

LINCOLNWOOD SCHOOL DISTRICT 74, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

LINCOLNWOOD SCHOOL DISTRICT 74

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

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INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.

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INDEPENDENT AUDITORS' REPORT

October 14, 2020

Members of the Board of Education
Lincolnwood School District 74
Lincolnwood, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincolnwood School District 74, Illinois, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincolnwood School District 74, Illinois, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincolnwood School District 74, Illinois', basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Lincolnwood School District 74

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2020

The discussion and analysis of Lincolnwood School District 74's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2020. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. 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

- > In total, net position increased by \$2,668,318. This represents a 11.2% increase from a 2019 net position and is due primarily to a decrease in net OPEB liabilities and net pension liabilities and an increase in property and replacement tax revenues and operating grants.
- > General revenues accounted for \$25,272,140 in revenue or 84.0% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$10,669,804 or 29.7% of total revenues of \$35,941,944.
- > The District had \$33,273,626 in expenses related to government activities. However, only \$10,669,804 of these expenses were offset by program specific charges and grants.

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 basic financial statements.
- >

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them 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 costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

Lincolnwood School District 74

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2020

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, Capital Projects Fund, and Fire Prevention and Life Safety Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule 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 Basic 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 statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees.

Lincolnwood School District 74
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's combined net position was higher on June 30, 2020, than it was the year before, increasing 11.2% to \$26,406,987.

	Net Position	
	2020	2019
Current/Other Assets	\$ 32,248,150	31,054,990
Capital Assets	40,430,936	42,418,919
Total Assets	<u>72,679,086</u>	<u>73,473,909</u>
Deferred Outflows	1,387,463	2,296,600
Total Assets/Deferred Outflows	<u>74,066,549</u>	<u>75,770,509</u>
Long-Term Debt	32,314,244	37,531,162
Other Liabilities	1,882,857	1,839,912
Total Liabilities	<u>34,197,101</u>	<u>39,371,074</u>
Deferred Inflows	13,462,461	12,660,766
Total Liabilities/Deferred Inflows	<u>47,659,562</u>	<u>52,031,840</u>
Net Position		
Investment in Capital Assets	24,741,674	25,922,228
Restricted	10,542,819	8,169,034
Unrestricted	<u>(8,877,506)</u>	<u>(10,352,593)</u>
Total Net Position	<u>26,406,987</u>	<u>23,738,669</u>

A large portion of the District's net position, \$24,741,674, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$10,542,819, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$8,877,506, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

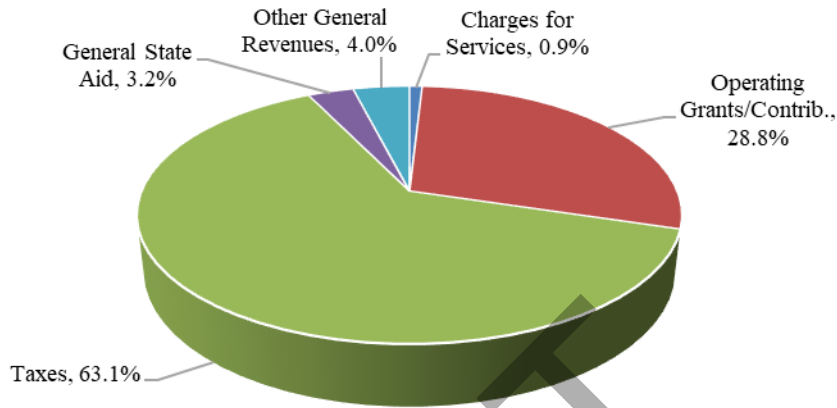
Lincolnwood School District 74
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Revenues of \$35,941,944 exceeded expenses of \$33,273,626 by \$2,668,318. This was attributable primarily to the District's decrease in net OPEB liabilities and net pension liabilities, with \$3,669,302 less in instruction expenses in the current year compared to prior year. Property taxes and replacement taxes also increased \$2,023,906 from the prior year.

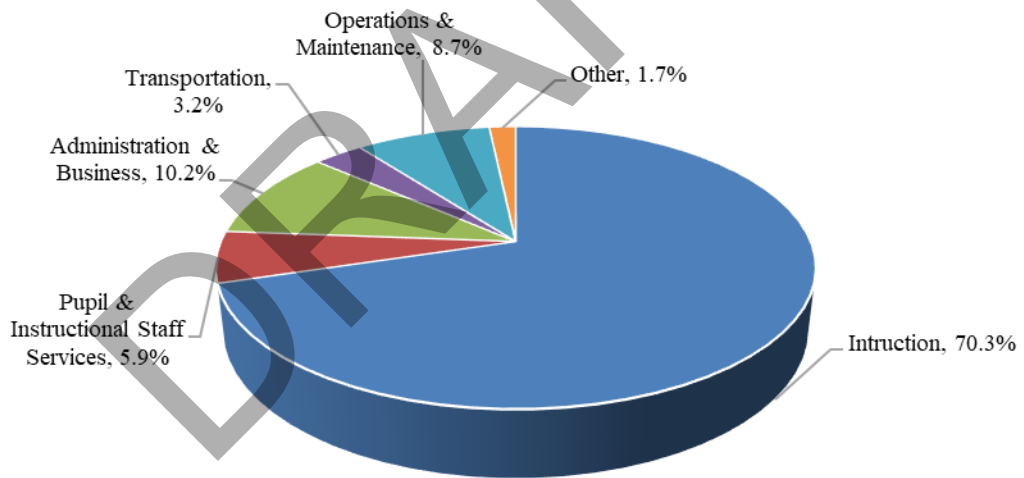
	<u>Change in Net Position</u>	
	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues		
Charges for Services	\$ 322,302	418,360
Operating Grants/Contrib.	10,347,502	9,016,196
General Revenues		
Taxes	22,671,701	20,647,795
General State Aid	1,162,898	1,161,405
Other General Revenues	1,437,541	2,144,360
Total Revenues	<u>35,941,944</u>	<u>33,388,116</u>
Expenses		
Instruction	23,406,538	27,075,840
Pupil & Instructional Staff Services	1,952,063	1,743,678
Administration & Business	3,403,262	3,906,885
Transportation	1,066,933	1,178,695
Operations & Maintenance	2,890,891	3,004,183
Other	553,939	601,103
Total Expenses	<u>33,273,626</u>	<u>37,510,384</u>
Change in Net Position	2,668,318	(4,122,268)
Net Position - Beginning	<u>23,738,669</u>	<u>27,860,937</u>
Net Position - Ending	<u><u>26,406,987</u></u>	<u><u>23,738,669</u></u>

Lincolnwood School District 74
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

District-Wide Revenues by Source



District-Wide Expenses by Function



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's Governmental Funds balance increased from \$19,448,791 to \$20,755,091.

The General Fund (Educational Accounts) had total revenues of \$30,061,739 and total expenditures of \$29,287,343, resulting in a surplus of \$774,396. Fund balance at year-end totaled \$10,223,885.

The Operations & Maintenance Fund revenues in the amount of \$2,225,187 exceeded the \$1,810,051 of expenditures by \$415,136. Fund balance at year-end totaled \$2,744,784.

Lincolnwood School District 74
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the District's largest budgeted fund and consists of the Educational, Tort Immunity and Judgment, and Working Cash Accounts. The General Fund's actual revenues were greater than the budgeted revenues by \$615,481 in total, excluding on-behalf payments. Actual expenditures of \$19,667,414 were less than budgeted expenditures of \$21,100,947 by \$1,433,533, excluding on-behalf payments.

Within these accounts the Educational Account is the most significant budgeted fund. In the Educational Account revenues from local sources were over budget by \$593,704, state sources were over budget by \$2,898 and federal source revenues were over budget by \$94,680. Total actual revenues in the Educational Account were higher than budgeted revenues by \$691,282, excluding on-behalf payments. Expenditures in the Educational Account were under budget by \$1,387,401, excluding on-behalf payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had compiled a total investment of \$40,430,936 (net of accumulated depreciation) in a broad range of capital assets including land, land improvements, buildings, equipment, and vehicles. Total depreciation expense for the year was \$2,582,010. More detailed information about capital assets can be found in Note 3 of the basic financial statements.

	Capital Assets - Net of Depreciation	
	2020	2019
Land	\$ 2,337,500	2,337,500
Construction in Progress	223,570	8,002,183
Buildings	35,477,176	29,309,538
Improvements Other than Buildings	587,627	666,027
Equipment and Vehicles	1,805,063	2,103,671
Total	40,430,936	42,418,919

Debt Administration

The District did not issue any debt in the current fiscal year. General Obligation Bonds payable had a balance of \$14,925,000 at the end of the current fiscal year. More detailed information on long-term debt can be found in Note 3 of the basic financial statements.

Lincolnwood School District 74
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may significantly affect financial operations in the future:

The District conducts its operations through the use of a 5-year Strategic Plan. This plan assists in containing costs by focusing District resources relative to those initiatives outlined in the strategic plan.

The State of Illinois recently adopted SB 1947 that provides for significant changes to the manner in which the state supports local school districts. The measure incorporates General State Aid and other categorical payments into a new evidence-based funding formula. The Illinois State Board of Education has stated that no school district will lose money as a result of this new funding formula. However, the statute does state that if the state does not appropriate enough money, then funds will first be removed from the most adequately funded districts. This does present concerns to Lincolnwood School District 74.

Another area of concern is the growing number of unfunded mandates imposed by the State. The District will continue to monitor the actions of the State legislators.

The District's facilities are being addressed. The three-year Lincoln Hall renovation project concluded. The upgrades accommodate the growing needs of the programming and increased security of students and staff.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lincolnwood School District 74's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Lincolnwood School District 74, 6950 N. East Prairie Road, Lincolnwood, IL 60712.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

LINCOLNWOOD SCHOOL DISTRICT 74

Statement of Net Position

June 30, 2020

See Following Page

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LINCOLNWOOD SCHOOL DISTRICT 74

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 20,855,787
Receivables - Net of Allowances	
Property Taxes	10,763,339
Intergovernmental	217,379
Prepays	<u>411,645</u>
Total Current Assets	<u>32,248,150</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,561,070
Depreciable	66,925,116
Accumulated Depreciation	<u>(29,055,250)</u>
Total Noncurrent Assets	<u>40,430,936</u>
Total Assets	<u>72,679,086</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - RHP	291,867
Deferred Items - THIS	716,268
Deferred Items - TRS	225,455
Deferred Items - IMRF	<u>153,873</u>
Total Deferred Outflows of Resources	<u>1,387,463</u>
Total Assets and Deferred Outflows of Resources	<u>74,066,549</u>

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

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 286,570
Retainage Payable	22,357
Accrued Interest Payable	46,033
Other Payables	420,793
Current Portion of Long-Term Debt	<u>1,107,104</u>
Total Current Liabilities	<u>1,882,857</u>
Noncurrent Liabilities	
Compensated Absences	88,415
Total OPEB Liability - RHP	2,211,659
Total OPEB Liability - THIS	13,152,640
Net Pension Liability - TRS	1,225,651
Net Pension Liability - IMRF	1,031,617
General Obligation Bonds - Net	<u>14,604,262</u>
Total Noncurrent Liabilities	<u>32,314,244</u>
Total Liabilities	<u>34,197,101</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	10,763,339
Deferred Items - THIS	1,909,850
Deferred Items - TRS	178,159
Deferred Items - IMRF	<u>611,113</u>
Total Deferred Inflows of Resources	<u>13,462,461</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,659,562</u>
NET POSITION	
Net Investment in Capital Assets	24,741,674
Restricted	
Tort Immunity	65,101
Operations and Maintenance	2,737,329
Student Transportation	1,021,544
Retirement Benefits	217,815
Debt Service	784,215
Capital Projects	1,409,512
Fire Prevention and Life Safety	4,307,303
Unrestricted (Deficit)	<u>(8,877,506)</u>
Total Net Position	<u>26,406,987</u>

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

LINCOLNWOOD SCHOOL DISTRICT 74

Statement of Activities

For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		(Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues Governmental Activities
Governmental Activities				
Instruction				
Regular Programs	\$ 8,348,293	-	-	(8,348,293)
Special Programs	3,242,727	-	283,854	(2,958,873)
Other Instructional Programs	2,195,589	-	19,846	(2,175,743)
State Retirement Contributions	9,619,929	-	9,619,929	-
Support Services				
Pupils	1,099,303	-	-	(1,099,303)
Instructional Staff	852,760	-	-	(852,760)
General Administration	888,631	-	-	(888,631)
School Administration	934,043	-	-	(934,043)
Business	1,580,588	198,949	80,996	(1,300,643)
Transportation	1,066,933	-	342,877	(724,056)
Operations and Maintenance	2,890,891	123,353	-	(2,767,538)
Central	79,968	-	-	(79,968)
Interest and Fees	473,971	-	-	(473,971)
Total Governmental Activities	33,273,626	322,302	10,347,502	(22,603,822)
General Revenues				
Taxes				
Real Estate Taxes, Levied for General Purposes				19,980,966
Real Estate Taxes, Levied for Specific Purposes				612,765
Real Estate Taxes, Levied for Debt Service				1,461,122
Personal Property Replacement Taxes				616,848
State Aid-Formula Grants				1,162,898
Investment Income				804,811
Miscellaneous				632,730
				<u>25,272,140</u>
Change in Net Position				2,668,318
Net Position - Beginning				<u>23,738,669</u>
Net Position - Ending				<u><u>26,406,987</u></u>

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Balance Sheet - Governmental Funds
June 30, 2020**

See Following Page

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LINCOLNWOOD SCHOOL DISTRICT 74

**Balance Sheet - Governmental Funds
June 30, 2020**

	Special Revenue		
	General	Operations and Maintenance	Transportation
ASSETS			
Cash and Investments	\$ 10,126,598	2,793,002	936,035
Receivables - Net of Allowances			
Property Taxes	8,814,161	1,023,659	220,387
Intergovernmental	125,349	6,521	85,509
Prepays	404,190	7,455	-
Total Assets	19,470,298	3,830,637	1,241,931
LIABILITIES			
Accounts Payable	11,541	62,112	-
Retainage Payable	-	-	-
Other Payables	420,711	82	-
Total Liabilities	432,252	62,194	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	8,814,161	1,023,659	220,387
Total Liabilities and Deferred Inflows of Resources	9,246,413	1,085,853	220,387
FUND BALANCES			
Nonspendable	404,190	7,455	-
Restricted	65,101	2,737,329	1,021,544
Unassigned	9,754,594	-	-
Total Fund Balances	10,223,885	2,744,784	1,021,544
Total Liabilities, Deferred Inflows of Resources and Fund Balances	19,470,298	3,830,637	1,241,931

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

Municipal Retirement/ Social Security	Debt Service	Capital Projects		Totals
		Capital Projects	Fire Prevention and Life Safety	
217,815	830,248	1,611,486	4,340,603	20,855,787
237,184	238,826	-	229,122	10,763,339
-	-	-	-	217,379
-	-	-	-	411,645
454,999	1,069,074	1,611,486	4,569,725	32,248,150
-	-	179,617	33,300	286,570
-	-	22,357	-	22,357
-	-	-	-	420,793
-	-	201,974	33,300	729,720
237,184	238,826	-	229,122	10,763,339
237,184	238,826	201,974	262,422	11,493,059
-	-	-	-	411,645
217,815	830,248	1,409,512	4,307,303	10,588,852
-	-	-	-	9,754,594
217,815	830,248	1,409,512	4,307,303	20,755,091
454,999	1,069,074	1,611,486	4,569,725	32,248,150

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position - Governmental Activities**

June 30, 2020

Total Governmental Fund Balances	\$ 20,755,091
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	40,430,936
Deferred (Inflows)/Outflows of Resources related to pensions are not reported in the funds.	
Deferred Items - RHP	291,867
Deferred Items - THIS	(1,193,582)
Deferred Items - TRS	47,296
Deferred Items - IMRF	(457,240)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(110,519)
Total OPEB Liability - RHP	(2,211,659)
Total OPEB Liability - THIS	(13,152,640)
Net Pension Liability - TRS	(1,225,651)
Net Pension Liability - IMRF	(1,031,617)
General Obligations Bonds - Net	(15,689,262)
Accrued Interest Payable	(46,033)
Net Position of Governmental Activities	<u>26,406,987</u>

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2020**

See Following Page

DRAFT

LINCOLNWOOD SCHOOL DISTRICT 74

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2020**

	Special Revenue		
	General	Operations and Maintenance	Transportation
Revenues			
Property Taxes	\$ 17,280,307	1,999,371	418,549
Corporate Personal Property Replacement Taxes	388,614	-	166,549
State Aid	1,162,898	-	342,877
Federal Aid	384,696	-	-
Investment Income	393,616	102,463	40,816
Other	831,679	123,353	-
On-Behalf Payments	9,619,929	-	-
Total Revenues	30,061,739	2,225,187	968,791
Expenditures			
Current			
Instruction			
Regular Programs	9,098,681	-	-
Special Programs	1,249,641	-	-
Other Instructional Programs	2,167,600	-	-
Support Services			
Pupils	1,054,879	-	-
Instructional Staff	724,030	-	-
General Administration	856,985	-	-
School Administration	850,917	-	-
Business	1,023,015	-	-
Transportation	-	-	1,066,933
Operations and Maintenance	478,085	1,733,740	-
Central	-	-	-
Payments to Other Districts and Govt. Units	1,925,288	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	238,293	76,311	-
On-Behalf Payments	9,619,929	-	-
Total Expenditures	29,287,343	1,810,051	1,066,933
Net Change in Fund Balances	774,396	415,136	(98,142)
Fund Balances - Beginning	9,449,489	2,329,648	1,119,686
Fund Balances - Ending	10,223,885	2,744,784	1,021,544

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

Municipal Retirement/ Social Security	Debt Service	Capital Projects		Totals
		Capital Projects	Fire Prevention and Life Safety	
446,509	1,461,122	-	448,995	22,054,853
61,685	-	-	-	616,848
-	-	-	-	1,505,775
-	-	-	-	384,696
13,859	30,168	66,535	157,354	804,811
-	-	-	-	955,032
-	-	-	-	9,619,929
522,053	1,491,290	66,535	606,349	35,941,944
102,497	-	-	-	9,201,178
67,798	-	-	-	1,317,439
27,989	-	-	-	2,195,589
44,424	-	-	-	1,099,303
17,705	-	-	-	741,735
8,407	-	-	-	865,392
44,397	-	-	-	895,314
174,475	-	239,533	35,119	1,472,142
-	-	-	-	1,066,933
-	-	-	-	2,211,825
79,968	-	-	-	79,968
-	-	-	-	1,925,288
-	720,000	-	-	720,000
-	563,200	-	-	563,200
-	-	312,505	33,300	660,409
-	-	-	-	9,619,929
567,660	1,283,200	552,038	68,419	34,635,644
(45,607)	208,090	(485,503)	537,930	1,306,300
263,422	622,158	1,895,015	3,769,373	19,448,791
217,815	830,248	1,409,512	4,307,303	20,755,091

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 1,306,300

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

Governmental Funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	594,027
Depreciation Expense	(2,582,010)

Deferred (Inflows)/Outflows of Resources related to pensions are not reported in the funds.

Change in Deferred Items - RHP	163,001
Change in Deferred Items - THIS	(169,338)
Change in Deferred Items - TRS	(48,690)
Change in Deferred Items - IMRF	(1,436,479)

The issuance of long-term debt provides current financial resources to
Governmental Funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences	(61,052)
Change in Total OPEB Liability - RHP	2,914,521
Change in Total OPEB Liability - THIS	(456,161)
Change in Net Pension Liability - TRS	5,907
Change in Net Pension Liability - IMRF	1,629,063
Retirement of Long-Term Debt	720,000
Amortization of Bond Premium	87,429

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

1,800

Changes in Net Position of Governmental Activities

2,668,318

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Statement of Fiduciary Assets and Liabilities - Agency Fund
June 30, 2020**

	<u>Student Activity</u>
ASSETS	
Cash and Investments	<u>\$ 20,515</u>
LIABILITIES	
Due to Student Groups	<u>20,515</u>

DRAFT

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

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lincolnwood School District 74 (the “District”) operates as a public-school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District’s accounting policies established in GAAP and used by the District are described below.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District’s operating activities are all considered governmental activities, that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions (instruction, support services, community services, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The net costs (by function) are normally covered by general revenue (property and personal property replacement taxes, interest income, etc.).

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

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

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

General Fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid. The General Fund is a major fund.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds. The District maintains three major special revenue funds. The Operations and Maintenance Fund is used to account for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes. The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants. The Municipal Retirement/Social Security Fund is used to account 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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service. The Debt Service Fund is treated as a major fund.

Capital Projects Funds are used to account for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities. The Capital Projects Fund, a major fund, is used to account for construction projects and renovations financed through local property taxes, bond proceeds or transfers from other funds. The Fire Prevention and Life Safety Fund, also a major fund, is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

Fiduciary Funds

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

Agency Funds include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

The District’s agency funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus is used.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means that the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenue available if they are collected within 60 days after year-end except for state aid. State aid received after 60 days are being considered as available as historically, state aid collected within 60 days have represented all state aid expected to be collected. The state is currently being on payments to local government agencies, which is a highly unusual circumstance, resulting in current year state aid collections after 60 days of year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers’ Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The costs of prepaids are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	20 - 50 Years
Improvements Other than Buildings	20 - 40 Years
Equipment and Vehicles	5 - 20 Years

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in the financial statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2020 are determined on the basis of current salary rates and include salary related payments.

All certified employees receive a specified number of sick days per year depending on their years of service, in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days accumulate indefinitely. Upon retirement, a certified employee may apply up to 340 sick days of unused sick leave toward service credit for the Teachers' Retirement System (TRS). The employee is reimbursed for any remaining unused sick days at the rate of \$50 per day.

All twelve-month employees earn 17 paid sick days per year. Unused sick pay can accumulate without limit. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave for certified employees.

Employees who work a twelve-month year are also entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. Unused vacation days are converted into sick days if not used by August 1. Due to the nature of the policy, no liability is provided in the financial statements for accumulated vacation time for District employees.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Net Position

In the government-wide financial statements, 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.

Restricted – Consists of net position with constraints placed on the 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 legislations.

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

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the governmental funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (GAAP Basis) includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts.

During the year, no supplementary appropriations were necessary.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Municipal Retirement/Social Security	\$ 54,646

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS UNDER THE CUSTODY OF THE TOWNSHIP TREASURER

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

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

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

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

The weighted average maturity of all marketable pooled investments held by the Treasurer was 3.46 years at June 30, 2020. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2020, the fair value of all investments held by the Treasurer's Office was \$428,836,823 and the fair value of the District's proportionate share of the pool was \$20,840,630.

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS IN THE CUSTODY OF THE DISTRICT

Deposits of the imprest fund, which are held in the District’s custody, consist of deposits with financial institutions. The following is a summary of such deposits:

	Carrying Value	Bank Balance
Deposits with Financial Institutions	\$ 15,057	15,057

The District maintains \$100 in petty cash.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District’s Investment Officer to meet the District’s ongoing need for safety, liquidity, and rate of return.

Custodial Credit Risk – Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2020, the bank balance of the District’s deposits with financial institutions totaled \$15,157; this entire amount was insured through FDIC insurance.

PROPERTY TAXES

The District must file its tax levy resolution by the last Tuesday in December of each year. The District’s 2019 levy resolution was approved during the December 5, 2019 board meeting. The District’s property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner to real property on January 1 in any year is liable for taxes of that year.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES – Continued

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is “new growth” in the District’s tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is fifty-five percent of the prior year’s tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

The 2019 property tax levy is recognized as a receivable in the fiscal year 2020, net of estimated uncollectible amounts approximating 1% and less amounts already received. The District considers that the first installment of the 2019 levy is to be used to finance operations in fiscal year 2020. The District has determined that the second installment of the 2019 levy is to be used to finance operations in fiscal year 2020 and has included the corresponding receivable as a deferred inflow of resources.

PERSONAL PROPERTY REPLACEMENT TAXES

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,337,500	-	-	2,337,500
Construction in Progress	8,002,183	223,570	8,002,183	223,570
	<u>10,339,683</u>	<u>223,570</u>	<u>8,002,183</u>	<u>2,561,070</u>
Depreciable Capital Assets				
Buildings	49,158,024	8,134,349	-	57,292,373
Improvements Other than Buildings	2,060,107	-	-	2,060,107
Equipment and Vehicles	7,334,345	238,291	-	7,572,636
	<u>58,552,476</u>	<u>8,372,640</u>	<u>-</u>	<u>66,925,116</u>
Less Accumulated Depreciation				
Buildings	19,848,486	1,966,711	-	21,815,197
Improvements Other than Buildings	1,394,080	78,400	-	1,472,480
Equipment and Vehicles	5,230,674	536,899	-	5,767,573
	<u>26,473,240</u>	<u>2,582,010</u>	<u>-</u>	<u>29,055,250</u>
Total Net Depreciable Capital Assets	<u>32,079,236</u>	<u>5,790,630</u>	<u>-</u>	<u>37,869,866</u>
Total Net Capital Assets	<u>42,418,919</u>	<u>6,014,200</u>	<u>8,002,183</u>	<u>40,430,936</u>

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

Regular Programs	\$ 1,621,505
Instructional Staff	111,025
General Administration	23,239
School Administration	38,729
Business	108,446
Operations and Maintenance	<u>679,066</u>
	<u>2,582,010</u>

LONG-TERM DEBT

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Limited School Bonds of 2015 - Due in annual installment of \$685,000 to \$1,590,000 plus semi-annual interest at 2.50% to 4.00% through December 1, 2025.	\$ 5,530,000	-	720,000	4,810,000
General Obligation Limited School Bonds of 2016 - Due in annual installment of \$30,000 to \$1,005,000 plus semi-annual interest at 2.50% to 4.00% through December 1, 2030.	4,205,000	-	-	4,205,000

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Limited School Bonds of 2018A - Due in annual installment of \$345,000 to \$815,000 plus semi-annual interest at 4.00% through December 1, 2035.	\$ 5,910,000	-	-	5,910,000
	<u>15,645,000</u>	<u>-</u>	<u>720,000</u>	<u>14,925,000</u>

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 49,467	122,104	61,052	110,519	22,104
Total OPEB Liability - THIS	12,696,479	456,161	-	13,152,640	-
Total OPEB Liability - RHP	5,126,180	-	2,914,521	2,211,659	-
Net Pension Liability - TRS	1,231,558	-	5,907	1,225,651	-
Net Pension Liability - IMRF	2,660,680	-	1,629,063	1,031,617	-
General Obligation Bonds	15,645,000	-	720,000	14,925,000	1,085,000
Plus: Unamortized Premium	851,691	-	87,429	764,262	-
	<u>38,261,055</u>	<u>578,265</u>	<u>5,417,972</u>	<u>33,421,348</u>	<u>1,107,104</u>

The compensated absences, the total OPEB liabilities, and the net pension liability - TRS are being repaid from the General Fund. The net pension liability - IMRF is being repaid from the Municipal Retirement/Social Security Fund. The general obligation bonds are being paid by the Debt Service Fund.

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2021	\$ 1,085,000	534,400
2022	1,120,000	494,000
2023	1,165,000	452,250
2024	1,205,000	412,875
2025	840,000	380,250
2026	865,000	354,675
2027	895,000	323,800
2028	930,000	287,300
2029	965,000	249,400
2030	1,005,000	210,000
2031	1,080,000	170,350
2032	695,000	136,900
2033	725,000	108,500
2034	750,000	79,000
2035	785,000	48,300
2036	815,000	16,300
Totals	<u>14,925,000</u>	<u>4,258,300</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. At year-end, the legal debt margin is as follows:

Assessed Valuation - 2019	<u>\$ 690,242,851</u>
Legal Debt Limit - 6.9% of Assessed Value	47,626,757
Amount of Debt Applicable to Limit	<u>(14,925,000)</u>
Legal Debt Margin	<u><u>32,701,757</u></u>

JOINT AGREEMENTS

The District is a member of the Niles Township District for Special Education (NTDSE), a joint agreement that provides certain education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the going agreement governing boards, these are not included as component units of the District.

FUND BALANCE/NET POSITION

Net Position Classifications

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 40,430,936
Less Capital Related Debt:	
General Obligation Limited School Bonds of 2015	(4,810,000)
General Obligation Limited School Bonds of 2016	(4,205,000)
General Obligation Limited School Bonds of 2018A	(5,910,000)
Unamortized Bond Premium	<u>(764,262)</u>
Net Investment in Capital Assets	<u><u>24,741,674</u></u>

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue					Capital Projects		Totals
	General	Operations and Maintenance	Transportation	Municipal Retirement/ Social Security	Debt Service	Capital Projects	Fire Prevention and Life Safety	
Fund Balances								
Nonspendable								
Prepays	\$ 404,190	7,455	-	-	-	-	-	411,645
Restricted								
Tort Immunity	65,101	-	-	-	-	-	-	65,101
Operations and Maintenance	-	2,737,329	-	-	-	-	-	2,737,329
Student Transportation	-	-	1,021,544	-	-	-	-	1,021,544
Retirement Benefits	-	-	-	217,815	-	-	-	217,815
Debt Service	-	-	-	-	830,248	-	-	830,248
Capital Projects	-	-	-	-	-	1,409,512	-	1,409,512
Fire Prevention and Life Safety	-	-	-	-	-	-	4,307,303	4,307,303
	<u>65,101</u>	<u>2,737,329</u>	<u>1,021,544</u>	<u>217,815</u>	<u>830,248</u>	<u>1,409,512</u>	<u>4,307,303</u>	<u>10,588,852</u>
Unassigned	9,754,594	-	-	-	-	-	-	9,754,594
Total Fund Balances	<u>10,223,885</u>	<u>2,744,784</u>	<u>1,021,544</u>	<u>217,815</u>	<u>830,248</u>	<u>1,409,512</u>	<u>4,307,303</u>	<u>20,755,091</u>

In the governmental fund financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications – Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Education's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Education itself or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Education, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The District seeks to maintain year-end fund balances of no less than 25 percent of the annual expenditures in each fund.

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pools: the Educational Benefit Cooperative (EBC) for health claims and the Collective Liability Insurance Cooperative (CLIC) for workers' compensation claims and for property damage and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

State and Federal Aid Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the District's operations and financial position cannot be determined.

OTHER POST-EMPLOYMENT BENEFITS

Retiree's Health Plan

Plan Description

Plan Administration. The District's defined benefit OPEB plan, Retiree's Health Plan (RHP), provides OPEB for all permanent full-time general and public safety employees of the District. RHP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RHP provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Such coverage is provided for retired employees until they reach age 65. The District does not issue a stand-alone report for the postretirement health plan.

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Retiree’s Health Plan – Continued

Plan Description – Continued

Plan Membership. As of June 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	174
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>18</u>
Total	<u><u>192</u></u>

The District’s total OPEB liability of \$2,211,659 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.50%
Discount Rate	2.21%
Healthcare Cost Trend Rates	
Initial	HMO - 6.30%, PPO - 2.70%; Dental - 3.00%
Ultimate	HMO - 5.00%, PPO - 5.00%; Dental - 3.00%
Retirees' Share of Benefit-Related Costs	Same as Healthcare Cost Trend Rates

Mortality rates were based on the IMRF Sex Distinct Raw Rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 Improvement Rates and weighted based on the IMRF November 8, 2017 experience study. TRS mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with white collar adjustment. These rates are improved generationally using MP-2017 Improvement Rates and weighted based on the TRS September 18, 2018 experience study.

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Retiree’s Health Plan – Continued

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 5,126,180
Changes for the Year:	
Service Cost	217,888
Interest on the Total Pension Liability	173,718
Changes of Benefit Terms	(3,169,801)
Difference Between Expected and Actual Experience	133,068
Changes of Assumptions or Other Inputs	56,249
Employee Contributions	-
Benefit Payments	<u>(325,643)</u>
	<u>(2,914,521)</u>
Balance at June 30, 2020	<u><u>2,211,659</u></u>

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 2,306,289	2,211,659	2,120,538

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Retiree’s Health Plan – Continued

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 2,149,614	2,211,659	2,283,077

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

For the year ended June 30, 2020, the District recognized OPEB revenue of \$2,751,879. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 123,239	-	123,239
Change in Assumptions	168,628	-	168,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	<u>291,867</u>	<u>-</u>	<u>291,867</u>

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Retiree’s Health Plan – Continued

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 26,316
2022	26,316
2023	26,316
2024	26,316
2025	26,316
Thereafter	<u>160,287</u>
Total	<u><u>291,867</u></u>

Teachers’ Health Insurance Security

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Benefits Provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS, who are not employees of the State, to contribute to the THIS Fund.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers' Health Insurance Security – Continued

Plan Description – Continued

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

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.24 percent of pay during the year ended June 30, 2020. State of Illinois contributions were \$149,120, and the District recognized revenues and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2019 and June 30, 2018 were 1.24 and 1.18 percent of pay, respectively. For these years, state contributions on behalf of District employees were \$145,913 and \$133,677, respectively.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2020 and 0.92 and 0.88 percent during the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2020, 2019 and 2018 the District paid \$110,638, \$108,258 and \$99,691 to the THIS Fund, respectively, which was 100 percent of the required contribution for those years.

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.”

Actuarial Assumptions. The total OPEB 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, unless otherwise specified.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers' Health Insurance Security – Continued

Plan Description – Continued

Actuarial Assumptions - Continued.

Inflation:	2.50%
Salary Increases:	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return:	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare Cost Trend Rates:	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.

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

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

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers' Health Insurance Security – Continued

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

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

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

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Employer's Proportionate Share of the OPEB Liability	\$ 15,814,201	13,152,640	11,050,509

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security – Continued

Sensitivity of the Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	Healthcare Cost Trend		
	1% Decrease	Rates	1% Increase
Employer's Proportionate Share of the OPEB Liability	\$ 10,626,229	13,152,640	16,564,787

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

At June 30, 2020, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined. At June 30, 2019, the District’s proportion was 0.047521percent, which was a decrease of 0.000671 from its proportion measured as of June 30, 2018 (0.048192 percent). The State’s support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follow:

Employer's Proportionate Share of the Net OPEB Liability	\$ 13,152,640
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>16,663,057</u>
Total	<u><u>29,815,697</u></u>

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security – Continued

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

For the year ending June 30, 2020, the District recognized OPEB revenue and expense of \$149,120 for support provided by the State. For the year ending June 30, 2020, the District recognized OPEB expense of \$736,137. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	(218,258)	(218,258)
Net Difference Between Projected and Actual Earnings on Pension Investments	4,986	(1,507,721)	(1,502,735)
Changes of Assumptions	-	(431)	(431)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	600,644	(183,440)	417,204
Total Pension Expense to be Recognized in Future Periods	605,630	(1,909,850)	(1,304,220)
Employer Contributions Subsequent to the Measurement Date	110,638	-	110,638
Totals	716,268	(1,909,850)	(1,193,582)

\$110,638 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2021	\$ (262,677)
2022	(262,677)
2023	(262,651)
2024	(262,597)
2025	(178,442)
Thereafter	(75,176)
Total	(1,304,220)

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS

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

Teachers' Retirement System (TRS)

Plan Descriptions, Provisions and Funding Policies

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can only be made by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration. TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888.678.3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and at the percentage of average salary to which the member is entitled. Most members require 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 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement beginning January 1 following the attainment of age 61 or on January 1 following the members' first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of 3 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 members' first anniversary in retirement, whichever is later.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System (TRS) – Continued

Benefits Provided – Continued

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum 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 contributions rates are specified by the pension code. The active member contribution rate for the year ended June 30, 2019, 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, 2020, 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 \$9,470,809 in pension contributions from the State.

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 years ended June 30, 2020 were \$69,750 and are deferred because they were paid after the June 30, 2019 measurement date.

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

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System (TRS) – Continued

Contributions – Continued

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

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$94,534 were paid from federal and special trust funds that required employer contributions of \$10,077. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2020, the employer paid \$5,994 to TRS for employer contributions due on salary increases in excess of 6 percent, \$6,405 for contributions on salaries in excess of the Governor's statutory salary and \$0 for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2019 the District paid \$6,991 to TRS for employer contributions due on salary increase in excess of 3 percent, \$5,410 for contributions on salaries in excess of the Governor's statutory salary and paid \$6,092 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 disclosures 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	\$ 1,225,651
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>87,228,212</u>
Total	<u><u>88,453,863</u></u>

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System (TRS) – Continued

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2019, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2019, the employer's proportion was 0.0015 percent, which was a decrease of 0.0001% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the employer recognized pension expense of \$9,470,809 and revenue of \$9,470,809 for support provided by the state.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 20,097	-	20,097
Net Difference Between Projected and Actual Earnings on Pension Investments	1,942	-	1,942
Change in Assumptions	27,463	(23,526)	3,937
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	96,126	(154,633)	(58,507)
Total Pension Expense to be Recognized in Future Periods	145,628	(178,159)	(32,531)
Employer Contributions Subsequent to the Measurement Date	79,827	-	79,827
Totals	225,455	(178,159)	47,296

\$79,827 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, 2021.

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers’ Retirement System (TRS) – Continued

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) or Resources
2021	\$ 164
2022	3,219
2023	(18,872)
2024	(13,328)
2025	(3,714)
Thereafter	-
	<u>(32,531)</u>

Actuarial Assumptions

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

Inflation: 2.50 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, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System (TRS) – Continued

Actuarial Assumptions – Continued

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	15.00%	6.30%
U.S. Small/Mid Cap	2.00%	7.70%
International Equities Developed	13.60%	7.00%
Emerging Market Equities	3.40%	9.50%
U.S. Bonds Core	8.00%	2.20%
U.S. Bonds High Yield	4.20%	4.00%
Internatioanl Debt Developed	2.20%	1.10%
Emerging International Debt	2.60%	4.40%
Real Estate	16.00%	5.20%
Real Return	4.00%	1.80%
Absolute Return	14.00%	4.10%
Private Equity	15.00%	9.70%
Total	<u>100.00%</u>	

Discount Rate

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

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers’ Retirement System (TRS) – Continued

Discount Rate – Continued

Based on those assumptions, TRS’s fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1’s liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability	\$ 1,497,025	1,225,651	1,002,527

TRS Fiduciary Net Position

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

Illinois Municipal Retirement Fund (IMRF)

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description

Plan Administration. All employees (other than those covered by the Teachers Retirement Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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.

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Plan Membership. As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	131
Inactive Plan Members Entitled to but not yet Receiving Benefits	162
Active Plan Members	<u>51</u>
Total	<u><u>344</u></u>

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2020, the District’s contribution was 12.26% of covered payroll.

Net Pension Liability. The District’s net pension liability was measured as of December 31, 2019. 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, 2019:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

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

The 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	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the District calculated using the discount rate as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 2,669,308	1,031,617	(337,321)

LINCOLNWOOD SCHOOL DISTRICT 74

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 14,789,829	12,129,149	2,660,680
Changes for the year:			
Service Cost	220,484	-	220,484
Interest on the Total Pension Liability	1,048,767	-	1,048,767
Differences Between Expected and Actual Experience of the Total Pension Liability	(231,025)	-	(231,025)
Changes of Assumptions	-	-	-
Contributions - Employer	-	210,872	(210,872)
Contributions - Employees	-	96,766	(96,766)
Net Investment Income	-	2,288,429	(2,288,429)
Benefit Payments, including Refunds of Employee Contributions	(868,644)	(868,644)	-
Other (Net Transfer)	-	71,222	(71,222)
Net Changes	169,582	1,798,645	(1,629,063)
Balances at December 31, 2019	14,959,411	13,927,794	1,031,617

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

For the year ended June 30, 2020, the District recognized pension expense of \$59,541. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LINCOLNWOOD SCHOOL DISTRICT 74

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	(29,556)	(29,556)
Changes of Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(581,557)	(581,557)
Total Pension Expense to be Recognized in Future Periods	-	(611,113)	(611,113)
Pension Contributions made Subsequent to the Measurement Date	153,873	-	153,873
Total Deferred Amounts Related to Pensions	<u>153,873</u>	<u>(611,113)</u>	<u>(457,240)</u>

\$153,873 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021.

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:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (205,166)
2022	(188,086)
2023	67,503
2024	(285,364)
2025	-
Thereafter	<u>-</u>
Total	<u>(611,113)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary 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 Changes in the Employer's Total OPEB Liability
Retiree's Health Plan
- Schedule of Employer Contributions
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions
Teachers' Retirement System
- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund
Operations and Maintenance – Special Revenue Fund
Transportation – Special Revenue Fund
Municipal Retirement/Social Security – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgeted amounts are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

LINCOLNWOOD SCHOOL DISTRICT 74

Retiree's Health Plan

Required Supplementary Information

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2020

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 225,230	233,946	217,888
Interest	180,556	183,489	173,718
Changes in Benefit Terms	-	-	(3,169,801)
Differences Between Expected and Actual Experience	-	-	133,068
Change of Assumptions or Other Inputs	-	141,198	56,249
Employee Contributions	-	-	-
Benefit Payments	(312,416)	(347,558)	(325,643)
Net Change in Total OPEB Liability	93,370	211,075	(2,914,521)
Total OPEB Liability - Beginning	4,821,735	4,915,105	5,126,180
Total OPEB Liability - Ending	4,915,105	5,126,180	2,211,659
Covered Payroll	\$ 13,522,519	14,079,363	14,373,723
Total OPEB Liability as a Percentage of Covered Payroll	36.35%	36.41%	15.39%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018, 2019 and 2020.

LINCOLNWOOD SCHOOL DISTRICT 74

Teacher's Health Insurance Security Fund

Required Supplementary Information

Schedule of Employer Contributions

June 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 99,691	\$ 99,691	\$ -	\$ 11,328,576	0.88%
2019	108,258	108,258	-	11,767,192	0.92%
2020	110,638	110,638	-	12,025,829	0.92%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

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LINCOLNWOOD SCHOOL DISTRICT 74

Teacher's Health Insurance Security Fund

Required Supplementary Information

Notes to the Schedule of Employer Contributions

June 30, 2020

Notes to the Schedule of Employer Contributions

Valuation Date June 30, 2018

Measurement Date June 30, 2019

Sponsor's Fiscal Year End June 30, 2020

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method Entry Age Normal, used to measure the Total OPEB Liability

Contribution Policy Benefits are financed on a pay-as-you-go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2019, contribution rates are 1.24% of pay for active members, 0.92% of pay for employers, and 1.24% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.

Asset Valuation Method Market Value

Investment Rate of Return 0%, net of OPEB plan investment expense, including inflation, for all plan years.

Inflation 2.50%

Salary Increases Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018 actuarial valuation.

Mortality Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

Healthcare Cost Trend Rates Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trends start at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.

Aging Factors Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"

Expenses Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

LINCOLNWOOD SCHOOL DISTRICT 74

Teacher's Health Insurance Security Fund

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability

June 30, 2020

	6/30/18	6/30/19	6/30/20
Employer's Proportion of the Net OPEB Liability	0.0478070%	0.0481920%	0.0475210%
Employer's Proportionate Share of the Net OPEB Liability	\$ 12,405,717	12,696,479	13,152,640
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	16,291,855	17,048,632	16,663,057
Total	28,697,572	29,745,111	29,815,697
Covered Payroll	\$ N/A	11,328,576	11,767,192
Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll	N/A	112.07%	111.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	(0.17%)	(0.07%)	0.25%

Notes:

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

N/A - Not Available

LINCOLNWOOD SCHOOL DISTRICT 74

Teachers' Retirement System

**Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net Pension Liability and
Employer Contributions
June 30, 2020**

	<u>6/30/15</u>
Employer's Proportion of the Net Pension Liability	0.0017%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,017,164
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>63,431,351</u>
Total	<u><u>64,448,515</u></u>
Employer's Covered Payroll	\$ 10,321,300
Employer's Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	9.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.00%
Contractually-Required Contribution	\$ 59,633
Contributions in Relation to the Contractually-Required Contribution	<u>58,002</u>
Contribution Deficiency (Excess)	<u><u>1,631</u></u>
Employer's Covered Payroll	\$ 10,321,300
Contributions as a % of Covered Payroll	0.56%

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Notes:

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

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

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.

6/30/16	6/30/17	6/30/18	6/30/19	6/30/20
0.0017%	0.0014%	0.0017%	0.0016%	0.0015%
1,119,875	1,091,688	1,310,767	1,231,558	1,225,651
66,871,248	73,297,917	90,235,898	84,366,887	87,228,212
67,991,123	74,389,605	91,546,665	85,598,445	88,453,863
10,426,039	10,996,376	11,328,576	11,767,192	12,025,829
10.74%	9.93%	11.57%	10.47%	10.19%
41.50%	36.40%	39.30%	40.00%	39.60%
59,900	63,778	65,706	87,524	79,827
59,633	63,739	65,649	109,912	79,830
267	39	57	(22,388)	(3)
10,426,039	10,996,376	11,328,576	11,767,192	12,025,829
0.57%	0.58%	0.58%	0.93%	0.66%

LINCOLNWOOD SCHOOL DISTRICT 74

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

June 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 215,952	\$ 210,462	\$ (5,490)	\$ 1,634,760	12.87%
2016	247,204	570,680	323,476	1,884,175	30.29%
2017	244,955	244,955	-	1,721,391	14.23%
2018	228,813	241,840	13,027	1,871,116	12.92%
2019	232,248	232,248	-	2,044,706	11.36%
2020	252,125	252,125	-	2,056,230	12.26%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMFR specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

LINCOLNWOOD SCHOOL DISTRICT 74

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

June 30, 2020

See Following Page

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LINCOLNWOOD SCHOOL DISTRICT 74

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
June 30, 2020**

	<u>12/31/14</u>
Total Pension Liability	
Service Cost	\$ 217,309
Interest	856,046
Differences Between Expected and Actual Experience	96,917
Change of Assumptions	534,248
Benefit Payments, Including Refunds of Member Contributions	<u>(661,513)</u>
Net Change in Total Pension Liability	1,043,007
Total Pension Liability - Beginning	<u>11,636,048</u>
Total Pension Liability - Ending	<u><u>12,679,055</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 210,462
Contributions - Members	80,170
Net Investment Income	671,496
Benefit Payments, Including Refunds of Member Contributions	(661,513)
Other (Net Transfer)	<u>(30,061)</u>
Net Change in Plan Fiduciary Net Position	270,554
Plan Net Position - Beginning	<u>11,193,577</u>
Plan Net Position - Ending	<u><u>11,464,131</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,214,924</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.42%
Covered Payroll	\$ 1,634,760
Employer's Net Pension Liability as a Percentage of Covered Payroll	74.32%

Note : This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
195,240	204,493	188,711	187,972	220,484
929,311	970,705	1,002,894	1,021,965	1,048,767
152,652	32,813	342,512	99,900	(231,025)
-	(28,764)	(454,888)	371,277	-
(705,468)	(751,382)	(802,170)	(846,999)	(868,644)
571,735	427,865	277,059	834,115	169,582
12,679,055	13,250,790	13,678,655	13,955,714	14,789,829
13,250,790	13,678,655	13,955,714	14,789,829	14,959,411
570,680	244,955	214,131	264,508	210,872
88,503	91,764	84,117	102,795	96,766
57,205	802,273	2,165,052	(769,616)	2,288,429
(705,468)	(751,382)	(802,170)	(846,999)	(868,644)
190,122	141,625	(228,569)	(248,508)	71,222
201,042	529,235	1,432,561	(1,497,820)	1,798,645
11,464,131	11,665,173	12,194,408	13,626,969	12,129,149
11,665,173	12,194,408	13,626,969	12,129,149	13,927,794
1,585,617	1,484,247	328,745	2,660,680	1,031,617
88.03%	89.15%	97.64%	82.01%	93.10%
1,884,175	1,721,391	1,808,200	2,115,393	2,003,560
84.15%	86.22%	18.18%	125.78%	51.49%

LINCOLNWOOD SCHOOL DISTRICT 74

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
Property Taxes	\$ 17,049,156	17,049,156	17,280,307	187,754	16,054,272
Personal Property Taxes	384,110	384,110	388,614	4,504	297,228
Other	684,250	684,250	831,679	147,429	1,187,443
State Aid	1,160,000	1,160,000	1,162,898	2,898	1,163,140
Federal Aid	290,016	290,016	384,696	94,680	532,352
Investment Income	215,400	215,400	393,616	178,216	811,925
Total Direct Revenues	19,782,932	19,782,932	20,441,810	615,481	20,046,360
On-Behalf Payments	-	-	9,619,929	9,619,929	8,069,354
Total Revenues	19,782,932	19,782,932	30,061,739	10,235,410	28,115,714
Expenditures					
Current					
Instruction	13,415,878	13,415,878	12,515,922	899,956	13,983,761
Support Services	5,379,774	5,379,774	4,987,911	391,863	4,827,483
Community Services	2,295	2,295	-	2,295	1,600
Payments to Other Districts and					
Governmental Units	1,914,000	1,914,000	1,925,288	(11,288)	1,972,674
Capital Outlay	389,000	389,000	238,293	150,707	207,865
Total Direct Expenditures	21,100,947	21,100,947	19,667,414	1,433,533	20,993,383
On-Behalf Payments	-	-	9,619,929	(9,619,929)	8,069,354
Total Expenditures	21,100,947	21,100,947	29,287,343	(8,186,396)	29,062,737
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(1,318,015)	(1,318,015)	774,396	18,421,806	(947,023)
Other Financing Sources (Uses)					
Debt Issuance	-	-	-	-	2,914,652
Premium on Debt Issuance	-	-	-	-	165,313
Transfers In	-	-	-	-	1,500,000
Transfers Out	-	-	-	-	(10,500,000)
	-	-	-	-	(5,920,035)
Net Change in Fund Balance	<u>(1,318,015)</u>	<u>(1,318,015)</u>	774,396	<u>2,092,411</u>	(6,867,058)
Fund Balance - Beginning			<u>9,449,489</u>		<u>16,316,547</u>
Fund Balance - Ending			<u>10,223,885</u>		<u>9,449,489</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Operations and Maintenance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 1,962,202	1,962,202	1,999,371	37,169	1,815,610
Investment Income	40,000	40,000	102,463	62,463	124,333
Rentals	125,250	125,250	123,353	(1,897)	123,964
Proceeds from Vendor					
Contracts	48,000	48,000	-	(48,000)	-
Other	-	-	-	-	500
Total Revenues	2,175,452	2,175,452	2,225,187	49,735	2,064,407
Expenditures					
Support Services					
Business					
Operation and Maintenance of Plant Services					
Salaries	516,297	516,297	465,448	50,849	469,810
Employee Benefits	63,935	63,935	61,675	2,260	48,269
Purchased Services	971,000	971,000	748,525	222,475	929,204
Supplies and Materials	478,000	478,000	370,903	107,097	452,222
Capital Outlay	291,500	291,500	76,311	215,189	131,802
Other Objects	1,750	1,750	180	1,570	1,245
Non-Capitalized					
Equipment	24,000	24,000	87,009	(63,009)	4,673
Total Expenditures	2,346,482	2,346,482	1,810,051	536,431	2,037,225
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(171,030)	(171,030)	415,136	586,166	27,182
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	9,000,000
Transfers Out	-	-	-	-	(7,500,000)
	-	-	-	-	1,500,000
Net Change in Fund Balance	(171,030)	(171,030)	415,136	586,166	1,527,182
Fund Balance - Beginning			<u>2,329,648</u>		<u>802,466</u>
Fund Balance - Ending			<u>2,744,784</u>		<u>2,329,648</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Transportation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 400,615	400,615	418,549	17,934	415,866
Corporate Personal Property					
Replacement Taxes	130,000	130,000	166,549	36,549	130,922
Investment Income	22,500	22,500	40,816	18,316	65,603
Total Local Sources	<u>553,115</u>	<u>553,115</u>	<u>625,914</u>	<u>72,799</u>	<u>612,391</u>
State Sources					
Transportation					
Regular/Vocational	80,000	80,000	94,555	14,555	132,235
Special Education	245,000	245,000	248,322	3,322	280,520
Total State Sources	<u>325,000</u>	<u>325,000</u>	<u>342,877</u>	<u>17,877</u>	<u>412,755</u>
Total Revenues	<u>878,115</u>	<u>878,115</u>	<u>968,791</u>	<u>90,676</u>	<u>1,025,146</u>
Expenditures					
Support Services					
Business					
Pupil Transportation Services					
Purchased Services	1,238,000	1,238,000	1,066,933	171,067	1,178,695
Net Change in Fund Balance	<u>(359,885)</u>	<u>(359,885)</u>	(98,142)	<u>261,743</u>	(153,549)
Fund Balance - Beginning			<u>1,119,686</u>		<u>1,273,235</u>
Fund Balance - Ending			<u>1,021,544</u>		<u>1,119,686</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Municipal Retirement/Social Security - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 172,949	172,949	175,243	2,294	162,934
Social Security/Medicare Only Levy	244,645	244,645	271,266	26,621	191,610
Corporate Personal Property					
Replacement Taxes	45,000	45,000	61,685	16,685	48,490
Investment Income	7,050	7,050	13,859	6,809	21,511
Total Revenues	469,644	469,644	522,053	52,409	424,545
Expenditures					
Instruction					
Regular Programs	100,299	100,299	102,497	(2,198)	183,418
Pre-K Programs	9,182	9,182	10,207	(1,025)	805
Special Education Programs	56,673	56,673	61,459	(4,786)	46,452
Remedial and Supplemental					
Programs K-12	6,276	6,276	6,339	(63)	18,262
Interscholastic Programs	-	-	3,478	(3,478)	1,884
Summer School Programs	436	436	461	(25)	1,722
Gifted Programs	4,988	4,988	4,978	10	5,913
Bilingual Programs	8,588	8,588	8,865	(277)	7,752
Total Instruction	186,442	186,442	198,284	(11,842)	266,208
Support Services					
Pupils					
Attendance and Social Work Svc.	4,141	4,141	3,960	181	4,947
Health Services	25,625	25,625	30,899	(5,274)	39,249
Psychological Services	2,387	2,387	2,326	61	2,261
Speech Pathology and Audiology					
Services	3,635	3,635	3,589	46	3,514
Other Support Services - Pupils	-	-	3,650	(3,650)	2,568
Total Pupils	35,788	35,788	44,424	(8,636)	52,539
Instructional Staff					
Improvement of Instructional					
Staff	13,788	13,788	14,312	(524)	1,117
Educational Media Services	3,574	3,574	3,393	181	4,132
Total Instructional Staff	17,362	17,362	17,705	(343)	5,249

LINCOLNWOOD SCHOOL DISTRICT 74

Municipal Retirement/Social Security - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
Expenditures - Continued					
Support Services - Continued					
General Administration					
Executive Administration Services	\$ 3,715	3,715	3,726	(11)	3,525
Service Area Administration Services	-	-	4,681	(4,681)	-
Total General Administration	<u>3,715</u>	<u>3,715</u>	<u>8,407</u>	<u>(4,692)</u>	<u>3,525</u>
School Administration					
Office of the Principal Services	<u>40,722</u>	<u>40,722</u>	<u>44,397</u>	<u>(3,675)</u>	<u>43,703</u>
Business					
Direction of Business Support					
Services	2,388	2,388	2,388	-	637
Fiscal Services	33,877	33,877	38,611	(4,734)	19,489
Operations and Maintenance of					
Plant Services	87,951	87,951	91,026	(3,075)	82,391
Food Services	31,230	31,230	42,450	(11,220)	46,337
Total Business	<u>155,446</u>	<u>155,446</u>	<u>174,475</u>	<u>(19,029)</u>	<u>148,854</u>
Central					
Direction of Central Support					
Services	-	-	-	-	12,074
Planning, Research, Development,					
and Evaluation Services	-	-	-	-	68
Information Services	13,902	13,902	15,129	(1,227)	14,114
Data Processing	59,637	59,637	64,839	(5,202)	-
Total Central	<u>73,539</u>	<u>73,539</u>	<u>79,968</u>	<u>(6,429)</u>	<u>26,256</u>
Total Support Services	<u>326,572</u>	<u>326,572</u>	<u>369,376</u>	<u>(42,804)</u>	<u>280,126</u>
Total Expenditures	<u>513,014</u>	<u>513,014</u>	<u>567,660</u>	<u>(54,646)</u>	<u>546,334</u>
Net Change in Fund Balance	<u>(43,370)</u>	<u>(43,370)</u>	<u>(45,607)</u>	<u>(2,237)</u>	<u>(121,789)</u>
Fund Balance - Beginning			<u>263,422</u>		<u>385,211</u>
Fund Balance - Ending			<u>217,815</u>		<u>263,422</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – General Fund Accounts
- Budgetary Comparison Schedules – General Fund Accounts
- Budgetary Comparison Schedules – Major Governmental Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Operations and Maintenance Fund

The Operations and Maintenance Fund is used to account for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund

The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund

The Municipal Retirement/Social Security Fund is used to account 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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund

The Capital Projects Fund is used to account for construction projects and renovations financed through local property taxes, bond proceeds or transfers from other funds.

Fire Protection and Life Safety Fund

The Fire Protection and Life Safety Fund is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

FIDUCIARY FUND

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

AGENCY FUND

Student Activity, Convenience Accounts, and Other Agency Funds

The Student Activity Fund is used to account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educations, recreational, or cultural purposes. The Convenience Accounts Fund is used to account for assets that are normally maintained by a local educational agency as a convenience for its faculty, staff, etc.

LINCOLNWOOD SCHOOL DISTRICT 74

General Fund - by Accounts

**Combining Balance Sheet
June 30, 2020**

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Totals
ASSETS				
Cash and Investments	\$ 9,576,822	65,101	484,675	10,126,598
Receivables - Net of Allowances				
Property Taxes	8,775,190	38,635	336	8,814,161
Intergovernmental	125,349	-	-	125,349
Prepays	242,571	161,619	-	404,190
Total Assets	18,719,932	265,355	485,011	19,470,298
LIABILITIES				
Accounts Payable	11,541	-	-	11,541
Other Payables	420,711	-	-	420,711
Total Liabilities	432,252	-	-	432,252
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	8,775,190	38,635	336	8,814,161
Total Liabilities and Deferred Inflows of Resources	9,207,442	38,635	336	9,246,413
FUND BALANCES				
Nonspendable	242,571	161,619	-	404,190
Restricted	-	65,101	-	65,101
Unassigned	9,269,919	-	484,675	9,754,594
Total Fund Balances	9,512,490	226,720	484,675	10,223,885
Total Liabilities, Deferred Inflows of Resources and Fund Balances	18,719,932	265,355	485,011	19,470,298

LINCOLNWOOD SCHOOL DISTRICT 74

General Fund - by Accounts

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020**

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Eliminations	Totals
Revenues					
Property Taxes	\$ 17,239,404	40,255	648	-	17,280,307
Corporate Personal Property					
Replacement Taxes	388,614	-	-	-	388,614
State Aid	1,162,898	-	-	-	1,162,898
Federal Aid	384,696	-	-	-	384,696
Investment Income	375,267	3,360	14,989	-	393,616
Other	831,679	-	-	-	831,679
On Behalf Payments	9,619,929	-	-	-	9,619,929
Total Revenues	30,002,487	43,615	15,637	-	30,061,739
Expenditures					
Current					
Instruction					
Regular Programs	9,098,681	-	-	-	9,098,681
Special Programs	1,249,641	-	-	-	1,249,641
Other Instructional Programs	2,167,600	-	-	-	2,167,600
Support Services					
Pupils	1,054,879	-	-	-	1,054,879
Instructional Staff	724,030	-	-	-	724,030
General Administration	711,117	145,868	-	-	856,985
School Administration	850,917	-	-	-	850,917
Business	1,023,015	-	-	-	1,023,015
Central	478,085	-	-	-	478,085
Payments to Other Districts and Government Units					
Government Units	1,925,288	-	-	-	1,925,288
Capital Outlay	238,293	-	-	-	238,293
On-Behalf Payments	9,619,929	-	-	-	9,619,929
Total Expenditures	29,141,475	145,868	-	-	29,287,343
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	861,012	(102,253)	15,637	-	774,396
Other Financing Sources (Uses)					
Transfers In	-	75,000	-	(75,000)	-
Transfers Out	(75,000)	-	-	75,000	-
	(75,000)	75,000	-	-	-
Net Change in Fund Balances					
	786,012	(27,253)	15,637	-	774,396
Fund Balances - Beginning					
	8,726,478	253,973	469,038	-	9,449,489
Fund Balances - Ending					
	9,512,490	226,720	484,675	-	10,223,885

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 16,750,426	16,750,426	16,938,160	187,734	15,773,028
Special Education Levy	297,474	297,474	301,244	3,770	280,040
Corporate Purpose Property Replacement Taxes	384,110	384,110	388,614	4,504	297,228
Regular Tuition from Pupils or Parents (in State)	165,000	165,000	121,242	(43,758)	198,925
Summer School - Tuition from Pupils or Parents (in State)	24,000	24,000	1,280	(22,720)	40,748
Investment Income	125,000	125,000	375,267	250,267	775,356
Sales to Pupils - Lunch	254,000	254,000	198,949	(55,051)	294,396
Fees	81,020	81,020	71,647	(9,373)	85,573
Book Store Sales	4,000	4,000	4,634	634	3,927
Other Pupil Activity Revenue	18,000	18,000	25,685	7,685	27,783
Rentals - Regular Textbook	43,000	43,000	44,928	1,928	44,594
Rentals - Summer School Textbook	36,000	36,000	38,526	2,526	37,648
Rentals - Adult/Continuing Education Textbook	9,000	9,000	9,275	275	10,450
Sales - Adult/Continuing Education Textbook	-	-	513	513	9,651
Other - Textbooks	-	-	-	-	5
Refund of Prior Years' Expenditures	40,230	40,230	306,499	266,269	410,587
Other	10,000	10,000	8,501	(1,499)	23,156
Total Local Sources	18,241,260	18,241,260	18,834,964	593,704	18,313,095
State Sources					
General State Aid	1,160,000	1,160,000	1,162,898	2,898	1,161,405
Other State Sources	-	-	-	-	1,735
Total State Sources	1,160,000	1,160,000	1,162,898	2,898	1,163,140
Federal Sources					
Special Milk Program	15,000	15,000	13,470	(1,530)	18,264
Title I - Low Income	252,016	252,016	274,518	22,502	422,613
Federal - Special Education - IDEA					
Flow-Through/Low Incident	-	-	5,000	5,000	5,000
Room and Board	-	-	4,336	4,336	3,420
Title III - English Language Acquisition	23,000	23,000	19,846	(3,154)	27,205
Title II - Teacher Quality	-	-	-	-	5,000
Medicaid Matching Funds					
Administration Outreach	-	-	43,084	43,084	36,715
Fee-For-Service Program	-	-	16,683	16,683	14,135
Other Federal Sources	-	-	7,759	7,759	-
Total Federal Sources	290,016	290,016	384,696	94,680	532,352
Total Direct Revenue	19,691,276	19,691,276	20,382,558	691,282	20,008,587
On-Behalf Payments	-	-	9,619,929	9,619,929	8,069,354
Total Revenues	19,691,276	19,691,276	30,002,487	10,311,211	28,077,941

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures					
Instruction					
Regular Programs					
Salaries	\$ 7,230,411	7,230,411	7,249,853	(19,442)	8,267,530
Employee Benefits	1,219,204	1,219,204	906,030	313,174	1,245,407
Purchased Services	290,550	290,550	123,999	166,551	262,389
Supplies and Materials	509,100	509,100	252,536	256,564	498,646
Capital Outlay	352,000	352,000	238,293	113,707	197,736
Other Objects	2,250	2,250	-	2,250	25
Non-Capitalized Equipment	108,000	108,000	113,664	(5,664)	71,907
Termination Benefits	447,100	447,100	452,599	(5,499)	375,928
Total Regular Programs	10,158,615	10,158,615	9,336,974	821,641	10,919,568
Pre-K Programs					
Salaries	225,918	225,918	226,679	(761)	64,206
Employee Benefits	84,318	84,318	78,377	5,941	25,802
Purchased Services	200	200	-	200	-
Supplies and Materials	2,995	2,995	1,105	1,890	1,294
Capital Outlay	500	500	-	500	-
Non-Capitalized Equipment	500	500	647	(147)	-
Total Pre-K Programs	314,431	314,431	306,808	7,623	91,302
Special Education Programs					
Salaries	1,149,688	1,149,688	1,030,667	119,021	1,005,433
Employee Benefits	246,937	246,937	208,820	38,117	185,367
Purchased Services	5,000	5,000	642	4,358	2,437
Supplies and Materials	5,000	5,000	2,117	2,883	3,241
Capital Outlay	5,000	5,000	-	5,000	3,827
Other Objects	500	500	35	465	395
Non-Capitalized Equipment	5,000	5,000	7,360	(2,360)	3,224
Total Special Education Programs	1,417,125	1,417,125	1,249,641	167,484	1,203,924
Special Education Programs Pre-K					
Supplies and Materials	-	-	-	-	961
Remedial and Supplemental Programs K-12					
Salaries	461,377	461,377	460,784	593	547,687
Employee Benefits	69,920	69,920	67,171	2,749	105,893
Purchased Services	26,895	26,895	32,442	(5,547)	8,631
Supplies and Materials	6,615	6,615	976	5,639	6,937
Total Remedial and Supp. Programs	564,807	564,807	561,373	3,434	669,148

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures - Continued					
Instruction - Continued					
Interscholastic Programs					
Salaries	\$ 90,000	90,000	88,445	1,555	73,629
Employee Benefits	1,350	1,350	1,096	254	1,004
Supplies and Materials	6,000	6,000	4,959	1,041	-
Capital Outlay	7,000	7,000	-	7,000	-
Other Objects	1,000	1,000	-	1,000	-
Non-Capitalized Equipment	-	-	5,676	(5,676)	-
Total Interscholastic Programs	105,350	105,350	100,176	5,174	74,633
Summer School Programs					
Salaries	31,150	31,150	30,425	725	45,641
Employee Benefits	750	750	731	19	612
Supplies and Materials	2,500	2,500	563	1,937	1,603
Total Summer School Programs	34,400	34,400	31,719	2,681	47,856
Gifted Programs					
Salaries	369,074	369,074	369,074	-	435,529
Employee Benefits	72,123	72,123	71,622	501	101,263
Supplies and Materials	6,500	6,500	2,583	3,917	7,743
Total Gifted Programs	447,697	447,697	443,279	4,418	544,535
Bilingual Programs					
Salaries	636,643	636,643	639,042	(2,399)	541,596
Employee Benefits	91,660	91,660	78,109	13,551	82,972
Purchased Services	2,150	2,150	1,650	500	-
Supplies and Materials	7,500	7,500	5,444	2,056	8,829
Total Bilingual Programs	737,953	737,953	724,245	13,708	633,397
Total Instruction	13,780,378	13,780,378	12,754,215	1,026,163	14,185,324
Support Services					
Pupils					
Attendance and Social Work Services					
Salaries	294,488	294,488	278,044	16,444	349,774
Employee Benefits	16,499	16,499	15,962	537	25,606
Purchased Services	500	500	-	500	-
Supplies and Materials	2,000	2,000	1,507	493	1,440
Total Attendance and Social Work	313,487	313,487	295,513	17,974	376,820
Health Services					
Salaries	159,193	159,193	161,245	(2,052)	217,541
Employee Benefits	47,249	47,249	46,586	663	54,542
Purchased Services	6,000	6,000	30	5,970	3,543
Supplies and Materials	3,750	3,750	3,483	267	3,485

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures - Continued					
Support Services - Continued					
Pupils - Continued					
Health Services - Continued					
Capital Outlay	\$ 10,500	10,500	-	10,500	-
Other Objects	600	600	-	600	182
Non-Capitalized Equipment	-	-	2,950	(2,950)	-
Total Health Services	227,292	227,292	214,294	12,998	279,293
Psychological Services					
Salaries	166,987	166,987	166,987	-	158,047
Employee Benefits	9,082	9,082	19,585	(10,503)	8,598
Purchased Services	3,000	3,000	124	2,876	1,168
Supplies and Materials	1,050	1,050	843	207	39
Total Psychological Services	180,119	180,119	187,539	(7,420)	167,852
Speech Pathology and Audiology Services					
Salaries	266,857	266,857	266,857	-	256,878
Employee Benefits	31,859	31,859	31,616	243	27,445
Supplies and Materials	2,500	2,500	349	2,151	2,085
Total Speech Pathology Audiology	301,216	301,216	298,822	2,394	286,408
Other Support Services - Pupils					
Salaries	55,000	55,000	58,430	(3,430)	42,439
Employee Benefits	825	825	281	544	161
Total Pupils	1,077,939	1,077,939	1,054,879	23,060	1,152,973
Instructional Staff					
Improvement of Instructional Services					
Salaries	332,437	332,437	322,329	10,108	78,045
Employee Benefits	37,986	37,986	37,771	215	2,464
Purchased Services	84,040	84,040	67,006	17,034	28,278
Supplies and Materials	2,600	2,600	2,588	12	980
Other Objects	2,500	2,500	288	2,212	-
Total Improvement Instructional Svc.	459,563	459,563	429,982	29,581	109,767
Educational Media Services					
Salaries	244,750	244,750	244,750	-	250,217
Employee Benefits	27,406	27,406	26,228	1,178	29,751
Supplies and Materials	33,850	33,850	23,070	10,780	32,148
Total Educational Media Services	306,006	306,006	294,048	11,958	312,116
Total Instructional Staff	765,569	765,569	724,030	41,539	421,883

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures - Continued					
Support Services - Continued					
General Administration					
Board of Education Services					
Employee Benefits	\$ 72,000	72,000	54,206	17,794	-
Purchased Services	238,950	238,950	167,229	71,721	332,380
Supplies and Materials	2,500	2,500	82	2,418	5,497
Other Objects	15,000	15,000	21,422	(6,422)	20,532
Non-Capitalized Equipment	1,000	1,000	-	1,000	-
Total Board of Education Services	329,450	329,450	242,939	86,511	358,409
Executive Administration Services					
Salaries	237,827	237,827	254,423	(16,596)	242,308
Employee Benefits	38,086	38,086	31,574	6,512	36,170
Purchased Services	9,500	9,500	1,097	8,403	1,389
Supplies and Materials	2,000	2,000	369	1,631	700
Capital Outlay	1,000	1,000	-	1,000	-
Other Objects	5,000	5,000	2,129	2,871	3,906
Non-Capitalized Equipment	1,000	1,000	-	1,000	-
Total Executive Administration	294,413	294,413	289,592	4,821	284,473
Special Area Administration Services					
Salaries	-	-	133,830	(133,830)	-
Employee Benefits	-	-	44,756	(44,756)	-
Total Special Area Administration	-	-	178,586	(178,586)	-
Total General Administration	623,863	623,863	711,117	(87,254)	642,882
School Administration					
Office of the Principal Services					
Salaries	697,312	697,312	700,751	(3,439)	733,736
Employee Benefits	167,446	167,446	143,748	23,698	163,266
Purchased Services	10,800	10,800	3,309	7,491	6,191
Supplies and Materials	8,700	8,700	2,311	6,389	3,995
Capital Outlay	4,000	4,000	-	4,000	-
Other Objects	3,500	3,500	798	2,702	537
Total School Administration	891,758	891,758	850,917	40,841	907,725
Business					
Direction of Business Support Services					
Salaries	17,835	17,835	164,835	(147,000)	44,221
Employee Benefits	28,211	28,211	28,192	19	7,022
Other Objects	2,000	2,000	1,170	830	-
Non-Capitalized Equipment	1,000	1,000	-	1,000	-
Total Direction of Bus. Support Svc.	49,046	49,046	194,197	(145,151)	51,243

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures - Continued					
Support Services - Continued					
Business - Continued					
Fiscal Services					
Salaries	\$ 342,401	342,401	202,211	140,190	245,346
Employee Benefits	43,220	43,220	36,722	6,498	62,548
Purchased Services	114,000	114,000	115,347	(1,347)	131,735
Supplies and Materials	5,000	5,000	4,579	421	7,184
Capital Outlay	1,000	1,000	-	1,000	-
Other Objects	10,000	10,000	22,951	(12,951)	59,734
Non-Capitalized Equipment	2,500	2,500	-	2,500	-
Total Fiscal Services	518,121	518,121	381,810	136,311	506,547
Food Services					
Salaries	228,194	228,194	218,750	9,444	255,338
Employee Benefits	98,563	98,563	45,579	52,984	51,042
Purchased Services	30,000	30,000	2,495	27,505	30,914
Supplies and Materials	264,200	264,200	155,340	108,860	246,619
Capital Outlay	5,000	5,000	-	5,000	6,302
Other Objects	2,000	2,000	850	1,150	540
Non-Capitalized Equipment	4,500	4,500	-	4,500	1,188
Total Food Services	632,457	632,457	423,014	209,443	591,943
Internal Services					
Purchased Services	2,900	2,900	23,994	(21,094)	4,269
Supplies and Materials	1,500	1,500	-	1,500	-
Total Internal Services	4,400	4,400	23,994	(19,594)	4,269
Total Business	1,204,024	1,204,024	1,023,015	181,009	1,154,002
Central					
Direction of Central Support Services					
Salaries	-	-	-	-	227,688
Employee Benefits	-	-	-	-	35,496
Purchased Services	-	-	-	-	1,961
Supplies and Materials	-	-	-	-	1,449
Other Objects	-	-	-	-	1,670
Total Direction of Central Support	-	-	-	-	268,264
Planning, Research, Development and Evaluation Services					
Salaries	-	-	-	-	4,721
Employee Benefits	-	-	-	-	71
Supplies and Materials	-	-	-	-	38
	-	-	-	-	4,830

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 For the Fiscal Year Ended June 30, 2020
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Expenditures - Continued					
Support Services - Continued					
Central - Continued					
Information Services					
Salaries	\$ 77,441	77,441	77,441	-	75,000
Employee Benefits	5,934	5,934	5,877	57	5,549
Purchased Services	47,500	47,500	13,914	33,586	54,066
Supplies and Materials	6,000	6,000	1,128	4,872	8,757
Other Objects	2,000	2,000	135	1,865	2,838
Total Information Services	138,875	138,875	98,495	40,380	146,210
Data Processing Services					
Salaries	444,397	444,397	309,630	134,767	-
Employee Benefits	64,549	64,549	69,735	(5,186)	-
Purchased Services	1,000	1,000	225	775	336
Other Objects	300	300	-	300	-
Total Data Processing Services	510,246	510,246	379,590	130,656	336
Total Central	649,121	649,121	478,085	171,036	419,640
Total Support Services	5,212,274	5,212,274	4,842,043	370,231	4,699,105
Community Services					
Purchased Services	1,000	1,000	-	1,000	800
Supplies and Materials	1,295	1,295	-	1,295	800
Total Community Services	2,295	2,295	-	2,295	1,600
Payments to Other Districts and Governmental Units					
Payments for Special Education Programs					
Purchased Services	39,000	39,000	33,502	5,498	33,712
Other Objects	1,875,000	1,875,000	1,891,786	(16,786)	1,938,962
Total Payments to Other Districts and Governmental Units	1,914,000	1,914,000	1,925,288	(11,288)	1,972,674
Total Direct Expenditures	20,908,947	20,908,947	19,521,546	1,387,401	20,858,703
On-Behalf Payments	-	-	9,619,929	(9,619,929)	8,069,354
Total Expenditures	20,908,947	20,908,947	29,141,475	(8,232,528)	28,928,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,217,671)	(1,217,671)	861,012	2,078,683	(850,116)

LINCOLNWOOD SCHOOL DISTRICT 74

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
 (with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	1,500,000
Transfers Out	-	-	(75,000)	(75,000)	(7,500,000)
	-	-	(75,000)	(75,000)	(6,000,000)
Net Change in Fund Balance	<u>(1,217,671)</u>	<u>(1,217,671)</u>	786,012	<u>2,003,683</u>	(6,850,116)
Fund Balance - Beginning			<u>8,726,478</u>		<u>15,576,594</u>
Fund Balance - Ending			<u>9,512,490</u>		<u>8,726,478</u>

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LINCOLNWOOD SCHOOL DISTRICT 74

Tort Immunity and Judgment Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
Tort Immunity Levy	\$ 628	628	40,255	39,627	602
Investment Income	79,400	79,400	3,360	(76,040)	13,239
Total Revenues	80,028	80,028	43,615	(36,413)	13,841
Expenditures					
Support Services					
General Administration					
Workers' Compensation or Workers' Occupational Disease Act Payments					
Purchased Services	95,000	95,000	3,128	91,872	-
Unemployment Insurance Payments					
Purchased Services	-	-	1,347	(1,347)	-
Insurance Payments (Regular or Self-Insurance)					
Purchased Services	-	-	74,809	(74,809)	72,539
Judgement and Settlements					
Other	24,000	24,000	-	24,000	-
Property Insurance (Buildings and Grounds)					
Purchased Services	70,000	70,000	66,584	3,416	62,141
Capital Outlay	3,000	3,000	-	3,000	-
Total Expenditures	192,000	192,000	145,868	46,132	134,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,972)	(111,972)	(102,253)	9,719	(120,839)
Other Financing Sources					
Transfers In	-	-	75,000	75,000	-
Net Change in Fund Balance	<u>(111,972)</u>	<u>(111,972)</u>	<u>(27,253)</u>	<u>84,719</u>	<u>(120,839)</u>
Fund Balance - Beginning			<u>253,973</u>		<u>374,812</u>
Fund Balance - Ending			<u><u>226,720</u></u>		<u><u>253,973</u></u>

LINCOLNWOOD SCHOOL DISTRICT 74

Working Cash Account - General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 628	628	648	20	602
Investment Income	11,000	11,000	14,989	3,989	23,330
Total Revenues	<u>11,628</u>	<u>11,628</u>	<u>15,637</u>	<u>4,009</u>	<u>23,932</u>
Expenditures					
Debt Service					
Interest and Fiscal Charges	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,628</u>	<u>11,628</u>	<u>15,637</u>	<u>4,009</u>	<u>23,932</u>
Other Financing Sources (Uses)					
Debt Issuance	-	-	-	-	2,914,652
Premium on Debt Issuance	-	-	-	-	165,313
Transfers Out	-	-	-	-	(3,000,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,965</u>
Net Change in Fund Balance	<u>11,628</u>	<u>11,628</u>	<u>15,637</u>	<u>4,009</u>	<u>103,897</u>
Fund Balance - Beginning			<u>469,038</u>		<u>365,141</u>
Fund Balance - Ending			<u>484,675</u>		<u>469,038</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 1,240,213	1,240,213	1,461,122	220,909	1,102,558
Investment Income	11,000	11,000	30,168	19,168	35,819
Total Revenues	<u>1,251,213</u>	<u>1,251,213</u>	<u>1,491,290</u>	<u>240,077</u>	<u>1,138,377</u>
Expenditures					
Debt Service					
Principal	720,000	720,000	720,000	-	700,000
Interest and Fiscal Charges	565,700	565,700	563,200	2,500	642,435
Total Expenditures	<u>1,285,700</u>	<u>1,285,700</u>	<u>1,283,200</u>	<u>2,500</u>	<u>1,342,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,487)	(34,487)	208,090	242,577	(204,058)
Other Financing Sources					
Debt Issuance	-	-	-	-	236,984
Net Change in Fund Balance	<u>(34,487)</u>	<u>(34,487)</u>	208,090	<u>242,577</u>	32,926
Fund Balance - Beginning			<u>622,158</u>		<u>589,232</u>
Fund Balance - Ending			<u>830,248</u>		<u>622,158</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
Investment Income	\$ 19,500	19,500	66,535	47,035	78,250
Expenditures					
Support Services					
Business					
Facilities Acquisition and Construction Services					
Purchased Services	310,000	310,000	239,533	70,467	707,388
Capital Outlay	306,000	306,000	312,505	(6,505)	4,929,333
Total Expenditures	616,000	616,000	552,038	63,962	5,636,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(596,500)	(596,500)	(485,503)	110,997	(5,558,471)
Other Financing Sources					
Transfers In	-	-	-	-	7,500,000
Net Change in Fund Balance	<u>(596,500)</u>	<u>(596,500)</u>	<u>(485,503)</u>	<u>110,997</u>	1,941,529
Fund Balance - Beginning			<u>1,895,015</u>		<u>(46,514)</u>
Fund Balance - Ending			<u>1,409,512</u>		<u>1,895,015</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Fire Prevention and Life Safety - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2020

(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Local Sources					
General Levy	\$ 442,753	442,753	448,995	6,242	428,305
Investment Income	50,000	50,000	157,354	107,354	113,372
Total Revenues	492,753	492,753	606,349	113,596	541,677
Expenditures					
Support Services					
Business					
Operation and Maintenance of Plant Services					
Purchased Services	40,000	40,000	1,819	38,181	-
Non-Capitalized Equipment	-	-	33,300	(33,300)	-
Capital Outlay	500,000	500,000	33,300	466,700	747,272
Total Expenditures	540,000	540,000	68,419	471,581	747,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,247)	(47,247)	537,930	585,177	(205,595)
Other Financing Sources					
Debt Issuance	-	-	-	-	2,758,364
Premium on Debt Issuance	-	-	-	-	165,313
	-	-	-	-	2,923,677
Net Change in Fund Balance	<u>(47,247)</u>	<u>(47,247)</u>	537,930	<u>585,177</u>	2,718,082
Fund Balance - Beginning			<u>3,769,373</u>		<u>1,051,291</u>
Fund Balance - Ending			<u>4,307,303</u>		<u>3,769,373</u>

LINCOLNWOOD SCHOOL DISTRICT 74

**Consolidated Year-End Financial Report
June 30, 2020**

CSFA #	Program Name	State	Federal	Other	Totals
478-00-0251	Medical Assistance Program	\$ -	43,084	-	43,084
586-18-0408	Special Milk Program	-	13,470	-	13,470
586-18-0428	English Language Acquisition State Grants	-	19,846	-	19,846
586-44-0414	Title I - Low Income	-	274,518	-	274,518
586-64-0417	Federal - Special Education - IDEA Flow Through	-	5,000	-	5,000
586-82-1466	Federal - Special Education - IDEA Room and Board	-	4,336	-	4,336
	Other Grant Programs and Activities	-	7,759	16,683	24,442
	All Other Costs Not Allocated	-	-	32,888,930	32,888,930
	Totals	-	368,013	32,905,613	33,273,626

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING
STANDARDS**

October 14, 2020

Members of the Board of Education
Lincolnwood School District 74
Lincolnwood, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincolnwood School District 74, Illinois, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LAUTERBACH & AMEN, LLP

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SUPPLEMENTAL SCHEDULES

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LINCOLNWOOD SCHOOL DISTRICT 74

**Tax Rates and Extensions - Five Year Summary of Assessed Valuations
June 30, 2020**

	2015	2016	2017	2018	2019
Assessed Valuation	\$ 566,183,876	658,065,848	670,106,010	657,318,534	690,242,851
Tax Rates					
Educational	2.9876	2.5920	2.5637	2.6634	2.5663
Tort Immunity	0.0001	0.0001	0.0001	0.0001	0.0115
Special Education	0.0530	0.0460	0.0455	0.0473	0.0457
Operations and Maintenance	0.3359	0.2914	0.2882	0.3120	0.3047
Bond and Interest	0.1958	0.1867	0.1653	0.1972	0.2490
Transportation	0.0884	0.0767	0.0759	0.0637	0.0656
Municipal Retirement	0.0309	0.0268	0.0265	0.0275	0.0266
Social Security	0.0265	0.0230	0.0228	0.0389	0.0440
Working Cash	0.0001	0.0001	0.0001	0.0001	0.0001
Fire Prevention and Fire Safety	0.0221	0.0192	0.0677	0.0704	0.0682
Total Tax Rates	3.7404	3.2620	3.2558	3.4206	3.3817
Tax Extensions					
Educational	\$ 16,915,476	17,057,066	17,179,507	17,507,021	17,713,702
Tort Immunity	501	658	670	657	79,377
Special Education	300,275	302,710	304,898	310,911	315,440
Operations and Maintenance	1,901,740	1,917,603	1,931,245	2,050,833	2,103,169
Bond and Interest	1,108,535	1,110,086	1,107,855	1,296,645	1,719,270
Transportation	500,458	504,736	508,610	418,711	452,799
Municipal Retirement	175,161	176,361	177,578	180,762	183,604
Social Security	150,138	151,355	152,784	255,696	303,706
Working Cash	501	658	670	657	690
Fire Prevention and Fire Safety	125,115	126,348	453,661	462,752	470,745
Total Tax Extensions	21,177,900	21,347,581	21,817,478	22,484,645	23,342,502

LINCOLNWOOD SCHOOL DISTRICT 74

Schedule of Long-Term Debt Requirements

General Obligation Limited School Bonds of 2015

June 30, 2020

Date of Issue	December 29, 2015
Date of Maturity	December 1, 2025
Authorized Issue	\$8,305,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% to 4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	PMA Securities, Inc.

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2021	\$ 740,000	140,800	880,800
2022	760,000	114,500	874,500
2023	790,000	87,450	877,450
2024	815,000	63,375	878,375
2025	840,000	38,550	878,550
2026	865,000	12,975	877,975
	<u>4,810,000</u>	<u>457,650</u>	<u>5,267,650</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Schedule of Long-Term Debt Requirements

General Obligation Limited School Bonds of 2016

June 30, 2020

Date of Issue	April 7, 2016
Date of Maturity	December 1, 2030
Authorized Issue	\$4,235,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% to 4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	PMA Securities, Inc.

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2021	\$ -	164,100	164,100
2022	-	164,100	164,100
2023	-	164,100	164,100
2024	-	164,100	164,100
2025	-	164,100	164,100
2026	-	164,100	164,100
2027	895,000	146,200	1,041,200
2028	930,000	109,700	1,039,700
2029	965,000	71,800	1,036,800
2030	1,005,000	32,400	1,037,400
2031	410,000	6,150	416,150
	<u>4,205,000</u>	<u>1,350,850</u>	<u>5,555,850</u>

LINCOLNWOOD SCHOOL DISTRICT 74

Schedule of Long-Term Debt Requirements

General Obligation Limited School Bonds of 2018A

June 30, 2020

Date of Issue	July 3, 2018
Date of Maturity	December 1, 2035
Authorized Issue	\$5,910,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	PMA Securities, Inc.

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2021	\$ 345,000	229,500	574,500
2022	360,000	215,400	575,400
2023	375,000	200,700	575,700
2024	390,000	185,400	575,400
2025	-	177,600	177,600
2026	-	177,600	177,600
2027	-	177,600	177,600
2028	-	177,600	177,600
2029	-	177,600	177,600
2030	-	177,600	177,600
2031	670,000	164,200	834,200
2032	695,000	136,900	831,900
2033	725,000	108,500	833,500
2034	750,000	79,000	829,000
2035	785,000	48,300	833,300
2036	815,000	16,300	831,300
	<u>5,910,000</u>	<u>2,449,800</u>	<u>8,359,800</u>