Pennoyer School District 79

Norridge, IL

Annual Financial Report

Year Ended June 30, 2020

WIPFLI

Pennoyer School District 79

Year Ended June 30, 2020

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WIPFLI

Independent Auditor's Report

Board of Education
Pennoyer School District 79
Norridge, IL

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of Pennoyer School District 79 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accountig and budget laws. 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 an opinion 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 Pennoyer School District 79'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 Pennoyer School District 79'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 U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Pennoyer School District 79 on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States, the financial position of Pennoyer School District 79 as of June 30, 2020, and the respective changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of each fund of Pennoyer School District 79 as of June 30, 2020, and the respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the basis of accounting prescribed by the Illinois State Board of Education as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pennoyer School District 79's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information section has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020 on our consideration of the Pennoyer School District 79's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pennoyer School District 79's internal control over financial reporting and compliance.

Aurora, Illinois
September 15, 2020

Basic Financial Statements

Pennoyer School District 79

Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
All Fund Types and Account Groups

June 30, 2020	Educational Fund	Operations & Maintenance Fund	Bond & Interest Fund	Transportation Fund	IMRF/Social Security Fund
Assets					
Cash and investments	$ 839,659	$ 226,458	$ 109,794	$ 214,387	$ 35,379
Amount available in debt service fund	-	-	-	-	-
Amount to be provided for payment of debt	-	-	-	-	-
Land, building, and equipment	-	-	-	-	-
Total assets	$ 839,659	$ 226,458	$ 109,794	$ 214,387	$ 35,379
Liabilities, fund balances, and other credits					
Liabilities					
Due to student organizations	$ -	$ -	$ -	$ -	$ -
Payroll deductions payable	-	1,407	-	-	2,058
Bonds and notes payable	-	-	-	-	-
Total liabilities	-	1,407	-	-	2,058
Fund balances					
Investment in general fixed assets	-	-	-	-	-
Unreserved	839,659	225,051	109,794	214,387	33,321
Total fund balances	839,659	225,051	109,794	214,387	33,321
Total liabilities, fund balances, and other credits	$ 839,659	$ 226,458	$ 109,794	$ 214,387	$ 35,379

See accompanying notes to financial statements.

			Account Groups		
Working Cash Fund	Fire Prevention & Safety Fund	Student Activity Funds	General Fixed Asset Account Group	General Long-Term Debt	Total
$ 207,150	$ 404,046	$ 10,392	$ -	$ -	$ 2,047,265
-	-	-	-	109,794	109,794
-	-	-	-	1,794,542	1,794,542
-	-	-	4,784,582	-	4,784,582
$ 207,150	$ 404,046	$ 10,392	$ 4,784,582	$ 1,904,336	$ 8,736,183
$ -	$ -	$ 10,392	$ -	$ -	$ 10,392
-	-	-	-	-	3,465
-	-	-	-	1,904,336	1,904,336
-	-	10,392	-	1,904,336	1,918,193
-	-	-	4,784,582	-	4,784,582
207,150	404,046	-	-	-	2,033,408
207,150	404,046	-	4,784,582	-	6,817,990
$ 207,150	$ 404,046	$ 10,392	$ 4,784,582	$ 1,904,336	$ 8,736,183

Pennoyer School District 79

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances-Modified Cash Basis All Governmental Fund Types

June 30, 2020	Educational Fund	Operations & Maintenance Fund	Bond & Interest Fund	Transportation Fund
Revenues Received				
Local sources	$ 3,264,631	$ 815,830	$ 210,443	$ 68,290
State sources	1,737,126	50,000	-	35,159
Federal sources	153,988	-	-	-
Total revenues	5,155,745	865,830	210,443	103,449
Expenditures Disbursed				
Current operating				
Instruction	3,551,431	-	-	-
Support Services	1,401,333	806,567	-	151,583
Non-programmed charges	283,229	-	-	-
Debt Service				
Payments of principal on long-term debt	-	-	143,248	-
Debt services - Interest and fees	-	-	153,605	-
Total expenditures	5,235,993	806,567	296,853	151,583
Excess (deficiency) of revenues received over (under) expenditures disbursed	(80,248)	59,263	(86,410)	(48,134)
Other sources and uses of funds				
Transfers in	-	-	28,959	-
Transfers out	(28,959)	-	-	-
Total	(28,959)	-	28,959	-
Net change in fund balance	(109,207)	59,263	(57,451)	(48,134)
Fund balances, beginning of year	948,866	165,788	167,245	262,521
Fund balances, end of year	$ 839,659	$ 225,051	$ 109,794	$ 214,387

See accompanying notes to financial statements.

IMRF/Social Security Fund	Working Cash Fund	Fire Prevention & Safety Fund	Total
$ 55,718	$ 29,790	$ 7,927	$ 4,452,629
-	-	-	1,822,285
-	-	-	153,988
55,718	29,790	7,927	6,428,902
61,313	-	-	3,612,744
69,465	-	-	2,428,948
-	-	-	283,229
-	-	-	143,248
-	-	-	153,605
130,778	-	-	6,621,774
(75,060)	29,790	7,927	(192,872)
-	-	-	28,959
-	-	-	(28,959)
-	-	-	-
(75,060)	29,790	7,927	(192,872)
108,381	177,360	396,119	2,226,280
$ 33,321	$ 207,150	$ 404,046	$ 2,033,408

Pennoyer School District 79

Statement of Revenues Received

All Governmental Fund Types-Modified Cash Basis

June 30, 2020		Educational Fund		Operations & Maintenance Fund		Bond & Interest Fund		Transportation Fund
Revenues Received								
Local sources								
Property taxes	$	2,990,543	$	776,901	$	207,984	$	48,253
Corporate personal property replacement taxes		50,211		-		-		-
Other Payments in Lieu of Taxes		61,410		-		-		-
Transportation fees		-		-		-		16,000
Earnings on investments		26,921		5,420		2,459		4,037
Textbooks		81,052		-		-		-
Other		54,494		33,509		-		-
Total local sources		3,264,631		815,830		210,443		68,290
State sources								
Unrestricted								
Evidence based funding formula		519,626		-		-		-
Special education private facility		48,167		-		-		35,159
School Infrastructure - Maintenance Projects		-		50,000		-		-
Early Childhood		146,690		-		-		-
On behalf payments - State of Illinois		1,022,643		-		-		-
Total state sources		1,737,126		50,000		-		35,159
Federal sources								
Restricted								
Low Income		45,092		-		-		-
Title II - Teacher Quality		7,511		-		-		-
IDEA - Flow Through		78,747		-		-		-
Medicaid Matching Funds - Administrative Outreach		10,939		-		-		-
Preschool Flow-Through		1,133		-		-		-
Title III - Language Inst Program - Limited Eng (L		10,566		-		-		-
Total federal sources		153,988		-		-		-
Total revenues received	$	5,155,745	$	865,830	$	210,443	$	103,449

See accompanying notes to financial statements.

IMRF/Social Security Fund	Working Cash Fund	Fire Prevention & Safety Fund	Student Activity Funds	Total (Memorandum Only)
$ 52,225	$ 26,548	$ -	$ -	$ 4,102,454
2,500	-	-	-	52,711
-	-	-	-	61,410
-	-	-	-	16,000
993	3,242	7,927	-	50,999
-	-	-	-	81,052
-	-	-	-	88,003
55,718	29,790	7,927	-	4,452,629
-	-	-	-	519,626
-	-	-	-	83,326
-	-	-	-	50,000
-	-	-	-	146,690
-	-	-	-	1,022,643
-	-	-	-	1,822,285
-	-	-	-	45,092
-	-	-	-	7,511
-	-	-	-	78,747
-	-	-	-	10,939
-	-	-	-	1,133
-	-	-	-	10,566
-	-	-	-	153,988
$ 55,718	$ 29,790	$ 7,927	$ -	$ 6,428,902

Pennoyer School District 79

Statement of Expenditures Disbursed

Budget to Actual-Modified Cash Basis

	Educational Fund	
	2020	
Year Ended June 30, 2020	Final Budget	Actual
Expenditures		
Current operating		
Instruction		
Regular programs		
Salaries	$ 1,348,221	$ 1,411,327
Employee benefits	197,928	215,747
On behalf payments- state of Illinois	-	1,022,643
Purchased services	46,000	24,859
Supplies and materials	31,200	22,639
Capital outlay	1,000	-
Other objects	2,000	1,566
Total	1,626,349	2,698,781
Pre-K programs		
Salaries	59,931	61,508
Employee benefits	23,238	26,755
Purchased services	17,203	19,978
Supplies and materials	27,678	12,661
Capital outlay	27,957	27,957
Total	156,007	148,859
Special education programs		
Salaries	424,190	427,979
Employee benefits	128,032	108,551
Purchased services	36,500	21,483
Supplies and materials	7,521	3,306
Capital outlay	2,350	2,350
Total	598,593	563,669
Educationally deprived/remedial programs		
Salaries	65,551	3,394
Employee benefits	13,245	3,034
Supplies and materials	8,000	8,418
Total	86,796	14,846
Interscholastic programs		
Salaries	23,200	29,783
Employee benefits	350	434
Supplies and materials	1,000	248
Other objects	8,100	5,055
Total	32,650	35,520

Pennoyer School District 79

Statement of Expenditures Disbursed

Budget to Actual-Modified Cash Basis

Year Ended June 30, 2020	Educational Fund 2020 Final Budget	Educational Fund 2020 Actual
Bilingual programs		
Salaries	$ 75,576	$ 74,293
Employee benefits	13,235	11,792
Purchased services	2,500	2,500
Supplies and materials	2,000	905
Other objects	2,000	266
Total	95,311	89,756
Total instruction	2,595,706	3,551,431
Support services		
Pupils		
Attendance and social work		
Salaries	51,620	95,916
Employee benefits	1,875	12,464
Purchased services	2,000	-
Supplies and materials	-	147
Total	55,495	108,527
Health services		
Salaries	47,210	47,887
Employee benefits	10,317	8,222
Purchased services	4,000	3,271
Supplies and materials	5,000	2,216
Total	66,527	61,596
Speech pathology and audiology services		
Salaries	52,005	53,005
Employee benefits	1,881	3,391
Supplies and materials	1,000	1,032
Total	54,886	57,428
Total pupils	176,908	227,551
Instructional staff		
Improvement of instruction services		
Salaries	-	6,875
Employee benefits	-	53
Purchased services	82,625	86,403
Supplies and materials	3,500	2,132
Total	86,125	95,463

Pennoyer School District 79

Statement of Expenditures Disbursed

Budget to Actual-Modified Cash Basis

Year Ended June 30, 2020	Educational Fund 2020 Final Budget	Educational Fund 2020 Actual
Educational media services		
Salaries	$ 113,745	$ 112,094
Employee benefits	34,882	36,230
Purchased services	111,613	122,116
Supplies and materials	51,000	37,062
Capital outlay	106,200	95,404
Total	417,440	402,906
Assessment and training		
Supplies and materials	9,000	8,115
Total instructional staff	512,565	506,484
General administration		
Board of education		
Employee benefits	1,562	8,426
Purchased services	96,500	85,097
Supplies and materials	2,000	77
Other objects	12,000	10,329
Total	112,062	103,929
Executive administration		
Salaries	155,210	155,210
Employee benefits	42,052	43,958
Purchased services	3,600	4,407
Supplies and materials	300	22
Other objects	5,500	4,151
Total	206,662	207,748
Total general administration	318,724	311,677
School administration		
Office of the principal		
Salaries	221,579	239,015
Employee benefits	34,343	26,024
Purchased services	10,500	7,823
Supplies and materials	7,000	1,240
Other objects	600	448
Total	274,022	274,550
Total school administration	274,022	274,550

Pennoyer School District 79
Statement of Expenditures Disbursed
Budget to Actual-Modified Cash Basis

Year Ended June 30, 2020	Educational Fund 2020 Final Budget	Educational Fund 2020 Actual
Business		
Fiscal services		
Salaries	$ 51,500	$ 51,500
Employee benefits	4,020	86
Purchased services	21,000	21,150
Supplies and materials	1,000	1,105
Other objects	500	530
Total	78,020	74,371
Operation and maintenance of plant services		
Supplies and materials	-	6,700
Total business	78,020	81,071
Total support services	1,360,239	1,401,333
Payments for special education programs		
Other	250,000	283,229
Total educational fund	$ 4,205,945	$ 5,235,993

See accompanying notes to financial statements.

Pennoyer School District 79

Schedule of Revenues, Expenditures and Changes In Fund Balance
Budget to Actual-Modified Cash Basis

June 30, 2020	Final Budget	Actual
Operations and Maintenance Fund		
Current operating		
Support services		
Facilities acquisition and consultation services		
Capital outlay	$ 225,000	$ 401,520
Operations and maintenance of plant services		
Salaries	157,000	159,456
Employee benefits	42,440	41,830
Purchased services	96,750	78,368
Supplies and materials	101,500	105,289
Capital outlay	20,995	20,104
Total	418,685	405,047
Total operations and maintenance fund	$ 643,685	$ 806,567
Debt Service Fund		
Principal retirement	$ 28,959	$ 143,248
Interest and fees	212,875	96,999
Purchased services	-	56,606
Total debt service fund	$ 241,834	$ 296,853
Transportation Fund		
Current operating		
Support services		
Pupil transportation services		
Purchased services	$ 104,000	$ 151,583

Pennoyer School District 79

Statement of Expenditures Disbursed
Budget to Actual-Modified Cash Basis

June 30, 2020

	Final Budget	Actual
Municipal Retirement/Social Security Fund		
Current operating		
Instruction		
Regular programs	$ 21,701	$ 24,612
Instruction - Pre-K programs	3,078	3,766
Remedial and supplemental programs Pre-K	13,033	27,717
Interscholastic programs	3,401	516
Instruction - Interscholastic programs	315	494
Instruction - Bilingual programs	4,020	4,208
Total instruction	45,548	61,313
Support services		
Pupils		
Attendance and social work services	748	755
Health services	7,191	8,859
Speech pathology and audiology services	754	769
Improvement of instruction services	-	100
Educational media services	9,537	10,200
General administration		
Executive administration services	2,251	2,318
School administration		
Office of the principal services	19,233	20,177
Business		
Fiscal services	7,844	8,031
Operation and maintenance of plant services	16,775	18,256
Total support services	64,333	69,465
Total municipal retirement/social security fund	$ 109,881	$ 130,778

Note 1: Summary of Significant Accounting Policies

Pennoyer School District 79 (the District) accounting policies conform to the modified cash basis of accounting as defined by the Illinois State Board of Education. The financial statements are prepared to comply with regulatory provisions prescribed by the Illinois State Board of Education. The provisions are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

a. Reporting Entity

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

b. Basis 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. District resources are allocated to and accounted for in individual funds as required by the State of Illinois based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements. The following summarizes the fund types and account groups used by the District:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. GASB statement No. 54 refined the definitions of various governmental funds. These updated definitions are incorporated into the following fund descriptions. The following are the District's governmental funds:

Educational Fund – The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

Operations and Maintenance Fund –The Operations and Maintenance Fund is also a general operating fund of the District. It is used to account for cost of maintaining school buildings.

Bond & Interest Fund –The Bond & Interest Fund accounts for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis Presentation - Fund Accounting (Continued)

Transportation Fund – The Transportation Fund accounts for the costs of transporting pupils to and from school and school activities.

Municipal Retirement/Social Security – The Municipal Retirement/Social Security Fund is used to pay the District's share of municipal retirement benefits for covered employees. The District's share of Social Security and Medicare expense is also paid from this fund if a separate tax is levied for that purpose.

Working Cash - The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to any other fund for which taxes are levied.

Fire Preventions and Safety Fund – The Fire Prevention and Safety is used to account for financial resources to be used for the acquisition or additions related to qualifying fire prevention and safety projects.

Fiduciary Fund Types

Fiduciary Funds (Trust and Agency) are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - The Agency Funds (Activity Funds) include Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve measurement of the results of operations. The amounts due to the activity fund organizations and the other trusts are equal to the assets.

Governmental Funds – Measurement Focus

The financial statements of all Governmental 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." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures 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.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basis Presentation - Fund Accounting (Continued)

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

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

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 in the financial statements. The District maintains its accounting records for all funds and account groups on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. 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, results from previous cash transactions.

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

d. Budgets and Budgetary Accounting

Annual budgets for all Governmental Funds are adopted on the cash basis of accounting.

For each fund, total fund expenditures may not legally exceed the budgeted amounts.
The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayers comments.

3. Prior to September 30, the budget is legally adopted through passage of an ordinance. By the last Tuesday in December each year, a tax levy ordinance is filed with the county clerk to obtain tax revenues.

Note 1: Summary of Significant Accounting Policies (Continued)

d. Budgets and Budgetary Accounting (Continued)

1. Management is authorized, to transfer budget amounts provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after following the public hearing process mandated by law. There were no supplemental appropriations during the year.

1. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.

2. Budgeted amounts for the governmental funds are adopted on a basis consistent with the modified cash basis of accounting. Governmental Fund budgets are adopted on the modified cash basis. The level of budgetary control is established by function and activity within an individual fund.

3. Appropriations lapse at the end of the fiscal year.

4. The budget was adopted by the Board of Education on September 11, 2019.

The following funds had an excess of expenditures over budget as of June 30, 2020:

	Budget	Actual	Excess
Educational Fund	$ 4,205,945	$ 5,235,993	$ 1,030,048
Operations & Maintenance	643,685	806,567	162,882
Transportation Fund	104,000	151,583	47,583
Debt Service Fund	241,834	296,853	55,019
Municipal Retirement/Social Security	109,881	130,778	20,897
Total	$ 5,305,345	$ 6,621,774	$ 1,316,429

The expenditures disbursed variances were sufficiently absorbed by the additional revenues received by the District. Under the State Budget Act, expenditures disbursed may exceed the budget if additional resources are available to finance such expenditures. The School District does not budget for the on-behalf employer pension contributions made by the State of Illinois directly to TRS and THIS Fund. For the year ended June 30, 2020, the School District recorded these contributions as a revenue and expenditure in the Educational Fund amounting to $982,742, creating an excess budget overrun.

e. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are reordered in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds.

Note 1: Summary of Significant Accounting Policies (Continued)

e. Encumbrances (Continued)

All encumbrances are cancelled at year end, and if necessary, are reinstated at the beginning of the subsequent fiscal year.

f. Investments

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the District cash and investment management policy, the institutions in which investments are made must be approved by the Board of Education.

g. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law to the Municipal Retirement/Social Security Fund. The balance may be allocated at the discretion of the District.

h. General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. Contributed fixed assets are recorded as general fixed assets at estimated fair market value at the time received. The estimated useful lives of the buildings, improvements, educational equipment and transportation equipment are 50, 20, 10 and 5 years respectively.

Depreciation of general fixed assets is not charged to the operations of the District in accordance with reporting standards for governments of this type.

i. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for note disclosure purposes, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value. The amounts disclosed in accordance with GASB Statement No. 68 are not reported in the financial statements due to reporting on the basis of accounting described above.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Total Memorandum Only

Total columns on combined statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2: Property Tax Rates

The owner of real property on January 1, in any year is liable for taxes of that year and collected the following year. The District filed its tax levy resolution on December 11, 2019.The District’s property tax is levied each year on all taxable real property located in the District.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the State. The Assessor reassesses the county every three years.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year the Illinois Department of Revenue furnishes the County Clerk with an adjustment factor to equalize the level of assessment between counties at one third of market value. This factor (the “Equalization Factor”) is then applied to the assessed valuation to compute the valuation of property to which a tax rate will be applied (the “Equalized Assessed Valuation”).

The County Clerk adds the Equalized Valuation of all real property in the county to the valuation of property assessed directly by the State (to which the Equalization Factor is not applied) to arrive at the base amount (the “Assessment Base”) used in calculating the annual tax rates, as described above. The Equalized Valuation in Cook County for the extension of the 2019 tax levy was $195,400,473.

The County Clerk computes the annual tax rate by dividing the levy into the Assessment Base of the Unit. The clerk then computes the rate for each parcel of real property by aggregating the tax rates of all units having jurisdiction over that particular parcel. He enters that tax in the books, which he prepares for the County Collector along with the Assessed Valuation and Equalized Valuation described in the preceding paragraphs. These books are the Collector’s authority for the collection of taxes and are used by the Collector as the basis for issuing tax bills to all taxpayers in the county.

Note 2: Property Tax Rates (Continued)

Property taxes are collected by the Cook County Collector/Treasurer who remits to the School Treasurer. Taxes levied in one year become due and payable in two installments on approximately March 1 and approximately September 1 during the following year. The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per $100 of assessed valuation:

	Limit	2019 Levy	2018 Levy
Educational	No Limit	1.6116	1.8466
Tort Immunity	No Limit	0.0163	0.0244
Special Education	0.4000	0.0132	0.0197
Operations and Maintenance	0.5500	0.3383	0.4875
Transportation -	No Limit	0.0211	0.0315
Municipal Retirement/ Social Security -	No Limit	0.0245	0.0314
Working Cash	0.0500	0.0116	0.0173
Debt Service	No Limit	0.1145	0.1421
Total		$ 2.1511	$ 2.6005

Note 3: Special Tax Levies and Restricted Equity

a. **Tort Immunity** – Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures disbursed have equaled cumulative revenues received, leaving a zero balance as of June 30, 2020.

b. **Special Education** – Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures disbursed exceeded cumulative revenues received, therefore, there is no restriction of these funds in accordance with the Illinois Compiled Statutes.

Note 4: Cash and Investments

a. Cash & Investments under the custody of the Township Treasurer

Under the Illinois Compiled Statutes, the Maine Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Note 4: Cash and Investments (Continued)

Cash and investments, other than the student activity and convenience accounts, petty cash, and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Bond and Interest Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Maine Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates as a non-rated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

As of June 30, 2020, the fair value of all cash and investments held by the Treasurer's office was $552,978,998 and the fair value of the District's proportionate share of the pool was $1,983,104.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

b. Cash in the custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

	Carrying Value	Bank Balance
Deposits with financial instituitions	$ 10,392	$ 10,392

Custodial Credit Risk

Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy states that the Treasurer shall maintain funds only in financial institutions that collateralize all funds in excess of FDIC or insurable limits.

Note 5: Employee Retirement Systems

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

a. Teachers' Retirement System of the State of Illinois (TRS)

Plan Description

The District participates in the TRS. TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at https://www.trsil.org/financial/cafrs/fy2019; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Note 5: Employee Retirement Systems (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2020, State of IL contributions recognized by the District were based on the State's proportionate share of the pension expense associated with the District, and the District recognized revenue and expenditures of $995,312 in pension contributions from the State of IL**.**

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2020 were $12,784, and are deferred because they were paid after the June 30, 2019 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2020, the employer pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, no salaries were paid from the federal and special trust funds and there were no required employer contributions. These contributions are deferred because they were paid after the June 30, 2019 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 District is 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.

Note 5: Employee Retirement Systems (Continued)

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, 2020, the District did not make any payments for salary increases over 6 percent, salary increases over 3 percent, or excess sick leave contributions.

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

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

District's proportionate share of the net Pension liability	$ 245,508
State's proportionate share of the net pension liability associated with the District	17,472,552
Total	$ 17,718,060

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2019, the employer's proportion was 0.000303%, which was a increase of (0.000004)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $995,312 and revenue of $995,312 for support provided by the state. At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, which are not reported due to the regulatory basis of accounting:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 4,026	$ -
Changes in assumptions	5,501	4,713
Net difference between projected and actual earnings in OPEB plan investments	389	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,063	194,941
Total deferred amounts to be recognized in OPEB expense in future periods	11,979	199,654
District's contributions subsequent to the measurement date	190,627	-
Total	$ 202,606	$ 199,654

Note 5: Employee Retirement Systems (Continued)

$190,627 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2021	$ (80,859)
2022	(61,458)
2023	(32,937)
2024	(12,702)
2025	281
Total	$ (187,675)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

In the June 30, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for the TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Note 5: Employee Retirement Systems (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0 %	6.3 %
U.S. equities small/mid cap	2.0 %	7.7 %
International equities developed	13.6 %	7.0 %
Emerging market equities	3.4 %	9.5 %
U.S. bonds core	8.0 %	2.2 %
U.S. bonds high yield	4.2 %	4.0 %
International debt developed	2.2 %	1.1 %
Emerging international debt	2.6 %	4.4 %
Real estate	16.0 %	5.2 %
Commodities (real return)	4.0 %	1.8 %
Hedge funds (absolute return)	14.0 %	4.1 %
Private Equity	15.0 %	9.7 %
Total	100.0 %	

Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0%, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net Pension liability	$ 299,867	$ 245,508	$ 200,815

Note 5: Employee Retirement Systems (Continued)

Detailed information about the TRS's fiduciary net position as of June 30, 2019 is available in the separately issued TRS Comprehensive Annual Financial Report.

b. Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

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

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

All three IMRF benefit plans have two tiers. Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Note 5: Employee Retirement Systems (Continued)

Employees Covered by the Benefit Terms - At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	30
Active employees	20
Total	64

Contributions - As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2019 was 6.09%. For the fiscal year ended June 30, 2020, the employer contributed $52,121 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Note 5: Employee Retirement Systems (Continued)

Actuarial assumptions – The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other information: Notes	There were no benefit changes during the year.

The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	37.0 %	5.75 %
International equities	18.0 %	6.50 %
Fixed income	28.0 %	3.25 %
Real estate	7.0 %	5.20 %
Alternatives	9.0 %	3.60-7.60 %
Cash	1.0 %	1.85 %
Total	100.0 %	

Note 5: Employee Retirement Systems (Continued)

__Single Discount Rate__

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the plan's net pension liability, calculated using the single discount rate of 7.25 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 347,068	$ 158,095	$ 1,407

Due to the District preparing its financial statements on the basis of the financial reporting provisions of the Illinois State Board of Education, pension liabilities and deferred inflows and outflows referred to throughout the note disclosure are not recognized in the actual financial statements.

Note 5: Employee Retirement Systems (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	$ 1,466,490	$ 1,189,234	$ 277,256
Changes for the year:			
Service cost	59,633	-	59,633
Interest on the total Pension liability	105,543	-	105,543
Differences between expected and actual experience of the total Pension liability	(9,192)	-	(9,192)
Contributions - employer	-	47,800	(47,800)
Contributions - employees	-	28,377	(28,377)
Net investment income	-	232,046	(232,046)
Benefit payments, including refunds of employee contributions	(81,091)	(81,091)	-
Other (net transfer)	-	(33,078)	33,078
Net changes	74,893	194,054	(119,161)
Balances at December 31, 2019	$ 1,541,383	$ 1,383,288	$ 158,095

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For year ended June 30, 2019, the District recognized pension expense of $52,121. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources which are not reported due to the financial reporting provisions of the Illinois State Board of Education.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 21,955	$ 5,854
Changes in assumptions	11,740	-
Net difference between projected and actual earnings on pension plan investments	100,755	164,160
Total deferred amounts to be recognized in OPEB expense in future periods	134,450	170,014
District's contributions subsequent to the measurement date	23,867	-
Total	$ 158,317	$ 170,014

Note 5: Employee Retirement Systems (Continued)

$23,867 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2020	$ 12,864
2021	(22,352)
2022	3,364
2023	(29,440)
Total	$ (35,564)

Aggregate Pension Amounts - At June 30, 2020, the District disclosed the following from all pension plans:

	TRS	IMRF	Total
Net pension liability/(asset)	$ 245,508	$ 158,095	$ 403,603
Deferred outflows of resources	202,606	134,450	337,056
Deferred inflows of resources	199,654	170,014	369,668
Pension expense	956,478	52,121	1,008,599

Note 6: Other Postemployment Benefits

a. Teacher Health Insurance Security (THIS)

Plan Description. The District participates in the THIS. The THIS is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. THIS members are retirees of public schools who were certified educators or administrators. Eligibility is currently limited to former full-time employees, and others who were not full-time employees that meet certain requirements, and their dependents. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) (SEGIA) establishes the eligibility and benefit provisions of the plan.

The THIS issues a publicly available financial report that can be obtained at the website of the Illinois Auditor General: https://www.auditor.illinois.gov/Audit-Report/ABC-List.asp. The current reports are listed under "Central Management Services"; prior reports are available under "Healthcare and Family Services".

Note 6: Other Postemployment Benefits (Continued)

Benefits Provided

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 were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS.

Contributions

The SEGIA requires that all active contributors to the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% of each teacher's salary. Additionally, the SEGIA requires the State to match the employees' contribution on-behalf of the employer. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THIS, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

The SEGIA requires that the Department's Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

On-behalf contributions to THIS. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2020. State of Illinois contributions were $27,331, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.92% during the year ended June 30, 2020. For the year ended June 30, 2020, the District paid $20,277 to the THIS Fund, which was 100 percent of the required contribution.

Note 6: Other Postemployment Benefits (Continued)

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

At June 30, 2020, the District's reported a liability for its proportionate share of the net OPEB liability. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ 2,459,733
State's proportionate share of the net OPEB liability associated with the District	3,330,793
Total	$ 5,790,526

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The District's proportion of the net OPEB liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2019, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2019, the District's proportion was 0.008887%, which was a decrease of 0.000157% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized the following OPEB expense/expenditure and revenue pertaining to the District's employees, which are not reported due to the regulatory basis of accounting:

State on-behalf contributions	Educational Fund
State On Behalf Contributions - OPEB revenue and expense/expenditure	$ 26,264
District OPEB expense/expenditure	20,277
Total OPEB expense/expenditure	$ 46,541

Note 6: Other Postemployment Benefits (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 40,817
Changes in assumptions	933	281,966
Net difference between projected and actual earnings in OPEB plan investments	-	81
Changes in proportion and differences between District contributions and proportionate share of contributions	38,429	122,787
Total deferred amounts to be recognized in OPEB expense in future periods	39,362	445,651
District's contributions subsequent to the measurement date	20,277	$ -
Total	$ 59,639	$ 445,651

$20,277 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Inflows of Resources
	-
2020	$ (81,486)
2021	(81,486)
2022	(81,480)
2023	(81,467)
2024	(51,902)
2025	(15,254)
2026	(10,243)
2027	(2,971)
Total	$ (406,289)

Note 6: Other Postemployment Benefits (Continued)

Actuarial Valuation Method

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Actuarial Assumptions.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.62% as of June 30, 2018, and 3.13% as of June 30, 2019. The decrease in the single discount rate from 3.62% to 3.13% caused the total OPEB liability to increase by approximately $2,296 million from 2018 to 2019.

Note 6: Other Postemployment Benefits (Continued)

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.13%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	$ 2,957,492	$ 2,459,733	$ 2,066,611

The following presents the District's proportionate share of the net OPEB liability would be if it were calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. They key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027 for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage:

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
District's proportionate share of the net OPEB liability	$ 1,987,264	$ 2,459,733	$ 3,097,863

a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

Note 7: Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2019	Additions	Retirement	Balance 6/30/2020
Land	$ 1,020,619	$ -	$ -	$ 1,020,619
Buildings and improvements	2,678,059	303,257	-	2,981,316
Equipment	755,490	27,157	-	782,647
Total	$ 4,454,168	$ 330,414	$ -	$ 4,784,582

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not included in the General Fixed Assets Account Group.

Note 8: Long-Term Debt

During the year ended June 30, 2020, the following changes occurred in liabilities that were reported in the General Long-Term Debt Account Group:

	Balance July 01, 2019	Additions	Reductions	Balance June 30, 2020	Amount due in one year
General Obligation Bonds Payable:					
General Obligation School Bond Series 2001	$ 235,000	$ -	$ 115,000	$ 120,000	$ 120,000
General Obligation School Bonds Series 2011	1,770,000	-	-	1,770,000	-
Other Long-Term Debt:					
Technology Loan	42,584	-	28,248	14,336	14,336
Total Long-Term Debt	$ 2,047,584	$ -	$ 143,248	$ 1,904,336	$ 134,336

Note 8: Long-Term Debt (Continued)

Long Term Debt at June 30, 2020 is comprised of the following:

a. General Obligation Bonds

Bonds dated January 11, 2001 were issued by the District in the amount of $1,040,000. Principal payments are due December 1, through 2020. Interest payments at rates from 1.00% to 5.50% are due June 1 and December 1.

Bonds dated December 29, 2011 were issued by the District in the amount of $2,035,000 Principal payments are due December 1 through 2031. Interest payments at rates from 3.00% to 5.00% are due June 1 and December 1.

At June 30, 2020, the annual cash flow requirements of all bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 120,000	$ 89,825	$ 209,825
2022	125,000	83,713	208,713
2023	130,000	77,975	207,975
2024	140,000	71,900	211,900
2025	145,000	65,125	210,125
2026-2030	835,000	207,375	1,042,375
2031-2032	395,000	19,875	414,875
Total	$ 1,890,000	$ 615,788	$ 2,505,788

b Technology Loan

The ISBE Technology Loan issued December 11, 2017 in the amount of $84,550 requires semiannual payments through 2021, bearing interest at 2.00%.

At June 30, 2020, the annual cash flow requirements of the technology loan payable to retirement were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 14,336	$ 143	$ 14,479
Total	$ 14,336	$ 143	$ 14,479

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, to 6.90% of the most recent available equalized assessed valuation of the District. As of June 30, 2020, the statutory debt limit for the District was $13,482,633 providing a debt margin of $11,578,297 after taking into account amounts available in the Debt Service Fund.

Note 8: Long-Term Debt (Continued)

The following is a summary of changes in current and long-term obligations for the year ended June 30, 2020:

The District has defeased certain general obligation bonds by placing part of the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. There was no reduction in future cash flow and no economic gain was recorded. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. As of June 30, 2020, $75,000 of outstanding bonds are considered defeased.

Note 9: Operating Lease

The District leases copy machines under terms of an operating lease agreement. The terms of the copier lease are through December 2020. For the year ended June 30, 2020, $20,400 was paid and expensed.

The total future minimum lease payments under these leases are as follows:

Fiscal Year Ending June 30,	Amount
2021	$ 20,400
2022	10,200
Total	$ 30,600

Note 10: 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.

Note 10: Interfund Transfers (Continued)

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 exceeded revenue for this purpose, resulting in no restricted fund balance.

2. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2020, expenditures exceeded revenue from state grants, resulting in no restricted balances.

3. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues exceeded expenditures for this purpose, resulting in a restricted fund balance of $6,660. The remaining balance is restricted for Municipal Retirement purposes.

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.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Note 10: Interfund Transfers (Continued)

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 and Maintenance, and Working Cash Funds.

F. Reconciliation of Fund Balance Reporting

	Generally Accepted Accounting Principles					Regulatory Basis
	Nonspendable	Restricted	Committed & Assigned	Unassigned	Reserved	Unreserved
Educational	$ -	$ -	$ -	$ 839,659	$ -	$ 839,659
Operations & Maintenance	-	-	-	225,051	-	225,051
Debt Service	-	109,794	-	-	-	109,794
Transportation	-	214,387	-	-	-	214,387
Municipal Retirement/SS	-	33,321	-	-	-	33,321
Working Cash	-	-	-	207,150	-	207,150
Fire Prevention andSafety	-	404,046	-	-	-	404,046
Total	$ -	$ 761,548	$ -	$ 1,271,860	$ -	$ 2,033,408

G. 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.

The District does not have a formal fund balance policy.

Note 11: Risk Management

The District has purchased insurance from private insurance companies. Risks covered include general liability, workers compensation and others. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverages have occurred nor have any insurance claims in excess of insurance coverages been paid or reported during the last three years.

Note 12: School Employees Loss Fund (Self)

The District is a member of SELF, which has been formed to reduce local school districts' workers' compensation costs. SELF is controlled by a Board of Directors which is composed of representatives designated by each school district. The day-to-day operations of SELF are managed through an Executive Board elected by the Board of Directors. Each member district has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage. Complete financial statements for SELF can be obtained from their accountant at Two Pierce Place, Itasca, IL 60143.

Note 13: Educational School Insurance Cooperative (ESIC)

The District is a member of ESIC, which has been formed to provide casualty, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages procured by the member districts. It is intended, by the creation of ESIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of ESIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to ESIC. Complete financial statements for ESIC can be obtained from its administrator, Two Pierce Place, Itasca, IL 60143.

Note 14: Interfund Transfers

Transfer From	Transfer to	Amount
Educational Fund	Bond & Interest Fund	$ 28,959

Transfers from the Educational Fund to the Bond & Interest Fund were made to fund principal and interest payments on capital leases.

Note 15: Contingencies

Revenues received from federal and state governments in the current and prior years are subject to audits by the granting agencies. The Board believes that adjustments which may arise from these audits, if any will not be significant.

Pennoyer School District 79

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

Illinois Municipal Retirement Fund

Last Six Calendar Years

	2019	2018	2017	2016
Total Pension Liability				
Service cost	$ 59,633	$ 59,848	$ 50,795	$ 48,672
Interest	105,543	95,385	97,283	89,319
Differences between expected and actual experience	(9,192)	71,291	(61,981)	33,351
Changes of assumption	-	38,120	(32,593)	(1,460)
Benefit payments, including refunds of member contributions	(81,091)	(80,069)	(86,604)	(46,085)
Net change in total pension liability	74,893	184,575	(33,100)	123,797
Total pension liability, beginning	1,466,490	1,281,915	1,315,015	1,191,218
Total pension liability - ending	$ 1,541,383	$ 1,466,490	$ 1,281,915	$ 1,315,015
Plan Fiduciary Net Position				
Contributions - employer	$ 47,800	$ 56,045	$ 44,741	$ 41,965
Contributions - member	28,377	27,930	22,370	20,047
Net investment income	232,046	(70,925)	198,120	69,943
Benefit payments, including refunds of member contributions	(81,091)	(80,069)	(86,604)	(46,085)
Administrative expense	(33,078)	33,950	(122,161)	(1,935)
Net change in plan fiduciary net position	194,054	(33,069)	56,466	83,935
Plan net position, beginning	1,189,234	1,222,303	1,165,837	1,081,902
Plan net position, ending	1,383,288	1,189,234	1,222,303	1,165,837
Employer's net pension liability (asset)	$ 158,095	$ 277,256	$ 59,612	$ 149,178
Plan fiduciary net position as a percentage of the total pension liability	89.74 %	81.09 %	95.35 %	88.66 %
Covered payroll	$ 630,608	$ 620,659	$ 497,114	$ 445,482
Employer's net pension liability as a percentage of covered payroll	25.07 %	44.67 %	11.99 %	33.49 %

2015	2014
$ 48,327	$ 53,513
84,900	77,787
(28,573)	(53,045)
1,412	56,166
(45,379	(28,575)
60,687	105,846
1,130,531	1,024,685
$ 1,191,218	$ 1,130,531
$ 41,311	$ 43,321
18,721	19,321
5,488	61,296
(45,379)	(28,575)
(28,448)	7,020
(8,307)	102,383
1,090,209	987,826
1,081,902	1,090,209
$ 109,316	$ 40,322
90.82 %	96.43 %
$ 416,024	$ 410,095
26.28 %	9.83 %

Pennoyer School District 79

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Last Six Calendar Years

Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ -	$ -	$ -	$ -	DIV/0 %
2019	52,121	52,121	-	627,759	8.30 %
2018	51,871	51,871	-	575,314	9.02 %
2017	42,933	42,933	-	466,022	9.21 %
2016	40,656	40,656	-	420,178	9.68 %
2015	41,379	43,321	(1,942)	410,095	10.56 %

Notes to Schedule

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

Methods and assumptions used to determine contribution 2019 rate

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24-year closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

See Independent Audit Report on Supplementary Information.

Pennoyer School District 79
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher's Retirement System
Last Six Fiscal Years

	2020*	2019*	2018*	2017*
District's proportion of the net pension liability	0.000303 %	0.000299 %	0.000529 %	0.000703 %
District's proportion share of the net pension liability	$ 245,508	$ 233,320	$ 404,423	$ 555,272
State's proportionate share of the net pension liability associated with the District	17,472,552	15,983,414	15,096,462	17,288,641
Total	$ 17,718,060	$ 16,216,734	$ 15,500,885	$ 17,843,913
District's covered payroll	$ 2,178,528	$ 2,139,723	$ 2,038,937	$ 2,178,077
District's proportionate share of the net pension liability as a percentage of covered payroll	11.27 %	10.90 %	19.83 %	25.49 %
Plan fiduciary net position as a percentage of the total pension liability	39.60 %	40.00 %	39.30 %	36.40 %

Notes to Schedule

Changes of assumptions
For the 2019, 2018, 2017, and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

* The amounts presented were determined as of the prior fiscal-year end.
The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

See Independent Audit Report on Supplementary Information.

	2016*		2015*
	0.000960 %		0.001100 %
$	627,321	$	667,028
	14,426,254		14,938,137
$	15,053,575	$	15,605,165
$	2,254,145	$	2,402,415
	27.83 %		27.76 %
	41.50 %		43.00 %

Schedule of Employer Contributions
Teacher's Retirement System
Last Six Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 12,285	$ 12,285	$ -	$ 2,204,075	0.56 %
2019	12,635	12,635	-	2,178,528	0.58 %
2018	12,410	12,410	-	2,139,723	0.58 %
2017	11,826	11,826	-	2,038,937	0.58 %
2016	27,242	27,242	-	2,178,077	1.25 %
2015	34,608	34,608	-	2,254,145	1.54 %

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

See Independent Audit Report on Supplementary Information.

Pennoyer School District 79

Schedule of the District's Proportionate Share of the Net OPEB Liability

Teacher's Health Insurance Security Fund

Last Three Fiscal Years

	2020*	2019*	2018
District's proportion of the net OPEB liability	0.008887 %	0.009044 %	0.008139 %
District's proportion share of the net OPEB liability	$ 2,459,733	$ 2,382,817	$ 2,112,076
State's proportionate share of the net OPEB liability associated with the District	3,330,793	3,199,480	2,299,967
	$ 5,790,526	$ 5,582,297	$ 4,412,043
District's covered payroll	$ 2,178,528	$ 2,139,723	$ 2,038,937
District's proportionate share of the net OPEB liability as a percentage of covered payroll	112.91 %	111.36 %	103.59 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.22)%	(0.07)%	(0.17)%

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

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

See Independent Audit Report on Supplementary Information.

Schedule of Employer Contributions
Teacher's Health Insurance Security Fund
Last Three Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 20,277	$ 20,277	$ -	$ 2,204,075	0.92 %
2019	20,042	20,042	-	2,178,528	0.92 %
2018	18,830	18,830	-	2,139,723	0.88 %

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

See Independent Audit Report on Supplementary Information.

Pennoyer School District 79

Schedule of Changes in Assets and Liabilities

Fiduciary Funds - Agency Funds - Activity Funds

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020
Assets				
Cash	$ 9,117	$ 21,132	$ (19,317)	$ 10,932
Liabilities				
Due to organizations	$ 9,117	$ 21,132	$ (19,317)	$ 10,932

Pennoyer School District 79

Schedule of General Obligation Bonds and Loans Payable

	January 11, 2001 $1,040,000 Interest Varying From 4.00%-5.50%		December 29,2011 $2,035,000 Interest Varying From 3.00%-5.00%		December 13, 2017 $84,550 ISBE Technology Loan Interest of 2%		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	$ 120,000	$ 3,300	$ -	$ 86,525	$ 14,336	$ 143	$ 224,304
2022	-	-	125,000	83,713	-	-	208,713
2023	-	-	130,000	77,975	-	-	207,975
2024	-	-	140,000	71,900	-	-	211,900
2025	-	-	145,000	65,125	-	-	210,125
2026	-	-	150,000	57,750	-	-	207,750
2027	-	-	160,000	50,000	-	-	210,000
2028	-	-	165,000	41,875	-	-	206,875
2029	-	-	175,000	33,375	-	-	208,375
2030	-	-	185,000	24,375	-	-	209,375
2031	-	-	195,000	14,875	-	-	209,875
2032	-	-	200,000	5,000	-	-	205,000
Totals	$ 120,000	$ 3,300	$ 1,770,000	$ 612,488	$ 14,336	$ 143	$ 2,520,267

Pennoyer School District 79

Operating Expenditures Per Pupil

Year Ended June 30, 2020 and 2019	2020	2019
Expenditures		
Educational fund	5,235,993	4,052,400
Operations and maintenance fund	806,567	796,065
Municipal retirement/social security fund	151,583	118,519
Transportation fund	130,778	92,608
Debt service	296,853	243,102
Total Expenditures	6,621,774	5,302,694
Less revenues/expenditures not applicable to operating expense of regular programs		
Special education Pre-K	124,668	115,710
Tuition	283,229	246,222
Capital outlay	547,335	501,482
Bond principal retired	143,248	137,691
Subtotal	1,098,480	1,001,105
Operating Expenditures	5,523,294	4,301,589
Average daily attendance	406	401
Operating expenditures per student	$ 11,077	$ 10,716

Pennoyer School District 79

Schedule of Assessed Valuations, Tax Rates and Extensions

Last Six Fiscal Years

	2019	2018	2017	2016
ASSESSED VALUATION	$ 195,400,473	$ 158,439,287	$ 154,148,629	$ 150,875,204
TAX RATES				
Educational	1.6116	1.8466	1.9943	1.8834
Liability insurance	0.0163	0.0244	0.0236	0.0363
Special education	0.0132	0.0197	0.0190	0.0196
Operations and maintenance	0.3383	0.4875	0.2543	0.2421
Bond and interest	0.1145	0.1421	0.1468	0.1468
Transportation	0.0211	0.0315	0.0304	0.0670
Municipal retirement	0.0140	0.0157	0.0152	0.0403
Social security	0.0105	0.0157	0.0152	0.0403
Working cash	0.0116	0.0173	0.0167	0.0196
Total	2.1511	2.6005	2.5155	2.4954
TAX EXTENSIONS				
Educational	$ 3,149,000	$ 2,925,697	$ 3,074,120	$ 2,841,583
Liability insurance	31,876	38,644	36,323	54,767
Special education	25,701	31,168	29,296	29,571
Operations and maintenance	661,006	772,399	392,000	365,268
Bond and interest	223,781	225,173	226,275	221,550
Transportation	41,133	49,855	46,862	101,086
Municipal retirement	27,266	24,928	23,431	60,802
Social security	20,554	24,928	23,431	60,802
Working cash	22,615	27,430	25,783	29,571
Total	$ 4,202,932	$ 4,120,222	$ 3,877,521	$ 3,765,000

	2015	2014
	$ 132,364,947	$ 136,265,768
	2.1249	2.0447
	0.0409	0.0393
	0.0221	0.0213
	0.2731	0.2556
	0.1676	0.1631
	0.0756	0.0655
	0.0454	0.0510
	0.0454	0.0510
	0.0221	0.0213
	2.8171	2.7128
	$ 2,812,622	$ 2,786,226
	54,137	53,552
	29,252	29,024
	361,488	348,295
	221,786	222,206
	100,067	89,254
	60,093	69,495
	60,093	69,495
	29,252	29,024
	$ 3,728,790	$ 3,696,571