

An abstract geometric graphic composed of several overlapping, semi-transparent, light gray triangular and polygonal shapes. The shapes are arranged to create a sense of depth and movement, pointing towards the upper right. The overall effect is a modern, architectural design element.

Bellwood School District 88

Bellwood, Illinois

Annual Financial Report

Year Ended June 30, 2020

WIPFLI

Bellwood School District 88

Year Ended June 30, 2020

Table of Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position - Modified Cash Basis.....	12
Statement of Activities - Modified Cash Basis.....	13

Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	15
Statement of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Governmental Funds.....	16
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	17

Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities - Agency Fund - Modified Cash Basis.....	18

Notes to Financial Statements.....	19
------------------------------------	----

Other Supplementary Information

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance Modified Cash Basis - Budget And Actual - General Fund.....	51
--	----

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund.....	52
---	----

Schedule of Employer Contributions - Illinois Municipal Retirement Fund.....	54
--	----

Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Retirement System.....	55
---	----

Bellwood School District 88

Year Ended June 30, 2020

Table of Contents (Continued)

Schedule of Employer Contributions - Teachers' Retirement System.....	57
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teachers' Health Insurance Security Fund.....	58
Schedule of Employer Contributions - Teachers' Health Insurance Security Fund.....	59
Schedule of the District's Proportionate Share of the Net OPEB Liability - Postemployment Health Plan.....	60
Schedule of Employer Contributions - Postemployment Health Plan.....	61
Notes to Supplementary Information.....	62

Combining and Individual Fund Financial Statements and Schedules

General Fund:

Combining Balance Sheet by Account - Modified Cash Basis - General Fund.....	63
Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances by Account - Modified Cash Basis - General Fund.....	64

Educational Account:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	65
--	----

Operations and Maintenance Account:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	73
--	----

Tort Immunity And Judgement Account:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	74
--	----

Working Cash Account:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	75
--	----

Major Fund - Debt Service Fund:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	76
--	----

Bellwood School District 88

Year Ended June 30, 2020

Table of Contents (Continued)

Special Revenue Funds:

Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds.....	77
---	----

Combining Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds.....	78
--	----

Transportation Fund:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	79
--	----

Municipal Retirement/Social Security Fund:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual.....	81
--	----

Capital Projects Fund:

Fire Prevention and Safety Fund:

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Modified Cash Basis - Budget and Actual.....	83
---	----

Fiduciary Fund - Agency Fund:

Agency Fund - Activity Fund - Schedule of Changes in Assets and Liabilities.....	84
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Independent Auditor's Report

**Board of Education
Bellwood School District 88
Bellwood, Illinois**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bellwood School District 88 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellwood School District 88's basic financial statements. The management's discussion and analysis as well as the supplementary information section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The combining and individual fund financial statements and 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, 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as whole.

The financial statements of Bellwood School District 88 as of June 30, 2019, were audited by us and our report dated November 19, 2019, expressed an unmodified opinion. Those statements are not presented with the accompanying financial statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules of revenues received, expenditures disbursed and changes in fund balances – modified cash basis – budget and actual, related to the 2018 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2019 schedules of revenues received, expenditures disbursed and changes in fund balances – modified cash basis – budget and actual are fairly stated in material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Wipfli LLP

**Aurora, Illinois
January 7, 2021**

Bellwood School District 88

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 202

Management's discussion and analysis of Bellwood School District 88'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. 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. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$4.1M. This represents a 41% increase from 2019.
- General revenues accounted for \$34.1M in revenue or 72% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$13.2M or 28% of total revenues of \$47.4M.
- The District had \$43.3M in expenses related to government activities. However, only \$13.2M of these expenses were offset by program specific charges and grants.
- The District issued no new long-term debt as it continued to pay down its existing debt through retirements, resulting in a net decrease of \$2.6M to its long-term debt in fiscal 2020.
- The District extended the food service contract for an additional year at CPI.

Overview of the Financial Statements

Management's 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
- Notes to basic financial statements

This report also contains combining and individual fund financial statements and schedules and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers of the District's Annual Financial Report a board overview of the financial activities in a manner similar to a private sector business.

The statement of net position - modified cash basis presents information on all District assets/deferred outflows of resources and liabilities/deferred inflows of resources arising from cash transactions, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of activities - modified cash basis presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported with cash is received and disbursed. Additionally,

Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 202

activity related to acquisition, depreciation and year end balances of capital assets, as well as year end balances and related changes in long-term debt in its government-wide financial statements are reported.

The modified cash basis of accounting is described in the notes to basic financial statements.

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.

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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, and Fire Prevention and Life Safety Fund.

The District adopts an annual budget for each governmental funds. Budgetary comparison schedules for the governmental funds are included in the combining and individual fund financial statements and schedules section of this report to demonstrate compliance with the adopted 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.

Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 202

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees.

Government-wide Financial Statements

The District's net position was higher on June 30, 2020, than it was the year before, increasing \$2.9M over the prior year.

Current assets increased by \$2.0M, which is primarily in cash and investments. Capital assets decreased by \$10.5M, primarily as a result of the restating capital assets after having a 2020 capital asset appraisal. Change in total assets was a net decrease of \$8.5M

Total liabilities decreased by \$2.6M after paying down long-term debt obligations.

The District's net position as of June 30, 2020 and 2019 is summarized as follows:

<i>le 1</i>		
<i>Condensed Statements of Net Position</i>		
<i>(in millions of dollars)</i>		
	<u>2019</u>	<u>2020</u>
Assets:		
Current and other assets	\$ 17.4	\$ 19.4
Capital assets	29.3	18.8
Total assets	<u>46.7</u>	<u>38.2</u>
Deferred Outflows	<u>2.8</u>	<u>2.5</u>
Liabilities:		
Current liabilities	2.3	2.5
Long-term liabilities	30.6	27.8
Total liabilities	<u>32.9</u>	<u>30.3</u>
Net position:		
Net investment in capital assets	6.5	(1.8)
Restricted	2.8	3.6
Unrestricted	7.3	8.6
Total net position	<u>\$ 16.6</u>	<u>\$ 10.4</u>

Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 202

Government-wide Activities

Revenues in the governmental activities of the District of \$47.4M exceeded expenses by \$4.1M. This was attributable in part due to the delayed timing of the completion and vendor payment of a major IT Infrastructure project, lower transportation costs during the COVID-19 remote learning environment, and in part to the timing of receipts of grant funding.

The General Fund includes the recognized revenue and expenditures of \$6.5M in pension and other post-employment benefit contributions that the state of Illinois paid directly to the Teachers' Retirement System (TRS) and the Teachers' Health Insurance Security (THIS) on behalf of the District's TRS and THIS covered employees. The 202 state retirement contribution was \$0.6M more than the 2019 contribution amount.

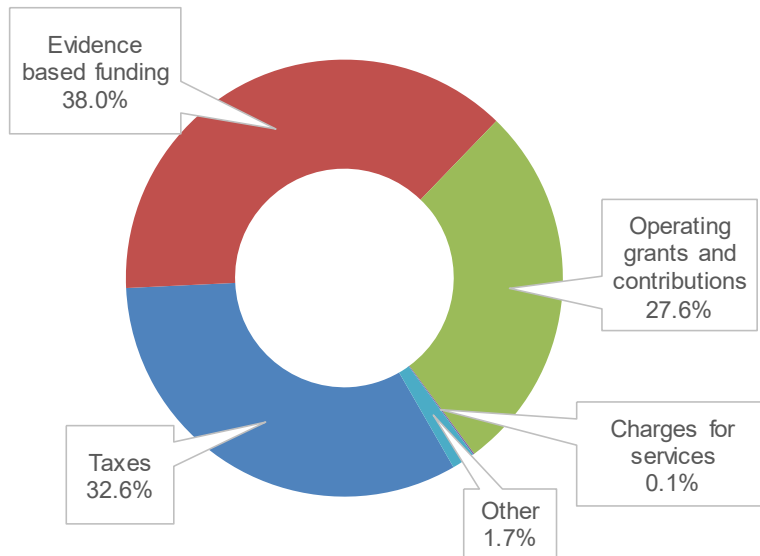
The major components of the District's revenues and expenses for the year ended June 30, 2020 and 2019 are as follows:

<i>le 2</i>		
<i>Changes in Net Position</i>		
<i>(in millions of dollars)</i>		
	<u>2019</u>	<u>2020</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 0.1	\$ 0.1
Operating grants and contributions	15.9	13.1
<i>General revenues:</i>		
Taxes	14.7	15.4
Evidence based funding	17.3	18.0
Other	0.8	0.8
Total revenues	<u>48.8</u>	<u>47.4</u>
Expenses:		
Instruction	24.8	21.1
Pupil and instructional staff services	2.7	2.7
Administration and business	5.6	5.7
Transportation	2.2	1.2
Operations and maintenance	2.2	3.7
Other	8.4	8.9
Total expenses	<u>45.9</u>	<u>43.3</u>
Changes in net position	<u>2.9</u>	<u>4.1</u>
Net position, beginning of year	13.7	16.6
Prior period adjustment	-	(10.3)
Net position, beginning of year as restated	<u>13.7</u>	<u>6.3</u>
Net position, end of year	<u>\$ 16.6</u>	<u>\$ 10.4</u>

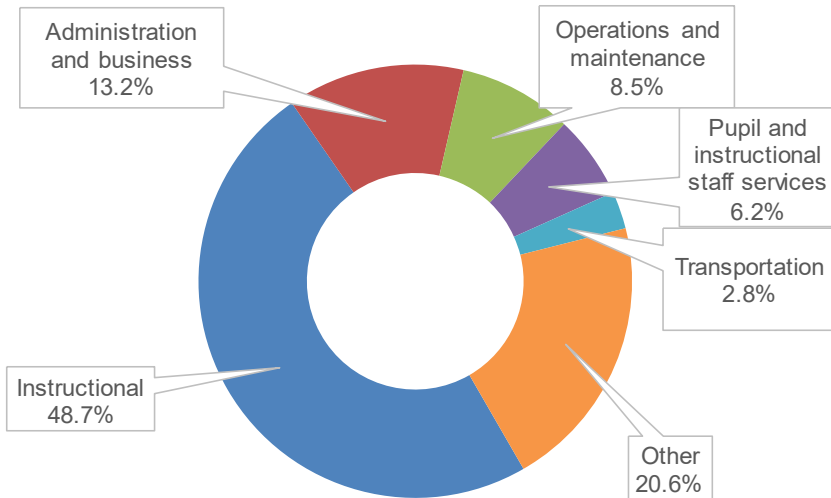
Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

Evidence based funding and operating grants and contributions accounted for the largest portions of the District's revenues, contributing 38% and 27.6% of total revenues respectively. The remainder of revenues came from taxes and other sources. The total cost of all the District's programs was \$43.3M, mainly related to instructing and caring for the students.

DISTRICT-WIDE REVENUES BY SOURCE



DISTRICT-WIDE EXPENSES BY FUNCTION



Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

Financial Analysis of the District's Funds

The District's Governmental Funds balance increased from \$17.4M to \$19.5M.

Total revenues increased by 5.5% from \$44.9M to \$47.4M.

Overall expenditures increased by 1.7% from \$44.5M to \$45.3M.

General Fund Budgetary Highlights

The District's General Fund total revenues were above the budgeted amounts by \$7.4M for fiscal year 2020. \$6.5M represents the On-Behalf TRS contribution, which was not budgeted. The remaining favorable budget variance consisted of \$0.3M property taxes, \$0.2M interest earnings, and \$0.3M higher receipts in state and federal funding received above the budgeted amounts.

General Fund total expenditures were more than budgeted amounts by \$5.8M. The exclusion of the \$6.5M On-Behalf TRS contribution yields \$0.7M in less expenditures than budgeted, primarily due to lower support service and capital outlay expenses.

Capital Assets and Debt Administration

Capital Assets

By the end of 2020, the District had compiled a total investment of \$41.8M (\$18.8M net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$1.0M. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

<i>Table 3</i>		
<i>Capital Assets (net of depreciation)</i>		
<i>(in millions of dollars)</i>		
	<u>2019</u>	<u>2020</u>
Land	\$ 2.6	\$ 2.6
Land improvements	-	0.2
Buildings	25.9	15.2
Equipment	<u>0.8</u>	<u>0.8</u>
Total	<u>\$ 29.3</u>	<u>\$ 18.8</u>

Bellwood School District 88
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

Long-term Debt

The District retired \$2.5M in long-term debt in 2020. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

	<i>2019</i>	<i>2020</i>
General obligation bonds	\$ 30.1	\$ 28.6
Capital leases and other	2.8	1.7
Total	<u>\$ 32.9</u>	<u>\$ 30.3</u>

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 will significantly affect financial operations in the future:

During the month of June 2019, the District approved a five-year collective bargaining agreement with the teachers and certified staff (Bellwood Education Association), which will be in place through June 30, 2023.

The District is currently in negotiations to establish new contracts with the noncertified support staff and custodial & maintenance staff unions. The current collective bargaining agreements with the various noncertified support staff and custodial staff associations expired June 30, 2019.

Salaries and employee benefits account for approximately 65% of total operating expenditures. Management will work diligently to ensure that increases in employee compensation will remain within the projected increases of the general fund revenues. The District also continues to closely monitor health insurance benefit costs, in an effort to contain rising costs.

The District continues to be concerned about the funding of education in the State of Illinois and the costs of unfunded mandates. The impact of students requiring special needs services, both, within the District and from the District's Special Education Cooperative and other agencies has resulted in higher tuition costs and transportation charges. District officials will continue to monitor these expenses.

Requests for Information

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

Bellwood School District 88
640 Eastern Avenue
Bellwood, IL 60104

Basic Financial Statements

Bellwood School District 88

Statement of Net Position - Modified Cash Basis

<i>June 30, 2020</i>	Governmental Activities
Assets	
Cash and investments	\$ 19,524,143
Capital assets	
Land	2,587,032
Other capital assets, net of depreciation	<u>16,171,908</u>
Total Assets	<u>38,283,083</u>
Deferred outflow of resources	
Deferred amount on refunding	<u>2,498,961</u>
Total deferred outflow of resources	<u>2,498,961</u>
Liabilities	
Noncurrent liabilities	
Due within one year	2,475,979
Due in more than one year	<u>27,824,542</u>
Total Liabilities	<u>30,300,521</u>
Net position	
Investment in general fixed assets	(1,786,714)
Restricted for	
Tort Immunity	322,876
Transportation	1,354,335
Debt Service	1,392,099
Retirement	164,675
Capital Projects	406,265
Unrestricted	<u>8,627,987</u>
Total net position	<u>\$ 10,481,523</u>

See accompanying notes to financial statements.

Bellwood School District 88

Statement of Activities - Modified Cash Basis

<i>For the Year Ended June 30, 2020</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Functions/Programs				
Governmental activities				
Instructional services				
Regular programs	\$ 10,371,445	\$ 114,632	\$ 1,905,124	\$ (8,351,689)
Special programs	2,244,752	-	2,337,262	92,510
Other programs	1,900,919	-	-	(1,900,919)
State retirement contributions	6,529,009	-	6,529,009	-
Support services				
Pupils	1,795,014	-	-	(1,795,014)
Instructional staff	907,231	-	243,051	(664,180)
General administration	1,890,417	-	-	(1,890,417)
School administration	1,917,233	-	-	(1,917,233)
Business	1,911,635	-	1,132,772	(778,863)
Operations and Maintenance	3,698,177	1,064	8,350	(3,688,763)
Transportation	1,185,823	-	972,998	(212,825)
Central	1,341,244	-	-	(1,341,244)
Other	183,756	-	-	(183,756)
Community service	469,430	-	-	(469,430)
Non-programmed charges	5,581,218	-	-	(5,581,218)
Interest on long-term liabilities	<u>1,334,177</u>	-	-	<u>(1,334,177)</u>
Total governmental activities	<u>43,261,480</u>	<u>115,696</u>	<u>13,128,566</u>	<u>(30,017,218)</u>
General revenues				
Property taxes levied for				
General purposes				7,806,901
Specific purposes				3,762,411
Debt service				2,689,350
Personal property replacement taxes				1,166,199
State aid not restricted to specific purposes				17,968,417
Earnings on investments				647,117
Miscellaneous				<u>109,590</u>
Total general revenues				<u>34,149,985</u>
Change in net position				<u>4,132,767</u>
Net position - beginning				16,636,673
Prior period adjustments				<u>(10,287,917)</u>
Net position, beginning of year, as restated				<u>6,348,756</u>
Net position - ending				<u>\$ 10,481,523</u>

See accompanying notes to financial statements.

Bellwood School District 88

Balance Sheet - Modified Cash Basis

Governmental Funds

<i>June 30, 2020</i>	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ <u>16,206,769</u>	\$ <u>1,392,099</u>	\$ <u>1,925,275</u>	\$ <u>19,524,143</u>
Total assets	\$ <u>16,206,769</u>	\$ <u>1,392,099</u>	\$ <u>1,925,275</u>	\$ <u>19,524,143</u>
Fund balances				
Restricted for				
Tort Immunity	\$ 322,876	\$ -	\$ -	\$ 322,876
Transportation	-	-	1,354,335	1,354,335
Debt Service	-	1,392,099	-	1,392,099
Retirement	-	-	164,675	164,675
Capital Projects	-	-	406,265	406,265
Unassigned	<u>15,883,893</u>	<u>-</u>	<u>-</u>	<u>15,883,893</u>
Total fund balances	\$ <u>16,206,769</u>	\$ <u>1,392,099</u>	\$ <u>1,925,275</u>	\$ <u>19,524,143</u>

See accompanying notes to financial statements.

Bellwood School District 88

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position- Modified Cash Basis

Total fund balances - governmental funds		\$	19,524,143
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. The cost of the assets is \$41,819,669 and the accumulated depreciation is \$23,060,729.			
			18,758,940
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of			
Deferred amount on refunding		2,498,961	
Long term debt		<u>(30,300,521)</u>	<u>(27,801,560)</u>
Net position of governmental activities		\$	<u><u>10,481,523</u></u>

See accompanying notes to financial statements.

Bellwood School District 88

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

<i>Year Ended June 30, 2020</i>	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues Received				
Local sources	\$ 11,616,751	\$ 2,909,129	\$ 1,779,734	\$ 16,305,614
State sources	25,763,132	-	1,418,385	27,181,517
Federal sources	<u>3,907,116</u>	<u>-</u>	<u>-</u>	<u>3,907,116</u>
Total revenues received	<u>41,286,999</u>	<u>2,909,129</u>	<u>3,198,119</u>	<u>47,394,247</u>
Expenditures Disbursed				
Current operating				
Instruction	20,714,037	-	229,958	20,943,995
Support Services	12,336,939	-	1,814,516	14,151,455
Community services	434,429	-	35,001	469,430
Non-programmed charges	5,106,377	-	474,841	5,581,218
Debt service				
Principal	-	2,466,574	81,799	2,548,373
Interest and other	-	1,048,497	12,779	1,061,276
Capital outlay	<u>514,277</u>	<u>-</u>	<u>-</u>	<u>514,277</u>
Total expenditures disbursed	<u>39,106,059</u>	<u>3,515,071</u>	<u>2,648,894</u>	<u>45,270,024</u>
Excess (deficiency) of revenues received over expenditures disbursed	<u>2,180,940</u>	<u>(605,942)</u>	<u>549,225</u>	<u>2,124,223</u>
Other financing sources (uses)				
Transfer in	225,000	641,226	-	866,226
Transfer out	<u>(866,226)</u>	<u>-</u>	<u>-</u>	<u>(866,226)</u>
Total other financing sources (uses)	<u>(641,226)</u>	<u>641,226</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,539,714	35,284	549,225	2,124,223
Fund balances at beginning of year	<u>14,667,055</u>	<u>1,356,815</u>	<u>1,376,050</u>	<u>17,399,920</u>
Fund balances at end of year	\$ <u>16,206,769</u>	\$ <u>1,392,099</u>	\$ <u>1,925,275</u>	\$ <u>19,524,143</u>

See accompanying notes to financial statements.

Bellwood School District 88

Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes In Fund Balance of Governmental Funds to the Statement of Activities

Net change in fund balances - governmental funds \$ 2,124,223

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	688,020	
Depreciation expense	<u>(954,948)</u>	
		(266,928)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Repayment of bond and loan principal	2,548,373	
Deferred bond refunding amortization	(276,278)	
Premium on bonds amortization	<u>3,377</u>	
		<u>2,275,472</u>

Change in net position of governmental activities \$ 4,132,767

See accompanying notes to financial statements.

Bellwood School District 88
Statement of Fiduciary Assets and Liabilities -
Agency Fund - Modified Cash Basis

<i>June 30, 2020</i>	Student Activity
Assets	
Cash	\$ <u>21,326</u>
Liabilities	
Due to Activity Fund Organizations	\$ <u>21,326</u>

See accompanying notes to financial statements.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Bellwood School District 88 (the "District") is governed by the Board of Education and provides primary and secondary education, transportation, cafeteria, building maintenance, and general administrative services.

These financial statements include the District and its component units, entities for which the District is considered to be financially accountable. At June 30, 2020, no entities were considered component units of any other entity.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are generally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities financial statements incorporate data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on governmental major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- **General Fund** – The General Fund is the District's primary operating fund. It is comprised of four subfunds: the Educational Fund, the Operations and Maintenance Fund, the Tort Fund, and the Working Cash Fund. These funds account for activities that are not specifically accounted for in another fund.
- **Debt Service Fund** - The Debt Service Fund accounts of the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)



The District reports the following nonmajor governmental funds:

- **Transportation Fund** – The Transportation Fund is used to account for the District’s transportation activities. The Debt Services Fund accounts for the accumulation of resources for the payment of long-term general obligation debt principal, interest and related costs.
- **IMRF / Social Security Fund** - This fund accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.
- **Fire Prevention and Safety Fund** - counts for the receipt and disbursement of monies used to improve the safety of capital facilities.

Fiduciary Fund Type

- **Student Activity Agency Fund** - this fund accounts for assets held by the District as an agent for the students and teachers. The fund is custodial in nature and does not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

During the course of operations, the District has activity between funds for various purposes. In fund financial statements, any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. *Basis of accounting* refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets, liabilities (whether current or noncurrent or financial or nonfinancial), and deferred outflows/inflows of resources associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities 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 agency fund is custodial in nature and does not involve the measurement of results of operations. Therefore, it does not have a measurement focus.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, certain other economic assets and liabilities that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates (Continued)

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide and fiduciary fund financial statements would be presented on the accrual basis of accounting.

Cash and Investments

The Proviso Township Treasurer is the official custodian of money for the district's and joint agreements within the township, including the District, as prescribed by Chapter 105, Section 5, Article 8 of the Illinois Compiled Statutes. The Township School Treasurer's Office, a legally separate entity under the oversight of the Proviso Township Trustees of Schools, pools the districts' money and invests, on the districts' behalf, in a cash and investment portfolio.

The Township School Treasurer's Office has adopted a formal written investment and cash management policy. The policy provides that available funds be invested to the maximum extent possible at the highest possible rates obtainable at the time of investment in conformance with applicable state statutes and written administrative guidelines. Although current statutes do not require collateralization of deposits and investments in amounts which exceed insurance coverage, the investment policy of the Township School Treasurer's Office does provide for the Township School Treasurer to request collateralization in certain situations. The Township Trustees of Schools approve the financial institutions in which investments are made. Due to the nature of the pooled system, specific investment and related collateralization for each individual district is not available.

Capital Assets

The District's modified cash basis of accounting reports capital assets (land, buildings and equipment) resulting from cash transactions or certain events and reports depreciation, when appropriate. The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements.

Capital assets reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition cost at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

	Years
Buildings	50
Land improvements	20
Equipment	3-10

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *deferred charge on refunding*, is reported in the government-wide statement of net position – modified cash basis.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenues) until that time.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as gains (losses) on refundings, are deferred and amortized over the term of the related debt. Bonds payable are reported net of applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balances classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may, by resolution, authorize an individual to assign fund balance. The Board of education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Bellwood School District 88

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last day in December. The lien date for the levy is January 1. The Board of Education approved the 2018 tax levy on December 17, 2018. Property taxes are payable in two installments on June 1 and September 1 of the following year. The District receives significant distributions of tax receipts approximately one month after these due dates.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts disclosed in accordance with GASB Statement No. 68 are not reported in the financial statements due to reporting on the basis of accounting described above.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses/expenditures. Actual results could differ from those estimates.

Bellwood School District 88

Notes to Financial Statements

Note 2: Cash and Investments

The District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6; and Chapter 105, Section 5/7-7. All deposits and investments of the District, except for imprest and activity accounts, are maintained in the external cash and investment pool managed by the Proviso Township School Treasurer's Office.

The Township School Treasurer's cash and investment pool is not registered investment company, and is not rated by a nationally recognized statistical rating organization. However, the underlying securities which make up the Township School Treasurer's portfolio are rated. Information regarding the credit ratings of the pooled investments of the Township School Treasurer is available in the Township School Treasurer's financial statements. The weighted average maturity of the Township School Treasurer's cash and investment portfolio as of June 30, 2020 was 1.20 years.

The District had the following cash and investments as of June 30, 2020:

<i>Year Ended June 30, 2020</i>	Governmental Funds	Fiduciary Funds	Total
District 88's share of deposits and investments in the Township School Treasurer's cash and investment pool	\$ 19,514,143	\$ -	\$ 19,514,143
Petty cash and imprest account (maintained by the District)	10,000	-	10,000
Student activity accounts (maintained by the District)	-	<u>21,136</u>	<u>21,136</u>
 Total	 <u>\$ 19,524,143</u>	 <u>\$ 21,136</u>	 <u>\$ 19,545,279</u>

The District's imprest and activity accounts were entirely covered by federal depository insurance as of June 30, 2020. The investments of the District are held and invested by the Proviso Township Treasurer's Office (Treasurer). The underlying investments are valued at fair value or Net Asset Value (NAV) depending on the type of investment.

Note 3: Interfund Transfers

Transfers from/to other funds:

Transfer from	Transfer to	Amount
General Fund Educational Account	Debt Service Fund	\$ 806,404
General Fund Operations and Maintenance Account	Debt Service Fund	134,822
General Fund Working Cash Account	Tort Immunity Account	<u>225,000</u>
Total		<u>\$ 866,226</u>

Bellwood School District 88

Notes to Financial Statements

Note 3: Interfund Transfers (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to transfer investment earnings from one fund to another.

Transfers are also used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are also used to move unrestricted revenues collected in the General Fund to finance various installment contract payments paid for from the Debt Service Fund.

Note 4: Capital Assets

Governmental activities capital asset balances and activity for the year ended June 30, 2020, were as follows:

<i>Governmental Activities</i>	Balance 7/1/2019 as Restated	Additions	Deletions	Balance 6/30/2020
Capital assets, not being depreciated:				
Land	\$ 2,587,032	\$ -	\$ -	\$ 2,587,032
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,587,032</u>	<u>-</u>	<u>-</u>	<u>2,587,032</u>
Capital assets, being depreciated:				
Buildings	36,253,485	38,640	-	36,292,125
Improvements other than buildings	789,427	-	-	789,427
Equipment	<u>1,501,705</u>	<u>649,380</u>	<u>-</u>	<u>2,151,085</u>
Total capital assets, being depreciated	<u>38,544,617</u>	<u>688,020</u>	<u>-</u>	<u>39,232,637</u>
Accumulated depreciation:				
Buildings	(20,274,816)	(775,190)	-	(21,050,006)
Improvements other than buildings	(573,353)	(36,560)	-	(609,913)
Equipment	<u>(1,257,612)</u>	<u>(143,198)</u>	<u>-</u>	<u>(1,400,810)</u>
Total accumulated depreciation	<u>(22,105,781)</u>	<u>(954,948)</u>	<u>-</u>	<u>(23,060,729)</u>
Total capital assets, being depreciated, net	<u>16,438,836</u>	<u>(266,928)</u>	<u>-</u>	<u>16,171,908</u>
Governmental activities capital assets, net	<u>\$ 19,025,868</u>	<u>\$ (266,928)</u>	<u>\$ -</u>	<u>\$ 18,758,940</u>

Bellwood School District 88

Notes to Financial Statements

Note 4: Capital Assets (Continued)

Depreciation expense was charged to functions of the District as follows:

Instructional Services		
Regular programs	\$	545,274
Special programs		96,450
Supporting Services		
Pupils		43,928
Instructional staff		24,829
General administration		17,189
School administration		22,919
Business		955
Operations and maintenance		10,504
Transportation		76,396
Food services		955
Other		<u>115,549</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>954,948</u></u>

Note 5: Long-Term Debt

Long-term debt activity consisted of the following during the year ended June 30, 2020:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Amounts due Within One Year
Series Limited School Bonds					
Series 2009A	\$ 655,000	\$ -	\$ -	\$ 655,000	\$ 655,000
Series Limited School Bonds					
Series 2009B	5,105,000	-	-	5,105,000	175,000
Series Limited School Bonds					
Series 2010A	4,945,000	-	(575,000)	4,370,000	600,000
Series Limited School Bonds					
Series 2010B	1,290,000	-	(160,000)	1,130,000	235,000
Series Taxable Capital					
Appreciation Series 2010C	3,657,099	-	-	3,657,099	-
Series Limited School Bonds					
Series 2010D	2,040,000	-	(1,035,000)	1,005,000	185,000
Taxable GO Limited Tax Bonds					
Series 2017	12,375,000	-	-	12,375,000	-
Series Qualified Zone Academy					
Bonds Series 2006	554,634	-	(190,170)	364,464	-
Unamortized premium	9,937	-	(7,790)	2,147	-
Unamortized discount	(75,025)	-	4,413	(70,612)	-
Capital lease	<u>2,295,626</u>	<u>-</u>	<u>(588,203)</u>	<u>1,707,423</u>	<u>625,979</u>
 Total	 <u>\$ 32,852,271</u>	 <u>\$ -</u>	 <u>\$ (2,551,750)</u>	 <u>\$ 30,300,521</u>	 <u>\$ 2,475,979</u>

Bellwood School District 88

Notes to Financial Statements

Note 5: Long-Term Debt (Continued)

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds will be repaid from Debt Service Fund. General obligation bonds currently outstanding are as follows:

General Obligation Bonds 2009A dated November 15, 2009 were issued in the amount of \$4,000,000. Payments are due in annual installments through December 1, 2020. Interest rates range from 1.35% to 5.05%.

General Obligation Bonds 2009B dated November 15, 2009 were issued in the amount of \$9,525,000. Payments are due in annual installments through December 1, 2024. Interest rates range from 3.90% to 4.20%.

General Obligation Bonds 2010A dated June 15, 2010 were issued in the amount of \$6,540,000. Payments are due in annual installments through December 1, 2025. Interest rates range from 2.00% to 3.00%.

General Obligation Bonds 2010B dated June 15, 2010 were issued in the amount of \$2,850,000. Payments are due in annual installments through December 1, 2024. Interest rates range from 1.75% to 2.70%.

Capital Appreciation Bonds 2010C dated June 15, 2010 were issued in the amount of \$5,362,166. Payments are due in annual installments beginning December 1, 2026 through December 1, 2030. Interest rates range from 6.70% to 6.90%.

General Obligation Bonds 2010D dated June 15, 2010 were issued in the amount of \$3,830,000. Payments are due in annual installments through December 1, 2023. Interest rates range from 2.00% to 3.00%

Bellwood School District 88

Notes to Financial Statements

Note 5: Long-Term Debt (Continued)

Annual debt service requirements to maturity as of June 30, 2020 are as follows for:

Year End	Principal	Interest	Total
2021	\$ 1,850,000	\$ 969,040	\$ 2,819,040
2022	1,820,000	889,105	2,709,105
2023	1,980,000	809,605	2,789,605
2024	2,075,000	724,373	2,799,373
2025	2,150,000	634,228	2,784,228
2026	2,390,000	538,935	2,928,935
2027	841,520	2,138,420	2,979,940
2028	779,645	2,195,296	2,974,941
2029	723,085	2,251,855	2,974,940
2030	669,981	4,152,091	4,822,072
2031	642,868	489,940	1,132,808
2032	2,505,000	441,719	2,946,719
2033	2,605,000	342,049	2,947,049
2034	2,705,000	236,500	2,941,500
2035	2,815,000	126,100	2,941,100
2036	<u>1,745,000</u>	<u>34,900</u>	<u>1,779,900</u>
Total	<u>\$ 28,297,099</u>	<u>\$ 16,974,156</u>	<u>\$ 45,271,255</u>

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. As of June 30, 2020, the statutory debt limit for the District was \$21,724,959, with the current outstanding debt that is subject to the statutory debt limit calculation as of June 30, 2020 for the District totaling \$30,368,986. As of June 30, 2020, the District exceeded the statutory debt limit by \$7,251,928, after adjusting for the fund balance available in the Debt Service fund of \$1,392,099. There are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2020, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

Alternate Revenue Bonds. The District issued \$2,632,500 in interest free Qualified Zone Academy Bonds (QZAB) in 2006. School Districts that qualify for QZAB bonds must be located in an empowerment zone or an enterprise community or expect to have at least 35% or more of their students eligible for free or reduced lunch under the National School Lunch Act. At least 95% of the proceeds from the QZABs must be used to fund qualifying projects that rehabilitate or repair public school buildings, provide equipment for public school use, develop course materials, and train teachers and other school personnel.

The District's qualifying projects for the QZAB funds are to finance certain renovations and other qualifying expenditures. The District's goals are to improve the academic curriculum with cooperation from a business partner by offering online course scholarships to enhance academic curriculum, increase graduation rates, and better prepare the students for the rigors of college and the increasingly complex workforce.

Bellwood School District 88

Notes to Financial Statements

Note 5: Long-Term Debt (Continued)

\$190,170 of obligations for the Qualified Zone Academy Bonds were repaid in 2020 from the Debt Service Fund and funded by a transfer from the Operations and Maintenance Fund. \$364,464 of Qualified Zone Academy Bonds are currently outstanding.

Annual debt service requirements to maturity as of June 30, 2020 are as follows for:

Year end	Amount
2021	\$ 195,077
2022	<u>169,387</u>
Total	\$ <u>364,464</u>

Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of school buses and technical equipment. The lease agreements qualify as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2020, \$2,894,290 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the Transportation Fund and the Debt Service Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year end	Amount
2021	\$ 575,325
2022	575,326
2023	<u>575,327</u>
Total minimum lease payments	1,725,978
Less: amount representing interest	<u>(18,555)</u>
Present value of minimum lease payments	\$ <u>1,707,423</u>

Bellwood School District 88

Notes to Financial Statements

Note 6: Fund Balances

As of June 30, 2020, fund balances were comprised of the following:

	General Fund	Transportation Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Restricted					
Tort immunity	\$ 322,876	\$ -	\$ -	\$ -	\$ 322,876
Debt service	-	-	1,392,099	-	1,392,099
Municipal retirement	-	-	-	164,675	164,675
Capital projects	-	-	-	406,265	406,265
Total restricted	322,876	-	1,392,099	570,940	2,285,915
Unassigned	<u>15,883,893</u>	<u>1,354,335</u>	<u>-</u>	<u>-</u>	<u>17,238,228</u>
Total Fund Balances	\$ <u>16,206,769</u>	\$ <u>1,354,335</u>	\$ <u>1,392,099</u>	\$ <u>570,940</u>	\$ <u>19,524,143</u>

Note 7: Employee 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.

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

Plan Description

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

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

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

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

Benefits Provided

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

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

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

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

Contributions

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

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

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2020, State of Illinois contributions recognized by the District were based on the State's proportionate share of the pension expense associated with the District, and the District recognized revenue and expenditures of \$6,354,519 in pension contributions from the State of Illinois.

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2020 were \$81,617, and are deferred because they were paid after the June 30, 2019 measurement date.

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

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

For the year ended June 30, 2020, the employer pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, \$242,554 of salaries were paid from the federal and special trust funds and required employer contributions of \$25,856. These contributions are deferred because they were paid after the June 30, 2019 measurement date.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2020, the District paid \$4,778 to TRS for employer contributions due on salary increases over 6 percent and made no payments for sick leave days granted in excess of the normal allotment.

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

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

District's proportionate share of the net Pension liability	\$ 1,334,768
State's proportionate share of the net pension liability associated with the District	<u>94,993,975</u>
Total	<u>\$ 96,328,743</u>

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (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, 2019 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 0.00165%, which was a decrease of 0.00027% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$6,354,519 and revenue of \$6,354,519 for support provided by the state. At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, which are not reported due to the regulatory basis of accounting:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 21,887	\$ -
Changes in assumptions	29,908	25,621
Net difference between projected and actual earnings in pension plan investments	2,114	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>699,449</u>	<u>3,771,026</u>
Total deferred amounts to be recognized in pension expense in future periods	753,358	3,796,647
District's contributions subsequent to the measurement date	<u>112,251</u>	<u>-</u>
Total	<u>\$ 865,609</u>	<u>\$ 3,796,647</u>

\$112,251 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2021	\$ (527,953)
2022	(1,016,682)
2023	(1,009,707)
2024	(472,714)
2025	<u>(16,233)</u>
Total	<u>\$ (3,043,289)</u>

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

Actuarial Assumptions

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

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

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

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

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

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

Discount Rate

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ <u>1,630,302</u>	\$ <u>1,334,768</u>	\$ <u>1,091,780</u>

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

b. Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

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

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

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

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	134
Inactive employees entitled to but not yet receiving benefits	131
Active employees	<u>127</u>
Total	<u><u>392</u></u>

Contributions - As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2019 was 6.47%. For the fiscal year ended June 30, 2020, the employer contributed \$364,801 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	37.0 %	5.75 %
International equities	18.0 %	6.50 %
Fixed income	28.0 %	3.25 %
Real estate	7.0 %	5.20 %
Alternatives	9.0 %	3.20-8.50 %
Cash	1.0 %	1.85 %
Total	100.0 %	

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

Single Discount Rate

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ <u>2,567,526</u>	\$ <u>(375,508)</u>	\$ <u>(2,789,757)</u>

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

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ <u>22,813,971</u>	\$ <u>21,017,796</u>	\$ <u>1,796,175</u>
Changes for the year:			
Service cost	519,336	-	519,336
Interest on the total Pension liability	1,627,321	-	1,627,321
Differences between expected and actual experience of the total Pension liability	299,722	-	299,722
Contributions - employer	-	327,540	(327,540)
Contributions - employees	-	228,140	(228,140)
Net investment income	-	3,900,830	(3,900,830)
Benefit payments, including refunds of employee contributions	(1,255,658)	(1,255,658)	-
Other (net transfer)	<u>-</u>	<u>161,552</u>	<u>(161,552)</u>
Net changes	<u>1,190,721</u>	<u>3,362,404</u>	<u>(2,171,683)</u>
Balances at December 31, 2019	\$ <u>24,004,692</u>	\$ <u>24,380,200</u>	\$ <u>(375,508)</u>

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

For year ended June 30, 2020, the District recognized pension income of \$137,621. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources which are not reported due to the financial reporting provisions of the Illinois State Board of Education.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 196,191	\$ 163,274
Changes in assumptions	202,391	53,663
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>992,428</u>
Total deferred amounts to be recognized in pension expense in future periods	398,582	1,209,365
District's contributions subsequent to the measurement date	<u>207,763</u>	<u>-</u>
Total	<u>\$ 606,345</u>	<u>\$ 1,209,365</u>

Bellwood School District 88

Notes to Financial Statements

Note 7: Employee Retirement Systems (Continued)

\$207,763 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2020	\$ (208,645)
2021	(226,496)
2022	103,668
2023	<u>(479,310)</u>
Total	\$ <u>(810,783)</u>

Note 8: Other Postemployment Benefits

a. Teacher Health Insurance Security (THIS)

Plan Description

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

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

Benefits Provided

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

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

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

Contributions

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

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

On-behalf contributions to THIS. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2020. State of Illinois contributions were \$174,490, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.92% during the year ended June 30, 2020. For the year ended June 30, 2020, the District paid \$129,461 to the THIS Fund, which was 100 percent of the required contribution.

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

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

District's proportionate share of the net OPEB liability	\$ 14,432,700
State's proportionate share of the net OPEB liability associated with the District	<u>19,543,717</u>
Total	<u>\$ 33,976,417</u>

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The District's proportion of the net OPEB liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2019, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2019, the District's proportion was 0.052146%, which was a decrease of 0.004508% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$656,279

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 239,499
Changes in assumptions	5,472	1,654,457
Net difference between projected and actual earnings in OPEB plan investments	-	473
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>959,983</u>	<u>1,433,280</u>
Total deferred amounts to be recognized in OPEB expense in future periods	965,455	3,327,709
District's contributions subsequent to the measurement date	<u>129,461</u>	<u>-</u>
Total	<u>\$ 1,094,916</u>	<u>\$ 3,327,709</u>

\$129,461 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Inflows of Resources
2021	\$ (375,140)
2022	(375,140)
2023	(375,103)
2024	(375,026)
2025	(356,787)
Thereafter	<u>(505,058)</u>
Total	<u>\$ (2,362,254)</u>

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Actuarial Valuation Method

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

Actuarial Assumptions.

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

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for Excise Tax.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Discount Rate

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

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

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

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

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	\$ <u>17,353,343</u>	\$ <u>14,432,700</u>	\$ <u>12,126,018</u>

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

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
District's proportionate share of the net OPEB liability	\$ <u>11,660,444</u>	\$ <u>14,432,700</u>	\$ <u>18,176,981</u>

- a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 5.81% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

b. Postemployment Health Plan

Plan Description

The Postemployment Health Plan (PHP) is a single-employer defined benefit healthcare plan administered by the District. The District provides limited health care insurance coverage for its eligible retired employees. For principals and central office administrators coverage is provided upon retirement. Coverage ceases as the earlier of 10 years of payments or attainment of age 65 by the retiree. For certified teachers and IMRF employees coverage under the District plan is on a retiree pay-all basis. The district does not issue a stand-alone report for PHP.

Funding Policy

The contribution requirements are established by the District, using an actuarial study that is based on projected pay-as-you-go financing. For fiscal year 2019, the District contributed \$104,935 to the plan. Plan members receiving benefits contributed \$0.

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>391</u>
Total	<u><u>405</u></u>

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The following are the methods and assumptions used to determine the total OPEB liability at June 30, 2020:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	N/A
Retirement age	Rates from the December 31, 2016 IMRF Actuarial Valuation Report. No Early Retirement Rates assumed.
Mortality	Rates from the December 31, 2016 IMRF Actuarial Valuation Report.
Healthcare cost trend rates	Medical plan trend starts at 5.00%, and gradually decreases to an ultimate trend of 4.50%. Dental and vision plan trends are 2.00%.

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Discount Rate

The District does not have a dedicated Trust to pay the benefits of the Plan. Per GASB 75, this discount rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The discount rate used is 2.66%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2020.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2019	\$ 4,141,302	\$ -	\$ 4,141,302
Changes for the year:			
Service cost	214,762	-	214,762
Interest on the total OPEB liability	152,027	-	152,027
Differences between expected and actual experience of the total Pension liability	25,745	-	25,745
Contributions - employer	-	194,293	(194,293)
Benefit payments, including refunds of employee contributions	(194,293)	(194,293)	-
Net changes	198,241	-	198,241
Balances at June 30, 2020	\$ 4,339,543	\$ -	\$ 4,339,543

Changes in Net OPEB Liability

Sensitivity of the employer's net OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.21%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Net OPEB liability	\$ 4,805,654	\$ 4,339,543	\$ 3,934,636

Bellwood School District 88

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

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

	1% Decrease	Healthcare Cost Trend Rate Assumptions	1% Increase
Net OPEB liability	\$ <u>3,948,088</u>	\$ <u>4,339,543</u>	\$ <u>4,796,557</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 1,387,194
Net difference between projected and actual earnings in OPEB plan investments	-	-
Total deferred amounts to be recognized in OPEB expense in future periods	-	1,387,194
District's contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 1,387,194

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

Year Ending June 30	Net Deferred (outflows) Inflows of Resources
2021	\$ (302,170)
2022	(302,170)
2023	(302,170)
2024	(292,213)
2025	(191,434)
Thereafter	2,963
Total	\$ (1,387,194)

Bellwood School District 88

Notes to Financial Statements

Note 9: Joint Agreements

The District is a member of Proviso Area for Exceptional Children District (PAEC), a joint agreement that provides certain special 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 joint agreement governing board, this is not included as a component unit of the District.

Note 10: Prior Period Adjustment

The District reported the following prior period adjustment during the year ended June 30, 2020:

<i>Year Ended June 30, 2020</i>	Governmental Activities
To adjust to new appraisal of capital assets	\$ <u>(10,287,917)</u>

The District wrote off old capital assets no longer held by the District.

Bellwood School District 88

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

<i>Year Ended June 30, 2020</i>	General Fund		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues Received			
Local sources	\$ 11,015,219	\$ 11,616,751	\$ 601,532
State resources	19,120,725	25,763,132	6,642,407
Federal resources	<u>3,727,742</u>	<u>3,907,116</u>	<u>179,374</u>
 Total revenues received	 <u>33,863,686</u>	 <u>41,286,999</u>	 <u>7,423,313</u>
Expenditures Disbursed			
Current operating			
Instruction	14,014,607	20,714,037	6,699,430
Support Services	13,107,185	12,336,939	(770,246)
Community services	446,817	434,429	(12,388)
Non-programmed charges	4,608,993	5,106,377	497,384
Capital outlay	<u>1,081,631</u>	<u>514,277</u>	<u>(567,354)</u>
 Total expenditures disbursed	 <u>33,259,233</u>	 <u>39,106,059</u>	 <u>5,846,826</u>
 Excess of revenues received over expenditures disbursed	 <u>604,453</u>	 <u>2,180,940</u>	 <u>1,576,487</u>
Other Financing Sources (Uses)			
Transfer in	-	225,000	225,000
Transfer (out)	(134,822)	(866,226)	(731,404)
 Total other financing sources (uses)	 <u>(134,822)</u>	 <u>(641,226)</u>	 <u>(506,404)</u>
 Net change in fund balances	 <u>\$ 469,631</u>	 1,539,714	 <u>\$ 1,070,083</u>
 Fund balances at beginning of year		 <u>14,667,055</u>	
 Fund balances at end of year		 <u>\$ 16,206,769</u>	

Bellwood School District 88
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
Illinois Municipal Retirement Fund
Last Six Calendar Years

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 519,336	\$ 495,906	\$ 553,299	\$ 503,547
Interest	1,627,321	1,584,114	1,658,212	1,540,884
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	299,722	(215,191)	(1,277,659)	659,063
Changes of assumption	-	626,557	(731,222)	(27,434)
Benefit payments, including refunds of member contributions	(1,255,658)	(1,101,960)	(1,221,845)	(1,106,163)
Net change in total pension liability	1,190,721	1,389,426	(1,019,215)	1,569,897
Total pension liability, beginning	22,813,971	21,424,545	22,443,760	20,873,863
Total pension liability - ending	\$ 24,004,692	\$ 22,813,971	\$ 21,424,545	\$ 22,443,760
Plan Fiduciary Net Position				
Contributions - employer	\$ 327,540	\$ 480,525	\$ 453,918	\$ 474,722
Contributions - member	228,140	217,111	229,856	219,285
Net investment income	3,900,830	(1,236,488)	3,577,815	1,316,601
Benefit payments, including refunds of member contributions	(1,255,658)	(1,101,960)	(1,221,845)	(1,106,163)
Administrative expense	161,552	155,448	(643,586)	13,954
Net change in plan fiduciary net position	3,362,404	(1,485,364)	2,396,158	918,399
Plan net position, beginning	21,017,796	22,503,160	20,107,002	19,188,603
Plan net position, ending	\$ 24,380,200	\$ 21,017,796	\$ 22,503,160	\$ 20,107,002
Employer's net pension liability (asset)	\$ (375,508)	\$ 1,796,175	\$ (1,078,615)	\$ 2,336,758
Plan fiduciary net position as a percentage of the total pension liability	101.56 %	92.13 %	105.03 %	89.59 %
Covered-employee payroll	\$ 5,063,322	\$ 4,822,164	\$ 4,799,244	\$ 4,819,878
Employer's net pension liability as a percentage of covered - employee payroll	(7.42)%	37.25 %	(22.47)%	48.48 %

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

	<u>2015</u>		<u>2014</u>
\$	451,404	\$	529,247
	1,474,204		1,379,388
	-		-
	70,510		(303,665)
	25,383		790,495
	<u>(1,155,980)</u>		<u>(1,028,677)</u>
	<u>865,521</u>		<u>1,366,788</u>
	<u>20,008,342</u>		<u>18,641,554</u>
\$	<u><u>20,873,863</u></u>	\$	<u><u>20,008,342</u></u>
\$	423,980	\$	458,707
	193,079		187,657
	97,251		1,144,959
	(1,155,980)		(1,028,677)
	(89,385)		(3,959)
	<u>(531,055)</u>		<u>758,687</u>
	<u>19,719,658</u>		<u>18,960,971</u>
\$	<u><u>19,188,603</u></u>	\$	<u><u>19,719,658</u></u>
\$	<u><u>1,685,260</u></u>	\$	<u><u>288,684</u></u>
	91.93 %		98.56 %
\$	4,282,168	\$	4,194,501
	39.36 %		6.88 %

Bellwood School District 88
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Six Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 426,861	\$ 458,707	\$ (31,846)	\$ 3,880,553	11.82 %
2015	423,078	423,980	(902)	4,282,168	9.90 %
2016	474,758	474,722	36	4,819,787	9.85 %
2017	454,008	453,918	90	4,799,244	9.46 %
2018	480,288	480,525	(237)	4,822,164	9.96 %
2019	327,597	327,540	57	5,063,322	6.47 %

Notes to Schedule

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

Methods and assumptions used to determine contribution rate

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24-year closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.75%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Bellwood School District 88

Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Retirement System

Last Six Fiscal Years

	2020*	2019*	2018*	2017*
District's proportion of the net pension liability	0.00165 %	0.00192 %	0.00910 %	0.01013 %
District's proportion share of the net pension liability	\$ 1,334,768	\$ 1,500,263	\$ 6,948,956	\$ 7,993,982
State's proportionate share of the net pension liability associated with the District	94,993,975	102,774,281	95,592,686	127,432,352
	\$ 96,328,743	\$ 104,274,544	\$ 102,541,642	\$ 135,426,334
District's covered-employee payroll	\$ 13,391,634	\$ 13,676,002	\$ 13,135,933	\$ 12,104,366
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	9.97 %	10.97 %	52.90 %	66.04 %
Plan fiduciary net position as a percentage of the total pension liability	39.60 %	40.00 %	39.30 %	36.40 %

Notes to Schedule

Changes of assumptions

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

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

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.

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

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

<u>2016*</u>	<u>2015*</u>
0.005540 %	0.00859 %
\$ 3,628,969	\$ 5,230,548
<u>28,950,191</u>	<u>88,152,262</u>
<u>\$ 32,579,160</u>	<u>\$ 93,382,810</u>
\$ 11,054,644	\$ 10,732,664
32.83 %	48.73 %
41.50 %	43.00 %

Bellwood School District 88
Schedule of Employer Contributions
Teachers' Retirement System
 Last Six Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 287,703	\$ 287,703	\$ -	\$ 11,054,644	2.60 %
2016	325,855	379,987	(54,132)	12,104,366	3.14 %
2017	280,039	280,039	-	13,135,933	2.13 %
2018	138,753	138,753	-	13,676,002	1.01 %
2019	107,029	107,029	-	13,391,634	0.80 %
2020	112,251	112,251	-	14,071,810	0.80 %

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

Bellwood School District 88

Schedule of the District's Proportionate Share of the Net OPEB Liability Teachers' Health Insurance Security Fund

Last Three Fiscal Years

	2020*	2019*	2018*
District's proportion of the net OPEB liability	0.052146 %	0.056654 %	0.057721 %
District's proportion share of the net OPEB liability	\$ 14,432,700	\$ 14,926,075	\$ 14,978,383
State's proportionate share of the net OPEB liability associated with the District	19,543,717	20,042,386	19,670,339
	<u>\$ 33,976,417</u>	<u>\$ 34,968,461</u>	<u>\$ 34,648,722</u>
District's covered-employee payroll	\$ 13,391,634	\$ 13,676,002	\$ 13,135,933
District's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	107.77 %	109.14 %	114.03 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.22)%	(0.07)%	(0.17)%

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

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

Bellwood School District 88
Schedule of Employer Contributions
Teachers' Health Insurance Security Fund
 Last Three Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 120,349	\$ 120,349	\$ -	\$ 13,676,002	0.88 %
2019	123,203	123,203	-	13,391,634	0.92 %
2020	129,461	129,461	-	14,071,810	0.92 %

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

Bellwood School District 88

Schedule of the District's Proportionate Share of the Net OPEB Liability Postemployment Health Plan

Last Three Fiscal Years

	2020	2019	2018
Total Pension Liability			
Service cost	\$ 214,762	\$ 210,288	\$ 202,881
Interest	152,027	243,128	115,793
Changes of benefit terms	-	-	-
Differences between expected and actual experience	25,745	(1,970,085)	67,486
Benefit payments, including refunds of member contributions	(194,293)	(365,802)	(475,483)
Net change in total pension liability	198,241	(1,882,471)	(89,323)
Total pension liability, beginning	4,141,302	6,023,773	6,113,096
Total pension liability - ending	\$ 4,339,543	\$ 4,141,302	\$ 6,023,773
Plan Fiduciary Net Position			
Contributions - employer	\$ 194,293	\$ 365,802	\$ 475,483
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(194,293)	(365,802)	(475,483)
Administrative expense	-	-	-
Plan net position, ending	\$ -	\$ -	\$ -
Employer's net pension liability (asset)	\$ 4,339,543	\$ 4,141,302	\$ 6,023,773
Plan fiduciary net position as a percentage of the total pension liability	0.00 %	0.00 %	0.00 %
Covered-employee payroll	\$ 18,908,064	\$ 18,594,072	\$ 13,572,016
Employer's net pension liability as a percentage of covered - employee payroll	22.95 %	22.27 %	44.38 %

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

Bellwood School District 88
Schedule of Employer Contributions
Postemployment Health Plan
 Last Three Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 194,293	\$ 194,293	\$ -	\$ 18,908,064	1.03 %
2019	365,802	365,802	-	18,594,072	1.97 %
2018	475,483	475,483	-	13,572,016	3.50 %

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

Bellwood School District 88

Notes to Supplementary Information

Year Ended June 30, 2020

a. Budgetary Information

The budget is prepared on the modified cash basis of accounting for all governmental funds, which is an acceptable method as prescribed by the Illinois State Board of Education, and is the same basis that is used for financial reporting. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. The budget appropriations lapse at the end of each fiscal year. The District does not utilize an encumbrance system. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- 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.
- Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- Prior to September 30 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
- The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.
- The budget lapses at the end of each fiscal year.

b. Excess of Expenditures over Budget

The following funds had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2020:

Fiscal Year	Budget	Actual	Excess
Operations & Maintenance Account	\$ 3,901,022	\$ 3,967,413	\$ 66,391
Tort Immunity Account	634,226	659,680	25,454
Debt Service Fund	2,815,847	3,515,071	699,224
Municipal Retirement/Social Security Fund	1,004,866	1,025,745	20,879

The Educational Account variance is the result of not budgeting for payments made on-behalf of the District by the State of Illinois. Without that variance, the Educational Account would have been \$774,028 under budget.

The other expenditure variances was sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

Bellwood School District 88

Combining Balance Sheet by Account - Modified Cash Basis - General Fund

<i>June 30, 2020</i>	Educational	Operations & Maintenance	Tort Immunity	Working Cash	Total General
Assets					
Cash and investments	\$ <u>6,922,504</u>	\$ <u>1,437,317</u>	\$ <u>322,876</u>	\$ <u>7,524,072</u>	\$ <u>16,206,769</u>
Total Assets	\$ <u><u>6,922,504</u></u>	\$ <u><u>1,437,317</u></u>	\$ <u><u>322,876</u></u>	\$ <u><u>7,524,072</u></u>	\$ <u><u>16,206,769</u></u>
Fund Balances					
Restricted	\$ -	\$ -	\$ 322,876	\$ -	\$ 322,876
Unassigned	<u>6,922,504</u>	<u>1,437,317</u>	<u>-</u>	<u>7,524,072</u>	<u>15,883,893</u>
Total Fund Balances	\$ <u><u>6,922,504</u></u>	\$ <u><u>1,437,317</u></u>	\$ <u><u>322,876</u></u>	\$ <u><u>7,524,072</u></u>	\$ <u><u>16,206,769</u></u>

Bellwood School District 88

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances by Account - Modified Cash Basis - General Fund

<i>Year Ended June 30, 2020</i>	Educational	Operations & Maintenance	Tort Immunity	Working Cash	Total General
Revenues Received					
Local sources	\$ 8,131,124	\$ 2,701,125	\$ 611,992	\$ 172,510	\$ 11,616,751
State resources	23,536,195	2,226,937	-	-	25,763,132
Federal resources	<u>3,907,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,907,116</u>
Total revenues received	<u>35,574,435</u>	<u>4,928,062</u>	<u>611,992</u>	<u>172,510</u>	<u>41,286,999</u>
Expenditures Disbursed					
Current operating					
Instruction	20,714,037	-	-	-	20,714,037
Support Services	8,477,217	3,200,042	659,680	-	12,336,939
Community services	434,429	-	-	-	434,429
Non-programmed charges	4,601,718	504,659	-	-	5,106,377
Capital outlay	<u>251,565</u>	<u>262,712</u>	<u>-</u>	<u>-</u>	<u>514,277</u>
Total expenditures disbursed	<u>34,478,966</u>	<u>3,967,413</u>	<u>659,680</u>	<u>-</u>	<u>39,106,059</u>
Excess of revenues received over (under) expenditures disbursed	<u>1,095,469</u>	<u>960,649</u>	<u>(47,688)</u>	<u>172,510</u>	<u>2,180,940</u>
Other financing sources (uses)					
Transfer in	-	-	225,000	-	225,000
Transfer out	<u>(506,404)</u>	<u>(134,822)</u>	<u>-</u>	<u>(225,000)</u>	<u>(866,226)</u>
Total other financing sources (uses)	<u>(506,404)</u>	<u>(134,822)</u>	<u>225,000</u>	<u>(225,000)</u>	<u>(641,226)</u>
Net changes in fund balance	589,065	825,827	177,312	(52,490)	1,539,714
Fund balances at beginning of year	<u>6,333,439</u>	<u>611,490</u>	<u>145,564</u>	<u>7,576,562</u>	<u>14,667,055</u>
Fund balances at end of year	<u>\$ 6,922,504</u>	<u>\$ 1,437,317</u>	<u>\$ 322,876</u>	<u>\$ 7,524,072</u>	<u>\$ 16,206,769</u>

Bellwood School District 88

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

Year Ended June 30, 2020 with Comparative Actual Totals for 2019	Educational Account			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
General levy	\$ 6,777,782	\$ 6,786,983	\$ 9,201	\$ 7,135,080
Special education levy	642,067	1,019,918	377,851	629,478
Pupil activities and textbooks	120,000	114,632	(5,368)	114,640
Earnings on investments	93,089	184,486	91,397	91,264
Other	25,000	25,105	105	72,140
Total local sources	7,657,938	8,131,124	473,186	8,042,602
State sources				
Unrestricted				
Evidence based funding formula	15,855,790	15,296,093	(559,697)	15,334,806
Restricted				
Private Facility Tuition	308,721	331,516	22,795	302,668
Orphanage - Individual	19,346	191,576	172,230	148,124
Orphanage - Summer Individual	13,044	1,171	(11,873)	13,044
Secondary Program Improvement (CTEI)	-	1,386	1,386	-
State free lunch and breakfast	22,000	14,659	(7,341)	23,154
Early Childhood - Block Grant	1,265,877	1,169,745	(96,132)	1,333,248
Other grants-in-aid	54,398	1,040	(53,358)	108,291
On behalf payments - State of Illinois	-	6,529,009	6,529,009	-
Total state sources	17,539,176	23,536,195	5,997,019	17,263,335
Federal sources				
Restricted				
School lunch programs	1,191,446	1,132,772	(58,674)	1,168,084
Title I	1,064,643	1,062,887	(1,756)	1,262,642
Title IV	67,183	40,370	(26,813)	37,842
Special Education	1,204,770	709,742	(495,028)	8,828
Title III - immigrant education program	-	4,232	4,232	-
Title III - english language acquisition	70,100	84,301	14,201	44,537
Title II - Teacher Quality	129,600	146,850	17,250	217,866
Medicaid matching/administrative outreach	-	7,668	7,668	35,047
Medicaid matching/fee-for-service	-	718,294	718,294	454,030
STEP program	-	-	-	60,408
Total federal sources	3,727,742	3,907,116	179,374	3,289,284
Total revenues received	28,924,856	35,574,435	6,649,579	28,595,221

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures Disbursed				
Current operating				
Instruction				
Regular programs				
Salaries	\$ 7,582,697	\$ 7,625,773	\$ (43,076)	\$ 7,366,813
Employee benefits	1,054,274	978,831	75,443	1,054,276
Purchased services	184,500	28,240	156,260	178,518
Supplies and materials	679,847	755,133	(75,286)	554,234
Capital outlay	210,549	109,291	101,258	132,007
On behalf payments - state of Illinois	-	6,529,009	(6,529,009)	-
Total	9,711,867	16,026,277	(6,314,410)	9,285,848
Pre-K programs				
Salaries	591,705	645,871	(54,166)	574,471
Employee benefits	78,711	75,029	3,682	78,712
Purchased services	1,236	6,086	(4,850)	1,200
Supplies and materials	100,327	95,828	4,499	55,678
Capital outlay	-	495	(495)	-
Total	771,979	823,309	(51,330)	710,061
Special education programs				
Salaries	1,208,965	1,333,381	(124,416)	1,304,943
Employee benefits	161,295	184,534	(23,239)	183,272
Purchased services	27,839	25,057	2,782	27,028
Supplies and materials	10,000	19,066	(9,066)	2,456
Total	1,408,099	1,562,038	(153,939)	1,517,699
Special education Pre-K programs				
Salaries	135,127	120,438	14,689	-
Employee benefits	21,977	20,643	1,334	-
Supplies and materials	-	1,146	(1,146)	-
Total	157,104	142,227	14,877	-
Remedial and supplemental programs K-12				
Salaries	1,223	1,266	(43)	1,187
Employee benefits	134	88	46	135
Purchased services	4,088	165,902	(161,814)	3,969
Supplies and materials	3,500	231,317	(227,817)	2,766
Total	8,945	398,573	(389,628)	8,057

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Interscholastic programs				
Salaries	\$ 157,277	\$ 125,980	\$ 31,297	\$ 152,697
Employee benefits	15,362	12,878	2,484	15,362
Purchased services	38,977	15,485	23,492	37,842
Supplies and materials	4,551	-	4,551	3,813
Total	216,167	154,343	61,824	209,714
Summer school programs				
Salaries	41,808	101,947	(60,139)	40,591
Employee benefits	3,378	10,837	(7,459)	3,378
Supplies and materials	10,155	22,491	(12,336)	12,155
Total	55,341	135,275	(79,934)	56,124
Bilingual programs				
Salaries	1,533,930	1,307,431	226,499	1,489,254
Employee benefits	269,833	224,438	45,395	269,832
Supplies and materials	91,891	49,912	41,979	4,664
Capital outlay	5,779	-	5,779	-
Total	1,901,433	1,581,781	319,652	1,763,750
Total instruction	14,230,935	20,823,823	(6,592,888)	13,551,253
Support services				
Pupils				
Attendance and social work				
Salaries	640,937	677,440	(36,503)	622,269
Employee benefits	83,995	83,399	596	83,996
Purchased services	-	2,325	(2,325)	2,418
Supplies and materials	2,500	1,414	1,086	-
Total	727,432	764,578	(37,146)	708,683
Health services				
Salaries	301,925	293,007	8,918	293,132
Employee benefits	56,350	39,784	16,566	56,351
Purchased services	34,207	72,396	(38,189)	33,210
Supplies and materials	10,000	3,088	6,912	6,907
Total	402,482	408,275	(5,793)	389,600

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Psychological services				
Salaries	\$ 240,665	\$ 229,566	\$ 11,099	\$ 233,655
Employee benefits	32,434	29,582	2,852	32,434
Purchased services	-	7,469	(7,469)	-
Supplies and materials	2,500	3,959	(1,459)	2,414
Total	275,599	270,576	5,023	268,503
Speech pathology and audiology services				
Supplies and materials	3,000	315	2,685	110
Total	3,000	315	2,685	110
Other support services				
Salaries	248,350	244,491	3,859	241,116
Employee benefits	3,899	16,154	(12,255)	3,899
Supplies and materials	-	1,340	(1,340)	-
Total	252,249	261,985	(9,736)	245,015
Total pupils	1,660,762	1,705,729	(44,967)	1,611,911
Instructional staff				
Improvement of instruction services				
Salaries	387,944	368,794	19,150	376,644
Employee benefits	36,316	92,212	(55,896)	36,316
Purchased services	298,875	230,160	68,715	290,170
Supplies and materials	42,150	8,682	33,468	26,732
Capital outlay	-	4,639	(4,639)	-
Total	765,285	704,487	60,798	729,862
Educational media services				
Salaries	133,729	129,985	3,744	129,834
Employee benefits	18,013	20,443	(2,430)	18,013
Supplies and materials	1,000	1,693	(693)	3,302
Total	152,742	152,121	621	151,149
Assessment and training				
Purchased services	33,678	-	33,678	32,698
Total	33,678	-	33,678	32,698
Total instructional staff	951,705	856,608	95,097	913,709

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
General administration				
Board of education				
Salaries	\$ 108,456	\$ 100,495	\$ 7,961	\$ 105,297
Employee benefits	282,349	(15,203)	297,552	278,057
Purchased services	390,297	302,469	87,828	378,930
Supplies and materials	2,500	4,216	(1,716)	2,852
Total	783,602	391,977	391,625	765,136
Executive administration				
Salaries	272,749	404,506	(131,757)	264,805
Employee benefits	68,454	81,586	(13,132)	68,837
Purchased services	33,765	45,320	(11,555)	32,781
Supplies and materials	11,000	1,899	9,101	6,751
Capital outlay	1,000	-	1,000	-
Total	386,968	533,311	(146,343)	373,174
Special area administrative services				
Salaries	180,250	182,010	(1,760)	175,000
Employee benefits	22,037	33,892	(11,855)	22,037
Purchased services	38,097	33,944	4,153	36,988
Supplies and materials	10,000	4,122	5,878	7,044
Capital outlay	1,200	1,902	(702)	-
Total	251,584	255,870	(4,286)	241,069
Total general administration	1,422,154	1,181,158	240,996	1,379,379
School administration				
Office of the principal				
Salaries	1,429,891	1,482,085	(52,194)	1,388,244
Employee benefits	188,207	260,721	(72,514)	188,208
Supplies and materials	-	12,713	(12,713)	-
Capital outlay	5,000	-	5,000	4,412
Total	1,623,098	1,755,519	(132,421)	1,580,864

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Other support services				
school administration				
Salaries	\$ 31,711	\$ 54,027	\$ (22,316)	\$ 30,788
Employee benefits	2,290	5,244	(2,954)	2,291
Total	34,001	59,271	(25,270)	33,079
Total school administration	1,657,099	1,814,790	(157,691)	1,613,943
Business				
Director of business				
support services				
Salaries	283,224	282,789	435	274,975
Employee benefits	29,298	27,579	1,719	29,297
Purchased services	14,499	139,791	(125,292)	14,077
Supplies and materials	7,000	1,870	5,130	4,432
Capital outlay	64,000	47,025	16,975	79,657
Total	398,021	499,054	(101,033)	402,438
Pupil transportation services				
Salaries	24,551	32,033	(7,482)	23,836
Total	24,551	32,033	(7,482)	23,836
Food services				
Salaries	523,574	502,060	21,514	508,324
Employee benefits	13,732	3,564	10,168	13,732
Purchased services	1,543	7,928	(6,385)	1,498
Supplies and materials	1,063,487	802,467	261,020	805,948
Total	1,602,336	1,316,019	286,317	1,329,502
Total business	2,024,908	1,847,106	177,802	1,755,776
Central				
Information services				
Salaries	369,968	-	369,968	-
Employee benefits	49,314	-	49,314	-
Purchased services	70,474	-	70,474	-
Supplies and materials	133,094	-	133,094	-
Capital outlay	696,000	-	696,000	-
Total	1,318,850	-	1,318,850	-

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Staff services				
Salaries	\$ 296,330	\$ 312,902	\$ (16,572)	\$ 287,700
Employee benefits	47,759	44,902	2,857	47,759
Purchased services	152,091	147,578	4,513	147,660
Supplies and materials	10,000	13,842	(3,842)	4,189
Capital outlay	2,000	411	1,589	-
Total	508,180	519,635	(11,455)	487,308
Data processing services				
Salaries	-	394,226	(394,226)	359,192
Employee benefits	-	59,576	(59,576)	49,315
Purchased services	-	117,087	(117,087)	68,421
Supplies and materials	-	35,099	(35,099)	60,101
Capital outlay	-	87,802	(87,802)	1,242,840
Total	-	693,790	(693,790)	1,779,869
Planning, R&D, and evaluation services				
Salaries	133,900	-	133,900	130,000
Employee benefits	1,950	-	1,950	1,950
Total	135,850	-	135,850	131,950
Total central	1,962,880	1,213,425	749,455	2,399,127
Other support services				
Supplies and materials	3,500	180	3,320	1,260
Total	3,500	180	3,320	1,260
Total support services	9,683,008	8,618,996	1,064,012	9,675,105
Community services				
Salaries	337,277	280,173	57,104	327,453
Employee benefits	38,114	29,416	8,698	38,115
Purchased services	11,729	105,036	(93,307)	11,387
Supplies and materials	59,697	19,804	39,893	49,780
Capital outlay	1,103	-	1,103	-
Total	447,920	434,429	13,491	426,735

Bellwood School District 88

Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balance - Modified Cash Basis - Budget and Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
Non-programmed charges				
Payments for regular programs				
Purchased services	\$ 803,422	\$ -	\$ 803,422	\$ -
Other objects	3,558,700	49,630	3,509,070	24,162
Total	4,362,122	49,630	4,312,492	24,162
Payments for special education programs				
Purchased services	-	2,065,322	(2,065,322)	3,123,150
Other objects	-	2,486,766	(2,486,766)	473,697
Total	-	4,552,088	(4,552,088)	3,596,847
Total non-programmed services	4,362,122	4,601,718	(239,596)	3,621,009
Total expenditures disbursed	28,723,985	34,478,966	(5,754,981)	27,274,102
Excess of revenues received over expenditures disbursed	200,871	1,095,469	894,598	1,321,119
Other Financing Sources (Uses)				
Issuance of capital lease	-	-	-	2,532,022
Transfer out	-	(506,404)	(506,404)	(506,404)
Total other financing sources (uses)	-	(506,404)	(506,404)	2,025,618
Net change in fund balance	<u>\$ 200,871</u>	589,065	<u>\$ 388,194</u>	3,346,737
Fund balances, beginning of year		<u>6,333,439</u>		<u>2,986,702</u>
Fund balances, end of year		<u>\$ 6,922,504</u>		<u>\$ 6,333,439</u>

Bellwood School District 88

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

Year Ended June 30, 2020 with Comparative Actual Totals for 2019	Operations & Maintenance Account			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
General levy	\$ 1,479,165	\$ 1,502,450	\$ 23,285	\$ 1,450,163
Corporate personal property replacement taxes	1,196,331	1,130,805	(65,526)	1,036,964
Rentals	-	1,064	1,064	-
Earnings on investments	12,721	31,394	18,673	12,471
Other	15,000	35,412	20,412	15,334
Total local sources	2,703,217	2,701,125	(2,092)	2,514,932
State sources				
Unrestricted				
Evidence Based Funding Formula	1,581,549	2,226,937	645,388	1,746,786
Total state sources	1,581,549	2,226,937	645,388	1,746,786
Total revenues received	4,284,766	4,928,062	643,296	4,261,718
Expenditures Disbursed				
Current operating				
Support services				
Operations and maintenance of plant services:				
Salaries	1,703,961	1,708,569	(4,608)	1,654,329
Employee benefits	185,354	210,302	(24,948)	185,150
Purchased services	857,736	541,473	316,263	832,754
Supplies and materials	812,100	739,698	72,402	808,928
Capital outlay	95,000	262,712	(167,712)	176,945
Total	3,654,151	3,462,754	191,397	3,658,106
Non-programmed charges				
Purchased services	246,871	240,575	6,296	155,472
Other objects	-	264,084	(264,084)	-
Total	246,871	504,659	(257,788)	155,472
Total expenditures disbursed	3,901,022	3,967,413	(66,391)	3,813,578
Excess of revenues received over expenditures disbursed	383,744	960,649	576,905	448,140
Other Financing Sources (Uses)				
Transfer out	(134,822)	(134,822)	-	(134,822)
Total other financing sources (uses)	(134,822)	(134,822)	-	(134,822)
Net change in fund balance	\$ 248,922	825,827	\$ 576,905	313,318
Fund balances, beginning of year		611,490		298,172
Fund balances, end of year		\$ 1,437,317		\$ 611,490

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Tort Immunity Account			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
Property taxes	\$ 520,397	\$ 609,030	\$ 88,633	\$ 510,192
Earnings on investments	4,913	2,962	(1,951)	4,816
Total local sources	525,310	611,992	86,682	515,008
Total revenues received	525,310	611,992	86,682	515,008
Expenditures Disbursed				
Current operating				
Support services				
Workers' compensation				
Purchased services	267,616	267,616	-	508,755
Unemployment				
Purchased services	321,122	317,143	3,979	44,163
Legal services				
Purchased services	45,488	11,858	33,630	72,253
Other objects	-	63,063	(63,063)	-
Total expenditures disbursed	634,226	659,680	(25,454)	625,171
Excess of revenues received over (under) expenditures disbursed	(108,916)	(47,688)	61,228	(110,163)
Other Financing Sources				
Transfer in	-	225,000	225,000	-
Total other financing sources	-	225,000	225,000	-
Net change in fund balance	\$ (108,916)	177,312	\$ 286,228	(110,163)
Fund balances, beginning of year		145,564		255,727
Fund balances, end of year		\$ 322,876		\$ 145,564

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Working Cash Account			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
Property taxes	\$ 1,456	\$ 1,119	\$ (337)	\$ (2,264)
Earnings on investments	127,298	171,391	44,093	124,802
Total local sources	128,754	172,510	43,756	122,538
Total revenues received	128,754	172,510	43,756	122,538
Other Financing Sources (Uses)				
Transfer out	-	(225,000)	(225,000)	-
Total other financing sources (uses)	-	(225,000)	(225,000)	-
Net change in fund balance	<u>\$ 128,754</u>	(52,490)	<u>\$ (181,244)</u>	122,538
Fund balances, beginning of year		<u>7,576,562</u>		<u>7,454,024</u>
Fund balances, end of year		<u>\$ 7,524,072</u>		<u>\$ 7,576,562</u>

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Debt Service Fund			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
General levy	\$ 2,875,000	\$ 2,689,350	\$ (185,650)	\$ 2,661,764
Earnings on investments	24,746	219,779	195,033	389,052
Total revenues received	2,899,746	2,909,129	9,383	3,050,816
Expenditures Disbursed				
Debt service				
Payments of principal on long-term debt	1,045,247	2,466,574	(1,421,327)	2,596,195
Interest on long-term debt	1,770,600	1,048,497	722,103	1,107,277
Total expenditures disbursed	2,815,847	3,515,071	(699,224)	3,703,472
Excess of revenue received over (under) expenditures disbursed	83,899	(605,942)	(689,841)	(652,656)
Other Financing Sources				
Transfer in	134,822	641,226	506,404	641,226
Total other financing sources	134,822	641,226	506,404	641,226
Net change in fund balance	<u>\$ 218,721</u>	35,284	<u>\$ (183,437)</u>	(11,430)
Fund balances, beginning of year		<u>1,356,815</u>		<u>1,368,245</u>
Fund balances, end of year		<u>\$ 1,392,099</u>		<u>\$ 1,356,815</u>

Bellwood School District 88
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds

<i>June 30, 2020</i>	Transportation	Municipal Retirement/ Social Security	Fire Prevention & Safety	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ <u>1,354,335</u>	\$ <u>164,675</u>	\$ <u>406,265</u>	\$ <u>1,925,275</u>
Total assets	\$ <u><u>1,354,335</u></u>	\$ <u><u>164,675</u></u>	\$ <u><u>406,265</u></u>	\$ <u><u>1,925,275</u></u>
Fund balances				
Restricted for:				
Transportation	\$ 1,354,335	\$ -	\$ -	\$ 1,354,335
Municipal Retirement	-	164,675	-	164,675
Capital Projects	<u>-</u>	<u>-</u>	<u>406,265</u>	<u>406,265</u>
Total fund balances	\$ <u><u>1,354,335</u></u>	\$ <u><u>164,675</u></u>	\$ <u><u>406,265</u></u>	\$ <u><u>1,925,275</u></u>

Bellwood School District 88

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes In Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds

<i>Year Ended June 30, 2020</i>	Transportation	Municipal Retirement/ Social Security	Fire Prevention & Safety	Total Nonmajor Governmental Funds
Revenue Received				
Local sources	\$ 716,087	\$ 784,808	\$ 278,839	\$ 1,779,734
State sources	<u>1,418,385</u>	<u>-</u>	<u>-</u>	<u>1,418,385</u>
Total revenues received	<u>2,134,472</u>	<u>784,808</u>	<u>278,839</u>	<u>3,198,119</u>
Expenditures Disbursed				
Current operating				
Instruction	-	229,958	-	229,958
Support Services	990,679	760,786	63,051	1,814,516
Community services	-	35,001	-	35,001
Non program charges	474,841	-	-	474,841
Debt service				
Principal	81,799	-	-	81,799
Interest and other	<u>12,779</u>	<u>-</u>	<u>-</u>	<u>12,779</u>
Total expenditures disbursed	<u>1,560,098</u>	<u>1,025,745</u>	<u>63,051</u>	<u>2,648,894</u>
Net changes in fund balances	574,374	(240,937)	215,788	549,225
Fund balances at beginning of year	<u>779,961</u>	<u>405,612</u>	<u>190,477</u>	<u>1,376,050</u>
Fund balances at end of year	<u>\$ 1,354,335</u>	<u>\$ 164,675</u>	<u>\$ 406,265</u>	<u>\$ 1,925,275</u>

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Transportation Fund			
	Original and Final Budget	2020 Actual	Variance with Final Budget	2019 Actual
Revenues Received				
Local sources				
General levy	\$ 623,555	\$ 638,178	\$ 14,623	\$ 611,328
Earnings on investments	13,681	20,486	6,805	13,413
Other	<u>15,000</u>	<u>57,423</u>	<u>42,423</u>	<u>94,592</u>
Total local sources	<u>652,236</u>	<u>716,087</u>	<u>63,851</u>	<u>719,333</u>
State sources				
Restricted				
General state aid	378,154	445,387	67,233	170,968
Transportation aid - regular	216,268	229,891	13,623	144,470
Transportation aid - special education	<u>734,948</u>	<u>743,107</u>	<u>8,159</u>	<u>686,441</u>
Total state sources	<u>1,329,370</u>	<u>1,418,385</u>	<u>89,015</u>	<u>1,001,879</u>
Revenues Received	<u>1,981,606</u>	<u>2,134,472</u>	<u>152,866</u>	<u>1,721,212</u>
Expenditures Disbursed				
Support services				
Pupil transportation services				
Salaries	624,099	489,996	134,103	605,921
Employee benefits	51,045	36,233	14,812	51,003
Purchased services	938,114	268,217	669,897	910,791
Supplies and materials	104,700	72,648	32,052	83,072
Capital outlay	<u>181,200</u>	<u>123,585</u>	<u>57,615</u>	<u>344,516</u>
Total support services	<u>1,899,158</u>	<u>990,679</u>	<u>908,479</u>	<u>1,995,303</u>
Non-programmed charges				
Payments for special education services				
Purchased services	<u>-</u>	<u>474,841</u>	<u>(474,841)</u>	<u>-</u>
Debt service				
Principal on long-term debt	-	81,799	(81,799)	92,260
Interest on long-term debt	-	12,779	(12,779)	2,319
Total debt service	<u>-</u>	<u>94,578</u>	<u>(94,578)</u>	<u>94,579</u>
Total expenditures disbursed	<u>1,899,158</u>	<u>1,560,098</u>	<u>339,060</u>	<u>2,089,882</u>

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Transportation			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Excess of revenues received over (under) expenditures disbursed	\$ 82,448	\$ 574,374	\$ 491,926	\$ (368,670)
Other Financing Sources				
Issuance of capital lease	-	-	-	313,556
Net change in fund balance	\$ 82,448	574,374	\$ 491,926	(55,114)
Fund balances at beginning of year		779,961		835,075
Fund balances at end of year		\$ 1,354,335		\$ 779,961

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Municipal Retirement/Social Security Fund			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
General levy	\$ 440,335	\$ 292,236	\$ (148,099)	\$ 235,623
FICA/Medicare Only Purposes Levies	437,237	446,524	9,287	232,586
Corporate personal property replacement taxes	37,000	35,394	(1,606)	28,415
Earnings on investments	<u>14,922</u>	<u>10,654</u>	<u>(4,268)</u>	<u>14,630</u>
 Total revenues received	 <u>929,494</u>	 <u>784,808</u>	 <u>(144,686)</u>	 <u>511,254</u>
Expenditures Disbursed				
Regular programs	125,838	125,507	331	125,836
Prekindergarten programs	27,857	29,467	(1,610)	27,858
Special education programs	42,212	43,719	(1,507)	42,211
Prekindergarten special education	4,028	1,728	2,300	4,028
Educationally deprived/remedial programs	17	17	-	17
Interscholastic programs	3,164	2,905	259	3,164
Summer school programs	1,182	2,498	(1,316)	1,183
Bilingual programs	<u>24,647</u>	<u>24,117</u>	<u>530</u>	<u>24,646</u>
Total	<u>228,945</u>	<u>229,958</u>	<u>(1,013)</u>	<u>228,943</u>
Support services				
Pupils				
Attendance and social work services	9,023	9,543	(520)	9,023
Health services	30,583	28,999	1,584	30,583
Psychological services	3,842	3,299	543	3,842
Other	<u>3,496</u>	<u>3,516</u>	<u>(20)</u>	<u>3,496</u>
 Total support services	 <u>46,944</u>	 <u>45,357</u>	 <u>1,587</u>	 <u>46,944</u>
Instructional staff				
Improvement of instruction services	14,209	13,559	650	14,210
Educational media services	<u>13,033</u>	<u>12,235</u>	<u>798</u>	<u>13,033</u>
 Total instructional staff	 <u>27,242</u>	 <u>25,794</u>	 <u>1,448</u>	 <u>27,243</u>
General administration				
Board of education services	6,444	5,155	1,289	6,444
Executive administration services	14,892	16,681	(1,789)	14,892
Service area administration services	<u>11,187</u>	<u>10,554</u>	<u>633</u>	<u>11,187</u>
 Total general administration	 <u>32,523</u>	 <u>32,390</u>	 <u>133</u>	 <u>32,523</u>

Bellwood School District 88

Budget to Actual (Continued)

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Municipal Retirement/Social Security			
	2020		2019	
	Final Budget	Actual	Variance with Final Budget	Actual
School administration				
Office of the principal services	\$ 73,315	\$ 77,341	\$ (4,026)	\$ 73,315
Other support services	<u>1,827</u>	<u>2,183</u>	<u>(356)</u>	<u>1,828</u>
Total school administration	<u>75,142</u>	<u>79,524</u>	<u>(4,382)</u>	<u>75,143</u>
Business				
Director of business support services	43,027	55,837	(12,810)	43,027
Operation and maintenance of plant services	279,701	260,079	19,622	279,705
Pupil transportation services	81,698	86,715	(5,017)	81,697
Food services	<u>43,857</u>	<u>39,770</u>	<u>4,087</u>	<u>43,857</u>
Total business	<u>448,283</u>	<u>442,401</u>	<u>5,882</u>	<u>448,286</u>
Central				
Staff services	45,523	57,169	(11,646)	45,524
Data processing services	56,494	69,695	(13,201)	56,493
Planning, R&D, and Evaluations	<u>1,885</u>	<u>-</u>	<u>1,885</u>	<u>1,885</u>
Total central	<u>103,902</u>	<u>126,864</u>	<u>(22,962)</u>	<u>103,902</u>
Other supporting services				
Other support services	<u>4,328</u>	<u>8,456</u>	<u>(4,128)</u>	<u>4,328</u>
Total support services	<u>738,364</u>	<u>760,786</u>	<u>(22,422)</u>	<u>738,369</u>
Community services	<u>37,557</u>	<u>35,001</u>	<u>2,556</u>	<u>37,557</u>
Total expenditures disbursed	<u>1,004,866</u>	<u>1,025,745</u>	<u>(20,879)</u>	<u>1,004,869</u>
Net change in fund balance	<u>\$ (75,372)</u>	(240,937)	<u>\$ (165,565)</u>	(493,615)
Fund balances at beginning of year		<u>405,612</u>		<u>899,227</u>
Fund balances at end of year		<u>\$ 164,675</u>		<u>\$ 405,612</u>

Bellwood School District 88

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

<i>Year Ended June 30, 2020 with Comparative Actual Totals for 2019</i>	Fire Prevention & Safety Fund			
	2020		2019	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues Received				
Local sources				
General levy	\$ 211,088	\$ 272,874	\$ 61,786	\$ 206,949
Earnings on investments	<u>1,509</u>	<u>5,965</u>	<u>4,456</u>	<u>1,479</u>
Total revenues received	<u>212,597</u>	<u>278,839</u>	<u>66,242</u>	<u>208,428</u>
Expenditures Disbursed				
Current operating				
Support services				
Salaries	30,306	59,458	(29,152)	29,423
Employee benefits	-	113	(113)	-
Purchased services	-	3,480	(3,480)	-
Capital outlay	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Total support services	<u>105,306</u>	<u>63,051</u>	<u>42,255</u>	<u>29,423</u>
Total expenditures disbursed	<u>105,306</u>	<u>63,051</u>	<u>42,255</u>	<u>29,423</u>
Net change in fund balance	<u>\$ 107,291</u>	215,788	<u>\$ 108,497</u>	179,005
Fund balances at beginning of year		<u>190,477</u>		<u>11,477</u>
Fund balances at end of year		<u>\$ 406,265</u>		<u>\$ 190,477</u>

Bellwood School District 88
 Schedule of Changes in Assets and Liabilities
 Agency Funds - Activity Funds

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020
Assets				
Cash	\$ 31,573	\$ 86,742	\$ 96,989	\$ 21,326
Liabilities				
Due to organizations:				
Roosevelt Middle School	\$ 11,776	\$ 35,421	\$ 40,728	\$ 6,469
Grant Elementary School	2,877	7,059	8,604	1,332
Lincoln Elementary School	76	8,466	6,704	1,838
McKinley Elementary School	3,047	9,782	11,754	1,075
Marshall Elementary School	4,404	3,970	3,833	4,541
Early Childhood	9,393	22,044	25,366	6,071
Total liabilities	\$ 31,573	\$ 86,742	\$ 96,989	\$ 21,326