405
Purchased services	3,280,883	3,225,460	55,423	2,713,035
Supplies and materials	<u>16,291</u>	<u>2,474</u>	<u>13,817</u>	<u>329</u>
Total	<u>3,381,642</u>	<u>3,314,067</u>	<u>67,575</u>	<u>2,798,914</u>
Total business	<u>3,381,642</u>	<u>3,314,067</u>	<u>67,575</u>	<u>2,798,914</u>
Total support services	<u>3,381,642</u>	<u>3,314,067</u>	<u>67,575</u>	<u>2,798,914</u>
Total expenditures	<u>3,381,642</u>	<u>3,314,067</u>	<u>67,575</u>	<u>2,798,914</u>
Net change in fund balance	<u>\$ (643,638)</u>	<u>(273,132)</u>	<u>\$ 370,506</u>	<u>245,535</u>
Fund balance, beginning of year		<u>2,486,462</u>		<u>2,240,927</u>
Fund balance, end of year		<u>\$ 2,213,330</u>		<u>\$ 2,486,462</u>

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 578,873	\$ 576,639	\$ (2,234)	\$ 615,732
Social security/medicare only levy	578,873	576,835	(2,038)	615,729
Corporate personal property replacement taxes	610,000	508,347	(101,653)	544,477
Investment income	-	37,395	37,395	15,537
Other	-	408	408	-
Total local sources	<u>1,767,746</u>	<u>1,699,624</u>	<u>(68,122)</u>	<u>1,791,475</u>
Total revenues	<u>1,767,746</u>	<u>1,699,624</u>	<u>(68,122)</u>	<u>1,791,475</u>
Expenditures				
Instruction				
Regular programs	345,132	282,660	62,472	304,327
Pre-K programs	-	38,664	(38,664)	-
Special education programs	341,691	299,523	42,168	299,641
Special education programs Pre-K	8,336	682	7,654	888
Remedial and supplemental programs K - 12	8,099	7,468	631	7,912
Remedial and supplemental programs Pre - K	20,747	-	20,747	5,160
Summer school programs	241	6,299	(6,058)	5,907
Gifted programs	10,792	10,155	637	10,915
Bilingual programs	<u>148,458</u>	<u>88,102</u>	<u>60,356</u>	<u>116,972</u>
Total instruction	<u>883,496</u>	<u>733,553</u>	<u>149,943</u>	<u>751,722</u>
Support services				
Pupils				
Guidance services	18,265	17,478	787	17,782
Health services	95,664	77,738	17,926	68,787
Psychological services	11,007	13,146	(2,139)	11,910
Speech pathology and audiology services	22,184	24,215	(2,031)	21,511
Other support services - pupils	<u>8,701</u>	<u>13,417</u>	<u>(4,716)</u>	<u>10,959</u>
Total pupils	<u>155,821</u>	<u>145,994</u>	<u>9,827</u>	<u>130,949</u>
Instructional staff				
Improvement of instructional staff	22,721	25,235	(2,514)	29,505
Educational media services	<u>109,436</u>	<u>108,136</u>	<u>1,300</u>	<u>104,299</u>
Total instructional staff	<u>132,157</u>	<u>133,371</u>	<u>(1,214)</u>	<u>133,804</u>
General administration				
Board of education services	9,358	51	9,307	5,105
Executive administration services	<u>16,779</u>	<u>13,933</u>	<u>2,846</u>	<u>18,671</u>
Total general administration	<u>26,137</u>	<u>13,984</u>	<u>12,153</u>	<u>23,776</u>

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services	\$ 145,579	\$ 132,580	\$ 12,999	\$ 141,264
Total school administration	<u>145,579</u>	<u>132,580</u>	<u>12,999</u>	<u>141,264</u>
Business				
Direction of business support services	74,130	74,538	(408)	79,860
Fiscal services	46,631	49,833	(3,202)	49,323
Operations and maintenance of plant services	221,771	230,652	(8,881)	240,039
Pupil transportation services	14,390	14,629	(239)	14,555
Internal services	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>-</u>
Total business	<u>356,922</u>	<u>369,655</u>	<u>(12,733)</u>	<u>383,777</u>
Central				
Information services	27,243	28,977	(1,734)	28,664
Staff services	<u>36,667</u>	<u>45,873</u>	<u>(9,206)</u>	<u>47,049</u>
Total central	<u>63,910</u>	<u>74,850</u>	<u>(10,940)</u>	<u>75,713</u>
Other supporting services	<u>286</u>	<u>2,722</u>	<u>(2,436)</u>	<u>3,386</u>
Total support services	<u>880,812</u>	<u>873,156</u>	<u>7,656</u>	<u>892,669</u>
Community services	<u>-</u>	<u>987</u>	<u>(987)</u>	<u>-</u>
Total expenditures	<u>1,764,308</u>	<u>1,607,696</u>	<u>156,612</u>	<u>1,644,391</u>
Net change in fund balance	<u>\$ 3,438</u>	91,928	<u>\$ 88,490</u>	147,084
Fund balance, beginning of year		<u>2,885,399</u>		<u>2,738,315</u>
Fund balance, end of year		<u>\$ 2,977,327</u>		<u>\$ 2,885,399</u>

See Auditors' Report and Notes to Required Supplementary Information

NORTH SHORE SCHOOL DISTRICT 112
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

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

1. 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.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of an resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. 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 any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

Excess of Expenditures over Budget

For the year ended June 30, 2018, expenditures exceeded budget in the General Fund (Educational Accounts) and the Operations and Maintenance Fund by \$13,948,570 and \$1,207,942 respectively. The General Fund excess was a result of the TRS on behalf and had no fund balance effect. The Operations and Maintenance excess was funded by available fund balance.

NORTH SHORE SCHOOL DISTRICT 112**DEBT SERVICE FUND**

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

WWW.COMPTONRECORDS.COM/AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
Investment income	\$ -	\$ 444	\$ 444	\$ 150
Total local sources	-	444	444	150
Total revenues	-	444	444	150
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	444	\$ 444	150
Fund balance, beginning of year		36,264		36,114
Fund balance, end of year		\$ 36,708		\$ 36,264

NORTH SHORE SCHOOL DISTRICT 112

CAPITAL PROJECTS FUND

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

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
Revenues				
Local sources				
Investment income	\$ -	\$ 1,164	\$ 1,164	\$ -
Total local sources	-	1,164	1,164	-
Total revenues	-	1,164	1,164	-
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	-	87,440	(87,440)	-
Capital outlay	6,000,000	5,913,448	86,552	-
Total	6,000,000	6,000,888	(888)	-
Total business	6,000,000	6,000,888	(888)	-
Total support services	6,000,000	6,000,888	(888)	-
Total expenditures	6,000,000	6,000,888	(888)	-
Excess (deficiency) of revenues over expenditures	(6,000,000)	(5,999,724)	276	-
Other financing sources (uses)				
Transfer among funds	6,000,000	6,000,000	-	-
Total other financing sources (uses)	6,000,000	6,000,000	-	-
Net change in fund balance	\$ -	276	\$ 276	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ 276		\$ -

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

COMBINING BALANCE SHEET

AS OF JUNE 30, 2018

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets				
Cash and investments	\$ 63,660,082	\$ 16,412	\$ 14,433,939	\$ 78,110,433
Receivables (net allowance for uncollectibles):				
Property taxes	21,588,245	-	4,393	21,592,638
Intergovernmental	<u>943,063</u>	<u>-</u>	<u>-</u>	<u>943,063</u>
Total assets	<u>\$ 86,191,390</u>	<u>\$ 16,412</u>	<u>\$ 14,438,332</u>	<u>\$ 100,646,134</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 391,507	\$ 16,412	\$ -	\$ 407,919
Salaries and wages payable	4,281,744	-	-	4,281,744
Payroll deductions payable	6,706	-	-	6,706
Other current liabilities	4,169	-	-	4,169
Unearned student fees	355,573	-	-	355,573
Health claims payable	<u>828,705</u>	<u>-</u>	<u>-</u>	<u>828,705</u>
Total liabilities	<u>5,868,404</u>	<u>16,412</u>	<u>-</u>	<u>5,884,816</u>
Deferred inflows of resources				
Property taxes levied for a future period	53,719,648	-	57,085	53,776,733
Unavailable state and federal aid receivable	<u>567,063</u>	<u>-</u>	<u>-</u>	<u>567,063</u>
Total deferred inflows of resources	<u>54,286,711</u>	<u>-</u>	<u>57,085</u>	<u>54,343,796</u>
Fund balance				
Unassigned	<u>26,036,275</u>	<u>-</u>	<u>14,381,247</u>	<u>40,417,522</u>
Total fund balance	<u>26,036,275</u>	<u>-</u>	<u>14,381,247</u>	<u>40,417,522</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 86,191,390</u>	<u>\$ 16,412</u>	<u>\$ 14,438,332</u>	<u>\$ 100,646,134</u>

NORTH SHORE SCHOOL DISTRICT 112

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2018

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues				
Property taxes	\$ 51,226,423	\$ -	\$ 992,524	\$ 52,218,947
State aid	32,515,694	-	-	32,515,694
Federal aid	2,325,314	-	-	2,325,314
Investment income	98,311	-	302,117	400,428
Other	<u>709,886</u>	<u>-</u>	<u>350</u>	<u>710,236</u>
Total revenues	<u>86,875,628</u>	<u>-</u>	<u>1,294,991</u>	<u>88,170,619</u>
Expenditures				
Current:				
Instruction:				
Regular programs	21,866,825	-	-	21,866,825
Special programs	7,510,337	-	-	7,510,337
Other instructional programs	6,082,183	-	-	6,082,183
State retirement contributions	27,575,120	-	-	27,575,120
Support Services:				
Pupils	6,023,665	-	-	6,023,665
Instructional staff	6,304,490	-	-	6,304,490
General administration	1,444,144	-	-	1,444,144
School administration	3,022,762	-	-	3,022,762
Business	1,311,024	-	-	1,311,024
Operations and maintenance	1,017	-	-	1,017
Central	1,070,082	-	-	1,070,082
Other supporting services	31,552	-	-	31,552
Community services	27,328	-	-	27,328
Payments to other districts and gov't units	1,768,568	-	-	1,768,568
Capital outlay	<u>532,231</u>	<u>-</u>	<u>-</u>	<u>532,231</u>
Total expenditures	<u>84,571,328</u>	<u>-</u>	<u>-</u>	<u>84,571,328</u>
Excess (deficiency) of revenues over expenditures	<u>2,304,300</u>	<u>-</u>	<u>1,294,991</u>	<u>3,599,291</u>
Other financing sources (uses)				
Transfers (out)	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>
Total other financing sources (uses)	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>
Net change in fund balance	(1,695,700)	-	1,294,991	(400,709)
Fund balance, beginning of year	<u>27,731,975</u>	<u>-</u>	<u>13,086,256</u>	<u>40,818,231</u>
Fund balance, end of year	<u>\$ 26,036,275</u>	<u>\$ -</u>	<u>\$ 14,381,247</u>	<u>\$ 40,417,522</u>

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 50,823,668	\$ 50,644,684	\$ (178,984)	\$ 52,504,419
Special education levy	583,794	581,739	(2,055)	562,443
Summer school - tuition from pupils or parents (in state)	-	1,571	1,571	11,945
Investment income	325,000	98,311	(226,689)	229,570
Sales to pupils - lunch	-	33,523	33,523	54,116
Refund of prior years' expenditures	-	59,728	59,728	-
Payment from other LEA's	-	-	-	26,073
Other local fees	734,400	538,242	(196,158)	656,916
Other	239,936	76,822	(163,114)	442,667
Total local sources	52,706,798	52,034,620	(672,178)	54,488,149
Flow-through revenue from one LEA to another LEA				
Other flow-through	-	-	-	12,000
Total flow-through	-	-	-	12,000
State sources				
Evidence based funding formula	1,219,829	3,356,655	2,136,826	1,267,676
Special education - private facility tuition	161,087	278,968	117,881	318,197
Special education - extraordinary	254,171	127,085	(127,086)	510,199
Special education - personnel	668,712	334,356	(334,356)	1,340,529
Special education - orphanage - individual	-	-	-	44,153
Special education - summer school	2,874	4,311	1,437	-
Bilingual education - downstate - TPI	103,867	232,988	129,121	179,021
State free lunch & breakfast	2,400	4,233	1,833	1,665
School breakfast initiative	-	3,109	3,109	-
Early childhood - block grant	512,300	560,230	47,930	358,777
Other restricted revenue from state sources	-	38,639	38,639	-
On behalf payment to TRS from the state	9,450,000	27,575,120	18,125,120	29,596,726
Total state sources	12,375,240	32,515,694	20,140,454	33,616,943

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Federal sources				
Federal impact aid	\$ 200,000	\$ 177,870	\$ (22,130)	\$ 383,314
National school lunch program	126,218	242,936	116,718	259,410
Special milk program	17,936	19,266	1,330	24,422
School breakfast program	30,515	40,792	10,277	60,079
Title I - Low income	484,000	489,188	5,188	523,216
Federal - special education - preschool flow-through	24,792	30,927	6,135	33,921
Federal - special education - IDEA - flow-through/low incident	788,119	788,631	512	816,660
Federal - special education - IDEA - room & board	30,541	65,573	35,032	188,823
Title III - English language acquisition	77,000	101,704	24,704	46,525
Title II - Teacher quality	100,000	131,058	31,058	172,027
Medicaid matching funds - administrative outreach	68,915	52,886	(16,029)	58,061
Medicaid matching funds - fee-for-service program	60,543	153,332	92,789	374,797
Other restricted revenue from federal sources	-	31,151	31,151	33,625
Total federal sources	<u>2,008,579</u>	<u>2,325,314</u>	<u>316,735</u>	<u>2,974,880</u>
Total revenues	<u>67,090,617</u>	<u>86,875,628</u>	<u>19,785,011</u>	<u>91,091,972</u>
Expenditures				
Instruction				
Regular programs				
Salaries	21,135,719	18,709,991	2,425,728	19,776,559
Employee benefits	5,773,982	2,279,194	3,494,788	2,811,695
On-behalf payments to TRS from the state	9,450,000	27,575,120	(18,125,120)	29,596,726
Purchased services	324,831	185,534	139,297	220,479
Supplies and materials	601,629	664,738	(63,109)	644,525
Capital outlay	38,041	49,808	(11,767)	17,020
Other objects	-	27,368	(27,368)	2,065
Total	<u>37,324,202</u>	<u>49,491,753</u>	<u>(12,167,551)</u>	<u>53,069,069</u>
Pre-K programs				
Salaries	-	752,759	(752,759)	-
Employee benefits	-	64,460	(64,460)	-
Purchased services	-	2,124	(2,124)	-
Supplies and materials	-	1,352	(1,352)	-
Total	<u>-</u>	<u>820,695</u>	<u>(820,695)</u>	<u>-</u>

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Special education programs				
Salaries	\$ 5,369,439	\$ 5,412,707	\$ (43,268)	\$ 5,353,049
Employee benefits	106,123	638,073	(531,950)	705,469
Purchased services	147,000	99,185	47,815	146,846
Supplies and materials	182,750	121,970	60,780	77,219
Capital outlay	30,000	12,874	17,126	5,400
Other objects	1,400	1,565	(165)	1,268
Total	5,836,712	6,286,374	(449,662)	6,289,251
Special education programs Pre-K				
Salaries	47,495	47,495	-	61,678
Employee benefits	4,078	1,142	2,936	27,624
Purchased services	500	267	233	474
Supplies and materials	23,792	12,945	10,847	10,063
Total	75,865	61,849	14,016	99,839
Remedial and supplemental programs K - 12				
Salaries	601,232	586,211	15,021	590,891
Employee benefits	35,493	69,769	(34,276)	83,614
Total	636,725	655,980	(19,255)	674,505
Remedial and supplemental programs Pre - K				
Salaries	166,044	-	166,044	114,263
Employee benefits	2,468	-	2,468	11,779
Purchased services	6,741	-	6,741	1,739
Total	175,253	-	175,253	127,781
Summer school programs				
Salaries	128,186	160,448	(32,262)	144,254
Employee benefits	882	18,736	(17,854)	15,143
Purchased services	11,307	-	11,307	-
Supplies and materials	3,500	100	3,400	955
Total	143,875	179,284	(35,409)	160,352
Gifted programs				
Salaries	646,246	714,778	(68,532)	766,752
Employee benefits	11,165	113,152	(101,987)	89,112
Total	657,411	827,930	(170,519)	855,864
Bilingual programs				
Salaries	4,172,356	3,830,230	342,126	3,959,799
Employee benefits	81,555	414,903	(333,348)	466,062
Purchased services	11,500	4,133	7,367	945
Supplies and materials	8,500	5,008	3,492	9,064
Total	4,273,911	4,254,274	19,637	4,435,870

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Special education programs K -12 - private tuition				
Other objects	\$ 1,345,000	\$ 519,008	\$ 825,992	\$ 788,299
Total	1,345,000	519,008	825,992	788,299
Total instruction	50,468,954	63,097,147	(12,628,193)	66,500,830
Support services				
Pupils				
Guidance services				
Salaries	1,335,533	1,253,199	82,334	1,308,018
Employee benefits	133,872	159,665	(25,793)	182,611
Total	1,469,405	1,412,864	56,541	1,490,629
Health services				
Salaries	501,233	491,815	9,418	438,472
Employee benefits	6,245	53,466	(47,221)	55,861
Purchased services	152,400	87,622	64,778	146,578
Supplies and materials	10,000	8,231	1,769	4,040
Capital outlay	2,500	1,389	1,111	2,221
Total	672,378	642,523	29,855	647,172
Psychological services				
Salaries	742,493	855,725	(113,232)	776,766
Employee benefits	11,019	102,933	(91,914)	69,063
Purchased services	35,000	-	35,000	33,488
Supplies and materials	15,000	11,426	3,574	11,655
Total	803,512	970,084	(166,572)	890,972
Speech pathology and audiology services				
Salaries	1,504,492	1,741,196	(236,704)	1,591,519
Employee benefits	36,728	210,456	(173,728)	151,149
Supplies and materials	12,000	6,144	5,856	10,277
Capital outlay	1,500	-	1,500	-
Total	1,554,720	1,957,796	(403,076)	1,752,945
Other support services - pupils				
Salaries	603,091	851,103	(248,012)	684,125
Employee benefits	15,318	190,684	(175,366)	159,639
Total	618,409	1,041,787	(423,378)	843,764
Total pupils	5,118,424	6,025,054	(906,630)	5,625,482

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Instructional staff				
Improvement of instructional services				
Salaries	\$ 535,893	\$ 623,650	\$ (87,757)	\$ 703,624
Employee benefits	45,657	220,329	(174,672)	289,533
Purchased services	1,148,925	844,832	304,093	258,365
Supplies and materials	330,500	1,571,162	(1,240,662)	409,398
Capital outlay	63,000	54,737	8,263	5,540
Other objects	6,000	5,678	322	5,774
Total	2,129,975	3,320,388	(1,190,413)	1,672,234
Educational media services				
Salaries	1,519,578	1,503,821	15,757	1,416,124
Employee benefits	18,067	196,510	(178,443)	176,793
Purchased services	1,004,126	858,495	145,631	672,848
Supplies and materials	296,500	478,276	(181,776)	389,628
Capital outlay	1,257,200	411,914	845,286	223,833
Other objects	-	1,585	(1,585)	355
Total	4,095,471	3,450,601	644,870	2,879,581
Assessment and testing				
Purchased services	-	-	-	9,337
Supplies and materials	-	152	(152)	736
Total	-	152	(152)	10,073
Total instructional staff	6,225,446	6,771,141	(545,695)	4,561,888
General administration				
Board of education services				
Salaries	-	483	(483)	27,654
Employee benefits	-	33,092	(33,092)	5,189
Purchased services	929,500	476,558	452,942	486,081
Supplies and materials	25,000	8,041	16,959	19,997
Other objects	-	20,143	(20,143)	23,144
Total	954,500	538,317	416,183	562,065
Executive administration services				
Salaries	309,846	317,451	(7,605)	407,568
Employee benefits	80,233	44,418	35,815	81,558
Purchased services	14,000	4,529	9,471	4,608
Supplies and materials	3,000	9,864	(6,864)	8,018
Capital outlay	5,000	468	4,532	-
Other objects	-	429	(429)	1,926
Total	412,079	377,159	34,920	503,678

(Continued)

NORTH SHORE SCHOOL DISTRICT 112
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Tort immunity services				
Purchased services	\$ 690,925	\$ 529,136	\$ 161,789	\$ 509,953
Total	690,925	529,136	161,789	509,953
Total general administration	2,057,504	1,444,612	612,892	1,575,696
School administration				
Office of the principal services				
Salaries	2,275,520	2,513,783	(238,263)	2,495,440
Employee benefits	114,385	503,562	(389,177)	551,739
Purchased services	16,800	5,417	11,383	10,953
Total	2,406,705	3,022,762	(616,057)	3,058,132
Other support services - school administration				
Employee benefits	6,000	-	6,000	-
Total	6,000	-	6,000	-
Total school administration	2,412,705	3,022,762	(610,057)	3,058,132
Business				
Direction of business support services				
Salaries	408,190	416,875	(8,685)	473,106
Employee benefits	41,036	67,044	(26,008)	66,754
Purchased services	2,750	11,487	(8,737)	5,875
Supplies and materials	50	448	(398)	45
Other objects	2,000	4,896	(2,896)	3,330
Total	454,026	500,750	(46,724)	549,110
Fiscal services				
Salaries	251,745	254,748	(3,003)	249,907
Employee benefits	6,581	42,511	(35,930)	43,587
Purchased services	81,097	94,145	(13,048)	111,986
Supplies and materials	27,000	14,895	12,105	7,352
Capital outlay	1,200	-	1,200	-
Other objects	3,200	2,050	1,150	1,263
Total	370,823	408,349	(37,526)	414,095

(Continued)

NORTH SHORE SCHOOL DISTRICT 112
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Operation and maintenance of plant services				
Purchased services	\$ -	\$ 1,017	\$ (1,017)	\$ -
Total	-	1,017	(1,017)	-
Food services				
Purchased services	491,963	357,482	134,481	387,667
Supplies and materials	1,275	40,565	(39,290)	35,324
Capital outlay	31,620	-	31,620	-
Total	524,858	398,047	126,811	422,991
Internal services				
Salaries	-	193	(193)	-
Employee benefits	-	23	(23)	-
Purchased services	-	936	(936)	-
Supplies and materials	4,474	2,726	1,748	4,628
Total	4,474	3,878	596	4,628
Total business	1,354,181	1,312,041	42,140	1,390,824
Central				
Employee benefits	-	34,841	(34,841)	17,251
Total	-	34,841	(34,841)	17,251
Planning, research, development and evaluation services				
Purchased services	1,928	-	1,928	-
Supplies and materials	11,891	18	11,873	38
Total	13,819	18	13,801	38
Information services				
Salaries	142,907	142,907	-	139,896
Employee benefits	3,832	26,132	(22,300)	38,355
Purchased services	52,940	181,831	(128,891)	183,356
Supplies and materials	4,000	3,519	481	1,643
Capital outlay	2,000	973	1,027	-
Other objects	-	3,539	(3,539)	5,764
Total	205,679	358,901	(153,222)	369,014
Staff services				
Salaries	483,599	522,135	(38,536)	526,864
Employee benefits	57,967	89,163	(31,196)	77,637
Purchased services	70,005	62,181	7,824	96,259
Supplies and materials	1,850	3,816	(1,966)	4,944
Other objects	405	-	405	-
Total	613,826	677,295	(63,469)	705,704
Total central	833,324	1,071,055	(237,731)	1,092,007

(Continued)

NORTH SHORE SCHOOL DISTRICT 112

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Other supporting services				
Salaries	\$ 24,500	\$ 15,773	\$ 8,727	\$ 17,526
Employee benefits	-	1,651	(1,651)	148
Purchased services	71,676	13,960	57,716	-
Supplies and materials	1,000	168	832	102
Capital outlay	-	68	(68)	-
Total	97,176	31,620	65,556	17,776
Total support services	18,098,760	19,678,285	(1,579,525)	17,321,805
Community services				
Salaries	6,707	6,811	(104)	-
Employee benefits	1,831	523	1,308	707
Purchased services	22,997	8,172	14,825	5,000
Supplies and materials	3,509	11,822	(8,313)	56,059
Total community services	35,044	27,328	7,716	61,766
Payments to other districts and governmental units				
Payments for special education programs				
Purchased services	1,200,000	800,933	399,067	811,647
Total	1,200,000	800,933	399,067	811,647
Other payments to in-state governmental units				
Other objects	-	-	-	65,168
Total	-	-	-	65,168
Payments for special education programs - tuition				
Other objects	820,000	967,635	(147,635)	946,966
Total	820,000	967,635	(147,635)	946,966
Total payments to other districts and governmental units	2,020,000	1,768,568	251,432	1,823,781
Total expenditures	70,622,758	84,571,328	(13,948,570)	85,708,182
Excess (deficiency) of revenues over expenditures	(3,532,141)	2,304,300	5,836,441	5,383,790

(Continued)

NORTH SHORE SCHOOL DISTRICT 112
EDUCATIONAL ACCOUNTS

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

	2018		VARIANCE WITH FINAL BUDGET	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other financing sources (uses)				
Transfer among funds	\$ (4,000,000)	\$ (4,000,000)	\$ -	\$ -
Total other financing sources (uses)	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (7,532,141)</u>	(1,695,700)	<u>\$ 5,836,441</u>	5,383,790
Fund balance, beginning of year		<u>27,731,975</u>		<u>22,348,185</u>
Fund balance, end of year		<u>\$ 26,036,275</u>		<u>\$ 27,731,975</u>

NORTH SHORE SCHOOL DISTRICT 112**WORKING CASH ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO 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 WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 996,031	\$ 992,524	\$ (3,507)	\$ 9,935
Investment income	-	302,117	302,117	145,446
Other	-	350	350	-
Total local sources	996,031	1,294,991	298,960	155,381
Total revenues	996,031	1,294,991	298,960	155,381
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balance	<u>\$ 996,031</u>	1,294,991	<u>\$ 298,960</u>	155,381
Fund balance, beginning of year		13,086,256		12,930,875
Fund balance, end of year		<u>\$ 14,381,247</u>		<u>\$ 13,086,256</u>

NORTH SHORE SCHOOL DISTRICT 112
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2018

	BALANCE 7/1/2017	ADDITIONS	DELETIONS	BALANCE 6/30/2018
Assets				
Cash and Investments	<u>\$ 255,549</u>	<u>\$ 217,602</u>	<u>\$ (228,034)</u>	<u>\$ 245,117</u>
Liabilities				
Due to student groups				
Braeside	\$ 5,379	\$ 6,813	\$ (5,905)	\$ 6,287
Edgewood	8,171	48,297	(44,705)	11,763
Elm Place	20,382	54,613	(66,089)	8,906
Indian Trail	10,742	6,993	(3,351)	14,384
Lincoln	38,969	2,910	(12,417)	29,462
Northwood	19,772	38,426	(43,102)	15,096
Oak Terrace	9,020	5,014	(4,666)	9,368
Ravinia	35,224	6,857	(5,837)	36,244
Red Oak	8,860	8,876	(8,265)	9,471
Sherwood	65,556	24,832	(19,787)	70,601
Green Bay	4,080	914	(6,588)	(1,594)
Wayne Thomas	27,322	10,041	(6,500)	30,863
Interest	431	3,016	(822)	2,625
Leadership Team	<u>1,641</u>	<u>-</u>	<u>-</u>	<u>1,641</u>
Total Liabilities	<u>\$ 255,549</u>	<u>\$ 217,602</u>	<u>\$ (228,034)</u>	<u>\$ 245,117</u>

Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding of what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	82 - 93
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	94 - 97
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	98 - 101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	102 - 105
Operating Information These schedules contain information about the District's services and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it	106 - 107

NORTH SHORE SCHOOL DISTRICT 112

Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	<u>2018***</u>	<u>2017</u>	<u>2016</u>	<u>2015**</u>
Governmental Activities:				
Net investment in capital assets	\$ 77,225,869	\$ 70,739,137	\$ 67,998,467	\$ 68,680,537
Restricted				
Operations and maintenance	1,901,116	1,334,784	1,707,408	1,729,994
Student transportation	1,655,424	2,188,423	1,903,340	1,802,912
Retirement benefits	991,833	1,409,808	1,164,837	1,813,653
Capital projects	-	-	1,536,694	80,089
Tort immunity	-	-	-	-
Debt service	33,708	33,708	2,406	2,406
Unrestricted	<u>(8,954,459)</u>	<u>38,806,684</u>	<u>33,160,795</u>	<u>26,277,098</u>
Total net position	<u>\$ 72,853,491</u>	<u>\$ 114,512,544</u>	<u>\$ 107,473,947</u>	<u>\$ 100,386,689</u>

Note: Due to the implementation of GASB Statement No. 63 during fiscal year ended June 30, 2013, the District is now required to report net assets as net position.

* Net Position by component adjusted in 2013 due to restatement identified during fiscal year 2014 audit. Prior years not restated.

**Net Position restated due to GASB Statement No. 68 implementation as of June 30, 2014. Prior years not restated.

***Net Position restated due to GASB Statement No. 75 implementation as of June 30, 2017. Prior years not restated.

Fiscal Year					
<u>2014**</u>	<u>2013*</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 64,808,837	\$ 63,122,681	\$ 57,079,378	\$ 54,337,116	\$ 46,989,074	\$ 41,886,079
4,147,494	4,071,621	2,512,058	-	-	-
1,346,866	-	587,395	749,893	758,970	2,132,920
1,942,691	1,592,970	1,129,517	953,535	947,398	947,214
1,547,521	154,394	142,468	179,587	583,189	545,152
203,055	625,757	826,292	776,297	779,928	673,017
643,106	2,137,013	2,026,575	2,097,395	2,262,779	1,921,610
<u>25,903,146</u>	<u>21,540,113</u>	<u>24,602,652</u>	<u>24,968,047</u>	<u>26,998,898</u>	<u>24,929,591</u>
<u>\$ 100,542,716</u>	<u>\$ 93,244,549</u>	<u>\$ 88,906,335</u>	<u>\$ 84,061,870</u>	<u>\$ 79,320,236</u>	<u>\$ 73,035,583</u>

NORTH SHORE SCHOOL DISTRICT 112

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses					
Governmental Activities:					
Instruction					
Regular Programs	\$ 23,867,323	\$ 24,769,383	\$ 25,768,271	\$ 24,437,351	\$ 23,536,690
Special Programs	9,998,574	10,005,498	10,618,189	12,141,245	13,059,882
Other Programs	6,802,804	5,662,970	4,489,402	5,558,022	5,004,500
State On-behalf Contributions to TRS	27,575,120	29,596,726	20,192,502	18,144,483	12,958,399
Support services					
Pupils	7,220,973	6,239,677	5,869,190	5,617,111	4,491,877
Instructional Staff	7,226,009	4,615,680	4,056,260	3,930,168	3,723,817
District Administration	1,431,123	1,551,617	1,731,554	1,584,879	1,616,177
School Administration	4,025,350	3,142,361	3,324,345	3,390,702	3,330,904
Business	1,523,766	1,510,867	1,467,777	1,457,453	1,381,477
Transportation	3,339,234	2,817,920	2,858,449	2,568,430	2,458,682
Facilities Acquisition and Construction	-	-	-	-	-
Operations and Maintenance	8,354,742	9,298,769	7,683,641	8,140,562	7,566,338
Food Service	-	-	-	-	-
Central	1,228,281	1,175,479	1,034,870	1,008,172	613,487
Other Supporting Services	33,994	22,484	22,307	6,723	94,014
Community Services	33,773	61,748	38,037	23,205	47,647
Payments to other Districts and Government Units- excluding Special Education	-	65,168	-	-	-
Nonprogrammed Charges	-	-	-	-	-
Interest on Debt	-	-	-	392,481	343,964
Total Governmental Expenses	102,661,066	100,536,347	89,154,794	88,400,987	80,227,855
Program Revenues					
Governmental Activities:					
Charges for Services:					
Instruction					
Regular Programs	648,625	1,099,583	1,023,967	1,322,665	1,202,464
Special Programs	-	-	-	-	-
Other Programs	1,571	38,018	8,105	560	15,697
Support Services					
Transportation	22,193	54,116	2,624	-	110
Business	33,523	34,813	48,458	32,969	33,947
Operations and Maintenance	88,625	97,997	46,906	67,965	53,316
Operating Grants and Contributions:					
Instruction					
Regular Programs	275,130	416,939	370,659	327,342	324,403
Special Programs	2,824,918	4,651,419	4,655,445	3,702,270	3,609,722
Other Programs	101,704	458,534	99,384	212,786	279,400
State On-behalf Contributions to TRS	27,575,120	29,596,726	20,192,502	18,144,483	12,958,399
Support services					
Pupils	-	-	-	-	-
Instructional Staff	131,058	172,027	128,787	20,885	73,232
Transportation	619,199	348,792	978,775	1,059,844	1,047,278
Business	307,190	718,150	311,252	350,420	366,893
Payments to other Districts and Government Units- excluding Special Education	-	12,000	-	-	-
Total Government Program Revenues	32,628,856	37,699,114	27,866,864	25,242,189	19,964,861
Net (Expense) Revenue	(70,032,210)	(62,837,233)	(61,287,930)	(63,158,798)	(60,262,994)
General Revenues:					
Governmental Activities:					
Taxes					
Property Taxes	\$ 67,455,017	\$ 67,272,865	\$ 66,281,835	\$ 64,802,614	\$ 65,388,504
Replacement Taxes	690,421.00	735,781.00	581,440	727,678	676,619
General State Aid	3,356,655.00	1,267,676.00	1,207,820	1,186,814	1,192,276
Investment Earnings	583,741.00	452,122.00	221,497	265,139	146,699
Other General Revenues	108,507	147,386	82,596	35,513	157,063
Total General Revenues	72,194,341	69,875,830	68,375,188	67,017,758	67,561,161
Change in Net Position	\$ 2,162,131	\$ 7,038,597	\$ 7,087,258	\$ 3,858,960	\$ 7,298,167

*Property tax revenues adjusted for 2013 due to restatement identified during fiscal year 2014 audit.

Fiscal Year				
<u>2013*</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 23,352,715	\$ 24,826,055	\$ 23,853,551	\$ 26,341,612	\$ 24,626,115
12,521,987	13,420,182	12,793,825	13,884,555	11,303,473
5,298,953	5,693,955	5,317,007	2,552,792	2,482,796
10,008,093	9,076,276	8,210,912	8,103,609	5,789,778
4,020,115	4,078,422	4,527,464	3,806,825	3,774,210
4,541,275	4,008,660	4,642,304	5,085,905	4,565,034
1,409,685	1,269,129	1,240,978	1,523,559	1,663,220
3,269,095	3,474,934	3,214,570	3,188,089	3,172,189
2,366,492	2,162,251	2,511,464	2,212,965	1,809,075
2,492,615	2,621,684	2,608,868	2,844,479	2,752,630
-	-	-	-	-
7,342,641	6,163,719	6,602,845	6,063,593	-
-	-	-	-	-
2,987,918	855,004	738,645	747,685	675,482
83,705	28,781	-	-	-
20,061	18,557	6,747	20,053	-
-	-	-	203	-
569,191	910,012	1,314,640	1,346,203	1,570,951
<u>80,284,541</u>	<u>78,607,621</u>	<u>77,583,820</u>	<u>77,722,127</u>	<u>64,184,953</u>
672,824	691,713	687,257	874,280	704,283
-	-	-	95,920	119,207
51,413	45,348	35,166	149,926	125,306
26,325	36,732	2,361	76,035	103,072
101,509	118,296	128,973	135,407	150,975
162,261	159,076	150,977	146,219	158,149
838,148	904,366	892,656	925,559	715,089
3,175,049	3,396,087	3,364,133	3,973,873	2,766,350
318,105	311,794	430,644	580,787	544,831
10,008,093	9,076,276	8,210,912	8,103,609	5,789,778
-	(351)	-	9,768	10,125
124,531	124,845	114,354	257,964	217,666
690,014	560,947	688,970	915,830	943,493
366,409	390,063	313,853	355,763	455,812
-	-	-	-	-
16,534,681	15,815,192	15,020,256	16,600,940	12,804,136
<u>(63,749,860)</u>	<u>(62,792,429)</u>	<u>(62,563,564)</u>	<u>(61,121,187)</u>	<u>(51,380,817)</u>
\$ 67,303,032	\$ 63,775,733	\$ 63,984,815	\$ 62,981,918	\$ 59,650,168
668,843	654,610	711,587	548,718	678,274
1,161,746	1,181,508	1,170,390	896,632	1,011,851
273,817	254,898	301,277	754,156	1,715,954
1,875,197	1,770,145	1,137,129	2,224,416	1,431,328
<u>71,282,635</u>	<u>67,636,894</u>	<u>67,305,198</u>	<u>67,405,840</u>	<u>64,487,575</u>
<u>\$ 7,532,775</u>	<u>\$ 4,844,465</u>	<u>\$ 4,741,634</u>	<u>\$ 6,284,653</u>	<u>\$ 13,106,758</u>

NORTH SHORE SCHOOL DISTRICT 112

Fund Balances - Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2018	2017	2016	2015
General Fund***				
Nonspendable	\$ -	\$ 21,722	\$ 34,422	\$ 16,897
Restricted			-	-
Assigned			-	-
Unassigned	40,417,522	40,796,509	35,244,638	29,953,400
Reserved				
Prepaid Items	-	-	-	-
Self Insurance	-	-	-	-
Tort Immunity **	-	-	-	-
Unreserved				
Designated for self-insurance	-	-	-	-
Undesignated	-	-	-	-
Total General Fund	<u>40,417,522</u>	<u>\$ 40,818,231</u>	<u>\$ 35,279,060</u>	<u>\$ 29,970,297</u>
All Other Governmental Funds:				
Working Cash ***	-	-	\$ -	\$ -
Fire Prevention and Safety *	-	-	-	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	6,298,722	6,159,366	6,322,264	5,994,046
Debt service funds	33,708	33,708	2,406	2,406
Capital projects fund	-	-	1,536,694	80,089
Assigned, reported in:				
Special revenue funds	2,334,856	1,778,269	1,209,887	776,055
Debt service funds	3,000	2,556	33,708	23,989
Capital projects fund	276	-	2,213	1,549
Reserved				
Debt Service	-	-	-	-
Unreserved				
Special Revenue	-	-	-	-
Capital Projects	-	-	-	-
Total All Other Governmental Funds	<u>8,670,562</u>	<u>\$ 7,973,899</u>	<u>\$ 9,107,172</u>	<u>\$ 6,878,134</u>

* - Only in years considered major, otherwise fund balance combined into nonmajor governmental funds - capital projects.

** - Tort immunity and judgment became a special revenue fund for fiscal year 2009.

*** Working Cash and Tort Immunity and Judgment Funds are included in the General Fund starting in fiscal year 2011, due to the implementation of GASB Statement No. 54. 2009-2010 were not updated for implementation. Noted also that fund balance classifications changed in FY 2011 due to GASB 54, change was not retroactively applied.

Fiscal Year					
<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ 82,219	\$ 154,790	\$ 217,023	\$ -	\$ -
203,055	625,757	826,292	776,297	-	-
2,945	14,398,654	16,568,067	16,334,417	-	-
25,387,182	5,761,952	2,754,039	1,579,274	-	-
-	-	-	-	12,500	382,016
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	794,620	1,051,970
-	-	-	-	9,884,211	9,530,580
<u>\$ 25,593,182</u>	<u>\$ 20,868,582</u>	<u>\$ 20,303,188</u>	<u>\$ 18,907,011</u>	<u>\$ 10,691,331</u>	<u>\$ 10,964,566</u>
\$ -	\$ -	\$ -	\$ -	\$ 12,036,648	\$ 12,008,214
-	-	-	-	583,189	545,152
-	11,549	-	-	-	-
-	259,857	282,945	303,432	-	-
7,437,051	4,080,248	3,638,526	3,079,894	-	-
643,106	1,997,088	1,900,890	1,831,646	-	-
1,547,521	154,394	140,896	179,135	-	-
303,622	2,406,320	2,073,906	2,309,576	-	-
10,432	-	-	-	-	-
623	-	-	-	-	-
-	-	-	-	2,079,049	1,921,610
-	-	-	-	2,468,476	2,460,545
-	-	-	-	-	-
<u>\$ 9,942,355</u>	<u>\$ 8,909,456</u>	<u>\$ 8,037,163</u>	<u>\$ 7,703,683</u>	<u>\$ 17,167,362</u>	<u>\$ 16,935,521</u>

NORTH SHORE SCHOOL DISTRICT 112

Governmental Funds Revenues
Last Ten Fiscal Years

Fiscal Years					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Local Sources	\$ 69,632,223	\$ 69,944,681	\$ 68,297,428	\$ 67,255,103	\$ 67,742,840
State Sources	5,639,141	4,777,093	4,108,543	4,848,657	4,820,676
Federal Sources	2,325,314	2,974,880	2,854,473	2,011,704	2,072,528
On-behalf Sources	<u>27,575,120</u>	<u>29,596,726</u>	<u>20,192,502</u>	<u>18,144,483</u>	<u>12,958,399</u>
Total revenues	<u>\$ 105,171,798</u>	<u>\$ 107,293,380</u>	<u>\$ 95,452,946</u>	<u>\$ 92,259,947</u>	<u>\$ 87,594,443</u>

	<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>
\$	70,359,572	\$	67,154,365	\$	67,232,922	\$	66,615,748	\$	64,209,963
	4,554,132		4,625,659		4,661,872		4,800,845		4,581,238
	2,769,780		2,588,358		2,817,685		3,781,072		2,175,492
	<u>10,008,093</u>		<u>9,076,276</u>		<u>8,210,912</u>		<u>8,103,609</u>		<u>5,789,778</u>
\$	<u>87,691,577</u>	\$	<u>83,444,658</u>	\$	<u>82,923,391</u>	\$	<u>83,301,274</u>	\$	<u>76,756,471</u>

NORTH SHORE SCHOOL DISTRICT 112

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current:			
Instruction			
Regular programs	\$ 22,149,485	\$ 23,759,650	\$ 24,908,073
Special programs	7,818,010	8,154,935	8,845,182
Other instructional programs	6,225,403	5,718,821	4,653,924
State retirement contributions	27,575,120	29,596,726	20,192,502
Total instruction	63,768,018	67,230,132	58,599,681
Supporting services			
Pupils	6,169,659	5,754,210	5,351,221
Instructional staff	6,437,861	4,466,319	3,871,885
General administration	1,458,128	1,599,472	1,727,553
School administration	3,155,342	3,199,396	3,452,753
Business	1,435,398	1,520,007	1,321,923
Transportation	3,328,696	2,813,469	2,845,174
Operations and maintenance	7,018,004	7,226,023	6,257,255
Central	1,144,932	1,167,720	955,930
Other supporting services	34,274	21,162	18,785
Total supporting services	<u>30,182,294</u>	<u>27,767,778</u>	<u>25,802,479</u>
Community services	<u>28,315</u>	<u>61,766</u>	<u>38,471</u>
Payments to other districts and gov't units	<u>1,768,568</u>	<u>1,823,781</u>	<u>1,503,862</u>
Total current expenditures	<u>95,747,195</u>	<u>96,883,457</u>	<u>85,944,493</u>
Capital outlay	<u>9,128,649</u>	<u>6,004,025</u>	<u>1,970,652</u>
Debt service			
Principal	-	-	-
Interest	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 104,875,844</u>	<u>\$ 102,887,482</u>	<u>\$ 87,915,145</u>
Debt service required as a percentage of noncapital expenditures	0.00%	0.00%	0.00%
Debt service as a percentage of total expenditures	0.00%	0.00%	0.00%

Note: Expenditures by function not available before 2013.

Fiscal Year						
<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 23,446,996	\$ 22,710,782	\$ 22,511,288				
9,992,820	10,618,072	9,224,801				
5,678,753	5,520,181	5,647,562				
18,144,483	12,958,399	10,008,093				
57,263,052	51,807,434	47,391,744				
5,077,790	4,058,354	3,598,777				
3,836,369	3,789,155	4,009,771				
1,556,412	1,614,322	1,407,882				
3,346,522	3,329,335	3,267,570				
1,382,542	1,364,767	1,351,630				
2,558,139	2,455,810	2,489,603				
6,419,905	5,742,346	6,199,475				
834,624	612,119	2,980,883				
6,601	94,014	83,705				
<u>25,018,904</u>	<u>23,060,222</u>	<u>25,389,296</u>				
<u>18,536</u>	<u>47,647</u>	<u>20,061</u>				
<u>1,750,133</u>	<u>1,837,749</u>	<u>2,925,373</u>				
<u>84,050,625</u>	<u>76,753,052</u>	<u>75,726,474</u>	<u>\$ 75,159,901</u>	<u>\$ 74,021,481</u>	<u>\$ 73,858,060</u>	<u>\$ 66,892,815</u>
<u>1,820,159</u>	<u>1,618,932</u>	<u>3,306,410</u>	<u>1,619,351</u>	<u>2,691,637</u>	<u>2,612,000</u>	<u>3,052,079</u>
4,975,000	3,076,748	6,687,036	3,905,000	6,480,399	6,333,115	5,610,075
<u>101,269</u>	<u>388,212</u>	<u>533,970</u>	<u>1,030,749</u>	<u>977,873</u>	<u>1,177,985</u>	<u>1,404,605</u>
<u>5,076,269</u>	<u>3,464,960</u>	<u>7,221,006</u>	<u>4,935,749</u>	<u>7,458,272</u>	<u>7,511,100</u>	<u>7,014,680</u>
<u>\$ 90,947,053</u>	<u>\$ 81,836,944</u>	<u>\$ 86,253,890</u>	<u>\$ 81,715,001</u>	<u>\$ 84,171,390</u>	<u>\$ 83,981,160</u>	<u>\$ 76,959,574</u>
5.70%	4.32%	8.71%	6.16%	9.15%	9.23%	9.49%
5.58%	4.23%	8.37%	6.04%	8.86%	8.94%	9.11%

NORTH SHORE SCHOOL DISTRICT 112

Other Financing Sources and Uses and

Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 295,954	\$ 4,405,898	\$ 7,537,801	\$ 1,312,894
Other financing sources (uses)				
Transfers in	10,000,000		-	4,435,569
Proceeds from capital lease	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers out	<u>(10,000,000)</u>	<u>-</u>	<u>-</u>	<u>(4,435,569)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 295,954</u>	<u>\$ 4,405,898</u>	<u>\$ 7,537,801</u>	<u>\$ 1,312,894</u>

Fiscal Year					
<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 5,757,499	\$ 1,437,687	\$ 1,729,657	\$ (1,247,999)	\$ (679,886)	\$ (203,103)
37,845	1,703,788	1,628,369	2,195,670	3,062,261	3,362,067
-	-	-	-	638,492	590,334
-	-	-	-	-	1,800
<u>(37,845)</u>	<u>(1,703,788)</u>	<u>(1,628,369)</u>	<u>(2,195,670)</u>	<u>(3,062,261)</u>	<u>(3,362,067)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,492</u>	<u>592,134</u>
<u>\$ 5,757,499</u>	<u>\$ 1,437,687</u>	<u>\$ 1,729,657</u>	<u>\$ (1,247,999)</u>	<u>\$ (41,394)</u>	<u>\$ 389,031</u>

NORTH SHORE SCHOOL DISTRICT 112
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Levy Years

Tax Levy Year	Equalized Assessed Valuation		Total Equalized Assessed Value	Actual Estimated Value	Total Direct Rate
	Real Estate	Railroad			
2017	\$ 2,472,548,411	\$ 3,021,625	\$ 2,475,570,036	\$ 7,501,727,382	2.830%
2016	2,374,567,316	2,965,779	2,377,533,095	7,204,645,742	2.862%
2015	2,235,806,902	2,918,358	2,238,725,260	6,784,015,939	3.006%
2014	2,104,832,545	2,465,263	2,107,297,808	6,385,750,933	3.150%
2013	2,116,481,601	2,372,736	2,118,854,337	6,420,770,718	3.076%
2012	2,221,715,371	1,960,279	2,223,675,650	6,738,411,061	2.957%
2011	2,388,796,816	1,563,287	2,390,360,103	7,243,515,464	2.818%
2010	2,621,114,126	1,665,690	2,622,779,816	7,947,817,624	2.437%
2009	2,774,384,409	1,373,833	2,775,758,242	8,411,388,612	2.313%
2008	2,848,937,065	1,175,928	2,850,112,993	8,636,706,039	2.215%

Source: Lake County Clerk's Office

Note: The county assesses property at approximately 33.3% of actual value for all types of real property. Estimated actual value is calculated by dividing assessed value by that percentage. Tax rates are per \$100 of assessed value.

NORTH SHORE SCHOOL DISTRICT 112
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Tax Levy Years

District Direct Rates												
Tax	Highland		Lake		Highland		Lake County			South Lake		Total
	Park	County	HSD 113	District	Park	North	Forest	Township of	College of	Mosquito	Overlapping	Total Tax
Levy Year	NSSD 112	Park	County	HSD 113	District	Sanitary	Preserve	Moraine	Lake County	Abatement	Government	Rate
2017	2.826	0.726	0.622	2.164	0.521	0.153	0.187	0.054	0.281	0.011	4.718	7.544
2016	2.862	0.737	0.632	2.187	0.529	0.157	0.193	0.056	0.285	0.012	4.788	7.649
2015	3.006	0.749	0.663	2.309	0.520	0.166	0.208	0.063	0.299	0.012	4.989	7.995
2014	3.152	0.795	0.682	2.421	0.508	0.169	0.210	0.066	0.306	0.013	5.171	8.323
2013	3.076	0.785	0.663	2.364	0.497	0.164	0.218	0.070	0.296	0.007	5.064	8.140
2012	2.957	0.709	0.608	2.178	0.445	0.150	0.212	0.066	0.272	0.015	4.655	7.612
2011	2.818	0.643	0.554	2.167	0.410	0.150	0.201	0.059	0.240	0.014	4.438	7.256
2010	2.437	0.586	0.505	1.921	0.379	0.136	0.198	0.052	0.218	0.013	4.008	6.445
2009	2.313	0.536	0.464	1.748	0.394	0.124	0.200	0.047	0.200	0.012	3.725	6.038
2008	2.215	0.515	0.453	1.660	0.380	0.121	0.199	0.045	0.020	0.011	3.404	5.619

Source: Lake County Clerk's Office

Note: Tax rates are per \$100 of assessed value

NORTH SHORE SCHOOL DISTRICT 112

Principal Taxpayers Tax Levy Year 2017 and Nine Years Ago

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	Equalized Assessed <u>Valuation</u>	Percentage of <u>Total</u>	Equalized Assessed <u>Valuation</u>	Percentage of <u>Total</u>
Metzler I Renaissance Place LP	\$ 12,972,224	0.52%	\$ 16,871,246	0.59%
Federal Realty Invst Trst	7,254,494	0.29%	8,446,179	0.30%
Midwest Family Housing LLC	6,639,509	0.27%	-	0.00%
Morningside Highwood LLC	5,933,650	0.24%	-	0.00%
Americana Apartments	5,289,611	0.21%	4,686,918	0.16%
Highland Park Associates II, LLC	4,818,029	0.19%	4,859,481	0.17%
Klairmont Family Associates LP	4,379,649	0.18%	5,475,193	0.19%
Keyes, Scott	3,770,265	0.15%	-	0.00%
Semersky, Ernie D	3,520,662	0.14%	-	0.00%
LB & M Real Estate Management Inc.	<u>3,289,021</u>	<u>0.13%</u>	-	0.00%
Sunset Food Mart, Inc.			5,301,625	0.19%
First Highland LLC			3,606,368	0.13%
North Shore Estates, LLC			3,997,282	0.14%
Target Corporation			3,499,650	0.12%
Ernie D Semerski	<u>-</u>	<u>-</u>	<u>3,777,312</u>	<u>0.13%</u>
Total Principal Taxpayers in District	<u>57,867,114</u>	2.34%	<u>60,521,254</u>	<u>2.12%</u>
Other Taxpayers in District	<u>2,417,702,922</u>	<u>97.66%</u>	<u>2,789,591,739</u>	<u>97.88%</u>
District's Total EAV	<u>\$ 2,475,570,036</u>	<u>100.00%</u>	<u>\$ 2,850,112,993</u>	<u>100.00%</u>

Source: 2016 Information - Office of the County Clerk - Lake County, IL
Source: Lake County Tax Extension Office (2008)

NORTH SHORE SCHOOL DISTRICT 112

Property Tax Levies and Collections

Last Ten Tax Levy Years

Tax Levy Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Total Collections to Date	
			Amount	Percentage of Levy	Amount	Percentage of Levy
2017	\$	69,963,100	\$ 41,871,249	59.85%	\$ 41,871,249	59.85%
2016		68,033,775	34,178,718	50.24%	67,455,212	99.15%
2015		67,303,111	33,840,154	50.28%	67,272,614	99.95%
2014		66,417,096	33,244,394	50.05%	66,281,835	99.80%
2013		65,175,159	32,401,169	49.71%	64,707,848	99.28%
2012		65,754,089	32,840,980	49.95%	65,388,506	99.44%
2011		67,944,380	33,643,832	49.52%	67,193,572	98.89%
2010		64,111,980	31,646,316	49.36%	63,776,428	99.48%
2009		64,688,542	32,669,441	50.50%	64,429,788	99.60%
2008		59,796,475	32,302,057	54.02%	59,646,983	99.75%
2007		59,904,923	29,095,538	48.57%	59,650,168	99.57%

NORTH SHORE SCHOOL DISTRICT 112

Outstanding Debt by Type
Last Ten Fiscal Years

Government Activities					Ratio of General Bonded Debt to Actual Estimated Value	Percentage of Personal Income*	Debt Outstanding per Capita
Fiscal Year	General Obligation Bonds and Certificates	Capital Leases	Total Primary Government	Equalized Assessed Valuation			
2018	\$ -	\$ -	\$ -	\$ 2,475,570,036	0.00%	NA	-
2017	-	-	-	2,377,533,095	0.00%	NA	-
2016	-	-	-	2,238,725,260	0.00%	NA	-
2015	-	-	-	2,107,297,808	0.00%	NA	-
2014	5,041,680	-	5,041,680	2,118,854,337	0.07%	NA	143
2013	7,920,000	188,558	8,108,558	2,223,675,650	0.11%	NA	221
2012	14,370,000	425,594	14,795,594	2,390,360,103	0.18%	NA	401
2011	18,275,000	666,867	18,941,867	2,622,779,816	0.22%	0.05%	514
2010	24,440,000	982,266	25,422,266	2,775,758,242	0.28%	0.07%	716
2009	30,080,000	1,036,889	31,116,889	2,850,112,993	0.36%	0.08%	876

NA - not available

* See the schedule of Demographic Statistics on page102 for personal income and population data.

NORTH SHORE SCHOOL DISTRICT 112

Computation of Direct and Overlapping Debt

June 30, 2018

<u>Taxing Authority</u>	Gross Bonded Debt <u>Outstanding</u>	Overlapping Percent	Applicable to District
Lake County	\$0 (1)	9.520%	\$0
Lake County Forest Preserve	255,895,000 (2)	9.520%	24,361,204
City of Highland Park	20,555,700 (2)	96.903%	19,919,090
City of Highwood	6,570,000 (1)	100.000%	6,570,000
Park District of Highland Park	9,650,000 (2)	95.605%	9,225,883
Township High School District 113	88,145,000	56.301%	49,626,516
Community College #532	14,685,000 (1)(2)	10.019%	<u>1,471,290</u>
Total Overlapping Bonded Debt			\$111,173,983
Direct Debt			
North Shore School District 112	<u>0 (1)</u>	100.000%	<u>0</u>
Total Overlapping and Direct Debt	<u>\$395,500,700</u>		<u>\$111,173,983</u>

Source of Information - Office of Lake County Clerk

Source of Information - Office of Lake County Clerk

(1) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.

(2) Excludes outstanding Debt Certificates

Note: Percent applicable to School District is calculated using assessed valuation of the School District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

NORTH SHORE SCHOOL DISTRICT 112

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assessed Valuation	\$ 2,475,570,036	\$ 2,377,533,095	\$ 2,238,725,260	\$ 2,107,297,808	\$ 2,118,854,337
Statutory Debt Limitation (6.9% of assessed valuation)	170,814,332	164,049,784	154,472,043	145,403,549	146,200,949
Bonded Debt June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,975,000</u>
Legal Bonded Debt Margin	<u>\$ 170,814,332</u>	<u>\$ 164,049,784</u>	<u>\$ 154,472,043</u>	<u>\$ 145,403,549</u>	<u>\$ 141,225,949</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>3.40%</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,223,675,650	\$ 2,390,360,103	\$ 2,622,779,816	\$ 2,775,758,242	\$ 2,850,112,993
153,433,620	164,934,847	180,971,807	191,527,319	196,657,797
<u>8,108,558</u>	<u>14,795,594</u>	<u>18,941,867</u>	<u>25,422,266</u>	<u>31,116,889</u>
<u>\$ 145,325,062</u>	<u>\$ 150,139,253</u>	<u>\$ 162,029,940</u>	<u>\$ 166,105,053</u>	<u>\$ 165,540,908</u>
<u>5.28%</u>	<u>8.97%</u>	<u>10.47%</u>	<u>13.27%</u>	<u>15.82%</u>

NORTH SHORE SCHOOL DISTRICT 112

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population		Unemployment Rate		Personal	Per Capita
	Highland		Highland		Income	Personal
	<u>Park</u>	<u>Highwood</u>	<u>Park</u>	<u>Highwood</u>	<u>(in thousands)</u>	<u>Income</u>
2017	29,767	5,325	3.4	4.2	\$ 2,480,013	NA
2016	29,641	5,324	4.2	5.2	2,327,814	NA
2015	29,743	5,352	4.1	5.0	2,198,848	NA
2014	29,871	5,387	5.0	6.3	2,164,473	NA
2013	29,902	5,338	6.3	7.8	NA	NA
2012	29,914	5,354	6.0	8.7	NA	NA
2011	29,763	5,405	8.6	8.6	39,305,689	55,656
2010	32,557	4,150	5.9	10.5	37,975,785	53,905
2009	31,516	5,382	2.3	5.6	37,167,898	53,018
2008	31,457	5,414	4.5	6.6	40,846,663	58,573

Source of Information:

* Population: Quickfacts.Census.Gov

* Unemployment Rate: Illinois Department of Security

Prior years: U.S. Census Data, Sperling's Best places website

Personal Income and Per Capital Personal Income:

Bureau of Economic Analysis.gov

Note: The personal income figure 2011 and prior years is for the entire County. Personal income for 2014 is for the two applicable cities only.

NA - not available

NORTH SHORE SCHOOL DISTRICT 112

Principal Employers
Current Year and Eight Years Ago

<u>Employer</u>	<u>Type of Business or Property</u>	<u>2018</u>			<u>2010</u>	
		<u>Number Employed</u>	<u>Source</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Highland Park Hospital-North Shore University Health System	Highland Park	1200	(1)	7.15%	1,200	6.9%
Highland Park - Park District	Highland Park	727	(3)	4.33%	-	0.0%
Ravinia Music Festival	Highland Park	690	(3)	4.11%	620	3.6%
Township High School District #113	Highland Park	603	(3)	3.59%	-	0.0%
North Shore Elementary School District #112 (FTE)	Highland Park	580	(3)	3.46%	-	0.0%
North Suburban Special Education District	Highland Park	356	(3)	2.12%	-	0.0%
City of Highland Park	Highland Park	276	(3)	1.65%	-	0.0%
Sunset Foods	Highland Park	250	(2)	1.49%	-	0.0%
Target	Highland Park	224	(2)	1.34%	-	0.0%
Jewel-Osco	Highland Park	200	(2)	1.19%	-	0.0%
J II Inc.		-		-	182	1.1%
Opportunity Medical		-		-	165	0.1%
Pickus Construction Company		-		-	100	0.6%
Skokie Valley Laundry & Cleaners		-		-	91	0.5%

* Includes full-time and part-time or seasonal employees.

Sources:

- (1) 2018 Illinois Services Directory
 - (2) reference USA.com Database
 - (3) Employer Official Website / Financial Documents
- 2011 - 2011 Illinois Manufacturer's Directory, 2011 Illinois Services Directory, 2011 Harris Illinois Industrial Directory

The Illinois Department of Security lists the number of employed in the district as 17,232 in 2017.

**Only top five employer information was available for 2011

Ten years ago information not available

NORTH SHORE SCHOOL DISTRICT 112

Full-time Equivalent District Employees by Type Last Ten Fiscal Years

Fiscal Year	Full-time Equivalent Employees									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction										
Total instruction	<u>*445</u>	<u>*452</u>	<u>*463</u>	<u>*464</u>	<u>*462</u>	<u>465</u>	<u>482</u>	<u>477</u>	<u>486</u>	<u>461</u>
Support Services										
Total support services	<u>*125</u>	<u>*128</u>	<u>*134</u>	<u>*145</u>	<u>*155</u>	<u>155</u>	<u>149</u>	<u>153</u>	<u>158</u>	<u>155</u>
Community Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>570</u>	<u>580</u>	<u>597</u>	<u>609</u>	<u>617</u>	<u>620</u>	<u>631</u>	<u>630</u>	<u>644</u>	<u>616</u>

* as of September of that fiscal year

Source of Information:

District Personnel Department
(Categorization revised to conform with 2010 presentation)

NORTH SHORE SCHOOL DISTRICT 112

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2018	3,494	\$ 64,661,271	18,506	5.21%	\$ 71,299,836	20,406	-6.15%	405	8.6
2017	3,573	62,853,161	17,591	6.50%	77,696,654	21,745	21.73%	410	8.7
2016	3,791	62,617,698	16,518	5.51%	67,722,640	17,865	-5.07%	422	9.0
2015	3,868	60,564,282	15,658	-1.79%	72,802,570	18,822	5.02%	427	9.1
2014	3,843	61,278,220	15,944	2.52%	68,878,545	17,923	-6.74%	428	9.0
2013	3,967	61,703,864	15,553	2.68%	76,245,797	19,220	4.95%	433	9.2
2012	3,961	59,998,244	15,147	0.96%	72,540,834	18,314	-4.11%	482	8.2
2011	3,935	59,038,008	15,003	5.46%	75,153,235	19,099	3.50%	477	8.3
2010	4,073	57,944,941	14,227	7.72%	75,159,464	18,453	7.60%	459	8.9
2009	4,109	54,268,458	13,207	-7.00%	70,466,445	17,149	2.13%	428	9.6

Source of Information: District Personnel Department records
Annual Financial Report 2009-2018 (ISBE Form SD50-35/JA50-60)

NORTH SHORE SCHOOL DISTRICT 112

Operating Indicators by Function

June 30, 2018

Function	2018
Instruction	
Regular and Special student enrollment	4,002
Support Services	
Pupil	
% of student population from Non-English Language Background	26%
School Administration	
Average daily attendance	3,494
Fiscal	
Purchase Orders Processed	4,670
Maintenance	
District Square Footage Maintained by Custodians and Maintenance Staff	853,000
District Acreage Maintained by Grounds Staff	96
Transportation	
Avg. number of regular pupils transported per year	2,497
Avg. number of regular bus runs to/from school	147
Extra Curricular Activities	
Number of competitive sports	12
Number of student clubs	37
% of Students eligible to file for Federally funded Free or Reduced Lunches	24.34%

Source of Information:

1. ISBE End-of-Year Report
2. District Records

NORTH SHORE SCHOOL DISTRICT 112

School Building Information Last Ten Fiscal Years

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Elementary Schools -										
Braeside										
Square Feet ***	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636	43,636
Enrollment ****	255	265	283	265	266	262	276	269	279	287
Indian Trail										
Square Feet	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403	65,403
Enrollment	285	318	356	389	400	395	379	387	392	390
Lincoln										
Square Feet	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471
Enrollment	207	210	227	237	248	261	270	271	288	282
Oak Terrace										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Enrollment	526	523	534	533	534	501	489	502	516	547
Ravinia										
Square Feet	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634	51,634
Enrollment	235	243	274	300	301	302	309	325	313	307
Red Oak										
Square Feet	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153	57,153
Enrollment	320	327	326	297	289	320	341	325	336	353
Sherwood										
Square Feet	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863	50,863
Enrollment	292	291	302	318	338	358	358	371	386	389
Wayne Thomas										
Square Feet	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221	56,221
Enrollment	298	286	298	316	327	349	355	342	357	367
Green Bay**										
Square Feet	60,808	60,808	60,808	60,808	60,808	60,808	60,808	60,808	60,808	60,808
Enrollment	266	219	268	255	239	218	232	204	210	215
Totals - Elementary										
Square Feet	519,189	519,189	519,189	519,189	519,189	519,189	519,189	519,189	519,189	519,189
Enrollment	2,684	2,682	2,868	2,910	2,942	2,966	3,009	2,996	3,077	3,137
Middle Schools -										
Edgewood										
Square Feet	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492	136,492
Enrollment	524	517	569	617	615	607	579	573	599	584
Elm Place										
Square Feet	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493	113,493
Enrollment	302	349	374	376	374	410	439	467	479	493
Northwood										
Square Feet	83,826	83,826	83,826	83,826	83,826	83,826	83,826	83,826	83,826	83,826
Enrollment	492	479	511	512	491	471	443	450	434	418
Totals - Middle Schools										
Square Feet	333,811	333,811	333,811	333,811	333,811	333,811	333,811	333,811	333,811	333,811
Enrollment	1,318	1,345	1,454	1,505	1,480	1,488	1,461	1,490	1,512	1,495
District Totals:										
Square Feet	853,000	853,000	853,000	853,000	853,000	853,000	853,000	853,000	853,000	853,000
Enrollment	4,002	4,027	4,322	4,415	4,422	4,454	4,470	4,486	4,589	4,632

*** Square footage represents the total square footage of the building. In 2008-09 two mobile classroom units with an aggregate square footage of 1680 were added to Northwood. These figures do not represent usable space. The determination of operating capacity is dependent on factors unique to a district and its current needs and operating guidelines. Industry wide maximum capacity reporting guidelines are not meaningful.

****Enrollment data from ISBE End of Year Report for FY09 through FY18.

Source of Information:

1. Architect/Engineer Data
2. ISBE End-of-Year Report