

ANNUAL FINANCIAL REPORT

**RONDOUT ELEMENTARY
SCHOOL DISTRICT NO. 72
LAKE FOREST, ILLINOIS**

JUNE 30, 2019

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700
Facsimile (847) 221-5701

INDEPENDENT AUDITOR'S REPORT

Board of Education
Rondout Elementary School District No. 72
Lake Forest, 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 Rondout Elementary School District No. 72, Lake Forest, Illinois (the "District"), 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

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 Rondout Elementary School District No. 72, Lake Forest, Illinois as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rondout Elementary School District No. 72's financial statements. The other information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements of Rondout Elementary School District No. 72. We have applied certain limited procedures to the other 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.

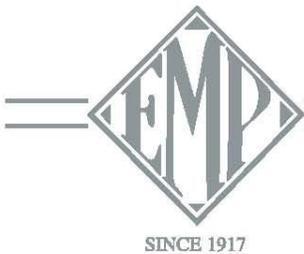
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of Rondout Elementary School District No. 72'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 Rondout Elementary School District No. 72's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, P.C.
Certified Public Accountants

Rolling Meadows, Illinois
October 9, 2019
(15)



EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700
Facsimile (847) 221-5701

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

Board of Education
Rondout Elementary School District No. 72
Lake Forest, 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 Rondout Elementary School District No. 72, Lake Forest, Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rondout Elementary School District No. 72's financial statements, and have issued our report thereon dated October 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rondout Elementary School District No. 72'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 Rondout Elementary School District No. 72's internal control. Accordingly, we do not express an opinion on the effectiveness of Rondout Elementary School District No. 72'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 Rondout Elementary School District No. 72'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.

Evans, Marshall & Pease, P.C.

Evans, Marshall and Pease, P.C.
Certified Public Accountants

Rolling Meadows, Illinois
October 9, 2019

OTHER INFORMATION
Management's Discussion and Analysis

The discussion and analysis of Rondout School District 72's (the 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. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2019, by \$5,319,609 (net position).
- The District's total net position increased by \$281,787.
- The District reduced its long-term debt by \$240,000.
- At June 30, 2019, the District's governmental funds reported combined fund balances of \$3,445,595, an increase of \$162,060 from the previous year. Approximately 78% of this amount, \$2,671,077, may be used to finance day-to-day operations (unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-Wide financial statements,
- Fund financial statements, and
- Notes to the financial statements

This report also contains other 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 liabilities, with the difference between the two 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 government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

RONDOUT SCHOOL DISTRICT 72
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, community services, payments to other government units, interest on long term debt, and other.

Fund financial statements

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

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

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

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund (Educational and Working Cash Accounts), Operations and Maintenance, Debt Service, Transportation, Municipal Retirement/Social Security, and Tort Funds. The District considers all of its funds 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.

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

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.

Other information

In addition to the basic financial statement and accompanying notes, this report also presents certain other information.

RONDOUT SCHOOL DISTRICT 72
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Financial Analysis of the District as a Whole

Statement of Net Position: The following summary data is compared with data from the preceding year. The following provides a summary of the District's Statement of Net Position as of June 30, 2019, and 2018:

	Governmental Activities		% Change
	2019	2018	
Assets			
Current assets	\$ 3,445,595	\$ 3,283,535	4.94%
Capital assets, net of accumulated depreciation	4,339,014	4,459,287	-2.70%
Total Assets	7,784,609	7,742,822	
Liabilities			
Noncurrent liabilities			
Due within one year	250,000	240,000	4.17%
Due in more than one year	2,215,000	2,465,000	-10.14%
Total Liabilities	2,465,000	2,705,000	
Net Position			
Net investment in capital assets	1,874,014	1,754,287	6.82%
Restricted	774,518	798,234	-2.97%
Unrestricted	2,671,077	2,485,301	7.47%
Total Net Position	\$ 5,319,609	\$ 5,037,822	

Total Net Position: Please note that the amounts reported for governmental activities in the audit statement above are different from the governmental funds because (1) capital assets used in governmental activities are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) long-term liabilities, including bonds payable and capital leases are not due in the current period and therefore not reported as liabilities in the funds. The result is that the total net position for governmental activities is \$5,319,609.

Restricted Net Position: A portion of the District's total net position is considered restricted. The District's restricted net position results from portions of governmental funds that are restricted, committed, or assigned, or in any other way limit the availability of fund resources for future use. The Operations and Maintenance, Transportation, Municipal Retirement/Social Security, and Tort Funds are special revenue funds; by law, funds held in a special revenue fund are restricted to the purpose of the fund.

The funds have a restricted balance as follows: Operations and Maintenance Fund, \$538,110; Transportation Fund, \$95,394; Municipal Retirement/Social Security Fund, \$55,188; and Tort Fund, \$85,826. The District's total restricted net position at the end of the fiscal year totaled \$774,518. There were no significant changes affecting restrictions, commitments, or other limitations to the availability of fund resources for future use.

RONDOUT SCHOOL DISTRICT 72
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following is a summary of the District's changes in net position for the year ending June 30, 2019, and 2018:

	Governmental Activities			
	2019	Percentage of Total	2018	Percentage of Total
Revenues				
<u>Program Revenues</u>				
Charges for Services	\$ 122,191	1.78%	\$ 98,598	1.41%
Operating Grants and Contributions	1,808,240	26.38%	1,963,208	28.00%
<u>General Revenues</u>				
Property Taxes	4,732,347	69.04%	4,784,155	68.23%
Corporate Replacement Taxes	38,188	0.56%	35,300	0.50%
Evidence Based Funding Formula	53,074	0.77%	103,310	1.47%
Earnings on Investments	1,490	0.02%	27,506	0.39%
Donations from Private Sources	103,454	1.51%	975	0.01%
Loss on Disposition of Capital Assets	(4,533)	-0.07%	(1,671)	-0.02%
Total Revenues	6,854,451	100.00%	7,011,381	100.00%
Expenses				
Instruction	4,085,764	62.16%	4,251,721	62.22%
Support Services	1,945,347	29.60%	1,911,769	27.97%
Community Services	35,193	0.54%	29,897	0.44%
Payments to Other Gov't Units	272,978	4.15%	241,747	3.54%
Interest on Long-Term Debt	66,215	1.01%	242,940	3.55%
Depreciation - unallocated	166,417	2.53%	162,563	2.38%
Other	750	0.01%	(6,742)	-0.10%
Total Expenses	6,572,664	100.00%	6,833,895	100.00%
Change in Net Position	281,787		177,486	
Net Position - Beginning	5,037,822		4,860,336	
Net Position - Ending	\$ 5,319,609		\$ 5,037,822	

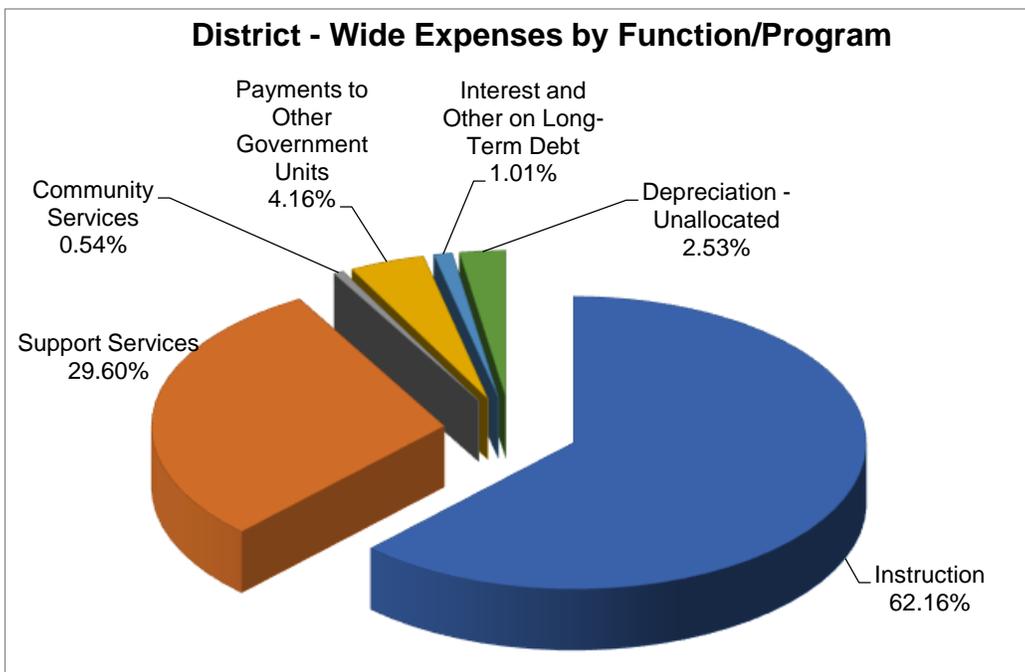
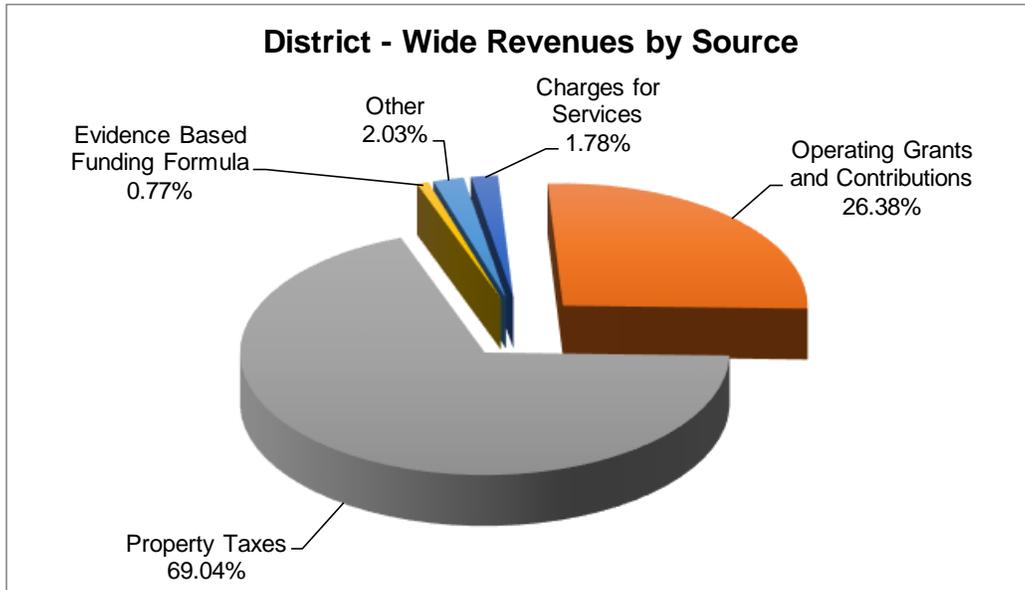
Changes in Net Position: The District's combined net position increased by \$281,787 to \$5,319,609 in fiscal year 2019. This amount is up from the prior year balance of \$5,037,822 in fiscal year 2018.

The District's total revenues were \$6,854,451. Property taxes accounted for 69.04 percent of the District's revenue, while Evidence Based Funding Formula made up 0.77 percent of the District's revenue. See the following chart for additional information.

The remaining revenue increase in "Operating Grants and Contributions" and expense increase in "Instruction" is due to the state "On Behalf" payments to TRS and THIS. This is an off-setting revenue and expense made on behalf of the District, by the State of Illinois for employer pension contributions. This amounted to \$1,653,187, which is \$133,685 lower than the previous year. Please see Note 7 Retirement Fund Commitments for additional information on these payments.

The total cost for all programs and services was \$6,572,664. Expenses remained relatively stable in comparison to the previous year. Instruction accounted for 62.16 percent of the District's expenses, while support services made up 29.60 percent of the District's expenses. See the following chart for additional information.

The following two charts summarize the District's sources of income and expenses of the government-wide statement of activities.



Financial Analysis of the District's Funds

The District continues to use budgetary controls put in place over the last few years by the Board of Education and Administration. The District uses staffing allocation formulas and enrollment projections as a means to control budget expenses. As revenue sources become leaner, the District will expand budgetary controls over expenditures so as to maintain a positive fund balance.

The strong financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,445,595.

The General, Transportation and Tort Fund accounted for a positive change in fund balance in the amount of \$210,632, while the Operations and Maintenance and Municipal Retirement/Social Security Fund each had a negative change in fund balance for a collective loss of \$48,572. Account balances for all funds are at a healthy level for the year ended June 30, 2019.

Capital Asset and Debt Administration

Capital assets

Total depreciation expense for the year was \$166,417, resulting in accumulated depreciation in the amount of \$5,770,038. Net total capital assets after depreciation is \$4,339,014. The District disposed of equipment for a net loss in the amount of \$4,533.

Capital Assets (net of depreciation)			
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Land	\$ 985,612	\$ 985,612	0.00%
Land Improvements	42,304	48,383	-12.56%
Buildings	3,130,009	3,245,740	-3.57%
Furniture and Equipment	181,089	179,552	0.86%
Total	<u>\$ 4,339,014</u>	<u>\$ 4,459,287</u>	

See Note 4 to the financial statements for additional information about Capital Assets.

Long-term debt

At year end, the District had \$2,465,000 in general obligation limited tax debt certificates and general obligation refunding debt certificates outstanding.

Outstanding Long-Term Debt			
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Debt Certificates	<u>\$ 2,465,000</u>	<u>\$ 2,705,000</u>	-8.87%
Total	<u>\$ 2,465,000</u>	<u>\$ 2,705,000</u>	

See Note 5 to the financial statements for additional information about long-term debt.

Budgetary Analysis

The Debt Service Fund was over-expended (\$306,965) due to the District not budgeting for debt service payments to be made out of the Debt Service Fund. Historically, the District has made debt service payments out of the Operations and Maintenance Fund. The Transportation Fund was over-expended (\$5,229) due to additional pupil transportation services. The over-expenditure was covered by a current year fund surplus and covered by existing fund balance.

Factors Bearing on the District's Future

The District's financial picture will continue to be strong in FY 2020. While the FY 2020 Budget reflects continued stability in enrollment, increased costs in general staffing, renovations, and repairs and updating curriculum resources and materials District-wide, the District will continue to maintain a strong fiscal profile due to cost containment strategies. District reserves will continue to grow in FY 2020.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Dr. Jenny Wojcik, Superintendent, 28593 N. Bradley Road, Lake Forest, IL 60045, 847-362-2021 or jenny.wojcik@rondoutsd72.org.

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BASIC FINANCIAL STATEMENTS

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 STATEMENT OF NET POSITION
 MODIFIED CASH BASIS
 JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 3,445,595
Capital assets not being depreciated	
Land	985,612
Capital assets, net of accumulated depreciation	
Land improvements	42,304
Buildings and improvements	3,130,009
Furniture and equipment	<u>181,089</u>
Total Assets	<u>7,784,609</u>
LIABILITIES	
Noncurrent Liabilities	
Due within one year	250,000
Due in more than one year	<u>2,215,000</u>
Total Noncurrent Liabilities	<u>2,465,000</u>
Total Liabilities	<u>2,465,000</u>
NET POSITION	
Net investment in capital assets	1,874,014
Restricted for	
Operations and Maintenance Fund	538,110
Transportation Fund	95,394
Municipal Retirement/Social Security Fund	55,188
Tort Fund	85,826
Unrestricted	<u>2,671,077</u>
Total Net Position	<u><u>\$ 5,319,609</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 STATEMENT OF ACTIVITIES
 MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS / PROGRAMS	Expenses Disbursed	Program Revenues Received			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular programs	\$ 2,126,140	\$ 82,079	\$ 47,071	\$ -	\$ (1,996,990)
Special education programs	306,437	-	35,538	-	(270,899)
State on-behalf retirement	1,653,187	-	1,653,187	-	-
Support services					
Pupils	353,265	-	-	-	(353,265)
Instructional staff	17,024	-	-	-	(17,024)
General administration	316,307	-	-	-	(316,307)
School administration	229,751	-	-	-	(229,751)
Business	1,029,000	40,112	72,444	-	(916,444)
Community services	35,193	-	-	-	(35,193)
Payments to other gov't units	272,978	-	-	-	(272,978)
Debt service					
Interest on long-term debt	66,215	-	-	-	(66,215)
Other	750	-	-	-	(750)
Depreciation - unallocated	166,417	-	-	-	(166,417)
Total Governmental Activities	\$ 6,572,664	\$ 122,191	\$ 1,808,240	\$ -	(4,642,233)
GENERAL REVENUES RECEIVED					
Taxes					
Property taxes					
Corporate replacement taxes					
Earnings on investments					
Donations from private sources					
Evidence based funding formula					
(Loss) on disposition of capital assets					
Total General Revenues Received					
CHANGE IN NET POSITION					
NET POSITION - BEGINNING					
NET POSITION - ENDING					

The accompanying notes to the financial statements are an integral part of this statement.

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RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 GOVERNMENTAL FUNDS
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS
 JUNE 30, 2019

	<u>General Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Debt Service Fund</u>	<u>Transportation Fund</u>
ASSETS				
Cash	\$ 2,671,077	\$ 538,110	\$ -	\$ 95,394
Total Assets	<u>\$ 2,671,077</u>	<u>\$ 538,110</u>	<u>\$ -</u>	<u>\$ 95,394</u>
FUND BALANCES				
Restricted				
Operations and Maintenance Fund	\$ -	\$ 538,110	\$ -	\$ -
Transportation Fund	-	-	-	95,394
Municipal Retirement/Social Security Fund	-	-	-	-
Tort Fund	-	-	-	-
Unassigned	<u>2,671,077</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,671,077</u>	<u>538,110</u>	<u>-</u>	<u>95,394</u>
Total Liabilities and Fund Balances	<u>\$ 2,671,077</u>	<u>\$ 538,110</u>	<u>\$ -</u>	<u>\$ 95,394</u>

The accompanying notes to the financial statements are an integral part of this statement.

Municipal Retirement/ Social Security Fund	Tort Fund	Total Governmental Funds
\$ 55,188	\$ 85,826	\$ 3,445,595
<u>\$ 55,188</u>	<u>\$ 85,826</u>	<u>\$ 3,445,595</u>
\$ -	\$ -	\$ 538,110
-	-	95,394
55,188	-	55,188
-	85,826	85,826
<u>-</u>	<u>-</u>	<u>2,671,077</u>
<u>55,188</u>	<u>85,826</u>	<u>3,445,595</u>
<u>\$ 55,188</u>	<u>\$ 85,826</u>	<u>\$ 3,445,595</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND
 BALANCES (MODIFIED CASH BASIS) TO THE STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
 JUNE 30, 2019

Total fund balances-governmental funds (Exhibit C) \$ 3,445,595

Amounts reported for governmental activities in the statement of position and liabilities arising from cash transactions are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets:		
Land	\$ 985,612	
Land improvements	123,969	
Buildings and improvements	5,143,576	
Furniture and equipment	<u>502,493</u>	
Total cost of capital assets	6,755,650	
Accumulated depreciation	<u>(2,416,636)</u>	
Net capital assets		4,339,014

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of:

Debt certificates	<u>(2,465,000)</u>
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Net position of governmental activities (Exhibit A) \$ 5,319,609

The accompanying notes to the financial statements are an integral part of this statement.

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RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
<u>Revenues Received</u>				
Local sources				
General tax levy	\$ 3,512,194	\$ 887,178	\$ -	\$ 186,852
Special education levy	-	-	-	-
FICA and Medicare levy	-	-	-	-
Corporate replacement taxes	17,188	18,000	-	-
Tuition	52,659	-	-	-
Transportation fees	-	-	-	3,930
Earnings on investments	42,059	7,037	-	1,798
Food services	40,112	-	-	-
Textbooks	11,834	-	-	-
Donations from private sources	1,490	-	-	-
Refund of prior years' expenditures	3,705	6,140	-	-
Other	526	120	-	-
State sources				
Evidence based funding formula	103,454	-	-	-
Transportation aid	-	-	-	70,963
Other	750	-	-	-
State on-behalf retirement revenues	1,653,187	-	-	-
Federal sources				
Special milk program	1,481	-	-	-
Special education - IDEA flow through	35,538	-	-	-
Medicaid matching funds - fee-for-service	46,321	-	-	-
<u>Total Revenues Received</u>	<u>5,522,498</u>	<u>918,475</u>	<u>-</u>	<u>263,543</u>
<u>Expenditures Disbursed</u>				
Current				
Instruction				
Regular programs	2,098,716	-	-	-
Special education programs	303,251	-	-	-
Support services				
Pupils	349,550	-	-	-
Instructional staff	17,024	-	-	-
General administration	267,839	-	-	-
School administration	212,326	-	-	-
Business	174,920	559,673	-	257,647
Community services	31,389	-	-	-
Payments to other governmental units	228,520	21,740	-	-
State on-behalf retirement expenditures	1,653,187	-	-	-
Capital outlay	-	50,677	-	-

Municipal Retirement/ Social Security Fund	Tort Fund	Total Governmental Funds
\$ 32,638	\$ 60,788	\$ 4,679,650
20,059	-	20,059
32,638	-	32,638
3,000	-	38,188
-	-	52,659
-	-	3,930
1,055	1,125	53,074
-	-	40,112
-	-	11,834
-	-	1,490
-	3,165	13,010
-	-	646
-	-	103,454
-	-	70,963
-	-	750
-	-	1,653,187
-	-	1,481
-	-	35,538
-	-	46,321
89,390	65,078	6,858,984

27,424	-	2,126,140
3,186	-	306,437
3,715	-	353,265
-	-	17,024
2,350	46,118	316,307
17,425	-	229,751
36,760	-	1,029,000
3,804	-	35,193
22,718	-	272,978
-	-	1,653,187
-	-	50,677

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 YEAR ENDED JUNE 30, 2019

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
<u>Expenditures Disbursed (Cont'd)</u>				
Debt service				
Interest	\$ -	\$ -	\$ 66,215	\$ -
Principal	-	-	240,000	-
Other	-	-	750	-
<u>Total Expenditures Disbursed</u>	<u>5,336,722</u>	<u>632,090</u>	<u>306,965</u>	<u>257,647</u>
<u>Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed</u>	<u>185,776</u>	<u>286,385</u>	<u>(306,965)</u>	<u>5,896</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	306,965	-
Transfers out	-	(306,965)	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>(306,965)</u>	<u>306,965</u>	<u>-</u>
<u>Net Change in Fund Balances</u>	<u>185,776</u>	<u>(20,580)</u>	<u>-</u>	<u>5,896</u>
<u>Fund Balance - Beginning of Year</u>	<u>2,485,301</u>	<u>558,690</u>	<u>-</u>	<u>89,498</u>
<u>Fund Balance - End of Year</u>	<u>\$ 2,671,077</u>	<u>\$ 538,110</u>	<u>\$ -</u>	<u>\$ 95,394</u>

The accompanying notes to the financial statements are an integral part of this statements.

Municipal Retirement/ Social Security Fund	Tort Fund	Total Governmental Funds
\$ -	\$ -	\$ 66,215
-	-	240,000
-	-	750
<u>117,382</u>	<u>46,118</u>	<u>6,696,924</u>
<u>(27,992)</u>	<u>18,960</u>	<u>162,060</u>
-	-	306,965
<u>-</u>	<u>-</u>	<u>(306,965)</u>
<u>-</u>	<u>-</u>	<u>-</u>
(27,992)	18,960	162,060
<u>83,180</u>	<u>66,866</u>	<u>3,283,535</u>
<u>\$ 55,188</u>	<u>\$ 85,826</u>	<u>\$ 3,445,595</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES (MODIFIED CASH BASIS) TO THE STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances-total governmental funds (Exhibit D) \$ 162,060

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Depreciation expense	\$ (166,417)	
Capital outlay	<u>50,677</u>	

Capital outlay in excess of depreciation expense (115,740)

Repayment of debt principal is reported as an expenditure in governmental funds and thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal reduces the liabilities in the statement of net position and does not result in an expense in the statement of activities. The District's debt was reduced by principal payments made to debt holders.

Principal payments made		240,000
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Some amounts reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The amounts include the changes in:

(Loss) on disposition of capital assets		<u>(4,533)</u>
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Change in net position of governmental activities (Exhibit B)		<u><u>\$ 281,787</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>
ASSETS	
Cash	<u>\$ 20,862</u>
Total Assets	<u><u>\$ 20,862</u></u>
LIABILITIES	
Due to student groups	\$ 11,578
Due to employees	<u>9,284</u>
Total Liabilities	<u><u>\$ 20,862</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements are as follows:

A. Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

B. Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is specifically identified by function and is included in the direct expenses of each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds required by the Illinois State Board of Education (ISBE). Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

General Fund – The General Fund consists solely of the legally mandated Educational Account and the Working Cash Account which are the primary operating funds of the District and are always classified as a major fund. They are used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds. This method of reporting is required for reports filed with the ISBE.

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Special Revenue Funds – The Special Revenue Funds, which include the Operations and Maintenance Fund, Transportation Fund, Tort Fund, and the Municipal Retirement/Social Security Fund are used to account for revenue received from specific sources (other than those accounted for in the Debt Service Fund) that are legally restricted to expenditures disbursed for specified purposes.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Fiduciary Fund Types (not included in government-wide statements)

Agency Funds – The Agency Funds (Student Activity Funds and Flexible Benefit Plan) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- 1) Total assets, liabilities, revenues received, or expenditures disbursed of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- 2) Total assets, liabilities, revenues received, or expenditures disbursed of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The District has classified all funds as major:

Major:

Educational Account – See above for description.

Working Cash Account – This account is used to account for financial resources held for temporarily loaned funds.

Operations and Maintenance Fund – This fund is used for expenses paid for repair and maintenance of District property. Revenue consists primarily of local revenues.

Transportation Fund – A Special Revenue Fund to account for activity relating to student transportation to and from school.

Municipal Retirement/Social Security Fund – A Special Revenue Fund that accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare and payments to the Social Security system for noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Debt Service Fund – A Debt Service Fund used to accumulate resources for, and payment of, general long-term debt, principal, interest, and related costs.

Tort Fund – A Special Revenue Fund to account for the portion of the District's tax levy restricted for tort immunity expenditures in accordance with the *Illinois Compiled Statues*.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Measurement Focus/Basis of Accounting

Measurement Focus

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

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

D. Equity Classifications/Fund Balance Reporting

Government-Wide Reporting

Equity is classified as net position and displayed in three components:

Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

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

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

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

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Balance Reporting

Governmental fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

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

- *Special Education* – Revenues and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund.
- *State Grants* – Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds.
- *Federal Grants* – Proceeds from federal grants and the related expenditures have been included in the Educational Account.
- *Social Security* – Expenditures and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund.

Committed – The committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments may take place after the reporting period.

Unassigned – The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

E. Cash and Deposits

Cash and deposits are considered to be cash on hand, cash with financial institutions, savings deposit accounts, and non-negotiable certificates of deposit.

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Capital Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets which exceed a capitalization threshold are capitalized and are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. Capital assets purchased or acquired with an original cost of \$500 or more are capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Depreciation Method	Estimated Useful Life
Land Improvements	Straight Line	20 Years
Buildings	Straight Line	50 Years
Furniture and Equipment	Straight Line	10 Years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

G. Long-term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

H. Program Revenues

Amounts reported as program revenues include 1) Tuition and fees and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than as program revenues.

I. Corporate Replacement Taxes

Corporate replacement taxes are first allocated to the Municipal Retirement/Social Security Fund, and the balance is allocated to the General Fund at the discretion of the Board of Education.

NOTE 2 – CASH AND DEPOSITS

Cash and deposits are considered to be cash on hand, cash with financial institutions, savings deposit accounts, and non-negotiable certificates of deposit. The District has adopted a formal cash management policy. The financial institutions in which accounts are made must be approved by the Board of Education.

The District maintains a cash pool that is available for use by all funds. In addition, accounts may be separately held by some of the District's funds.

At June 30, 2019, the carrying amount of the District's deposits totaled \$3,466,457 (\$3,445,595 governmental and \$20,862 agency), which includes \$175 in the governmental petty cash fund and \$1,000 in the governmental imprest fund. Bank balances totaling \$3,566,438 are separated into the following components as follows:

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – CASH AND DEPOSITS (CONT'D)

	Governmental	Agency	Total
Cash and deposits	\$ 3,545,212	\$ 21,226	\$ 3,566,438

Cash and Deposits	Amount	Maturities		
		Less Than Six Months	Six Months to One Year	1-3 Years
Cash with Financial Institutions	\$ 298,337	\$ 298,337	\$ -	\$ -
ISDLAF+	996,801	996,801	-	-
Non-negotiable Certificates of Deposits	2,271,300	938,000	1,096,500	236,800
Total	\$ 3,566,438	\$ 2,233,138	\$ 1,096,500	\$ 236,800

Interest Rate Risk. The District limits its exposure to losses arising from increasing interest rates by limiting the amount of cash held for a period longer than one year. The weighted average of the portfolio maturity was 81.64 days and the weighted portfolio yield was 2.028%.

Credit Risk. The District is allowed to invest in securities as authorized by Chapter 30, Sections 23 5/2, and 23 5/6, and Chapter 105, Section 5/8-7 of the *Illinois Compiled Statutes*. These Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies' accounts and any other investments constituting direct obligations of any bank as defined by the Illinois Bank Act, certain short-term commercial paper, accounts of federally insured savings and loans, and the state treasurers' investment pool. The District has no investment policy that would further limit its cash choices.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. This fund is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments are valued at net asset value (NAV) per share price, which is the price at which the investment could be sold, as determined by the pool.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the bank or the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party. The bank balance of \$3,566,438 is exposed to custodial credit risk as follows:

Depository Account	Bank Balance
FDIC Insured	\$ 2,521,300
Collateralized	85,193
Uncollateralized	959,945
Total Deposits	\$ 3,566,438

NOTE 3 – PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December of the subsequent year. The adoption date for the 2018 tax levy was December 18, 2018. The adoption date for the 2017 tax levy was December 20, 2017. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded on these financial statements are from the 2018 and 2017 tax levy years.

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – PROPERTY TAXES (CONT'D)

A summary of the past two years' assessed valuation, tax rates, and extensions are as follows:

<u>Tax Year</u>	<u>2018</u>		<u>2017</u>	
<u>Equalized Assessed Valuation</u>	<u>\$316,833,925</u>		<u>\$310,197,223</u>	
<u>Purpose</u>	<u>Rates</u>	<u>Extensions</u>	<u>Rates</u>	<u>Extensions</u>
Educational	1.1667	\$ 3,696,476	1.1494	\$ 3,565,413
Tort	0.0201	63,598	0.0205	63,615
Operations and Maintenance	0.2934	929,477	0.2997	929,745
Transportation	0.0618	195,680	0.0631	195,737
Municipal Retirement	0.0108	34,243	0.0110	34,255
Social Security	0.0061	19,425	0.0110	34,255
Special Education	0.0108	34,243	0.0073	22,719
Working Cash	0.0154	48,922	0.0158	48,934
Total	<u>1.5851</u>	<u>\$ 5,022,065</u>	<u>1.5779</u>	<u>\$ 4,894,673</u>

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 985,612	\$ -	\$ -	\$ 985,612
Total Capital Assets Not Being Depreciated	<u>985,612</u>	<u>-</u>	<u>-</u>	<u>985,612</u>
Capital Assets Being Depreciated				
Land improvements	123,969	-	-	123,969
Buildings	5,143,576	-	-	5,143,576
Furniture and equipment	468,747	50,677	16,931	502,493
Total Capital Assets Being Depreciated	<u>5,736,292</u>	<u>50,677</u>	<u>16,931</u>	<u>5,770,038</u>
Less: Accumulated Depreciation				
Land improvements	75,586	6,079	-	81,665
Buildings	1,897,836	115,731	-	2,013,567
Furniture and equipment	289,195	44,607	12,398	321,404
Total Accumulated Depreciation	<u>2,262,617</u>	<u>166,417</u>	<u>12,398</u>	<u>2,416,636</u>
Net Depreciable Capital Assets	<u>3,473,675</u>	<u>(115,740)</u>	<u>4,533</u>	<u>3,353,402</u>
Net Total Capital Assets	<u>\$ 4,459,287</u>	<u>\$ (115,740)</u>	<u>\$ 4,533</u>	<u>\$ 4,339,014</u>

Depreciation is not charged to any specific function.

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 5 – LONG-TERM OBLIGATIONS

Debt Certificates

General Obligation Limited Tax Debt Certificates, Series 2008

In December 2008, the District issued General Obligation Limited Tax Debt Certificates, Series 2008 in the amount of \$2,555,000 for building purposes. The certificates are dated November 1, 2008 and bear interest rates of 4.20 to 4.55 percent. The repayment of the General Obligation Limited Tax Debt Certificates, Series 2008 is expected to be made from operating funds of the Operations and Maintenance Fund. These bonds were partially refunded in 2018. The balance was paid in full during the fiscal year ended June 30, 2019.

General Obligation Refunding Debt Certificates, Series 2017

In April 2017, the District issued General Obligation Refunding Debt Certificates, Series 2017 in the amount of \$2,495,000 for refunding purposes. The certificates are dated April 11, 2017 and bear an interest rate of 2.49 percent. The repayment of the General Obligation Refunding Debt Certificates, Series 2017 is expected to be made from operating funds of the Operations and Maintenance Fund. This issue advance refunded partially the outstanding 2008 Debt Certificates. The remaining balance at June 30, 2019 is \$2,465,000.

Advance Refunding

Defeasance of Debt. The District defeased general obligation limited tax debt certificates by placing the proceeds of the new debt certificates in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased debt certificates are not included in the District's financial statements. At June 30, 2019, \$2,345,000 of defeased debt certificates remains outstanding.

Changes in Long-Term Obligations

The following are the changes in long-term obligations:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Debt Certificates:					
Series 2008	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -
Series 2017	2,495,000	-	30,000	2,465,000	250,000
Total	<u>\$ 2,705,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 2,465,000</u>	<u>\$ 250,000</u>

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 5 – LONG-TERM OBLIGATIONS (CONT'D)

Annual Cash Flow Requirements

At June 30, 2019, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 250,000	\$ 58,266	\$ 308,266
2021	250,000	52,041	302,041
2022	260,000	45,691	305,691
2023	270,000	39,093	309,093
2024	275,000	32,308	307,308
2025	280,000	25,398	305,398
2026	285,000	18,364	303,364
2027	295,000	11,143	306,143
2028	300,000	3,735	303,735
Total	<u>\$ 2,465,000</u>	<u>\$ 286,039</u>	<u>\$ 2,751,039</u>

Legal Debt Margin

Based on the 2018 assessed valuation of \$316,833,925, the legal debt margin of 6.9 percent is \$21,861,541. At June 30, 2019, the outstanding debt to which the legal debt margin applies is \$2,465,000, leaving an available borrowing power of \$19,396,541.

NOTE 6 – INTERFUND TRANSFERS

Transfers are used to (1) move revenue from the fund with collection authorization to the Debt Service Fund as Debt Service principal and interest become due, and (2) move amounts between funds as required by state regulations and local ordinances.

The District made an interfund transfer from the Operation and Maintenance Fund to the Debt Service Fund in the amount of \$306,965 for debt service payments.

NOTE 7 – RETIREMENT FUND COMMITMENTS

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

General Information about the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at www.trsil.org; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

Benefits Provided

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

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

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

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 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 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 percent of the total actuarial liabilities of the system by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2019, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$1,653,187 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$14,327, and are deferred because they were paid after the June 30, 2018, measurement date.

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

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

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$4,813 (were paid from federal and special trust funds that required employer contributions of \$470. These contributions are deferred because they were paid after the June 30, 2018, measurement date.

Employer retirement 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 percent 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 percent 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 employer paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, \$-0- for salary increases in excess of 3 percent 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 employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 252,199
State's proportionate share of the net pension liability associated with the employer	<u>17,276,681</u>
Total	<u><u>\$ 17,528,880</u></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 employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2018, the employer's proportion was .0003 percent, which was a (decrease) of .00006 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the employer recognized pension expense of \$1,667,984 and revenue of \$1,653,187 for support provided by the state. At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 5,069	\$ 55
Net difference between projected and actual earnings on pension plan investments	-	772
Changes of assumptions	11,061	7,148
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	71,110
Total deferred amounts to be recognized in pension expense in future periods	<u>16,130</u>	<u>79,085</u>
<i>Pension contributions made subsequent to the measurement date</i>	<u>14,797</u>	<u>-</u>
Total	<u>\$ 30,927</u>	<u>\$ 79,085</u>

\$14,797 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:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2020	\$ (18,993)
2021	(13,911)
2022	(17,756)
2023	(8,947)
2024	(3,349)
Total	<u>\$ (62,956)</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 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private equity	15.0%	10.2%
Total	<u>100.0%</u>	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, 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 of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability	\$ 309,298	\$ 252,199	\$ 206,217

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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*.

B. Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of 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 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

	IMRF
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but not yet receiving benefits	25
Active Plan Members	10
Total	44

Contributions

As set by statute, the employer’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer’s annual contribution rate for calendar year 2018 was 11.11%. For the fiscal year ended 2019, the employer contributed \$34,264 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The employer’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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.

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

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	\$ 1,527,228	\$ 1,433,936	\$ 93,292
Changes for the year:			
Service Cost	38,517	-	38,517
Interest on the Total Pension Liability	112,198	-	112,198
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(61,614)	-	(61,614)
Changes of Assumptions	39,025	-	39,025
Contributions - Employer	-	38,528	(38,528)
Contributions - Employees	-	15,606	(15,606)
Net Investment Income	-	(93,708)	93,708
Benefits Payments, including Refunds of Employee Contributions	(101,036)	(101,036)	-
Other (Net Transfer)	-	38,681	(38,681)
Net Changes	<u>27,090</u>	<u>(101,929)</u>	<u>129,019</u>
Balances at December 31, 2018	<u>\$ 1,554,318</u>	<u>\$ 1,332,007</u>	<u>\$ 222,311</u>

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% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 1,729,050	\$ 1,554,318	\$ 1,407,622
Plan Fiduciary Net Position	<u>1,332,007</u>	<u>1,332,007</u>	<u>1,332,007</u>
Net Pension Liability	<u>\$ 397,043</u>	<u>\$ 222,311</u>	<u>\$ 75,615</u>

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

For the year ended June 30, 2019, the employer recognized pension expense of \$19,011. At June 30, 2019, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – RETIREMENT FUND COMMITMENTS (CONT'D)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 11,958	\$ 28,213
Changes of assumptions	17,870	12,498
Net difference between projected and actual earnings on pension plan investments	<u>180,582</u>	<u>86,393</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>210,410</u>	<u>127,104</u>
<i>Pension contributions made subsequent to the measurement date</i>	<u>15,865</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 226,275</u></u>	<u><u>\$ 127,104</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2019	\$ 18,819
2020	12,906
2021	11,392
2022	40,189
2023	-
Thereafter	-
Total	<u><u>\$ 83,306</u></u>

C. Aggregate Pension Amounts

For the year ended June 30, 2019, aggregate pension amounts are as follows:

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred Outflows of Resources	\$ 30,927	\$ 226,275	\$ 257,202
Net Pension Liability	252,199	222,311	474,510
Deferred Inflows of Resources	79,085	127,104	206,189
Pension Expense, Net of State Support	14,797	19,011	33,808

D. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teacher's Retirement System 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/Medicare.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

A. Teachers’ Health Insurance Security (THIS) Fund

General Information about the Plan

Plan Description

The employer participates in the Teachers’ 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.

Benefits Provided

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

Contributions

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

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.24 percent of pay during the year ended June 30, 2019. State of Illinois contributions were \$30,622, and the employer recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2019. For the year ended June 30, 2019, the employer paid \$22,720 to the THIS Fund, which was 100 percent of the required contribution. The contributions are deferred because they were paid after the June 30, 2018 measurement date.

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

At June 30, 2019, the employer reported a liability for its proportionate share of the net THIS liability (first amount shown below). The state’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net THIS liability, the related state support, and the total portion of the net THIS liability that was associated with the employer were as follows:

Employer's proportionate share of the net THIS liability	\$ 2,576,588
State's proportionate share of the net THIS liability associated with the employer	3,459,802
Total	\$ 6,036,390

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

The net THIS liability was measured as of June 30, 2018, and the total THIS liability used to calculate the net THIS liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The employer's proportion of the net THIS liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2018, the employer's proportion was 0.009780 percent, which was a decrease of 0.000717 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the employer recognized THIS expense of \$30,622 and revenue of \$30,622 for support provided by the state. At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to THIS from the following sources:

<u>Deferred Amounts Related to THIS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred amounts to be recognized in THIS expense in future periods</i>		
Differences between expected and actual experience	\$ -	\$ 9,245
Net difference between projected and actual earnings on pension plan investments	-	79
Changes of assumptions	-	375,195
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	209,943
Total deferred amounts to be recognized in OPEB expense in future periods	<u>-</u>	<u>594,462</u>
<i>THIS contributions subsequent to the measurement measurement date</i>	<u>22,720</u>	<u>-</u>
Total	<u><u>\$ 22,720</u></u>	<u><u>\$ 594,462</u></u>

\$22,720 reported as deferred outflows of resources related to THIS resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the THIS liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to THIS will be recognized in THIS expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2020	\$ (98,716)
2021	(98,716)
2022	(98,716)
2023	(98,706)
2024	(98,684)
Thereafter	(78,204)
Total	<u><u>\$ (571,742)</u></u>

Actuarial Assumptions

The total THIS liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.75 percent
Salary increases	varies by amount of service credit
Investment rate of return	0.00 percent, net of THIS plan investment expense, including inflation

RONDOUT SCHOOL DISTRICT NO. 72
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Healthcare cost trend rates 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 decreases to an ultimate trend rate of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for Excise Tax.

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

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

Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set at zero.

Discount Rate

The State, school districts and active members contribute 1.18 percent, 0.88 percent, 1.18 percent of pay, respectively for fiscal year 2018. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56 percent at June 30, 2017, and 3.62 percent at June 30, 2018, was used to measure the total THIS liability.

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

The following presents the employer's proportionate share of the net THIS liability calculated using the discount rate of 3.62 percent, as well as what the employer's proportionate share of the net THIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate.

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer's proportionate share of the net THIS liability	\$ 3,098,097	\$ 2,576,588	\$ 2,164,968

Sensitivity of the Employer's Proportionate Share of the Net THIS Liability to Changes in the Health Care Trend Rate

The following presents the employer's proportionate share of the net THIS liability calculated using an initial health care cost trend rate of 8.00% as well as what the plan's net THIS liability would be if it were calculated using a Trend Rate that is 1% lower or 1% higher:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Employer's proportionate share of the net THIS liability	\$ 2,089,227	\$ 2,576,588	\$ 3,233,271

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Further information on the THIS Fund

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

B. Health Benefit Plan (HBP)

General Information about the Plan

Plan Description

The District’s Other Post Employment Benefit Plan (OPEB) is single-employer defined benefit healthcare plan that is administered by the District. The District provides post employment medical coverage benefits for eligible participants enrolled in the District sponsored plans. The plan is closed to all future retirees and is only available to current retirees. All retirees must pay 100% of the premium for the plan that they elected.

Benefits Provided

Benefit provisions are established through contractual agreements and may only be amended through negotiations with the District and union representatives. Participants are eligible for medical coverage for life. Spouses are not covered under the plan. Retirees may continue coverage in the PPO plan.

Employees Covered by Benefit Terms

As of June 30, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	<u>20</u>
Total	<u><u>25</u></u>

Contributions

Contribution requirements are established through contractual agreements and may only be amended through negotiations with the District and union representatives. The retiree is responsible for paying the full monthly premium. However, the District provides an annual reimbursement toward the premium cost at established rates. The District currently pays for postemployment health care benefits on a pay-as-you-go basis. The employer contributed \$30,442 for the year ending June 30, 2018.

Net HBP Liability

The employer’s net HBP liability was measured as of June 30, 2018. The total HBP liability used to calculate the HBP liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determined total HBP liability at June 30, 2018:

- The *Actuarial Cost Method* used was Entry Age Normal.
- The *Actuarial Valuation Frequency* is prepared biennially with a “roll-forward” valuation in the interim year.
- The Discount Rate was 3.87% for determining fiscal 2018 liability and fiscal 2019 expense; 3.13% for determining fiscal 2017 liability and fiscal 2018 expense.

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

- The Health Care Trend Rate was 7.50% at the current rate; 4.50% at the ultimate rate with year reached 2039.
- The *Salary Increase Rate* was 2.50% per year.
- The *Medicare Eligibility* was all participants are assumed to be eligible for Medicare upon attainment of age 65.
- The *Marriage Assumption* was none because spouses are not covered under the plan.
- The *Lapse Rate* was 0% of retirees and their spouses are assumed to lapse coverage per year.
- The *Mortality Table* was RP-2014 Combined Health Mortality Table for males and females backed off to 2006 and projected generationally using Scale MP-2017.

Discount Rate

A discount rate of 3.87% was used to measure the total HBP liability. The discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the S&P municipal bond 20-year high grade rate index as of the measurement dates.

Changes in the Net HBP Liability

	Total HBP Liability (A)	Plan Fiduciary Net Position (B)	Net HBP Liability (A) - (B)
Balances at June 30, 2017	\$ 1,770,038	\$ -	\$ 1,770,038
Changes for the year:			
Service Cost	105,192	-	105,192
Interest on the Total HBP Liability	58,218	-	58,218
Changes of Assumptions	(139,615)	-	(139,615)
Contributions - Employer	-	30,442	(30,442)
Contributions - Employees	-	-	-
Benefits Payments, including Refunds of Employee Contributions	(30,442)	(30,442)	-
Net Changes	(6,647)	-	(6,647)
Balances at June 30, 2018	<u>\$ 1,763,391</u>	<u>\$ -</u>	<u>\$ 1,763,391</u>

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

The following presents the plan's net HBP liability, calculated using a Discount Rate of 3.87%, as well as what the plan's net HBP liability would be if it were calculated using a Discount Rate that is 1% lower or 1% higher:

	1% Lower (2.87%)	Current Discount (3.87%)	1% Higher (4.87%)
Net HBP Liability (Asset)	<u>\$ 2,137,535</u>	<u>\$ 1,763,391</u>	<u>\$ 1,474,594</u>

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Sensitivity of the Net HBP Liability to Changes in the Health Care Trend Rate

The following presents the plan's net HBP liability, calculated using a Discount Rate of 4.50%, as well as what the plan's net HBP liability would be if it were calculated using a Discount Rate that is 1% lower or 1% higher:

	1% Lower (3.50%)	Current Discount (4.50%)	1% Higher (5.50%)
Net HBP Liability (Asset)	\$ 1,416,234	\$ 1,763,391	\$ 2,232,297

HBP Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to HBP

For the year ended June 30, 2019, the employer recognized HBP expense of \$134,138. At June 30, 2019, the employer reported deferred outflows or resources and deferred inflows of resources related to HBP from the following sources:

Deferred Amounts Related to HBP	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in HBP expense in future periods		
Change of assumptions	\$ -	\$ 252,743
Total	\$ -	\$ 252,743

Amounts reported as deferred outflows of resources and deferred inflows of resources related to HBP will be recognized in HBP expense in future periods as follows:

Year Ending June 30	Net Deferred (Inflows) of Resources
2020	\$ (29,272)
2021	(29,272)
2022	(29,272)
2023	(29,272)
2024	(29,272)
Thereafter	(106,383)
Total	\$ (252,743)

C. Aggregate OPEB Amounts

For the year ended June 30, 2019, aggregate OPEB amounts are as follows:

	THIS	HBP	Total
Deferred Outflows of Resources	\$ 22,720	\$ -	\$ 22,720
Net OPEB Liability	2,576,588	1,763,391	4,339,979
Deferred Inflows of Resources	594,462	252,743	847,205
OPEB Expense	30,622	134,138	164,760

RONDOUT SCHOOL DISTRICT NO. 72
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – JOINT AGREEMENTS

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational/Technical Education, Insurance Pool, etc. This District has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from the joint agreement.

Special Education District of Lake County

The District is a member of the Special Education of Lake County (SEDOL), along with other area school districts. SEDOL provides special education programs, and services, which benefit District students, and also provides jointly administered grants and programming, which benefits the District. The District is financially responsible for annual and special assessments as established by the SEDOL board of trustees, and fees for programs and services based on usage. SEDOL is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from SEDOL at 18160 Gages Lake Road, Gages Lake, Illinois 60030.

Northern Illinois Health Insurance Program

The District is a member of the Northern Illinois Health Insurance Program (NIHIP), along with other area school districts. NIHIP's purpose is to manage and fund medical and dental claims of District employees. The District is financially responsible for monthly premiums based on types and levels of coverage provided to employees. NIHIP is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from NIHIP by contacting its administration, in care of, Adlai Stevenson High School District 125 at Two Stevenson Drive, Lincolnshire, Illinois 60069.

Collective Liability Insurance Cooperative

The District is a member of the Collective Liability Insurance Cooperative (CLIC), along with other area school districts. The District obtains property, liability, and worker's compensation insurance, and claims and loss administration services through CLIC. The District is financially responsible for annual premiums based on types and levels of coverage. CLIC is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from CLIC by contacting its administration, in care of, High School District 113 at 1040 Park Avenue West, Highland Park, Illinois 60035.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2019, and the date of this audit report requiring disclosure in the financial statements.

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OTHER INFORMATION

Other information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Schedule of the Employer's Proportionate Share of the Net Pension Liability – TRS

Schedule of Employer Contributions – TRS

Schedule of Changes in Net Pension Liability and Related Ratios – IMRF

Multiyear Schedule of Contributions – IMRF

Schedule of the Employer's Proportionate Share of the THIS Pension Liability –
OPEB – THIS

Schedule of Employer Contributions – OPEB – THIS

Schedule of Changes in Net OPEB Liability and Related Ratios – OPEB –
Health Benefit Plan (HBP)

Schedule of Contributions – OPEB – Health Benefit Plan (HBP)

General Fund – Combining Balance Sheet

General Fund – Combining Schedule of Revenues Received, Expenditures
Disbursed and Changes in Fund Balances – Modified Cash Basis – Budget and Actual

Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balances – Modified Cash Basis – Budget and Actual

Educational Account

Working Cash Account

Operations and Maintenance Fund

Debt Service Fund

Transportation Fund

Municipal Retirement/Social Security Fund

Tort Fund

Schedule of Revenues Received and Expenditures Paid – Activity Funds

Schedule of Assessed Valuations, Tax Extensions and Collections

Schedule of Long Term Debt Maturities and Interest

Schedule of Per Capita Tuition Charge

Notes to Other Information

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.0003%	0.0004%	0.0004%	0.0005%	0.0005%
Employer's proportionate share of the net pension liability	\$ 252,199	\$ 290,784	\$ 344,384	\$ 301,993	\$ 314,641
State's proportionate share of the net pension liability associated with the employer	<u>17,276,681</u>	<u>17,878,494</u>	<u>19,791,514</u>	<u>15,397,744</u>	<u>15,516,782</u>
Total	<u>\$17,528,880</u>	<u>\$18,169,278</u>	<u>\$20,135,898</u>	<u>\$15,699,737</u>	<u>\$15,831,423</u>
Employer's covered-employee payroll	\$ 2,318,312	\$ 2,414,681	\$ 2,477,586	\$ 2,394,947	\$ 2,515,126
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.88%	12.04%	13.90%	12.61%	12.51%
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 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,	2019	2018	2017	2016	2015
Contractually-required contribution	\$ 14,797	\$ 13,963	\$ 15,681	\$ 16,804	\$ 16,251
Contributions in relation to the contractually-required contribution	<u>14,797</u>	<u>13,963</u>	<u>15,681</u>	<u>16,690</u>	<u>16,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 98</u>
Employer's covered-employee payroll	\$2,469,521	\$2,318,312	\$2,414,681	\$2,477,586	\$2,394,947
Contributions as a percentage of covered-employee payroll	0.60%	0.60%	0.65%	0.67%	0.67%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 MOST RECENT CALENDAR YEARS

Calendar year ending December 31,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 38,517	\$ 40,786	\$ 40,085	\$ 42,221	\$ 47,223
Interest on the total pension liability	112,198	108,724	101,932	95,146	82,455
Difference between expected and actual experience of the total pension liability	(61,614)	54,774	42,523	45,303	60,078
Changes of assumptions	39,025	(57,242)	(4,895)	3,004	64,270
Benefit payments, including refunds of employee contributions	(101,036)	(98,142)	(91,659)	(89,045)	(72,212)
Net change in pension liability	27,090	48,900	87,986	96,629	181,814
Total pension liability - beginning	1,527,228	1,478,328	1,390,342	1,293,713	1,111,899
Total pension liability - ending (A)	<u>\$ 1,554,318</u>	<u>\$ 1,527,228</u>	<u>\$ 1,478,328</u>	<u>\$ 1,390,342</u>	<u>\$ 1,293,713</u>
Plan fiduciary net position					
Contributions - employer	\$ 38,528	\$ 37,500	\$ 36,707	\$ 35,033	\$ 37,045
Contributions - employees	15,606	16,257	15,822	16,543	17,063
Net investment income	(93,708)	236,227	81,805	5,907	68,542
Benefit payments, including refunds of employee contributions	(101,036)	(98,142)	(91,659)	(89,045)	(72,212)
Other (net transfer)	38,681	(19,876)	16,199	34,585	16,951
Net change in plan fiduciary net position	(101,929)	171,966	58,874	3,023	67,389
Plan fiduciary net position - beginning	1,433,936	1,261,970	1,203,096	1,200,073	1,132,684
Plan fiduciary net position - ending (B)	<u>\$ 1,332,007</u>	<u>\$ 1,433,936</u>	<u>\$ 1,261,970</u>	<u>\$ 1,203,096</u>	<u>\$ 1,200,073</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ 222,311</u>	<u>\$ 93,292</u>	<u>\$ 216,358</u>	<u>\$ 187,246</u>	<u>\$ 93,640</u>
Plan fiduciary net position as a percentage of total pension liability	85.70%	93.89%	85.36%	86.53%	92.76%
Covered valuation payroll	\$ 346,785	\$ 361,269	\$ 351,609	\$ 367,611	\$ 379,180
Net pension liability as a percentage of covered valuation payroll	64.11%	25.82%	61.53%	50.94%	24.70%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 MOST RECENT CALENDAR YEARS

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	\$ 38,528	\$ 38,528	\$ -	\$ 346,785	11.11%
2017	37,500	37,500	-	361,269	10.38%
2016	36,708	36,707	1	351,609	10.44%
2015	35,033	35,033	-	367,611	9.53%
2014	37,046	37,045	1	379,180	9.77%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate*

Valuation Date:

Notes 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.

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: Non-Taxing bodies: 10 year rolling period.
 Taxing bodies (Regular, SLEP and ECO groups): 26 year closed period until remaining period reaches 15 years (then 15 year rolling period).
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers.
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.50%
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.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016, actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE THIS PENSION LIABILITY
 OTHER POST-EMPLOYMENT BENEFITS - TEACHERS' HEALTH INSURANCE SECURITY FUND
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	2019
Employer's proportion of the net THIS liability	0.010497%
Employer's proportionate share of the net THIS liability	\$ 2,723,982
State's proportionate share of the net pension liability associated with the employer	3,577,265
Total	\$ 6,301,247
Employer's covered-employee payroll	\$ 2,414,681
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.81%
Plan fiduciary net position as a percentage of the total THIS liability	-0.07%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS - TEACHERS' HEALTH INSURANCE SECURITY FUND
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	<u>2019</u>
Contractually-required contribution	\$ 22,720
Contributions in relation to the contractually-required contribution	<u>22,720</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 2,469,521
Contributions as a percentage of covered-employee payroll	0.92%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 OTHER POST-EMPLOYMENT BENEFITS - HEALTH BENEFIT PLAN
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	2019	2018
Total HBP liability		
Service cost	\$ 105,192	\$ 116,320
Interest on the total HBP liability	58,218	51,057
Changes of assumptions	(139,615)	(156,159)
Benefit payments, including refunds of employee contributions	(30,442)	(17,772)
Net change in HBP liability	(6,647)	(6,554)
Total HBP liability - beginning	1,770,038	1,776,592
Total HBP liability - ending (A)	\$ 1,763,391	\$ 1,770,038
Plan fiduciary net position		
Contributions - employer	\$ 30,442	\$ 17,772
Benefit payments, including refunds of employee contributions	(30,442)	(17,772)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (B)	\$ -	\$ -
Net HBP liability (asset) - ending (A) - (B)	\$ 1,763,391	\$ 1,770,038
Plan fiduciary net position as a percentage of total HBP liability	0.00%	0.00%
Covered valuation payroll	\$ 2,737,650	\$ 2,683,583
Net HBP liability as a percentage of covered valuation payroll	64.41%	65.96%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OTHER INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS - HEALTH BENEFIT PLAN
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	2019	2018
Actuarially determined employer contribution	\$ 134,138	\$ 153,618
Contributions in relation to the actuarially determined employer contribution	30,442	17,772
Contribution deficiency (excess)	\$ 103,696	\$ 135,846
Employer's covered-employee payroll	\$ 2,737,650	\$ 2,683,583
Contributions as a percentage of covered-employee payroll	1.11%	0.66%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 GENERAL FUND
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	<u>Educational Account</u>	<u>Working Cash Account</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 2,234,833</u>	<u>\$ 436,244</u>	<u>\$ 2,671,077</u>
Total Assets	<u><u>\$ 2,234,833</u></u>	<u><u>\$ 436,244</u></u>	<u><u>\$ 2,671,077</u></u>
FUND BALANCES			
Unassigned	<u>\$ 2,234,833</u>	<u>\$ 436,244</u>	<u>\$ 2,671,077</u>
Total Fund Balances	<u>2,234,833</u>	<u>436,244</u>	<u>2,671,077</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,234,833</u></u>	<u><u>\$ 436,244</u></u>	<u><u>\$ 2,671,077</u></u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 GENERAL FUND
 COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019				2018
	Original and Final Budget	Educational Account	Working Cash Account	Total	
<u>Revenues</u>					
Local sources	\$ 3,698,147	\$ 3,626,633	\$ 55,134	\$ 3,681,767	\$ 3,696,123
State sources	80,000	104,204	-	104,204	143,391
State on-behalf retirement revenues	1,943,647	1,653,187	-	1,653,187	1,786,872
Federal sources	40,048	83,340	-	83,340	69,439
Total Revenues Received	5,761,842	5,467,364	55,134	5,522,498	5,695,825
<u>Expenditures</u>					
Current					
Instruction	2,486,329	2,401,967	-	2,401,967	2,431,267
Support services	1,066,954	1,021,659	-	1,021,659	1,013,014
Community services	46,140	31,389	-	31,389	26,877
Payments to other governmental units	203,588	228,520	-	228,520	198,143
State on-behalf retirement expenditures	1,759,516	1,653,187	-	1,653,187	1,786,872
Capital outlay	-	-	-	-	48,466
Total Expenditures Disbursed	5,562,527	5,336,722	-	5,336,722	5,504,639
<u>Net Change in Fund Balances</u>	<u>\$ 199,315</u>	130,642	55,134	185,776	191,186
<u>Fund Balance - Beginning of Year</u>		2,104,191	381,110	2,485,301	2,294,115
<u>Fund Balance - End of Year</u>		<u>\$ 2,234,833</u>	<u>\$ 436,244</u>	<u>\$ 2,671,077</u>	<u>\$ 2,485,301</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 EDUCATIONAL ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 3,565,413	\$ 3,465,603	\$ 3,521,830
Corporate replacement taxes	20,000	17,188	21,111
Tuition	-	52,659	42,670
Earnings on investments	10,000	33,516	16,545
Food services	38,800	40,112	39,257
Textbooks	9,000	11,834	8,698
Donations from private sources	500	1,490	915
Refund of prior years' expenditures	-	3,705	-
Other	1,500	526	598
<u>Total Local Sources</u>	<u>3,645,213</u>	<u>3,626,633</u>	<u>3,651,624</u>
State Sources			
Evidence based funding formula	80,000	103,454	103,310
Special education	-	-	33,582
Other	-	750	6,499
State on-behalf retirement revenues	1,943,647	1,653,187	1,786,872
<u>Total State Sources</u>	<u>2,023,647</u>	<u>1,757,391</u>	<u>1,930,263</u>
Federal Sources			
Special milk program	1,700	1,481	1,649
Special education - preschool flow through	1,575	-	-
Special education - IDEA flow through	36,773	35,538	34,600
Medicaid matching funds - fee-for-service	-	46,321	33,190
<u>Total Federal Sources</u>	<u>40,048</u>	<u>83,340</u>	<u>69,439</u>
<u>Total Revenues Received</u>	<u>5,708,908</u>	<u>5,467,364</u>	<u>5,651,326</u>
<u>Expenditures Disbursed</u>			
Instruction			
Regular Programs			
Salaries	1,721,320	1,655,454	1,730,126
Employee benefits	368,954	352,492	320,582
State on-behalf retirement expenditures	1,759,516	1,653,187	1,786,872
Purchased services	4,300	5,934	4,960
Supplies and materials	80,500	75,046	100,757
Capital outlay	-	-	48,466
Other	7,100	9,790	7,008
<u>Total</u>	<u>3,941,690</u>	<u>3,751,903</u>	<u>3,998,771</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Expenditures Disbursed</u>			
Instruction			
Special Education Programs			
Salaries	\$ 241,115	\$ 232,873	\$ 213,473
Employee benefits	52,230	51,367	48,745
Purchased services	3,810	10,998	1,270
Supplies and materials	7,000	8,013	4,346
Total	304,155	303,251	267,834
<u>Total Instruction</u>	4,245,845	4,055,154	4,266,605
Support Services			
Attendance and Social Work Services			
Salaries	91,802	91,018	86,339
Employee benefits	12,943	12,240	11,411
Supplies and materials	200	-	-
Total	104,945	103,258	97,750
Health Services			
Salaries	68,886	62,812	56,676
Employee benefits	22,318	22,232	21,106
Purchased services	40,000	38,572	45,032
Supplies and materials	700	1,433	744
Other	230	161	221
Total	132,134	125,210	123,779
Psychological Services			
Salaries	46,365	46,210	45,444
Employee benefits	1,702	1,652	1,636
Purchased services	3,000	1,680	1,500
Supplies and materials	1,500	3,865	1,686
Total	52,567	53,407	50,266

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 EDUCATIONAL ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Expenditures Disbursed</u>			
Support Services			
Speech Pathology and Audiology Services			
Salaries	\$ 70,369	\$ 65,413	\$ 62,755
Employee benefits	2,112	2,009	1,930
Supplies and materials	300	-	-
Other	350	253	333
Total	<u>73,131</u>	<u>67,675</u>	<u>65,018</u>
Improvement of Instruction Services			
Purchased services	2,500	5,355	8,179
Other	1,000	825	65
Total	<u>3,500</u>	<u>6,180</u>	<u>8,244</u>
Educational Media Services			
Supplies and materials	6,500	7,647	3,779
Other	1,470	1,420	1,410
Total	<u>7,970</u>	<u>9,067</u>	<u>5,189</u>
Assessment and Testing Services			
Purchased services	-	-	8,196
Supplies and materials	2,500	1,777	2,413
Total	<u>2,500</u>	<u>1,777</u>	<u>10,609</u>
Board of Education Services			
Purchased services	25,000	34,778	23,185
Supplies and materials	400	315	179
Other	11,700	12,516	11,448
Total	<u>37,100</u>	<u>47,609</u>	<u>34,812</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Expenditures Disbursed</u>			
Support Services			
Executive Administration Services			
Salaries	\$ 159,140	\$ 164,913	\$ 159,139
Employee benefits	30,218	32,885	29,941
Purchased services	3,175	2,334	4,409
Supplies and materials	405	6,327	244
Other	27,293	13,771	26,245
Total	220,231	220,230	219,978
Office of the Principal Services			
Salaries	213,360	193,010	215,291
Employee benefits	26,328	13,414	15,573
Supplies and materials	2,500	4,957	1,817
Other	600	945	920
Total	242,788	212,326	233,601
Fiscal Services			
Salaries	71,968	68,583	75,613
Employee benefits	12,965	12,845	42
Purchased services	15,000	16,846	14,555
Supplies and materials	1,000	319	444
Other	6,500	5,216	5,682
Total	107,433	103,809	96,336
Food Services			
Salaries	37,000	36,337	34,295
Employee Benefits	6,555	5,632	5,051
Supplies and materials	38,400	27,884	27,380
Other	700	1,258	706
Total	82,655	71,111	67,432
<u>Total Support Services</u>	<u>1,066,954</u>	<u>1,021,659</u>	<u>1,013,014</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 EDUCATIONAL ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Expenditures Disbursed</u>			
Community Services			
Salaries	\$ 39,085	\$ 25,737	\$ 21,554
Employee benefits	6,555	5,381	5,634
Supplies and materials	500	271	(311)
<u>Total Community Services</u>	<u>46,140</u>	<u>31,389</u>	<u>26,877</u>
Payments to Other Governmental Units			
Payments for Special Education Programs			
Other	<u>203,588</u>	<u>228,520</u>	<u>198,143</u>
<u>Total Payments to Other Governmental Units</u>	<u>203,588</u>	<u>228,520</u>	<u>198,143</u>
<u>Total Expenditures Disbursed</u>	<u>5,562,527</u>	<u>5,336,722</u>	<u>5,504,639</u>
<u>Net Change in Fund Balances</u>	<u>\$ 146,381</u>	130,642	146,687
<u>Fund Balance - Beginning</u>		<u>2,104,191</u>	<u>1,957,504</u>
<u>Fund Balance - Ending</u>		<u>\$ 2,234,833</u>	<u>\$ 2,104,191</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 WORKING CASH ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 48,934	\$ 46,591	\$ 39,510
Earnings on investments	4,000	8,543	4,989
<u>Total Local Sources</u>	<u>52,934</u>	<u>55,134</u>	<u>44,499</u>
<u>Total Revenues Received</u>	<u>52,934</u>	<u>55,134</u>	<u>44,499</u>
<u>Net Change in Fund Balances</u>	<u>\$ 52,934</u>	55,134	44,499
<u>Fund Balance - Beginning</u>		<u>381,110</u>	<u>336,611</u>
<u>Fund Balance - Ending</u>		<u>\$ 436,244</u>	<u>\$ 381,110</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 929,745	\$ 887,178	\$ 900,000
Corporate replacement taxes	18,000	18,000	11,189
Earnings on investments	3,000	7,037	3,848
Rentals	-	120	940
Donations from private sources	500	-	60
Other local revenue	-	6,140	2,152
<u>Total Local Sources</u>	<u>951,245</u>	<u>918,475</u>	<u>918,189</u>
<u>Total Revenues Received</u>	<u>951,245</u>	<u>918,475</u>	<u>918,189</u>
<u>Expenditures Disbursed</u>			
Support Services			
Operation and Maintenance of Plant Services			
Salaries	204,036	191,694	167,661
Benefits	25,385	25,350	24,027
Purchased services	209,750	250,465	266,969
Supplies and materials	100,000	92,164	85,746
Capital outlay	50,000	50,677	5,282
<u>Total Support Services</u>	<u>589,171</u>	<u>610,350</u>	<u>549,685</u>
Payments to Other Governmental Units			
Payments for Special Education Programs			
Other	23,115	21,740	20,553
<u>Total</u>	<u>23,115</u>	<u>21,740</u>	<u>20,553</u>
Debt Service			
Other	310,000	-	-
<u>Total</u>	<u>310,000</u>	<u>-</u>	<u>-</u>
Provision for Contingencies			
Other	28,959	-	-
<u>Total</u>	<u>28,959</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures Disbursed</u>	<u>951,245</u>	<u>632,090</u>	<u>570,238</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Excess of Revenues Received Over Expenditures Disbursed</u>	\$ -	\$ 286,385	\$ 347,951
<u>Other Financing (Uses)</u>			
Transfers out	-	(306,965)	(351,198)
<u>Total Other Financing (Uses)</u>	-	(306,965)	(351,198)
<u>Net Change in Fund Balances</u>	\$ -	(20,580)	(3,247)
<u>Fund Balance - Beginning</u>		558,690	561,937
<u>Fund Balance - Ending</u>		<u>\$ 538,110</u>	<u>\$ 558,690</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 DEBT SERVICE FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Expenditures Disbursed</u>			
Support Services			
Debt Service			
Interest	\$ -	\$ 66,215	\$ 84,648
Principal	-	240,000	265,000
Other	-	750	(6,742)
<u>Total Support Services</u>	-	306,965	342,906
<u>Total Expenditures Disbursed</u>	-	306,965	342,906
<u>(Deficiency) of Revenues Received</u>			
<u>(Under) Expenditures Disbursed</u>	-	(306,965)	(342,906)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	306,965	351,198
Refunding bonds issued	-	-	2,495,000
Payment to bond escrow agent	-	-	(2,503,292)
<u>Total Other Financing Sources (Uses)</u>	-	306,965	342,906
<u>Net Change in Fund Balances</u>	<u>\$ -</u>	-	-
<u>Fund Balance - Beginning</u>		-	-
<u>Fund Balance - Ending</u>		<u>\$ -</u>	<u>\$ -</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 TRANSPORTATION FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 195,737	\$ 186,852	\$ 171,634
Transportation fees - pupils	2,500	3,930	1,810
Earnings on investments	500	1,798	694
<u>Total Local Sources</u>	<u>198,737</u>	<u>192,580</u>	<u>174,138</u>
State Sources			
Regular transportation	1,200	1,632	2,088
Special education transportation	52,481	69,331	64,728
<u>Total State Sources</u>	<u>53,681</u>	<u>70,963</u>	<u>66,816</u>
<u>Total Revenues Received</u>	<u>252,418</u>	<u>263,543</u>	<u>240,954</u>
<u>Expenditures Disbursed</u>			
Support Services			
Pupil Transportation Services			
Salaries	6,096	6,096	5,918
Purchased services	246,322	251,551	234,544
<u>Total Support Services</u>	<u>252,418</u>	<u>257,647</u>	<u>240,462</u>
<u>Total Expenditures Disbursed</u>	<u>252,418</u>	<u>257,647</u>	<u>240,462</u>
<u>Net Change in Fund Balances</u>	<u>\$ -</u>	5,896	492
<u>Fund Balance - Beginning</u>		<u>89,498</u>	<u>89,006</u>
<u>Fund Balance - Ending</u>		<u>\$ 95,394</u>	<u>\$ 89,498</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 81,229	\$ 32,638	\$ 33,928
Special education levy	-	20,059	22,446
FICA and Medicare levy	-	32,638	33,928
Corporate replacement taxes	3,000	3,000	3,000
Earnings on investments	900	1,055	955
<u>Total Local Sources</u>	<u>85,129</u>	<u>89,390</u>	<u>94,257</u>
<u>Total Revenues Received</u>	<u>85,129</u>	<u>89,390</u>	<u>94,257</u>
<u>Expenditures Disbursed</u>			
Employee Benefits			
Instruction			
Regular programs	33,200	27,424	30,712
Special education programs	3,500	3,186	2,870
<u>Total Instruction</u>	<u>36,700</u>	<u>30,610</u>	<u>33,582</u>
Support Services			
Attendance and social work services	1,331	1,290	1,222
Health services	1,000	752	672
Psychological services	675	677	666
Speech services	1,025	996	965
Executive administration services	2,310	2,350	2,261
Office of the principal services	21,275	17,425	20,329
Fiscal services	13,202	11,421	13,909
Operations and maintenance of plant services	22,050	18,001	17,133
Pupil transportation services	1,142	741	1,063
Food services	6,940	6,597	6,306
<u>Total Support Services</u>	<u>70,950</u>	<u>60,250</u>	<u>64,526</u>
<u>Community Services</u>	<u>5,920</u>	<u>3,804</u>	<u>3,020</u>
<u>Total Community Services</u>	<u>5,920</u>	<u>3,804</u>	<u>3,020</u>

(Continued)

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
Employee Benefits			
Payments to Other Governmental Units			
Payments for special education programs	\$ 22,718	\$ 22,718	\$ 23,051
<u>Total Payments to Other Governmental Units</u>	<u>22,718</u>	<u>22,718</u>	<u>23,051</u>
<u>Total Expenditures Disbursed</u>	<u>136,288</u>	<u>117,382</u>	<u>124,179</u>
<u>Net Change in Fund Balances</u>	<u>\$ (51,159)</u>	(27,992)	(29,922)
<u>Fund Balance - Beginning</u>		<u>83,180</u>	<u>113,102</u>
<u>Fund Balance - Ending</u>		<u>\$ 55,188</u>	<u>\$ 83,180</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 TORT FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018
	Original and Final Budget	Actual	Actual
<u>Revenues Received</u>			
Local Sources			
General tax levy	\$ 63,615	\$ 60,788	\$ 60,879
Earnings on investments	300	1,125	475
Refund of prior years' expenditures	-	3,165	2,473
<u>Total Local Sources</u>	<u>63,915</u>	<u>65,078</u>	<u>63,827</u>
<u>Total Revenues Received</u>	<u>63,915</u>	<u>65,078</u>	<u>63,827</u>
<u>Expenditures Disbursed</u>			
Support Services			
Workers' compensation insurance			
Purchased services	21,000	18,341	20,294
Unemployment insurance			
Purchased services	4,000	2,876	3,092
Insurance payments			
Purchased services	38,915	24,901	25,978
<u>Total Support Services</u>	<u>63,915</u>	<u>46,118</u>	<u>49,364</u>
<u>Total Expenditures Disbursed</u>	<u>63,915</u>	<u>46,118</u>	<u>49,364</u>
<u>Net Change in Fund Balances</u>	<u>\$ -</u>	18,960	14,463
<u>Fund Balance - Beginning</u>		<u>66,866</u>	<u>52,403</u>
<u>Fund Balance - Ending</u>		<u>\$ 85,826</u>	<u>\$ 66,866</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 ACTIVITY FUNDS
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES PAID
 YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Revenues Received	Expenditures Disbursed	Balance June 30, 2019
ASSETS				
Cash	\$ 15,826	\$ 27,308	\$ 22,271	\$ 20,862
Total Assets	<u>15,826</u>	<u>27,308</u>	<u>22,271</u>	<u>20,862</u>
LIABILITIES				
Due to Student Groups				
Student Council	1,233	2,507	2,529	1,211
Box Tops for Education	386	171	-	557
Grants	100	-	-	100
Environmental Club	115	-	-	115
Fundraiser	1,196	1,152	1,152	1,196
Sock Hop Class of 2018	1,376	-	-	1,376
Sock Hop Class of 2019	6,002	-	5,027	975
Sock Hop Class of 2020	-	7,112	1,065	6,047
Misc.	-	465	464	1
Total Due to Student Groups	<u>10,408</u>	<u>11,408</u>	<u>10,237</u>	<u>11,578</u>
Due to Employees				
Medical Care Spending Account	5,418	15,900	12,034	9,284
Total Liabilities	<u>\$ 15,826</u>	<u>\$ 27,308</u>	<u>\$ 22,271</u>	<u>\$ 20,862</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 SCHEDULE OF ASSESSED VALUATIONS, TAX EXTENSIONS
 AND COLLECTIONS
 MOST RECENT FISCAL AND TAX LEVY YEARS

	TAX LEVY YEAR		
	2018	2017	2016
<u>Assessed Valuation</u>	<u>\$ 316,833,925</u>	<u>\$ 310,197,223</u>	<u>\$ 303,335,745</u>
<u>Tax Extensions By Levy</u>			
Educational	\$ 3,696,476	\$ 3,565,413	\$ 3,550,254
Special Education	19,425	22,718	23,053
Operations and Maintenance	929,477	929,745	885,434
Transportation	195,680	195,738	147,576
Municipal Retirement	34,243	34,255	34,435
Social Security	34,243	34,255	34,434
Working Cash	48,923	48,934	29,518
Tort	63,598	63,615	59,032
Total	<u>\$ 5,022,065</u>	<u>\$ 4,894,673</u>	<u>\$ 4,763,736</u>
<u>Tax Collections</u>			
Year ended June 30,			
2017	\$ -	\$ -	\$ 2,529,349
2018	-	2,591,676	2,192,479
2019	<u>2,442,499</u>	<u>2,289,845</u>	<u>-</u>
Total	<u>\$ 2,442,499</u>	<u>\$ 4,881,521</u>	<u>\$ 4,721,828</u>
Percent of Total Levy Collected to June 30, 2019	<u>48.64%</u>	<u>99.73%</u>	<u>99.12%</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 SCHEDULE OF LONG-TERM DEBT MATURITIES AND INTEREST
 JUNE 30, 2019

Due Year Ended June 30	April 11, 2017 \$2,495,000 Interest Rate 2.49%		Total	
	Principal	Interest	Principal	Interest
	2020	\$ 250,000	\$ 58,266	\$ 250,000
2021	250,000	52,041	250,000	52,041
2022	260,000	45,691	260,000	45,691
2023	270,000	39,093	270,000	39,093
2024	275,000	32,308	275,000	32,308
2025	280,000	25,398	280,000	25,398
2026	285,000	18,364	285,000	18,364
2027	295,000	11,143	295,000	11,143
2028	300,000	3,735	300,000	3,735
TOTAL	<u>\$ 2,465,000</u>	<u>\$ 286,039</u>	<u>\$ 2,465,000</u>	<u>\$ 286,039</u>

RONDOUT ELEMENTARY SCHOOL DISTRICT NO. 72
 SCHEDULE OF PER CAPITA TUITION CHARGE
 AND AVERAGE DAILY ATTENDANCE
 MOST RECENT FISCAL YEARS

	Year Ended June 30,		
	2019	2018	2017
Allowable Expenses	<u>\$ 4,397,191</u>	<u>\$ 4,390,046</u>	<u>\$ 4,324,750</u>
Average Daily Attendance	<u>124.60</u>	<u>119.58</u>	<u>126.59</u>
Per Capita Tuition Charge	<u>\$ 35,290</u>	<u>\$ 36,712</u>	<u>\$ 34,163</u>

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ROUNDOUT SCHOOL DISTRICT NO. 72
NOTES TO OTHER INFORMATION
JUNE 30, 2019

NOTE 1 – TEACHERS’ RETIREMENT SYSTEM (TRS) OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2018, 2017, and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

NOTE 2 – TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND

Changes of Assumptions

The discount rate was changed from 3.56 percent at June 30, 2017, to 6.62 percent at June 30, 2018. The healthcare trend assumption was updated base on claim and enrollment experience through June 30 2017, projected plan cost for plan year end June 30, 2018, premium changes through plan year end 2019, and expectation of future trend increases after June 30, 2018. The Excise Tax trend adjustment was updated base on available premium and enrollment information as of June 30, 2018. Per capita claim costs for plan year end June 30, 2018, were updated base on projected claims and enrollment experience through June 30, 2018, and update premium rates through plan year 2019. Healthcare plan participation rates by plan were updated base on observed experience.

Amounts reported in 2016 reflect an investment rate of return of 7.00%, an inflation rate of 2.50% and salary increases that vary by amount of service credit. Amounts reported in 2015 reflect an investment rate of return of 7.50%, an inflation rate of 3.00% and real return of 4.50%, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.50%, and inflation rate of 3.00% and real return of 4.50%, and salary increases of 5.75%.

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The original budget was passed on September 27, 2018.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. All encumbrances lapse at the end of the 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 disbursed and the means of financing them.
2. A public hearing is conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.

ROUNDOUT SCHOOL DISTRICT NO. 72
 NOTES TO OTHER INFORMATION
 JUNE 30, 2019

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (CONT'D)

4. 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.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 4 – OVER-EXPENDITURE OF BUDGET

During the year ended June 30, 2019, actual expenditures disbursed exceeded budgeted expenditures in the following fund:

	Actual Disbursed	Budgeted Expenditures
Debt Service Fund	\$ 306,965	\$ -
Transportation Fund	257,647	252,418

The Debt Service Fund was over-expended due to the District not budgeting for debt service payments. Historically, the District has made debt service payments out of the Operations and Maintenance Fund. The Transportation Fund was over-expended due to additional pupil transportation services. The over-expenditure was covered by a current year surplus and covered by existing fund balance.