

**NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED**

**Ratings:  
S&P: “AA” (Stable Outlook)  
BAM INSURED  
MOODY’S: “A2” UNDERLYING  
See “BOND RATINGS” herein**

*Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

**Community Unit School District Number 4  
Adams and Hancock Counties, Illinois  
\$5,895,000 General Obligation School Building Bonds, Series 2019**

**Dated: Date of Delivery**

**Due: December 1, as further described on the inside cover page**

The General Obligation School Building Bonds, Series 2019 (the “Bonds”), of Community Unit School District Number 4, Adams and Hancock Counties, Illinois (the “District”), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, commencing December 1, 2019.

Proceeds of the Bonds will be used to (a) build and equip an addition to and alter, repair and equip the Unity Elementary School Building and improve the site thereof, (b) pay capitalized interest on the Bonds, and (c) pay costs associated with the issuance of the Bonds.

The Bonds due on or after December 1, 2026, are subject to redemption prior to maturity at the option of the District, as a whole or in part, on any date on or after December 1, 2025, at the redemption price of par plus accrued interest to the redemption date. See “THE BONDS—Redemption” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (the “Insurer” or “BAM”). See “BOND INSURANCE” and APPENDIX D herein.



In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See “THE BONDS—Security” herein.

*The Bonds are offered when, as and if issued by the District and received by Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the “Underwriter”), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, will also act as Disclosure Counsel to the District. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about June 26, 2019.*

**STIFEL**

The date of this Official Statement is June 4, 2019.

**Community Unit School District Number 4  
Adams and Hancock Counties, Illinois**

**\$5,895,000 GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2019**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER* (005495)
2020	\$ 50,000	3.00%	1.88%	BN5
2021	230,000	3.00%	1.95%	BP0
2022	235,000	3.00%	2.01%	BQ8
2023	245,000	4.00%	2.05%	BR6
2024	255,000	4.00%	2.10%	BS4
2025	265,000	4.00%	2.16%	BT2
2026	275,000	4.00%	2.21%	BU9
2027	290,000	4.00%	2.29%	BV7
2028	300,000	4.00%	2.37%	BW5
2029	310,000	4.00%	2.47%	BX3
2030	325,000	4.00%	2.55%	BY1
2031	340,000	4.00%	2.60%	BZ8
2032	350,000	4.00%	2.66%	CA2
2033	365,000	4.00%	2.70%	CB0
2034	380,000	4.00%	2.74%	CC8
2035	395,000	4.00%	2.78%	CD6
2036	410,000	4.00%	2.82%	CE4
2037	430,000	4.00%	2.86%	CF1
2038	445,000	4.00%	2.90%	CG9

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\* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the District, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning the Insurer and the Bond Insurance Policy has been obtained from the Insurer. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the District or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX D—Specimen Municipal Bond Insurance Policy.”

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District’s beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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Exhibit C	—	General Fund Revenue Sources, Fiscal Years Ended June 30, 2014-2018

## **APPENDICES**

Appendix A	—	Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2018
Appendix B	—	Proposed Form of Opinion of Bond Counsel
Appendix C	—	Proposed Form of Continuing Disclosure Undertaking
Appendix D	—	Specimen Municipal Bond Insurance Policy

**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 4  
ADAMS AND HANCOCK COUNTIES, ILLINOIS**

453 West Collins  
Mendon, Illinois 62351

**Board of Education**

Jim Farmer  
*President*

Danielle Fleer

Steve Arnsman  
*Secretary*

Peggy Duesterhaus

Louis Janssen

Julie Duke  
*Vice President*

Cory Miller

**Administration**

Scott Riddle  
*Superintendent*

Gina Whelan  
*Business Manager/School Treasurer*

**Professional Services**

*Underwriter*  
Stifel, Nicolaus & Company, Incorporated  
St. Louis, Missouri

*Bond Counsel and Disclosure Counsel*  
Chapman and Cutler LLP  
Chicago, Illinois

*Bond Registrar and Paying Agent*  
Amalgamated Bank of Chicago  
Chicago, Illinois

*Auditor*  
Gray Hunter Stenn LLP  
Quincy, Illinois



## **OFFICIAL STATEMENT**

### **Community Unit School District Number 4 Adams and Hancock Counties, Illinois \$5,895,000 General Obligation School Building Bonds, Series 2019**

#### **INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning Community Unit School District Number 4, Adams and Hancock Counties, Illinois (the "*District*"), in connection with the offering and sale of its General Obligation School Building Bonds, Series 2019 (the "*Bonds*").

This Official Statement contains "forward-looking statements" that are based upon the District's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the District. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the District nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

#### **THE BONDS**

##### **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to the School Code of the State of Illinois (the "*School Code*"), the Local Government Debt Reform Act of the State of Illinois (the "*Debt Reform Act*"), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education of the District (the "*Board*") on the 4th day of June, 2019 (the "*Bond Resolution*").

The issuance of bonds in the amount of \$6,000,000 to finance the hereinafter-defined Project was approved by the voters of the District at the consolidated election held on April 2, 2019 (the "*Election*"). At the Election, 709 (60%) votes were cast in favor of the issuance of the Bonds for the Project and 473 (40%) votes were cast in opposition.

Proceeds of the Bonds will be used to (a) build and equip an addition to and alter, repair and equip the Unity Elementary School Building and improve the site thereof (the "*Project*"), (b) pay capitalized interest on the Bonds, and (c) pay costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" herein.

## GENERAL DESCRIPTION

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable by Amalgamated Bank of Chicago, Chicago, Illinois (the “Registrar”).

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning December 1, 2019.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

## REGISTRATION AND TRANSFER

The Registrar will maintain books (the “Register”) for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

## REDEMPTION

*Optional Redemption.* The Bonds due on or after December 1, 2026, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Registrar), on December 1, 2025, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

*General.* The District will, at least 45 days prior to any redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar from the Bonds of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the District by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the District are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the District will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the District will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Resolution, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

## SECURITY

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel ("*Bond Counsel*"), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds, except for the interest due on the Bonds on December 1, 2019, and June 1, 2020, which will be paid from the proceeds of the Bonds. The Bond Resolution will be filed with the County Clerks of Adams and Hancock Counties, Illinois (the “*County Clerks*”), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

Reference is made to Appendix B for the proposed form of opinion of Bond Counsel.

#### **PLAN OF FINANCE**

Proceeds of the Bonds will be used to finance the Project. As part of the District’s 5-Year Plan to upgrade safety/security, facilities and infrastructure, proceeds of the Bonds will be used at Unity Elementary School to upgrade and improve the existing student learning spaces, update the current exterior, and construct an addition consisting of ten classrooms, various offices, special education spaces, a gymnasium and a secure entry for the building. The District expects to complete the Project by the fall of 2020.

Proceeds of the Bonds will also be used to pay interest on the Bonds through June 1, 2020.

#### **SOURCES AND USES**

The sources and uses of funds resulting from the Bonds are shown below:

**SOURCES:**

Principal Amount	\$5,895,000.00
Original Issue Premium	<u>456,826.15</u>
Total Sources	\$6,351,826.15

**USES:**

Costs of the Project	\$6,000,000.00
Capitalized Interest	214,632.64
Costs of Issuance*	<u>137,193.51</u>
Total Uses	\$6,351,826.15

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\* Includes underwriter’s discount, bond insurance premium and other issuance costs.

#### **RISK FACTORS**

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make

an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

## CONSTRUCTION RISKS

There are potential risks that could affect the ability of the District to timely complete the Project. While preliminary costs have been projected by the District's consulting architects, not all of the construction contracts have been let by the District. No assurance can be given that the cost of completing the Project will not exceed available funds.

Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

## FINANCES OF THE STATE OF ILLINOIS

The State of Illinois (the "*State*") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health.

On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018 (the "*Fiscal Year 2018 Budget*"), overriding the Governor's veto. On May 31, 2018, the General Assembly passed a budget for the State for fiscal year ending June 30, 2019 (the "*Fiscal Year 2019 Budget*"), and on June 4, 2018, the Governor approved the same. Both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contained an appropriation for General State Aid (as hereinafter defined), contingent upon General State Aid being allocated among school districts in accordance with an "Evidence-Based Funding Model." See "STATE AID" herein for more information on the Evidence-Based Funding Model. Public Act 100-0465, effective August 31, 2017 ("*Public Act 100-465*"), provides for an Evidence-Based Funding Model for allocating General State Aid to school districts. State funding sources constituted 52.56% of the District's General Fund revenue sources for the fiscal year ending June 30, 2018.

The District cannot predict the effect the State's ongoing financial problems may have on the District's future finances.

## LOCAL ECONOMY

The financial health of the District is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

## LOSS OR CHANGE OF BOND RATINGS

The Bonds have received a credit rating from Moody's Investors Service, New York, New York ("*Moody's*") and are expected to receive an insured credit rating from S&P (as hereinafter defined). The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

## SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## CONTINUING DISCLOSURE

A failure by the District to comply with the Undertaking for continuing disclosure (see "LIMITED CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

## SUITABILITY OF INVESTMENT

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement

and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

#### FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

#### FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“*Congress*”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the District’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the “*Service*”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

#### CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its

information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the District's operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

#### **BANKRUPTCY**

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

#### **BOND INSURANCE**

##### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("*BAM*") will issue its Municipal Bond Insurance Policy for the Bonds (the "*Policy*"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

##### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"). No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).



BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### CAPITALIZATION OF BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$513.9 million, \$105 million and \$408.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### ADDITIONAL INFORMATION AVAILABLE FROM BAM

*Credit Insights Videos.* For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's

analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditinsights/](http://buildamerica.com/creditinsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Credit Profiles.* Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Disclaimers.* The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **THE DISTRICT**

### **GENERAL DESCRIPTION**

The District was organized in 1948 and is located in western Illinois in Adams County (the "County") (99.23% of the District's 2018 equalized assessed valuation ("EAV")) and Hancock County (0.77% of the District's 2018 EAV). The District is approximately 160 miles northwest of the City of St. Louis, Missouri, and 15 miles north of the City of Quincy, the county seat of the County. The District includes the Village of Mendon ("Mendon") (10.16% of the District's 2018 EAV), the Village of Lima (1.56% of the District's 2018 EAV), the Village of Loraine (2.60% of the District's 2018 EAV), the Village of Ursa ("Ursa") (10.81% of the District's 2018 EAV), and unincorporated property (74.87% of the District's 2018 EAV).

The District's transportation needs are served by Interstate 172, U.S. Route 24 and Illinois Routes 61, 96 and 336. Commercial air transportation is available at the Quincy Municipal Airport and St. Louis Lambert International Airport.

Local higher education is available at Community College District No. 539 ("*John Wood College*"), Quincy University and Blessing-Rieman College of Nursing. Western Illinois University in Macomb, Illinois is approximately 50 miles from the District.

The District is governed by an elected seven-member Board and a full-time administrative staff.

#### DISTRICT ADMINISTRATION

The day-to-day affairs of the District are conducted by a full-time staff including the following central administrative positions.

OFFICIAL	TITLE	YEAR STARTED IN POSITION
Scott Riddle	Superintendent	2017
Gina Whelan	Business Manager/School Treasurer	2015

The Board appoints the administration. The staff is chosen by the administration with the approval of the Board. In general, policy decisions are made by the Board while specific program decisions are made by the administration.

#### BOARD OF EDUCATION

OFFICIAL	POSITION	TERM EXPIRES
Jim Farmer	President	April 2023
Julie Duke	Vice President	April 2023
Steve Arnsman	Secretary	April 2023
Peggy Duesterhaus	Member	April 2021
Danielle Fleer	Member	April 2023
Louis Janssen	Member	April 2021
Cory Miller	Member	April 2021

## ENROLLMENT

### HISTORICAL

2014/2015	677
2015/2016	654
2016/2017	680
2017/2018	674
2018/2019	685

### PROJECTED

2019/2020	690
2020/2021	695
2021/2022	700
2022/2023	705
2023/2024	710

Source: The District.

## DISTRICT FACILITIES

The District provides an educational program for grades K through 12. The current enrollment of 685 students are housed in three facilities as follows:

SCHOOL	CURRENT GRADE CONFIGURATION	NUMBER OF STUDENTS (APPROX.)	YEAR CONSTRUCTED	RENOVATIONS/ ADDITIONS
Unity Elementary School	K-3	235	1962	NA
Unity Middle School	4-8	253	1995	NA
Unity High School	9-12	197	1948	NA

Source: The District.

## EMPLOYEE UNION MEMBERSHIP AND RELATIONS

At the start of the 2018-2019 school year, the District had 95 full-time employees and 6 part-time employees. Of the total number of employees, approximately 51 are represented by a union. Employee-union relations are considered to be good. District personnel are organized as follows:

EMPLOYEE GROUP	CONTRACT EXPIRES	UNION AFFILIATION	NUMBER OF MEMBERS
Teachers	June 2020	IPT/AF7 Local 4708	51

## MANAGEMENT DISCUSSION

Expenditures in the District's Educational Fund exceeded revenues in fiscal years 2014-2017, as shown in "EXHIBIT A—Combined Statement of Revenues, Expenditures and Changes in Fund Balance, Fiscal Years Ended June 30, 2014-2018" hereto. The declines in the District's Educational Fund were due in large part (i) to decreases in the amount of General State Aid received by the District as a result of the proration of General State Aid and (ii) to not receiving its full amount of Categorical State Aid (as hereinafter defined). See "STATE AID" herein. The

District has taken steps to reduce expenditures. Over the past few years, the District has laid off faculty, cut programs and closed the Greenfield Elementary School Building. This has saved the District approximately \$400,000. The Greenfield Elementary School Building was sold at public auction in fiscal year 2016 for approximately \$200,000. In order to balance the fiscal year 2017 budget, the District reduced expenditures by \$201,103 by the elimination of industrial arts classes and not filling some vacant positions. In preparation of delayed and prorated State payments, over the last several years the District has also used interfund loans from the Working Cash Fund and the Operations and Maintenance Fund to the Educational Fund.

Cost-cutting measures and the New State Funds (as hereinafter defined) allowed for a surplus in the Educational Fund in fiscal year 2018. In fiscal year 2019, the District expects the Educational Fund to end with a positive balance, despite the result as set forth in the original budget. Overall, the District expects a balanced budget in all funds.

#### POPULATION DATA

The District estimates that its current population is approximately 4,670. The estimated populations of Mendon, Ursa, the County and the State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	1990	2000	2010	% CHANGE 2000/2010
Mendon	865	883	953	+7.93%
Ursa	511	595	626	+5.21%
The County	66,090	68,227	67,103	-1.65%
The State	11,430,602	12,419,293	12,830,632	+3.31%

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Source: U.S. Census Bureau.

#### EDUCATIONAL CHARACTERISTICS OF PERSONS 25 YEARS AND OLDER

	HIGH SCHOOL GRADUATES	4 OR MORE YEARS OF COLLEGE
Mendon	91.10%	18.00%
Ursa	96.50%	24.40%
The County	91.70%	23.40%
The State	88.30%	32.90%

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Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

# FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

## DIRECT GENERAL OBLIGATION BONDS (PRINCIPAL ONLY)

CALENDAR YEAR	SERIES 2008 BONDS <sup>(1)</sup> (DECEMBER 1)	PLUS: THE BONDS (DECEMBER 1)	TOTAL OUTSTANDING BONDS
2019	\$425,000		\$ 425,000
2020	175,000	\$ 50,000	225,000
2021		230,000	230,000
2022		235,000	235,000
2023		245,000	245,000
2024		255,000	255,000
2025		265,000	265,000
2026		275,000	275,000
2027		290,000	290,000
2028		300,000	300,000
2029		310,000	310,000
2030		325,000	325,000
2031		340,000	340,000
2032		350,000	350,000
2033		365,000	365,000
2034		380,000	380,000
2035		395,000	395,000
2036		410,000	410,000
2037		430,000	430,000
2038	<u>          </u>	<u>445,000</u>	<u>445,000</u>
TOTAL	\$600,000	\$5,895,000	\$6,495,000

(1) General Obligation School Bonds, Series 2008, dated September 1, 2008.

OVERLAPPING GENERAL OBLIGATION BONDS  
(As of May 8, 2019)

TAXING BODY	OUTSTANDING BONDS <sup>(1)</sup>	APPLICABLE TO DISTRICT	
		PERCENT	AMOUNT
John Wood College	\$2,120,000	4.781%	<u>\$101,367</u>
TOTAL OVERLAPPING BONDS			\$101,367

Source: With respect to the applicable taxing bodies and the information used to calculate the percentage of overlapping EAV, the County Clerks' Offices. Information regarding the outstanding bonds of the overlapping taxing bodies was obtained from publicly available sources.

- (1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds are not included in the computation of indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on the alternate revenue bonds are extended for collection. The District provides no assurance that any of the taxes so levied have not been extended, nor can the District predict whether any of such taxes will be extended in the future.

SELECTED FINANCIAL INFORMATION

2018 Estimated Full Value of Taxable Property:	\$ 240,642,822
2018 EAV:	\$ 80,214,274*
Population Estimate:	4,670
General Obligation Bonds:	\$ 6,495,000
Other Direct General Obligation Debt:	\$ 159,322
Total Direct General Obligation Debt:	\$ 6,654,322
Percentage to Full Value of Taxable Property:	2.77%
Percentage to EAV:	8.30%
Debt Limit (13.8% of EAV):	\$ 11,069,569
Percentage of Debt Limit:	60.11%
Per Capita:	\$ 1,424
General Obligation Bonds:	\$ 6,495,000
Overlapping General Obligation Bonds:	\$ 101,367
General Obligation Bonds and Overlapping General Obligation Bonds:	\$ 6,596,367
Percentage to Full Value of Taxable Property:	2.74%
Percentage to EAV:	8.22%
Per Capita:	\$ 1,412

\*Includes 2018 EAV from the County; 2018 EAV in Hancock County is not available.

## COMPOSITION OF EAV

	2014	2015	2016	2017	2018*
<b>By Property Type</b>					
Residential	\$27,123,696	\$28,343,559	\$30,024,420	\$32,195,079	\$40,345,975
Farm	28,009,810	29,913,140	33,095,554	35,972,901	33,497,276
Commercial	5,202,782	5,329,150	5,614,564	5,784,543	6,088,023
Industrial	4,209	9,411	9,081	9,696	18,960
Railroad	<u>186,608</u>	<u>194,733</u>	<u>220,916</u>	<u>245,866</u>	<u>264,040</u>
Total EAV	\$60,527,105	\$63,789,993	\$68,964,535	\$74,208,085	\$80,214,274

\* Includes 2018 EAV from the County; 2018 EAV in Hancock County is not available.

Source: County Clerks' Offices.

	2014	2015	2016	2017	2018*
<b>By County</b>					
The County	\$60,018,664	\$63,294,215	\$68,400,493	\$73,587,272	\$79,593,461
Hancock County	<u>508,441</u>	<u>495,778</u>	<u>564,042</u>	<u>620,813</u>	<u>620,813</u>
Total EAV	\$60,527,105	\$63,789,993	\$68,964,535	\$74,208,085	\$80,214,274

\*Includes 2018 EAV from the County; 2018 EAV in Hancock County is not available.

Source: County Clerks' Offices.

## TREND OF EAV

LEVY YEAR	EAV	% CHANGE IN EAV FROM PREVIOUS YEAR
2014	\$60,527,105	5.31% <sup>(1)</sup>
2015	63,789,993	5.39%
2016	68,964,535	8.11%
2017	74,208,085	7.60%
2018	80,214,274*	8.09%

Source: County Clerks' Offices.

\*Includes 2018 EAV from the County; 2018 EAV in Hancock County is not available.

(1) Based on the District's \$57,472,471 2013 EAV.



## TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED	PERCENT COLLECTED
2013/14	\$2,641,705	\$2,640,520	99.96%
2014/15	2,797,106	2,795,895	99.96%
2015/16	3,555,054	3,553,553	99.96%
2016/17	3,706,651	3,704,978	99.95%
2017/18	3,674,608	3,672,602	99.95%
2018/19	3,726,366*	In process of collection	NA

Source: Adams and Hancock County Treasurers' Offices.

\*Includes taxes extended in the County; Hancock County extension is not available.

## SCHOOL DISTRICT TAX RATES BY PURPOSE

(Per \$100 EAV)

PURPOSE	2014	2015	2016	2017	2018	MAXIMUM RATE
Educational	\$1.95000	\$1.95000	\$1.95000	\$1.95000	\$1.95000	\$1.95000
Bonds and Interest	0.74788	0.71230	0.65597	0.62060	0.55861	None
Operations, Building and Maint.	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
Pension/IMRF	0.14374	0.50939 <sup>(1)</sup>	0.42816 <sup>(1)</sup>	0.24892	0.13697	None
Transportation	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000
Working Cash	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Fire Prevention/Safety/Energy	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Special Education	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000
Tort Judgment/Liability	0.71513	1.01877	1.02277	0.99700	1.00920	None
Social Security	0.18009	0.50939 <sup>(1)</sup>	0.42816 <sup>(1)</sup>	0.24892	0.13697	None
Lease/Purchase/Rental	<u>0.05000</u>	<u>0.05000</u>	<u>0.05000</u>	<u>0.05000</u>	<u>0.05000</u>	0.05000
Total	\$4.62684	\$5.58985	\$5.37506	\$4.95544	\$4.68175	

Source: Adams County Clerk's Office.

(1) The significant increase in the tax rates for these funds was due in large part to a response to the uncertainty in State funding and a possible pension cost shift for school districts.

## REPRESENTATIVE TOTAL TAX RATES

(Per \$100 EAV)

TAXING AUTHORITY	2014	2015	2016	2017	2018
The District	\$4.62684	\$5.58985	\$5.37506	\$4.95544	\$4.68175
The County	0.84523	0.80888	0.79006	0.78949	0.80126
Ursa Township	0.40687	0.39744	0.36899	0.31199	0.28954
Ursa Road District	0.43421	0.59107	0.57869	0.57509	0.61186
Ursa Permanent Road	0.16700	0.00000	0.00000	0.00000	0.00000
Ursa	0.11251	0.11645	0.11755	0.11835	0.11530
Ursa Fire	0.21938	0.20446	0.18932	0.18097	0.16563
Ursa Street Light	0.04578	0.04295	0.03983	0.03761	0.03487
Four Star Library	0.20409	0.20254	0.19645	0.19045	0.18367
John Wood College	<u>0.40983</u>	<u>0.41481</u>	<u>0.42078</u>	<u>0.42483</u>	<u>0.42423</u>
TOTAL*	\$7.47174	\$8.36845	\$8.07673	\$7.58422	\$7.30811

Source: Adams County Clerk's Office.

\* The total of such rates is the property tax rate paid by a typical resident living in Ursa.

## TEN LARGEST TAXPAYERS

TAXPAYER NAME	2018 EAV <sup>(1)</sup>	PERCENT OF DISTRICT'S TOTAL EAV
Shriver Brothers LP	\$3,017,040	3.76%
URSA Farmers Cooperative	2,114,620	2.64%
Adwell Corp.	2,046,830	2.55%
Individual Trust	394,650	0.49%
Individual	361,780	0.45%
Individual	292,410	0.36%
Individual Trust	289,980	0.36%
Individual	288,970	0.36%
GKA Properties LLC	274,890	0.34%
Individual	<u>274,750</u>	<u>0.34%</u>
	<u>\$9,355,920</u>	<u>11.65%</u>

Source: Adams County Clerk's Office.

The above taxpayers represent 11.65% of the District's \$80,214,274 2018 EAV (Includes 2018 EAV from the County; 2018 EAV in Hancock County is not available.) Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.

(1) A significant portion of the 2018 EAV of the ten largest taxpayers is farmland.

## RETAILERS' OCCUPATION, SERVICE OCCUPATION AND USE TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation and Use Tax collected by the Illinois Department of Revenue (the "*Department*") from retailers within Mendon and Ursa. The table indicates the level of retail activity in Mendon and Ursa.

### STATE SALES TAX DISTRIBUTION<sup>(1)</sup>

CALENDAR YEAR	MENDON	URSA
2014	\$75,335	\$29,803
2015	61,598	33,949
2016	76,150	36,188
2017	78,904	29,897
2018	82,269	27,835

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Source: The Department.

(1) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of Mendon and Ursa, less a State administration fee. The municipal 1% sales tax includes tax receipts from the sale of food and drugs which are not taxed by the State.

## LARGEST EMPLOYERS

Below is a listing of the largest employers within or near the District:

EMPLOYER	PRODUCT OR SERVICE	LOCATION	APPROXIMATE NUMBER OF EMPLOYEES
Blessing Corporate Services, Inc. <sup>(1)</sup>	Hospital	Quincy	2,000
The Knapheide Manufacturing Company <sup>(2)</sup>	Motor truck bodies and hoists	Quincy	1,000
Titan International, Inc.	Tires and wheels for agricultural, earthmoving/construction, off-the-road and consumer equipment	Quincy	900
Quincy Medical Group <sup>(3)</sup>	Medical clinic	Quincy	667
Quincy Veterans Home	Healthcare facility for veterans	Quincy	525
Blue Cross Blue Shield of Illinois	Data processing center	Quincy	500
Gardner Denver, Inc.	Blowers, compressors, liquid pumps, water jetting systems and cooling systems for the wastewater treatment, petroleum, chemical, food and beverage and mining industries	Quincy	490
John Wood College	Community college	Quincy	418
Manchester Tank & Equipment Co., Quincy Div.	Steel low-pressure vessels, propane tanks and compressed air tanks	Quincy	350
GatesAir	Radio and television broadcast equipment	Quincy	260
ADM Animal Nutrition	Company headquarters; livestock mineral feeds and protein concentrates	Quincy	250
Gully Transportation, Inc.	General commodity common carrier	Quincy	225
J.M. Huber Corp., Engineered Materials Div.	Limestone processing	Quincy	200
McNay Truckline	Trucking service	Quincy	200
Sharkey Transportation, Inc.	Local and interstate trucking services	Quincy	200
Hollister-Whitney Elevator Corp.	Freight and passenger elevators	Quincy	190
C & L Tiling, Inc.	HDPE drainage tile	Timewell	150
AMCON Distributing Co.	Wholesaler of candy, tobacco, grocery, foodservice and sundry items	Quincy	150
Quincy Media, Inc.	Newspaper publishing, broadcast television and radio stations	Quincy	150
U.S. Cooler Company, Inc.	Walk-in coolers and freezers	Quincy	120

Source: 2019 Illinois Services and 2019 Illinois Manufacturers Directories and the Illinois Department of Commerce and Economic Opportunity.

- (1) Blessing Hospital (“Blessing”) broke ground July 25, 2018, on a two-story multimillion-dollar medical office building on the City of Quincy’s east side. The 82,000-square foot project sits on seven acres that Blessing owns and is expected to cost \$25 million. The Illinois Health Facilities and Services Review Board (“HFSRB”) approved a \$49.2 million project to add three floors to Blessing Hospital’s Moorman Pavilion. Blessing estimates the new medical office building and expansion would be completed in 2021.
- (2) In 2018, Knapheide Manufacturing Company completed an expansion for manufacturing operations. The expansion included a new 188,000 square-foot manufacturing building and is expected to create 250 jobs in manufacturing, installation and various support roles. There are currently 140 new employees.
- (3) Quincy Medical Group (the “Medical Group”) filed an application with the HFSRB on October 15, 2018 and is seeking to establish a \$19.5 million multi-specialty ambulatory surgical treatment center (the “Surgery Center”) in the former Bergner’s building at the Quincy Mall. At the March 2019 meeting, the HFSRB could not agree on the Medical Group’s proposed Surgery Center. The Medical Group renewed its request for permission to create the Surgery Center. On April 30, 2019, the HFSRB approved the Medical Group’s application for the Surgery Center. Construction is expected to last approximately two years.

## UNEMPLOYMENT RATES

Unemployment statistics are not compiled specifically for the District and monthly unemployment data is unavailable for municipalities, such as Mendon and Ursa, with a population of less than 25,000. The following table shows the trend in annual average unemployment rates for Mendon, Ursa, the County and the State.

	MENDON	URSA	THE COUNTY	THE STATE
2014 – Average	5.8%	3.9%	5.3%	7.1%
2015 – Average	4.4%	3.4%	5.0%	6.0%
2016 – Average	5.1%	3.6%	4.7%	5.8%
2017 – Average	4.1%	3.0%	3.8%	5.0%
2018 – Average	3.8%	3.0%	3.9%	4.3%
2019 – Average (2 mos.)	N/A	N/A	4.6%	5.0%

Source: State of Illinois Department of Employment Security.

## SPECIFIED OWNER-OCCUPIED UNITS

VALUE	MENDON		URSA	
	NUMBER	PERCENT	NUMBER	PERCENT
Under \$50,000	42	15.61%	22	12.15%
\$50,000 to \$99,999	136	50.56%	66	36.46%
\$100,000 to \$149,999	58	21.56%	67	37.02%
\$150,000 to \$199,999	30	11.15%	20	11.05%
\$200,000 to \$299,999	3	1.12%	4	2.21%
\$300,000 to \$499,999	0	0.00%	0	0.00%
\$500,000 to \$999,999	0	0.00%	0	0.00%
\$1,000,000 or more	<u>0</u>	<u>0.00%</u>	<u>2</u>	<u>1.10%</u>
Total	269	100.00%	181	100.00%
Median Value	\$87,400		\$101,500	

VALUE	THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT
Under \$50,000	2,184	11.27%	231,604	7.27%
\$50,000 to \$99,999	5,305	27.38%	501,389	15.74%
\$100,000 to \$149,999	4,717	24.35%	516,996	16.23%
\$150,000 to \$199,999	2,802	14.46%	514,629	16.16%
\$200,000 to \$299,999	2,655	13.70%	653,765	20.53%
\$300,000 to \$499,999	1,257	6.49%	505,831	15.88%
\$500,000 to \$999,999	342	1.77%	209,287	6.57%
\$1,000,000 or more	<u>111</u>	<u>0.57%</u>	<u>51,641</u>	<u>1.62%</u>
Total	19,373	100.00%	3,185,142	100.00%
Median Value	\$120,200		\$179,700	

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

## EMPLOYMENT BY INDUSTRY

CLASSIFICATION	MENDON		URSA	
	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	5	1.05%	12	3.77%
Construction	30	6.28%	16	5.03%
Manufacturing	46	9.62%	53	16.67%
Wholesale Trade	43	9.00%	17	5.35%
Retail Trade	77	16.11%	44	13.84%
Transportation, warehousing and utilities	28	5.86%	25	7.86%
Information	16	3.35%	12	3.77%
Finance, insurance and real estate	33	6.90%	24	7.55%
Professional, scientific, management, administrative & waste management	23	4.81%	17	5.35%
Educational, health and social services	137	28.66%	80	25.16%
Arts, entertainment, recreation, accommodations and food services	13	2.72%	9	2.83%
Other Services	18	3.77%	4	1.26%
Public Administration	<u>9</u>	<u>1.88%</u>	<u>5</u>	<u>1.57%</u>
Total	478	100.00%	318	100.00%

CLASSIFICATION	THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	786	2.44%	65,813	1.06%
Construction	1,950	6.05%	323,578	5.23%
Manufacturing	4,511	13.99%	762,175	12.33%
Wholesale Trade	1,416	4.39%	190,916	3.09%
Retail Trade	4,752	14.74%	669,300	10.83%
Transportation, warehousing and utilities	1,656	5.14%	378,576	6.12%
Information	476	1.48%	120,295	1.95%
Finance, insurance and real estate	1,804	5.60%	451,556	7.30%
Professional, scientific, management, administrative & waste management	1,938	6.01%	722,129	11.68%
Educational, health and social services	8,367	25.95%	1,416,064	22.91%
Arts, entertainment, recreation, accommodations and food services	2,269	7.04%	561,894	9.09%
Other Services	1,423	4.41%	292,409	4.73%
Public Administration	<u>895</u>	<u>2.78%</u>	<u>226,948</u>	<u>3.67%</u>
Total	32,243	100.00%	6,181,653	100.00%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

# EMPLOYMENT BY OCCUPATION

CLASSIFICATION	MENDON		URSA	
	NUMBER	PERCENT	NUMBER	PERCENT
Management, professional and related occupations	120	25.10%	99	31.13%
Service occupations	95	19.87%	39	12.26%
Sales & office occupations	124	25.94%	75	23.58%
Natural resources, construction and maintenance occupations	43	9.00%	34	10.69%
Production, transportation and material moving occupations	<u>96</u>	<u>20.08%</u>	<u>71</u>	<u>22.33%</u>
Total	478	100.00%	318	100.00%

CLASSIFICATION	THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT
Management, professional and related occupations	10,256	31.81%	2,321,710	37.56%
Service occupations	5,622	17.44%	1,067,320	17.27%
Sales & office occupations	8,409	26.08%	1,481,082	23.96%
Natural resources, construction and maintenance occupations	2,876	8.92%	446,857	7.23%
Production, transportation and material moving occupations	<u>5,080</u>	<u>15.76%</u>	<u>864,684</u>	<u>13.99%</u>
Total	32,243	100.00%	6,181,653	100.00%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

## MEDIAN HOUSEHOLD INCOME

The following table represents the distribution of household incomes and the median household income for Mendon, Ursa, the County and the State at the time of such survey.

HOUSEHOLD INCOME	MENDON		URSA	
	NUMBER	PERCENT	NUMBER	PERCENT
Under \$10,000	9	2.73%	20	7.52%
\$10,000 to \$14,999	25	7.58%	8	3.01%
\$15,000 to \$24,999	44	13.33%	28	10.53%
\$25,000 to \$34,999	28	8.48%	25	9.40%
\$35,000 to \$49,999	38	11.52%	55	20.68%
\$50,000 to \$74,999	79	23.94%	48	18.05%
\$75,000 to \$99,999	59	17.88%	47	17.67%
\$100,000 to \$149,999	46	13.94%	21	7.89%
\$150,000 to \$199,999	2	0.61%	4	1.50%
\$200,000 or more	<u>0</u>	<u>0.00%</u>	<u>10</u>	<u>3.76%</u>
Total	330	100.00%	266	100.00%
Median Household Income	\$54,531		\$48,750	

HOUSEHOLD INCOME	THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT
Under \$10,000	1,750	6.37%	331,315	6.88%
\$10,000 to \$14,999	1,704	6.21%	204,278	4.24%
\$15,000 to \$24,999	3,121	11.37%	446,453	9.27%
\$25,000 to \$34,999	3,266	11.89%	425,803	8.84%
\$35,000 to \$49,999	4,341	15.81%	593,198	12.31%
\$50,000 to \$74,999	5,338	19.44%	836,760	17.37%
\$75,000 to \$99,999	3,236	11.78%	613,614	12.73%
\$100,000 to \$149,999	3,050	11.11%	724,960	15.05%
\$150,000 to \$199,999	898	3.27%	311,141	6.46%
\$200,000 or more	<u>757</u>	<u>2.76%</u>	<u>330,930</u>	<u>6.87%</u>
Total	27,461	100.00%	4,818,452	100.00%
Median Household Income	\$48,454		\$61,229	

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.



## PER CAPITA INCOME

NAME OF ENTITY	2017
Mendon	\$24,889
Ursa	30,012
The County	27,256
The State	32,924

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Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

## SHORT-TERM BORROWING

The District has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

## FUTURE DEBT

Except for the Bonds, the District does not currently anticipate issuing any debt in the next six months.

## DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

## WORKING CASH FUND

The District is authorized to issue general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed \$.05 per hundred dollars of EAV (the "*Working Cash Fund Tax*"). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

Any time moneys are available in the Working Cash Fund, they must be transferred to such other funds of the District and used for any and all school purposes so as to avoid, whenever possible, the issuance of tax anticipation warrants or notes. Interest earned from the investment of the Working Cash Fund may be transferred from the Working Cash Fund to other funds of the District that are most in need of the interest. Moneys in the Working Cash Fund may not be appropriated by the Board in the annual budget.

The District also has the authority to abate amounts in the Working Cash Fund to any other fund of the District if the amount on deposit in such other fund after the abatement will not constitute an excess accumulation of money in that fund and as long as the District maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then current value, as equalized or assessed by the Department, of the taxable property in the District.

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the educational fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the educational fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the educational fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

#### WORKING CASH FUND SUMMARY

FISCAL YEAR	END OF YEAR FUND BALANCE
2014	\$635,731
2015	665,572
2016	696,370
2017	728,956
2018	769,924

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Source: Compiled from the District's audited financial statements for fiscal years ended June 30, 2014-2018.

### **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

#### SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County and Hancock County. There can be no assurance that the procedures described herein will not change.

#### TAX LEVY AND COLLECTION PROCEDURES

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local

Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

## EXEMPTIONS

The Illinois Property Tax Code, as amended (the "*Property Tax Code*"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This

exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single-family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "*Natural Disaster Exemption*") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the EAV of the property is less than \$250,000 and the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the

United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

#### PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law, as amended (the "*Limitation Law*"), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies (including school districts) in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and numerous other counties.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds or are for certain refunding purposes.

Public Act 89-510 permits the county boards of all counties not currently subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county.

Under the legislation, the county board of any such county can initiate a binding tax cap referendum at any regularly scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their equalized assessed valuation in the county beginning January 1 of the year following the date of the referendum. With respect to multi-county taxing bodies, the Limitation Law becomes applicable only after (a) each county in which the taxing body is located has held a referendum and (b) the proposition is passed in a county or counties containing a majority of the equalized assessed valuation of the taxing body.

As of the date of the referendum causing tax caps to be applicable to a taxing body, referendum approval would be required in order for the taxing body to issue unlimited tax general obligation bonds. The County held an unsuccessful referendum on the applicability of the Limitation Law on April 1, 1997. A referendum on the applicability of the Limitation Law has yet to be initiated in Hancock County. No guarantee exists, however that such a referendum will not be held in the future.

If the Limitation Law were to apply in the future to the District, the limitations set forth therein will not apply to the taxes levied by the District to pay the principal of and interest on the Bonds.

Public Act 100-465 provides that if the District's Adequacy Target (as defined under "STATE AID" herein) exceeds 110% for the school year that begins during the calendar year immediately preceding the levy year for which a tax reduction is sought, a petition signed by at least 10% of the registered voters in the District may be filed requiring a proposition to be submitted to the District's voters at the next consolidated election in April of odd-numbered years asking the voters whether the District must reduce its extension for educational purposes for the levy year in which the election is held to an amount that is less than the extension for educational purposes for the immediately preceding levy year. The reduced extension, however, may not be more than 10% lower than the amount extended for educational purposes in the previous levy year and may not cause the District's Adequacy Target to fall below 110% for the levy year for which the reduction is sought. If the voters approve the proposition, the County Clerks will extend a rate for educational purposes that is no greater than the limiting rate for educational purposes computed in accordance with the Limitation Law. If such proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

#### TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "*Law*") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action or fail to take any action which would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it and its officers will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolution.

#### SCHOOL DISTRICT FINANCIAL PROFILE

The Illinois State Board of Education ("*ISBE*") utilizes a system for assessing a school district's financial health referred to as the "*School District Financial Profile*" which replaced the Financial Watch List and Financial Assurance and Accountability System (FAAS). This system identifies those school districts which are moving into financial distress.

The system uses five indicators which are individually scored, placed into a category of a four, three, two or one, with four being the best possible, and weighted in order to arrive at a composite district financial profile. The indicators and the weights assigned to those indicators are as follows: fund balance to revenue ratio (35%); expenditures to revenue ratio (35%); days cash on hand (10%); percent of short-term borrowing ability remaining (10%); and percent of long-term debt margin remaining (10%).

The scores of the weighted indicators are totaled to obtain a district's overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- *Financial Recognition.* A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- *Financial Review.* A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.
- *Financial Early Warning.* A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.
- *Financial Watch.* A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

For each school district, ISBE calculates an original financial profile score (the "*Original Score*") and an adjusted financial profile score (the "*Adjusted Score*"). The Original Score is calculated based solely on such school district's audited financial statements as of the close of the most recent fiscal year. The Adjusted Score is calculated based initially on a school district's audited financial statements for the most recent fiscal year, with adjustments made to reflect the impact on the Original Score of timing differences between such school district's actual and expected receipt of State Aid payments or evidence-based funding, as required by Section 1A-8 of the School Code. ISBE has implemented this statutory requirement by adding in payments expected to be received during the calculation year but not actually received until the following fiscal year, as well as by subtracting certain State Aid payments or evidence-based funding received during the current fiscal year but attributable to a prior fiscal year. Such adjustments may have a varying effect on a school district's Adjusted Score based on the amount of time by which

such State Aid payments or evidence-based funding are delayed and the accounting basis adopted by such school district. Due to the manner in which such requirement has been implemented by ISBE, a school district's Adjusted Score may be different than it otherwise would have been in certain years based on the scheduled receipt of State Aid payments or evidence-based funding.

The following table sets forth the District's Original Scores and Adjusted Scores, as well as the designation assigned to each score, for each of the last five fiscal years (as released by ISBE in March of the year following the conclusion of each fiscal year):

FISCAL YEAR (JUNE 30)	ORIGINAL SCORE	DESIGNATION BASED ON ORIGINAL SCORE	ADJUSTED SCORE	DESIGNATION BASED ON ADJUSTED SCORE
2018	3.90	Recognition	3.90	Recognition
2017	3.90	Recognition	3.90	Recognition
2016	3.55	Recognition	3.55	Recognition
2015	3.00	Early Warning	3.10	Review
2014	3.80	Recognition	3.80	Recognition

#### STATE AID

##### GENERAL

The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such "*State Aid*" as a significant part of their budgets. For the fiscal year ended June 30, 2018, 52.56% of the District's General Fund revenue came from sources at the State, including State Aid. See *Exhibit C* to this Official Statement for more information concerning the breakdown of the District's revenue sources.

##### GENERAL STATE AID THROUGH FISCAL YEAR 2017

Through fiscal year 2017, general State financial aid ("*General State Aid*") was allocated to each Illinois school district based on the difference between available local resources per pupil (which was calculated based on a number of factors, including the district's EAV, the number of students in attendance in the district and the district's corporate personal property replacement tax receipts) and a foundation level (the "*Foundation Level*"). The Foundation Level was an amount established annually by the State's budget representing the minimum level of per pupil financial support that was to be available to provide for the basic education of each pupil. The Foundation Level was established at \$6,119 in each of school years 2013 through 2017.

While the Foundation Level had not been adjusted in recent years, the State appropriation for General State Aid in some fiscal years prior to fiscal year 2017 was reduced. As such, the State was not able to fully fund General State Aid, and the amount each district received was prorated



for fiscal year 2010 through fiscal year 2016. For fiscal year 2017, the State appropriation was increased to fully fund General State Aid.

In addition to General State Aid, districts with specified levels or concentrations of pupils from low-income households were eligible to receive supplemental general State aid financial grants (“*Supplemental General State Aid*”). Supplemental General State Aid was distributed to districts pursuant to a statutory formula based upon the number of low-income pupils in the district. The amount of Supplemental General State Aid received by a district increased as the ratio of low-income pupils to the average daily attendance in the district increased.

For fiscal year 2017, the General Assembly approved a budget for elementary and secondary education which included a \$361 million increase over the fiscal year 2016 appropriation. The budget also included \$250 million in equity grants directed at school districts with a high concentration of poverty students.

#### GENERAL STATE AID AFTER FISCAL YEAR 2017 – EVIDENCE-BASED FUNDING MODEL

Both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget appropriate General State Aid in an amount \$350 million greater than the appropriation for the preceding fiscal year and require such additional funds to be distributed to school districts under an Evidence-Based Funding Model. The Evidence-Based Funding Model provided for in Public Act 100-465 sets forth a new school funding formula which ties individual district funding to 27 evidence-based best practices that certain research shows enhance student achievement in the classroom. Under the new funding formula, ISBE will calculate an adequacy target (the “*Adequacy Target*”) each year for each district based upon its unique student population, regional wage differences and best practices. Each district will be placed in one of four tiers depending on how close the sum of its local resources available to support education (based on certain State resources and its expected property tax collections, its “*Local Capacity Target*”) and its Base Funding Minimum (as hereinafter defined) are to its Adequacy Target; Tier One and Tier Two for those districts that are the furthest away from their Adequacy Targets and Tier Three and Tier Four for those districts that are the closest to (or above) their Adequacy Targets. For each school year, all State funds appropriated for General State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts (“*New State Funds*”) will be distributed to districts based on tier placement. Of any New State Funds available, Tier One receives 50%, Tier Two receives 49%, Tier Three receives 0.9%, and Tier Four receives 0.1%. Tier Two includes all Tier One districts for the purpose of the allocation percentages for New State Funds.

For school year 2018-2019, ISBE notified the District that its Local Capacity Target, plus its Base Funding Minimum, is 70% of its Adequacy Target and that the District has been placed in Tier Two. For school year 2018-2019, the District will receive approximately \$44,931 of New State Funds. Until the District is formally notified by ISBE of its Adequacy Target, Local Capacity Target and Tier placement for school years 2019-2020, no assurance can be given that the Adequacy Target, Local Capacity Target, Tier placement and expected New State Funds for school year 2019-2020 will not be materially different than the Adequacy Target, Local Capacity Target, Tier placement and New State Funds for school year 2018-2019.

Public Act 100-465 also provides that each school district will be allocated at least as much in General State Aid in future years as it received in school year 2017-2018 (such amount being that district's "*Base Funding Minimum*"), which for the District was \$2,597,628. Mandated Categorical State Aid (as hereinafter defined) received by the District in fiscal year 2017, other than Mandated Categorical State Aid related to transportation and extraordinary special education, was included in the Base Funding Minimum for the District for school year 2017-2018. No district should receive less General State Aid funding than it received the prior year since all New State Funds received by a district in a year become part of its Base Funding Minimum in the following year. If the State appropriates insufficient funds to cover the cost of the Base Funding Minimum, reductions will be made first to the Base Funding Minimum for all Tier 3 and Tier 4 school districts on a per pupil basis; *provided, however*, that such reductions may not reduce State funding for such districts below the Base Funding Minimum for school year 2017-2018. If funds are still insufficient, then further reductions are to be done on a per pupil basis for all school districts. Consequently, reduced appropriations for General State Aid in future years could result in the District receiving less in a future fiscal year than its Base Funding Minimum.

#### PROPERTY TAX RELIEF POOL FUNDS

For the purpose of encouraging high tax rate school districts to reduce property taxes, Public Act 100-465 also established a property tax relief grant program (the "*Property Tax Relief Pool*"). Eligible school districts must have a tax rate above a threshold tax rate determined by ISBE and must apply for the grant and indicate an amount of intended property tax relief, which may not be greater than 1% of EAV for a unit district, 0.69% of EAV for an elementary school district or 0.31% of EAV for a high school district. Public Act 100-465 directs ISBE to process Property Tax Relief Pool applications and, subject to appropriation, provide grants to eligible school districts in order of priority (highest tax rate school districts first) until the Property Tax Relief Pool is exhausted. A school district which receives a property tax relief grant is required to abate its property tax levy by an amount not less than the amount of the grant. The amount of such property tax abatement is based on a statutory calculation which takes into account relative Local Capacity Targets. Pursuant to such calculation, a school district with a low Local Capacity Target will be required to abate less than a school district with a high Local Capacity Target, assuming the amount of property tax relief grants received by the school districts are the same. Property tax relief grants received by a school district also are included in future calculations of its Base Funding Minimum. Of the \$350 million of New State Funds appropriated in both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget, \$50 million was allocated to the Property Tax Relief Pool.

#### MANDATED CATEGORICAL STATE AID

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as "*Mandated Categorical State Aid*," are made to the school district in the fiscal year following the expenditure, *provided* that the school district files the paperwork necessary to inform the State of such an entitlement. Prior to fiscal year 2018, the School Code provided for Mandated Categorical State Aid with respect to mandatory school programs relating to: (a) special education, (b) transportation, (c) free and reduced breakfast and

lunch, and (d) orphanage tuition. Beginning with fiscal year 2018, Mandated Categorical State Aid is no longer available with respect to mandatory school programs relating to special education, other than private facility tuition and transportation. Mandated Categorical State Aid received by a district in fiscal year 2017 for special education programming no longer available for Mandated Categorical State Aid in fiscal year 2018 is included in the Base Funding Minimum for that district.

In addition, although school districts are entitled to reimbursement for expenditures made under these programs, these reimbursements are subject to the State's appropriation process. In the event that the State does not appropriate an amount sufficient to fund fully the Mandated Categorical State Aid owed to each school district, the total Mandated Categorical State Aid is proportionally reduced such that each school district receives the same percentage of its Mandated Categorical State Aid request with respect to a specific category of such aid as every other school district.

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are "mandatory" under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fund fully the Mandatory Categorical State Aid requirements. As such, the District's revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

#### COMPETITIVE GRANT STATE AID

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such "*Competitive Grant State Aid*" is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive Grant State Aid must compete with other school districts for the limited amount appropriated each year by the State for such program.

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is annually determined separately for each category of aid based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

#### PAYMENT FOR MANDATED CATEGORICAL STATE AID AND COMPETITIVE GRANT STATE AID

The State makes payments to school districts for Mandated Categorical State Aid and Competitive Grant State Aid (together, "*Categorical State Aid*") in accordance with a voucher system involving ISBE. ISBE vouchers payments to the State on a periodic basis. The time

between vouchers varies depending on the type of Categorical State Aid in question. For example, with respect to the categories of Mandated Categorical State Aid related to extraordinary special education and transportation, ISBE vouchers the State for payments on a quarterly basis. With respect to Competitive Grant State Aid, a payment schedule is established as part of the application process, and ISBE vouchers the State for payment in accordance with this payment schedule.

Once ISBE has vouchered the State for payment, the State is required to make the Categorical State Aid payments to the school districts. As a general matter, the State is required to make such payments within 90 days after the end of the State's fiscal year.

As noted above, the State makes Mandated Categorical State Aid payments to school districts in quarterly installments. For fiscal year 2016, the State did not make the final Mandated Categorical State Aid payment until December of the following fiscal year. The State made all Mandated Categorical State Aid payments to school districts for fiscal year 2017.

See *Exhibit C* for a summary of the District's general fund revenue sources.

## **RETIREMENT PLANS**

The District participates in two defined benefit pension plans: (i) the Teachers' Retirement System of the State of Illinois ("*TRS*"), which provides retirement benefits to the District's teaching employees, and (ii) the Illinois Municipal Retirement Fund (the "*IMRF*" and, together with TRS, the "*Pension Plans*"), which provides retirement benefits to the District's non-teaching employees. The District makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the "*Pension Code*").

The following summarizes certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 5 to the Audit, as hereinafter defined, attached hereto as APPENDIX A.

### **BACKGROUND REGARDING PENSION PLANS**

#### *The Actuarial Valuation*

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards (the "*GASB Standards*") issued by the Governmental Accounting Standards Board ("*GASB*"), as described below.

In producing an actuarial valuation, the actuary for the Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

### *GASB Standards*

The GASB Standards provide standards for financial reporting and accounting related to pension plans.

The GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset,” which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the “*Total Pension Liability*”) and the fair market value of the pension plan’s assets (referred to as the “*Fiduciary Net Position*”).

Furthermore, the GASB Standards employ a rate, referred to in such statements as the “*Discount Rate*,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

Finally, the GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer, and that an expense be recognized on the income statement of the employer.

### *Pension Plans Remain Governed by the Pension Code*

As described above, the GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the District to the Pension Plans in each year.

## TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The District participates in TRS, which is a cost-sharing multiple-employer defined benefit pension plan that was created by the General Assembly for the benefit of Illinois public school teachers outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

The Pension Code sets the benefit provisions of TRS, which can only be amended by the General Assembly. The State maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report may be viewed at TRS's website as follows: <https://trsil.org/financial/financial-reports>.

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 5 to the Audit.

#### *Employer Funding of Teachers' Retirement System*

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For the fiscal years ended June 30, 2016 through June 30, 2018, all amounts contributed by the District to TRS were as follows:

FISCAL YEAR ENDED JUNE 30	TRS CONTRIBUTIONS
2016	\$46,395
2017	49,207
2018	23,566

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Source: The audited financial statements of the District for the fiscal years ended June 30, 2016, through June 30, 2018.

For information regarding additional contributions the District may be required to make to TRS with respect to certain salary increases and other programs, see Note 5 to the Audit.

#### *Shift of Contributions from the State to Employers*

Various proposals have been introduced into the General Assembly to shift the burden of making certain contributions to TRS from the State to the school districts employing participants in TRS, such as the District (each a "*Cost Shifting Proposal*"). Though these Cost Shifting Proposals differ in certain respects, the most common formulation would require a school district, such as the District, to contribute the full amount of the normal costs of its employees' TRS pensions, with such additional contributions being phased in over the course of several years.

Discussions and deliberations on the complex topic of pension reform remain fluid. The District cannot predict whether, or in what form, the Cost Shifting Proposal may be introduced in the General Assembly or ultimately be enacted into law. Furthermore, it is possible that any future

pension reform legislation that is passed by the General Assembly (including any legislation containing the Cost Shifting Proposal) could face court challenges.

If the Cost Shifting Proposal were to become law, it may have a material adverse effect on the finances of District. How local school districts, including the District, would pay for such shift of contributions cannot be determined at the current time.

Although the Cost Shifting Proposal has not been adopted as of the date hereof, the General Assembly approved legislation shifting a portion of the State's contributions to TRS to individual school districts. On July 6, 2017, the General Assembly enacted Public Act 100-0023 ("*P.A. 100-23*") which, among other things, requires employers participating in TRS, such as the District, to make certain contributions to TRS that were not required under prior law. P.A. 100-23 includes provisions for a separate set of benefits (the "*New Tier Benefits*") applicable to employees hired after the "*Implementation Date*," the same being the date on which TRS authorizes new hires to participate in the New Tier Benefits, which P.A. 100-23 directs should be "as soon as possible" after the effective date of P.A. 100-23. Under P.A. 100-23, beginning in Fiscal Year 2018, the District will be responsible for paying the normal cost for those employees earning the New Tier Benefits (as well as the normal cost for certain employees hired after the Implementation Date that elect to earn the benefits currently in place) and to amortize any unfunded liability related thereto. Finally, P.A. 100-23 mandates that the District make an additional payment to TRS to the extent that any employee's salary exceeds the salary of the Governor of the State of Illinois (currently \$177,412), as calculated therein.

The contributions required by P.A. 100-23 represent an increase in the District's contributions to TRS in comparison to prior law; however, the District is unable to predict the timing or the degree of any such additional contributions, and as such, the District is not able to predict whether the impact of such additional contributions on its finances will be material.

#### *Recognition of Net Pension Liability*

The GASB Standards divide the Net Pension Liability of a pension plan for which multiple entities make a portion of the employer contribution among such contributing entities. With respect to TRS, the District and the State each provide a portion of the employer contribution with respect to the District's TRS liability. As of June 30, 2018, the Net Pension Liability associated with the District was \$20,294,324, of which the District's proportionate share was \$1,088,150, and the State's proportionate share was \$19,206,174.

#### ILLINOIS MUNICIPAL RETIREMENT FUND

The District also participates in the IMRF, which is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in the State. The IMRF is established and administered under statutes adopted by the General Assembly. The Pension Code sets the benefit provisions of the IMRF, which can only be amended by the General Assembly.

Each employer participating in the IMRF, including the District, has an employer reserve account with the IMRF separate and distinct from all other participating employers (the “*IMRF Account*”) along with a unique employer contribution rate determined by the IMRF Board of Trustees (the “*IMRF Board*”), as described below. The employees of a participating employer receive benefits solely from such employer’s IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website.

See Note 5 to the Audit for additional information on the IMRF.

### *Contributions*

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The District’s contribution rate for calendar year 2018 was 14.69% of covered payroll.

For the calendar years ended December 31, 2016 through December 31, 2018, the District contributed the following amounts to IMRF:

CALENDAR YEAR ENDED DECEMBER 31	IMRF CONTRIBUTIONS
2016	\$ 74,045
2017	104,105
2018	107,440

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Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2018.

### *Measures of Financial Position*

The following table presents the measures of the IMRF Account’s financial position as of December 31, 2016, December 31, 2017 and December 31, 2018 which are presented pursuant to the GASB Standards.



CALENDAR YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2016	\$5,602,028	\$4,719,416	\$882,612	84.24%	7.50%
2017	5,435,257	5,204,575	230,682	95.76%	7.50%
2018	5,699,059	4,751,357	947,702	83.37%	7.25%

Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2016, December 31, 2017 and December 31, 2018.

See Note 5 to the Audit for a description of the IMRF.

### TEACHER HEALTH INSURANCE SECURITY FUND

The District participates in the Teacher Health Insurance Security Fund (the “*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 TRS.

The State maintains primary responsibility for funding, but contributions from participating employers and members are also required. For the fiscal year ended June 30, 2018, the District paid \$24,388 to the THIS Fund, which was 100% of the required contribution. For more information regarding the District’s THIS Fund obligation, see Note 5 to the Audit.

### BOND RATINGS

S&P is expected to assign the insured rating of “AA” (Stable Outlook) to the Bonds based upon the issuance of the Policy to be issued by BAM at the time of delivery of the Bonds. Moody’s has assigned the Bonds an underlying rating of “A2”. These ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings may only be obtained therefrom. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody’s and BAM by the District. There is no assurance that the ratings will be maintained for any given period of time or that such ratings may not be changed by the rating agencies if, in such rating agencies’ judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading “LIMITED CONTINUING DISCLOSURE,” neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such revision or withdrawal.

## TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Code.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID Issue Price* of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the *OID Issue Price* of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the *OID Issue Price* of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an *OID Bond* in the initial public offering at the *OID Issue Price* for such maturity and who holds such *OID Bond* to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such *OID Bond* constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such *OID Bond* at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing

the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the

gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### **LIMITED CONTINUING DISCLOSURE**

Because at the time of the delivery of the Bonds the District will be an "obligated person" (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the District is required to provide to the Municipal Securities Rulemaking Board (the "MSRB"), as specified in the Rule, annual financial information or operating data regarding the District which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the District and is publicly available. Consequently, pursuant to the Rule, the District will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send the financial information (as described below) to the MSRB for purposes of the Rule and to provide notice of certain events to the MSRB pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. See "APPENDIX C—Proposed Form of Continuing Disclosure Undertaking."

The Board expects to adopt the March, 2019 update (Issue 100) of the Illinois Association of School Boards' Policy Reference Education Subscription Service (PRESS) that includes disclosure policies and procedures as Section 4.40–AP, Preparing and Updating Disclosures. The policies specifically include additional procedures to be followed by the District in relation to the two new reportable events required by the Rule for undertakings entered into on and after February 27, 2019.

There have been no instances in the previous five years in which the District failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

#### **AUDITED FINANCIAL STATEMENTS**

The audited financial statements of the District for the fiscal year ended June 30, 2018 (the “*Audit*”), contained in Appendix A, including the independent auditor’s report accompanying the Audit, have been prepared by Gray Hunter Stenn LLP, Quincy, Illinois (the “*Auditor*”), and approved by formal action of the Board. The District has not requested the Auditor to update information contained in the Audit nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. Specific questions or inquiries relating to the financial information of the District since the date of the Audit should be directed to Scott Riddle, Superintendent of the District.

#### **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal

debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at **[www.dtcc.com](http://www.dtcc.com)**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any

notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“*Chapman and Cutler*”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

### **NO LITIGATION**

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the District with the other customary closing papers when the Bonds are delivered.

### **UNDERWRITING**

Pursuant to the terms of a Bond Purchase Agreement (the “*Agreement*”) between the District and Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the “*Underwriter*”), the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$6,298,771.15. The purchase price will produce an underwriting spread of 0.90% of the principal amount of the Bonds. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.



### **AUTHORIZATION**

This Official Statement has been approved by the District for distribution to prospective purchasers of the Bonds. The Board, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, this Official Statement, together with any supplements thereto, as of the date hereof, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Scott Riddle

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Superintendent

Community Unit School District Number 4

Adams and Hancock Counties, Illinois

June 4, 2019

## EXHIBITS

Exhibit A shows the District's recent financial history. Exhibit B provides information on the District's 2019 budget. Exhibit C provides information on the general fund revenue sources of the District.

### EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, FISCAL YEARS ENDED JUNE 30, 2014-2018

	ED <sup>(1)</sup>	O&M	DEBT SERVICE	TRANS	IMRF	CAP PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
Beginning Balance	\$ 324,479	\$ 363	\$103,932	\$ 37,801	\$ 18,967	\$0	\$607,737	\$ 0	\$ 2,055	\$1,095,334
Revenues	4,645,058	1,692,023 <sup>(2)</sup>	454,281	365,128	190,522	0	31,950	325,985	38,488	7,743,435
Expenditures	4,912,116	366,891	448,000	608,074	190,241	0	0	321,582	28,209	6,875,113
Other Sources (Uses)	0	0	0	200,563	0	0	0	0	0	200,563
Ending Balance, 6/30/14	\$ 61,377	\$1,325,495	\$110,213	\$ (4,582)	\$ 19,248	\$0	\$635,731	\$ 4,403	\$ 12,334	\$2,164,219
Beginning Balance	\$ 61,377	\$1,325,495	\$110,213	\$ (4,582)	\$ 19,248	\$0	\$635,731	\$ 4,403	\$ 12,334	\$2,164,219
Revenues	4,500,141	301,170	453,177	287,034	197,427	0	29,841	368,469	29,168	6,166,427
Expenditures	4,980,594	407,296	446,625	545,654	195,939	0	0	372,872	6,134	6,955,114
Other Sources (Uses)	0	0	0	169,681	0	0	0	0	0	169,681
Ending Balance, 6/30/15	\$ (419,076)	\$1,219,369	\$116,765	\$ (93,521)	\$ 20,736	\$0	\$665,572	\$ 0	\$ 35,368	\$1,545,213
Beginning Balance	\$ (419,076)	\$1,219,369	\$116,765	\$ (93,521)	\$ 20,736	\$0	\$665,572	\$ 0	\$ 35,368	\$1,545,213
Revenues	4,554,856	315,209	454,812	352,163	201,131	0	30,798	434,293	30,894	6,374,156
Expenditures	4,611,256	349,395	449,375	554,828	161,375	0	0	433,015	19,477	6,578,721
Other Sources (Uses)	0	200,078 <sup>(3)</sup>	0	145,846	0	0	0	0	0	345,924
Prior Period Adjustment	(40,900)	0	0	0	0	0	0	0	0	(40,900)
Ending Balance, 6/30/16	\$ (516,376)	\$1,385,261	\$122,202	\$ (150,340)	\$ 60,492	\$0	\$696,370	\$ 1,278	\$ 46,785	\$1,645,672
Beginning Balance	\$ (516,376)	\$1,385,261	\$122,202	\$ (150,340)	\$ 60,492	\$0	\$696,370	\$ 1,278	\$ 46,785	\$1,645,672
Revenues	4,581,576	326,544	455,234	313,685	664,933	0	32,586	659,149	32,533	7,066,240
Expenditures	4,584,398	315,455	451,125	296,760	189,664	0	0	512,272	997	6,350,671
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/17	\$ (519,198)	\$1,396,350	\$126,311	\$ (133,415)	\$ 535,761	\$0	\$728,956	\$148,155	\$ 78,321	\$2,361,241
Beginning Balance	\$ (519,198)	\$1,396,350	\$126,311	\$ (133,415)	\$ 535,761	\$0	\$728,956	\$148,155	\$ 78,321	\$2,361,241
Revenues	5,025,389	355,242	455,084	422,584	611,202	0	40,968	710,185	35,549	7,656,203
Expenditures	4,313,574	307,746	448,950	571,056	195,612	0	0	676,687	0	6,513,625
Other Sources (Uses)	0	0	0	215,020	0	0	0	0	0	215,020
Ending Balance, 6/30/18	\$ 192,617	\$1,443,846	\$132,445	\$ (66,867)	\$ 951,351	\$0	\$769,924	\$181,653	\$113,870	\$3,718,839

Source: The audited financial statements of the District for the fiscal years ended June 30, 2014 - June 30, 2018.

(1) Excludes "on-behalf" payments.

(2) Includes a \$1.3 million Capital Development Board grant, the proceeds of which were used for capital purposes.

(3) Represents proceeds from the sale of the Greenfield Elementary School Building.

## EXHIBIT B — BUDGET, FISCAL YEAR ENDING JUNE 30, 2019

	ED <sup>(1)</sup>	O&M	DEBT SERVICE	TRANS	IMRF	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
FUND BALANCE AS OF 7/1/18	\$ 192,617	\$1,443,847	\$132,445	\$ (66,867)	\$ 951,351	\$0	\$769,924	\$181,653	\$113,870	\$3,718,840
ESTIMATED REVENUE	4,977,865	388,376	462,370	319,451	385,276	0	43,438	743,230	38,038	7,358,044
ESTIMATED EXPENDITURES	5,079,538	440,850	456,650	443,660	253,761	0	0	799,700	3,750	7,477,909
OTHER/BOND PROCEEDS	10,250	0	0	95,950	0	0	0	0	0	106,200
ESTIMATED FUND BALANCE 6/30/19	\$ 101,194	\$1,391,373	\$138,165	\$ (95,126)	\$1,082,866	\$0	\$813,362	\$125,183	\$148,158	\$3,705,175

Source: Budget for the District for the fiscal year ending June 30, 2019. The beginning fund balances were estimated by the District at the time the budget was adopted. Consequently, such balances may not match the ending fund balances set forth in the District's audited financial statements for the fiscal year ended June 30, 2018.

(1) Excludes "on-behalf" payments.

**EXHIBIT C — GENERAL FUND REVENUE SOURCES,  
FISCAL YEARS ENDED JUNE 30, 2014-2018**

	YEAR ENDED JUNE 30, 2014	YEAR ENDED JUNE 30, 2015	YEAR ENDED JUNE 30, 2016	YEAR ENDED JUNE 30, 2017	YEAR ENDED JUNE 30, 2018
Local Sources	28.83%	38.46%	39.72%	40.73%	39.41%
State Sources	66.33%	53.51%	53.38%	51.46%	52.56%
Federal Sources	<u>4.84%</u>	<u>8.03%</u>	<u>6.90%</u>	<u>7.80%</u>	<u>8.03%</u>
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

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Source: The annual financial reports of the District for the fiscal years ended June 30, 2014-June 30, 2018. For purposes of this Exhibit, the General Fund includes the Educational Fund and the Operations and Maintenance Fund. Excludes “on-behalf” payments.

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE  
DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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# GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

## CERTIFIED PUBLIC ACCOUNTANTS

500 MAINE STREET

QUINCY, ILLINOIS 62301

(217) 222-0304 FAX (217) 222-1691

QUINCY, ILLINOIS  
OAK BROOK, ILLINOIS

MARION, ILLINOIS  
DEKALB, ILLINOIS

September 28, 2018

To the Board of Education  
Community Unit School District No. 4 of Adams County

We have audited the financial statements of Community Unit School District No. 4 of Adams County for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 6, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Community Unit School District No. 4 of Adams County are described in Note (1), Notes to Financial Statements. The application of existing accounting policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

(1) The deficit fund balance of \$66,687 in the Transportation Fund. (2) The outstanding loans due to the Working Cash Fund from the Transportation Fund (\$165,000), and the outstanding loans due to the Operations and Maintenance Fund from the Educational Fund (\$690,000) and the Transportation Fund (\$100,000).

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 28, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Community Unit School District No. 4 of Adams County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Gray Hunter Stern LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants



# GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

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QUINCY, ILLINOIS  
OAK BROOK, ILLINOIS

MARION, ILLINOIS  
DEKALB, ILLINOIS

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Community Unit School District No. 4  
of Adams County  
Mendon, Illinois 62351

### Report on the Financial Statements

We have audited the individual fund basic financial statements arising from cash transactions of Community Unit School District No. 4 of Adams County as at and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents of the Annual Financial Report Form.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Basis for Adverse Opinion on Financial Statements

As described more fully in Note (1), Notes To Financial Statements, Community Unit School District No. 4 of Adams County has prepared these financial statements using accounting practices prescribed or permitted by 23 Illinois Administrative Code 100, Subtitle A, Subchapter c, which differ from accounting principles generally accepted in the United States of America. Also, as described in Note (1), Community Unit School District No. 4 of Adams County prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the

financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Financial Statements" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Community Unit School District No. 4 of Adams County, as at June 30, 2018, or the changes in its financial position for the year then ended.

**Basis for Disclaimer of Opinion on General Fixed Assets Account Group**

As described in Note (1), Notes To Financial Statements, detailed property records have not been maintained by the District in regards to additions and deletions of capital assets. Therefore, we were unable to independently verify valuations under the General Fixed Asset Account Group in the Statement of Assets and Liabilities Arising from Cash Transactions.

**Disclaimer of Opinion on General Fixed Assets Account Group**

Because of the significance of the matter discussed in the "Basis for Disclaimer of Opinion on General Fixed Asset Account Group," paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the General Fixed Asset Account Group.

**Basis for Qualified Opinion on Omitted Disclosures**

The District has omitted disclosures required by Governmental Accounting Standards Board Statement (GASB) 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* and partial disclosures required by GASB 68, *Accounting and Financial Reporting for Pensions (An Amendment of GASB No. 27)* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The amount by which these disclosures would affect the financial statements is not reasonably determinable.

**Qualified Opinion on Omitted Disclosures**

In our opinion, except for the omission of the information discussed in the "Basis for Qualified Opinion on Omitted Disclosures" paragraph, the individual fund basic financial statements arising from cash transactions referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Community Unit School District No. 4 of Adams County as at June 30, 2018, and its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note (1), Notes To Financial Statements.

**Basis for Disclaimer of Opinion on Budget Amounts**

The budget amounts included on the statement of expenditures disbursed/expenditures, budget to actual for the year ending June 30, 2018, (pages 15 through 23), have not been compiled or examined by us.

**Disclaimer of Opinion on Budget Amounts**

Because of the matter described in the "Basis for Disclaimer of Opinion on Budget Amounts" paragraph, we have not obtained sufficient appropriate audit evidence to provide a basis for an audit opinion on the budget amounts included on the statement of expenditures disbursed/expenditures, budget to actual for the year ending June 30, 2018, (pages 15 through 23). Accordingly, we do not express an opinion on the budget amounts referred to in the previous paragraph.

**Modified Opinion**

In our opinion, the individual fund basic financial statements arising from cash transactions referred to above, except for the General Fixed Asset Account Group of which we express no opinion, present fairly, in all material respects, the assets and liabilities arising from cash transactions of all funds of Community Unit School District No. 4 of Adams County as at June 30, 2018, and its revenue received and expenditures disbursed, other than budget amounts, during the fiscal year then ended, on the basis of accounting described in Note (1), Notes To Financial Statements.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the individual fund basic financial statements arising from cash transactions taken as a whole. The additional information detailed in the following two paragraphs are presented for purposes of additional analysis and are not a required part of the individual fund basic financial statements arising from cash transactions of Community Unit School District No. 4 of Adams County.

The information provided on pages 2 through 4, supplementary schedules on pages 23 through 25, statistical section on pages 26 through 30, the itemization schedule on page 33, the deficit reduction calculation on page 36, and pages following the Supplementary Information titled "Students Activity Funds", "Property Tax Levies And Collections", and "Schedule of Funding Progress – Defined Benefit Pension Plan", are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil on page 27 and per capita tuition charge on page 28, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of unrecorded receipts and disbursements in the Student Activity Funds, if any, the information is fairly stated in all material respects in relation to the individual fund basic financial statements arising from cash transactions taken as a whole.

The information on pages 27, 28 and 30 is propagated from information in the audited financial statements, but we take no responsibility for the accuracy of those calculations. The Report on Shared Services or Outsourcing on page 31 contains unaudited information concerning prior, current, and future year expenditures which was provided by the District. The Administrative Cost Worksheet on page 32 contains unaudited information concerning the current year budget, which was provided by the District. The actual expenditure information on page 32 is fairly stated in all material respects in relation to the financial statements taken as a whole. The Table of Contents references a Federal Compliance Section on pages 37 through 46. However, this District was not required to have a Single Audit and this section has not been completed.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Community Unit School District No. 4 of Adams County'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 Community Unit School District No. 4 of Adams County's internal control over financial reporting and compliance.

  
Certified Public Accountants

Dated at Quincy, Illinois  
September 28, 2018

Due to ROE on Monday, October 15th  
Due to ISBE on Thursday, November 15th  
SD/JA18

☒ School District  
☐ Joint Agreement

ILLINOIS STATE BOARD OF EDUCATION  
School Business Services Division  
100 North First Street, Springfield, Illinois 62777-0001  
217/785-8779  
**Illinois School District/Joint Agreement  
Annual Financial Report \***  
**June 30, 2018**

<b><u>School District/Joint Agreement Information</u></b> <i>(See instructions on inside of this page.)</i>	<b><u>Accounting Basis:</u></b>	<b><u>Certified Public Accountant Information</u></b>
School District/Joint Agreement Number: <b>01-001-0040-26</b>	<input checked="" type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL	Name of Auditing Firm: <b>GRAY HUNTER STENN LLP</b>
County Name: <b>ADAMS</b>		Name of Audit Manager: <b>LOWELL A. YATES</b>
Name of School District/Joint Agreement: <b>CUSD 4</b>		Address: <b>500 MAINE STREET, PO BOX 32</b>
Address: <b>463 WEST COLLINS</b>		City: <b>QUINCY</b> State: <b>IL</b> Zip Code: <b>62306-0032</b>
City: <b>MENDON</b>		Phone Number: <b>217-222-0304</b> Fax Number: <b>217-222-1691</b>
Email Address: <a href="mailto:super4@cUSD4.com">super4@cUSD4.com</a>		IL License Number (9 digit): <b>066-003689</b> Expiration Date: <b>11/30/2018</b>
Zip Code: <b>62351</b>		Email Address: <a href="mailto:lay@gray-hunter-stenn.com">lay@gray-hunter-stenn.com</a>
<b><u>Annual Financial Report</u></b> Type of Auditor's Report Issued: <input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified <input checked="" type="checkbox"/> Adverse <input type="checkbox"/> Disclaimer	<b><u>Single Audit Status:</u></b> <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Are Federal expenditures greater than \$750,000? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Is all Single Audit Information completed and attached? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Were any financial statement or federal award findings issued?	ISBE Use Only
<input type="checkbox"/> Reviewed by District Superintendent/Administrator	<input type="checkbox"/> Reviewed by Township Treasurer (Cook County only) Name of Township: _____	<input checked="" type="checkbox"/> Reviewed by Regional Superintendent/Cook ISC
District Superintendent/Administrator Name (Type or Print): <b>SCOTT D. RIDDLE</b>	Township Treasurer Name (type or print)	Regional Superintendent/Cook ISC Name (Type or Print): <b>JILL REIS</b>
Email Address: <a href="mailto:scott.riddle@cUSD4.com">scott.riddle@cUSD4.com</a>	Email Address:	Email Address: <a href="mailto:jreis@roe1.net">jreis@roe1.net</a>
Telephone: <b>217-936-2111</b> Fax Number: <b>217-936-2643</b>	Telephone: Fax Number:	Telephone: <b>217-277-2080</b> Fax Number: <b>217-277-2092</b>
Signature & Date:	Signature & Date:	Signature & Date:

\* This form is based on 23 Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100).  
**ISBE Form SD50-35/JA50-60 (05/18)**

This form is based on 23 Illinois Administrative Code, Subtitle A, Chapter I, Subchapter C, Part 100.  
In some instances, use of open account codes (cells) may not be authorized by statute or administrative rule.  
Each school district or joint agreement is responsible for obtaining the concurring legal opinion and/or other supporting authorization/documentation, as necessary, to use the applicable account code (cell).

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## INSTRUCTIONS/REQUIREMENTS: For School Districts/Joint Agreements

All School Districts/Joint Agreements must complete this form (Note: joint agreement supplementary/statistical schedules may not be applicable)

This form complies with Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing).

[23, Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C \(Part 100\)](#)

- Round all amounts to the nearest dollar.** Do not enter cents. (Exception: 9 Month ADA on page 27, line 78)
- Any errors left unresolved by the Audit Checklist/Balancing Schedule must be explained in the itemization page.
- Before submitting AFR - **be sure to break all links in AFR** before submitting to ISBE. If links are not broken, amounts entered have changed when opening the AFR.
- Submit AFR Electronically**
  - The Annual Financial Reports (AFR) must be submitted directly through the Attachment Manager to the AFR Group by the Auditor (not from the school district) on before November 15 with the exception of Extension Approvals (Please see AFR Instructions for complete submission procedures). **Note: CD/Disk no longer accepted.**  
[Attachment Manager Link](#)
  - AFR supporting documentation must be embedded as Microsoft Word (.doc), Word Perfect (\*.wpd) or Adobe (\*.pdf) and inserted within tab "Opinions & Notes". These documents include: The Audit, Management letter, Opinion letters, Compliance letters, Financial notes etc.... For embedding instructions see "Opinions & Notes" tab of this form.  
*Note: In Windows 7 and above, files can be saved in Adobe Acrobat (\*.pdf) and embedded even if you do not have the software. If you have problems embedding the files you may attach them as separate (.docx) in the Attachment Manager and ISBE will embedded them for you.*
- Submit Paper Copy of AFR with Signatures**
  - The auditor must send three paper copies of the AFR form (cover through page 8 at minimum) to the School District with the auditor signature.  
*Note: School Districts and Regional Superintendents may prefer a complete paper copy in lieu of an electronic file. Please comply with their requests as necessary.*
  - Upon receipt, the School District retains one copy for their records, signs, and forwards the remaining two copies to the Regional Superintendent's office no later than October 15, annually.
  - Upon receipt, the Regional Superintendent's office retains one copy for their records, signs, and forwards the remaining paper copy to ISBE no later than November 15, annually.
    - If the 15th falls on a Saturday, the due date is the Friday before. If the 15th falls on a Sunday, the due date is the Monday after.
    - Yellow Book, CPE, and Peer Review requirements must be met if the Auditor issues an opinion stating "Governmental Auditing Standards" were utilized.  
[Federal Single Audit 2 CFR 200.500](#)
- Requesting an Extension of Time** must be submitted in writing via email or letter to the Regional Office of Education (at the discretion of the ROE). Approval may be provided up to and no later than December 15 annually. After December 15, audits are considered late and out of compliance per Illinois School Code.
- Qualifications of Auditing Firm**
  - School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program, for the current peer review period.
  - A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

### AUDITOR'S QUESTIONNAIRE

**INSTRUCTIONS:** If your review and testing of State, Local, and Federal Programs revealed any of the following statements to be true, then check the box on the left and attach the appropriate findings/comments.

#### PART A - FINDINGS

- ☐ 1. One or more school board members, administrators, certified school business officials, or other qualifying district employees failed to file economic interested statements pursuant to the *Illinois Government Ethics Act*. [5 ILCS 420/4A-101]
- ☐ 2. One or more custodians of funds failed to comply with the bonding requirements pursuant to *Illinois School Code* [105 ILCS 5/8-2; 10-20.19; 19-6].
- ☐ 3. One or more contracts were executed or purchases made contrary to the provisions of the *Illinois School Code* [105 ILCS 5/10-20.21].
- ☐ 4. One or more violations of the Public Funds Deposit Act or the Public Funds Investment Act were noted [30 ILCS 225/1 et. seq. and 30 ILCS 235/1 et. seq.].
- ☐ 5. Restricted funds were commingled in the accounting records or used for other than the purpose for which they were restricted.
- ☐ 6. One or more short-term loans or short-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
- ☐ 7. One or more long-term loans or long-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
- ☐ 8. Corporate Personal Property Replacement Tax monies were deposited and/or used without first satisfying the lien imposed pursuant to the *Illinois State Revenue Sharing Act* [30 ILCS 115/12].
- ☐ 9. One or more interfund loans were made in non-conformity with the applicable authorizing statute or without statutory authorization per *Illinois School Code* [105 ILCS 5/10-22.33, 20-4 and 20-5].
- ☐ 10. One or more interfund loans were outstanding beyond the term provided by statute *Illinois School Code* [105 ILCS 5/10-22.33, 20-4, 20-5].
- ☐ 11. One or more permanent transfers were made in non-conformity with the applicable authorizing statute/regulation or without statutory/regulatory authorization per *Illinois School Code* [105 ILCS 5/17-2A].
- ☐ 12. Substantial, or systematic misclassification of budgetary items such as, but not limited to, revenues, receipts, expenditures, disbursements or expenses were observed.
- ☐ 13. The Chart of Accounts used to define and control budget and accounting records does not conform to the minimum requirements imposed by ISBE rules pursuant to *Illinois School Code* [105 ILCS 5/2-3.27; 2-3.28].
- ☐ 14. At least one of the following forms was filed with ISBE late: The FY17 AFR (ISBE FORM 50-35), FY17 Annual Statement of Affairs (ISBE Form 50-37) and FY18 Budget (ISBE FORM 50-36). Explain in the comments box below in pursuant to *Illinois School Code* [105 ILCS 5/3-15.1; 5/10-17; 5/17-1].

#### PART B - FINANCIAL DIFFICULTIES/CERTIFICATION Criteria pursuant to the Illinois School Code [105 ILCS 5/1A-8] .

- ☐ 15. The district has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year's taxes when warrants or notes in anticipation of current year taxes are still outstanding, as authorized by *Illinois School Code* [105 ILCS 5/17-16 or 34-23 through 34-27].
- ☐ 16. The district has issued short-term debt against two future revenue sources, such as, but not limited to, tax anticipation warrants and General State Aid certificates or tax anticipation warrants and revenue anticipation notes.
- ☐ 17. The district has issued school or teacher orders for wages as permitted in *Illinois School Code* [105 ILCS 5/8-16, 32-7.2 and 34-76] or issued funding bonds for this purpose pursuant to *Illinois School Code* [105 ILCS 5/8-6; 32-7.2; 34-76; and 19-8].
- ☐ 18. The district has for two consecutive years shown an excess of expenditures/other uses over revenues/other sources and beginning fund balances on its annual financial report for the aggregate totals of the Educational, Operations & Maintenance, Transportation, and Working Cash Funds.

#### PART C - OTHER ISSUES

- ☐ 19. Student Activity Funds, Imprest Funds, or other funds maintained by the district were excluded from the audit.
- ☐ 20. Findings, other than those listed in Part A (above), were reported (e.g. student activity findings). These findings may be described extensively in the financial notes.
- ☐ 21. Federal Stimulus Funds were not maintained and expended in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009. If checked, an explanation must be provided.
- ☐ 22. Check this box if the district is subject to the Property Tax Extension Limitation Law. Effective Date: \_\_\_\_\_ (Ex: 00/00/0000)
- ☐ 23. If the type of Auditor Report designated on the cover page is other than an unqualified opinion and is due to reason(s) other than solely Cash Basis Accounting, please check and explain the reason(s) in the box below.

PART D - EXPLANATION OF ACCOUNTING PRACTICES FOR LATE MANDATED CATEGORICAL PAYMENTS

(For School Districts who report on an Accrual/Modified Accrual Accounting Basis only)

School districts that report on the accrual/modified accrual basis of accounting must identify where late mandated categorical payments (Acct Codes 3100, 3105, 3110, 3500, 3510, 3120, 3950) are recorded. Depending on the accounting procedure these amounts will be used to adjust the Direct Receipts/Revenues in calculation 1 and 2 of the Financial Profile Score. In FY2018, identify those late payments recorded as Intergovernmental Receivables, Other Recievables, or Deferred Revenue & Other Current Liabilities or Direct Receipts/Revenue. Payments should only be listed once.

24. Enter the date that the district used to accrue mandated categorical payments
- Date:
25. For the listed mandated categorical (Revenue Code (3110, 3500, 3510, 3100, 3105) that were vouchered prior to June 30th, but not released until after year end as reported in ISBE FRIS system, enter the amounts that were accrued in the chart below.

Account Name	3110	3500	3510	3100	3105	Total
Deferred Revenues (490)						
Mandated Categoricals Payments (3100, 3105, 3110, 3120, 3500, 3510, 3950)		1				1
Direct Receipts/Revenue						
Mandated Categoricals Payments (3100, 3105, 3110, 3120, 3500, 3510, 3950)						0
Total						1

- Revenue Code (3110-Sp Ed Personnel, 3510-Sp Ed Transportation, 3500-Regular/Vocational Transportation, 3105-Sp Ed Funding for Children Requiring Services, 3100-Sp Ed Private Facilities, 3120-Sp Ed Regular Orphanage Individual, 3950-Regular Orphans & Foster Children)

PART E - QUALIFICATIONS OF AUDITING FIRM

- School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program for the current peer review.
- A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

Comments Applicable to the Auditor's Questionnaire:

GRAY HUNTER STENN LLP

Name of Audit Firm (print)

The undersigned affirms that this audit was conducted by a qualified auditing firm and in accordance with the applicable standards [23 Illinois Administrative Code Part 100] and the scope of the audit conformed to the requirements of subsection (a) or (b) of 23 Illinois Administrative Code Part 100 Section 110, as applicable.

Signature

mm/dd/yyyy

Note: A PDF with signature is acceptable for this page. Enter the location on signature line e.g. PDF in Opinion Page with signature

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>FINANCIAL PROFILE INFORMATION</b>												
2													
3	<i>Required to be completed for School Districts only.</i>												
4													
5	<b>A. Tax Rates</b> (Enter the tax rate - ex: .0150 for \$1.50)												
6													
7	<b>Tax Year 2017</b>				Equalized Assessed Valuation (EAV):				74,075,272				
8													
9	Educational		Operations & Maintenance		Transportation		Combined Total		Working Cash				
10	Rate(s): 0.019500		+ 0.005000		+ 0.002000		= 0.026500		0.000500				
11													
12													
13	<b>B. Results of Operations *</b>												
14													
15	Receipts/Revenues		Disbursements/Expenditures		Excess/ (Deficiency)		Fund Balance						
16	5,844,183		5,192,376		651,807		2,339,520						
17	* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 81 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.												
18													
19													
20	<b>C. Short-Term Debt **</b>												
21	CPPRT Notes		TAWs		TANs		TO/EMP. Orders		GSA Certificates				
22	0		+ 0		+ 0		+ 0		+ 0				
23													
24	Other		Total										
25	0		= 0										
26													
27													
28	<b>D. Long-Term Debt</b>												
29	Check the applicable box for long-term debt allowance by type of district.												
30													
31	<input type="checkbox"/> a. 6.9% for elementary and high school districts,		10,222,388										
32	<input checked="" type="checkbox"/> b. 13.8% for unit districts.												
33													
34	Long-Term Debt Outstanding:												
35													
36	c. Long-Term Debt (Principal only)		Acct										
37	Outstanding:.....		511		1,249,189								
38													
39													
40	<b>E. Material Impact on Financial Position</b>												
41	If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods.												
42	Attach sheets as needed explaining each item checked.												
43													
44	<input type="checkbox"/> Pending Litigation												
45	<input type="checkbox"/> Material Decrease in EAV												
46	<input type="checkbox"/> Material Increase/Decrease in Enrollment												
47	<input type="checkbox"/> Adverse Arbitration Ruling												
48	<input type="checkbox"/> Passage of Referendum												
49	<input type="checkbox"/> Taxes Filed Under Protest												
50	<input type="checkbox"/> Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)												
51	<input type="checkbox"/> Other Ongoing Concerns (Describe & Itemize)												
52													
53	Comments:												
54													
55													
56													
57													
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59													
60													
61													



	A	B	C	D	E	F	G	H	I	K	L	M	N	O	P	Q	R
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**ESTIMATED FINANCIAL PROFILE SUMMARY**  
 (Go to the following website for reference to the Financial Profile)  
<https://www.isbe.net/Pages/School-District-Financial-Profile.aspx>

<b>District Name:</b>	CUSD 4
<b>District Code:</b>	01-001-0040-26
<b>County Name:</b>	ADAMS

<b>1. Fund Balance to Revenue Ratio:</b>		<b>Total</b>	<b>Ratio</b>	<b>Score</b>	<b>4</b>
Total Sum of Fund Balance (P8, Cells C81, D81, F81 & I81)	Funds 10, 20, 40, 70 + (50 & 80 if negative)	2,339,520.00	0.400	<b>Weight</b>	0.35
Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)	Funds 10, 20, 40, & 70,	5,844,183.00		<b>Value</b>	1.40
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)					
<b>2. Expenditures to Revenue Ratio:</b>		<b>Total</b>	<b>Ratio</b>	<b>Score</b>	<b>4</b>
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)	Funds 10, 20 & 40	5,192,376.00	0.888	<b>Adjustment</b>	0
Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)	Funds 10, 20, 40 & 70,	5,844,183.00		<b>Weight</b>	0.35
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)			0	<b>Value</b>	1.40
Possible Adjustment:					
<b>3. Days Cash on Hand:</b>		<b>Total</b>	<b>Days</b>	<b>Score</b>	<b>3</b>
Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)	Funds 10, 20 40 & 70	2,339,520.00	162.20	<b>Weight</b>	0.10
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)	Funds 10, 20, 40 divided by 360	14,423.27		<b>Value</b>	0.30
<b>4. Percent of Short-Term Borrowing Maximum Remaining:</b>		<b>Total</b>	<b>Percent</b>	<b>Score</b>	<b>4</b>
Tax Anticipation Warrants Borrowed (P24, Cell F6-7 & F11)	Funds 10, 20 & 40	0.00	100.00	<b>Weight</b>	0.10
EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)	(.85 x EAV) x Sum of Combined Tax Rates	1,668,545.50		<b>Value</b>	0.40
<b>5. Percent of Long-Term Debt Margin Remaining:</b>		<b>Total</b>	<b>Percent</b>	<b>Score</b>	<b>4</b>
Long-Term Debt Outstanding (P3, Cell H37)		1,249,189.00	87.77	<b>Weight</b>	0.10
Total Long-Term Debt Allowed (P3, Cell H31)		10,222,387.54		<b>Value</b>	0.40
<b>Total Profile Score:</b>					<b>3.90 *</b>
<b>Estimated 2019 Financial Profile Designation:</b>					<b><u>RECOGNITION</u></b>

\* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

**BASIC FINANCIAL STATEMENTS**  
**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**  
**STATEMENT OF POSITION AS OF JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	<b>ASSETS</b> <b>(Enter Whole Dollars)</b>	<b>Acct. #</b>	<b>Educational</b>	<b>Operations &amp; Maintenance</b>	<b>Debt Services</b>	<b>Transportation</b>	<b>Municipal Retirement/Social Security</b>	<b>Capital Projects</b>	<b>Working Cash</b>	<b>Tort</b>	<b>Fire Prevention &amp; Safety</b>
3	<b>CURRENT ASSETS (100)</b>										
4	Cash (Accounts 111 through 115) <sup>1</sup>		882,617	653,846	132,445	198,133	951,351		604,924	181,653	113,870
5	Investments	120									
6	Taxes Receivable	130									
7	Interfund Receivables	140		790,000					165,000		
8	Intergovernmental Accounts Receivable	150									
9	Other Receivables	160									
10	Inventory	170									
11	Prepaid Items	180									
12	Other Current Assets (Describe & Itemize)	190									
13	<b>Total Current Assets</b>		882,617	1,443,846	132,445	198,133	951,351	0	769,924	181,653	113,870
14	<b>CAPITAL ASSETS (200)</b>										
15	Works of Art & Historical Treasures	210									
16	Land	220									
17	Building & Building Improvements	230									
18	Site Improvements & Infrastructure	240									
19	Capitalized Equipment	250									
20	Construction in Progress	260									
21	Amount Available in Debt Service Funds	340									
22	Amount to be Provided for Payment on Long-Term Debt	350									
23	<b>Total Capital Assets</b>										
24	<b>CURRENT LIABILITIES (400)</b>										
25	Interfund Payables	410	690,000			265,000					
26	Intergovernmental Accounts Payable	420									
27	Other Payables	430									
28	Contracts Payable	440									
29	Loans Payable	460									
30	Salaries & Benefits Payable	470									
31	Payroll Deductions & Withholdings	480									
32	Deferred Revenues & Other Current Liabilities	490									
33	Due to Activity Fund Organizations	493									
34	<b>Total Current Liabilities</b>		690,000	0	0	265,000	0	0	0	0	0
35	<b>LONG-TERM LIABILITIES (500)</b>										
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511									
37	<b>Total Long-Term Liabilities</b>										
38	Reserved Fund Balance	714					467,752				
39	Unreserved Fund Balance	730	192,617	1,443,846	132,445	(66,867)	483,599		769,924	181,653	113,870
40	Investment in General Fixed Assets										
41	<b>Total Liabilities and Fund Balance</b>		882,617	1,443,846	132,445	198,133	951,351	0	769,924	181,653	113,870

**BASIC FINANCIAL STATEMENTS**  
**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**  
**STATEMENT OF POSITION AS OF JUNE 30, 2018**

	A	B	L	M	N	
1	ASSETS (Enter Whole Dollars)	Acct. #	Agency Fund	Account Groups		
2				General Fixed Assets	General Long-Term Debt	
3				CURRENT ASSETS (100)		
4	Cash (Accounts 111 through 115) <sup>1</sup>		169,430			
5	Investments	120				
6	Taxes Receivable	130				
7	Interfund Receivables	140				
8	Intergovernmental Accounts Receivable	150				
9	Other Receivables	160				
10	Inventory	170				
11	Prepaid Items	180				
12	Other Current Assets (Describe & Itemize)	190				
13	Total Current Assets		169,430			
14	CAPITAL ASSETS (200)					
15	Works of Art & Historical Treasures	210				
16	Land	220		171,296		
17	Building & Building Improvements	230		8,373,160		
18	Site Improvements & Infrastructure	240		239,101		
19	Capitalized Equipment	250		1,036,318		
20	Construction in Progress	260				
21	Amount Available in Debt Service Funds	340			132,445	
22	Amount to be Provided for Payment on Long-Term Debt	350			1,116,744	
23	Total Capital Assets				9,819,875	1,249,189
24	CURRENT LIABILITIES (400)					
25	Interfund Payables	410				
26	Intergovernmental Accounts Payable	420				
27	Other Payables	430				
28	Contracts Payable	440				
29	Loans Payable	460				
30	Salaries & Benefits Payable	470				
31	Payroll Deductions & Withholdings	480				
32	Deferred Revenues & Other Current Liabilities	490				
33	Due to Activity Fund Organizations	493				169,430
34	Total Current Liabilities					169,430
35	LONG-TERM LIABILITIES (500)					
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511			1,249,189	
37	Total Long-Term Liabilities					1,249,189
38	Reserved Fund Balance	714				
39	Unreserved Fund Balance	730				
40	Investment in General Fixed Assets		9,819,875			
41	Total Liabilities and Fund Balance		169,430	9,819,875	1,249,189	

**BASIC FINANCIAL STATEMENT**  
**STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER**  
**SOURCES (USES) AND CHANGES IN FUND BALANCE**  
**ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
3	RECEIPTS/REVENUES										
4	LOCAL SOURCES	1000	1,765,119	355,242	455,084	139,461	611,202	0	40,968	710,185	35,549
5	FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT	2000	0	0		0	0				
6	STATE SOURCES	3000	2,827,986	0	0	283,123	0	0	0	0	0
7	FEDERAL SOURCES	4000	432,284	0	0	0	0	0	0	0	0
8	Total Direct Receipts/Revenues		5,025,389	355,242	455,084	422,584	611,202	0	40,968	710,185	35,549
9	Receipts/Revenues for "On Behalf" Payments <sup>2</sup>	3998	1,922,882								
10	Total Receipts/Revenues		6,948,271	355,242	455,084	422,584	611,202	0	40,968	710,185	35,549
11	DISBURSEMENTS/EXPENDITURES										
12	Instruction	1000	3,027,488				76,346				
13	Support Services	2000	1,206,861	307,746		414,149	119,266	0		666,523	0
14	Community Services	3000	0	0		0	0				
15	Payments to Other Districts & Governmental Units	4000	79,225	0	0	0	0	0		10,164	0
16	Debt Service	5000	0	0	448,950	156,907	0			0	0
17	Total Direct Disbursements/Expenditures		4,313,574	307,746	448,950	571,056	195,612	0		676,687	0
18	Disbursements/Expenditures for "On Behalf" Payments <sup>2</sup>	4180	1,922,882	0	0	0	0	0		0	0
19	Total Disbursements/Expenditures		6,236,456	307,746	448,950	571,056	195,612	0		676,687	0
20	Excess of Direct Receipts/Revenues Over (Under) Direct Disbursements/Expenditures <sup>3</sup>		711,815	47,496	6,134	(148,472)	415,590	0	40,968	33,498	35,549
21	OTHER SOURCES/USES OF FUNDS										
22	OTHER SOURCES OF FUNDS (7000)										
23	PERMANENT TRANSFER FROM VARIOUS FUNDS										
24	Abolishment of the Working Cash Fund <sup>12</sup>	7110									
25	Abatement of the Working Cash Fund <sup>12</sup>	7110									
26	Transfer of Working Cash Fund Interest	7120									
27	Transfer Among Funds	7130									
28	Transfer of Interest	7140									
29	Transfer from Capital Project Fund to O&M Fund	7150									
30	Transfer of Excess Fire Prevention & Safety Tax and Interest Proceeds to O&M Fund <sup>4</sup>	7160									
31	Transfer to Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund <sup>5</sup>	7170									
32	SALE OF BONDS (7200)										
33	Principal on Bonds Sold	7210									
34	Premium on Bonds Sold	7220									
35	Accrued Interest on Bonds Sold	7230									
36	Sale or Compensation for Fixed Assets <sup>6</sup>	7300									
37	Transfer to Debt Service to Pay Principal on Capital Leases	7400			0						
38	Transfer to Debt Service to Pay Interest on Capital Leases	7500			0						
39	Transfer to Debt Service to Pay Principal on Revenue Bonds	7600			0						
40	Transfer to Debt Service Fund to Pay Interest on Revenue Bonds	7700			0						
41	Transfer to Capital Projects Fund	7800						0			
42	ISBE Loan Proceeds	7900									
43	Other Sources Not Classified Elsewhere	7990				215,020					
44	Total Other Sources of Funds		0	0	0	215,020	0	0	0	0	0
45	OTHER USES OF FUNDS (8000)										

**BASIC FINANCIAL STATEMENT**  
**STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER**  
**SOURCES (USES) AND CHANGES IN FUND BALANCE**  
**ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
46	PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (8100)										
47	Abolishment or Abatement of the Working Cash Fund <sup>12</sup>	8110							0		
48	Transfer of Working Cash Fund Interest <sup>12</sup>	8120							0		
49	Transfer Among Funds	8130									
50	Transfer of Interest	8140									
51	Transfer from Capital Project Fund to O&M Fund	8150						0			
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund <sup>4</sup>	8160									0
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund <sup>5</sup>	8170									0
54	Taxes Pledged to Pay Principal on Capital Leases	8410									
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420									
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430									
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440									
58	Taxes Pledged to Pay Interest on Capital Leases	8510									
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520									
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530									
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540									
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610									
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620									
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630									
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640									
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710									
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720									
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730									
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740									
70	Taxes Transferred to Pay for Capital Projects	8810									
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820									
72	Other Revenues Pledged to Pay for Capital Projects	8830									
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840									
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910									
75	Other Uses Not Classified Elsewhere	8990									
76	Total Other Uses of Funds		0	0	0	0	0	0	0	0	0
77	Total Other Sources/Uses of Funds		0	0	0	215,020	0	0	0	0	0
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		711,815	47,496	6,134	66,548	415,590	0	40,968	33,498	35,549
79	Fund Balances - July 1, 2017		(519,198)	1,396,350	126,311	(133,415)	535,761	0	728,956	148,155	78,321
80	Other Changes in Fund Balances - Increases (Decreases) (Describe & Itemize)										
81	Fund Balances - June 30, 2018		192,617	1,443,846	132,445	(66,867)	951,351	0	769,924	181,653	113,870

**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
3	<b>RECEIPTS/REVENUES FROM LOCAL SOURCES (1000)</b>										
4	<b>AD VALOREM TAXES LEVIED BY LOCAL EDUCATION AGENCY</b>	<b>1100</b>									
5	Designated Purposes Levies (1110-1120) <sup>7</sup>		1,344,731	344,803	452,396	137,922	295,261		34,480	705,305	34,480
6	Leasing Purposes Levy <sup>8</sup>	1130	34,480								
7	Special Education Purposes Levy	1140	27,585								
8	FICA/Medicare Only Purposes Levies	1150					295,261				
9	Area Vocational Construction Purposes Levy	1160									
10	Summer School Purposes Levy	1170									
11	Other Tax Levies (Describe & Itemize)	1190									
12	<b>Total Ad Valorem Taxes Levied By District</b>		<b>1,406,796</b>	<b>344,803</b>	<b>452,396</b>	<b>137,922</b>	<b>590,522</b>	<b>0</b>	<b>34,480</b>	<b>705,305</b>	<b>34,480</b>
13	<b>PAYMENTS IN LIEU OF TAXES</b>	<b>1200</b>									
14	Mobile Home Privilege Tax	1210									
15	Payments from Local Housing Authorities	1220									
16	Corporate Personal Property Replacement Taxes <sup>9</sup>	1230	56,053				10,650				
17	Other Payments in Lieu of Taxes (Describe & Itemize)	1290									
18	<b>Total Payments in Lieu of Taxes</b>		<b>56,053</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
19	<b>TUITION</b>	<b>1300</b>									
20	Regular - Tuition from Pupils or Parents (In State)	1311									
21	Regular - Tuition from Other Districts (In State)	1312									
22	Regular - Tuition from Other Sources (In State)	1313									
23	Regular - Tuition from Other Sources (Out of State)	1314									
24	Summer Sch - Tuition from Pupils or Parents (In State)	1321									
25	Summer Sch - Tuition from Other Districts (In State)	1322									
26	Summer Sch - Tuition from Other Sources (In State)	1323									
27	Summer Sch - Tuition from Other Sources (Out of State)	1324									
28	CTE - Tuition from Pupils or Parents (In State)	1331									
29	CTE - Tuition from Other Districts (In State)	1332									
30	CTE - Tuition from Other Sources (In State)	1333									
31	CTE - Tuition from Other Sources (Out of State)	1334									
32	Special Ed - Tuition from Pupils or Parents (In State)	1341									
33	Special Ed - Tuition from Other Districts (In State)	1342									
34	Special Ed - Tuition from Other Sources (In State)	1343									
35	Special Ed - Tuition from Other Sources (Out of State)	1344									
36	Adult - Tuition from Pupils or Parents (In State)	1351									
37	Adult - Tuition from Other Districts (In State)	1352									
38	Adult - Tuition from Other Sources (In State)	1353									
39	Adult - Tuition from Other Sources (Out of State)	1354									
40	<b>Total Tuition</b>		<b>0</b>								
41	<b>TRANSPORTATION FEES</b>	<b>1400</b>									
42	Regular -Transp Fees from Pupils or Parents (In State)	1411									
43	Regular - Transp Fees from Other Districts (In State)	1412									
44	Regular - Transp Fees from Other Sources (In State)	1413									
45	Regular - Transp Fees from Co-curricular Activities (In State)	1415									
46	Regular Transp Fees from Other Sources (Out of State)	1416									
47	Summer Sch - Transp. Fees from Pupils or Parents (In State)	1421									
48	Summer Sch - Transp. Fees from Other Districts (In State)	1422									
49	Summer Sch - Transp. Fees from Other Sources (In State)	1423									
50	Summer Sch - Transp. Fees from Other Sources (Out of State)	1424									
51	CTE - Transp Fees from Pupils or Parents (In State)	1431									
52	CTE - Transp Fees from Other Districts (In State)	1432									
53	CTE - Transp Fees from Other Sources (In State)	1433									

**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
54	CTE - Transp Fees from Other Sources (Out of State)	1434									
55	Special Ed - Transp Fees from Pupils or Parents (In State)	1441									
56	Special Ed - Transp Fees from Other Districts (In State)	1442									
57	Special Ed - Transp Fees from Other Sources (In State)	1443									
58	Special Ed - Transp Fees from Other Sources (Out of State)	1444									
59	Adult - Transp Fees from Pupils or Parents (In State)	1451									
60	Adult - Transp Fees from Other Districts (In State)	1452									
61	Adult - Transp Fees from Other Sources (In State)	1453									
62	Adult - Transp Fees from Other Sources (Out of State)	1454									
63	<b>Total Transportation Fees</b>					0					
64	<b>EARNINGS ON INVESTMENTS</b>	<b>1500</b>									
65	Interest on Investments	1510	8,612	8,079	2,688	1,503	10,030		6,488	4,880	1,069
66	Gain or Loss on Sale of Investments	1520									
67	<b>Total Earnings on Investments</b>		8,612	8,079	2,688	1,503	10,030	0	6,488	4,880	1,069
68	<b>FOOD SERVICE</b>	<b>1600</b>									
69	Sales to Pupils - Lunch	1611	95,899								
70	Sales to Pupils - Breakfast	1612									
71	Sales to Pupils - A la Carte	1613									
72	Sales to Pupils - Other (Describe & Itemize)	1614									
73	Sales to Adults	1620	2,465								
74	Other Food Service (Describe & Itemize)	1690									
75	<b>Total Food Service</b>		98,364								
76	<b>DISTRICT/SCHOOL ACTIVITY INCOME</b>	<b>1700</b>									
77	Admissions - Athletic	1711	34,691								
78	Admissions - Other (Describe & Itemize)	1719									
79	Fees	1720									
80	Book Store Sales	1730									
81	Other District/School Activity Revenue (Describe & Itemize)	1790									
82	<b>Total District/School Activity Income</b>		34,691	0							
83	<b>TEXTBOOK INCOME</b>	<b>1800</b>									
84	Rentals - Regular Textbooks	1811									
85	Rentals - Summer School Textbooks	1812									
86	Rentals - Adult/Continuing Education Textbooks	1813									
87	Rentals - Other (Describe & Itemize)	1819									
88	Sales - Regular Textbooks	1821									
89	Sales - Summer School Textbooks	1822									
90	Sales - Adult/Continuing Education Textbooks	1823									
91	Sales - Other (Describe & Itemize)	1829									
92	Other (Describe & Itemize)	1890									
93	<b>Total Textbook Income</b>		0								
94	<b>OTHER REVENUE FROM LOCAL SOURCES</b>	<b>1900</b>									
95	Rentals	1910	15,650								
96	Contributions and Donations from Private Sources	1920	17,111			36					
97	Impact Fees from Municipal or County Governments	1930									
98	Services Provided Other Districts	1940									
99	Refund of Prior Years' Expenditures	1950	16,913	2,360							
100	Payments of Surplus Moneys from TIF Districts	1960									
101	Drivers' Education Fees	1970	5,250								
102	Proceeds from Vendors' Contracts	1980									
103	School Facility Occupation Tax Proceeds	1983									
104	Payment from Other Districts	1991									
105	Sale of Vocational Projects	1992									

**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
106	Other Local Fees (Describe & Itemize)	1993	98,047								
107	Other Local Revenues (Describe & Itemize)	1999	7,632								
108	<b>Total Other Revenue from Local Sources</b>		160,603	2,360	0	36	0	0	0	0	0
109	<b>Total Receipts/Revenues from Local Sources</b>	<b>1000</b>	1,765,119	355,242	455,084	139,461	611,202	0	40,968	710,185	35,549
110	<b>FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT (2000)</b>										
111	Flow-through Revenue from State Sources	2100									
112	Flow-through Revenue from Federal Sources	2200									
113	Other Flow-Through (Describe & Itemize)	2300									
114	<b>Total Flow-Through Receipts/Revenues from One District to Another District</b>	<b>2000</b>	0	0		0	0				
115	<b>RECEIPTS/REVENUES FROM STATE SOURCES (3000)</b>										
116	<b>UNRESTRICTED GRANTS-IN-AID (3001-3099)</b>										
117	Evidence Based Funding Formula (Section 18-8.15)	3001	2,597,629								
118	General State Aid - Hold Harmless/Supplemental	3002									
119	Reorganization Incentives (Accounts 3005-3021)	3005									
120	Other Unrestricted Grants-In-Aid from State Sources (Describe & Itemize)	3099									
121	<b>Total Unrestricted Grants-In-Aid</b>		2,597,629	0	0	0	0	0		0	0
122	<b>RESTRICTED GRANTS-IN-AID (3100 - 3900)</b>										
123	<b>SPECIAL EDUCATION</b>										
124	Special Education - Private Facility Tuition	3100	83,030								
125	Special Education - Funding for Children Requiring Sp ED Services	3105	43,786								
126	Special Education - Personnel	3110	65,659								
127	Special Education - Orphanage - Individual	3120									
128	Special Education - Orphanage - Summer Individual	3130									
129	Special Education - Summer School	3145	1,217								
130	Special Education - Other (Describe & Itemize)	3199									
131	<b>Total Special Education</b>		193,692	0		0					
132	<b>CAREER AND TECHNICAL EDUCATION (CTE)</b>										
133	CTE - Technical Education - Tech Prep	3200	10,772								
134	CTE - Secondary Program Improvement (CTEI)	3220									
135	CTE - WECEP	3225									
136	CTE - Agriculture Education	3235	10,471								
137	CTE - Instructor Practicum	3240									
138	CTE - Student Organizations	3270									
139	CTE - Other (Describe & Itemize)	3299									
140	<b>Total Career and Technical Education</b>		21,243	0			0				
141	<b>BILINGUAL EDUCATION</b>										
142	Bilingual Ed - Downstate - TPI and TBE	3305									
143	Bilingual Education Downstate - Transitional Bilingual Education	3310									
144	<b>Total Bilingual Ed</b>		0				0				



**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
145	State Free Lunch & Breakfast	3360	1,658								
146	School Breakfast Initiative	3365									
147	Driver Education	3370	12,264								
148	Adult Ed (from ICCB)	3410									
149	Adult Ed - Other (Describe & Itemize)	3499									
150	<b>TRANSPORTATION</b>										
151	Transportation - Regular and Vocational	3500				208,373					
152	Transportation - Special Education	3510				74,750					
153	Transportation - Other (Describe & Itemize)	3599									
154	<b>Total Transportation</b>		0	0		283,123	0				
155	Learning Improvement - Change Grants	3610									
156	Scientific Literacy	3660									
157	Truant Alternative/Optional Education	3695									
158	Early Childhood - Block Grant	3705									
159	Reading Improvement Block Grant	3715									
160	Reading Improvement Block Grant - Reading Recovery	3720									
161	Continued Reading Improvement Block Grant	3725									
162	Continued Reading Improvement Block Grant (2% Set Aside)	3726									
163	Chicago General Education Block Grant	3766									
164	Chicago Educational Services Block Grant	3767									
165	School Safety & Educational Improvement Block Grant	3775									
166	Technology - Technology for Success	3780									
167	State Charter Schools	3815									
168	Extended Learning Opportunities - Summer Bridges	3825									
169	Infrastructure Improvements - Planning/Construction	3920									
170	School Infrastructure - Maintenance Projects	3925									
171	Other Restricted Revenue from State Sources (Describe & Itemize)	3999	1,500								
172	<b>Total Restricted Grants-In-Aid</b>		230,357	0	0	283,123	0	0	0	0	0
173	<b>Total Receipts from State Sources</b>	3000	2,827,986	0	0	283,123	0	0	0	0	0
174	<b>RECEIPTS/REVENUES FROM FEDERAL SOURCES (4000)</b>										
175	<b>UNRESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT (4001-4009)</b>										
176	Federal Impact Aid	4001									
177	Other Unrestricted Grants-In-Aid Received Directly from the Fed Govt (Describe & Itemize)	4009									
178	<b>Total Unrestricted Grants-In-Aid Received Directly from the Federal Govt</b>		0	0	0	0	0	0	0	0	0
179	<b>RESTRICTED GRANTS-IN-AID RECEIVED DIRECTLY FROM FEDERAL GOVT (4045-4090)</b>										
180	Head Start	4045									
181	Construction (Impact Aid)	4050									
182	MAGNET	4060									
183	Other Restricted Grants-In-Aid Received Directly from the Federal Govt (Describe & Itemize)	4090									
184	<b>Total Restricted Grants-In-Aid Received Directly from Federal Govt</b>		0	0		0	0	0			0
185	<b>RESTRICTED GRANTS-IN-AID RECEIVED FROM FEDERAL GOVT THRU THE STATE (4100-4999)</b>										
186	<b>TITLE V</b>										
187	Title V - Innovation and Flexibility Formula	4100									
188	Title V - District Projects	4105									

**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
189	Title V - Rural Education Initiative (REI)	4107									
190	Title V - Other (Describe & Itemize)	4199									
191	<b>Total Title V</b>		0	0		0	0				
192	<b>FOOD SERVICE</b>										
193	Breakfast Start-Up Expansion	4200									
194	National School Lunch Program	4210	110,580								
195	Special Milk Program	4215									
196	School Breakfast Program	4220	21,035								
197	Summer Food Service Program	4225									
198	Child Adult Care Food Program	4226									
199	Fresh Fruits & Vegetables	4240									
200	Food Service - Other (Describe & Itemize)	4299									
201	<b>Total Food Service</b>		131,615				0				
202	<b>TITLE I</b>										
203	Title I - Low Income	4300	93,681								
204	Title I - Low Income - Neglected, Private	4305									
205	Title I - Comprehensive School Reform	4332									
206	Title I - Reading First	4334									
207	Title I - Even Start	4335									
208	Title I - Reading First SEA Funds	4337									
209	Title I - Migrant Education	4340									
210	Title I - Other (Describe & Itemize)	4399									
211	<b>Total Title I</b>		93,681	0		0	0				
212	<b>TITLE IV</b>										
213	Title IV - Safe & Drug Free Schools - Formula	4400									
214	Title IV - 21st Century Comm Learning Centers	4421									
215	Title IV - Other (Describe & Itemize)	4499									
216	<b>Total Title IV</b>		0	0		0	0				
217	<b>FEDERAL - SPECIAL EDUCATION</b>										
218	Fed - Spec Education - Preschool Flow-Through	4600	7,283								
219	Fed - Spec Education - Preschool Discretionary	4605									
220	Fed - Spec Education - IDEA - Flow Through	4620	132,928								
221	Fed - Spec Education - IDEA - Room & Board	4625									
222	Fed - Spec Education - IDEA - Discretionary	4630									
223	Fed - Spec Education - IDEA - Other (Describe & Itemize)	4699									
224	<b>Total Federal - Special Education</b>		140,211	0		0	0				
225	<b>CTE - PERKINS</b>										
226	CTE - Perkins - Title III E - Tech Prep	4770									
227	CTE - Other (Describe & Itemize)	4799									
228	<b>Total CTE - Perkins</b>		0	0			0				
229	Federal - Adult Education	4810									
230	ARRA - General State Aid - Education Stabilization	4850									
231	ARRA - Title I - Low Income	4851									
232	ARRA - Title I - Neglected, Private	4852									
233	ARRA - Title I - Delinquent, Private	4853									
234	ARRA - Title I - School Improvement (Part A)	4854									
235	ARRA - Title I - School Improvement (Section 1003g)	4855									
236	ARRA - IDEA - Part B - Preschool	4856									
237	ARRA - IDEA - Part B - Flow-Through	4857									
238	ARRA - Title IID - Technology-Formula	4860									
239	ARRA - Title IID - Technology-Competitive	4861									
240	ARRA - McKinney - Vento Homeless Education	4862									

**STATEMENT OF REVENUES RECEIVED/REVENUES  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
241	ARRA - Child Nutrition Equipment Assistance	4863									
242	Impact Aid Formula Grants	4864									
243	Impact Aid Competitive Grants	4865									
244	Qualified Zone Academy Bond Tax Credits	4866									
245	Qualified School Construction Bond Credits	4867									
246	Build America Bond Tax Credits	4868									
247	Build America Bond Interest Reimbursement	4869									
248	ARRA - General State Aid - Other Govt Services Stabilization	4870									
249	Other ARRA Funds - II	4871									
250	Other ARRA Funds - III	4872									
251	Other ARRA Funds - IV	4873									
252	Other ARRA Funds - V	4874									
253	ARRA - Early Childhood	4875									
254	Other ARRA Funds VII	4876									
255	Other ARRA Funds VIII	4877									
256	Other ARRA Funds IX	4878									
257	Other ARRA Funds X	4879									
258	Other ARRA Funds Ed Job Fund Program	4880									
259	<b>Total Stimulus Programs</b>		0	0	0	0	0	0		0	0
260	Race to the Top Program	4901									
261	Race to the Top - Preschool Expansion Grant	4902									
262	Advanced Placement Fee/International Baccalaureate	4904									
263	Title III - Immigrant Education Program (IEP)	4905									
264	Title III - Language Inst Program - Limited Eng (LIPLEP)	4909									
265	Learn & Serve America	4910									
266	McKinney Education for Homeless Children	4920									
267	Title II - Eisenhower Professional Development Formula	4930									
268	Title II - Teacher Quality	4932	14,860								
269	Federal Charter Schools	4960									
270	Medicaid Matching Funds - Administrative Outreach	4991	10,938								
271	Medicaid Matching Funds - Fee-for-Service Program	4992	40,979								
272	Other Restricted Revenue from Federal Sources (Describe & Itemize)	4999									
273	<b>Total Restricted Grants-In-Aid Received from the Federal Govt Thru the State</b>		432,284	0	0	0	0	0		0	0
274	<b>Total Receipts/Revenues from Federal Sources</b>	<b>4000</b>	432,284	0	0	0	0	0	0	0	0
275	<b>Total Direct Receipts/Revenues</b>		5,025,389	355,242	455,084	422,584	611,202	0	40,968	710,185	35,549

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
3	<b>10 - EDUCATIONAL FUND (ED)</b>											
4	<b>INSTRUCTION (ED)</b>	<b>1000</b>										
5	Regular Programs	1100	1,231,515	410,278		11,373					1,653,166	1,707,725
6	Tuition Payment to Charter Schools	1115									0	
7	Pre-K Programs	1125	5,055								5,055	7,500
8	Special Education Programs (Functions 1200-1220)	1200	462,608	136,157		630					599,395	596,500
9	Special Education Programs Pre-K	1225									0	
10	Remedial and Supplemental Programs K-12	1250	208,412	74,988		9,436	4,907				297,743	331,004
11	Remedial and Supplemental Programs Pre-K	1275									0	
12	Adult/Continuing Education Programs	1300									0	
13	CTE Programs	1400	106,714	27,635	56	2,332	1,257				137,994	142,236
14	Interscholastic Programs	1500	85,527	4,578	23,186	20,276	4,110				137,677	143,259
15	Summer School Programs	1600									0	
16	Gifted Programs	1650									0	
17	Driver's Education Programs	1700	52,091	15,881		863					68,835	69,650
18	Bilingual Programs	1800									0	
19	Truant Alternative & Optional Programs	1900									0	
20	Pre-K Programs - Private Tuition	1910									0	
21	Regular K-12 Programs - Private Tuition	1911									0	
22	Special Education Programs K-12 - Private Tuition	1912						127,623			127,623	200,000
23	Special Education Programs Pre-K - Tuition	1913									0	
24	Remedial/Supplemental Programs K-12 - Private Tuition	1914									0	
25	Remedial/Supplemental Programs Pre-K - Private Tuition	1915									0	
26	Adult/Continuing Education Programs - Private Tuition	1916									0	
27	CTE Programs - Private Tuition	1917									0	
28	Interscholastic Programs - Private Tuition	1918									0	
29	Summer School Programs - Private Tuition	1919									0	
30	Gifted Programs - Private Tuition	1920									0	
31	Bilingual Programs - Private Tuition	1921									0	
32	Truants Alternative/Optional Ed Progrms - Private Tuition	1922									0	
33	<b>Total Instruction <sup>10</sup></b>	<b>1000</b>	<b>2,151,922</b>	<b>669,517</b>	<b>23,242</b>	<b>44,910</b>	<b>10,274</b>	<b>127,623</b>	<b>0</b>	<b>0</b>	<b>3,027,488</b>	<b>3,197,874</b>
34	<b>SUPPORT SERVICES (ED)</b>	<b>2000</b>										
35	<b>SUPPORT SERVICES - PUPILS</b>											
36	Attendance & Social Work Services	2110									0	
37	Guidance Services	2120	22,267	11,038							33,305	36,800
38	Health Services	2130	16,655	11		1,719					18,385	18,765
39	Psychological Services	2140									0	
40	Speech Pathology & Audiology Services	2150			60,975						60,975	70,000
41	Other Support Services - Pupils ( <i>Describe &amp; Itemize</i> )	2190				1,328					1,328	1,000
42	<b>Total Support Services - Pupils</b>	<b>2100</b>	<b>38,922</b>	<b>11,049</b>	<b>60,975</b>	<b>3,047</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113,993</b>	<b>126,565</b>
43	<b>SUPPORT SERVICES - INSTRUCTIONAL STAFF</b>											
44	Improvement of Instruction Services	2210	1,218	16,436	290,322	11,901					319,877	424,486
45	Educational Media Services	2220	39,077	7,227	900	5,190					52,394	59,650
46	Assessment & Testing	2230									0	
47	<b>Total Support Services - Instructional Staff</b>	<b>2200</b>	<b>40,295</b>	<b>23,663</b>	<b>291,222</b>	<b>17,091</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>372,271</b>	<b>484,136</b>
48	<b>SUPPORT SERVICES - GENERAL ADMINISTRATION</b>											
49	Board of Education Services	2310	400		19,315	1,302		7,905			28,922	45,000
50	Executive Administration Services	2320	94,525	21,259	4,626	3,001					123,411	151,345
51	Special Area Administration Services	2330									0	
52	Tort Immunity Services	2360 - 2370									0	
53	<b>Total Support Services - General Administration</b>	<b>2300</b>	<b>94,925</b>	<b>21,259</b>	<b>23,941</b>	<b>4,303</b>	<b>0</b>	<b>7,905</b>	<b>0</b>	<b>0</b>	<b>152,333</b>	<b>196,345</b>

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
54	<b>SUPPORT SERVICES - SCHOOL ADMINISTRATION</b>											
55	Office of the Principal Services	2410	257,187	75,159	12,548						344,894	352,100
56	Other Support Services - School Admin (Describe & Itemize)	2490									0	
57	<b>Total Support Services - School Administration</b>	<b>2400</b>	<b>257,187</b>	<b>75,159</b>	<b>12,548</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>344,894</b>	<b>352,100</b>
58	<b>SUPPORT SERVICES - BUSINESS</b>											
59	Direction of Business Support Services	2510									0	
60	Fiscal Services	2520	46,625	12,624	1,855						61,104	64,550
61	Operation & Maintenance of Plant Services	2540									0	
62	Pupil Transportation Services	2550									0	
63	Food Services	2560	9,455	25,299		122,188					156,942	192,020
64	Internal Services	2570				5,324					5,324	5,000
65	<b>Total Support Services - Business</b>	<b>2500</b>	<b>56,080</b>	<b>37,923</b>	<b>1,855</b>	<b>127,512</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223,370</b>	<b>261,570</b>
66	<b>SUPPORT SERVICES - CENTRAL</b>											
67	Direction of Central Support Services	2610									0	
68	Planning, Research, Development, & Evaluation Services	2620									0	
69	Information Services	2630									0	
70	Staff Services	2640									0	
71	Data Processing Services	2660									0	
72	<b>Total Support Services - Central</b>	<b>2600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
73	Other Support Services (Describe & Itemize)	2900									0	
74	<b>Total Support Services</b>	<b>2000</b>	<b>487,409</b>	<b>169,053</b>	<b>390,541</b>	<b>151,953</b>	<b>0</b>	<b>7,905</b>	<b>0</b>	<b>0</b>	<b>1,206,861</b>	<b>1,420,716</b>
75	<b>COMMUNITY SERVICES (ED)</b>	<b>3000</b>									0	
76	<b>PAYMENTS TO OTHER DISTRICTS &amp; GOVT UNITS (ED)</b>	<b>4000</b>										
77	<b>PAYMENTS TO OTHER GOVT UNITS (IN-STATE)</b>											
78	Payments for Regular Programs	4110									0	
79	Payments for Special Education Programs	4120			63,693						63,693	51,000
80	Payments for Adult/Continuing Education Programs	4130									0	
81	Payments for CTE Programs	4140									0	
82	Payments for Community College Programs	4170									0	
83	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
84	<b>Total Payments to Other Govt Units (In-State)</b>	<b>4100</b>			<b>63,693</b>			<b>0</b>			<b>63,693</b>	<b>51,000</b>
85	Payments for Regular Programs - Tuition	4210									0	
86	Payments for Special Education Programs - Tuition	4220						15,532			15,532	30,000
87	Payments for Adult/Continuing Education Programs - Tuition	4230									0	
88	Payments for CTE Programs - Tuition	4240									0	5,000
89	Payments for Community College Programs - Tuition	4270									0	
90	Payments for Other Programs - Tuition	4280									0	
91	Other Payments to In-State Govt Units	4290									0	
92	<b>Total Payments to Other Govt Units - Tuition (In State)</b>	<b>4200</b>						<b>15,532</b>			<b>15,532</b>	<b>35,000</b>
93	Payments for Regular Programs - Transfers	4310									0	
94	Payments for Special Education Programs - Transfers	4320									0	
95	Payments for Adult/Continuing Ed Programs-Transfers	4330									0	
96	Payments for CTE Programs - Transfers	4340									0	
97	Payments for Community College Program - Transfers	4370									0	
98	Payments for Other Programs - Transfers	4380									0	
99	Other Payments to In-State Govt Units - Transfers	4390									0	
100	<b>Total Payments to Other Govt Units -Transfers (In-State)</b>	<b>4300</b>			<b>0</b>			<b>0</b>			<b>0</b>	<b>0</b>
101	Payments to Other Govt Units (Out-of-State)	4400									0	
102	<b>Total Payments to Other Govt Units</b>	<b>4000</b>			<b>63,693</b>			<b>15,532</b>			<b>79,225</b>	<b>86,000</b>
103	<b>DEBT SERVICES (ED)</b>	<b>5000</b>										
104	<b>DEBT SERVICES - INTEREST ON SHORT-TERM DEBT</b>											
105	Tax Anticipation Warrants	5110									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
106	Tax Anticipation Notes	5120									0	
107	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
108	State Aid Anticipation Certificates	5140									0	
109	Other Interest on Short-Term Debt	5150									0	
110	<b>Total Interest on Short-Term Debt</b>	<b>5100</b>						0			0	0
111	<b>Debt Services - Interest on Long-Term Debt</b>	<b>5200</b>									0	
112	<b>Total Debt Services</b>	<b>5000</b>						0			0	0
113	<b>PROVISIONS FOR CONTINGENCIES (ED)</b>	<b>6000</b>										
114	<b>Total Direct Disbursements/Expenditures</b>		2,639,331	838,570	477,476	196,863	10,274	151,060	0	0	4,313,574	4,704,590
115	<b>Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures</b>										711,815	
116												
117	<b>20 - OPERATIONS &amp; MAINTENANCE FUND (O&amp;M)</b>											
118	<b>SUPPORT SERVICES (O&amp;M)</b>	<b>2000</b>										
119	<b>SUPPORT SERVICES - PUPILS</b>											
120	Other Support Services - Pupils (Describe & Itemize)	2190									0	
121	<b>SUPPORT SERVICES - BUSINESS</b>											
122	Direction of Business Support Services	2510									0	
123	Facilities Acquisition & Construction Services	2530									0	3,000
124	Operation & Maintenance of Plant Services	2540	104,184	11,157	38,764	153,641					307,746	375,870
125	Pupil Transportation Services	2550									0	
126	Food Services	2560									0	
127	<b>Total Support Services - Business</b>	<b>2500</b>	104,184	11,157	38,764	153,641	0	0	0	0	307,746	378,870
128	Other Support Services (Describe & Itemize)	2900									0	
129	<b>Total Support Services</b>	<b>2000</b>	104,184	11,157	38,764	153,641	0	0	0	0	307,746	378,870
130	<b>COMMUNITY SERVICES (O&amp;M)</b>	<b>3000</b>									0	
131	<b>PAYMENTS TO OTHER DIST &amp; GOVT UNITS (O&amp;M)</b>	<b>4000</b>										
132	<b>PAYMENTS TO OTHER GOVT UNITS (IN-STATE)</b>											
133	Payments for Regular Programs	4110									0	
134	Payments for Special Education Programs	4120									0	
135	Payments for CTE Programs	4140									0	
136	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
137	<b>Total Payments to Other Govt. Units (In-State)</b>	<b>4100</b>			0			0			0	0
138	Payments to Other Govt. Units (Out of State)	4400									0	
139	<b>Total Payments to Other Govt Units</b>	<b>4000</b>			0			0			0	0
140	<b>DEBT SERVICES (O&amp;M)</b>	<b>5000</b>										
141	<b>DEBT SERVICES - INTEREST ON SHORT-TERM DEBT</b>											
142	Tax Anticipation Warrants	5110									0	
143	Tax Anticipation Notes	5120									0	
144	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
145	State Aid Anticipation Certificates	5140									0	
146	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
147	<b>Total Debt Service - Interest on Short-Term Debt</b>	<b>5100</b>						0			0	0
148	<b>DEBT SERVICE - INTERST ON LONG-TERM DEBT</b>	<b>5200</b>									0	
149	<b>Total Debt Services</b>	<b>5000</b>						0			0	0
150	<b>PROVISIONS FOR CONTINGENCIES (O&amp;M)</b>	<b>6000</b>										
151	<b>Total Direct Disbursements/Expenditures</b>		104,184	11,157	38,764	153,641	0	0	0	0	307,746	378,870
152	<b>Excess (Deficiency) of Receipts/Revenues/Over Disbursements/ Expenditures</b>										47,496	
153												

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1	Description (Enter Whole Dollars)	Funct #	(100) Salaries	(200) Employee Benefits	(300) Purchased Services	(400) Supplies & Materials	(500) Capital Outlay	(600) Other Objects	(700) Non-Capitalized Equipment	(800) Termination Benefits	(900) Total	Budget
2												
154	<b>30 - DEBT SERVICES (DS)</b>											
155	PAYMENTS TO OTHER DIST & GOVT UNITS (DS)	4000										
156	PAYMENTS TO OTHER DIST & GOVT UNITS (In-State)											
157	Payments for Regular Programs	4110									0	
158	Payments for Special Education Programs	4120									0	
159	Other Payments to In-State Govt Units (Describe & Itemize)	4190									0	
160	Total Payments to Other Districts & Govt Units (In-State)	4000						0			0	0
161	DEBT SERVICES (DS)	5000										
162	DEBT SERVICES - INTEREST ON SHORT-TERM DEBT											
163	Tax Anticipation Warrants	5110									0	
164	Tax Anticipation Notes	5120									0	
165	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
166	State Aid Anticipation Certificates	5140									0	
167	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
168	Total Debt Services - Interest On Short-Term Debt	5100						0			0	0
169	DEBT SERVICES - INTEREST ON LONG-TERM DEBT	5200						57,450			57,450	57,450
	DEBT SERVICES - PAYMENTS OF PRINCIPAL ON LONG-TERM DEBT (Lease/Purchase Principal Retired) <sup>11</sup>	5300						390,000			390,000	390,000
170												
171	DEBT SERVICES - OTHER (Describe & Itemize)	5400						1,500			1,500	1,500
172	Total Debt Services	5000			0			448,950			448,950	448,950
173	PROVISION FOR CONTINGENCIES (DS)	6000										
174	Total Disbursements/ Expenditures				0			448,950			448,950	448,950
175	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										6,134	
176												
177	<b>40 - TRANSPORTATION FUND (TR)</b>											
178	SUPPORT SERVICES (TR)											
179	SUPPORT SERVICES - PUPILS											
180	Other Support Services - Pupils (Describe & Itemize)	2190									0	
181	SUPPORT SERVICES - BUSINESS											
182	Pupil Transportation Services	2550	113,410	6,362	4,973	74,384	215,020				414,149	420,145
183	Other Support Services (Describe & Itemize)	2900									0	
184	Total Support Services	2000	113,410	6,362	4,973	74,384	215,020	0	0	0	414,149	420,145
185	COMMUNITY SERVICES (TR)	3000									0	
186	PAYMENTS TO OTHER DIST & GOVT UNITS (TR)	4000										
187	PAYMENTS TO OTHER GOVT UNITS (IN-STATE)											
188	Payments for Regular Programs	4110									0	
189	Payments for Special Education Programs	4120									0	
190	Payments for Adult/Continuing Education Programs	4130									0	
191	Payments for CTE Programs	4140									0	
192	Payments for Community College Programs	4170									0	
193	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
194	Total Payments to Other Govt. Units (In-State)	4100			0			0			0	0
195	PAYMENTS TO OTHER GOVT UNITS (OUT-OF-STATE)	4400									0	
196	Total Payments to Other Govt Units	4000			0			0			0	0
197	DEBT SERVICES (TR)	5000										
198	DEBT SERVICE - INTEREST ON SHORT-TERM DEBT											
199	Tax Anticipation Warrants	5110									0	
200	Tax Anticipation Notes	5120									0	
201	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
202	State Aid Anticipation Certificates	5140									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1	Description (Enter Whole Dollars)	Funct #	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	Budget
2			Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	
203	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
204	<b>Total Debt Services - Interest On Short-Term Debt</b>	<b>5100</b>						0			0	0



**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
205	DEBT SERVICES - INTEREST ON LONG-TERM DEBT	5200						6,378			6,378	6,921
206	DEBT SERVICE - PAYMENTS OF PRINCIPAL ON LONG-TERM DEBT (Lease/Purchase Principal Retired) <sup>11</sup>	5300						150,529			150,529	149,987
207	DEBT SERVICES - OTHER (Describe & Itemize)	5400									0	
208	Total Debt Services	5000						156,907			156,907	156,908
209	PROVISION FOR CONTINGENCIES (TR)	6000										
210	Total Disbursements/ Expenditures		113,410	6,362	4,973	74,384	215,020	156,907	0	0	571,056	577,053
211	Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures										(148,472)	
212												
213	<b>50 - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND (MR/SS)</b>											
214	<b>INSTRUCTION (MR/SS)</b>	1000										
215	Regular Programs	1100		24,300							24,300	28,050
216	Pre-K Programs	1125		1,129							1,129	1,700
217	Special Education Programs (Functions 1200-1220)	1200		13,138							13,138	16,500
218	Special Education Programs - Pre-K	1225									0	
219	Remedial and Supplemental Programs - K-12	1250		29,331							29,331	28,600
220	Remedial and Supplemental Programs - Pre-K	1275									0	
221	Adult/Continuing Education Programs	1300									0	
222	CTE Programs	1400		1,523							1,523	2,000
223	Interscholastic Programs	1500		6,000							6,000	6,000
224	Summer School Programs	1600									0	
225	Gifted Programs	1650									0	
226	Driver's Education Programs	1700		925							925	950
227	Bilingual Programs	1800									0	
228	Truants' Alternative & Optional Programs	1900									0	
229	Total Instruction	1000		76,346							76,346	83,800
230	<b>SUPPORT SERVICES (MR/SS)</b>	2000										
231	<b>SUPPORT SERVICES - PUPILS</b>											
232	Attendance & Social Work Services	2110									0	
233	Guidance Services	2120		578							578	625
234	Health Services	2130		7,510							7,510	8,250
235	Psychological Services	2140									0	
236	Speech Pathology & Audiology Services	2150									0	
237	Other Support Services - Pupils (Describe & Itemize)	2190									0	
238	Total Support Services - Pupils	2100		8,088							8,088	8,875
239	<b>SUPPORT SERVICES - INSTRUCTIONAL STAFF</b>											
240	Improvement of Instruction Services	2210		18							18	5
241	Educational Media Services	2220		7,840							7,840	7,780
242	Assessment & Testing	2230									0	
243	Total Support Services - Instructional Staff	2200		7,858							7,858	7,785
244	<b>SUPPORT SERVICES - GENERAL ADMINISTRATION</b>											
245	Board of Education Services	2310		60							60	56
246	Executive Administration Services	2320		6,142							6,142	6,600
247	Service Area Administrative Services	2330									0	
248	Claims Paid from Self Insurance Fund	2361									0	
249	Workers' Compensation or Workers' Occupation Disease Acts Pymts	2362									0	
250	Unemployment Insurance Pymts	2363									0	
251	Insurance Payments (Regular or Self-Insurance)	2364									0	
252	Risk Management and Claims Services Payments	2365									0	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
253	Judgment and Settlements	2366									0	
254	Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction	2367									0	
255	Reciprocal Insurance Payments	2368									0	
256	Legal Services	2369									0	
257	<b>Total Support Services - General Administration</b>	<b>2300</b>		6,202							6,202	6,656
258	<b>SUPPORT SERVICES - SCHOOL ADMINISTRATION</b>											
259	Office of the Principal Services	2410		14,882							14,882	15,700
260	Other Support Services - School Administration (Describe & Itemize)	2490									0	
261	<b>Total Support Services - School Administration</b>	<b>2400</b>		14,882							14,882	15,700
262	<b>SUPPORT SERVICES - BUSINESS</b>											
263	Direction of Business Support Services	2510									0	
264	Fiscal Services	2520		10,316							10,316	10,450
265	Facilities Acquisition & Construction Services	2530									0	
266	Operation & Maintenance of Plant Services	2540		21,944							21,944	23,200
267	Pupil Transportation Services	2550		36,249							36,249	38,500
268	Food Services	2560		13,727							13,727	17,900
269	Internal Services	2570									0	
270	<b>Total Support Services - Business</b>	<b>2500</b>		82,236							82,236	90,050
271	<b>SUPPORT SERVICES - CENTRAL</b>											
272	Direction of Central Support Services	2610									0	
273	Planning, Research, Development, & Evaluation Services	2620									0	
274	Information Services	2630									0	
275	Staff Services	2640									0	
276	Data Processing Services	2660									0	
277	<b>Total Support Services - Central</b>	<b>2600</b>		0							0	0
278	Other Support Services (Describe & Itemize)	2900									0	
279	<b>Total Support Services</b>	<b>2000</b>		119,266							119,266	129,066
280	<b>COMMUNITY SERVICES (MR/SS)</b>	<b>3000</b>									0	
281	<b>PAYMENTS TO OTHER DIST &amp; GOVT UNITS (MR/SS)</b>	<b>4000</b>										
282	Payments for Regular Programs	4110									0	
283	Payments for Special Education Programs	4120									0	
284	Payments for CTE Programs	4140									0	
285	<b>Total Payments to Other Govt Units</b>	<b>4000</b>		0							0	0
286	<b>DEBT SERVICES (MR/SS)</b>	<b>5000</b>										
287	<b>DEBT SERVICE - INTEREST ON SHORT-TERM DEBT</b>											
288	Tax Anticipation Warrants	5110									0	
289	Tax Anticipation Notes	5120									0	
290	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
291	State Aid Anticipation Certificates	5140									0	
292	Other (Describe & Itemize)	5150									0	
293	<b>Total Debt Services - Interest</b>	<b>5000</b>						0			0	0
294	<b>PROVISION FOR CONTINGENCIES (MR/SS)</b>	<b>6000</b>										
295	<b>Total Disbursements/Expenditures</b>			195,612				0			195,612	212,866
296	<b>Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures</b>										415,590	
297												

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1			(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
2	Description (Enter Whole Dollars)	Funct #	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
298	<b>60 - CAPITAL PROJECTS (CP)</b>											
299	<b>SUPPORT SERVICES (CP)</b>	<b>2000</b>										
300	<b>SUPPORT SERVICES - BUSINESS</b>											
301	Facilities Acquisition and Construction Services	2530									0	
302	Other Support Services (Describe & Itemize)	2900									0	
303	<b>Total Support Services</b>	<b>2000</b>	0	0	0	0	0	0	0	0	0	0
304	<b>PAYMENTS TO OTHER DIST &amp; GOVT UNITS (CP)</b>	<b>4000</b>										
305	<b>PAYMENTS TO OTHER GOVT UNITS (In-State)</b>											
306	Payments to Regular Programs (In-State)	4110									0	
307	Payments for Special Education Programs	4120									0	
308	Payments for CTE Programs	4140									0	
309	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
310	<b>Total Payments to Other Govt Units</b>	<b>4000</b>			0			0			0	0
311	<b>PROVISION FOR CONTINGENCIES (S&amp;C/CI)</b>	<b>6000</b>										
312	<b>Total Disbursements/ Expenditures</b>		0	0	0	0	0	0	0	0	0	0
313	<b>Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures</b>										0	
314												
315	<b>70 - WORKING CASH (WC)</b>											
316												
317	<b>80 - TORT FUND (TF)</b>											
318	<b>SUPPORT SERVICES - GENERAL ADMINISTRATION</b>											
319	Claims Paid from Self Insurance Fund	2361									0	
320	Workers' Compensation or Workers' Occupation Disease Acts Pymts	2362			46,350						46,350	49,350
321	Unemployment Insurance Payments	2363			5,304						5,304	15,000
322	Insurance Payments (Regular or Self-Insurance)	2364									0	
323	Risk Management and Claims Services Payments	2365			43,449	517	25,902				69,868	117,200
324	Judgment and Settlements	2366									0	
325	Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction	2367	500,000								500,000	500,000
326	Reciprocal Insurance Payments	2368									0	
327	Legal Services	2369			3,264						3,264	10,000
328	Property Insurance (Buildings & Grounds)	2371			41,737						41,737	47,000
329	Vehicle Insurance (Transportation)	2372									0	
330	<b>Total Support Services - General Administration</b>	<b>2000</b>	500,000	0	140,104	517	25,902	0	0	0	666,523	738,550
331	<b>PAYMENTS TO OTHER DIST &amp; GOVT UNITS (TF)</b>	<b>4000</b>										
332	Payments for Regular Programs	4110									0	
333	Payments for Special Education Programs	4120						10,164			10,164	
334	<b>Total Payments to Other Dist &amp; Govt Units</b>	<b>4000</b>						10,164			10,164	0
335	<b>DEBT SERVICES (TF)</b>	<b>5000</b>										
336	<b>DEBT SERVICES - INTEREST ON SHORT-TERM DEBT</b>											
337	Tax Anticipation Warrants	5110									0	
338	Corporate Personal Prop. Repl. Tax Anticipation Notes	5130									0	
339	Other Interest or Short-Term Debt	5150									0	
340	<b>Total Debt Services - Interest on Short-Term Debt</b>	<b>5000</b>						0			0	0
341	<b>PROVISIONS FOR CONTINGENCIES (TF)</b>	<b>6000</b>										
342	<b>Total Disbursements/Expenditures</b>		500,000	0	140,104	517	25,902	10,164	0	0	676,687	738,550
343	<b>Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures</b>										33,498	

**STATEMENT OF EXPENDITURES DISBURSED/EXPENDITURES, BUDGET TO ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2018**

	A	B	C	D	E	F	G	H	I	J	K	L
1	Description (Enter Whole Dollars)	Funct #	(100) Salaries	(200) Employee Benefits	(300) Purchased Services	(400) Supplies & Materials	(500) Capital Outlay	(600) Other Objects	(700) Non-Capitalized Equipment	(800) Termination Benefits	(900) Total	Budget
345	<b>90 - FIRE PREVENTION &amp; SAFETY FUND (FP&amp;S)</b>											
346	<b>SUPPORT SERVICES (FP&amp;S)</b>	<b>2000</b>										
347	<b>SUPPORT SERVICES - BUSINESS</b>											
348	Facilities Acquisition & Construction Services	2530									0	1,000
349	Operation & Maintenance of Plant Services	2540									0	
350	<b>Total Support Services - Business</b>	<b>2500</b>	0	0	0	0	0	0	0	0	0	1,000
351	Other Support Services (Describe & Itemize)	2900									0	
352	<b>Total Support Services</b>	<b>2000</b>	0	0	0	0	0	0	0	0	0	1,000
353	<b>PAYMENTS TO OTHER DIST &amp; GOVT UNITS (FP&amp;S)</b>	<b>4000</b>										
354	Payments to Regular Programs	4110									0	
355	Payments to Special Education Programs	4120									0	
356	Other Payments to In-State Govt. Units (Describe & Itemize)	4190									0	
357	<b>Total Payments to Other Govt Units</b>	<b>4000</b>						0			0	0
358	<b>DEBT SERVICES (FP&amp;S)</b>	<b>5000</b>										
359	<b>DEBT SERVICES- INTEREST ON SHORT-TERM DEBT</b>											
360	Tax Anticipation Warrants	5110									0	
361	Other Interest on Short-Term Debt (Describe & Itemize)	5150									0	
362	<b>Total Debt Service - Interest on Short-Term Debt</b>	<b>5100</b>						0			0	0
363	<b>DEBT SERVICES - INTEREST ON LONG-TERM DEBT</b>	<b>5200</b>									0	
364	Debt Service - Payments of Principal on Long-Term Debt <sup>15</sup> (Lease/Purchase Principal Retired)	5300									0	
365	<b>Total Debt Service</b>	<b>5000</b>						0			0	0
366	<b>PROVISION FOR CONTINGENCIES (FP&amp;S)</b>	<b>6000</b>										
367	<b>Total Disbursements/Expenditures</b>		0	0	0	0	0	0	0	0	0	1,000
368	<b>Excess (Deficiency) of Receipts/Revenues Over Disbursements/Expenditures</b>										35,549	

	A	B	C	D	E	F
1	<b>SCHEDULE OF AD VALOREM TAX RECEIPTS</b>					
2	<b>Description (Enter Whole Dollars)</b>	<b>Taxes Received 7-1-17 thru 6-30-18 (from 2016 Levy &amp; Prior Levies) *</b>	<b>Taxes Received (from the 2017 Levy)</b>	<b>Taxes Received (from 2016 &amp; Prior Levies)</b>	<b>Total Estimated Taxes (from the 2017 Levy)</b>	<b>Estimated Taxes Due (from the 2017 Levy)</b>
3				<b>(Column B - C)</b>		<b>(Column E - C)</b>
4	Educational	1,344,731		1,344,731	1,444,468	1,444,468
5	Operations & Maintenance	344,803		344,803	370,376	370,376
6	Debt Services **	452,396		452,396	459,711	459,711
7	Transportation	137,922		137,922	148,151	148,151
8	Municipal Retirement	295,261		295,261	184,388	184,388
9	Capital Improvements	0		0	0	0
10	Working Cash	34,480		34,480	37,038	37,038
11	Tort Immunity	705,305		705,305	738,530	738,530
12	Fire Prevention & Safety	34,480		34,480	37,038	37,038
13	Leasing Levy	34,480		34,480	37,038	37,038
14	Special Education	27,585		27,585	29,630	29,630
15	Area Vocational Construction	0		0		0
16	Social Security/Medicare Only	295,261		295,261	184,388	184,388
17	Summer School	0		0		0
18	Other (Describe & Itemize)	0		0		0
19	<b>Totals</b>	3,706,704	0	3,706,704	3,670,756	3,670,756
20						
21	* The formulas in column B are unprotected to be overridden when reporting on a ACCRUAL basis.					
22	** All tax receipts for debt service payments on bonds must be recorded on line 6 (Debt Services).					

	A	B	C	D	E	F	G	H	I	J
1	<b>SCHEDULE OF SHORT-TERM DEBT</b>									
2	<b>Description (Enter Whole Dollars)</b>	<b>Outstanding July 1, 2017</b>	<b>Beginning July 1, 2017</b>	<b>Issued July 1, 2017 thru June 30, 2018</b>	<b>Retired July 1, 2017 thru June 30, 2018</b>	<b>Outstanding Ending June 30, 2018</b>				
3	<b>CORPORATE PERSONAL PROPERTY REPLACEMENT TAX ANTICIPATION NOTES (CPPRT)</b>									
4	<b>Total CPPRT Notes</b>					0				
5	<b>TAX ANTICIPATION WARRANTS (TAW)</b>									
6	Educational Fund					0				
7	Operations & Maintenance Fund					0				
8	Debt Services - Construction					0				
9	Debt Services - Working Cash					0				
10	Debt Services - Refunding Bonds					0				
11	Transportation Fund					0				
12	Municipal Retirement/Social Security Fund					0				
13	Fire Prevention & Safety Fund					0				
14	Other - (Describe & Itemize)					0				
15	<b>Total TAWs</b>	0	0	0	0	0				
16	<b>TAX ANTICIPATION NOTES (TAN)</b>									
17	Educational Fund					0				
18	Operations & Maintenance Fund					0				
19	Fire Prevention & Safety Fund					0				
20	Other - (Describe & Itemize)					0				
21	<b>Total TANS</b>	0	0	0	0	0				
22	<b>TEACHERS'/EMPLOYEES' ORDERS (T/EO)</b>									
23	<b>Total T/EOs (Educational, Operations &amp; Maintenance, &amp; Transportation Funds)</b>					0				
24	<b>GENERAL STATE-AID ANTICIPATION CERTIFICATES (GSAAC)</b>									
25	<b>Total GSAACs (All Funds)</b>					0				
26	<b>OTHER SHORT-TERM BORROWING</b>									
27	<b>Total Other Short-Term Borrowing (Describe &amp; Itemize)</b>					0				
28										
29	<b>SCHEDULE OF LONG-TERM DEBT</b>									
30	<b>Identification or Name of Issue</b>	<b>Date of Issue (mm/dd/yy)</b>	<b>Amount of Original Issue</b>	<b>Type of Issue *</b>	<b>Outstanding Beginning July 1, 2017</b>	<b>Issued July 1, 2017 thru June 30, 2018</b>	<b>Any differences (Described and Itemize)</b>	<b>Retired July 1, 2017 thru June 30, 2018</b>	<b>Outstanding Ending June 30, 2018</b>	<b>Amount to be Provided for Payment on Long- Term Debt</b>
31	2007 BOND ISSUE	02/01/07	3,070,000	4	505,000			390,000	115,000	0
32	2007A BOND ISSUE	10/01/07	300,000	1	300,000				300,000	286,005
33	2008 BOND ISSUE	09/01/08	600,000	4	600,000				600,000	596,550
34	LEASE PURCHASE AGREEMENT	07/01/13	200,563	7	41,396			41,396	0	0
35	LEASE PURCHASE AGREEMENT	11/05/14	169,681	7	68,997			33,897	35,100	35,100
36	LEASE PURCHASE AGREEMENT	07/27/15	145,846	7	59,306			29,136	30,170	30,170
37	LEASE PURCHASE AGREEMENT	05/18/17	215,020	7		215,020		46,101	168,919	168,919
38									0	
39									0	
40									0	
41									0	
42									0	
43									0	
44									0	
45									0	
46									0	
47									0	
48									0	
49			4,701,110		1,574,699	215,020	0	540,530	1,249,189	1,116,744
50										
51	* Each type of debt issued must be identified separately with the amount:									
52	1. Working Cash Fund Bonds	4. Fire Prevent, Safety, Environmental and Energy Bonds				7. Other LEASE PURCHASE AGREEMENT				
53	2. Funding Bonds	5. Tort Judgment Bonds				8. Other				
54	3. Refunding Bonds	6. Building Bonds				9. Other				

**Schedule of Restricted Local Tax Levies and Selected Revenues Sources**  
**Schedule of Tort Immunity Expenditures**

	A	B	C	D	E	F	G	H	I	J	K	
1	<b>SCHEDULE OF RESTRICTED LOCAL TAX LEVIES AND SELECTED REVENUE SOURCES</b>											
2	<b>Description (Enter Whole Dollars)</b>					<b>Account No</b>	<b>Tort Immunity <sup>a</sup></b>	<b>Special Education</b>	<b>Area Vocational Construction</b>	<b>School Facility Occupation Taxes <sup>b</sup></b>	<b>Driver Education</b>	
3	<b>Cash Basis Fund Balance as of July 1, 2017</b>							0			0	
4	<b>RECEIPTS:</b>											
5	Ad Valorem Taxes Received by District					10, 20, 40 or 50-1100		27,585				
6	Earnings on Investments					10, 20, 40, 50 or 60-1500						
7	Drivers' Education Fees					10-1970					5,250	
8	School Facility Occupation Tax Proceeds					30 or 60-1983						
9	Driver Education					10 or 20-3370					12,264	
10	Other Receipts (Describe & Itemize)					--						
11	Sale of Bonds					10, 20, 40 or 60-7200						
12	<b>Total Receipts</b>						0	27,585	0	0	17,514	
13	<b>DISBURSEMENTS:</b>											
14	Instruction					10 or 50-1000		27,585			17,514	
15	Facilities Acquisition & Construction Services					20 or 60-2530						
16	Tort Immunity Services					10, 20, 40-2360-2370						
17	<b>DEBT SERVICE</b>											
18	Debt Services - Interest on Long-Term Debt					30-5200						
19	Debt Services - Principal Payments on Long-Term Debt (Lease/Purchase Principal Retired)					30-5300						
20	Debt Services Other (Describe & Itemize)					30-5400						
21	<b>Total Debt Services</b>									0		
22	Other Disbursements (Describe & Itemize)					--						
23	<b>Total Disbursements</b>						0	27,585	0	0	17,514	
24	<b>Ending Cash Basis Fund Balance as of June 30, 2018</b>						0	0	0	0	0	
25	<b>Reserved Fund Balance</b>					714						
26	<b>Unreserved Fund Balance</b>					730	0	0	0	0	0	
27												
28	<b>SCHEDULE OF TORT IMMUNITY EXPENDITURES <sup>a</sup></b>											
29												
30	Yes <input type="checkbox"/> No <input type="checkbox"/> Has the entity established an insurance reserve pursuant to 745 ILCS 10/9-103?											
31	If yes, list in the aggregate the following:											
32						Total Claims Payments:						
33						Total Reserve Remaining:						
34	In the following categories, list all other Tort Immunity expenditures not included in line 30 above. Enter total dollar amount for each category.											
35	<b>Expenditures:</b>											
36	Workers' Compensation Act and/or Workers' Occupational Disease Act											
37	Unemployment Insurance Act											
38	Insurance (Regular or Self-Insurance)											
39	Risk Management and Claims Service											
40	Judgments/Settlements											
41	Educational, Inspectional, Supervisory Services Related to Loss Prevention and/or Reduction											
42	Reciprocal Insurance Payments (Insurance Code 72, 76, and 81)											
43	Legal Services											
44	Principal and Interest on Tort Bonds											
45												
46	<sup>a</sup> Schedules for Tort Immunity are to be completed <b>only if</b> expenditures have been reported in any fund other than the Tort Immunity Fund (80) during the fiscal year as a result of existing (restricted) fund balances in those other funds that are being spent down. Cell G6 above should include interest earnings only from these restricted tort immunity monies and only if reported in a fund <b>other</b> than Tort Immunity Fund (80).											
47	<sup>b</sup> 55 ILCS 5/5-1006.7											
48												

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>SCHEDULE OF CAPITAL OUTLAY AND DEPRECIATION</b>											
2	<b>Description of Assets</b> (Enter Whole Dollars)	<b>Acct #</b>	<b>Cost Beginning July 1, 2017</b>	<b>Add: Additions July 1, 2017 thru June 30, 2018</b>	<b>Less: Deletions July 1, 2017 thru June 30 2018</b>	<b>Cost Ending June 30, 2018</b>	<b>Life In Years</b>	<b>Accumulated Depreciation Beginning July 1, 2017</b>	<b>Add: Depreciation Allowable July 1, 2017 thru June 30, 2018</b>	<b>Less: Depreciation Deletions July 1, 2017 thru June 30, 2018</b>	<b>Accumulated Depreciation Ending June 30, 2018</b>	<b>Ending Balance Undepreciated June 30, 2018</b>
3	Works of Art & Historical Treasures	210				0	50				0	0
4	Land	220										
5	Non-Depreciable Land	221	171,296			171,296						171,296
6	Depreciable Land	222				0					0	0
7	Buildings	230										
8	Permanent Buildings	231	8,374,450		1,290	8,373,160	50	2,948,247	167,483	1,290	3,114,440	5,258,720
9	Temporary Buildings	232				0	20				0	0
10	Improvements Other than Buildings (Infrastructure)	240	239,101			239,101	20	46,270	11,956		58,226	180,875
11	Capitalized Equipment	250					10					
12	10 Yr Schedule	251	343,560	36,176	74,528	305,208		219,747	37,972	74,528	183,191	122,017
13	5 Yr Schedule	252	835,695	215,020	319,605	731,110		636,049	120,374	319,605	436,818	294,292
14	3 Yr Schedule	253				0					0	0
15	Construction in Progress	260				0	--					0
16	Total Capital Assets	200	9,964,102	251,196	395,423	9,819,875	10	3,850,313	337,785	395,423	3,792,675	6,027,200
17	Non-Capitalized Equipment	700				0			0			
18	Allowable Depreciation								337,785			



	A	B	C	D	E	F
1	ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2017-2018)					
2	This schedule is completed for school districts only.					
4	Fund	Sheet, Row	ACCOUNT NO - TITLE	Amount		
6	OPERATING EXPENSE PER PUPIL					
7	EXPENDITURES:					
8	ED	Expenditures 15-22, L114	Total Expenditures	\$	4,313,574	
9	O&M	Expenditures 15-22, L151	Total Expenditures		307,746	
10	DS	Expenditures 15-22, L174	Total Expenditures		448,950	
11	TR	Expenditures 15-22, L210	Total Expenditures		571,056	
12	MR/SS	Expenditures 15-22, L295	Total Expenditures		195,612	
13	TORT	Expenditures 15-22, L342	Total Expenditures		676,687	
14			Total Expenditures	\$	6,513,625	
16	LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:					
18	TR	Revenues 9-14, L43, Col F	1412 Regular - Transp Fees from Other Districts (In State)	\$	0	
19	TR	Revenues 9-14, L47, Col F	1421 Summer Sch - Transp. Fees from Pupils or Parents (In State)		0	
20	TR	Revenues 9-14, L48, Col F	1422 Summer Sch - Transp. Fees from Other Districts (In State)		0	
21	TR	Revenues 9-14, L49, Col F	1423 Summer Sch - Transp. Fees from Other Sources (In State)		0	
22	TR	Revenues 9-14, L50 Col F	1424 Summer Sch - Transp. Fees from Other Sources (Out of State)		0	
23	TR	Revenues 9-14, L52, Col F	1432 CTE - Transp Fees from Other Districts (In State)		0	
24	TR	Revenues 9-14, L56, Col F	1442 Special Ed - Transp Fees from Other Districts (In State)		0	
25	TR	Revenues 9-14, L59, Col F	1451 Adult - Transp Fees from Pupils or Parents (In State)		0	
26	TR	Revenues 9-14, L60, Col F	1452 Adult - Transp Fees from Other Districts (In State)		0	
27	TR	Revenues 9-14, L61, Col F	1453 Adult - Transp Fees from Other Sources (In State)		0	
28	TR	Revenues 9-14, L62, Col F	1454 Adult - Transp Fees from Other Sources (Out of State)		0	
29	O&M-TR	Revenues 9-14, L148, Col D & F	3410 Adult Ed (from ICCB)		0	
30	O&M-TR	Revenues 9-14, L149, Col D & F	3499 Adult Ed - Other (Describe & Itemize)		0	
31	O&M-TR	Revenues 9-14, L218, Col D,F	4600 Fed - Spec Education - Preschool Flow-Through		0	
32	O&M-TR	Revenues 9-14, L219, Col D,F	4605 Fed - Spec Education - Preschool Discretionary		0	
33	O&M	Revenues 9-14, L229, Col D	4810 Federal - Adult Education		0	
34	ED	Expenditures 15-22, L7, Col K - (G+I)	1125 Pre-K Programs		5,055	
35	ED	Expenditures 15-22, L9, Col K - (G+I)	1225 Special Education Programs Pre-K		0	
36	ED	Expenditures 15-22, L11, Col K - (G+I)	1275 Remedial and Supplemental Programs Pre-K		0	
37	ED	Expenditures 15-22, L12, Col K - (G+I)	1300 Adult/Continuing Education Programs		0	
38	ED	Expenditures 15-22, L15, Col K - (G+I)	1600 Summer School Programs		0	
39	ED	Expenditures 15-22, L20, Col K	1910 Pre-K Programs - Private Tuition		0	
40	ED	Expenditures 15-22, L21, Col K	1911 Regular K-12 Programs - Private Tuition		0	
41	ED	Expenditures 15-22, L22, Col K	1912 Special Education Programs K-12 - Private Tuition		127,623	
42	ED	Expenditures 15-22, L23, Col K	1913 Special Education Programs Pre-K - Tuition		0	
43	ED	Expenditures 15-22, L24, Col K	1914 Remedial/Supplemental Programs K-12 - Private Tuition		0	
44	ED	Expenditures 15-22, L25, Col K	1915 Remedial/Supplemental Programs Pre-K - Private Tuition		0	
45	ED	Expenditures 15-22, L26, Col K	1916 Adult/Continuing Education Programs - Private Tuition		0	
46	ED	Expenditures 15-22, L27, Col K	1917 CTE Programs - Private Tuition		0	
47	ED	Expenditures 15-22, L28, Col K	1918 Interscholastic Programs - Private Tuition		0	
48	ED	Expenditures 15-22, L29, Col K	1919 Summer School Programs - Private Tuition		0	
49	ED	Expenditures 15-22, L30, Col K	1920 Gifted Programs - Private Tuition		0	
50	ED	Expenditures 15-22, L31, Col K	1921 Bilingual Programs - Private Tuition		0	
51	ED	Expenditures 15-22, L32, Col K	1922 Truants Alternative/Optional Ed Progrms - Private Tuition		0	
52	ED	Expenditures 15-22, L75, Col K - (G+I)	3000 Community Services		0	
53	ED	Expenditures 15-22, L102, Col K	4000 Total Payments to Other Govt Units		79,225	
54	ED	Expenditures 15-22, L114, Col G	- Capital Outlay		10,274	
55	ED	Expenditures 15-22, L114, Col I	- Non-Capitalized Equipment		0	
56	O&M	Expenditures 15-22, L130, Col K - (G+I)	3000 Community Services		0	
57	O&M	Expenditures 15-22, L139, Col K	4000 Total Payments to Other Govt Units		0	
58	O&M	Expenditures 15-22, L151, Col G	- Capital Outlay		0	
59	O&M	Expenditures 15-22, L151, Col I	- Non-Capitalized Equipment		0	
60	DS	Expenditures 15-22, L160, Col K	4000 Payments to Other Dist & Govt Units		0	
61	DS	Expenditures 15-22, L170, Col K	5300 Debt Service - Payments of Principal on Long-Term Debt		390,000	
62	TR	Expenditures 15-22, L185, Col K - (G+I)	3000 Community Services		0	
63	TR	Expenditures 15-22, L196, Col K	4000 Total Payments to Other Govt Units		0	
64	TR	Expenditures 15-22, L206, Col K	5300 Debt Service - Payments of Principal on Long-Term Debt		150,529	
65	TR	Expenditures 15-22, L210, Col G	- Capital Outlay		215,020	
66	TR	Expenditures 15-22, L210, Col I	- Non-Capitalized Equipment		0	
67	MR/SS	Expenditures 15-22, L216, Col K	1125 Pre-K Programs		1,129	
68	MR/SS	Expenditures 15-22, L218, Col K	1225 Special Education Programs - Pre-K		0	
69	MR/SS	Expenditures 15-22, L220, Col K	1275 Remedial and Supplemental Programs - Pre-K		0	
70	MR/SS	Expenditures 15-22, L221, Col K	1300 Adult/Continuing Education Programs		0	
71	MR/SS	Expenditures 15-22, L224, Col K	1600 Summer School Programs		0	
72	MR/SS	Expenditures 15-22, L280, Col K	3000 Community Services		0	
73	MR/SS	Expenditures 15-22, L285, Col K	4000 Total Payments to Other Govt Units		0	
74	Tort	Expenditures 15-22, L334, Col K	4000 Total Payments to Other Govt Units		10,164	
76	Total Deductions for OEPP Computation (Sum of Lines 18 - 74)				\$	989,019
77	Total Operating Expenses Regular K-12 (Line 14 minus Line 76)					5,524,606
78	9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2017-2018					631.41
79	Estimated OEPP (Line 77 divided by Line 78)				\$	8,749.63

	A	B	C	D	E	F
1	ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2017-2018)					
2	This schedule is completed for school districts only.					
4	Fund	Sheet, Row	ACCOUNT NO - TITLE	Amount		
81	PER CAPITA TUITION CHARGE					
83	LESS OFFSETTING RECEIPTS/REVENUES:					
84	TR	Revenues 9-14, L42, Col F	1411 Regular -Transp Fees from Pupils or Parents (In State)	\$		0
85	TR	Revenues 9-14, L44, Col F	1413 Regular - Transp Fees from Other Sources (In State)			0
86	TR	Revenues 9-14, L45, Col F	1415 Regular - Transp Fees from Co-curricular Activities (In State)			0
87	TR	Revenues 9-14, L46, Col F	1416 Regular Transp Fees from Other Sources (Out of State)			0
88	TR	Revenues 9-14, L51, Col F	1431 CTE - Transp Fees from Pupils or Parents (In State)			0
89	TR	Revenues 9-14, L53, Col F	1433 CTE - Transp Fees from Other Sources (In State)			0
90	TR	Revenues 9-14, L54, Col F	1434 CTE - Transp Fees from Other Sources (Out of State)			0
91	TR	Revenues 9-14, L55, Col F	1441 Special Ed - Transp Fees from Pupils or Parents (In State)			0
92	TR	Revenues 9-14, L57, Col F	1443 Special Ed - Transp Fees from Other Sources (In State)			0
93	TR	Revenues 9-14, L58, Col F	1444 Special Ed - Transp Fees from Other Sources (Out of State)			0
94	ED	Revenues 9-14, L75, Col C	1600 Total Food Service			98,364
95	ED-O&M	Revenues 9-14, L82, Col C,D	1700 Total District/School Activity Income			34,691
96	ED	Revenues 9-14, L84, Col C	1811 Rentals - Regular Textbooks			0
97	ED	Revenues 9-14, L87, Col C	1819 Rentals - Other (Describe & Itemize)			0
98	ED	Revenues 9-14, L88, Col C	1821 Sales - Regular Textbooks			0
99	ED	Revenues 9-14, L91, Col C	1829 Sales - Other (Describe & Itemize)			0
100	ED	Revenues 9-14, L92, Col C	1890 Other (Describe & Itemize)			0
101	ED-O&M	Revenues 9-14, L95, Col C,D	1910 Rentals			15,650
102	ED-O&M-TR	Revenues 9-14, L98, Col C,D,F	1940 Services Provided Other Districts			0
103	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L104, Col C,D,E,F,G	1991 Payment from Other Districts			0
104	ED	Revenues 9-14, L106, Col C	1993 Other Local Fees (Describe & Itemize)			98,047
105	ED-O&M-TR	Revenues 9-14, L131, Col C,D,F	3100 Total Special Education			193,692
106	ED-O&M-MR/SS	Revenues 9-14, L140, Col C,D,G	3200 Total Career and Technical Education			21,243
107	ED-MR/SS	Revenues 9-14, L144, Col C,G	3300 Total Bilingual Ed			0
108	ED	Revenues 9-14, L145, Col C	3360 State Free Lunch & Breakfast			1,658
109	ED-O&M-MR/SS	Revenues 9-14, L146, Col C,D,G	3365 School Breakfast Initiative			0
110	ED-O&M	Revenues 9-14, L147,Col C,D	3370 Driver Education			12,264
111	ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500 Total Transportation			283,123
112	ED	Revenues 9-14, L155, Col C	3610 Learning Improvement - Change Grants			0
113	ED-O&M-TR-MR/SS	Revenues 9-14, L156, Col C,D,F,G	3660 Scientific Literacy			0
114	ED-TR-MR/SS	Revenues 9-14, L157, Col C,F,G	3695 Truant Alternative/Optional Education			0
115	ED-TR-MR/SS	Revenues 9-14, L159, Col C,F,G	3715 Reading Improvement Block Grant			0
116	ED-TR-MR/SS	Revenues 9-14, L160, Col C,F,G	3720 Reading Improvement Block Grant - Reading Recovery			0
117	ED-TR-MR/SS	Revenues 9-14, L161, Col C,F,G	3725 Continued Reading Improvement Block Grant			0
118	ED-TR-MR/SS	Revenues 9-14, L162, Col C,F,G	3726 Continued Reading Improvement Block Grant (2% Set Aside)			0
119	ED-O&M-TR-MR/SS	Revenues 9-14, L163, Col C,D,F,G	3766 Chicago General Education Block Grant			0
120	ED-O&M-TR-MR/SS	Revenues 9-14, L164, Col C,D,F,G	3767 Chicago Educational Services Block Grant			0
121	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L165, Col C,D,E,F,G	3775 School Safety & Educational Improvement Block Grant			0
122	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L166, Col C,D,E,F,G	3780 Technology - Technology for Success			0
123	ED-TR	Revenues 9-14, L167, Col C,F	3815 State Charter Schools			0
124	O&M	Revenues 9-14, L170, Col D	3925 School Infrastructure - Maintenance Projects			0
125	ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L171, Col C-G,J	3999 Other Restricted Revenue from State Sources			1,500
126	ED	Revenues 9-14, L180, Col C	4045 Head Start (Subtract)			0
127	ED-O&M-TR-MR/SS	Revenues 9-14, L184, Col C,D,F,G	- Total Restricted Grants-In-Aid Received Directly from Federal Govt			0
128	ED-O&M-TR-MR/SS	Revenues 9-14, L191, Col C,D,F,G	4100 Total Title V			0
129	ED-MR/SS	Revenues 9-14, L201, Col C,G	4200 Total Food Service			131,615
130	ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	4300 Total Title I			93,681
131	ED-O&M-TR-MR/SS	Revenues 9-14, L216, Col C,D,F,G	4400 Total Title IV			0
132	ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620 Fed - Spec Education - IDEA - Flow Through			132,928
133	ED-O&M-TR-MR/SS	Revenues 9-14, L221, Col C,D,F,G	4625 Fed - Spec Education - IDEA - Room & Board			0
134	ED-O&M-TR-MR/SS	Revenues 9-14, L222, Col C,D,F,G	4630 Fed - Spec Education - IDEA - Discretionary			0
135	ED-O&M-TR-MR/SS	Revenues 9-14, L223, Col C,D,F,G	4699 Fed - Spec Education - IDEA - Other (Describe & Itemize)			0
136	ED-O&M-MR/SS	Revenues 9-14, L228, Col C,D,G	4700 Total CTE - Perkins			0
161	ED-O&M-DS-TR-MR/SS-Tort	Revenue Adjustments (C231 thru J258)	4800 Total ARRA Program Adjustments			0
162	ED	Revenues 9-14, L260, Col C	4901 Race to the Top			0
163	ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L261, Col C-G,J	4902 Race to the Top-Preschool Expansion Grant			0
164	ED,O&M,M/SS	Revenues 9-14, L262, Col C,D,G	4904 Advanced Placement Fee/International Baccalaureate			0
165	ED-TR-MR/SS	Revenues 9-14, L263, Col C,F,G	4905 Title III - Immigrant Education Program (IEP)			0
166	ED-TR-MR/SS	Revenues 9-14, L264, Col C,F,G	4909 Title III - Language Inst Program - Limited Eng (LIPLEP)			0
167	ED-TR-MR/SS	Revenues 9-14, L265, Col C,F,G	4910 Learn & Serve America			0
168	ED-O&M-TR-MR/SS	Revenues 9-14, L266, Col C,D,F,G	4920 McKinney Education for Homeless Children			0
169	ED-O&M-TR-MR/SS	Revenues 9-14, L267, Col C,D,F,G	4930 Title II - Eisenhower Professional Development Formula			0
170	ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4932 Title II - Teacher Quality			14,860
171	ED-O&M-TR-MR/SS	Revenues 9-14, L269, Col C,D,F,G	4960 Federal Charter Schools			0
172	ED-O&M-TR-MR/SS	Revenues 9-14, L270, Col C,D,F,G	4991 Medicaid Matching Funds - Administrative Outreach			10,938
173	ED-O&M-TR-MR/SS	Revenues 9-14, L271, Col C,D,F,G	4992 Medicaid Matching Funds - Fee-for-Service Program			40,979
174	ED-O&M-TR-MR/SS	Revenues 9-14, L272, Col C,D,F,G	4999 Other Restricted Revenue from Federal Sources (Describe & Itemize)			0
175	ED-TR-MR/SS	Revenues (Part of EBF Payment)	3100 Special Education Contributions from EBF Funds **			224,846
176	ED-MR/SS	Revenues (Part of EBF Payment)	3300 English Learning (Bilingual) Contributions from EBF Funds ***			0
178	Total Deductions for PCTC Computation Line 84 through Line 174				\$	1,410,079
179	Net Operating Expense for Tuition Computation (Line 77 minus Line 176)					4,114,527
180	Total Depreciation Allowance (from page 26, Line 18, Col I)					337,785
181	Total Allowance for PCTC Computation (Line 177 plus Line 178)					4,452,312
182	9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2017-2018					631.41
183	Total Estimated PCTC (Line 179 divided by Line 180) *				\$	7,051.38
185	* The total OEPP/PCTC may change based on the data provided. The final amounts will be calculated by ISBE					
186	** Go to the link below: Under "What's New!" select "FY 2018 Special Education Funding Allocation Calculation Details." Open excel file and use the amount in column W for the selected district.					
187	*** Follow the same instructions as above except under What's New, select "FY 2018 English Learner Education Funding Allocation Calculation Details", and use column U for the selected district.					
188						
189	Evidence Based Funding Link: <a href="https://www.isbe.net/Pages/ebfdistribution.aspx">https://www.isbe.net/Pages/ebfdistribution.aspx</a>					

**Current Year Payment on Contracts For Indirect Cost Rate Computation**

**Instructions:**

*This schedule is to calculate the amount allowed on contracts obligated by the school district for the Indirect Cost Rate calculation. The greatest amount allowed in the indirect cost calculation is \$25,000 for each contract. The contracts should be only for purchase services and not for salary contracts.*

- 1. In column (A) enter the name of the **Fund-Function-Object of the account** where the payment was made on each contract in the current year.*
- 2. In column (B) enter the number of the **Fund-Function-Object (use this format [00-0000-000])** of the account where the payment was made on each contract for the current year. Use only the functions listed on page 30.*
- 3. In Column (C) enter the name of the Company that is listed on the contract.*
- 4. In column (D) enter the total amount **paid** in the AFR for the contract. The amount must be equal to the amount reported in the AFR's "Expenditures 15-22" tab.*
- 5. Column (E) and (F) are calculated automatically based on the information provided in Columns (A through D).*
- 6. The amount in column (E) is the amount allowed on each contract in the Indirect Cost Rate calculation. The amount in column (F) is the amount that will be deducted from the base in the indirect cost rate (page 30) for Program Year 2020.*
- 7. Do not include contracts for Capital Outlay (500) or Non-Capitalized Equipment (700) on this form, they are excluded from the Indirect Cost Rate calculation.*

<b>Fund-Function-Object Name Where the Expenditure was Recorded (Column A)</b>	<b>Fund- Function- Object Number (Column B)</b>	<b>Contracted Company Name (Column C)</b>	<b>Current Year Amount Paid on Contract (Column D)</b>	<b>Contract Amount Applied to the Indirect Cost Rate Base (Column E)</b>	<b>Contract Amount deducted from the Indirect Cost Rate Base (Column F)</b>
<i>Enter as shown here: ED-Instruction-Other</i>	<i>10-1000-600</i>	<i>Company Name</i>	<i>500,000</i>	<i>25,000</i>	<i>475,000</i>
Tort-Risk Management-Purchased Services	80-2300-300	Bushue Human Resources	7,260	7,260	0
ED-Educational Media Services-Purchased Services	10-2200-300	Digital Copy Systems, LLC	900	900	0
ED-Office of the Principal Services-Purchased Services	10-2400-300	Digital Copy systems, LLC	12,336	12,336	0
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Quality Network Solutions	73,266	25,000	48,266
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	CDS Office Technologies	18,915	18,915	0
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Powerschool Group LLC	7,329	7,329	0
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Istation	11,400	11,400	0
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Quality Network Solutions	49,309	25,000	24,309
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Quality Network Solutions	16,952	16,952	0
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Quality Network Solutions	28,128	25,000	3,128
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	Wells Fargo	28,836	25,000	3,836
ED-Improvement of Instruction Services-Purchased Services	10-2200-300	NCS Pearson, Inc.	17,044	17,044	0

[illegible]

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

[illegible]

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

Fund-Function-Object Name Where the Expenditure was Recorded (Column A)	Fund- Function- Object Number (Column B)	Contracted Company Name (Column C)	Current Year Amount Paid on Contract (Column D)	Contract Amount Applied to the Indirect Cost Rate Base (Column E)	Contract Amount deducted from the Indirect Cost Rate Base (Column F)
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
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				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0
Total			278,059	198,520	79,539

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

## ESTIMATED INDIRECT COST DATA

	A	B	C	D	E	F	G	H
1	<b>ESTIMATED INDIRECT COST RATE DATA</b>							
2	<b>SECTION I</b>							
3	<b>Financial Data To Assist Indirect Cost Rate Determination</b>							
4	(Source document for the calculation of the Indirect Cost Rate is found in the "Expenditures 15-22" tab.)							
5	<b>ALL OBJECTS EXCLUDE CAPITAL OUTLAY.</b> With the exception of line 11, enter the disbursements/expenditures included within the following functions charged directly to and reimbursed from federal grant programs. Also, include all amounts paid to or for other employees within each function that work with specific federal grant programs in the same capacity as those charged to and reimbursed from the same federal grant programs. For example, if a district received funding for a Title I clerk, all other salaries for Title I clerks performing like duties in that function must be included. Include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function listed.							
6	<b>Support Services - Direct Costs (1-2000) and (5-2000)</b>							
7	Direction of Business Support Services (1-2510) and (5-2510)							
8	Fiscal Services (1-2520) and (5-2520)							
9	Operation and Maintenance of Plant Services (1, 2, and 5-2540)							
10	Food Services (1-2560) <i>Must be less than (P16, Col E-F, L63)</i>				117,535			
11	Value of Commodities Received for Fiscal Year 2018 <i>(Include the value of commodities when determining if a Single Audit is required)</i> .				25,462			
12	Internal Services (1-2570) and (5-2570)							
13	Staff Services (1-2640) and (5-2640)							
14	Data Processing Services (1-2660) and (5-2660)							
15	<b>SECTION II</b>							
16	<b>Estimated Indirect Cost Rate for Federal Programs</b>							
17				<b>Restricted Program</b>		<b>Unrestricted Program</b>		
18		<b>Function</b>		<b>Indirect Costs</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>	<b>Direct Costs</b>	
19	<b>Instruction</b>	1000			3,093,560		3,093,560	
20	<b>Support Services:</b>							
21	Pupil	2100			122,081		122,081	
22	Instructional Staff	2200			380,129		380,129	
23	General Admin.	2300			799,156		799,156	
24	School Admin	2400			359,776		359,776	
25	<b>Business:</b>							
26	Direction of Business Spt. Srv.	2510	0	0	0	0	0	
27	Fiscal Services	2520	71,420	0	71,420	0	0	
28	Oper. & Maint. Plant Services	2540		329,690	329,690	0	0	
29	Pupil Transportation	2550		235,378		235,378		
30	Food Services	2560		53,134		53,134		
31	Internal Services	2570	5,324	0	5,324	0	0	
32	<b>Central:</b>							
33	Direction of Central Spt. Srv.	2610		0		0	0	
34	Plan, Rsrch, Dvlp, Eval. Srv.	2620		0		0	0	
35	Information Services	2630		0		0	0	
36	Staff Services	2640	0	0	0	0	0	
37	Data Processing Services	2660	0	0	0	0	0	
38	<b>Other:</b>	2900		0		0	0	
39	<b>Community Services</b>	3000		0		0	0	
40	<b>Contracts Paid in CY over the allowed amount for ICR calculation (from page 29)</b>				(79,539)		(79,539)	
41	<b>Total</b>			76,744	5,293,365	406,434	4,963,675	
42				<b>Restricted Rate</b>		<b>Unrestricted Rate</b>		
43				Total Indirect Costs:	76,744	Total Indirect costs:	406,434	
44				Total Direct Costs:	5,293,365	Total Direct Costs:	4,963,675	
45				=	1.45%	=	8.19%	
46								

	A	B	C	D	E	F	G	H	I	J	K
1	<b>REPORT ON SHARED SERVICES OR OUTSOURCING</b> School Code, Section 17-1.1 (Public Act 97-0357) Fiscal Year Ending June 30, 2018										
2											
3											
5	Complete the following for attempts to improve fiscal efficiency through shared services or outsourcing in the prior, current and next fiscal years.										
6	CUSD 4 01-001-0040-26										
7											
8	<i>Check box if this schedule is not applicable.....</i> <input type="checkbox"/>	Prior Fiscal Year	Current Fiscal Year	Next Fiscal Year	Name of the Local Education Agency (LEA) Participating in the Joint Agreement, Cooperative or Shared Service.						
9	Indicate with an (X) If Deficit Reduction Plan Is Required in the Budget ➡										
10	Service or Function ( <i>Check all that apply</i> )			Barriers to Implementation	(Limit text to 200 characters, for additional space use line 33 and 38)						
11	Curriculum Planning										
12	Custodial Services										
13	Educational Shared Programs										
14	Employee Benefits	X	X	X	Western Area Schools Self-Funded Insurance Trust						
15	Energy Purchasing										
16	Food Services	X	X	X	Western Area Purchasing Cooperative						
17	Grant Writing										
18	Grounds Maintenance Services										
19	Insurance	X	X	X	Workers Compensation Self Insurance Trust/ Illinois School District Agent						
20	Investment Pools										
21	Legal Services										
22	Maintenance Services										
23	Personnel Recruitment	X	X	X	Illinois Association of School Administrators						
24	Professional Development	X	X	X	Regional Office of Education						
25	Shared Personnel	X	X	X	Adams County Special Education Association						
26	Special Education Cooperatives	X	X	X	Adams County Special Education Association						
27	STEM (science, technology, engineering and math) Program Offerings	X	X	X	John Wood Community College						
28	Supply & Equipment Purchasing	X	X	X	Western Area Purchasing Cooperative						
29	Technology Services	X	X	X	Quality Network Solutions						
30	Transportation										
31	Vocational Education Cooperatives	X	X	X	West Central Regional Vocational System						
32	All Other Joint/Cooperative Agreements	X	X	X	Adams County Safe Schools/Sheriffs Department						
33	Other	X	X	X	1:1 Initiative/Partnership With Pearson Education						
34											
35	Additional space for Column (D) - Barriers to Implementation:										
36											
37											
38											
40	Additional space for Column (E) - Name of LEA:										
41											
42											
43											



**ILLINOIS STATE BOARD OF EDUCATION**  
School Business Services Division (N-330)  
100 North First Street  
Springfield, IL 62777-0001

**LIMITATION OF ADMINISTRATIVE COSTS WORKSHEET**  
(Section 17-1.5 of the School Code)

School District Name: CUSD 4  
RCDT Number: 1-001-0040-26

Description	Funct. No.	Actual Expenditures, Fiscal Year 2018			Budgeted Expenditures, Fiscal Year 2019		
		(10) Educational Fund	(20) Operations & Maintenance Fund	Total	(10) Educational Fund	(20) Operations & Maintenance Fund	Total
1. Executive Administration Services	2320	123,411		123,411	128,960		128,960
2. Special Area Administration Services	2330	0		0			0
3. Other Support Services - School Administration	2490	0		0			0
4. Direction of Business Support Services	2510	0	0	0			0
5. Internal Services	2570	5,324		5,324	5,500		5,500
6. Direction of Central Support Services	2610	0		0			0
7. Deduct - Early Retirement or other pension obligations required by state law and included above.				0			0
8. Totals		128,735	0	128,735	134,460	0	134,460
9. Percent Increase (Decrease) for FY2019 (Budgeted) over FY2018 (Actual)							4%

**CERTIFICATION**

I certify that the amounts shown above as "Actual Expenditures, Fiscal Year 2018" agree with the amounts on the district's Annual Financial Report for Fiscal Year 2018.

I also certify that the amounts shown above as "Budgeted Expenditures, Fiscal Year 2019" agree with the amounts on the budget adopted by the Board of Education.

\_\_\_\_\_  
Signature of Superintendent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name (for questions)

\_\_\_\_\_  
Contact Telephone Number

**If line 9 is greater than 5% please check one box below.**

- ☐ The District is ranked by ISBE in the lowest 25th percentile of like districts in administrative expenditures per student (4th quartile) and will waive the limitation by board action, subsequent to a public hearing. Waiver resolution must be adopted no later than June 30.
- ☐ The district is unable to waive the limitation by board action and will be requesting a waiver from the General Assembly pursuant to the procedures in Chapter 105 ILCS 5/2-3.25g. Waiver applications must be postmarked by August 15, 2018 to ensure inclusion in the Fall 2018 report or postmarked by January 15, 2019 to ensure inclusion in the Spring 2019 report. Information on the waiver process can be found at <https://www.isbe.net/Pages/Waivers.aspx>
- ☐ The district will amend their budget to become in compliance with the limitation. Budget amendments must be adopted no later than June 30.

**This page is provided for detailed itemizations as requested within the body of the report.**  
Type Below.

Page 10, Line 106 - Other Fees:

Column C - Educational Student Fees	\$ <u>98,047</u>
--	------------------

Page 10, Line 107 - Other Local Revenue:

Column C - Educational	
Payson Football Coop Fee	\$ 2,500
P-Card Rebate	2,243
HRA Admin Fees	2,273
Advertising Sign Initial Costs	<u>617</u>
 Total	 \$ <u>7,633</u>

Page 12, Line 171 - Other Restricted Revenue From State Sources:

Column C - Educational	
State Library Grant - FY17	\$ 750
State Library Grant - FY18	<u>750</u>
 Total	 \$ <u>1,500</u>

Page 15, Line 41 - Other Support Services - Pupils:

Column F - Supplies & Materials	
Graduation Expenses	\$ <u>1,328</u>

Page 18, Line 171 - Debt Services - Other:

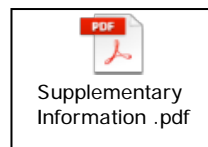
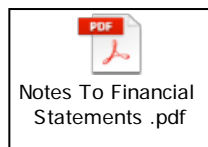
Column H - Other Objects	
Bond Paying Agent Fees	\$ <u>1,500</u>

Audit Checklist:

Item 8, Page 24, Schedule of Bonds Payable  
The Audit Checklist shows an error message due to the payments and outstanding balances due on the District's Lease/Purchase Agreements in the Transportation Fund.

Reference Pages.

- <sup>1</sup> Do not enter negative numbers. Reports with negative numbers will be returned for correction.
- <sup>2</sup> GASB Statement No. 24; Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. The "On Behalf of" Payments should only be reflected on this page.
- <sup>3</sup> Equals Line 8 minus Line 17
- <sup>4</sup> May require notification to the county clerk to abate an equal amount from taxes next extended. Refer to Section 17-2.11 for the applicable provisions and other "limited" transfer authority to O&M through June 30, 2013
- <sup>5</sup> Requires notification to the county clerk to abate an equal amount from taxes next extended. See Section 10-22.14
- <sup>6</sup> Use of proceeds from the sale of school sites buildings, or other real estate is limited. See Sections 5-22 and 10-22.8 of the School Code.
- <sup>7</sup> Include revenue accounts 1110 through 1115, 1117, 1118 & 1120. Include taxes for bonds sold that are in addition to those identified separately.
- <sup>8</sup> Educational Fund (10) - Computer Technology only.
- <sup>9</sup> Corporate personal property replacement tax revenue must be first applied to the Municipal Retirement/Social Security Fund to replace tax revenue lost due to the abolition of the corporate personal property tax (30 ILCS 115/12). This provision does not apply to taxes levied for Medicare-Only purposes.
- <sup>10</sup> Include only tuition payments made to private facilities. See Function 4200 or 4400 for public facility disbursements/expenditures.
- <sup>11</sup> Payment towards the retirement of lease/purchase agreements or bonded/other indebtedness (principal only) otherwise reported within the fund—e.g. alternate revenue bonds( Describe & Itemize).
- <sup>12</sup> Only abolishment of Working Cash Fund must transfer its funds directly to the Educational Fund upon adoption of a resolution and at the close of the current school Year (see 105 ILCS 5/20-8 for further explanation)  
Only abatement of working cash fund can transfer its funds to any fund in most need of money (see 105 ILCS 5/20-10 for further explanation)



**[Please insert files above]**

**Instructions to insert word doc or pdf files:**

Choose: Insert - Select: Object - Select Create New tab - Select file type Adobe Acrobat or Microsoft Word Document - Select Create from File tab - Select Browse - Select file that you want to embed - Check Display as icon - Select OK.

*Note: If you have trouble inserting pdf files, submit as a separate attachments and they will be inserted for you.*

	A	B	C	D	E	F
1	<b>DEFICIT ANNUAL FINANCIAL REPORT (AFR) SUMMARY INFORMATION</b> <b>Provisions per Illinois School Code, Section 17-1 (105 ILCS 5/17-1)</b>					
2	<b>Instructions:</b> If the Annual Financial Report (AFR) reflects that a "deficit reduction plan" is required as calculated below, then the school district is to complete the "deficit reduction plan" in the annual budget and submit the plan to Illinois State Board of Education (ISBE) within 30 days after accepting the audit report. This may require the FY2019 annual budget to be amended to include a "deficit reduction plan" and narrative.					
3	The "deficit reduction plan" is developed using ISBE guidelines and is included in the School District Budget Form 50-36, beginning with page 20. A plan is required when the operating funds listed below result in direct revenues (cell F6) being less than direct expenditures (cell f7) by an amount equal to or greater than one-third (1/3) of the ending fund balance (cell f9). That is, if the ending fund balance is less than three times the deficit spending, the district must adopt and submit an original budget/amended budget with ISBE that provides a "deficit reduction plan" to balance the shortfall within the next three years.					
4	<ul style="list-style-type: none"> <li>If the FY2019 school district budget already requires a deficit reduction plan, and one was submitted, an updated (amended) budget is not required.</li> </ul>					
5	<ul style="list-style-type: none"> <li>If the Annual Financial Report requires a deficit reduction plan even though the FY2019 budget does not, a completed deficit reduction plan is still required.</li> </ul>					
6	<b>DEFICIT AFR SUMMARY INFORMATION - Operating Funds Only</b> <i>(All AFR pages must be completed to generate the following calculation)</i>					
7	Description	EDUCATIONAL FUND (10)	OPERATIONS & MAINTENANCE FUND (20)	TRANSPORTATION FUND (40)	WORKING CASH FUND (70)	TOTAL
8	Direct Revenues	5,025,389	355,242	422,584	40,968	5,844,183
9	Direct Expenditures	4,313,574	307,746	571,056		5,192,376
10	Difference	711,815	47,496	(148,472)	40,968	651,807
11	Fund Balance - June 30, 2018	192,617	1,443,846	(66,867)	769,924	2,339,520
12	<p style="text-align: center; color: blue;">Balanced - no deficit reduction plan is required.</p>					
13						
14						
15						

## Audit Checklist

All entries must balance within the individual fund statements and schedules as instructed below. Any error messages left unresolved below, will be returned to the auditor for correction.

1. The auditor's Opinion and Notes to the Financial Statements and the Corrective Action Plan(s) on LEA letterhead are embedded in the "Opinion-Notes 34" tab.
2. Student Activity Funds, Convenience Accounts, and other agency funds are included, if applicable.
3. All audit questions on page 2 are answered appropriately by checking all that apply. This page must also be certified with the signature of the CPA firm. Comments and explanations are included for all checked items at the bottom of page 2.
4. All **Other** accounts and functions labeled "(describe & itemize)" are properly noted on the "Itemization 33" tab.
5. In all funds, Function No. 2900 does not include Worker's Compensation or Unemployment Insurance.
6. Tuition paid to another school district or to a joint agreement (in state) is coded to Function 4200, and Other Objects (600).
7. Business Manager/Bookkeeper Costs are charged to the proper Function (No. 2510/2520).
8. If district is subject to PTELL on tab "Aud Quest 2", line 21 be sure to check the box and enter the effective date.
9. All entries were entered to the nearest whole dollar amount.

## Balancing Schedule

*Check this Section for Error Messages*

The following assures that various entries are in balance. Any out of balance condition is followed by an error message in **RED** and must be resolved before submitting to ISBE. One or more errors detected may cause this AFR to be returned for corrections and resubmission. If impossible for entries to balance please explain on the itemization page.

Description:	Error Message
<b>1. Cover Page: The Accounting Basis must be Cash or Accrual.</b>	
<b>2. The Single Audit related documents must be completed and attached.</b>	
What Basis of Accounting is used?	CASH
Accounting for late payments (Audit Questionnaire Section D)	OK
Are Federal Expenditures greater than \$750,000?	OK
Is all Single Audit information completed and enclosed?	OK
Is Budget Deficit Reduction Plan Required?	Congratulations! You have a balanced AFR.
<b>3. Page 3: Financial Information must be completed.</b>	
Section A: Tax rates are not entered in the following format: [1.50 should be .0150]. Please enter with the correct decimal point.	OK
Section D: Check a or b that agrees with the school district type.	OK
<b>4. Page 5: Cells C4:L4 Acct 111-115 - Cash Balances cannot be negative.</b>	
Fund (10) ED: Cash balances cannot be negative.	OK
Fund (20) O&M: Cash balances cannot be negative.	OK
Fund (30) DS: Cash balances cannot be negative.	OK
Fund (40) TR: Cash balances cannot be negative.	OK
Fund (50) MR/SS: Cash balances cannot be negative.	OK
Fund (60) CP: Cash balances cannot be negative.	OK
Fund (70) WC: Cash balances cannot be negative.	OK
Fund (80) Tort: Cash balances cannot be negative.	OK
Fund (90) FP&S: Cash balances cannot be negative.	OK
<b>5. Page 5 &amp; 6: Total Current &amp; Capital Assets must = Total Liabilities &amp; Fund Balance.</b>	
Fund 10, Cell C13 must = Cell C41.	OK
Fund 20, Cell D13 must = Cell D41.	OK
Fund 30, Cell E13 must = Cell E41.	OK
Fund 40, Cell F13 must = Cell F41.	OK
Fund 50, Cell G13 must = Cell G41.	OK
Fund 60, Cell H13 must = Cell H41.	OK
Fund 70, Cell I13 must = Cell I41.	OK
Fund 80, Cell J13 must = Cell J41.	OK
Fund 90, Cell K13 must = Cell K41.	OK
Agency Fund, Cell L13 must = Cell L41.	OK
General Fixed Assets, Cell M23 must = Cell M41.	OK
General Long-Term Debt, Cell N23 must = Cell N41.	OK
<b>6. Page 5: Sum of Reserved &amp; Unreserved Fund Balance must = Page 8, Ending Fund Balance.</b>	
Fund 10, Cells C38+C39 must = Cell C81.	OK
Fund 20, Cells D38+D39 must = Cell D81.	OK
Fund 30, Cells E38+E39 must = Cell E81.	OK
Fund 40, Cells F38+F39 must = Cell F81.	OK
Fund 50, Cells G38+G39 must = Cell G81.	OK
Fund 60, Cells H38+H39 must = Cell H81.	OK
Fund 70, Cells I38+I39 must = Cell I81.	OK
Fund 80, Cells J38+J39 must = Cell J81.	OK
Fund 90, Cells K38+K39 must = Cell K81.	OK
<b>8. Page 24: Schedule of Long-Term Debt must = Pages 5, 8 &amp; 18: Basic Financial Statements.</b>	
<b>Note: Explain any unreconcilable differences in the Itemization sheet.</b>	
Total Long-Term Debt Issued (P24, Cell F49) must = Principal on Long-Term Debt Sold (P8, Cells C33:K33).	ERROR!
Total Long-Term Debt (Principal) Retired (P18, Cells H170) must = Debt Service - Long-Term Debt (Principal) Retired (P24, Cells H49).	ERROR!
<b>9. Page 7 &amp; 8: Other Sources of Funds (L24:L42) must = Other Uses of Funds (P8, L46:L59).</b>	
Acct 7130 - Transfer Among Funds, Cells C27:K27 must = Acct 8130 Transfer Among Funds, Cells C49:K49	OK
Acct 7140 - Transfer of Interest, Cells C28:K28 must = Acct 8140 Transfer of Interest, Cells C50:K50.	OK
Acct 7900 - ISBE Loan Proceeds (Cells C42:K42) must = Acct 8910 - Transfers to Debt Service Fund to Pay Principal on ISBE Loans (Cells C74:K74)	OK
<b>10. Restricted Tax Levies Page 25, Line 25 must = Reserved Fund Balance, Pages 5 &amp; 6, Line 38.</b>	
Reserved Fund Balance, Page 5, Cells C38:H38 must be => Reserve Fund Balance Cell G25:K25.	OK
Unreserved Fund Balance, Page 5, Cells C39:H39 must be > 0	OK
<b>11. Page 5: "On behalf" payments to the Educational Fund</b>	
Fund (10) ED: Account 3998, cell C9 must be entered or Explain why this is zero.	OK
<b>12. Page 27: The 9 Month ADA must be entered on Line 78.</b>	OK
<b>13. Page 29: Contracts Paid in Current Year (CY) MUST be completed. Please return to page 29 and add all current year contracts.</b>	OK
<b>14. Page 31: SHARED OUTSOURCED SERVICES, Completed.</b>	OK
<b>15. Page 32: LIMITATION OF ADMINISTRATIVE COST, Budget Information must be completed and submitted to ISBE.</b>	OK

**ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)**  
**DISTRICT/JOINT AGREEMENT**  
**Year Ending June 30, 2018**

DISTRICT/JOINT AGREEMENT NAME <b>CUSD 4</b>	RCDT NUMBER <b>01-001-0040-26</b>	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER <b>066-003689</b>	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) <b>SCOTT D. RIDDLE</b>		NAME AND ADDRESS OF AUDIT FIRM <b>GRAY HUNTER STENN LLP</b> <b>500 MAINE STREET, PO BOX 32</b> <b>QUINCY</b>	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code)  <b>463 WEST COLLINS</b> <b>MENDON</b>  <b>62351</b>		E-MAIL ADDRESS: <b>lay@gray-hunter-stenn.com</b>	
		NAME OF AUDIT SUPERVISOR <b>LOWELL A. YATES</b>	
		CPA FIRM TELEPHONE NUMBER <b>217-222-0304</b>	FAX NUMBER <b>217-222-1691</b>

**THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:**

- ☐ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☐ Financial Statements including footnotes (Title 2 CFR §200.510 (a))
- ☐ Schedule of Expenditures of Federal Awards including footnotes (Title 2 CFR §200.510 (b))
- ☐ Independent Auditor's Report on the Financial Statements (Title 2 CFR §200.515 (a))
- ☐ Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Title 2 CFR §200.515 (b))
- ☐ Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance (Title 2 CFR §200.515 (c))
- ☐ Schedule of Findings and Questioned Costs (Title 2 CFR §200.515 (d))
- ☐ Summary Schedule of Prior Audit Findings (Title 2 CFR §200.511 (b))
- ☐ Corrective Action Plan on LEA letterhead (Title 2 CFR §200.511 (c))

**THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:**

- ☐ A Copy of the Federal Data Collection Form (Title 2 CFR §200.512 (b))
- ☐ A Copy of each Management Letter

**Note: IF THE PAPER COPY OF THE AFR IS NOT THE SAME AS THE ELECTRONIC VERSION, PLEASE NOTIFY - Leslie Clay at [lclay@isbe.net](mailto:lclay@isbe.net)**

**CUSD 4**  
**01-001-0040-26**  
**SINGLE AUDIT INFORMATION CHECKLIST**

The following checklist is **OPTIONAL**; it is not a required form for completion of Single Audit information. The purpose of the checklist is to assist in determining if appropriate information has been correctly completed within the Annual Financial Report (AFR). This is not a complete listing of all Single Audit requirements, but highlights some of the more common errors found during ISBE reviews.

**GENERAL INFORMATION**

- ☐ 1. **Signed** and **dated** copies of audit opinion letters have been included with audit package submitted to ISBE.
- ☐ 2. All opinion letters use the **most current audit language and formatting** as mandated in SAS 115/SAS 117 and other pronouncements.
- ☐ 3. **ALL** Single Audit forms within the AFR Excel workbook have been completed, where appropriate.  
- For those forms that are not applicable, "N/A" or similar language has been indicated.
- ☐ 4. **ALL** Federal revenues reported in FRIS Report 0053 (Summary of Payments) are accounted for in the Schedule of Expenditures of Federal Awards (SEFA).
- ☐ 5. Federal revenues reported on the AFR reconcile to Federal revenues reported on the SEFA.  
- Verify or reconcile on reconciliation worksheet.
- ☐ 6. The total value of non-cash **COMMODITIES** has been included within the AFR on the **INDIRECT COSTS** page (ICR Computation 29) on Line 11. It **should not** be included in the Statement of Revenues Received (REVENUES 9-14) within the AFR Accounts 4210 - 4299.  
Those accounts are specific cash programs, not non-cash assistance such as **COMMODITIES**.
- ☐ 7. Complete audit package (Data Collection Form, audit reports, etc.) has been submitted electronically to the Federal Audit Clearinghouse <https://harvester.census.gov/facweb/Default.aspx>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

- ☐ 8. All prior year's projects are included and reconciled to final FRIS report amounts.  
- Including receipt/revenue and expenditure/disbursement amounts.
- ☐ 9. All current year's projects are included and reconciled to most recent FRIS report filed.  
- Including receipt/revenue and expenditure/disbursement amounts.
- ☐ 10. Differences in reported spending amounts on the SEFA and the final FRIS reports should be detailed and/or documented in a finding, - discrepancies should be reported as Questioned Costs.
- ☐ 11. The total amount provided to subrecipients from each Federal program is included.
- ☐ 12. Prior-year and Current-year Child Nutrition Programs (CNP) are included on the SEFA (with prior-year program showing total cash received):  
Project year runs from October 1 to September 30, so projects will cross fiscal year;  
This means that audited year revenues will include funds from both the prior year and current year projects.
- ☐ 13. Each CNP project should be reported on a separate line (one line per project year per program).
- ☐ 14. Total CNP Revenue amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☐ 15. Total CNP Expenditure amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☐ 16. Exceptions should result in a finding with Questioned Costs.
- ☐ 17. The total value of non-cash **COMMODITIES** has been reported on the SEFA (CFDA 10.555).  
- The value is determined from the following, **with each item on a separate line**:
  - ☐ \* **Non-Cash Commodities**: Monthly Commodities Bulletin for April (From the Illinois Commodities System accessed through ISBE web site)  
Total commodities = A PAL Allocated + B PAL Allocated + Processing Deductions + Total Bonus Allocated  
[Verify Non-Cash Commodities amount on ISBE web site: https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx](https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx)
  - ☐ \* **Non-Cash Commodities**: Commodities information for non-cash items received through **Other Food Services**  
Districts should track separately through year; no specific report available from ISBE  
Verify Non-Cash Commodities amount through Other Food Services on ISBE web site:  
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
  - ☐ \* **Department of Defense Fresh Fruits and Vegetables** (District should track through year)  
- **The two commodity programs should be reported on separate lines on the SEFA.**  
Verify Non-Cash Commodities amount through DoD Fresh Fruits and Vegetables on ISBE web site:  
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
  - ☐ \* Amounts verified for **Fresh Fruits and Vegetables** cash grant program (ISBE code 4240)  
CFDA number: 10.582
- ☐ 18. **TOTALS** have been calculated for Federal revenue and expenditure amounts (Column totals).
- ☐ 19. Obligations and Encumbrances are included where appropriate.
- ☐ 20. **FINAL STATUS** amounts are calculated, where appropriate.
- ☐ 21. Medicaid Fee-for-Service funds, E-Rate reimbursements and Build America Bond interest subsidies have **not** been included on the SEFA.
- ☐ 22. **All** programs tested (not just Type A programs) are indicated by either an \* or (M) on the SEFA.
- ☐ 23. **NOTES TO THE SEFA** within the AFR Excel workbook (SEFA NOTES) have been completed.



**CUSD 4**  
**01-001-0040-26**  
**SINGLE AUDIT INFORMATION CHECKLIST**

Including, but not limited to:

- ☐ 24. Basis of Accounting
- ☐ 25. Name of Entity
- ☐ 26. Type of Financial Statements
- ☐ 27. Subrecipient information (**Mark "N/A" if not applicable**)
- ☐ \* ARRA funds are listed separately from "regular" Federal awards

**SUMMARY OF AUDITOR'S RESULTS/FINDINGS/CORRECTIVE ACTION PLAN**

- ☐ 28. Audit opinions expressed in opinion letters **match** opinions reported in Summary.
- ☐ 29. **All** Summary of Auditor Results questions have been answered.
- ☐ 30. All tested programs **and** amounts are listed.
- ☐ 31. Correct testing threshold has been entered. (Title 2 CFR §200.518)

**Findings have been filled out completely and correctly (if none, mark "N/A").**

- ☐ 32. Financial Statement and/or Federal Award Findings information has been completely filled out for each finding, with finding numbers in correct format.
- ☐ 33. Finding completed for each **Significant Deficiency** and for each **Material Weakness** noted in opinion letters.
- ☐ 34. Separate finding for each Federal program (i.e., don't report same finding for multiple programs on one sheet).
- ☐ 35. Separate finding sheet for each finding on programs (e.g., excess interest earned and unallowable expenditures are two findings and should be reported separately, even if both are on same program).
- ☐ 36. Questioned Costs have been calculated where there are questioned costs.
- ☐ 37. Questioned Costs are separated by project year **and** by program (and sub-project, if necessary).
- ☐ 38. Questioned Costs have been calculated for Interest Earned on **Excess Cash on Hand**.
  - Should be based on actual amount of interest earned
  - Questioned Cost amounts are broken out between programs if multiple programs are listed on the finding
- ☐ 39. **A CORRECTIVE ACTION PLAN, on the LEA's letterhead** has been completed for each finding.
  - Including Finding number, action plan details, projected date of completion, name and title of contact person

**CUSD 4**  
**01-001-0040-26**

**RECONCILIATION OF FEDERAL REVENUES**  
**Year Ending June 30, 2018**  
**Annual Financial Report to Schedule of Expenditures of Federal Awards**

**TOTAL FEDERAL REVENUE IN AFR**

Account Summary 7-8, Line 7	Account 4000	\$ 432,284
Flow-through Federal Revenues		
Revenues 9-14, Line 112	Account 2200	-
Value of Commodities		
Indirect Cost Info 29, Line 11		25,462
Less: Medicaid Fee-for-Service Program		
Revenues 9-14, Line 271	Account 4992	(40,979)
<b>AFR TOTAL FEDERAL REVENUES:</b>		<b>\$ 416,767</b>

**ADJUSTMENTS TO AFR FEDERAL REVENUE AMOUNTS:**

Reason for Adjustment:

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

<b>ADJUSTED AFR FEDERAL REVENUES</b>	<b>\$ 416,767</b>
--------------------------------------	-------------------

Total Current Year Federal Revenues Reported on SEFA:  
Federal Revenues

Column D

**Adjustments to SEFA Federal Revenues:**

Reason for Adjustment:

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

ADJUSTED SEFA FEDERAL REVENUE:	\$ -
--------------------------------	------

DIFFERENCE:	\$ 416,767
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**CUSD 4**  
**01-001-0040-26**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

**Year Ending June 30, 2018**

**Note 1: Basis of Presentation<sup>5</sup>**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **[Entity #XYZ]** and is presented on the **[Identify Basis of Accounting]**. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the **[General-Purpose or Basic]** financial statements.

**Note 2: Indirect Facilities & Administration costs<sup>6</sup>**

Auditee elected to use 10% de minimis cost rate? \_\_\_\_\_ YES \_\_\_\_\_ NO

**Note 3: Subrecipients**

Of the federal expenditures presented in the schedule, **[Entity #XYZ]** provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipient

**Note 4: Non-Cash Assistance**

The following amounts were expended in the form of non-cash assistance by **[Entity #XYZ]** and **should be** included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555)**:	\$0	
OTHER NON-CASH ASSISTANCE - DEPT. OF DEFENSE FRUITS & VEGETABLES	\$0	Total Non-Cash <span style="border: 1px solid black; padding: 2px;"><b>\$0</b></span>

**Note 5: Other Information**

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property	_____
Auto	_____
General Liability	_____
Workers Compensation	_____

Loans/Loan Guarantees Outstanding at June 30:

District had Federal grants requiring matching expenditures	_____
	(Yes/No)

\*\* The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

<sup>5</sup> This note is included to meet the Uniform Guidance requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule. (§200.510 (b)(6))

<sup>6</sup> The Uniform Guidance requires the Schedule of Expenditures of Federal Awards to note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs. §200.510 (b)(6)

[illegible]

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

<sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

<sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

<sup>3</sup> When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

<sup>4</sup> The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees

outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

**CUSD 4**  
**01-001-0040-26**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: \_\_\_\_\_  
 (Unmodified, Qualified, Adverse, Disclaimer)

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- Material weakness(es) identified? \_\_\_\_\_ YES \_\_\_\_\_ None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ YES \_\_\_\_\_ None Reported
- Noncompliance material to the financial statements noted? \_\_\_\_\_ YES \_\_\_\_\_ NO

**FEDERAL AWARDS**

**INTERNAL CONTROL OVER MAJOR PROGRAMS:**

- Material weakness(es) identified? \_\_\_\_\_ YES \_\_\_\_\_ None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ YES \_\_\_\_\_ None Reported

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_  
 (Unmodified, Qualified, Adverse, Disclaimer<sup>7</sup>)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? \_\_\_\_\_ YES \_\_\_\_\_ NO

**IDENTIFICATION OF MAJOR PROGRAMS:<sup>8</sup>**

CFDA NUMBER(S) <sup>9</sup>	NAME OF FEDERAL PROGRAM or CLUSTER <sup>10</sup>	AMOUNT OF FEDERAL PROGRAM
<b>Total Amount Tested as Major</b>		<b>\$0</b>

**Total Federal Expenditures for 7/1/17-6/30/18**

\$0

% tested as Major

#DIV/0!

Dollar threshold used to distinguish between Type A and Type B programs: \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ YES \_\_\_\_\_ NO

<sup>7</sup> If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.  
 Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

<sup>8</sup> Major programs should generally be reported in the same order as they appear on the SEFA.

<sup>9</sup> When the CFDA number is not available, include other identifying number, if applicable.

<sup>10</sup> The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list

the name of the cluster.

**CUSD 4**  
**01-001-0040-26**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2018**

1. FINDING NUMBER: <sup>11</sup>	2018- _____	2. THIS FINDING IS:	<input type="checkbox"/> New	<input type="checkbox"/> Repeat from Prior Year?	Year originally reported? _____
3. Criteria or specific requirement					
4. Condition					
5. Context <sup>12</sup>					
6. Effect					
7. Cause					
8. Recommendation					
9. Management's response <sup>13</sup>					

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

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

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



**CUSD 4**  
**01-001-0040-26**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2018**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

1. FINDING NUMBER: <sup>14</sup>	<b>2018-</b> _____	2. THIS FINDING IS:	<input type="checkbox"/> New	<input type="checkbox"/> Repeat from Prior year?	Year originally reported? _____
3. Federal Program Name and Year: _____					
4. Project No.: _____			5. CFDA No.: _____		
6. Passed Through: _____					
7. Federal Agency: _____					
8. Criteria or specific requirement (including statutory, regulatory, or other citation)					
9. Condition <sup>15</sup>					
10. Questioned Costs <sup>16</sup>					
11. Context <sup>17</sup>					
12. Effect					
13. Cause					
14. Recommendation					
15. Management's response <sup>18</sup>					

**For ISBE Review**

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

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**CUSD 4**  
**01-001-0040-26**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2018**

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

**Finding Number**

**Condition**

**Current Status<sup>20</sup>**

---

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

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

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

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

**ADAMS COUNTY**  
**COMMUNITY UNIT SCHOOL DISTRICT NO. 4**  
**MENDON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note (1)    Summary Of Significant Accounting Policies**

The District's accounting policies conform to the cash basis of accounting as defined by 23 Illinois Administrative Code 100, Subtitle A, Subchapter c.

**A.    Principles Used To Determine The Scope Of The Reporting Entity**

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

**B.    Basis Of Presentation - Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

**Educational Fund**

The Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration (even those for buildings and grounds). Certain revenues that must be credited to this fund include educational tax levies, tuition and textbook rental.

**Note (1)     Summary Of Significant Accounting Policies (Cont'd.)**

The salaries of janitors, engineers, and other custodial employees and all costs of fuel, lights, gas, water, telephone service and custodial supplies and equipment are charged to this fund. The school board may provide, by resolution, to charge to the Operations and Maintenance Fund all salaries of janitors, engineers or other custodial employees and all costs of fuel, lights, gas, water, telephone service and custodial supplies and equipment or any one or more of these items.

**Operations And Maintenance Fund**

All costs of maintaining, improving or repairing school buildings and property, and renting buildings and property for school purposes, are to be charged to the Operations and Maintenance Fund.

**Debt Services Fund**

Bonds are generally issued to finance the construction of buildings and may be issued for other purposes. Property taxes are levied to provide cash to retire the bonds and pay interest on them. To protect bondholders, property tax collections and payments of principal and interest are accounted for in the Debt Services Fund. The District must maintain a separate debt service fund for each bond issue, but the funds are aggregated for reporting purposes.

**Transportation Fund**

The Transportation Fund must be used if the District pays for transporting pupils for any purpose. Costs of transportation, including the purchase of vehicles, are to be paid from this fund. Funds received for transportation purposes from any source must be deposited into this fund, except for the portion of state reimbursement applicable to other funds.

**Municipal Retirement/Social Security Fund**

This fund is used if a separate tax is levied for the purpose of providing resources for the District's share of retirement benefits for covered employees or a separate tax is levied for the purpose of providing resources for the District's share of social security and medicare only payments for covered employees.

**Capital Projects Fund**

This fund is required to account for proceeds resulting from each bond issue, receipts from other long term financing agreements (including impact fee agreements), or construction or maintenance grants used to finance a capital project, capital lease, lease purchase agreement, or if a tax is levied in accordance with Section 17-2.3 of the School Code. The District must establish a separate fund for each project or financing source, but the funds are aggregated for reporting purposes.

**Working Cash Fund**

If a separate tax is levied for working cash purposes or if bonds are sold for this purpose the proceeds are recorded in the Working Cash Fund. Interfund loans from this fund may be made to any fund for which taxes are levied.

**Note (1)     Summary Of Significant Accounting Policies (Cont'd.)**

**Tort Fund**

This fund is used if taxes are levied or bonds are sold for tort immunity or tort judgment purposes.

**Fire Prevention And Safety Fund**

The Fire Prevention and Safety Fund is used when a tax is levied or bonds issued for fire prevention, safety, energy conservation or school security purposes. The funds received from the levy or proceeds of the bond issue may only be used for the purpose stipulated.

**Agency Fund**

The Agency Fund includes the Student Activity Funds. It is used to account for assets held by the District as an agent for the students. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

**Measurement Focus**

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

**General Fixed Assets Account Group**

Records of physical assets which have a long-term (i.e., more than one year) period of usefulness to the District are maintained in a group of accounts separate from the fund which provided the cash for the purchase of those assets. Acquisitions of general fixed assets are recorded here at least at the end of the fiscal year by entering the items purchased during the year and charged in the Educational; Operations and Maintenance; Transportation; Fire Prevention and Safety; and Capital Projects Funds.

**General Long-Term Debt Account Group**

Records of the District's total bonded debt are maintained in a group of accounts separate from the Debt Service Fund. When bonds are sold and the resolution including future tax levies is filed with the county clerk, this event is entered in the General Long-Term Debt Account Group. Other types of general long-term debt are also recorded here.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

**Note (1)     Summary Of Significant Accounting Policies (Cont'd.)**

**C.     Basis Of Accounting**

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting as defined by 23 Illinois Administrative Code 100, Subtitle A, Subchapter c.

Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

**D.     Budgets And Budgetary Accounting**

The budget for all District Funds is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Act 5, Section 17-1 of the Illinois Compiled Statutes. The budget was adopted by the Board of Education on September 20, 2017. There were no amendments to the budget. Budgeted amounts for revenues are not included in the Annual Financial Report.

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

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

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

**Note (1)     Summary Of Significant Accounting Policies (Cont'd.)**

**E.     Inventories**

The District does not maintain inventories. All consumable items are expensed when purchased.

**F.     Investments**

Investments are stated at fair value. Realized and unrealized gains and losses are included in revenues. The District has adopted a formal written investment policy but does not have a cash management policy. The institutions in which investments are made must be approved by the Board of Education.

**G.     General Fixed Assets**

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the applicable funds and capitalized at cost in the General Fixed Assets Account Group. Items costing \$500 or more are considered fixed assets. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. The District does not maintain a detailed list of its capital assets, but rather records them as a group in the year of purchase, except for transportation vehicles which are recorded individually.

Depreciation accounting is not considered applicable (except to determine the per capita tuition charge). Depreciation is calculated using the straight-line method over 5 to 50 years in accordance with state guidelines: Buildings 50 years; Improvements other than buildings 20 years; Equipment other than transportation 10 years; Transportation equipment 5 years. Fully depreciated items are removed from the accounts, except for transportation vehicles that are removed upon disposal. Depreciation expense allowed for the per capita tuition charge was \$337,785 for the year ended June 30, 2018.

**Note (2)     Property Tax**

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2017 levy was passed by the Board of Education on December 20, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The District receives significant distributions of tax receipts from the County Treasurer approximately one month after these due dates. Taxes recorded in these financial statements are from the 2016 and prior tax levies.

**Note (2) Property Tax (Cont'd)**

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of equalized assessed valuation:

<u>Fund</u>	<u>Maximum Levy</u>	<u>Actual Levy</u>	
	<u>2017</u>	<u>2017</u>	<u>2016</u>
Educational	\$ 1.97000	\$ 1.95000	\$ 1.95000
Operations And Maintenance	0.50000	0.50000	0.50000
Debt Services	As needed	0.62060	0.65597
Transportation	0.2000	0.20000	0.20000
Municipal Retirement	As needed	0.24892	0.42816
Social Security	As needed	0.24892	0.42816
Tort	As needed	0.99700	1.02277
Working Cash	0.05000	0.05000	0.05000
Fire Prevention And Safety	0.05000	0.05000	0.05000
Special Education	0.04000	0.04000	0.04000
Leasing	0.05000	0.05000	0.05000
<u>Total</u>		\$ <u>4.95544</u>	\$ <u>5.37506</u>

**Note (3) Deposits And Investments**

The District is allowed to invest in securities as authorized by Chapter 30, Act 235, Sections 1 through 7 and Chapter 105, Act 5, Sections 7 and 8 of the Illinois Compiled Statutes.

**A. Deposits**

**Custodial Credit Risks** – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Currently the FDIC insurance limit is \$250,000. As of June 30, 2018, \$3,651,318 of the District's bank balance of \$4,078,192 was exposed to custodial credit risk as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Uninsured and collateralized with securities held by the pledging financial institution	\$ <u>3,468,840</u>	\$ <u>3,651,318</u>



**Note (3) Deposits And Investments (Cont'd)****B. Investments**

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the District's certificates of deposit may not be returned to it. Currently the FDIC insurance limit is \$250,000. At June 30, 2018, the District did not have any certificates of deposit.

**Note (4) Change In General Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Land	\$ 171,296	\$ -	\$ -	\$ 171,296
Buildings	8,374,450	-	1,290	8,373,160
Improvements	239,101	-	-	239,101
Transportation Equipment	835,695	215,020	319,605	731,110
Other Equipment	343,560	36,176	74,528	305,208
<b>Total</b>	<b>\$ 9,964,102</b>	<b>\$ 251,196</b>	<b>\$ 395,423</b>	<b>\$ 9,819,875</b>

**Note (5) Retirement Fund Commitments****A. Teachers' Retirement System Of The State Of Illinois****Plan Description**

The employer 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.

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

**Note (5)     Retirement Fund Commitments (Cont'd.)**

**Benefits Provided**

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal systems 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 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, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

- ***On Behalf Contributions to TRS.*** The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$1,890,180 in pension contributions from the State of Illinois.

**Note (5)     Retirement Fund Commitments (Cont'd.)**

- **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 \$16,074, and are deferred because they were paid after the June 30, 2017 measurement date.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$74,174 were paid from federal and special trust funds that required employer contributions of \$7,492. The contributions are deferred because they were paid after the June 30, 2017 measurement date.

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

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

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

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

Employer's proportionate share of the net pension liability	\$ 1,088,150
State's proportionate share of the net pension liability associated with the employer	<u>19,206,174</u>
<b>Total</b>	<b><u>\$20,294,324</u></b>

**Note (5) Retirement Fund Commitments (Cont'd.)**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .0014243148 percent, which was an increase of .0003685579 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018 the employer recognized pension expense of \$1,890,180 and revenue of \$1,890,180 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 11,819	\$ 502
Net difference between projected and actual earnings on pension plan investments	746	-
Changes in assumptions	72,626	31,268
Changes in proportion and differences between employer contributions and proportionate share of contributions	206,006	308,618
Employer contributions subsequent to the measurement date	272,991	-
<b>Total</b>	<b>\$ 564,188</b>	<b>\$ 340,388</b>

\$272,991 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<b>Year Ended June 30:</b>	
2019	\$(64,189)
2020	(9,404)
2021	(7,112)
2022	5,418
2023	6,096

**Actuarial Assumptions**

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

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

**Note (5)    Retirement Fund Commitments (Cont'd.)**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.70
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private Equity	14.0	10.63
<b>Total</b>	<b>100%</b>	

**Discount Rate**

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

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 because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

**Note (5)      Retirement Fund Commitments (Cont'd.)****Sensitivity Of The Employer's Proportionate Share Of The Net Pension Liability To Change In The Discount Rate**

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Employer's proportionate share of the net pension liability	<b>\$1,366,934</b>	<b>\$ 1,088,150</b>	<b>\$ 884,375</b>

**TRS Fiduciary Net Position**

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

**B.      Teacher Health Insurance Security Fund**

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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 the TRS who are not employees of the state to make a contribution to THIS Fund.

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

- ***On Behalf Contributions to THIS Fund.*** The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$32,702, and the employer recognized revenue and expenditures of this amount during the year.

**Note (5)      Retirement Fund Commitments (Cont'd.)**

- ***Employer Contributions to THIS Fund.*** The employer also makes contributions to THIS Fund. The District THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the employer paid \$24,388 to the THIS Fund, which was 100 percent of the required contribution.

**Further Information On THIS Fund**

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

**C.      Defined Benefit Pension Plan**

***Plan Description.*** The employer's defined benefit pension plan for Regular employees other than certified teachers provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer 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 (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

***Funding Policy.*** As set by statute, your Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require the employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2017 was 14.77 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

***Annual Pension Cost.*** The required contribution for calendar year 2017 was \$104,104.

**THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2017	\$ 104,104	100%	\$ -
12/31/2016	74,045	100%	-
12/31/2015	76,232	100%	-

**Note (5)     Retirement Fund Commitments (Cont'd.)**

The required contribution for 2017 was determined as part of the December 31, 2015, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2015, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2015 is being amortized as a level percentage of projected payroll on an open 26 year basis.

*Funding Status and Funding Progress.* As of December 31, 2017, the most recent actuarial valuation date, the plan was 59.51 percent funded. The actuarial accrued liability for benefits was \$1,257,802 and the actuarial value of assets was \$748,492, resulting in an underfunded actuarial accrued liability (UAAL) of \$509,310. The covered payroll for calendar year 2017 (annual payroll of active employees covered by the plan) was \$704,837 and the ratio of the UAAL to the covered payroll was 72 percent.

The schedule of funding progress, presented as Supplementary Information following the Notes To Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**D.     Social Security And Medicare**

Employees not qualifying for coverage under the Teachers' Retirement System or the Illinois Municipal Retirement System are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement System are covered under Social Security. The District paid \$48,084, the total required contribution for the current fiscal year for social security. In addition, the District paid \$45,440, the total contribution required for those employees covered under Medicare.

**Note (6)     Common Bank Account**

Separate bank accounts are not maintained for all District funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the common bank account balance attributable to each participating fund.

Some of the funds participating in the common bank account could incur overdrafts (deficits) in the account without the total account being overdrawn. At month end there were no known overdrafts in any fund.



**Note (7)    Changes In General Long-Term Debt**

	<u>Balance June 30, 2017</u>	<u>Purchases/ Proceeds</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
Fire Prevention and Safety Bonds, Series 2007	\$ 505,000	\$ -	\$ 390,000	\$ 115,000
Working Cash Bonds, Series 2007A	300,000	-	-	300,000
Fire Prevention and Safety Bonds, Series 2008	600,000	-	-	600,000
Lease/Purchase Agreement - Midwest Bus Sales	41,396	-	41,396	-
Lease/Purchase Agreement - Midwest Bus Sales	68,997	-	33,897	35,100
Lease/Purchase Agreement - Midwest Bus Sales	59,306	-	29,136	30,170
Lease/Purchase Agreement - Central States Bus Sales, Inc.	-	215,020	46,101	168,919
<b>Total</b>	<b>\$ 1,574,699</b>	<b>\$ 215,020</b>	<b>\$ 540,530</b>	<b>\$ 1,249,189</b>

The District issued Fire Prevention and Safety Bonds, Series 2007, in the face amount of \$3,070,000 dated February 1, 2007. The issue provides for serial retirement of principal on December 1 of each year, beginning December 1, 2008, and interest payments on June 1 and December 1 of each year, beginning December 1, 2008 at rates ranging from 4.00% to 5.00%. Principal and interest are payable from property taxes levied on all taxable property of the District. The paying agent is Heartland Bank and Trust Company, Normal, Illinois.

At June 30, 2018, the annual cash flow requirements for retirement of the Series 2007 bond principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
12/01/2018	\$ 115,000	4.00%	\$ 2,300	\$ 117,300
<b>Total</b>	<b>\$ 115,000</b>		<b>\$ 2,300</b>	<b>\$ 117,300</b>

The District issued Working Cash Bonds, Series 2007A, in the face amount of \$300,000 dated October 1, 2007. The proceeds were used to (1) increase the Working Cash Fund of the District and (2) pay costs associated with the issuance of the bonds. The issue provides for serial retirement of principal on December 1, 2018, and interest payments on December 1 of each year, beginning December 1, 2008 at 4.80%. Principal and interest are payable from property taxes levied on all taxable property of the District. The paying agent is Heartland Bank and Trust Company, Normal, Illinois.

**Note (7) Changes In General Long-Term Debt (Cont'd.)**

At June 30, 2018, the annual cash flow requirements for retirement of the Series 2007A bond principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
12/01/2018	\$ <u>300,000</u>	4.80%	\$ <u>7,200</u>	\$ <u>307,200</u>
<b>Total</b>	\$ <u>300,000</u>		\$ <u>7,200</u>	\$ <u>307,200</u>

The District issued Fire Prevention and Safety Bonds, Series 2008, in the face amount of \$600,000 on September 1, 2008. The issue provides for serial retirement of principal on December 1 of each year, beginning December 1, 2019, and interest payments on June 1 and December 1 of each year, beginning December 1, 2009 at rates ranging from 4.40% to 5.40%. Principal and interest are payable from property taxes levied on all taxable property of the District. The paying agent is Heartland Bank and Trust Company, Normal, Illinois.

At June 30, 2018, the annual cash flow requirements for retirement of the Series 2008 bond principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
12/01/2018			\$ 15,325	\$ 15,325
06/01/2019			15,325	15,325
12/01/2019	\$ 425,000	5.40%	15,325	440,325
06/01/2020			3,850	3,850
12/01/2020	<u>175,000</u>	4.40%	<u>3,850</u>	<u>178,850</u>
<b>Total</b>	\$ <u>600,000</u>		\$ <u>53,675</u>	\$ <u>653,675</u>

On May 18, 2017, the District entered into an installment sale contract (lease/purchase agreement) with Central States Bus Sales, Inc. to purchase four school buses for \$215,020. The contract provides for annual payments of \$46,558 including principal and interest beginning July 20, 2017. The unpaid balance is collateralized by the school buses. The annual payments are paid from the Transportation Fund.

**Note (7) Changes In General Long-Term Debt (Cont'd.)**

At June 30, 2018, the annual cash flow requirements for the retirement of the lease/purchase agreement principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
07/20/2018	\$ 39,767	3.993%	\$ 6,791	\$ 46,558
07/20/2019	41,366	3.993%	5,192	46,558
07/20/2020	43,028	3.993%	3,530	46,558
07/20/2021	44,758	3.993%	1,800	46,558
<u>Total</u>	\$ 168,919		\$ 17,313	\$ 186,232

On November 5, 2014 the District entered into an installment sale contract (lease/purchase agreement) with Midwest Bus Sales to purchase school buses for \$169,681. The contract provides for annual payments of \$36,346 including principal and interest beginning November 5, 2014. The unpaid balance is collateralized by the school buses. The annual payments are paid from the Transportation Fund.

At June 30, 2018, the annual cash flow requirements for the retirement of the lease/purchase agreement principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
11/05/2018	\$ 35,100	3.488%	\$ 1,246	\$ 36,346
<u>Total</u>	\$ 35,100		\$ 1,246	\$ 36,346

On September 1, 2015, the District entered into an installment sale contract (lease/purchase agreement) with Midwest Bus Sales to purchase school buses for \$145,846. The contract provides for annual payments of \$31,241 including principal and interest beginning July 27, 2015. The unpaid balance is collateralized by the school buses. The annual payments are paid from the Transportation Fund.

At June 30, 2018, the annual cash flow requirements for the retirement of the lease/purchase agreement principal and interest are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
7/27/2018	\$ -	3.488%	\$ -	\$ -
7/27/2019	30,170	3.488%	1,071	31,241
<u>Total</u>	\$ 30,170		\$ 1,071	\$ 31,241

**Note (8)    Computation of Legal Debt Margin**

<u>Equalized Assessed Valuation - 2017</u>	\$	<u>74,075,272</u>
Statutory Debt Limitation (13.8% of Assessed Valuation)	\$	10,222,388
Less Bonded Indebtedness		<u>1,015,000</u>
<u>Legal Debt Margin</u>	\$	<u>9,207,388</u>

**Note (9)    Interfund Receivables And Payables**

At June 30, 2018 interfund receivables/payables are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Balance 6/30/17</u>	<u>Additions (Deletions)</u>	<u>Balance 6/30/18</u>
O & M Fund	Educational Fund	\$ 690,000	\$	\$ 690,000
O & M Fund	Transportation Fund	100,000		100,000
Working Cash Fund	Transportation Fund	165,000	(165,000)	-
Working Cash Fund	Transportation Fund	-	165,000	165,000
		<u>\$ 955,000</u>	<u>\$ -</u>	<u>\$ 955,000</u>

The loans from the Operations and Maintenance Fund to the Educational Fund and the Transportation Fund are due within three years from the date of the loans. The old loan from the Working Cash Fund to the Transportation Fund was paid off during the current year and a new loan made for the same amount. The new loan from the Working Cash Fund to the Transportation Fund is due when sufficient property taxes are received in the Transportation Fund to repay the loan.

**Note (10)    Overexpenditure Of Budget And Deficit Fund Balance**

The District operated within the confines of the budgeted expenditures for all funds during the year ended June 30, 2018.

At June 30, 2018, the Transportation Fund had a deficit fund balance of \$66,867.

**Note (11) Contingencies**

The District received federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to request for reimbursement or to withholding of future funding for expenditures disallowed or other noncompliance with the terms of the federal grants and state funding. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

The District is a member of the Special Education Association of Adams County, which assesses annual fees on its members based on local district enrollment. Tuition is paid for District students enrolled in a program sponsored by the Special Education Association. No financial activities of the Special Education Association are included in these financial statements and the District does not have an equity interest in this joint agreement. The Special Education Association is a joint agreement that is separately audited and files its own separate Annual Financial Report. The Annual Financial Report will be available at the office in Quincy, Illinois after October 15, 2018.

**Note (12) Vacation and Sick Pay**

Vacation and sick pay are considered to be expenditures in the year paid. Vacation pay does not accumulate if not used in the year earned. Accumulated sick pay benefits are available to all full time employees to use in future years and are accumulated at the rate of 12 days per year. Upon termination the employee is not compensated for any unused sick pay, but days accumulated may be added to time employed for retirement benefits.

**Note (13) Health Insurance Plan**

On January 1, 2013 the District adopted a health insurance plan with a deductible of \$5,000 for each employee. In addition, The District adopted a health reimbursement plan where the employee is only responsible for the first \$1,000 of the deductible and the District will reimburse the remaining \$4,000 to each employee. The District covers 95% of the premium for each employee's single plan coverage and 95% of the premium for each administrator's single and family coverage.

**Note (14) Self-Insurance Plan**

The District elected to become self-insured for unemployment insurance. The District is therefore liable to the State for any payments made to any of its former employees claiming benefits. The District paid \$5,304 to the State for the year ended June 30, 2018 for unemployment benefits.

**Note (15) Potential Risks Of Loss**

The District is subject to potential risks of loss common to any governmental body. Significant losses are covered by commercial insurance for all major programs: property, liability and workers' compensation. During the year ended June 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

The District is insured under a retrospectively-rated policy for workers' compensation coverage. Therefore, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2018, the District did not pay any additional premium for the prior fiscal year.

**Note (16) Operating Leases**

On July 21, 2015, the District entered into five-year non-cancelable copier lease agreements with annual payments of \$12,336. On July 1, 2016, the District entered into a three-year lease agreement for computer equipment with annual payments of \$28,128. On July 3, 2017, the district entered into a three-year lease agreement for computer equipment with annual payments of \$49,309. On July 6, 2018, the District entered into a three-year lease agreement for computer equipment with annual payments of \$29,874. On August 10, 2015, the District entered into a lease agreement with Salem Lutheran Church for use of a portion of the Church Fellowship Hall basement as an Early Childhood Education facility. The initial term of the lease is one year with a renewal option term of one year until termination by Landlord or Tenant. The first year rent was \$4,000. Rent for future years is \$4,800.

Future lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 124,447
2020	191,519
2021	<u>29,874</u>
<u>Total</u>	<u>\$ 345,840</u>

**Note (17) Commitments**

Most teachers and some noncertified personnel are hired on nine month contracts from September to May, but are paid over twelve months from September to August. At June 30, 2018, the District owed two months salaries (approximately \$319,019) for teacher and noncertified contracts that were completed in May 2018.

**Note (18) Fund Balance Reporting**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

**A. Nonspendable Fund Balance**

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district all such items are expensed at the time of purchase, so there is nothing to report for this classification.

**B. Restricted Fund Balance**

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

**1. Special Education**

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

**2. Leasing Levy**

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

**3. State Grants**

Proceeds from state grants and the related expenditures have been included in the Educational Fund. At June 30, 2018, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.

**4. Federal Grants**

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2018, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted balances.

**Note (18) Fund Balance Reporting (Cont'd.)**

**5. Social Security**

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. At June 30, 2018 cash received from this restricted tax levy had exceeded cash disbursed by \$467,752, resulting in a Reserved Fund Balance of \$467,752 in the Municipal Retirement/Social Security Fund.

**C. Committed Fund Balance**

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Employee contracts for services rendered during the school year for employees paid over a twelve month pay schedule are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2018, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2018 amounted to \$319,019. This amount is shown as Unreserved in the Educational Fund to the extent of available funds.

**D. Assigned Fund Balance**

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

**E. Unassigned Fund Balance**

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations & Maintenance, and Working Cash Funds.

**F. Regulatory - Fund Balance Definitions**

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.



**Note (18) Fund Balance Reporting (Cont'd.)****G. Reconciliation of Fund Balance Reporting**

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

Generally Accepted Accounting Principles						Regulatory Basis	
Fund	Non-spendable	Restricted	Committed	Assigned	Unassigned	Financial Statements - Reserved	Financial Statements- Unreserved
Educational	\$ 0	\$ 0	\$319,019	\$ 0	\$-126,402	\$ 0	\$192,617
Operations & Maintenance	0	0	0	0	1,443,846	0	1,443,846
Debt Services	0	132,445	0	0	0	0	132,445
Transportation	0	0	0	0	-66,867	0	-66,867
Municipal Retirement	0	951,351	0	0	0	467,752	483,599
Capital Projects	0	0	0	0	0	0	0
Working Cash	0	0	0	0	769,924	0	769,924
Tort	0	181,653	0	0	0	0	181,653
Fire Prevention & Safety	0	113,870	0	0	0	0	113,870

**H. Expenditures of Fund Balance**

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

**Note (19) Subsequent Events**

Subsequent events have been evaluated through September 28, 2018, which is the date the financial statements were available to be issued. In the course of this evaluation, management has not identified any material subsequent events which are required to be disclosed.

# GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

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QUINCY, ILLINOIS  
OAK BROOK, ILLINOIS

MARION, ILLINOIS  
DEKALB, ILLINOIS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF INDIVIDUAL FUND BASIC FINANCIAL STATEMENTS ARISING FROM CASH TRANSACTIONS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Community Unit School District No. 4  
of Adams County  
Mendon, Illinois 62351

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the individual fund basic financial statements arising from cash transactions of Community Unit School District No. 4 of Adams County as at and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Community Unit School District No. 4 of Adams County's basic financial statements, and have issued our report thereon dated September 28, 2018. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, except for the General fixed Asset Account Group for which we express no opinion and except for the effects of the omitted disclosures required by Governmental Accounting Standards Board Statement (GASB) 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, partial disclosures required by GASB 68, *Accounting and Financial Reporting for Pensions (An Amendment of GASB No. 27)* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, on the cash basis of accounting, in accordance with regulatory reporting requirements established by 23 Illinois Administrative Code 100, Subtitle A, Subchapter c, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the individual fund basic financial statements arising from cash transactions, we considered Community Unit School District No. 4 of Adams County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the individual fund basic financial statements arising from cash transactions, but not for the purpose of expressing an opinion on the effectiveness of Community Unit School District No. 4 of Adams County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Unit School District No. 4 of Adams County's internal control.

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

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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Community Unit School District No. 4 of Adams County's individual fund basic financial statements arising from cash transactions are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

  
Certified Public Accountants

Dated at Quincy, Illinois  
September 28, 2018

## **SUPPLEMENTARY INFORMATION**

**ADAMS COUNTY**  
**COMMUNITY UNIT SCHOOL DISTRICT NO. 4**  
**MENDON, ILLINOIS**  
**STUDENT ACTIVITY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AS AT JUNE 30, 2018**

**ASSETS**

Cash	\$ <u>169,430</u>
<b><u>Total Assets</u></b>	<b>\$ <u><u>169,430</u></u></b>

**LIABILITIES AND FUND EQUITY**

**Liabilities:**

Due to Activity Fund Organizations	\$ 169,430
------------------------------------	------------

<b><u>Fund Equity</u></b>	<u>-</u>
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<b><u>Total Liabilities And Fund Equity</u></b>	<b>\$ <u><u>169,430</u></u></b>
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The Notes To Financial Statements are an integral part of this statement.

ADAMS COUNTY  
COMMUNITY UNIT SCHOOL DISTRICT NO. 4  
MENDON, ILLINOIS  
STUDENT ACTIVITY FUNDS  
STATEMENT OF CASH BALANCES  
AS AT JUNE 30, 2018

	Cash Balance 6/30/2017	Receipts	Disbursements	Cash Balance 6/30/2018
<b>High School Activity Accounts:</b>				
Adams Telephone	\$ -	\$ 500	\$ 500	\$ -
Art	19	1,430	1,417	32
Athletic	10,350	16,210	15,309	11,251
Band	2,997	658	1,454	2,201
Baseball	2,774	7,500	5,968	4,306
Basketball - Boys	2,407	6,137	7,522	1,022
Basketball - Girls	5,205	10,812	11,488	4,529
Cheerleaders - BB	805	9,927	9,900	832
Cheerleaders - FB	347	2,002	467	1,882
Choir	922	29	318	633
Class of 2017	1,141	-	1,141	-
Class of 2018	2,364	32,676	33,165	1,875
Class of 2019	4,280	5,585	1,685	8,180
Class of 2020	3,118	3,107	1,404	4,821
Class of 2021	-	3,759	1,810	1,949
Cross Country	495	1,420	1,284	631
District Betterment	-	21,081	16,948	4,133
East Coast Trip	-	1,996	1,996	-
FBLA	-	260	-	260
FFA	5,700	21,690	20,439	6,951
FFA Official Dress	-	2,000	1,081	919
FFA Convention	585	3,173	3,758	-
Football	1,784	10,283	9,245	2,822
Golf	6,822	2,711	3,904	5,629
History Club	40	295	-	335
Industrial Arts	135	-	-	135
Library	156	-	-	156
Math Calculator	2,549	1,802	1,852	2,499
Poetry/Art	619	1,533	1,446	706
Quiz Bowl	102	1,996	930	1,168
Science	3,232	1,680	2,902	2,010
Softball	1,872	3,503	2,549	2,826
Student Betterment	7,465	34,789	26,041	16,213
Student Council	5,998	5,859	7,011	4,846
Track	3,308	7,949	6,960	4,297
Trap	-	11,250	5,567	5,683
Veteran's Day Program	2,132	923	298	2,757
Volleyball	2,378	5,449	7,001	826
Yearbook	8,948	2,941	3,466	8,423
<b>Total Activity Accounts</b>	<b>\$ 91,049</b>	<b>\$ 244,915</b>	<b>\$ 218,226</b>	<b>\$ 117,738</b>
<b>Convenience Accounts:</b>				
Bus Driver Flower & Gift Fund	\$ 31	\$ -	\$ -	\$ 31
<b>Total High School</b>	<b>\$ 91,080</b>	<b>\$ 244,915</b>	<b>\$ 218,226</b>	<b>\$ 117,769</b>

**ADAMS COUNTY**  
**COMMUNITY UNIT SCHOOL DISTRICT NO. 4**  
**MENDON, ILLINOIS**  
**STUDENT ACTIVITY FUNDS**  
**STATEMENT OF CASH BALANCES**  
**AS AT JUNE 30, 2018**

	Cash Balance 6/30/2017	Receipts	Disbursements	Cash Balance 6/30/2018
<b><u>Middle School Activity Accounts:</u></b>				
Athletic	\$ 8,118	\$ 24,388	\$ 27,272	\$ 5,234
Basketball - Boys	1,802	7,741	7,820	1,723
Basketball - Girls	267	8,169	3,012	5,424
Cheerleading	650	3,622	3,602	670
DC Trip	281	-	-	281
Drama	51	626	369	308
Fifth Grade	2,652	-	1,237	1,415
Leadership	514	-	-	514
Literacy	475	3,514	3,208	781
Quiz Bowl	263	950	953	260
Sixth Grade	1,460	7,107	5,939	2,628
Student Betterment	5,109	4,325	5,230	4,204
Student Council	4,490	13,047	12,254	5,283
Track	1,919	3,086	2,591	2,414
Volleyball	4,622	3,060	318	7,364
<b><u>Total Middle School</u></b>	<b>\$ 32,673</b>	<b>\$ 79,635</b>	<b>\$ 73,805</b>	<b>\$ 38,503</b>
<b><u>Elementary School:</u></b>				
Mendon Elementary	\$ 15,267	\$ 27,066	\$ 29,175	\$ 13,158
<b><u>Total Activity Funds</u></b>	<b>\$ 139,020</b>	<b>\$ 351,616</b>	<b>\$ 321,206</b>	<b>\$ 169,430</b>

**ADAMS COUNTY**  
**COMMUNITY UNIT SCHOOL DISTRICT NO. 4**  
**MENDON, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LEVY YEARS 2014 - 2017**

	Levy Year			
	2014	2015	2016	2017
<b>Assessed Values As Equalized</b>	<b>\$ 60,527,105</b>	<b>\$ 63,802,656</b>	<b>\$ 68,895,271</b>	<b>\$ 74,075,272</b>
<b>Rate Per \$100:</b>				
Educational	\$ 1.95000	\$ 1.95000	\$ 1.95000	\$ 1.95000
Operations and Maintenance	0.50000	0.50000	0.50000	0.50000
Debt Services	0.74788	0.71230	0.65597	0.62060
Transportation	0.20000	0.20000	0.20000	0.20000
Municipal Retirement	0.14374	0.50939	0.42816	0.24892
Social Security	0.18009	0.50939	0.42816	0.24892
Tort Immunity	0.71513	1.01877	1.02277	0.99700
Working Cash	0.05000	0.05000	0.05000	0.05000
Fire Prevention and Safety	0.05000	0.05000	0.05000	0.05000
Special Education	0.04000	0.04000	0.04000	0.04000
Leasing	0.05000	0.05000	0.05000	0.05000
<b>Total</b>	<b>\$ 4.62684</b>	<b>\$ 5.58985</b>	<b>\$ 5.37506</b>	<b>\$ 4.95544</b>
<b>Taxes:</b>				
Taxes Extended	\$ 2,800,492	\$ 3,566,473	\$ 3,703,162	\$ 3,670,756
Prior Years' Taxes Collected	560	2,721	491	
Payments From Local Housing	1,389	1,881	1,847	
Mobile Home Tax	330	357	455	
Interest Collected	758	948	1,723	
Supplements	-	56	3,814	
<b>Total</b>	<b>\$ 2,803,529</b>	<b>\$ 3,572,436</b>	<b>\$ 3,711,492</b>	
<b>Deductions:</b>				
County Trustee	\$ 862	\$ 1,501	\$ 1,673	
Cancellations	6,013	16,434	3,115	
<b>Total</b>	<b>\$ 6,875</b>	<b>\$ 17,935</b>	<b>\$ 4,788</b>	
<b>Net Collections</b>	<b>\$ 2,796,654</b>	<b>\$ 3,554,501</b>	<b>\$ 3,706,704</b>	
<b>Distribution By Fund:</b>				
Educational	\$ 1,233,042	\$ 1,297,188	\$ 1,406,796	
Operations and Maintenance	302,216	317,940	344,803	
Debt Services	452,080	452,968	452,396	
Transportation	120,887	127,175	137,922	
Municipal Retirement/Social Security	195,735	647,824	590,522	
Working Cash	30,223	31,795	34,480	
Tort Immunity	432,248	647,816	705,305	
Fire Prevention and Safety	30,223	31,795	34,480	
<b>Total</b>	<b>\$ 2,796,654</b>	<b>\$ 3,554,501</b>	<b>\$ 3,706,704</b>	

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



**ADAMS COUNTY**

**COMMUNITY UNIT SCHOOL DISTRICT NO. 4**

**MENDON, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF FUNDING PROGRESS - DEFINED BENEFIT PENSION PLAN**

**AS AT JUNE 30, 2018**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value Of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL As A Percentage Of Covered Payroll ((b-a)/c)</b>
12/31/2017	\$ 748,492	\$ 1,257,802	\$ 509,310	59.51%	\$ 704,837	72.26%
12/31/2016	416,156	1,253,578	837,422	33.20%	679,935	123.16%
12/31/2015	342,976	1,035,876	692,900	33.11%	690,509	100.35%

On a market value basis, the actuarial value of assets as of December 31, 2017 is \$1,027,746. On a market basis, the funded ratio would be 81.71%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Community Unit School District No. 4. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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

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## APPENDIX B

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community Unit School District Number 4  
Adams and Hancock Counties, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of Community Unit School District Number 4, Adams and Hancock Counties, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation School Building Bonds, Series 2019 (the “*Bonds*”), to the amount of \$5,895,000, dated June 26, 2019, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2020	\$ 50,000	3.00%
2021	230,000	3.00%
2022	235,000	3.00%
2023	245,000	4.00%
2024	255,000	4.00%
2025	265,000	4.00%
2026	275,000	4.00%
2027	290,000	4.00%
2028	300,000	4.00%
2029	310,000	4.00%
2030	325,000	4.00%
2031	340,000	4.00%
2032	350,000	4.00%
2033	365,000	4.00%
2034	380,000	4.00%
2035	395,000	4.00%
2036	410,000	4.00%
2037	430,000	4.00%
2038	445,000	4.00%

the Bonds due on or after December 1, 2026, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2025, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

## APPENDIX C

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by Community Unit School District Number 4, Adams and Hancock Counties, Illinois (the “*District*”), in connection with the issuance of \$5,895,000 General Obligation School Building Bonds, Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 4th day of June, 2019 (the “*Resolution*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT; CERTIFICATIONS. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). This Agreement is prepared in compliance with paragraph (d)(2) of the Rule.

The District represents that:

(a) it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds; and

(b) at the time of the delivery of the Bonds to the Participating Underwriters, the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the Rule pursuant to paragraph (d)(1) of the Rule.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Financial Information* means the financial information and operating data described in *Exhibit I*.

*Financial Information Disclosure* means the dissemination of disclosure concerning Financial Information as set forth in Section 4.

*Financial Obligation* means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; *provided that* “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated June 4, 2019, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the District will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the District remains legally liable for the payment of such Bonds; *provided, however*, that the District will not be required to make such filings under new CUSIP Numbers unless the District has been notified in writing by the Participating Underwriter or the District’s financial advisor that new CUSIP Numbers have been assigned to the Bonds. The District will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of

the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Financial Information (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.



13. RECORDKEEPING. The District shall maintain records of all Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 4,  
ADAMS AND HANCOCK COUNTIES, ILLINOIS

By \_\_\_\_\_  
President, Board of Education

Date: June 26, 2019

**EXHIBIT I**  
**FINANCIAL INFORMATION**

*“Financial Information”* means the District’s annual audited financial statements prepared in accordance with accounting principles mandated by the Illinois State Board of Education. The Financial Information will be submitted to EMMA by 210 days after the last day of the District’s fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2019. If audited financial statements are not available when the Financial Information is required to be filed, the District will submit the Financial Information to EMMA within 30 days after availability to the District. There shall be specified the date as of which such information was prepared. All or a portion of the Financial Information may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS FOR WHICH**  
**REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District\*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. (a) The incurrence of a Financial Obligation, if material, or (b) an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

**EXHIBIT III**  
**CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER (005495)
2020	BN5
2021	BP0
2022	BQ8
2023	BR6
2024	BS4
2025	BT2
2026	BU9
2027	BV7
2028	BW5
2029	BX3
2030	BY1
2031	BZ8
2032	CA2
2033	CB0
2034	CC8
2035	CD6
2036	CE4
2037	CF1
2038	CG9

## APPENDIX D

### SPECIMEN MUNICIPAL BOND INSURANCE POLICY



### MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN