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**BANNOCKBURN SCHOOL DISTRICT NO. 106
LAKE COUNTY, ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

eder, casella & co

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
 Bannockburn School District No. 106
 Bannockburn, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Bannockburn School District No. 106

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bannockburn School District No. 106 as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bannockburn School District No. 106's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of Bannockburn School District No. 106'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 effectiveness of Bannockburn School District No. 106's 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 Bannockburn School District No. 106's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 8, 2020



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
 Bannockburn School District No. 106
 Bannockburn, Illinois

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

Bannockburn School District No. 106

as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Bannockburn School District No. 106's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bannockburn School District No. 106's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bannockburn School District No. 106's internal control. Accordingly, we do not express an opinion on the effectiveness of Bannockburn School District No. 106's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the management letter that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bannockburn School District No. 106's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bannockburn School District No. 106's Purpose of this Report

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

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 8, 2020

REQUIRED SUPPLEMENTARY INFORMATION

BANNOCKBURN SCHOOL DISTRICT NO. 106

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

The Management's Discussion and Analysis of Bannockburn School District No. 106's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$21,442,982 (net position). Of this amount, \$8,907,212 (unrestricted net position) may be used at the District's discretion and has not been restricted for specific purposes.
- The District's total net position decreased by \$216,220. This decrease represents the degree to which increases in ongoing expenses exceeded similar increases in ongoing revenues.
- At June 30, 2020, the District's governmental funds reported combined ending fund balances of \$13,478,902, a decrease of \$366,472 in comparison with the prior year. Of this, \$9,409,295 is available for spending at the District's discretion (unassigned fund balance).
- At June 30, 2020, the unassigned fund balance for the General Fund was \$9,409,295, or 156% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

(regular education, special education, and other), supporting services, operation and maintenance of facilities, and transportation services.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General; Operations and Maintenance; Transportation; Illinois Municipal Retirement/Social Security; and Capital Projects Funds, all of which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

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

The basic fiduciary fund financial statement can be found on page 18 of this report.

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

The notes to the financial statements can be found on pages 19 through 40 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in meeting its obligation to provide, as fully adequate as possible, educational services and extracurricular activities to all of its residents' students.

Required supplementary information can be found on pages 41 through 54 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,442,982 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2020 and 2019:

	Bannockburn School District No. 106's Net Position at Year-End	
	Governmental Activities	
	FY 2020	FY 2019
Assets		
Current and Other Assets	\$ 18,824,482	\$ 19,414,600
Capital Assets	10,992,929	10,666,055
Total Assets	\$ 29,817,411	\$ 30,080,655
Deferred Outflows of Resources	\$ 335,655	\$ 618,865
Liabilities		
Other Liabilities	\$ 461,507	\$ 372,981
Long-Term Debt Outstanding	2,922,091	2,980,507
Total Liabilities	\$ 3,383,598	\$ 3,353,488
Deferred Inflows of Resources	\$ 5,326,486	\$ 5,686,830
Net Position		
Net Investment in Capital Assets	\$ 10,992,929	\$ 10,666,055
Restricted	1,542,841	1,212,069
Unrestricted	8,907,212	9,781,078
Total Net Position	\$ 21,442,982	\$ 21,659,202

The net investment in capital assets (51% of total net position) represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$8,907,212) may be used to meet the District's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The District's net position decreased by \$216,220 during the current fiscal year. Substantially all of this decrease represents the degree to which increases in ongoing expenses exceeded similar increases in ongoing revenues.

Governmental Activities. Governmental activities decreased the District's net position by \$216,220. Key elements of this decrease are as follows:

Bannockburn School District No. 106's Change in Net Position

	Governmental Activities	
	FY 2020	FY 2019
Revenues:		
Program Revenues		
Charges for Services	\$ 28,267	\$ 29,545
Operating Grants and Contributions	1,925,291	1,585,573
General Revenues:		
Property Taxes	4,866,824	5,485,403
Other Taxes	30,047	27,450
Other	519,309	534,233
Total Revenues	<u>\$ 7,369,738</u>	<u>\$ 7,662,204</u>
Expenses:		
Instruction	\$ 2,591,723	\$ 2,542,026
Support Services	2,470,258	2,527,742
Other	2,523,977	2,338,352
Total Expenses	<u>\$ 7,585,958</u>	<u>\$ 7,408,120</u>
Increase/(Decrease) in Net Position	\$ (216,220)	\$ 254,084
Net Position - Beginning	21,659,202	21,604,688
Net Position Adjustment	-	(199,570)
Net Position - Ending	<u>\$ 21,442,982</u>	<u>\$ 21,659,202</u>

Overall, the District's revenues decreased by \$292,466. Other revenues decreased as a result of higher interest income in the current year; property taxes decreased as a result of lower levies and more taxes held back due to outstanding rate objections; and operating grants and contributions increased due to higher state grant revenues in comparison to the prior year.

The slight increase in instruction expenses was due to slightly higher salaries, supplies and materials in the current year. The decrease in support services was due to lower facility acquisition and construction service costs in comparison to the prior year. Finally, the increase in other expenses was due to increased On-Behalf contributions in comparison to the prior year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's five governmental funds reported combined ending fund balances of \$13,478,902, a decrease of \$366,472.

The General Fund is the chief operating fund of the District. At June 30, 2020, unassigned fund balance was \$9,409,295. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 156% of total General Fund expenditures. The General Fund's balance decreased by \$2,484,192 in comparison with the prior year. This decrease was due primarily to a large transfer to the Capital Projects fund in the current year, while there were no transfers made in the prior year.

The Operations and Maintenance Fund's balance increased by \$483,804 in comparison with the prior year. This increase is higher than the prior year increase, since a \$400,000 transfer to the Capital Project Fund was made in the prior year and there were no transfers in the current year.

The Transportation Fund's fund balance increased by \$41,554 in comparison with the prior year decrease of \$84,278. The current year increase is due to increased property tax revenues.

The Illinois Municipal Retirement/Social Security Fund's balance increased by \$19,753 in comparison with the prior year. This increase is slightly higher than the prior year increase due to lower expenses in the current year compared to the prior year.

The Capital Projects Fund's balance increased by \$1,572,609 in comparison with the prior year. This increase was the result of a large transfer in from the General Fund exceeding the amount paid out for capital projects during the year.

General Fund Budgetary Highlights

The District amended the budget during the year ended June 30, 2020; therefore, there are some minimal differences between the original and final budget.

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

- The difference between budgeted revenues and actual revenues was \$110,249 (unfavorable) and was mainly due to lower than expected earnings on investments and property taxes.
- The difference between budgeted expenditures and actual expenditures was \$35,207 (favorable) due primarily to lower than expected instruction for regular program.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2020 the District had invested \$10,992,929 (net of accumulated depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, capitalized equipment, and construction in progress. Total depreciation expense for the year was \$441,576.

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

- The District purchased some gym equipment and other electronic equipment during the fiscal year.
- The District also installed a new flagpole and began construction on a STEM lab addition, building updates and a new driveway during the fiscal year.

Bannockburn School District No. 106's Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 382,477	\$ 382,477
Building and Building Improvements	8,751,943	9,055,342
Site Improvements and Infrastructure	795,514	857,049
Capitalized Equipment	356,723	371,187
Construction in Progress	706,272	-
Total	<u>\$ 10,992,929</u>	<u>\$ 10,666,055</u>

Additional information on the District's capital assets can be found in note 4 on page 25 of this report.

Long-Term Debt. At June 30, 2020 the District had no long-term debt.

Economic Factors and Next Year's Budget

The assessed valuation for tax year 2019 is \$223,248,668, an increase of \$2,372,184 (1.07%) over the prior year. The STEM lab addition, building updates, new driveway and roof replacement projects are the significant items within the fiscal year 2021 budget to disclose.

Requests for Information

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

Bannockburn School District No. 106
2165 Telegraph Road
Bannockburn, IL 60015

BASIC FINANCIAL STATEMENTS

BANNOCKBURN SCHOOL DISTRICT NO. 106
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,078,771
Investments, at Fair Value	11,658,100
Accrued Interest Receivable, net of allowance of \$0	163,106
Other Accounts Receivable, net of allowance of \$0	1,500
Property Taxes Receivable, net of allowance of \$0	2,724,513
Due from Other Governments, net of allowance of \$0	7,384
Prepaid Items	191,108
Capital Assets (Note 4):	
Land	382,477
Construction in Progress	706,272
Depreciable Buildings, Property, and Equipment, net of depreciation	9,904,180
Total Assets	\$ 29,817,411
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions - IMRF	\$ 49,174
Deferred Outflows Related to Pensions - TRS	33,093
Deferred Outflows Related to OPEB	253,388
Total Deferred Outflows of Resources	\$ 335,655
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 457,214
Payroll Liabilities	4,293
Long-Term Liabilities	
Due in More Than One Year	2,922,091
Total Liabilities	\$ 3,383,598
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 4,884,073
Deferred Inflows Related to Pensions - TRS	30,393
Deferred Inflows Related to Pensions - IMRF	90,375
Deferred Inflows Related to OPEB	321,645
Total Deferred Inflows of Resources	\$ 5,326,486
NET POSITION	
Net Investment in Capital Assets	\$ 10,992,929
Restricted for:	
Operations and Maintenance	1,215,490
Transportation	168,467
Retirement	158,884
Unrestricted/(Deficit)	8,907,212
Total Net Position	\$ 21,442,982

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				Governmental Activities
Instruction				
Regular Programs	\$ 2,320,039	\$ 22,836	\$ 44,867	\$ (2,252,336)
Special Education Programs	155,903	-	38,242	(117,661)
Other Instructional Programs	115,781	2,850	-	(112,931)
Support Services				
Pupil	60,414	-	-	(60,414)
Instructional Staff	555,655	-	-	(555,655)
General Administration	380,495	-	-	(380,495)
School Administration	403,467	-	-	(403,467)
Business	194,175	-	-	(194,175)
Facilities Acquisition and Construction Services	91,373	-	-	(91,373)
Operations and Maintenance	600,002	-	50,000	(550,002)
Transportation	148,228	-	31,024	(117,204)
Food Services	18,980	2,581	2,403	(13,996)
Central	17,469	-	-	(17,469)
Payments to Other Districts and Governmental Units	323,646	-	-	(323,646)
On-Behalf Retirement Contributions	1,758,755	-	1,758,755	-
Depreciation Unallocated	441,576	-	-	(441,576)
Total Governmental Activities	<u>\$ 7,585,958</u>	<u>\$ 28,267</u>	<u>\$ 1,925,291</u>	<u>\$ (5,632,400)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				\$ 4,866,824
Personal Property Replacement Taxes				30,047
Grants and Contributions not Restricted to Specific Activities				140,593
Unrestricted Investment Earnings				365,358
Miscellaneous Income				13,358
Total General Revenues				<u>\$ 5,416,180</u>
Change in Net Position				\$ (216,220)
Net Position - July 1, 2019				<u>21,659,202</u>
Net Position - June 30, 2020				<u>\$ 21,442,982</u>

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2020

	General Fund	Operations and Maintenance Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 2,900,648	\$ 476,298	\$ 71,869	\$ 80,885	\$ 549,071	\$ 4,078,771
Investments, at Fair Value	8,290,742	1,361,371	205,420	231,190	1,569,377	11,658,100
Accrued Interest Receivable, net of allowance of \$0	116,982	18,647	2,814	3,167	21,496	163,106
Other Accounts Receivable, net of allowance of \$0	1,500	-	-	-	-	1,500
Property Taxes Receivable, net of allowance of \$0	1,988,062	566,827	97,625	71,999	-	2,724,513
Due from Other Governments, net of allowance of \$0	-	-	7,384	-	-	7,384
Prepaid Items	85,099	103,655	-	-	2,354	191,108
Total Assets	\$ 13,383,033	\$ 2,526,798	\$ 385,112	\$ 387,241	\$ 2,142,298	\$ 18,824,482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 324,758	\$ 9,666	\$ -	\$ -	\$ 122,790	\$ 457,214
Payroll Liabilities	-	-	-	4,293	-	4,293
Total Liabilities	\$ 324,758	\$ 9,666	\$ -	\$ 4,293	\$ 122,790	\$ 461,507
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 3,563,881	\$ 1,016,116	\$ 175,007	\$ 129,069	\$ -	\$ 4,884,073
Total Deferred Inflows of Resources	\$ 3,563,881	\$ 1,016,116	\$ 175,007	\$ 129,069	\$ -	\$ 4,884,073
FUND BALANCE						
Nonspendable						
Prepaid Items	\$ 85,099	\$ 103,655	\$ -	\$ -	\$ 2,354	\$ 191,108
Restricted						
Operations and Maintenance	-	1,215,490	-	-	-	1,215,490
Transportation	-	-	168,467	-	-	168,467
Illinois Municipal Retirement Fund	-	-	-	69,465	-	69,465
Social Security	-	-	-	158,884	-	158,884
Assigned						
Operations and Maintenance	-	181,871	-	-	-	181,871
Transportation	-	-	41,638	-	-	41,638
Illinois Municipal Retirement Fund/Social Security	-	-	-	25,530	-	25,530
Capital Projects	-	-	-	-	2,017,154	2,017,154
Unassigned	9,409,295	-	-	-	-	9,409,295
Total Fund Balance	\$ 9,494,394	\$ 1,501,016	\$ 210,105	\$ 253,879	\$ 2,019,508	\$ 13,478,902
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 13,383,033	\$ 2,526,798	\$ 385,112	\$ 387,241	\$ 2,142,298	\$ 18,824,482

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2020

Total Fund Balances - Governmental Funds \$ 13,478,902

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

Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.

Deferred (Inflows) - IMRF	\$	(90,375)	
Deferred Outflows - IMRF		49,174	
Deferred (Inflows) - TRS		(30,393)	
Deferred Outflows - TRS		33,093	
Deferred (Inflows) - THIS		(321,645)	
Deferred Outflows - THIS		<u>253,388</u>	
			(106,758)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$	16,151,762	
Accumulated Depreciation on Capital Assets		<u>(5,158,833)</u>	
			10,992,929

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net Pension (Liability)/Asset - TRS	\$	(224,128)	
Net Pension (Liability)/Asset - IMRF		(268,180)	
Net OPEB (Liability)/Asset - THIS		<u>(2,429,783)</u>	
			<u>(2,922,091)</u>

Net Position of Governmental Activities \$ 21,442,982

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020

	General Fund	Operations and Maintenance Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Property Taxes	\$ 3,580,177	\$ 1,009,488	\$ 148,931	\$ 128,228	\$ -	\$ 4,866,824
Payments in Lieu of Taxes	27,517	-	-	2,530	-	30,047
Tuition	-	-	-	-	-	-
Earnings on Investments	250,016	42,065	6,032	6,991	60,254	365,358
Food Services	2,581	-	-	-	-	2,581
District/School Activity Income	25,686	-	-	-	-	25,686
Other Local Sources	6,155	3,408	3,795	-	-	13,358
State Aid	141,343	50,000	31,024	-	-	222,367
Federal Aid	84,762	-	-	-	-	84,762
On-Behalf Payments	1,758,755	-	-	-	-	1,758,755
Total Revenues	\$ 5,876,992	\$ 1,104,961	\$ 189,782	\$ 137,749	\$ 60,254	\$ 7,369,738
EXPENDITURES						
Current						
Instruction						
Regular Programs	\$ 2,190,208	\$ -	\$ -	\$ 36,053	\$ -	\$ 2,226,261
Special Education Programs	148,784	-	-	1,831	-	150,615
Other Instructional Programs	108,739	-	-	1,077	-	109,816
Support Services						
Pupil	58,653	-	-	972	-	59,625
Instructional Staff	525,274	-	-	13,499	-	538,773
General Administration	368,687	-	-	2,166	-	370,853
School Administration	352,837	-	-	26,013	-	378,850
Business	161,485	-	-	18,517	-	180,002
Facilities Acquisition and Construction Services	-	-	-	-	91,373	91,373
Operations and Maintenance	-	576,648	-	17,867	-	594,515
Transportation	-	-	148,228	-	-	148,228
Food Services	18,978	-	-	1	-	18,979
Central	17,469	-	-	-	-	17,469
Payments to Other Districts and Governmental Units	323,646	-	-	-	-	323,646
Capital Outlay	17,669	44,509	-	-	706,272	768,450
On-Behalf Payments	1,758,755	-	-	-	-	1,758,755
Total Expenditures	\$ 6,051,184	\$ 621,157	\$ 148,228	\$ 117,996	\$ 797,645	\$ 7,736,210
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (174,192)	\$ 483,804	\$ 41,554	\$ 19,753	\$ (737,391)	\$ (366,472)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers	(2,310,000)	-	-	-	2,310,000	-
NET CHANGE IN FUND BALANCES	\$ (2,484,192)	\$ 483,804	\$ 41,554	\$ 19,753	\$ 1,572,609	\$ (366,472)
FUND BALANCES - JULY 1, 2019	11,978,586	1,017,212	168,551	234,126	446,899	13,845,374
FUND BALANCES - JUNE 30, 2020	\$ 9,494,394	\$ 1,501,016	\$ 210,105	\$ 253,879	\$ 2,019,508	\$ 13,478,902

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (366,472)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (441,576)	
Capital Outlays	<u>768,450</u>	
		326,874

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

IMRF Pension Expense	\$ (83,669)	
TRS Pension Expense	(17,172)	
OPEB Expense	<u>(155,986)</u>	
		(256,827)

Employer pension contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension/OPEB Liability on the government-wide financial statements.

IMRF Pension Contributions	\$ 47,431	
TRS Pension Contributions	12,673	
OPEB Contributions	<u>20,101</u>	
		<u>80,205</u>

Change in Net Position of Governmental Activities \$ (216,220)

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2020

	<u>Agency Fund - Student Activity Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 519</u>
Total Assets	<u><u>\$ 519</u></u>
LIABILITIES	
Due to Activity Funds	<u>\$ 519</u>
Total Liabilities	<u><u>\$ 519</u></u>

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bannockburn School District No. 106's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

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

A. Reporting Entity

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

B. Basic Financial Statements – Government-Wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

NOTES TO FINANCIAL STATEMENTS (Continued)

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of all governmental funds) for the determination of major funds. The District electively made all governmental funds major funds.

The following fund types are used by the District:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The Educational and Working Cash levies are included in this fund.

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using generally accepted accounting principles.

The District's fiduciary fund is presented in the fiduciary fund financial statement by type (agency). Since by definition these assets are being held for the benefit of a third party (student organizations) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses when incurred.

2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their uninvested cash balances in common bank deposit accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

No District fund had a cash overdraft at June 30, 2020.

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred. The District has adopted a formal written investment and cash management policy.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

H. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and Building Improvements	20-40 years
Site Improvements and Infrastructure	20 years
Capitalized Equipment	5-20 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the balance sheet(s) and statement(s) of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the District. Vacation is required to be used by the time school starts and there is no allowance for carryover. Sick leave is accumulated from year to year without limit but is not paid upon termination. No compensated absence accrual is recorded because vacation benefits do not accumulate from year to year and sick leave is not paid upon termination.

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bond issuance costs are reported as debt service expenditures. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding.

NOTES TO FINANCIAL STATEMENTS (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. *Government-Wide Fund Net Position*

Government-wide fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue funds, the debt services fund, and capital projects funds.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

P. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2019 tax levy was passed by the Board on December 17, 2019. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

Q. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7. As of June 30, 2020, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pools	\$ 4,560,810	\$ 4,560,810	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pools is the same as the value of pool shares. The State Investment Pools are not SEC-registered but do have regulatory oversight through the State of Illinois.

Interest Rate Risk. The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2020, the District's investments were rated as follows:

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

NOTE 3 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

NOTES TO FINANCIAL STATEMENTS (Continued)

- Certificates of Deposit of \$11,658,100 are valued using Level 2 inputs.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 382,477	\$ -	\$ -	\$ 382,477
Construction in Progress	-	706,272	-	706,272
Total Capital Assets not being depreciated	<u>\$ 382,477</u>	<u>\$ 706,272</u>	<u>\$ -</u>	<u>\$ 1,088,749</u>
Other Capital Assets				
Building and Building Improvements	\$ 12,589,537	\$ -	\$ -	\$ 12,589,537
Site Improvements and Infrastructure	1,370,054	8,400	-	1,378,454
Capitalized Equipment	1,238,804	53,778	197,560	1,095,022
Total Other Capital Assets at historical cost	<u>\$ 15,198,395</u>	<u>\$ 62,178</u>	<u>\$ 197,560</u>	<u>\$ 15,063,013</u>
Less Accumulated Depreciation for				
Building and Improvements	\$ 3,534,195	\$ 303,399	\$ -	\$ 3,837,594
Site Improvements and Infrastructure	513,005	69,935	-	582,940
Capitalized Equipment	867,617	68,242	197,560	738,299
Total Accumulated Depreciation	<u>\$ 4,914,817</u>	<u>\$ 441,576</u>	<u>\$ 197,560</u>	<u>\$ 5,158,833</u>
Other Capital Assets, Net	<u>\$ 10,283,578</u>	<u>\$ (379,398)</u>	<u>\$ -</u>	<u>\$ 9,904,180</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 10,666,055</u></u>	<u><u>\$ 326,874</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,992,929</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
Unallocated	\$ 441,576
Total Governmental Activities Depreciation Expense	<u><u>\$ 441,576</u></u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities					
Other Long-Term Liabilities					
Net Pension Liability - TRS	\$ 226,611	\$ -	\$ 2,483	\$ 224,128	\$ -
Net Pension Liability - IMRF	439,168	-	170,988	268,180	-
Net Pension Liability - OPEB	2,314,728	115,055	-	2,429,783	-
Total Other Long-Term Liabilities	<u>\$ 2,980,507</u>	<u>\$ 115,055</u>	<u>\$ 173,471</u>	<u>\$ 2,922,091</u>	<u>\$ -</u>
Total Long-Term Obligations	<u><u>\$ 2,980,507</u></u>	<u><u>\$ 115,055</u></u>	<u><u>\$ 173,471</u></u>	<u><u>\$ 2,922,091</u></u>	<u><u>\$ -</u></u>

NOTE 6 - INTERFUND LOANS

There were no interfund loans at June 30, 2020.

NOTE 7 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2019 tax levy. The unavailable revenue is 100% of the 2019 tax levy net of estimated uncollectible amounts. These taxes are unavailable as only a portion of the taxes are collected near the end of the fiscal year and the District does not consider the amounts to be available and does not budget for their use in fiscal year 2020. The District has determined that 100% of the amounts collected for the 2018 levy are allocable for use in fiscal year 2020. Therefore, 100% of the amounts collected for the 2018 and prior levies (\$4,866,824) are recorded in these financial statements as property tax revenue. A summary of the assessed valuations and extensions for tax years 2019, 2018, and 2017 is as follows:

ASSESSED VALUATION	2019		2018		2017	
	\$223,248,668		\$220,876,484		\$213,618,793	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Educational	1.5464	\$ 3,452,257	1.7441	\$ 3,893,629	1.9672	\$ 4,202,255
Operations and Maintenance	0.4552	1,016,116	0.4600	1,027,029	0.4757	1,016,114
Transportation	0.0784	175,007	0.0679	151,624	0.0468	100,004
Municipal Retirement	0.0226	50,416	0.0228	50,957	0.0236	50,414
Social Security	0.0352	78,653	0.0356	79,497	0.0368	78,650
Working Cash	0.0500	111,624	0.0221	49,325	0.0228	48,799
	<u>2.1877</u>	<u>\$ 4,884,074</u>	<u>2.3526</u>	<u>\$ 5,252,059</u>	<u>2.5729</u>	<u>\$ 5,496,236</u>

NOTE 9 - RETIREMENT FUND COMMITMENTS

A. *Teachers' Retirement System of the State of Illinois*

General Information About the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/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 ten years, or age 55 with twenty years. The benefit is determined by the average of the four highest years of creditable earnings within the last ten years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout program that expire on June 30, 2021. Once program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II 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 Illinois 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 \$1,731,874 in pension contributions from the State of Illinois.

2.2 Formula Contributions. District's contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2020, were \$12,674 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2020, the District pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$0 were paid from federal and special trust funds that required District contributions of \$0.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

NOTES TO FINANCIAL STATEMENTS (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 paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 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 follows below:

District's proportionate share of the net pension liability	\$ 224,128
State's proportionate share of the net pension liability associated with the District	15,950,933
Total	<u>\$ 16,175,061</u>

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 District'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 District's proportion was 0.00027633%, which was a decrease of .0000144 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,731,874 and revenue of \$1,731,874 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 3,675	\$ -	\$ 3,675
Net difference between projected and actual earnings on pension plan investments	355	-	355
Changes of assumptions	5,022	(4,302)	720
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,367	(26,091)	(14,724)
Employer contributions subsequent to the measurement date	12,674	-	12,674
	<u>\$ 33,093</u>	<u>\$ (30,393)</u>	<u>\$ 2,700</u>

\$12,674 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 reporting 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 in these reporting years:

Year Ending June 30	
2021	\$ (3,530)
2022	(6,818)
2023	818
2024	342
2025	(786)
	<u>\$ (9,974)</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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	7.0%, 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Real return	4.0%	1.8%
Absolute return	14.0%	4.1%
Private Equity	15.0%	9.7%
Total	<u>100.0%</u>	

Discount Rate

At June 30, 2019, the discount rate used to measure total pension liability was 7.00%, 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 to current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 273,753	\$ 224,128	\$ 183,326

TRS Fiduciary Net Position

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*

Plan Description

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

Benefits Provided

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

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

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years

NOTES TO FINANCIAL STATEMENTS (Continued)

of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	29
Active plan members	9
Total	<u>53</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2019 was 8.78%. For the fiscal year ended June 30, 2020, the District contributed \$47,431 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2019, and a measurement date as of December 31, 2019, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 2,566,141
IMRF Fiduciary Net Position	2,297,961
District's Net Pension Liability	268,180
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	89.55%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions	
Inflation	2.50%
Salary Increases	3.35% - 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market value of assets
Projected 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 for the period 2014-2016.

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

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37%	5.75%
International Equities	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternatives	7%	0.00%
Private Equity		7.60%
Hedge Funds		N/A
Commodities		3.60%
Cash Equivalents	1%	1.85%
	<u>100%</u>	

Single Discount Rate

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2018	\$ 2,375,160	\$ 1,935,992	\$ 439,168
Changes for the year:			
Service Cost	\$ 54,100	\$ -	\$ 54,100
Interest on the Total Pension Liability	170,072	-	170,072
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	79,599	-	79,599
Changes of Assumptions	-	-	-
Contributions - Employer	-	43,626	(43,626)
Contributions - Employee	-	22,359	(22,359)
Net Investment Income	-	364,621	(364,621)
Benefit Payments, including Refunds of Employee Contributions	(112,790)	(112,790)	-
Other (Net Transfer)	-	44,153	(44,153)
Net Changes	\$ 190,981	\$ 361,969	\$ (170,988)
Balances at December 31, 2019	\$ 2,566,141	\$ 2,297,961	\$ 268,180

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, 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 than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 542,906	\$ 268,180	\$ 32,757

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

For the year ended June 30, 2020, the District recognized pension expense/(income) of \$83,669. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 21,092	\$ -	\$ 21,092
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	90,375	(90,375)
Total deferred amounts to be recognized in pension expense in future periods	\$ 21,092	\$ 90,375	\$ (69,283)
Pension contributions made subsequent to the measurement date	28,082	-	28,082
Total deferred amounts related to pensions	\$ 49,174	\$ 90,375	\$ (41,201)

NOTES TO FINANCIAL STATEMENTS (Continued)

\$28,082 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting 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 December 31	Net Deferred Outflows of Resources
2020	\$ (4,789)
2021	(28,042)
2022	8,418
2023	(44,870)
	<u>\$ (69,283)</u>

C. Social Security

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid the total required contribution for the current fiscal year.

NOTE 10 - POST EMPLOYMENT BENEFIT COMMITMENTS

Teacher Health Insurance Security Fund (THIS)

General Information About the OPEB Plan

Plan Description

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

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

Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
 - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
 - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
 - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

Contributions

For the fiscal year ended June 30, 2020, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the THIS make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% of each teacher's salary. For the fiscal year ended June 30, 2019, the employee contribution was 1.24% of salary and the employer contribution was 0.92% of each teacher's salary. The Department of Central Management Services determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THISF), an amount equal to the amount certified by the Board of Trustees of THIS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to THIS by the employer.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2020, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$26,881 in benefit contributions from the State of Illinois.

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

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

District's proportionate share of the net pension liability	\$ 2,429,783
State's proportionate share of the net pension liability associated with the District	3,290,246
Total	<u>\$ 5,720,029</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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 THIS for the measurement year ended June 30, 2019, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2019, the District's proportion was 0.008779%, which was a decrease of 0.000007% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized benefit expense of \$155,986 and on-behalf revenue/expense of \$26,881 for support provided by the State. 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 Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (40,320)	\$ (40,320)
Net difference between projected and actual earnings on pension plan investments	-	(80)	(80)
Changes of assumptions	921	(278,533)	(277,612)
Changes in proportion and differences between employee contributions and proportionate share of contributions	232,363	(2,712)	229,651
Employer contributions subsequent to the measurement date	20,104	-	20,104
	<u>\$ 253,388</u>	<u>\$ (321,645)</u>	<u>\$ (68,257)</u>

\$20,104 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

Year Ending June 30	
2021	\$ (31,270)
2022	(60,396)
2023	7,246
2024	3,030
2025	(6,971)
	<u>\$ (88,361)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 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%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs	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 decrease to an ultimate trend of 4.5%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The actuarial assumptions that were 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100.0%	2.04%
	100.0%	

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.62% as of June 30, 2018, and 3.13% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily required rates.

Based on those assumptions, THIS's fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2019, the discount rate used to measure the total OPEB liability was 3.13%.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.13%, 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%
Employer's proportionate share of the net OPEB liability	\$ 2,921,490	\$ 2,429,783	\$ 2,041,453

NOTES TO FINANCIAL STATEMENTS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

	1% Decrease (a)	Healthcare Cost Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	\$ 1,963,073	\$ 2,429,783	\$ 3,060,152

- (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 11 - INTERFUND TRANSFERS

The following funds had transfers for the year ended June 30, 2020:

Transfer from	Transfer To	Amount
General Fund	Operations and Maintenance Fund	\$ 2,310,000
Operations and Maintenance Fund	Capital Projects Fund	2,310,000

The transfer was made to help pay for capital projects undertaken by the District during the fiscal year.

NOTE 12 - JOINT VENTURE – NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT (NSSD)

The District and seventeen other districts within the North Shore Suburbs of Chicago have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (modified accrual basis) of NSSD at June 30, 2019 (most recent information available) is as follows:

Assets	\$ 31,116,573
Deferred Outflows of Resources	6,250,466
	<u>\$ 37,367,039</u>
Liabilities	\$ 29,183,181
Deferred Inflows of Resources	4,077,365
Net Position	4,106,493
	<u>\$ 37,367,039</u>
Revenues	\$ 52,216,428
Expenses	52,187,761
Net Increase/(Decrease) in Net Position	<u>\$ 28,667</u>

Complete financial statements for NSSD can be obtained from the Administrative Offices at 760 Red Oak Lane, Highland Park, IL 60035-3899.

NOTE 13 - RISK MANAGEMENT

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

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

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

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

The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experiences. Adjustments in premiums are recorded when paid or received.

During the year ended June 30, 2020, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage for each of the past three years, including the current year. During the year ended June 30, 2020, there were no significant adjustments in premiums based on actual experience.

NOTE 14 - SELF INSURANCE

The District is a member of COOP 90, a cooperative for self-insurance of employee health plans comprised of several governmental entities. Members pay into the trust certain specific amounts (including amounts collected from employees) established by the trust's insurance consultants. The trust pays all claims and maintains reserves for claims incurred but not submitted. The trust also carries excess claims insurance. Consequently, the District's administration believes there is little likelihood that additional amounts for past policy years would be required under these self-insurance agreements.

NOTE 15 - CONTINGENCIES

The District is currently dealing with property tax objections, none of which were finalized by year-end. The objectors allege that the District's tax rates for a number of funds are illegally excessive for various reasons. The District is unable to estimate any future liability.

NOTE 16 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

2019 EAV	\$ 223,248,668
Rate	<u>6.90%</u>
Debt Margin	\$ 15,404,158
Current Debt	<u>-</u>
Remaining Debt Margin	<u>\$ 15,404,158</u>

NOTE 17 - CONSTRUCTION COMMITMENTS

The District has ongoing contracts for a STEM lab addition, building updates, a new driveway project and a roof replacement project with a general contractor at June 30, 2020. The projects have outstanding commitments totaling \$2,083,002 that have not been included as expenses in these financial statements.

NOTE 18 - SUBSEQUENT EVENTS

Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various districts and will continue to impact these districts. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the impact on the District is uncertain and cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

BANNOCKBURN SCHOOL DISTRICT NO. 106
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2020

	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY						
Service Cost	\$ 54,100	\$ 49,459	\$ 52,834	\$ 61,951	\$ 57,278	\$ 57,780
Interest on the Total Pension Liability	170,072	153,395	148,115	138,945	123,054	121,017
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	79,599	134,520	5,258	14,703	108,549	(170,793)
Changes of Assumptions	-	58,325	(48,096)	(6,398)	6,115	88,575
Benefit Payments, Including Refunds of Member Contributions	(112,790)	(82,150)	(89,901)	(89,738)	(66,282)	(72,063)
Net Change in Total Pension Liability	<u>\$ 190,981</u>	<u>\$ 313,549</u>	<u>\$ 68,210</u>	<u>\$ 119,463</u>	<u>\$ 228,714</u>	<u>\$ 24,516</u>
Total Pension Liability - Beginning	<u>2,375,160</u>	<u>2,061,611</u>	<u>1,993,401</u>	<u>1,873,938</u>	<u>1,645,224</u>	<u>1,620,708</u>
Total Pension Liability - Ending	<u>\$ 2,566,141</u>	<u>\$ 2,375,160</u>	<u>\$ 2,061,611</u>	<u>\$ 1,993,401</u>	<u>\$ 1,873,938</u>	<u>\$ 1,645,224</u>
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 43,626	\$ 50,801	\$ 47,649	\$ 42,262	\$ 45,796	\$ 45,056
Contributions - Member	22,359	21,834	21,188	22,374	22,159	20,584
Net Investment Income	364,621	(112,966)	313,434	113,258	8,558	104,421
Benefit Payments, Including Refunds of Member Contributions	(112,790)	(82,150)	(89,901)	(89,738)	(66,282)	(72,063)
Other (Net Transfers)	44,153	14,529	(14,810)	22,801	(65,482)	(102,347)
Net Change in Plan Fiduciary Net Position	<u>\$ 361,969</u>	<u>\$ (107,952)</u>	<u>\$ 277,560</u>	<u>\$ 110,957</u>	<u>\$ (55,251)</u>	<u>\$ (4,349)</u>
Plan Net Position - Beginning	<u>1,935,992</u>	<u>2,043,944</u>	<u>1,766,384</u>	<u>1,655,427</u>	<u>1,710,678</u>	<u>1,715,027</u>
Plan Net Position - Ending	<u>\$ 2,297,961</u>	<u>\$ 1,935,992</u>	<u>\$ 2,043,944</u>	<u>\$ 1,766,384</u>	<u>\$ 1,655,427</u>	<u>\$ 1,710,678</u>
District's Net Pension Liability	<u>\$ 268,180</u>	<u>\$ 439,168</u>	<u>\$ 17,667</u>	<u>\$ 227,017</u>	<u>\$ 218,511</u>	<u>\$ (65,454)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.55%	81.51%	99.14%	88.61%	88.34%	103.98%
Covered-Valuation Payroll	\$ 496,864	\$ 485,204	\$ 470,845	\$ 497,207	\$ 492,427	\$ 457,426
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	53.97%	90.51%	3.75%	45.66%	44.37%	-14.31%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2020

	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarial Determined Contribution	\$ 43,625	\$ 50,801	\$ 47,650	\$ 42,263	\$ 45,796	\$ 45,057
Contributions in relation to Actuarially Determined Contribution	43,626	50,801	47,649	42,262	45,796	45,056
Contribution Deficiency/(Excess)	\$ (1)	\$ -	\$ 1	\$ 1	\$ -	\$ 1
Covered-Valuation Payroll	\$ 454,572	\$ 523,226	\$ 470,845	\$ 497,207	\$ 492,427	\$ 457,426
Contributions as a percentage of Covered-Valuation Payroll	9.60%	9.71%	10.12%	8.50%	9.30%	9.85%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2019 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 24-year closed period

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

Wage Growth: 3.25%

Price Inflation: 2.50%, approximate; No explicit price inflation assumption is used in this valuation.

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 to 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.

*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation; note two year lag between valuation and rate setting.

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

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2020

	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0002763%	0.0002907%	0.0002660%	0.0003146%	0.0003356%	0.0003128%
Employer's proportionate share of the Net Pension Liability	\$ 224,128	\$ 226,611	\$ 203,251	\$ 248,304	\$ 219,865	\$ 190,368
State's proportionate share of the Net Pension Liability associated with the employer	15,950,933	15,523,804	13,992,437	13,914,439	11,102,694	10,080,564
Total	\$16,175,061	\$ 15,750,415	\$ 14,195,688	\$ 14,162,743	\$ 11,322,559	\$ 10,270,932
Employer's Covered-Employee Payroll	\$ 2,157,842	\$ 2,082,700	\$ 1,888,151	\$ 1,756,092	\$ 1,714,691	\$ 1,641,720
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	10.39%	10.88%	10.76%	14.14%	12.82%	11.60%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	39.60%	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

Changes of Assumptions:

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0%, including an inflation rate of 2.5% and a real return of 4.5%. Salary increases were assumed to vary by service credit, 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%, including an inflation rate of 3.0% and a real return of 4.5%. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2020

	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-required contribution	\$ 12,515	\$ 12,080	\$ 10,951	\$ 12,200	\$ 11,739	\$ 11,206
Contributions in relation to the statutorily-required contribution	<u>12,515</u>	<u>12,080</u>	<u>10,951</u>	<u>12,200</u>	<u>11,739</u>	<u>11,206</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 2,185,182	\$ 2,157,842	\$ 1,888,151	\$ 1,756,092	\$ 1,714,691	\$ 1,641,720
Contributions as a percentage of Covered-Employee Payroll	0.57%	0.56%	0.58%	0.69%	0.68%	0.68%

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

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

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2020

	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Employer's proportion of the Net OPEB Liability	0.0087790%	0.0087860%	0.0082150%
Employer's proportionate share of the Net OPEB Liability	\$ 2,429,783	\$ 2,314,728	\$ 1,957,536
State's proportionate share of the Net OPEB Liability associated with the employer	<u>3,290,246</u>	<u>3,108,208</u>	<u>2,131,827</u>
Total	<u>\$ 5,720,029</u>	<u>\$ 5,422,936</u>	<u>\$ 4,089,363</u>
Employer's Covered Payroll	\$ 2,157,842	\$ 2,088,550	\$ 1,888,151
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	112.60%	110.83%	103.67%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	0.25%	-0.07%	-0.17%

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

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

Changes of Assumptions:

For the 2019 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.50%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2020

	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Statutorily-Required Contribution	\$ 19,851	\$ 18,328	\$ 15,875
Contributions in relation to the Statutorily-Required Contribution	<u>19,852</u>	<u>18,328</u>	<u>15,860</u>
Contribution deficiency/(excess)	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 15</u>
Employer's Covered Payroll	\$ 2,185,182	\$ 2,157,842	\$ 2,088,550
Contributions as a percentage of Covered Payroll	0.91%	0.85%	0.76%

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

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

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 3,938,560	\$ 3,938,560	\$ 3,580,177
Payments in Lieu of Taxes	21,000	21,000	27,517
Earnings on Investments	301,880	301,880	250,016
Food Services	3,500	3,500	2,581
District/School Activity Income	27,500	27,500	25,686
Other Local Sources	14,000	14,000	6,155
State Aid			
General State Aid	140,400	140,400	140,593
Other Restricted Revenue from State Sources	750	750	750
Federal Aid			
Food Service	2,300	2,300	2,403
Title I	23,700	23,700	29,038
Title IV	10,000	10,000	10,001
Federal Special Education	39,570	39,570	38,242
Title II - Teacher Quality	6,140	6,140	4,865
Medicaid Matching Funds - Fee-for-Service Program	-	-	213
On-Behalf Payments	1,457,941	1,457,941	1,758,755
Total Revenues	\$ 5,987,241	\$ 5,987,241	\$ 5,876,992
EXPENDITURES			
Instruction			
Regular Programs			
Salaries	\$ 1,783,500	\$ 1,783,500	\$ 1,757,408
Employee Benefits	349,720	330,720	286,356
Purchased Services	38,000	38,000	28,780
Supplies and Materials	104,000	104,000	104,331
Non-Capitalized Equipment	20,000	20,000	13,333
	\$ 2,295,220	\$ 2,276,220	\$ 2,190,208
Special Education Programs			
Salaries	\$ 126,000	\$ 126,000	\$ 126,804
Employee Benefits	24,255	24,255	16,349
Purchased Services	7,000	7,000	2,956
Supplies and Materials	2,000	2,000	2,675
	\$ 159,255	\$ 159,255	\$ 148,784
Interscholastic Programs			
Salaries	\$ 20,000	\$ 20,000	\$ 6,143
Employee Benefits	310	310	85
Purchased Services	21,500	21,500	10,335
Supplies and Materials	4,000	4,000	3,069
	\$ 45,810	\$ 45,810	\$ 19,632
Gifted Programs			
Salaries	\$ 75,070	\$ 75,070	\$ 69,704
Employee Benefits	20,720	20,720	19,403
	\$ 95,790	\$ 95,790	\$ 89,107
Total Instruction	\$ 2,596,075	\$ 2,577,075	\$ 2,447,731
Support Services			
Pupil			
Guidance Services			
Salaries	\$ 49,740	\$ 49,740	\$ 49,739
Employee Benefits	1,730	1,730	1,700
Purchased Services	100	100	-
Supplies and Materials	500	500	299
	\$ 52,070	\$ 52,070	\$ 51,738
Health Services			
Salaries	\$ 3,290	\$ 3,290	\$ 3,286
Supplies and Materials	500	500	3,629
	\$ 3,790	\$ 3,790	\$ 6,915
Psychological Services			
Supplies and Materials	\$ 1,500	\$ 1,500	\$ -
	\$ 1,500	\$ 1,500	\$ -
Speech Pathology and Audiology Services			
Supplies and Materials	\$ 1,000	\$ 1,000	\$ -
	\$ 1,000	\$ 1,000	\$ -
Total Support Services - Pupil	\$ 58,360	\$ 58,360	\$ 58,653

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Support Services (Continued)			
Instructional Staff			
Improvement of Instruction Services			
Employee Benefits	\$ -	\$ -	\$ 7,500
Purchased Services	86,200	86,200	31,963
Supplies and Materials	3,000	3,000	250
	<u>\$ 89,200</u>	<u>\$ 89,200</u>	<u>\$ 39,713</u>
Educational Media Services			
Salaries	\$ 247,290	\$ 247,290	\$ 211,683
Employee Benefits	42,615	42,615	36,582
Purchased Services	101,960	101,960	119,757
Supplies and Materials	32,200	59,280	39,882
Other Objects	-	5,700	-
Non-Capitalized Equipment	15,000	35,000	77,657
	<u>\$ 439,065</u>	<u>\$ 491,845</u>	<u>\$ 485,561</u>
Total Support Services - Instructional Staff	<u>\$ 528,265</u>	<u>\$ 581,045</u>	<u>\$ 525,274</u>
General Administration			
Board of Education Services			
Purchased Services	\$ 115,000	\$ 115,000	\$ 129,185
Supplies and Materials	5,000	5,000	2,650
	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 131,835</u>
Executive Administration Services			
Salaries	\$ 235,000	\$ 149,000	\$ 148,020
Employee Benefits	36,960	39,110	31,077
Purchased Services	12,000	17,000	24,895
Supplies and Materials	6,000	26,000	25,279
Non-Capitalized Equipment	-	7,600	7,581
	<u>\$ 289,960</u>	<u>\$ 238,710</u>	<u>\$ 236,852</u>
Total Support Services - General Administration	<u>\$ 409,960</u>	<u>\$ 358,710</u>	<u>\$ 368,687</u>
School Administration			
Office of the Principal Services			
Salaries	\$ 290,200	\$ 290,200	\$ 295,283
Employee Benefits	57,260	57,260	57,554
	<u>\$ 347,460</u>	<u>\$ 347,460</u>	<u>\$ 352,837</u>
Total Support Services - School Administration	<u>\$ 347,460</u>	<u>\$ 347,460</u>	<u>\$ 352,837</u>
Business			
Fiscal Services			
Salaries	\$ 101,000	\$ 101,000	\$ 102,942
Employee Benefits	29,060	29,060	29,382
Purchased Services	42,000	42,000	26,176
Supplies and Materials	2,500	2,500	1,222
Non-Capitalized Equipment	-	-	1,763
	<u>\$ 174,560</u>	<u>\$ 174,560</u>	<u>\$ 161,485</u>
Total Support Services - Business	<u>\$ 174,560</u>	<u>\$ 174,560</u>	<u>\$ 161,485</u>
Food Services			
Salaries	\$ 8,200	\$ 8,200	\$ 8
Employee Benefits	70	70	-
Supplies and Materials	18,500	18,500	18,970
Total Support Services - Food Services	<u>\$ 26,770</u>	<u>\$ 26,770</u>	<u>\$ 18,978</u>
Central			
Information Services			
Purchased Services	\$ -	\$ 17,470	\$ 17,469
	<u>\$ -</u>	<u>\$ 17,470</u>	<u>\$ 17,469</u>
Total Support Services - Central	<u>\$ -</u>	<u>\$ 17,470</u>	<u>\$ 17,469</u>
Total Support Services	<u>\$ 1,545,375</u>	<u>\$ 1,564,375</u>	<u>\$ 1,503,383</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES DISBURSED (Continued)			
Payments to Other Districts and Governmental Units			
Payments to Other Districts and Governmental Units (In-State)			
Payments for Special Education Programs			
Purchased Services	\$ 75,000	\$ 75,000	\$ 59,506
Other Objects	332,000	332,000	-
	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 59,506</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 59,506</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)			
Payments for Special Education Programs			
Other Objects	-	-	264,140
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,140</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 323,646</u>
Capital Outlay			
Instruction			
Regular Programs	\$ 15,000	\$ 15,000	\$ 12,000
Instructional Staff	-	-	5,669
Total Capital Outlay	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 17,669</u>
Provision for Contingencies	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ -</u>
On-Behalf Payments	<u>\$ 1,457,941</u>	<u>\$ 1,457,941</u>	<u>\$ 1,758,755</u>
Total Expenditures	<u>\$ 6,086,391</u>	<u>\$ 6,086,391</u>	<u>\$ 6,051,184</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (99,150)	\$ (99,150)	\$ (174,192)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	-	(2,310,000)	(2,310,000)
NET CHANGE IN FUND BALANCE	<u>\$ (99,150)</u>	<u>\$ (2,409,150)</u>	<u>\$ (2,484,192)</u>
FUND BALANCES - JULY 1, 2019			<u>11,978,586</u>
FUND BALANCES - JUNE 30, 2020			<u>\$ 9,494,394</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 866,120	\$ 866,120	\$ 1,009,488
Earnings on Investments	24,570	24,570	42,065
Other Local Sources	-	-	3,408
State Aid			
School Infrastructure - Maintenance	-	-	50,000
Total Revenues	\$ 890,690	\$ 890,690	\$ 1,104,961
EXPENDITURES			
Support Services			
Operations and Maintenance			
Salaries	\$ 102,340	\$ 102,340	\$ 102,336
Employee Benefits	23,320	23,320	23,592
Purchased Services	269,500	269,500	328,459
Supplies and Materials	72,200	72,200	70,524
Non-Capitalized Equipment	50,000	195,000	51,737
Total Support Services - Operations and Maintenance	\$ 517,360	\$ 662,360	\$ 576,648
Total Support Services	\$ 517,360	\$ 662,360	\$ 576,648
Capital Outlay			
Support Services			
Operations and Maintenance	\$ 50,000	\$ 50,000	\$ 44,509
Total Capital Outlay	\$ 50,000	\$ 50,000	\$ 44,509
Provision for Contingencies	\$ 145,000	\$ -	\$ -
Total Expenditures	\$ 712,360	\$ 712,360	\$ 621,157
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 178,330	\$ 178,330	\$ 483,804
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	(350,000)	-	-
NET CHANGE IN FUND BALANCE	\$ (171,670)	\$ 178,330	\$ 483,804
FUND BALANCES - JULY 1, 2019			1,017,212
FUND BALANCES - JUNE 30, 2020			\$ 1,501,016

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 137,500	\$ 137,500	\$ 148,931
Earnings on Investments	7,020	7,020	6,032
Other Local Sources	-	-	3,795
State Aid			
Transportation	23,800	23,800	31,024
Total Revenues	\$ 168,320	\$ 168,320	\$ 189,782
EXPENDITURES			
Support Services			
Pupil			
Pupil Transportation Services			
Purchased Services	\$ 185,000	\$ 185,000	\$ 148,228
Total Support Services - Transportation	\$ 185,000	\$ 185,000	\$ 148,228
Total Support Services	\$ 185,000	\$ 185,000	\$ 148,228
Provision for Contingencies	\$ 5,000	\$ 5,000	\$ -
Total Expenditures	\$ 190,000	\$ 190,000	\$ 148,228
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (21,680)	\$ (21,680)	\$ 41,554
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (21,680)	\$ (21,680)	\$ 41,554
FUND BALANCES - JULY 1, 2019			168,551
FUND BALANCES - JUNE 30, 2020			\$ 210,105

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 104,080	\$ 104,080	\$ 128,228
Payments in Lieu of Taxes	2,000	2,000	2,530
Earnings on Investments	7,020	7,020	6,991
Total Revenues	<u>\$ 113,100</u>	<u>\$ 113,100</u>	<u>\$ 137,749</u>
EXPENDITURES			
Instruction			
Regular Programs			
Employee Benefits	\$ 40,006	\$ 40,006	\$ 36,053
Special Education Programs			
Employee Benefits	1,830	1,830	1,831
Interscholastic Programs			
Employee Benefits	1,040	1,040	161
Gifted Programs			
Employee Benefits	1,088	1,088	916
Total Instruction	<u>\$ 43,964</u>	<u>\$ 43,964</u>	<u>\$ 38,961</u>
Support Services			
Pupil			
Guidance Services			
Employee Benefits	\$ 730	\$ 730	\$ 721
Health Services			
Employee Benefits	260	260	251
Total Support Services - Pupil	<u>\$ 990</u>	<u>\$ 990</u>	<u>\$ 972</u>
Instructional Staff			
Educational Media Services			
Employee Benefits	\$ 14,760	\$ 14,760	\$ 13,499
Total Support Services - Instructional Staff	<u>\$ 14,760</u>	<u>\$ 14,760</u>	<u>\$ 13,499</u>
General Administration			
Executive Administration Services			
Employee Benefits	\$ 3,420	\$ 3,420	\$ 2,166
Total Support Services - General Administration	<u>\$ 3,420</u>	<u>\$ 3,420</u>	<u>\$ 2,166</u>
School Administration			
Office of the Principal Services			
Employee Benefits	\$ 27,900	\$ 27,900	\$ 26,013
Total Support Services - School Administration	<u>\$ 27,900</u>	<u>\$ 27,900</u>	<u>\$ 26,013</u>
Business			
Fiscal Services			
Employee Benefits	\$ 19,850	\$ 19,850	\$ 18,517
Total Support Services - Business	<u>\$ 19,850</u>	<u>\$ 19,850</u>	<u>\$ 18,517</u>
Operations and Maintenance			
Employee Benefits	\$ 20,110	\$ 20,110	\$ 17,867
Total Support Services - Operations and Maintenance	<u>\$ 20,110</u>	<u>\$ 20,110</u>	<u>\$ 17,867</u>
Food Services			
Employee Benefits	\$ 380	\$ 380	\$ 1
Total Support Services - Food Services	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ 1</u>
Total Support Services	<u>\$ 87,410</u>	<u>\$ 87,410</u>	<u>\$ 79,035</u>
Provision for Contingencies	\$ 10,000	\$ 10,000	\$ -
Total Expenditures	<u>\$ 141,374</u>	<u>\$ 141,374</u>	<u>\$ 117,996</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (28,274)	\$ (28,274)	\$ 19,753
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (28,274)</u>	<u>\$ (28,274)</u>	\$ 19,753
FUND BALANCES - JULY 1, 2019			<u>234,126</u>
FUND BALANCES - JUNE 30, 2020			<u>\$ 253,879</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on August 27, 2019 and amended on June 9, 2020. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

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

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

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

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2020, the District had no funds which had expenditures that were over budget.

SUPPLEMENTAL FINANCIAL INFORMATION

BANNOCKBURN SCHOOL DISTRICT NO. 106
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2020

	Educational Fund	Working Cash Fund	Total General Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,290,495	\$ 610,153	\$ 2,900,648
Investments, at Fair Value	6,546,780	1,743,962	8,290,742
Accrued Interest Receivable, net of allowance of \$0	93,094	23,888	116,982
Other Accounts Receivable, net of allowance of \$0	1,500	-	1,500
Property Taxes Receivable, net of allowance of \$0	1,925,794	62,268	1,988,062
Prepaid Items	85,099	-	85,099
Total Assets	\$ 10,942,762	\$ 2,440,271	\$ 13,383,033
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 324,758	\$ -	\$ 324,758
Total Liabilities	\$ 324,758	\$ -	\$ 324,758
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 3,452,257	\$ 111,624	\$ 3,563,881
Total Deferred Revenue	\$ 3,452,257	\$ 111,624	\$ 3,563,881
 FUND BALANCE			
Nonspendable			
Prepaid Items	\$ 85,099	\$ -	\$ 85,099
Unassigned	7,080,648	2,328,647	9,409,295
Total Fund Balance	\$ 7,165,747	\$ 2,328,647	\$ 9,494,394
 Total Liabilities and Fund Balance	\$ 10,942,762	\$ 2,440,271	\$ 13,383,033

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Educational Fund	Working Cash Fund	General Fund Total
REVENUES			
Property Taxes	\$ 3,531,686	\$ 48,491	\$ 3,580,177
Payments in Lieu of Taxes	27,517	-	27,517
Earnings on Investments	197,609	52,407	250,016
Food Services	2,581	-	2,581
District/School Activity Income	25,686	-	25,686
Other Local Sources	6,155	-	6,155
State Aid	141,343	-	141,343
Federal Aid	84,762	-	84,762
On-Behalf Payments	1,758,755	-	1,758,755
Total Revenues	<u>\$ 5,776,094</u>	<u>\$ 100,898</u>	<u>\$ 5,876,992</u>
EXPENDITURES			
Current			
Instruction			
Regular Programs	\$ 2,190,208	\$ -	\$ 2,190,208
Special Education Programs	148,784	-	148,784
Other Instructional Programs	108,739	-	108,739
Support Services			
Pupil	58,653	-	58,653
Instructional Staff	525,274	-	525,274
General Administration	368,687	-	368,687
School Administration	352,837	-	352,837
Business	161,485	-	161,485
Food Services	18,978	-	18,978
Central	17,469	-	17,469
Payments to Other Districts and Governmental Units	323,646	-	323,646
Capital Outlay	17,669	-	17,669
On-Behalf Payments	1,758,755	-	1,758,755
Total Expenditures	<u>\$ 6,051,184</u>	<u>\$ -</u>	<u>\$ 6,051,184</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (275,090)	\$ 100,898	\$ (174,192)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>(2,310,000)</u>	<u>-</u>	<u>(2,310,000)</u>
NET CHANGE IN FUND BALANCES	\$ (2,585,090)	\$ 100,898	\$ (2,484,192)
FUND BALANCES - JULY 1, 2019	<u>9,750,837</u>	<u>2,227,749</u>	<u>11,978,586</u>
FUND BALANCES - JUNE 30, 2020	<u>\$ 7,165,747</u>	<u>\$ 2,328,647</u>	<u>\$ 9,494,394</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - EDUCATIONAL FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 3,852,260	\$ 3,852,260	\$ 3,531,686
Payments in Lieu of Taxes	21,000	21,000	27,517
Earnings on Investments	249,230	249,230	197,609
Food Services	3,500	3,500	2,581
District/School Activity Income	27,500	27,500	25,686
Other Local Sources	14,000	14,000	6,155
State Aid			
General State Aid	140,400	140,400	140,593
Other Restricted Revenue from State Sources	750	750	750
Federal Aid			
Food Service	2,300	2,300	2,403
Title I	23,700	23,700	29,038
Title IV	10,000	10,000	10,001
Federal Special Education	39,570	39,570	38,242
Title II - Teacher Quality	6,140	6,140	4,865
Medicaid Matching Funds - Fee-for-Service Program	-	-	213
On-Behalf Payments	1,457,941	1,457,941	1,758,755
Total Revenues	<u>\$ 5,848,291</u>	<u>\$ 5,848,291</u>	<u>\$ 5,776,094</u>
EXPENDITURES			
Instruction			
Regular Programs			
Salaries	\$ 1,783,500	\$ 1,783,500	\$ 1,757,408
Employee Benefits	349,720	330,720	286,356
Purchased Services	38,000	38,000	28,780
Supplies and Materials	104,000	104,000	104,331
Non-Capitalized Equipment	20,000	20,000	13,333
	<u>\$ 2,295,220</u>	<u>\$ 2,276,220</u>	<u>\$ 2,190,208</u>
Special Education Programs			
Salaries	\$ 126,000	\$ 126,000	\$ 126,804
Employee Benefits	24,255	24,255	16,349
Purchased Services	7,000	7,000	2,956
Supplies and Materials	2,000	2,000	2,675
	<u>\$ 159,255</u>	<u>\$ 159,255</u>	<u>\$ 148,784</u>
Interscholastic Programs			
Salaries	\$ 20,000	\$ 20,000	\$ 6,143
Employee Benefits	310	310	85
Purchased Services	21,500	21,500	10,335
Supplies and Materials	4,000	4,000	3,069
	<u>\$ 45,810</u>	<u>\$ 45,810</u>	<u>\$ 19,632</u>
Gifted Programs			
Salaries	\$ 75,070	\$ 75,070	\$ 69,704
Employee Benefits	20,720	20,720	19,403
	<u>\$ 95,790</u>	<u>\$ 95,790</u>	<u>\$ 89,107</u>
Total Instruction	<u>\$ 2,596,075</u>	<u>\$ 2,577,075</u>	<u>\$ 2,447,731</u>
Support Services			
Guidance Services			
Salaries	\$ 49,740	\$ 49,740	\$ 49,739
Employee Benefits	1,730	1,730	1,700
Purchased Services	100	100	-
Supplies and Materials	500	500	299
	<u>\$ 52,070</u>	<u>\$ 52,070</u>	<u>\$ 51,738</u>
Health Services			
Salaries	\$ 3,290	\$ 3,290	\$ 3,286
Supplies and Materials	500	500	3,629
	<u>\$ 3,790</u>	<u>\$ 3,790</u>	<u>\$ 6,915</u>
Psychological Services			
Supplies and Materials	\$ 1,500	\$ 1,500	\$ -
	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>
Speech Pathology and Audiology Services			
Supplies and Materials	\$ 1,000	\$ 1,000	\$ -
	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
Total Support Services - Pupil	<u>\$ 58,360</u>	<u>\$ 58,360</u>	<u>\$ 58,653</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - EDUCATIONAL FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Support Services (Continued)			
Instructional Staff			
Improvement of Instruction Services			
Employee Benefits	\$ -	\$ -	\$ 7,500
Purchased Services	86,200	86,200	31,963
Supplies and Materials	3,000	3,000	250
	<u>\$ 89,200</u>	<u>\$ 89,200</u>	<u>\$ 39,713</u>
Educational Media Services			
Salaries	\$ 247,290	\$ 247,290	\$ 211,683
Employee Benefits	42,615	42,615	36,582
Purchased Services	101,960	101,960	119,757
Supplies and Materials	32,200	59,280	39,882
Other Objects	-	5,700	-
Non-Capitalized Equipment	15,000	35,000	77,657
	<u>\$ 439,065</u>	<u>\$ 491,845</u>	<u>\$ 485,561</u>
Total Support Services - Instructional Staff	<u>\$ 528,265</u>	<u>\$ 581,045</u>	<u>\$ 525,274</u>
General Administration			
Board of Education Services			
Purchased Services	\$ 115,000	\$ 115,000	\$ 129,185
Supplies and Materials	5,000	5,000	2,650
	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 131,835</u>
Executive Administration Services			
Salaries	\$ 235,000	\$ 149,000	\$ 148,020
Employee Benefits	36,960	39,110	31,077
Purchased Services	12,000	17,000	24,895
Supplies and Materials	6,000	26,000	25,279
Non-Capitalized Equipment	-	7,600	7,581
	<u>\$ 289,960</u>	<u>\$ 238,710</u>	<u>\$ 236,852</u>
Total Support Services - General Administration	<u>\$ 409,960</u>	<u>\$ 358,710</u>	<u>\$ 368,687</u>
School Administration			
Office of the Principal Services			
Salaries	\$ 290,200	\$ 290,200	\$ 295,283
Employee Benefits	57,260	57,260	57,554
	<u>\$ 347,460</u>	<u>\$ 347,460</u>	<u>\$ 352,837</u>
Total Support Services - School Administration	<u>\$ 347,460</u>	<u>\$ 347,460</u>	<u>\$ 352,837</u>
Business			
Fiscal Services			
Salaries	\$ 101,000	\$ 101,000	\$ 102,942
Employee Benefits	29,060	29,060	29,382
Purchased Services	42,000	42,000	26,176
Supplies and Materials	2,500	2,500	1,222
Non-Capitalized Equipment	-	-	1,763
	<u>\$ 174,560</u>	<u>\$ 174,560</u>	<u>\$ 161,485</u>
Total Support Services - Business	<u>\$ 174,560</u>	<u>\$ 174,560</u>	<u>\$ 161,485</u>
Food Services			
Salaries	\$ 8,200	\$ 8,200	\$ 8
Employee Benefits	70	70	-
Supplies and Materials	18,500	18,500	18,970
Total Support Services - Food Services	<u>\$ 26,770</u>	<u>\$ 26,770</u>	<u>\$ 18,978</u>
Central			
Information Services			
Purchased Services	\$ -	\$ 17,470	\$ 17,469
	<u>\$ -</u>	<u>\$ 17,470</u>	<u>\$ 17,469</u>
Total Support Services - Central	<u>\$ -</u>	<u>\$ 17,470</u>	<u>\$ 17,469</u>
Total Support Services	<u>\$ 1,545,375</u>	<u>\$ 1,564,375</u>	<u>\$ 1,503,383</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Payments to Other Districts and Governmental Units			
Payments to Other Districts and Governmental Units (In-State)			
Payments for Special Education Programs			
Purchased Services	\$ 75,000	\$ 75,000	\$ 59,506
Other Objects	332,000	332,000	-
	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 59,506</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 59,506</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)			
Other Objects	\$ -	\$ -	\$ 264,140
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,140</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 323,646</u>
Capital Outlay			
Instruction			
Regular Programs	\$ 15,000	\$ 15,000	\$ 12,000
Instructional Staff	-	-	5,669
Total Capital Outlay	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 17,669</u>
Provision for Contingencies	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ -</u>
On-Behalf Payments	<u>\$ 1,457,941</u>	<u>\$ 1,457,941</u>	<u>\$ 1,758,755</u>
Total Expenditures	<u>\$ 6,086,391</u>	<u>\$ 6,086,391</u>	<u>\$ 6,051,184</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (238,100)	\$ (238,100)	\$ (275,090)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	-	(2,310,000)	(2,310,000)
NET CHANGE IN FUND BALANCE	<u>\$ (238,100)</u>	<u>\$ (2,548,100)</u>	<u>\$ (2,585,090)</u>
FUND BALANCES - JULY 1, 2019			<u>9,750,837</u>
FUND BALANCES - JUNE 30, 2020			<u>\$ 7,165,747</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - WORKING CASH FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 86,300	\$ 86,300	\$ 48,491
Earnings on Investments	52,650	52,650	52,407
Total Revenues	<u>\$ 138,950</u>	<u>\$ 138,950</u>	<u>\$ 100,898</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 138,950	\$ 138,950	\$ 100,898
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 138,950</u>	<u>\$ 138,950</u>	\$ 100,898
FUND BALANCES - JULY 1, 2019			<u>2,227,749</u>
FUND BALANCES - JUNE 30, 2020			<u>\$ 2,328,647</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Earnings on Investments	\$ 10,530	\$ 10,530	\$ 60,254
Total Revenues	<u>\$ 10,530</u>	<u>\$ 10,530</u>	<u>\$ 60,254</u>
EXPENDITURES			
Support Services			
Business			
Facilities Acquisition and Construction Services			
Purchased Services	\$ -	\$ 300,000	\$ 91,373
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 91,373</u>
Total Support Services	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 91,373</u>
Capital Outlay			
Support Services			
Facilities Acquisition and Construction Services	\$ -	\$ 500,000	\$ 706,272
Total Capital Outlay	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 706,272</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 797,645</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 10,530	\$ (789,470)	\$ (737,391)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>350,000</u>	<u>2,310,000</u>	<u>2,310,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 360,530</u>	<u>\$ 1,520,530</u>	\$ 1,572,609
FUND BALANCES - JULY 1, 2019			<u>446,899</u>
FUND BALANCES - JUNE 30, 2020			<u>\$ 2,019,508</u>

See Accompanying Independent Auditor's Opinion

BANNOCKBURN SCHOOL DISTRICT NO. 106
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 ACTIVITY FUNDS
 JUNE 30, 2020

	BALANCE JULY 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
ASSETS				
Cash and Cash Equivalents	\$ 1,535	\$ -	\$ 1,016	\$ 519
LIABILITIES				
Amount Due to Activity Bannockburn School	\$ 1,535	\$ -	\$ 1,016	\$ 519
	\$ 1,535	\$ -	\$ 1,016	\$ 519

See Accompanying Independent Auditor's Report

BANNOCKBURN SCHOOL DISTRICT NO. 106
COMPUTATION OF OPERATING EXPENSE PER PUPIL
AND PER CAPITA TUITION CHARGE
JUNE 30, 2020

OPERATING EXPENSE PER PUPIL

EXPENDITURES:

ED	Expenditures 15-22, L114	Total Expenditures	\$ 4,292,429
O&M	Expenditures 15-22, L150	Total Expenditures	621,157
TR	Expenditures 15-22, L204	Total Expenditures	148,228
MR/SS	Expenditures 15-22, L288	Total Expenditures	117,996
Total Expenditures			\$ 5,179,810

LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:

ED	Expenditures 15-22, L102, Col K	4000 Total Payments to Other Govt Units	\$ 323,646
ED	Expenditures 15-22, L114, Col G	- Capital Outlay	17,669
ED	Expenditures 15-22, L114, Col I	- Non-Capitalized Equipment	100,334
O&M	Expenditures 15-22, L150, Col G	- Capital Outlay	44,509
O&M	Expenditures 15-22, L150, Col I	- Non-Capitalized Equipment	51,737
Total Deductions for OEPP Computation (Sum of Lines 18 - 74)			\$ 537,895
Total Operating Expenses Regular K-12 (Line 14 minus Line 76)			4,641,915
9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2018-2019			140.50
Estimated OEPP (Line 77 divided by Line 78)			\$ 33,038.54

PER CAPITA TUITION CHARGE

LESS OFFSETTING RECEIPTS/REVENUES:

ED	Revenues 9-14, L75, Col C	1600 Total Food Service	\$ 2,581
ED-O&M	Revenues 9-14, L82, Col C,D	1700 Total District/School Activity Income	25,686
ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500 Total Transportation	31,024
O&M	Revenues 9-14, L170, Col D	3925 School Infrastructure - Maintenance Projects	50,000
ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L171, Col C-G,J	3999 Other Restricted Revenue from State Sources	750
ED-MR/SS	Revenues 9-14, L201, Col C,G	- Total Food Service	2,403
ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	- Total Title I	29,038
ED-O&M-TR-MR/SS	Revenues 9-14, L216, Col C,D,F,G	- Total Title IV	10,001
ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620 Fed - Spec Education - IDEA - Flow Through	36,588
ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4932 Title II - Teacher Quality	4,865
ED-O&M-TR-MR/SS	Revenues 9-14, L271, Col C,D,F,G	4992 Medicaid Matching Funds - Fee-for-Service Program	213
ED-TR-MR/SS	Revenues (Part of EBF Payment)	3100 Special Education Contributions from EBF Funds **	59,729
ED-MR/SS	Revenues (Part of EBF Payment)	3300 English Learning (Bilingual) Contributions from EBF Funds ***	8
Total Deductions for PCTC Computation Line 84 through Line 174			\$ 252,886
Net Operating Expense for Tuition Computation (Line 77 minus Line 176)			4,389,029
Total Depreciation Allowance (from page 26, Line 18, Col I)			415,565
Total Allowance for PCTC Computation (Line 177 plus Line 178)			4,804,594
9 Month ADA from District Average Daily Attendance/Prior General State Aid Inquiry 2017-2018			140.50
Total Estimated PCTC (Line 179 divided by Line 180)			\$ 34,196.40

* The total OEPP/PCTC may change based on the data provided. The final amounts will be calculated by ISBE