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***NIPPERSINK SCHOOL DISTRICT NO. 2
McHENRY COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

eder, casella & co.

NIPPERSINK SCHOOL DISTRICT NO. 2
TABLE OF CONTENTS
JUNE 30, 2019

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Statement of Fiduciary Assets and Liabilities	18
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	45
Illinois Municipal Retirement Fund – Schedule of Employer Contribution	46
Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability	47
Teachers' Retirement System of the State of Illinois – Schedule of Employer Contribution	48

NIPPERSINK SCHOOL DISTRICT NO. 2
TABLE OF CONTENTS
JUNE 30, 2019

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Teacher Health Insurance Security Fund of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net OPEB Liability	49
Teacher Health Insurance Security Fund of the State of Illinois – Schedule of Employer Contribution	50
Other Post-Employment Benefit – Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios	51
Other Post-Employment Benefit – Schedule of Employer Contribution	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Operations and Maintenance Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Transportation Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Illinois Municipal Retirement/Social Security Fund	59
Notes to Required Supplementary Information	61
SUPPLEMENTAL FINANCIAL INFORMATION	
Combining Balance Sheet – General Fund	62
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Educational Fund	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Working Cash Fund	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Tort Fund	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Services Fund	70
Combining Balance Sheet – Capital Projects Fund	71

NIPPERSINK SCHOOL DISTRICT NO. 2
TABLE OF CONTENTS
JUNE 30, 2019

	PAGE
SUPPLEMENTAL FINANCIAL INFORMATION (Continued)	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund – Fire Prevention and Safety Fund	74
Schedule of Changes in Fiduciary Assets and Liabilities – Activity Funds	75
Computation of Operating Expense Per Pupil and Per Capita Tuition Charge	76



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Nippersink School District No. 2
Richmond, 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

Nippersink School District No. 2

as of and for the year ended June 30, 2019, 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 Nippersink School District No. 2 as of June 30, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Net Pension Liability/OPEB and Related Ratios, Schedules of Employer Contribution, Schedule of the Employer's Proportionate Share of the Net Pension Liability/OPEB, Schedule of Funding Progress, and budgetary comparison 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 the District'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 23, 2019 on our consideration of Nippersink School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nippersink School District No. 2's internal control over financial reporting and compliance.

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

McHenry, Illinois
October 23, 2019

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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
Nippersink School District No. 2
Richmond, 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

Nippersink School District No. 2

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Nippersink School District No. 2's basic financial statements, and have issued our report thereon dated October 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nippersink School District No. 2'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 Nippersink School District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Nippersink School District No. 2'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nippersink School District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

McHenry, Illinois
October 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION



NIPPERSINK SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The Management's Discussion and Analysis of Nippersink School District No. 2's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2019. 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, 2019 by \$12,571,741 (net position).
- The District's total net position decreased by \$981,717. This includes a net position adjustment of \$534,218.
- At June 30, 2019, the District's governmental funds reported combined ending fund balances of \$13,680,955, a decrease of \$703,850 in comparison with the prior year.
- The District's total long-term debt decreased by \$83,387 during the current fiscal year due to scheduled repayment of debt.

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 six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General; Debt Services; 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 44 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 45 through 61 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 \$12,571,741 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, 2019 and 2018:

Nippersink School District No. 2's Net Position at Year-End

	Governmental Activities	
	FY 2019	FY 2018
Assets		
Current and Other Assets	\$ 27,974,845	\$ 28,295,963
Capital Assets	10,535,441	11,051,963
Total Assets	\$ 38,510,286	\$ 39,347,926
Deferred Outflows of Resources		
Deferred Pension Expense	\$ 1,095,135	\$ 753,966
Deferred Employer Pension Contributions	127,166	146,616
Deferred OPEB Expense	321,197	210,531.00
Deferred Employer OPEB Contribution	97,833	66,096.00
Total Deferred Outflows of Resources	\$ 1,641,331	\$ 1,177,209
Liabilities		
Other Liabilities	\$ 1,836,989	\$ 1,454,788
Long-Term Debt Outstanding	10,789,360	10,338,779
Total Liabilities	\$ 12,626,349	\$ 11,793,567
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 12,456,901	\$ 12,456,370
Deferred Pension Revenue	958,887	1,213,652.00
Deferred OPEB Revenue	1,537,739	1,508,088.00
Total Deferred Inflows of Resources	\$ 14,953,527	\$ 15,178,110
Net Position		
Net Investment in Capital Assets	\$ 10,514,594	\$ 10,947,729
Restricted	7,365,366	7,224,878
Unrestricted	(5,308,219)	(4,619,149)
Total Net Position	\$ 12,571,741	\$ 13,553,458

The net investment in capital assets (83.6% 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 (58.6%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the District has a negative unrestricted net position, but is able to report positive balances in the other two categories of net position.

The District's net position decreased by \$981,717 during the current fiscal year which includes a net position adjustment of \$534,218.

Governmental Activities. Governmental activities decreased the District's net position by \$1,515,935. Key elements of this decrease are as follows:

Nippersink School District No. 2's Change in Net Position

	Governmental Activities	
	FY 2019	FY 2018
Revenues:		
Program Revenues		
Charges for Services	\$ 307,906	\$ 350,824
Operating Grants and Contributions	6,557,170	6,432,699
Capital Grants and Contributions	58,568	32,917
General Revenues:		
Property Taxes	12,514,625	12,505,822
Other Taxes	116,274	107,450
Other	1,498,367	1,413,140
Total Revenues	<u>\$ 21,052,910</u>	<u>\$ 20,842,852</u>
Expenses:		
Instruction	\$ 9,368,194	\$ 9,392,260
Support Services	7,373,179	6,745,750
Other	5,827,472	5,783,564
Total Expenses	<u>\$ 22,568,845</u>	<u>\$ 21,921,574</u>
Increase in Net Position	\$ (1,515,935)	\$ (1,078,722)
Net Position - Beginning	13,553,458	24,441,984
Net Position Adjustment	534,218	(9,809,804)
Net Position - Ending	<u>\$ 12,571,741</u>	<u>\$ 13,553,458</u>

Revenues increased by \$210,058 due to increase in operating grants and contributions (\$124,471) and other general revenues (\$85,227).

Expenses increased \$647,271 due to increase in support services (\$627,429).

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 six governmental funds reported combined ending fund balances of \$13,680,955, a decrease of \$703,850.

The General Fund is the chief operating fund of the District. At June 30, 2019, unassigned fund balance was \$5,853,974. 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 31% of total General Fund expenditures. The General Fund's balance decreased by \$1,031,801 in comparison with the prior year. The majority of this decrease is due to an increase in support services and capital outlay expenditures.

The Operations and Maintenance Fund's balance decreased by \$58,175 in comparison with the prior year. This decrease is due to an increase in operating and maintenance expenditures.

The Transportation Fund's balance increased by \$89,828 in comparison with the prior year. This increase is due to a decrease in transportation expenditures.

The Illinois Municipal Retirement/Social Security Fund's balance increased by \$156,169 in comparison with the prior year. This increase is due to an increase in revenue and a decrease in expenditures.

The Capital Projects Fund's balance increased by \$140,129 in comparison with the prior year. This increase is a result of the District not having any expenditures related to capital projects during the fiscal year.

General Fund Budgetary Highlights

The District did not amend the budget during the year ended June 30, 2019; therefore, there are no differences between the original and final budget.

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

- The difference between budgeted revenues and actual revenues was \$5,625,793 (favorable) and was mainly due to On-Behalf Payments that were not budgeted for, as well as the District receiving more State Aid than budgeted.
- The difference between budgeted expenditures and actual expenditures was \$6,473,559 (unfavorable) due to the On-Behalf Payments that were not budgeted for.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2019 the District had invested \$10,535,441 (net of accumulated depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, equipment other than food service, and food service equipment. Total depreciation expense for the year was \$836,659.

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

- Purchase of Stem Equipment for \$101,843
- Purchase of computers and iPad for approximately \$33,899
- Purchase of Smart Boards for approximately \$16,687

Nippersink School District No. 2's Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 791,988	\$ 791,988
Building and Building Improvements	7,686,081	7,948,391
Site Improvements and Infrastructure	1,145,322	1,230,132
Equipment other than Food Service	912,050	1,081,452
Total	<u>\$ 10,535,441</u>	<u>\$ 11,051,963</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, 2019 the District's long-term debt obligations consisted of the following:

Nippersink District No. 2's Outstanding Debt

	Governmental Activities	
	2019	2018
Lease/Purchase Agreements	\$ 20,847	\$ 104,234
Total	<u>\$ 20,847</u>	<u>\$ 104,234</u>

Principal payments on all outstanding debt were \$83,387 for the current fiscal year.

Additional information on the District's long-term debt can be found in Note 5 on pages 25 and 26 of this report and additional information on the District's debt limitation can be found in Note 15 on page 44 of this report.

Economic Factors and Next Year's Budget

The District's student population has decreased over the last several years as new housing construction has declined along with existing home sales in the Richmond and Spring Grove areas. This has leveled off the demands on the District's facilities and programs.

In light of the recent economic trend, the District does expect student enrollment to decrease, relieving the demand for additional classroom space and education staffing in the immediate future.

The assessed valuation for 2018 is \$365,030,695, an increase of \$19,810,539 (5.74%) over the prior year.

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's Business Manager at the following address:

Nippersink School District No. 2
4213 Route 12
Richmond, IL 60071

BASIC FINANCIAL STATEMENTS



NIPPERSINK SCHOOL DISTRICT NO. 2
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 8,204,720
Investments, at Fair Value	13,612,747
Accrued Interest Receivable, net of allowance of \$0	22,418
Other Accounts Receivable, net of allowance of \$0	17,192
Property Taxes Receivable, net of allowance of \$75,189	5,992,145
Due from Other Governments, net of allowance of \$0	125,623
Land	791,988
Depreciable Buildings, Property, and Equipment, net of depreciation	9,743,453
Total Assets	\$ 38,510,286
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense	\$ 1,095,135
Deferred Employer Pension Contributions	127,166
Deferred OPEB Expense	321,197
Deferred Employer OPEB Contributions	97,833
Total Deferred Outflows of Resources	\$ 1,641,331
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 462,977
Payroll Liabilities	1,374,012
Long-Term Liabilities	
Due Within One Year	20,847
Due in More Than One Year	10,768,513
Total Liabilities	\$ 12,626,349
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 12,456,901
Deferred Pension Revenue	958,887
Deferred OPEB Revenue	1,537,739
Total Deferred Inflows of Resources	\$ 14,953,527
NET POSITION	
Net Investment in Capital Assets	\$ 10,514,594
Restricted for:	
Operations and Maintenance	2,380,252
Transportation	2,141,737
Retirement	184,421
Future Capital Projects	2,283,760
Tort	375,196
Unrestricted/(Deficit)	(5,308,219)
Total Net Position	\$ 12,571,741

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

NIPPERSINK SCHOOL DISTRICT NO. 2
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction					
Regular Programs	\$ 7,401,651	\$ 113,276	\$ 148,350	\$ -	\$ (7,140,025)
Special Education Programs	1,767,668	-	372,140	-	(1,395,528)
Other Instructional Programs	198,875	-	-	-	(198,875)
Support Services					
Pupils	756,629	-	-	-	(756,629)
Instructional Staff	1,016,665	-	17,365	-	(999,300)
General Administration	614,169	-	-	-	(614,169)
School Administration	903,915	-	-	-	(903,915)
Business	162,924	-	-	-	(162,924)
Facilities Acquisition and Construction	10,500	-	-	58,568	48,068
Operations and Maintenance	2,407,215	-	-	-	(2,407,215)
Transportation	597,587	-	305,859	-	(291,728)
Food Services	323,386	194,630	92,306	-	(36,450)
Central	576,718	-	-	-	(576,718)
Other Support Services	3,471	-	-	-	(3,471)
Payments to Other Districts and Governmental Units	200,219	-	-	-	(200,219)
Interest and Fees on Long-Term Debt	6,103	-	-	-	(6,103)
On-Behalf Retirement Contributions	5,621,150	-	5,621,150	-	-
Total Governmental Activities	<u>\$ 22,568,845</u>	<u>\$ 307,906</u>	<u>\$ 6,557,170</u>	<u>\$ 58,568</u>	<u>\$ (15,645,201)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 12,514,625
Personal Property Replacement Taxes					116,274
Grants and Contributions not Restricted to Specific Activities					1,120,406
Unrestricted Investment Earnings					377,961
Total General Revenues					<u>\$ 14,129,266</u>
Change in Net Position					\$ (1,515,935)
Net Position - July 1, 2018					13,553,458
Net Position Adjustment					<u>534,218</u>
Net Position - June 30, 2019					<u>\$ 12,571,741</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 7,732,986	\$ 63,966	\$ -	\$ 10,665	\$ 333,205	\$ 63,898	\$ 8,204,720
Investments, at Fair Value	5,315,370	3,428,915	-	2,346,915	167,172	2,354,375	13,612,747
Accrued Interest Receivable, net of allowance of \$0	13,519	4,483	-	3,040	386	990	22,418
Other Accounts Receivable, net of allowance of \$0	17,192	-	-	-	-	-	17,192
Property Taxes Receivable, net of allowance of \$75,189	4,791,223	782,041	-	155,406	262,996	479	5,992,145
Due from Other Governments, net of allowance of \$0	49,734	-	-	75,889	-	-	125,623
Total Assets	\$ 17,920,024	\$ 4,279,405	\$ -	\$ 2,591,915	\$ 763,759	\$ 2,419,742	\$ 27,974,845

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES							
Accounts Payable and Accrued Expenses	\$ 412,334	\$ 37,185	\$ -	\$ -	\$ 13,458	\$ -	\$ 462,977
Payroll Liabilities	1,318,618	55,394	-	-	-	-	1,374,012
Total Liabilities	\$ 1,730,952	\$ 92,579	\$ -	\$ -	\$ 13,458	\$ -	\$ 1,836,989

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Property Taxes	\$ 9,959,902	\$ 1,625,692	\$ -	\$ 323,055	\$ 546,714	\$ 1,538	\$ 12,456,901
Total Deferred Inflows of Resources	\$ 9,959,902	\$ 1,625,692	\$ -	\$ 323,055	\$ 546,714	\$ 1,538	\$ 12,456,901

FUND BALANCE

Restricted							
Operations and Maintenance	\$ -	\$ 2,380,252	\$ -	\$ -	\$ -	\$ -	\$ 2,380,252
Transportation	-	-	-	2,141,737	-	-	2,141,737
Illinois Municipal Retirement Fund	-	-	-	-	21,256	-	21,256
Social Security	-	-	-	-	163,165	-	163,165
Capital Projects	-	-	-	-	-	2,283,760	2,283,760
Tort	375,196	-	-	-	-	-	375,196
Assigned							
Operations and Maintenance	-	180,882	-	-	-	-	180,882
Transportation	-	-	-	127,123	-	-	127,123
Illinois Municipal Retirement Fund/Social Security	-	-	-	-	19,166	-	19,166
Capital Projects	-	-	-	-	-	134,444	134,444
Unassigned	5,853,974	-	-	-	-	-	5,853,974
Total Fund Balance	\$ 6,229,170	\$ 2,561,134	\$ -	\$ 2,268,860	\$ 203,587	\$ 2,418,204	\$ 13,680,955

Total Liabilities, Deferred Inflows of Resources, and Fund Balance

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 17,920,024	\$ 4,279,405	\$ -	\$ 2,591,915	\$ 763,759	\$ 2,419,742	\$ 27,974,845
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The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total Fund Balances - Governmental Funds \$ 13,680,955

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 Pension Costs	\$ 136,248	
Deferred Employer Contributions to Pension	127,166	
Deferred OPEB Costs	(1,216,542)	
Deferred Employer Contributions to OPEB	<u>97,833</u>	
		(855,295)

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

Capital Assets	\$ 20,696,204	
Accumulated Depreciation on Capital Assets	<u>(10,160,763)</u>	
		10,535,441

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

Leases Payable	\$ (20,847)	
Net Pension Liability/Asset	(1,584,970)	
Net OPEB Liability/Asset	<u>(9,183,543)</u>	
		<u>(10,789,360)</u>

Net Position of Governmental Activities \$ 12,571,741

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

NIPPERSINK SCHOOL DISTRICT NO. 2
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/Social Security Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Property Taxes	\$ 10,006,895	\$ 1,633,368	\$ -	\$ 324,581	\$ 549,286	\$ 495	\$ 12,514,625
Payments in Lieu of Taxes	82,564	-	-	-	33,710	-	116,274
Earnings on Investments	165,961	66,265	15	56,975	6,679	81,066	377,961
Food Service	194,630	-	-	-	-	-	194,630
District/School Activity Income	29,252	-	-	-	-	-	29,252
Textbooks	84,024	-	-	-	-	-	84,024
Other Local Sources	-	-	-	-	-	58,568	58,568
State Aid	1,253,620	-	-	305,859	-	-	1,559,479
Federal Aid	496,947	-	-	-	-	-	496,947
On-Behalf Payments	5,621,150	-	-	-	-	-	5,621,150
	\$ 17,936,043	\$ 1,699,633	\$ 15	\$ 687,415	\$ 589,675	\$ 140,129	\$ 21,052,910
EXPENDITURES							
Current							
Instruction							
Regular Programs	\$ 6,777,050	\$ -	\$ -	\$ -	\$ 93,462	\$ -	\$ 6,870,512
Special Education Programs	1,649,413	-	-	-	79,640	-	1,729,053
Other Instructional Programs	189,056	-	-	-	4,216	-	193,272
Support Services							
Pupils	703,719	-	-	-	48,207	-	751,926
Instructional Staff	998,924	-	-	-	15,880	-	1,014,804
General Administration	600,025	-	-	-	10,556	-	610,581
School Administration	850,465	-	-	-	37,057	-	887,522
Business	135,126	-	-	-	18,025	-	153,151
Facilities Acquisition and Construction	-	10,500	-	-	-	-	10,500
Operations and Maintenance	-	1,747,308	-	-	65,879	-	1,813,187
Transportation	-	-	-	597,587	-	-	597,587
Food Services	296,373	-	-	-	20,214	-	316,587
Central	533,242	-	-	-	40,370	-	573,612
Other Support Services	3,471	-	-	-	-	-	3,471
Payments to Other Districts and Governmental Units	200,219	-	-	-	-	-	200,219
Debt Service							
Principal	-	-	83,387	-	-	-	83,387
Interest and Fees	-	-	6,103	-	-	-	6,103
Capital Outlay	320,136	-	-	-	-	-	320,136
On-Behalf Payments	5,621,150	-	-	-	-	-	5,621,150
	\$ 18,678,369	\$ 1,757,808	\$ 89,490	\$ 597,587	\$ 433,506	\$ -	\$ 21,756,760
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (942,326)	\$ (58,175)	\$ (89,475)	\$ 89,828	\$ 156,169	\$ 140,129	\$ (703,850)
OTHER FINANCING SOURCES (USES)							
Interfund Transfers	(89,475)	-	89,475	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ (1,031,801)	\$ (58,175)	\$ -	\$ 89,828	\$ 156,169	\$ 140,129	\$ (703,850)
FUND BALANCES - JULY 1, 2018	7,260,971	2,619,309	-	2,179,032	47,418	2,278,075	14,384,805
FUND BALANCES - JUNE 30, 2019	\$ 6,229,170	\$ 2,561,134	\$ -	\$ 2,268,860	\$ 203,587	\$ 2,418,204	\$ 13,680,955

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

NIPPERSINK SCHOOL DISTRICT NO. 2
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (703,850)

Amounts reported for governmental activities in the
 Statement of Actives 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	\$ (836,659)	
Capital Outlays	<u>320,137</u>	(516,522)

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.

Pension Expense	\$ (209,703)	
OPEB Expense	<u>(522,238)</u>	(731,941)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		83,387
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Employer pension/OPEB contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension/OPEB Liability on the the government-wide financial statements.

Pension Contributions	\$ 245,587	
OPEB Contributions	<u>107,404</u>	<u>352,991</u>

Change in Net Position of Governmental Activities		<u><u>\$ (1,515,935)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2
FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Fund - Student Activity Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 116,420</u>
Total Assets	<u><u>\$ 116,420</u></u>
LIABILITIES	
Due to Activity Funds	<u>\$ 116,420</u>
Total Liabilities	<u><u>\$ 116,420</u></u>

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

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NIPPERSINK SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nippersink School District No. 2'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 responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more 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 statement, 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 and operating and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs, non-programmed services, etc.). Program revenues include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTES TO FINANCIAL STATEMENTS (Continued)

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. 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, Tort, 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.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest, and related fees on general long-term debt.

Capital Projects Fund – The Capital Projects Funds (Capital Projects Fund and Fire Prevention and Safety Fund) are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and fire prevention and safety projects.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Agency Fund – The Agency Fund (Student Activity Fund and Flexible Spending Accounts) accounts for assets held by the District as an agent for the student organizations and employees. 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.

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, 2019.

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. Cash equivalents are accounted for at cost, which approximates market.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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 \$500 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	50 year
Site Improvements and Infrastructure	20 years
Capitalized Equipment	10 years
Vehicles	5 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

NOTES TO FINANCIAL STATEMENTS (Continued)

as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. 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.

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. Pursuant to a resolution by the Board of Education, the Chief School Business Official has been delegated this authority.

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 services 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

- 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. 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 2018 tax levy was passed by the Board on December 18, 2018. 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, 2019, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (n Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pools	\$ 7,143,071	\$ 7,143,071	\$ -	\$ -	\$ -

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, 2019, 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

NOTES TO FINANCIAL STATEMENTS (Continued)

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 assets; Level 3 are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	6/30/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 13,612,747	\$ -	\$ 13,612,747
Total Investments by fair value level	\$ 13,612,747	\$ -	\$ 13,612,747

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 791,988	\$ -	\$ -	\$ 791,988
Total Capital Assets not being depreciated	\$ 791,988	\$ -	\$ -	\$ 791,988
Other Capital Assets				
Building and Building Improvements	\$ 13,115,510	\$ -	\$ -	\$ 13,115,510
Site Improvements and Infrastructure	1,696,192	-	-	1,696,192
Equipment other than Food Service	4,735,327	320,137	-	5,055,464
Food Service Equipment	37,050	-	-	37,050
Total Other Capital Assets at historical cost	\$ 19,584,079	\$ 320,137	\$ -	\$ 19,904,216
Less Accumulated Depreciation for				
Building and Improvements	\$ 5,167,119	\$ 262,310	\$ -	\$ 5,429,429
Site Improvements and Infrastructure	466,060	84,810	-	550,870
Equipment other than Food Service	3,653,875	489,539	-	4,143,414
Food Service Equipment	37,050	-	-	37,050
Total Accumulated Depreciation	\$ 9,324,104	\$ 836,659	\$ -	\$ 10,160,763
Other Capital Assets, Net	\$ 10,259,975	\$ (516,522)	\$ -	\$ 9,743,453
Governmental Activities Capital Assets, Net	\$ 11,051,963	\$ (516,522)	\$ -	\$ 10,535,441

Depreciation expense was charged to functions as follows:

Governmental Activities	
Regular Programs	\$ 234,265
Business	8,366
Operations and Maintenance	594,028
Total Governmental Activities Depreciation Expense	\$ 836,659

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2019 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Lease/Purchase Agreements	\$ 104,234	\$ -	\$ 83,387	\$ 20,847	\$ 20,847
Total Long-Term Debt Payable	<u>\$ 104,234</u>	<u>\$ -</u>	<u>\$ 83,387</u>	<u>\$ 20,847</u>	<u>\$ 20,847</u>
Other Long-Term Liabilities					
Net OPEB-IMRF/TRS Obligation	\$ 775,285	\$ 64,848	\$ -	\$ 840,133	\$ -
Net OPEB- THIS Liability	8,421,761	-	78,351	8,343,410	-
Net Pension Liability - IMRF	50,240	674,811	-	725,051	-
Net Pension Liability - TRS	987,259	-	127,340	859,919	-
Total Other Long-Term Liabilities	<u>\$ 10,234,545</u>	<u>\$ 739,659</u>	<u>\$ 205,691</u>	<u>\$ 10,768,513</u>	<u>\$ -</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,338,779</u>	<u>\$ 739,659</u>	<u>\$ 289,078</u>	<u>\$ 10,789,360</u>	<u>\$ 20,847</u>

Long-term debt consisted of the following at June 30, 2019:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities					
Xerox Financial Capital Lease	8/27/2014	9/1/2019	0.00%	\$ 416,935	\$ 20,847

At June 30, 2019 the annual debt service requirements to service all long-term debt are:

Year Ending June 30	Principal	Interest	Total
2020	\$ 20,847	\$ -	\$ 20,847
	<u>\$ 20,847</u>	<u>\$ -</u>	<u>\$ 20,847</u>

NOTE 6 - INTERFUND TRANSFERS

The District had interfund transfers between the following funds for the year ended June 30, 2019:

Transfer from	Transfer To	Amount
General Fund	Debt Services Fund	\$ 89,475

NOTE 7 - DEFICIT FUND BALANCE

No District funds had a deficit fund balance at June 30, 2019.

NOTE 8 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2018 tax levy. The unavailable revenue is 100% of the 2018 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 2019. The District has determined that 100% of the amounts collected for the 2017 levy are allocable for use in fiscal year 2019. Therefore, 100% of the amounts collected for the 2017 and prior levies (\$12,514,625) are recorded in these financial statements as property tax revenue. A summary of the assessed valuations and extensions for tax years 2018, 2017, and 2016 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSESSED VALUATION	2018		2017		2016	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
	\$365,030,695		\$345,220,153		\$326,150,154	
Educational	2.6368	\$ 9,625,009	2.7881	\$ 9,625,007	2.9511	\$ 9,625,004
Tort Immunity	0.0507	185,005	0.0536	185,003	0.0567	185,002
Special Education	0.0507	185,005	0.0536	185,003	0.0567	185,002
Operations and Maintenance	0.4480	1,635,505	0.4738	1,635,505	0.5015	1,635,503
Transportation	0.0890	325,005	0.0941	325,004	0.0996	325,002
Fire Prevention/Safety	0.0003	1,022	0.0003	1,022	0.0003	1,021
Working Cash	0.0069	25,005	0.0072	25,004	0.0077	25,003
Municipal Retirement	0.0753	275,007	0.0797	275,006	0.0843	275,003
Social Security	0.0753	275,007	0.0797	275,006	0.0843	275,003
	<u>3.4330</u>	<u>\$ 12,531,569</u>	<u>3.6300</u>	<u>\$ 12,531,561</u>	<u>3.8423</u>	<u>\$ 12,531,543</u>

NOTE 9 - OPERATING LEASES

The District leases postage machine and copier equipment under operating leases. The total lease expense for fiscal year 2019 was \$2,169.

Annual requirements to cover outstanding lease agreements at June 30, 2019 are:

Year Ending June 30	Total Payments
2020	\$ 7,429
2021	7,429
2022	7,429
2023	7,429
2024	7,429
	<u>\$ 37,145</u>

NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2019, the following District fund had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 12,404,810	\$ 18,878,369	\$ 6,473,559

NOTE 11 - 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2018>; 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 20 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. Disability and death benefits are also provided.

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.

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. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and Tier 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018 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, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$5,532,439 in pension contributions from the State of Illinois.

NOTES TO FINANCIAL STATEMENTS (Continued)

2.2 Formula Contributions. Employers 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, 2019 were \$45,761 and are deferred because they were paid after the June 30, 2018 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 100-340, 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, 2019, the District pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$92,387 were paid from federal and special trust funds that required District contributions of \$9,100. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3% if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the District paid \$1,377 to TRS for employer contributions due on salary increases in excess of 6%, \$0 for salary increases in excess of 3% 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	\$ 859,919
State's proportionate share of the net pension liability associated with the District	58,908,070
Total Net Pension Liability	<u>\$ 59,767,989</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the District's proportion was 0.0011032%, which was a decrease of 0.0001891% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$5,532.439 and revenue of \$5,532.439 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 17,283	\$ (187)	\$ 17,096
Net difference between projected and actual earnings on pension plan investments	-	(2,633)	(2,633)
Changes of assumptions	37,716	(24,372)	13,344
Changes in proportion and differences between employer contributions and proportionate share of contributions	369,423	(602,942)	(233,519)
Employer contributions subsequent to the measurement date	54,861	-	54,861
	<u>\$ 479,283</u>	<u>\$ (630,134)</u>	<u>\$ (150,851)</u>

\$54,861 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. 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:

<u>Year Ending June 30</u>	
2020	\$ 1,176
2021	2,740
2022	(150,812)
2023	(47,737)
2024	(11,079)
	<u>\$ (205,712)</u>

Actuarial Assumptions

The total pension 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	varies by amount of service credit
Investment Rate of Return	7.0%, net of pension plan investment expenses, including inflation

In the June 30, 2018 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, 2017 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:

NOTES TO FINANCIAL STATEMENTS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.00%	6.70%
U.S. equities small/mid cap	2.00%	7.90%
International equities developed	13.60%	7.00%
Emerging market equities	3.40%	9.40%
U.S. bonds core	8.00%	2.20%
U.S. bonds high yield	4.20%	4.40%
International debt developed	2.20%	1.30%
Emerging international debt	2.60%	4.50%
Real estate	16.00%	5.40%
Real Return	4.00%	1.80%
Absolute Return	14.00%	3.90%
Private Equity	15.00%	10.20%
Total	100.0%	

Discount Rate

At June 30, 2018, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2017 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, 2018 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.

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	\$ 1,054,610	\$ 859,919

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 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, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	116
Active plan members	75
Total	<u>230</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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 2018 was 8.98%. For the fiscal year ended June 30, 2019, the District contributed \$164,835 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, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability/(Asset)	\$ 5,447,819
IMRF Fiduciary Net Position	4,722,768
District's Net Pension Liability/(Asset)	725,051
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	86.69%

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, 2018 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.75%
Salary Increases	3.75% -14.50% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2018:

Asset Class	Target Allocation	Projected Return
Equities	37.0%	7.15%
International Equities	18.0%	7.25%
Fixed Income	28.0%	3.75%
Real Estate	9.0%	6.25%
Alternatives	7.0%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1.0%	2.50%
	<u>100.0%</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).

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; 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, 2017	\$ 4,790,354	\$ 4,740,114	\$ 50,240
Changes for the year:			
Service Cost	\$ 191,189	\$ -	\$ 191,189
Interest on the Total Pension Liability	361,373	-	361,373
Differences Between Expected and Actual Experience of the Total Pension Liability	87,646	-	87,646
Changes of Assumptions	152,542	-	152,542
Contributions - Employer	-	178,662	(178,662)
Contributions - Employee	-	89,530	(89,530)
Net Investment Income	-	(208,520)	208,520
Benefit Payments, Including Refunds of Employee Contributions	(135,285)	(135,285)	-
Other (Net Transfer)	-	58,267	(58,267)
Net Changes	\$ 657,465	\$ (17,346)	\$ 674,811
Balances at December 31, 2018	\$ 5,447,819	\$ 4,722,768	\$ 725,051

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 1,421,567	\$ 725,051	\$ 154,396

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

For the year ended June 30, 2019, the District recognized pension expense of \$155,647. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 56,291	\$ 56,580	\$ (289)
Changes of assumptions	97,971	50,998	46,973
Net difference between projected and actual earnings on pension plan investments	516,451	221,174	295,277
Total deferred amounts to be recognized in pension expense in future periods	\$ 670,713	\$ 328,752	\$ 341,961
Pension contributions made subsequent to the measurement date	72,305	-	72,305
Total deferred amounts related to pensions	<u>\$ 743,018</u>	<u>\$ 328,752</u>	<u>\$ 414,266</u>

The deferred outflows of resources related to pensions resulting from the District's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. 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
2019	\$ 96,893
2020	90,316
2021	40,514
2022	114,238
2023	-
Thereafter	-
	<u>\$ 341,961</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 12 - POST EMPLOYMENT BENEFIT COMMITMENTS

A. 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.
- 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 a2 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

Contributions

For the fiscal year ended June 30, 2019, 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, 2018, the employee contribution was 1.18% of salary and the employer contribution was 0.88% 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, 2019, 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 \$88,711 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, 2018, 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 OPEB liability	\$ 8,343,410
State's proportionate share of the net OPEB liability associated with the District	11,203,487
Total	<u>\$ 19,546,897</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. 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, 2018, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2018, the District's proportion was 0.031669%, which was a decrease of 0.000457% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized benefit expense of \$452,840 and on-behalf revenue/expense of \$88,711 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (29,936)	\$ (29,936)
Net difference between projected and actual earnings on pension plan investments	-	(256)	(256)
Changes of assumptions	-	(1,214,941)	(1,214,941)
Changes in proportion and differences between employee contributions and proportionate share of contributions	124,073	(118,987)	5,086
Employer contributions subsequent to the measurement date	72,586	-	72,586
	<u>\$ 196,659</u>	<u>\$ (1,364,120)</u>	<u>\$ (1,167,461)</u>

\$72,586 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, 2019. 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	
2020	\$ 7,089
2021	16,517
2022	(909,101)
2023	(287,761)
2024	(66,791)
	<u>\$ (1,240,047)</u>

Actuarial Assumptions

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

Inflation	2.75%	
Salary Increases		Depends on service and ranges from 9.25% at 1 year of service to 3.25% 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 2018. For fiscal years on and after 2019, 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 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

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-Disabled Annuitant Table. All tables reflect future improvements using Projection Scale MP-2014. The actuarial assumptions that were used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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%	1.30%
	<u>100.0%</u>	

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 3.65% as of June 30, 2017, and 3.62% as of June 30, 2018. 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, 2018 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, 2018, the discount rate used to measure the total OPEB liability was 3.62%.

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 3.56%, 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 (2.56%) or 1 percentage-point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate 3.56%	1% Increase
Employer's proportionate share of the net OPEB liability	\$ 23,502,971	\$ 19,546,897	\$ 16,424,016

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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage.

NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Decrease (a)	Healthcare Cost Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	\$ 15,849,420	\$ 19,546,897	\$ 24,528,436

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.
- (b) One percentage point decrease in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

B. Retiree Insurance Plan

Plan Overview

In addition to the retirement plan described in Note 11, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Medical Coverage

Administrators

The District pays 100% of the premium for District medical coverage for the individual and spouse. The subsidy for both the retiree and spouse ends upon attainment of age 65 by the retiree.

Certified Teachers

The District offers the option of an annual \$2,000 cash payment or an annual \$2,000 contribution for TRIP coverage. The subsidy ends upon attainment of age 65 by the retiree. The amount stays fixed and does not increase.

IMRF Employees

IMRF employees may continue coverage into retirement on the District plans if they pay the entire premium. Dependents may also continue coverage on a pay-all basis. Coverage may continue for as long as required contributions are paid.

The Plan does not issue a stand-alone financial report.

Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

Administrators & Certified Teachers

Employees must meet the Teachers' Retirement System ("TRS") requirements for participation in the TRS retirement program:

Tier I Members (First Contributed Prior to January 1, 2011)

- Age 62 with 5 years of service, or
- Age 60 with 10 years of service, or
- Age 55 with 20 years of service (discounted benefits), or
- Age 55 with 35 years of service.

Tier II Members (First Contributed On or After January 1, 2011)

- 62 years old with 10 years of service (reduced pension), or
- 67 years old with 10 years of service (full pension).

NOTES TO FINANCIAL STATEMENTS (Continued)

IMRF Employees

Employees must meet the following Illinois Municipal Retirement Fund ("IMRF") requirements for participation in the IMRF retirement program.

Regular Plan Tier I (Enrolled in IMRF Prior to January 1, 2011)

-At least 55 years old and at least 8 years of credited service (reduced pension)

-At least 60 years old and at least 8 years of credited service (full pension)

Regular Plan Tier II (Enrolled in IMRF Prior to January 1, 2011)

-At least 62 years old and at least 10 years of credited service (reduced pension)

-At least 67 years old and at least 10 years of credited service (full pension)

Membership in the plan consisted of the following at June 1, 2018, the date of the latest actuarial valuation:

Active Employees	182
Inactive Employees Entitled to but not yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	2
Total	184

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

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

Discount rate	2.98%
Salary Rate Increase	4.00%
Expected long-term investment rate of return	N/A
Health Care Trend	

Insurance Year Trends

Fiscal Year Trends

(1) Known rate

Insurance Year Trends			Fiscal Year Trends		
Period	PPO	HMO	Period	PPO	HMO
IY17-IY18	4.80% ⁽¹⁾	5.40% ⁽¹⁾	FY18-FY19	5.80%	5.07%
IY18-IY19	6.00%	5.00%	FY19-FY20	5.90%	4.95%
IY19-IY20	5.88%	4.94%	FY20-FY21	5.77%	4.89%
IY20-IY21	5.75%	4.88%	FY21-FY22	5.65%	4.82%
IY21-IY22	5.63%	4.81%	FY22-FY23	5.52%	4.76%
IY22-IY23	5.50%	4.75%	FY23-FY24	5.40%	4.70%
IY23-IY24	5.38%	4.69%	FY24-FY25	5.27%	4.64%
IY24-IY25	5.25%	4.63%	FY25-FY26	5.15%	4.57%
IY25-IY26	5.13%	4.56%	FY26-FY27	5.02%	4.51%
IY26-IY27	5.00%	4.50%	FY27-FY28	5.00%	4.50%
Subsequent	5.00%	4.50%	Subsequent	5.00%	4.50%

NOTES TO FINANCIAL STATEMENTS (Continued)

Retiree Contribution Trend Same as Health Care Trend

Mortality IMRF Employees & Retirees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report. TRS Employees & Retirees: Rates from the June 30, 2017 Teachers' Retirement System Actuarial Valuation Report.

Retirement Rates IMRF Employees: Rates from the Dec. 31, 2017 IMRF Actuarial Valuation Report. No Early Retirement Rates assumed. TRS Employees: Rates from the June 30, 2017 Teachers' Retirement System Actuarial Valuation Report.

Withdrawal Rates IMRF Employees: Rates from the Dec. 31, 2017 IMRF Actuarial Valuation Report. TRS Employees: Rates from the June 30, 2017 Teachers' Retirement System Actuarial Valuation Report.

Disability Rates IMRF Employees: Rates from the Dec. 31, 2017 IMRF Actuarial Valuation Report. TRS Employees: Rates from the June 30, 2017 Teachers' Retirement System Actuarial Valuation Report.

Starting Per Capita Costs

Age	PPO Plan		HMO Plan	
	Retiree	Spouse	Retiree	Spouse
55	\$ 11,261	\$ 17,350	\$ 8,537	\$ 14,824
57	12,179	18,766	9,234	16,033
60	13,700	21,109	10,387	18,035
62	14,818	22,831	11,234	19,507
64	16,027	24,694	12,151	21,099

	Retiree	Spouse
PPO Plan	\$ 8,228	\$ 12,677
HMO Plan	6,238	10,832

Retiree Contributions

Morbidity

Under 65 - 4.00%

Election at Retirement

20% of IMRF employees are assumed to elect continuation of coverage at retirement. 100% of administrators are assumed to elect free medical coverage on the District plan at retirement. 50% of Teachers are assumed to elect the \$2,000 annual payment for TRIP coverage and 50% are assumed to elect the \$2,000 annual cash payment.

Marital Status

40% over IMRF employees and 80% of Administrators electing retiree coverage are assumed to be married and to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

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

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

The District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 2.79% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 775,285	\$ -	\$ 775,285
Changes for the year:			
Service Cost	\$ 43,551	\$ -	\$ 43,551
Interest on Total OPEB Liability	22,890	-	22,890
Assumption Changes	11,480	-	11,480
Benefit Payments	(14,312)	-	(14,312)
Other Changes	1,239	-	1,239
Net Changes	\$ 64,848	\$ -	\$ 64,848
Balances at June 30, 2019	\$ 840,133	\$ -	\$ 840,133

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Valuation Rate	1% Increase
\$ 781,085	\$ 840,133	\$ 902,467

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 than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Valuation Rate	1% Increase
\$ 765,054	\$ 840,133	\$ 925,560

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$69,398. At June 30, 2019, 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 Inflows of Resources
Differences Between Expected and Actual Experience	\$ 178,919	\$ -	\$ 178,919
Changes of Assumptions	18,205	173,619	(155,414)
Total	\$ 197,124	\$ 173,619	\$ 23,505

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (9.49 years, active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year ending June 30	Outflows	Inflows	Net Outflows/(Inflows)
2020	\$ 26,126	\$ 23,169	\$ 2,957
2021	26,126	23,169	2,957
2022	26,126	23,169	2,957
2023	26,126	23,169	2,957
2024	26,126	23,169	2,957
2025	26,126	23,169	2,957
2026	26,126	23,169	2,957
2027	13,572	11,436	2,136
2028	670	-	670
	<u>\$ 197,124</u>	<u>\$ 173,619</u>	<u>\$ 23,505</u>

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.

As of June 30, 2019, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 14 - CONTINGENCIES

The District is not aware of any litigation which might have a material adverse effect on the District’s financial position.

NOTE 15 - 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:

2018 EAV	\$ 365,030,695
Rate	6.90%
Debt Margin	\$ 25,187,118
Current Debt	20,847
Remaining Debt Margin	<u>\$ 25,166,271</u>

REQUIRED SUPPLEMENTARY INFORMATION

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NIPPERSINK SCHOOL DISTRICT NO. 2
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY					
Service Cost	\$ 191,189	\$ 202,596	\$ 190,714	\$ 162,043	\$ 167,365
Interest on the Total Pension Liability	361,373	349,050	322,358	286,382	255,512
Differences Between Expected and Actual Experience	87,646	(128,440)	(48,290)	129,460	(61,175)
Changes of Assumptions	152,542	(127,848)	(5,694)	5,315	168,527
Benefit Payments, Including Refunds of Member Contributions	(135,285)	(115,403)	(114,354)	(109,883)	(122,041)
Net Change in Total Pension Liability	<u>\$ 657,465</u>	<u>\$ 179,955</u>	<u>\$ 344,734</u>	<u>\$ 473,317</u>	<u>\$ 408,188</u>
Total Pension Liability - Beginning	<u>4,790,354</u>	<u>4,610,399</u>	<u>4,265,665</u>	<u>3,792,348</u>	<u>3,384,160</u>
Total Pension Liability - Ending	<u>\$ 5,447,819</u>	<u>\$ 4,790,354</u>	<u>\$ 4,610,399</u>	<u>\$ 4,265,665</u>	<u>\$ 3,792,348</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 178,662	\$ 168,901	\$ 160,777	\$ 149,818	\$ 140,998
Contributions - Member	89,530	82,975	79,331	70,081	61,126
Net Investment Income	(208,520)	670,389	253,153	18,292	203,793
Benefit Payments, Including Refunds of Member Contributions	(135,285)	(115,403)	(114,354)	(109,883)	(122,041)
Other (Net Transfers)	58,267	(44,132)	(30,900)	(102,274)	18,647
Net Change in Plan Fiduciary Net Position	<u>\$ (17,346)</u>	<u>\$ 762,730</u>	<u>\$ 348,007</u>	<u>\$ 26,034</u>	<u>\$ 302,523</u>
Plan Net Position - Beginning	<u>4,740,114</u>	<u>3,977,384</u>	<u>3,629,377</u>	<u>3,603,343</u>	<u>3,300,820</u>
Plan Net Position - Ending	<u>\$ 4,722,768</u>	<u>\$ 4,740,114</u>	<u>\$ 3,977,384</u>	<u>\$ 3,629,377</u>	<u>\$ 3,603,343</u>
District's Net Pension Liability	<u>\$ 725,051</u>	<u>\$ 50,240</u>	<u>\$ 633,015</u>	<u>\$ 636,288</u>	<u>\$ 189,005</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.69%	98.95%	86.27%	85.08%	95.02%
Covered-Valuation Payroll	\$ 2,557,402	\$ 1,844,426	\$ 1,762,905	\$ 1,557,349	\$ 1,429,764
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	28.35%	2.72%	35.91%	40.86%	13.22%

* 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.

NIPPERSINK SCHOOL DISTRICT NO. 2
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 178,662	\$ 168,900	\$ 160,777	\$ 149,817	\$ 148,410
Contributions in relation to Actuarially-Determined Contribution	178,662	168,901	160,777	149,818	140,998
Contribution deficiency/(excess)	\$ -	\$ (1)	\$ -	\$ (1)	\$ 7,412
Covered-Valuation Payroll	\$ 2,170,834	\$ 2,018,312	\$ 1,762,905	\$ 1,557,349	\$ 1,429,764
Contributions as a percentage of Covered-Valuation Payroll	8.23%	8.37%	9.12%	9.62%	9.86%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2018 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: 25-year closed period

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

Wage Growth: 3.5%

Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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, 2016 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.

NIPPERSINK SCHOOL DISTRICT NO. 2
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2019

	<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>
Employer's proportion of the Net Pension Liability	0.0011032%	0.0012923%	0.0024326%	0.0011060%	0.0011254%
Employer's proportionate share of the Net Pension Liability	\$ 859,919	\$ 987,259	\$ 1,920,217	\$ 724,542	\$ 684,892
State's proportionate share of the Net Pension Liability associated with the employer	<u>58,908,070</u>	<u>55,454,806</u>	<u>57,355,949</u>	<u>43,264,650</u>	<u>42,710,532</u>
Total	<u>\$ 59,767,989</u>	<u>\$ 56,442,065</u>	<u>\$ 59,276,166</u>	<u>\$ 43,989,192</u>	<u>\$ 43,395,424</u>
Employer's Covered-Employee Payroll	\$ 7,510,950	\$ 7,385,226	\$ 7,311,686	\$ 6,960,107	\$ 6,747,521
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	11.45%	13.37%	26.26%	10.41%	10.15%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	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 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.

For the 2014 measurement year, the assumed investment rate of return was also 7.5%, including an inflation rate of 3.0% and a real return of 4.5%. However, salary increases were assumed to vary by age.

NIPPERSINK SCHOOL DISTRICT NO. 2
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

	<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	\$ 45,839	\$ 53,240	\$ 84,357	\$ 68,917	\$ 64,237
Contributions in relation to Statutorily-Required Contribution	<u>43,564</u>	<u>51,637</u>	<u>94,208</u>	<u>38,754</u>	<u>40,425</u>
Contribution deficiency/(excess)	<u>\$ 2,275</u>	<u>\$ 1,603</u>	<u>\$ (9,851)</u>	<u>\$ 30,163</u>	<u>\$ 23,812</u>
Employer's Covered-Employee Payroll	\$ 7,889,746	\$ 7,385,226	\$ 7,311,686	\$ 6,960,107	\$ 6,747,521
Contributions as a percentage of Covered-Employee Payroll	0.55%	0.70%	1.29%	0.56%	0.60%

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

NIPPERSINK SCHOOL DISTRICT NO. 2
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2019

	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Employer's proportion of the Net OPEB Liability	0.0316690%	0.0321260%
Employer's proportionate share of the Net OPEB Liability	\$ 8,343,410	\$ 8,336,381
State's proportionate share of the Net OPEB Liability associated with the employer	<u>11,203,487</u>	<u>9,171,038</u>
Total	<u>\$ 19,546,897</u>	<u>\$ 17,507,419</u>
Employer's Covered Payroll	\$ 7,601,515	\$ 7,408,068
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	109.76%	112.53%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-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 2018 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.75%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

	6/30/2019 *	6/30/2018 *
Statutorily-Required Contribution	\$ 66,065	\$ 68,298
Contributions in relation to the Statutorily-Required Contribution	66,096	62,036
Contribution deficiency/(excess)	\$ (31)	\$ 6,262
Employer's Covered Payroll	\$ 7,982,133	\$ 7,601,515
Contributions as a percentage of Covered Payroll	0.83%	0.82%

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.

NIPPERSINK SCHOOL DISTRICT NO. 2
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
 LIABILITY AND RELATED RATIOS
 JUNE 30, 2019

	<u>6/30/2019</u>	<u>6/30/2018</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 43,551	\$ 41,955
Interest	22,890	22,917
Differences Between Expected and Actual Experience	-	226,672
Benefit Payments	(14,312)	(12,485)
Changes in Assumptions	11,480	(187,320)
Other Changes	1,239	(23,991)
Net Change in Total OPEB Liability	<u>\$ 64,848</u>	<u>\$ 67,748</u>
 Total OPEB Liability - Beginning	 <u>775,285</u>	 <u>707,537</u>
Total OPEB Liability - Ending	<u>\$ 840,133</u>	<u>\$ 775,285</u>
District's Net OPEB Plan Liability	<u>\$ 840,133</u>	<u>\$ 775,285</u>
 OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.00%	 0.00%
Covered-Employee Payroll	\$ 8,816,879	\$ 8,816,879
 Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	 8.79%	 8.79%

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.

NIPPERSINK SCHOOL DISTRICT NO. 2
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2019

	6/30/2019	6/30/2018
Actuarially-Determined Contribution	N/A	N/A
Contributions in Relation to Actuarially-Determined Contribution	-	-
Contribution Deficiency/(Excess)	N/A	N/A
Covered-Employee Payroll	\$ 8,816,879	\$ 8,816,879
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

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.

NIPPERSINK SCHOOL DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019

	Budgeted	
	Original and Final	Actual
REVENUES		
Property Taxes	\$ 10,210,000	\$ 10,006,895
Payments in Lieu of Taxes	75,000	82,564
Tuition	15,000	-
Earnings on Investments	36,000	166,961
Food Service	185,000	194,630
District/School Activity Income	113,250	29,252
Textbooks	-	84,024
Other Local Sources	77,500	-
State Aid		
General State Aid	925,000	1,120,406
Special Education	283,000	131,149
State Free Lunch and Breakfast	500	1,214
Other Restricted Revenue from State Sources	-	851
Federal Aid		
Food Service	80,000	91,092
Title I	100,000	110,927
Title IV	-	10,000
Federal Special Education	175,000	240,991
Title II - Teacher Quality	20,000	26,572
Medicaid Matching Funds - Administrative Outreach	15,000	17,365
On-Behalf Payments	-	5,621,150
Total Revenues	\$ 12,310,250	\$ 17,936,043
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 5,136,000	\$ 5,142,896
Employee Benefits	1,186,800	1,346,775
Purchased Services	45,000	118,034
Supplies and Materials	175,000	169,345
	<u>\$ 6,542,800</u>	<u>\$ 6,777,050</u>
Pre-K Programs		
Non-Capitalized Equipment	\$ 7,500	\$ -
	<u>\$ 7,500</u>	<u>\$ -</u>
Special Education Programs		
Salaries	\$ 1,135,000	\$ 1,437,143
Employee Benefits	31,160	53,439
Purchased Services	8,500	158,301
Supplies and Materials	7,500	530
	<u>\$ 1,182,160</u>	<u>\$ 1,649,413</u>
Interscholastic Programs		
Salaries	\$ 64,000	\$ 55,712
Employee Benefits	2,500	987
Purchased Services	5,000	7,509
Supplies and Materials	10,000	2,178
Other Objects	1,000	530
	<u>\$ 82,500</u>	<u>\$ 66,916</u>
Summer School Programs		
Salaries	\$ 57,500	\$ 49,562
Employee Benefits	750	297
Other Objects	-	639
	<u>\$ 58,250</u>	<u>\$ 50,498</u>
Gifted Programs		
Salaries	\$ 57,000	\$ 60,735
Employee Benefits	1,000	1,758
Supplies and Materials	2,500	3,127
Other Objects	2,000	6,022
	<u>\$ 62,500</u>	<u>\$ 71,642</u>
Total Instruction	\$ 7,935,710	\$ 8,615,519

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
EXPENDITURES (Continued)		
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 163,500	\$ 219,042
Employee Benefits	2,750	4,374
Supplies and Materials	4,000	-
	<u>\$ 170,250</u>	<u>\$ 223,416</u>
Guidance Services		
Salaries	\$ 68,500	\$ 67,876
Employee Benefits	1,000	1,353
Purchased Services	-	5,968
Supplies and Materials	4,000	-
	<u>\$ 73,500</u>	<u>\$ 75,197</u>
Health Services		
Salaries	\$ 145,000	\$ 118,932
Employee Benefits	5,000	2,076
Supplies and Materials	-	8,198
	<u>\$ 150,000</u>	<u>\$ 129,206</u>
Psychological Services		
Salaries	\$ 126,000	\$ 63,005
Employee Benefits	2,000	1,287
	<u>\$ 128,000</u>	<u>\$ 64,292</u>
Other Support Services - Pupils		
Salaries	\$ 182,000	\$ 201,528
Employee Benefits	10,000	10,080
	<u>\$ 192,000</u>	<u>\$ 211,608</u>
Total Support Services - Pupils	<u>\$ 713,750</u>	<u>\$ 703,719</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 97,500	\$ 114,296
Employee Benefits	13,750	1,682
Purchased Services	100,000	560,526
Supplies and Materials	100,000	93,836
	<u>\$ 311,250</u>	<u>\$ 770,340</u>
Educational Media Services		
Salaries	\$ 17,500	\$ 209,782
Employee Benefits	6,000	5,932
Supplies and Materials	11,000	12,870
	<u>\$ 34,500</u>	<u>\$ 228,584</u>
Total Support Services - Instructional Staff	<u>\$ 345,750</u>	<u>\$ 998,924</u>
General Administration		
Board of Education Services		
Employee Benefits	\$ 8,000	\$ -
Purchased Services	125,000	104,184
Supplies and Materials	1,000	103
Other Objects	11,000	31,238
	<u>\$ 145,000</u>	<u>\$ 135,525</u>
Executive Administration Services		
Salaries	\$ 163,000	\$ 146,216
Employee Benefits	19,500	14,841
Purchased Services	300,000	143,724
Supplies and Materials	1,000	1,528
Other Objects	1,000	1,105
	<u>\$ 484,500</u>	<u>\$ 307,414</u>
Tort Immunity Services		
Purchased Services	\$ -	\$ 608
	<u>\$ -</u>	<u>\$ 608</u>
Workers' Compensation or Worker's Occupational Disease Act		
Purchased Services	\$ 80,000	\$ 156,478
	<u>\$ 80,000</u>	<u>\$ 156,478</u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Unemployment Insurance Payments		
Purchased Services	\$ 55,000	\$ -
	\$ 55,000	\$ -
Insurance Payments		
Purchased Services	\$ 42,000	\$ -
	\$ 42,000	\$ -
Total Support Services - General Administration	\$ 806,500	\$ 600,025
School Administration		
Office of the Principal Services		
Salaries	\$ 557,000	\$ 573,127
Employee Benefits	55,000	57,248
Purchased Services	1,000	70,450
Supplies and Materials	50,000	46,263
Other Objects	7,500	3,248
	\$ 670,500	\$ 750,336
Other Support Services - School Administration		
Salaries	\$ 81,500	\$ 71,916
Employee Benefits	9,500	10,236
Purchased Services	500	17,063
Supplies and Materials	-	914
	\$ 91,500	\$ 100,129
Total Support Services - School Administration	\$ 762,000	\$ 850,465
Business		
Fiscal Services		
Salaries	\$ 72,500	\$ 85,016
Employee Benefits	5,000	5,830
Purchased Services	17,500	17,466
Supplies and Materials	15,000	26,814
Total Support Services - Business	\$ 110,000	\$ 135,126
Food Services		
Salaries	\$ 140,000	\$ 127,024
Employee Benefits	30,000	28,032
Purchased Services	1,500	774
Supplies and Materials	165,000	139,943
Other Objects	-	600
Total Support Services - Food Services	\$ 336,500	\$ 296,373
Central		
Data Processing Services		
Salaries	\$ 225,000	\$ 247,188
Employee Benefits	25,000	12,711
Purchased Services	375,000	203,113
Supplies and Materials	350,000	70,230
Other Objects	4,000	-
Total Support Services - Central	\$ 979,000	\$ 533,242
Other Support Services		
Purchased Services	\$ -	\$ 3,471
Total Other Support Services	\$ -	\$ 3,471
Total Support Services	\$ 4,053,500	4,121,345

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
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	\$ 17,393
Other Objects	225,000	182,826
Total Payments to Other Districts and Governmental Units (In-State)	\$ 300,000	\$ 200,219
Total Payments to Other Districts and Governmental Units	\$ 300,000	\$ 200,219
Capital Outlay		
Instruction		
Regular Programs	\$ 16,600	\$ 137,610
Special Education Programs	5,000	25,602
Other Instructional Programs	2,000	4,923
Support Services		
School Administration	25,000	-
Central	67,000	152,001
	\$ 115,600	\$ 320,136
On-Behalf Payments	\$ -	\$ 5,621,150
Total Expenditures	\$ 12,404,810	\$ 18,878,369
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (94,560)	\$ (942,326)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ -	\$ (89,475)
Other Uses	(280,000)	-
	\$ (280,000)	\$ (89,475)
NET CHANGE IN FUND BALANCE	\$ (374,560)	\$ (1,031,801)
FUND BALANCE - JULY 1, 2018		7,260,971
FUND BALANCE - JUNE 30, 2019		\$ 6,229,170

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Property Taxes	\$ 1,650,000	\$ 1,633,368
Earnings on Investments	15,000	66,265
Other Local Sources	500	-
Total Revenues	\$ 1,665,500	\$ 1,699,633
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ -	\$ 10,500
	\$ -	\$ 10,500
Operations and Maintenance		
Salaries	\$ 425,000	\$ 385,995
Employee Benefits	95,000	88,763
Purchased Services	525,000	540,367
Supplies and Materials	700,000	732,183
Total Support Services - Operations and Maintenance	\$ 1,745,000	\$ 1,747,308
Total Support Services	\$ 1,745,000	\$ 1,757,808
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 50,000	\$ -
Total Capital Outlay	\$ 50,000	\$ -
Total Expenditures	\$ 1,795,000	\$ 1,757,808
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (129,500)	\$ (58,175)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	-	-
NET CHANGE IN FUND BALANCE	\$ (129,500)	\$ (58,175)
FUND BALANCE - JULY 1, 2018		2,619,309
FUND BALANCE - JUNE 30, 2019		\$ 2,561,134

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TRANSPORTATION FUND
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 425,000	\$ 324,581
Earnings on Investments	7,500	56,975
State Aid		
Transportation	344,000	305,859
Total Revenues	\$ 776,500	\$ 687,415
EXPENDITURES		
Support Services		
Pupil		
Other Support Services - Pupils		
Purchased Services	\$ 675,000	\$ -
Total Support Services - Pupil	\$ 675,000	\$ -
Transportation		
Purchased Services	\$ -	\$ 597,587
Total Support Services - Transportation	\$ -	\$ 597,587
Total Support Services	\$ 675,000	\$ 597,587
Total Expenditures	\$ 675,000	\$ 597,587
NET CHANGE IN FUND BALANCE	\$ 101,500	\$ 89,828
FUND BALANCE - JULY 1, 2018		2,179,032
FUND BALANCE - JUNE 30, 2019		\$ 2,268,860

NIPPERSINK SCHOOL DISTRICT NO. 2
 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, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>
REVENUES		
Property Taxes	\$ 225,000	\$ 154,701
FICA/Medicare Only Purposes Levies	225,000	394,585
Payments in Lieu of Taxes	25,000	33,710
Earnings on Investments	3,000	6,679
Total Revenues	\$ 478,000	\$ 589,675
EXPENDITURES		
Instruction		
Employee Benefits		
Regular Programs	\$ 92,000	\$ 93,462
Special Education Programs	72,900	79,640
Interscholastic Programs	2,750	1,466
Summer School Programs	2,000	1,896
Gifted Programs	850	854
Total Instruction	\$ 170,500	\$ 177,318
Support Services		
Pupils		
Employee Benefits		
Attendance and Social Work Services	\$ 2,500	\$ 3,133
Guidance Services	1,000	978
Health Services	13,500	10,108
Psychological Services	1,825	914
Other Support Services - Pupils	34,000	33,074
Total Supports Services - Pupils	\$ 52,825	\$ 48,207
Instructional Staff		
Employee Benefits		
Improvement of Instruction Services	\$ 2,250	\$ 3,446
Educational Media Services	12,500	12,434
Total Support Services - Instructional Staff	\$ 14,750	\$ 15,880
General Administration		
Employee Benefits		
Executive Administration Services	\$ 13,775	\$ 10,556
Total Support Services - General Administration	\$ 13,775	\$ 10,556
School Administration		
Employee Benefits		
Office of the Principal Services	\$ 34,000	\$ 32,367
Other Support Services - School Administration	5,000	4,690
Total Support Services - School Administration	\$ 39,000	\$ 37,057
Business		
Employee Benefits		
Fiscal Services	\$ 16,750	\$ 18,025
Total Support Services - Business	\$ 16,750	\$ 18,025

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 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, 2019

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Support Services (Continued)		
Operations and Maintenance		
Employee Benefits	\$ 75,000	\$ 65,879
Total Support Services - Operations and Maintenance	\$ 75,000	\$ 65,879
Food Services		
Employee Benefits	\$ 25,000	\$ 20,214
Total Support Services - Food Services	\$ 25,000	\$ 20,214
Central		
Data Processing Services		
Employee Benefits	\$ 37,500	\$ 40,370
Total Support Services - Central	\$ 37,500	\$ 40,370
Total Support Services	\$ 274,600	\$ 256,188
Total Expenditures	\$ 445,100	\$ 433,506
NET CHANGE IN FUND BALANCE	\$ 32,900	\$ 156,169
FUND BALANCE - JULY 1, 2018		47,418
FUND BALANCE - JUNE 30, 2019		\$ 203,587

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2019

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 September 26, 2018. 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, 2019, the following District fund presented as Required Supplementary Information had expenditures that exceeded budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 12,404,810	\$ 18,878,369	\$ 6,473,559

SUPPLEMENTAL FINANCIAL INFORMATION



NIPPERSINK SCHOOL DISTRICT NO. 2
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2019

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
ASSETS				
Cash and Cash Equivalents	\$ 7,714,575	\$ -	\$ 18,411	\$ 7,732,986
Investments, at Fair Value	3,738,660	1,088,001	488,709	5,315,370
Accrued Interest Receivable, net of allowance of \$0	12,270	822	427	13,519
Other Accounts Receivable, net of allowance of \$0	17,192	-	-	17,192
Property Taxes Receivable, net of allowance of \$59,010	4,690,804	11,956	88,463	4,791,223
Due from Other Governments, net of allowance of \$0	49,734	-	-	49,734
Total Assets	<u>\$ 16,223,235</u>	<u>\$ 1,100,779</u>	<u>\$ 596,010</u>	<u>\$ 17,920,024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 412,334	\$ -	\$ -	\$ 412,334
Payroll Liabilities	1,318,618	-	-	1,318,618
Total Liabilities	<u>\$ 1,730,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,730,952</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 9,751,153	\$ 24,854	\$ 183,895	\$ 9,959,902
Total Deferred Revenue	<u>\$ 9,751,153</u>	<u>\$ 24,854</u>	<u>\$ 183,895</u>	<u>\$ 9,959,902</u>
FUND BALANCE				
Restricted				
Tort	\$ -	\$ -	\$ 375,196	\$ 375,196
Unassigned	4,741,130	1,075,925	36,919	5,853,974
Total Fund Balance	<u>\$ 4,741,130</u>	<u>\$ 1,075,925</u>	<u>\$ 412,115</u>	<u>\$ 6,229,170</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 16,223,235</u>	<u>\$ 1,100,779</u>	<u>\$ 596,010</u>	<u>\$ 17,920,024</u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019

	Educational Fund	Working Cash Fund	Tort Immunity Fund	Total General Fund
REVENUES				
Property Taxes	\$ 9,797,166	\$ 24,968	\$ 184,761	\$ 10,006,895
Payments in Lieu of Taxes	82,564	-	-	82,564
Earnings on Investments	136,608	17,504	12,849	166,961
Food Service	194,630	-	-	194,630
District/School Activity Income	29,252	-	-	29,252
Textbooks	84,024	-	-	84,024
State Aid	1,253,620	-	-	1,253,620
Federal Aid	496,947	-	-	496,947
On-Behalf Payments	5,621,150	-	-	5,621,150
	<u>\$ 17,695,961</u>	<u>\$ 42,472</u>	<u>\$ 197,610</u>	<u>\$ 17,936,043</u>
EXPENDITURES				
Current				
Instruction				
Regular Programs	\$ 6,777,050	\$ -	\$ -	\$ 6,777,050
Special Education Programs	1,649,413	-	-	1,649,413
Other Instructional Programs	189,056	-	-	189,056
Support Services				
Pupils	703,719	-	-	703,719
Instructional Staff	998,924	-	-	998,924
General Administration	443,547	-	156,478	600,025
School Administration	850,465	-	-	850,465
Business	135,126	-	-	135,126
Food Services	296,373	-	-	296,373
Central	533,242	-	-	533,242
Other Support Services	3,471	-	-	3,471
Payments to Other Districts and Governmental Units	200,219	-	-	200,219
Capital Outlay	320,136	-	-	320,136
On-Behalf Payments	5,621,150	-	-	5,621,150
	<u>\$ 18,721,891</u>	<u>\$ -</u>	<u>\$ 156,478</u>	<u>\$ 18,878,369</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,025,930)	\$ 42,472	\$ 41,132	\$ (942,326)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	(89,475)	-	-	(89,475)
NET CHANGE IN FUND BALANCES	\$ (1,115,405)	\$ 42,472	\$ 41,132	\$ (1,031,801)
FUND BALANCE - JULY 1, 2018	5,856,535	1,033,453	370,983	7,260,971
FUND BALANCE - JUNE 30, 2019	<u>\$ 4,741,130</u>	<u>\$ 1,075,925</u>	<u>\$ 412,115</u>	<u>\$ 6,229,170</u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted	
	Amounts	Actual
	Original and Final	Amounts
REVENUES		
Property Taxes	\$ 10,000,000	\$ 9,797,166
Payments in Lieu of Taxes	75,000	82,564
Tuition	15,000	-
Earnings on Investments	30,000	136,608
Food Service	185,000	194,630
District/School Activity Income	113,250	29,252
Textbooks	-	84,024
Other Local Sources	77,500	-
State Aid		
General State Aid	925,000	1,120,406
Special Education	283,000	131,149
State Free Lunch and Breakfast	500	1,214
Other Restricted Revenue from State Sources	-	851
Federal Aid		
Food Service	80,000	91,092
Title I	100,000	110,927
Title IV	-	10,000
Federal Special Education	175,000	240,991
Title II - Teacher Quality	20,000	26,572
Medicaid Matching Funds - Administrative Outreach	15,000	17,365
On-Behalf Payments	-	5,621,150
Total Revenues	\$ 12,094,250	\$ 17,695,961
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 5,136,000	\$ 5,142,896
Employee Benefits	1,186,800	1,346,775
Purchased Services	45,000	118,034
Supplies and Materials	175,000	169,345
	<u>\$ 6,542,800</u>	<u>\$ 6,777,050</u>
Pre-K Programs		
Non-Capitalized Equipment	\$ 7,500	\$ -
	<u>\$ 7,500</u>	<u>\$ -</u>
Special Education Programs		
Salaries	\$ 1,135,000	\$ 1,437,143
Employee Benefits	31,160	53,439
Purchased Services	8,500	158,301
Supplies and Materials	7,500	530
	<u>\$ 1,182,160</u>	<u>\$ 1,649,413</u>
Interscholastic Programs		
Salaries	\$ 64,000	\$ 55,712
Employee Benefits	2,500	987
Purchased Services	5,000	7,509
Supplies and Materials	10,000	2,178
Other Objects	1,000	530
	<u>\$ 82,500</u>	<u>\$ 66,916</u>
Summer School Programs		
Salaries	\$ 57,500	\$ 49,562
Employee Benefits	750	297
Other Objects	-	639
	<u>\$ 58,250</u>	<u>\$ 50,498</u>
Gifted Programs		
Salaries	\$ 57,000	\$ 60,735
Employee Benefits	1,000	1,758
Supplies and Materials	2,500	3,127
Other Objects	2,000	6,022
	<u>\$ 62,500</u>	<u>\$ 71,642</u>
Total Instruction	\$ 7,935,710	\$ 8,615,519

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 163,500	\$ 219,042
Employee Benefits	2,750	4,374
Supplies and Materials	4,000	-
	<u>\$ 170,250</u>	<u>\$ 223,416</u>
Guidance Services		
Salaries	\$ 68,500	\$ 67,876
Employee Benefits	1,000	1,353
Purchased Services	-	5,968
Supplies and Materials	4,000	-
	<u>\$ 73,500</u>	<u>\$ 75,197</u>
Health Services		
Salaries	\$ 145,000	\$ 118,932
Employee Benefits	5,000	2,076
Supplies and Materials	-	8,198
	<u>\$ 150,000</u>	<u>\$ 129,206</u>
Psychological Services		
Salaries	\$ 126,000	\$ 63,005
Employee Benefits	2,000	1,287
	<u>\$ 128,000</u>	<u>\$ 64,292</u>
Other Support Services - Pupils		
Salaries	\$ 182,000	\$ 201,528
Employee Benefits	10,000	10,080
	<u>\$ 192,000</u>	<u>\$ 211,608</u>
Total Support Services - Pupils	<u>\$ 713,750</u>	<u>\$ 703,719</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 97,500	\$ 114,296
Employee Benefits	13,750	1,682
Purchased Services	100,000	560,526
Supplies and Materials	100,000	93,836
	<u>\$ 311,250</u>	<u>\$ 770,340</u>
Educational Media Services		
Salaries	\$ 17,500	\$ 209,782
Employee Benefits	6,000	5,932
Supplies and Materials	11,000	12,870
	<u>\$ 34,500</u>	<u>\$ 228,584</u>
Total Support Services - Instructional Staff	<u>\$ 345,750</u>	<u>\$ 998,924</u>
General Administration		
Board of Education Services		
Employee Benefits	\$ 8,000	\$ -
Purchased Services	125,000	104,184
Supplies and Materials	1,000	103
Other Objects	11,000	31,238
	<u>\$ 145,000</u>	<u>\$ 135,525</u>
Executive Administration Services		
Salaries	\$ 163,000	\$ 146,216
Employee Benefits	19,500	14,841
Purchased Services	300,000	143,724
Supplies and Materials	1,000	1,528
Other Objects	1,000	1,105
	<u>\$ 484,500</u>	<u>\$ 307,414</u>

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Tort Immunity Services	\$ -	\$ 608
Purchased Services	\$ -	\$ 608
	<u>\$ 629,500</u>	<u>\$ 443,547</u>
Total Support Services - General Administration		
School Administration		
Office of the Principal Services		
Salaries	\$ 557,000	\$ 573,127
Employee Benefits	55,000	57,248
Purchased Services	1,000	70,450
Supplies and Materials	50,000	46,263
Other Objects	7,500	3,248
	<u>\$ 670,500</u>	<u>\$ 750,336</u>
Other Support Services - School Administration		
Salaries	\$ 81,500	\$ 71,916
Employee Benefits	9,500	10,236
Purchased Services	500	17,063
Supplies and Materials	-	914
	<u>\$ 91,500</u>	<u>\$ 100,129</u>
	<u>\$ 762,000</u>	<u>\$ 850,465</u>
Total Support Services - School Administration		
Business		
Fiscal Services		
Salaries	\$ 72,500	\$ 85,016
Employee Benefits	5,000	5,830
Purchased Services	17,500	17,466
Supplies and Materials	15,000	26,814
	<u>\$ 110,000</u>	<u>\$ 135,126</u>
Total Support Services - Business		
Food Services		
Salaries	\$ 140,000	\$ 127,024
Employee Benefits	30,000	28,032
Purchased Services	1,500	774
Supplies and Materials	165,000	139,943
Other Objects	-	600
	<u>\$ 336,500</u>	<u>\$ 296,373</u>
Total Support Services - Food Services		
Central		
Data Processing Services		
Salaries	\$ 225,000	\$ 247,188
Employee Benefits	25,000	12,711
Purchased Services	375,000	203,113
Supplies and Materials	350,000	70,230
Other Objects	4,000	-
	<u>\$ 979,000</u>	<u>\$ 533,242</u>
Total Support Services - Central		
	<u>\$ 979,000</u>	<u>\$ 533,242</u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Purchased Services	\$ -	\$ 3,471
Total Other Support Services	\$ -	\$ 3,471
Total Support Services	\$ 3,876,500	\$ 3,964,867
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	\$ 17,393
Other Objects	225,000	182,826
Total Payments to Other Districts and Governmental Units (In-State)	\$ 300,000	\$ 200,219
Total Payments to Other Districts and Governmental Units	\$ 300,000	\$ 200,219
Capital Outlay		
Instruction		
Regular Programs	\$ 16,600	\$ 137,610
Special Education Programs	5,000	25,602
Other Instructional Programs	2,000	4,923
Support Services		
School Administration	25,000	-
Central	67,000	152,001
Total Capital Outlay	\$ 115,600	\$ 320,136
On-Behalf Payments	\$ -	\$ 5,621,150
Total Expenditures	\$ 12,227,810	\$ 18,721,891
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (133,560)	\$ (1,025,930)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (280,000)	\$ (89,475)
Other Uses	(280,000)	-
	\$ (560,000)	\$ (89,475)
NET CHANGE IN FUND BALANCE	\$ (693,560)	\$ (1,115,405)
FUND BALANCE - JULY 1, 2018		5,856,535
FUND BALANCE - JUNE 30, 2019		\$ 4,741,130

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - WORKING CASH FUND
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 25,000	\$ 24,968
Earnings on Investments	3,000	17,504
Total Revenues	\$ 28,000	\$ 42,472
EXPENDITURES	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ 28,000	\$ 42,472
FUND BALANCE - JULY 1, 2018		1,033,453
FUND BALANCE - JUNE 30, 2019		\$ 1,075,925

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TORT FUND
YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>
	<u>Original and Final</u>	<u></u>
REVENUES		
Property Taxes	\$ 185,000	\$ 184,761
Earnings on Investments	3,000	12,849
Total Revenues	<u>\$ 188,000</u>	<u>\$ 197,610</u>
EXPENDITURES		
Support Services		
General Administration		
Workers' Compensation or Worker's Occupational Disease Act		
Purchased Services	\$ 80,000	\$ 156,478
	<u>\$ 80,000</u>	<u>\$ 156,478</u>
Unemployment Insurance Payments		
Purchased Services	\$ 55,000	\$ -
	<u>\$ 55,000</u>	<u>\$ -</u>
Insurance Payments		
Purchased Services	\$ 42,000	\$ -
	<u>\$ 42,000</u>	<u>\$ -</u>
Total Support Services - General Administration	<u>\$ 177,000</u>	<u>\$ 156,478</u>
Total Support Services	<u>\$ 177,000</u>	<u>\$ 156,478</u>
Total Expenditures	<u>\$ 177,000</u>	<u>\$ 156,478</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 11,000</u></u>	\$ 41,132
FUND BALANCE - JULY 1, 2018		<u>370,983</u>
FUND BALANCE - JUNE 30, 2019		<u><u>\$ 412,115</u></u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 DEBT SERVICES FUND
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ -	\$ 15
Total Revenues	\$ -	\$ 15
EXPENDITURES		
Debt Service		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ -	\$ 6,103
Total Debt Service - Interest	\$ -	\$ 6,103
Debt Service - Payment of Principal on Long-Term Debt		
Other Objects	\$ -	\$ 83,387
Total Debt Service - Payment of Principal on Long-Term Debt	\$ -	\$ 83,387
Debt Services - Other		
Other Objects	\$ 135,000	\$ -
Total Debt Services - Other	\$ 135,000	\$ -
Total Debt Service	\$ 135,000	\$ 89,490
Total Expenditures	\$ 135,000	\$ 89,490
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (135,000)	\$ (89,475)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	280,000	89,475
NET CHANGE IN FUND BALANCE	\$ 145,000	\$ -
FUND BALANCE - JULY 1, 2018		-
FUND BALANCE - JUNE 30, 2019		\$ -

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND
 JUNE 30, 2019

	Capital Projects Fund	Fire Prevention and Safety Fund	Total Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ 63,898	\$ -	\$ 63,898
Investments, at Fair Value	2,225,360	129,015	2,354,375
Accrued Interest Receivable, net of allowance of \$0	782	208	990
Property Taxes Receivable, net of allowance of \$6	-	479	479
	<u>\$ 2,290,040</u>	<u>\$ 129,702</u>	<u>\$ 2,419,742</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ -	\$ 1,538	\$ 1,538
Total Deferred Revenue	<u>\$ -</u>	<u>\$ 1,538</u>	<u>\$ 1,538</u>
FUND BALANCE			
Restricted			
Capital Projects	\$ 2,162,295	\$ 121,465	\$ 2,283,760
Assigned			
Capital Projects	127,745	6,699	134,444
Total Fund Balance	<u>\$ 2,290,040</u>	<u>\$ 128,164</u>	<u>\$ 2,418,204</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,290,040</u>	<u>\$ 129,702</u>	<u>\$ 2,419,742</u>

See Accompanying Independent Auditor's Report

NIPPERSINK SCHOOL DISTRICT NO. 2
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2019

	Capital Projects Fund	Fire Prevention and Safety Fund	Total Capital Projects Fund
REVENUES			
Property Taxes	\$ -	\$ 495	\$ 495
Earnings on Investments	78,287	2,779	81,066
Other Local Sources	58,568	-	58,568
Total Revenues	<u>\$ 136,855</u>	<u>\$ 3,274</u>	<u>\$ 140,129</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	\$ 136,855	\$ 3,274	\$ 140,129
FUND BALANCE - JULY 1, 2018	<u>2,153,185</u>	<u>124,890</u>	<u>2,278,075</u>
FUND BALANCE - JUNE 30, 2019	<u>\$ 2,290,040</u>	<u>\$ 128,164</u>	<u>\$ 2,418,204</u>

See Accompanying Independent Auditor's Report

2
AND LIABILITIES

PERSINK SCHOOL DISTRICT NO. 2
REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019

<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2019</u>
\$ 82,020	\$ 116,420
\$ 9,097	\$ 106,678
72,923	9,742
\$ 82,020	\$ 116,420

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acquisition and Construction

REVENUES

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<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>
\$ 10,000	\$ 78,287
20,000	58,568
\$ 30,000	\$ 136,855
\$ 150,000	\$ -
150,000	-
\$ 300,000	\$ -
\$ 300,000	\$ -
\$ (270,000)	\$ 136,855
-	-
\$ (270,000)	\$ 136,855
	2,153,185
	\$ 2,290,040

**NIPPERSINK SCHOOL DISTRICT NO. 2
COMPUTATION OF OPERATING EXPENSE PER PUPIL
AND PER CAPITA TUITION CHARGE
YEAR ENDED JUNE 30, 2019**

OPERATING EXPENSE PER PUPIL			
EXPENDITURES:			
ED	Expenditures 15-22, L114	Total Expenditures	\$ 13,100,741
O&M	Expenditures 15-22, L150	Total Expenditures	1,757,808
DS	Expenditures 15-22, L168	Total Expenditures	89,490
TR	Expenditures 15-22, L204	Total Expenditures	597,587
MR/SS	Expenditures 15-22, L288	Total Expenditures	433,506
TORT	Expenditures 15-22, L331	Total Expenditures	156,478
			Total Expenditures \$ 16,135,610

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

ED	Expenditures 15-22, L15, Col K - (G+I)	1600	Summer School Programs	\$ 50,498
ED	Expenditures 15-22, L102, Col K	4000	Total Payments to Other Govt Units	200,219
ED	Expenditures 15-22, L114, Col G	-	Capital Outlay	320,136
DS	Expenditures 15-22, L164, Col K	5300	Debt Service - Payments of Principal on Long-Term Debt	83,387
MR/SS	Expenditures 15-22, L218, Col K	1600	Summer School Programs	1,896
Total Deductions for OEPP Computation (Sum of Lines 18 - 73)				\$ 656,136
Total Operating Expenses Regular K-12 (Line 14 minus Line 75)				15,479,474
9 Mo ADA from the General State Aid Claimable for 2016-2017 and Payable in 2017-2018 (ISBE 54-33), L12				1,046.30
Estimated OEPP (Line 76 divided by Line 77)				\$ 14,794.49

PER CAPITA TUITION CHARGE			
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LESS OFFSETTING RECEIPTS/REVENUES:

ED	Revenues 9-14, L75, Col C	1600	Total Food Service	\$ 194,630
ED-O&M	Revenues 9-14, L82, Col C,D	1700	Total District/School Activity Income	29,252
ED	Revenues 9-14, L84, Col C	1811	Rentals - Regular Textbooks	84,024
ED-O&M-TR	Revenues 9-14, L131, Col C,D,F	3100	Total Special Education	131,149
ED	Revenues 9-14, L145, Col C	3360	State Free Lunch & Breakfast	1,214
ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500	Total Transportation	305,859
ED-O&M-DS-TR-MR/SS-To	Revenues 9-14, L171, Col C-G,J	3999	Other Restricted Revenue from State Sources	851
ED-MR/SS	Revenues 9-14, L201, Col C,G	4210	Total Food Service	91,092
ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	-	Total Title I	110,927
ED-O&M-TR-MR/SS	Revenues 9-14, L216, Col C,D,F,G	-	Total Title IV	10,000
ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620	Fed - Spec Education - IDEA - Flow Through	231,071
ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4932	Title II - Teacher Quality	26,572
ED-O&M-TR-MR/SS	Revenues 9-14, L270, Col C,D,F,G	4991	Medicaid Matching Funds - Administrative Outreach	17,365
ED-TR-MR/SS	Revenues (Part of EBF Payment)	3100	Special Education Contributions from EBF Funds	466,682
ED-MR/SS	Revenues (Part of EBF Payment)	3300	English Learning (Bilingual) Contributions from EBF Funds	169
Total Deductions for PCTC Computation Line 83 through Line 173				\$ 1,700,857
Net Operating Expense for Tuition Computation (Line 76 minus Line 175)				13,778,617
Total Depreciation Allowance (from page 27, Line 18, Col I)				836,659
Total Allowance for PCTC Computation (Line 176 minus Line 177)				14,615,276
9 Month ADA (from the GSA Claimable for 2016-2017 Payable in 2017-2018 (ISBE form 54-33, Line 12))				1,046.30
Total Estimated PCTC (Line 178 divided by Line 179)				\$ 13,968.53

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

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