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McHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15 STATE OF ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

eder, casella & co.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
McHenry Community Consolidated School District No. 15
McHenry, Illinois

We have audited the accompanying basic financial statements of

McHenry Community Consolidated School District No. 15

as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education as 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 error or fraud.

Auditor's Responsibility

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by McHenry Community Consolidated School District No. 15 on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of Illinois State Board of Education. Also as described in Note 1, McHenry Community Consolidated School District No. 15 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of McHenry Community Consolidated School District No. 15 as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Cash Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of McHenry Community Consolidated School District No. 15 as of June 30, 2019, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such information and the Schedule of Expenditures of Federal Awards 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, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2019 on our consideration of McHenry Community Consolidated School District No. 15's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 McHenry Community Consolidated School District No. 15's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Education, others within the District, and the Illinois State Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 14, 2019

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

To the Board of Education
McHenry Community Consolidated School District No. 15
McHenry, Illinois

We have audited, 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, the basic financial statements of

McHenry Community Consolidated School District No. 15

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise McHenry Community Consolidated School District No. 15's basic financial statements, and have issued our report thereon dated October 14, 2019. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McHenry Community Consolidated School District No. 15's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McHenry Community Consolidated School District No. 15's internal control. Accordingly, we do not express an opinion on the effectiveness of McHenry Community Consolidated School District No. 15's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McHenry Community Consolidated School District No. 15's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

McHenry Community Consolidated School District No. 15's Response to Findings

McHenry Community Consolidated School District No. 15's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. McHenry Community Consolidated School District No. 15's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

McHenry, Illinois
October 14, 2019

BASIC FINANCIAL STATEMENTS

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR-TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	WORKING CASH
ASSETS							
Cash and Cash Equivalents	$ 11,765,821	$ 6,373,436	$ 260,446	$ 5,092,782	$ 1,028,778	$ 522,299	$ 377,002
Investments	27,256,277	515,071	3,867,937	2,413,950	313,537	-	3,655,364
Other Current Assets	3,337	-	-	-	-	-	-
Capital Assets							
Land	-	-	-	-	-	-	-
Building and Building Improvements	-	-	-	-	-	-	-
Site Improvements and Infrastructure	-	-	-	-	-	-	-
Capitalized Equipment	-	-	-	-	-	-	-
Amount Available in Debt Services Fund	-	-	-	-	-	-	-
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	-	-	-
Total Assets	$ 39,025,435	$ 6,888,507	$ 4,128,383	$ 7,506,732	$ 1,342,315	$ 522,299	$ 4,032,366
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Current Liabilities							
Due to Activity Fund Organizations	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Long-Term Liabilities							
Long-Term Debt Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Long-Term Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCE							
Investment in General Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund Balance							
Unreserved							
Designated	22,037,387	2,723,955	2,926,182	1,047,677	838,142	-	246,329
Undesignated	16,988,048	4,164,552	1,202,201	6,459,055	504,173	522,299	3,786,037
Total Fund Balance	$ 39,025,435	$ 6,888,507	$ 4,128,383	$ 7,506,732	$ 1,342,315	$ 522,299	$ 4,032,366
Total Liabilities and Fund Balance	$ 39,025,435	$ 6,888,507	$ 4,128,383	$ 7,506,732	$ 1,342,315	$ 522,299	$ 4,032,366

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2019

	TORT	FIRE PREVENTION AND SAFETY	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS						
Cash and Cash Equivalents	$ 504,957	$ 110,845	$ 59,206	$ -	$ -	$ 26,095,572
Investments	363,055	1,142	-	-	-	38,386,333
Other Current Assets	-	-	-	-	-	3,337
Capital Assets						
Land	-	-	-	1,262,074	-	1,262,074
Building and Building Improvements	-	-	-	89,120,797	-	89,120,797
Site Improvements and Infrastructure	-	-	-	2,174,474	-	2,174,474
Capitalized Equipment	-	-	-	11,190,091	-	11,190,091
Amount Available in Debt Services Fund	-	-	-	-	4,128,383	4,128,383
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	1,386,617	1,386,617
Total Assets	$ 868,012	$ 111,987	$ 59,206	$ 103,747,436	$ 5,515,000	$ 173,747,678
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Current Liabilities						
Due to Activity Fund Organizations	$ -	$ -	$ 59,206	$ -	$ -	$ 59,206
Total Current Liabilities	$ -	$ -	$ 59,206	$ -	$ -	$ 59,206
Long-Term Liabilities						
Long-Term Debt Payable	$ -	$ -	$ -	$ -	$ 5,515,000	$ 5,515,000
Total Long-Term Liabilities	$ -	$ -	$ -	$ -	$ 5,515,000	$ 5,515,000
Total Liabilities	$ -	$ -	$ 59,206	$ -	$ 5,515,000	$ 5,574,206
FUND BALANCE						
Investment in General Fixed Assets	$ -	$ -	$ -	$ 103,747,436	$ -	$ 103,747,436
Fund Balance						
Unreserved						
Designated	261,666	6,131	-	-	-	30,087,469
Undesignated	606,346	105,856	-	-	-	34,338,567
Total Fund Balance	$ 868,012	$ 111,987	$ -	$ 103,747,436	$ -	$ 168,173,472
Total Liabilities and Fund Balance	$ 868,012	$ 111,987	$ 59,206	$ 103,747,436	$ 5,515,000	$ 173,747,678

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES -
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR-TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
REVENUE RECEIVED					
Local Sources	$ 40,593,850	$ 5,436,638	$ 5,546,780	$ 3,364,883	$ 1,889,603
State Sources	10,141,737	115,711	-	1,380,359	-
Federal Sources	3,396,890	-	-	-	-
On-Behalf Payments	21,599,341	-	-	-	-
	$ 75,731,818	$ 5,552,349	$ 5,546,780	$ 4,745,242	$ 1,889,603
EXPENDITURES DISBURSED					
Instruction	$ 35,346,014	$ -	$ -	$ -	$ 756,085
Support Services	13,814,758	7,915,175	-	4,281,772	1,310,214
Community Services	38,889	-	-	-	509
Payments to Other Districts and Governmental Units	1,238,073	-	-	-	-
Debt Services	-	-	4,893,875	-	-
On-Behalf Payments	21,599,341	-	-	-	-
	$ 72,037,075	$ 7,915,175	$ 4,893,875	$ 4,281,772	$ 2,066,808
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	$ 3,694,743	$ (2,362,826)	$ 652,905	$ 463,470	$ (177,205)
OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	$ 3,694,743	$ (2,362,826)	$ 652,905	$ 463,470	$ (177,205)
FUND BALANCE - JULY 1, 2018	35,330,692	9,251,333	3,475,478	7,043,262	1,519,520
FUND BALANCE - JUNE 30, 2019	$ 39,025,435	$ 6,888,507	$ 4,128,383	$ 7,506,732	$ 1,342,315

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES -
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED					
Local Sources	$ 12,191	$ 535,304	$ 498,449	$ 14,003	$ 57,891,701
State Sources	-	-	-	-	11,637,807
Federal Sources	-	-	-	-	3,396,890
On-Behalf Payments	-	-	-	-	21,599,341
	$ 12,191	$ 535,304	$ 498,449	$ 14,003	$ 94,525,739
EXPENDITURES DISBURSED					
Instruction	$ -	$ -	$ -	$ -	$ 36,102,099
Support Services	-	-	533,541	-	27,855,460
Community Services	-	-	-	-	39,398
Payments to Other Districts and Governmental Units	-	-	-	-	1,238,073
Debt Services	-	-	-	-	4,893,875
On-Behalf Payments	-	-	-	-	21,599,341
	$ -	$ -	$ 533,541	$ -	$ 91,728,246
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	$ 12,191	$ 535,304	$ (35,092)	$ 14,003	$ 2,797,493
OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	$ 12,191	$ 535,304	$ (35,092)	$ 14,003	$ 2,797,493
FUND BALANCE - JULY 1, 2018	510,108	3,497,062	903,104	97,984	61,628,543
FUND BALANCE - JUNE 30, 2019	$ 522,299	$ 4,032,366	$ 868,012	$ 111,987	$ 64,426,036

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF REVENUE RECEIVED
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR-TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
REVENUE RECEIVED					
Local Sources					
Ad Valorem Taxes Levied					
Designated Purpose Levies	$ 36,920,037	$ 5,114,453	$ 5,495,065	$ 1,967,101	$ 786,840
Special Education Purpose Levy	1,967,101	-	-	-	-
FICA/Medicare Only Purposes Levy	-	-	-	-	786,840
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	156,944	-	-	-	156,944
Tuition					
Special Education Tuition from Other Districts (In State)	59,820	-	-	-	-
Transportation Fees					
Regular Trans. Fees from Pupils or Parents (In State)	-	-	-	19,840	-
Interest on Investments	546,851	96,190	51,715	132,794	27,744
Food Service					
Sales to Pupils - Lunch	565,538	-	-	-	-
District/School Activity Income					
Admissions - Athletic	2,261	-	-	-	-
Fees	60,202	-	-	-	-
Textbooks					
Rentals - Regular Textbook	197,223	-	-	-	-
Rentals	-	14,749	-	-	-
Contributions and Donations from Private Sources	50	191,653	-	-	-
Refund of Prior Years' Expenditures	50,615	14,736	-	19,832	-
Payments from Other Districts	-	-	-	1,225,316	-
Other Local Revenues	67,208	4,857	-	-	131,235
Total Local Sources	$ 40,593,850	$ 5,436,638	$ 5,546,780	$ 3,364,883	$ 1,889,603
State Sources					
Unrestricted Grants-In-Aid					
General State Aid - Sec. 18-8	$ 9,453,039	$ -	$ -	$ -	$ -
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	187,978	-	-	-	-
Orphanage - Individual	115,894	-	-	-	-
Orphanage - Summer	3,873	-	-	-	-
State Free Lunch and Breakfast	12,625	-	-	-	-
Transportation					
Regular/Vocational	-	-	-	734,408	-
Special Education	-	-	-	645,951	-
Early Childhood - Block Grant	368,328	-	-	-	-
Infrastructure Improvements - Construction	-	115,711	-	-	-
Total State Sources	$ 10,141,737	$ 115,711	$ -	$ 1,380,359	$ -
Federal Sources					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
National School Lunch Program	$ 681,703	$ -	$ -	$ -	$ -
School Breakfast Program	92,438	-	-	-	-
Title I					
Low Income	767,872	-	-	-	-
Other	40,849	-	-	-	-
Federal - Special Education					
Preschool - Flow Through	61,923	-	-	-	-
IDEA - Flow Through/Low Incidence	1,058,621	-	-	-	-
IDEA - Room and Board	134,751	-	-	-	-
Title III - English Language Acquisition	65,398	-	-	-	-
Title II - Teacher Quality	93,250	-	-	-	-
Medicaid Matching Funds - Administrative Outreach	124,303	-	-	-	-
Medicaid Matching Funds - Fee-For-Service Program	275,782	-	-	-	-
Total Federal Sources	$ 3,396,890	$ -	$ -	$ -	$ -
Total Direct Revenue	$ 54,132,477	$ 5,552,349	$ 5,546,780	$ 4,745,242	$ 1,889,603

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF REVENUE RECEIVED
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED					
Local Sources					
Ad Valorem Taxes Levied					
Designated Purpose Levies	$ -	$ 462,504	$ 491,301	$ 11,511	$ 51,248,812
Special Education Purpose Levy	-	-	-	-	1,967,101
FICA/Medicare Only Purposes Levy	-	-	-	-	786,840
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	-	-	-	-	313,888
Tuition					
Special Education Tuition from Other Districts (In State)	-	-	-	-	59,820
Transportation Fees					
Regular Trans. Fees from Pupils or Parents (In State)	-	-	-	-	19,840
Interest on Investments	12,191	72,800	7,148	2,492	949,925
Food Service					
Sales to Pupils - Lunch	-	-	-	-	565,538
District/School Activity Income					
Admissions - Athletic	-	-	-	-	2,261
Fees	-	-	-	-	60,202
Textbooks					
Rentals - Regular Textbook	-	-	-	-	197,223
Rentals	-	-	-	-	14,749
Contributions and Donations from Private Sources	-	-	-	-	191,703
Refund of Prior Years' Expenditures	-	-	-	-	85,183
Payments from Other Districts	-	-	-	-	1,225,316
Other Local Revenues	-	-	-	-	203,300
Total Local Sources	$ 12,191	$ 535,304	$ 498,449	$ 14,003	$ 57,891,701
State Sources					
Unrestricted Grants-In-Aid					
General State Aid - Sec. 18-8	$ -	$ -	$ -	$ -	$ 9,453,039
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	-	-	-	-	187,978
Orphanage - Individual	-	-	-	-	115,894
Orphanage - Summer	-	-	-	-	3,873
State Free Lunch and Breakfast	-	-	-	-	12,625
Transportation					
Regular/Vocational	-	-	-	-	734,408
Special Education	-	-	-	-	645,951
Early Childhood - Block Grant	-	-	-	-	368,328
Infrastructure Improvements - Construction	-	-	-	-	115,711
Total State Sources	$ -	$ -	$ -	$ -	$ 11,637,807
Federal Sources					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
National School Lunch Program	$ -	$ -	$ -	$ -	$ 681,703
School Breakfast Program	-	-	-	-	92,438
Title I					
Low Income	-	-	-	-	767,872
Other	-	-	-	-	40,849
Federal - Special Education					
Preschool - Flow Through	-	-	-	-	61,923
IDEA - Flow Through/Low Incidence	-	-	-	-	1,058,621
IDEA - Room and Board	-	-	-	-	134,751
Title III - English Language Acquisition	-	-	-	-	65,398
Title II - Teacher Quality	-	-	-	-	93,250
Medicaid Matching Funds - Administrative Outreach	-	-	-	-	124,303
Medicaid Matching Funds - Fee-For-Service Program	-	-	-	-	275,782
Total Federal Sources	$ -	$ -	$ -	$ -	$ 3,396,890
Total Direct Revenue	$ 12,191	$ 535,304	$ 498,449	$ 14,003	$ 72,926,398

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Salaries	$ 18,572,000	$ 17,951,852
Employee Benefits	2,698,000	2,525,819
Purchased Services	157,291	350,474
Supplies and Materials	825,009	871,191
Capital Outlay	688,000	206,090
Other Objects	-	1,493
Non-Capitalized Equipment	365,550	360,550
	$ 23,305,850	$ 22,267,469
Special Education Programs		
Salaries	$ 6,772,000	$ 6,696,154
Employee Benefits	1,085,500	1,012,305
Purchased Services	79,400	223,413
Supplies and Materials	77,000	86,463
Non-Capitalized Equipment	-	8,470
	$ 8,013,900	$ 8,026,805
Remedial and Supplemental Programs K-12		
Salaries	$ 461,000	$ 449,590
Employee Benefits	61,170	44,796
Purchased Services	35,000	92,449
Supplies and Materials	145,000	257,738
Non-Capitalized Equipment	10,000	-
	$ 712,170	$ 844,573
Interscholastic Programs		
Salaries	$ 289,000	$ 269,817
Employee Benefits	3,200	3,236
Purchased Services	17,000	19,703
Supplies and Materials	16,740	12,432
Other Objects	4,000	5,218
Non-Capitalized Equipment	2,600	3,000
	$ 332,540	$ 313,406
Bilingual Programs		
Salaries	$ 2,405,000	$ 2,644,235
Employee Benefits	383,300	390,825
Purchased Services	10,000	19,787
Supplies and Materials	30,000	31,494
Other Objects	1,000	875
Non-Capitalized Equipment	500	-
	$ 2,829,800	$ 3,087,216
Private Tuition - Other Objects		
Special Education Programs K-12	$ 900,000	$ 806,545
	$ 900,000	$ 806,545
Total Instruction	$ 36,094,260	$ 35,346,014
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	$ 991,000	$ 1,059,066
Employee Benefits	119,000	114,689
	$ 1,110,000	$ 1,173,755
Health Services		
Salaries	$ 865,000	$ 1,097,693
Employee Benefits	93,200	119,077
Purchased Services	185,500	42,376
Supplies and Materials	12,500	12,187
Other Objects	5,000	3,355
Non-Capitalized Equipment	3,500	546
	$ 1,164,700	$ 1,275,234

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Psychological Services		
Salaries	$ 721,000	$ 718,068
Employee Benefits	80,200	78,984
Purchased Services	27,000	15,190
Supplies and Materials	500	-
	$ 828,700	$ 812,242
Speech Pathology and Audiology Services		
Salaries	$ 1,319,000	$ 1,029,723
Employee Benefits	122,500	107,721
Purchased Services	6,000	1,856
Supplies and Materials	1,000	-
	$ 1,448,500	$ 1,139,300
Total Support Services - Pupils	$ 4,551,900	$ 4,400,531
Instructional Staff		
Improvement of Instruction Services		
Salaries	$ 246,000	$ 223,125
Employee Benefits	37,300	35,754
Purchased Services	126,000	121,079
Supplies and Materials	58,200	37,654
	$ 467,500	$ 417,612
Educational Media Services		
Supplies and Materials	$ 43,000	$ 34,377
	$ 43,000	$ 34,377
Assessment and Testing		
Purchased Services	$ 30,000	$ 60,076
Supplies and Materials	10,000	16,569
	$ 40,000	$ 76,645
Total Support Services - Instructional Staff	$ 550,500	$ 528,634
General Administration		
Board of Education Services		
Purchased Services	$ 134,100	$ 163,583
Supplies and Materials	3,000	1,506
Other Objects	35,000	38,001
	$ 172,100	$ 203,090
Executive Administration Services		
Salaries	$ 470,000	$ 455,278
Employee Benefits	34,000	29,903
Purchased Services	43,000	56,052
Supplies and Materials	47,300	31,949
Other Objects	18,000	21,639
Non-Capitalized Equipment	1,000	-
	$ 613,300	$ 594,821
Total Support Services - General Administration	$ 785,400	$ 797,911
School Administration		
Office of the Principal Services		
Salaries	$ 2,259,000	$ 2,144,812
Employee Benefits	375,500	360,303
Purchased Services	3,500	1,254
Other Objects	17,000	17,764
	$ 2,655,000	$ 2,524,133

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
School Administration (Continued)		
Other Support Services - School Administration		
Salaries	$ 109,000	$ 108,069
Employee Benefits	34,100	25,220
Purchased Services	500	25
Other Objects	-	670
	$ 143,600	$ 133,984
Total Support Services - School Administration	$ 2,798,600	$ 2,658,117
Business		
Direction of Business Support Services		
Salaries	$ 162,500	$ 153,977
Employee Benefits	23,300	26,658
Purchased Services	3,500	7,593
Supplies and Materials	-	29,928
Other Objects	17,000	3,130
	$ 206,300	$ 221,286
Fiscal Services		
Salaries	$ 270,000	$ 269,455
Employee Benefits	31,300	27,426
Purchased Services	5,000	5,012
Supplies and Materials	9,000	11,732
Other Objects	1,000	-
Non-Capitalized Equipment	2,000	-
	$ 318,300	$ 313,625
Operation and Maintenance of Plant Services		
Salaries	$ 1,949,000	$ 2,024,008
Employee Benefits	380,000	396,144
Purchased Services	11,000	8,199
	$ 2,340,000	$ 2,428,351
Food Services		
Salaries	$ 538,000	$ 532,212
Employee Benefits	146,200	146,877
Purchased Services	15,200	20,558
Supplies and Materials	707,000	610,503
Capital Outlay	5,000	-
Other Objects	3,000	1,172
Non-Capitalized Equipment	12,000	-
	$ 1,426,400	$ 1,311,322
Total Support Services - Business	$ 4,291,000	$ 4,274,584
Central		
Information Services		
Purchased Services	$ -	$ 2,194
Supplies and Materials	-	3,436
	$ -	$ 5,630
Data Processing Services		
Salaries	$ 496,000	$ 608,177
Employee Benefits	87,700	72,054
Purchased Services	182,500	466,820
Capital Outlay	170,000	-
Other Objects	1,000	2,300
	$ 937,200	$ 1,149,351
Total Support Services - Central	$ 937,200	$ 1,154,981
Total Support Services	$ 13,914,600	$ 13,814,758

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Community Services		
Salaries	$ 15,000	$ 6,658
Purchased Services	54,600	32,231
Supplies and Materials	250	-
Total Community Services	$ 69,850	$ 38,889
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	$ 300,000	$ 428,326
	$ 300,000	$ 428,326
Total Payments to Other Districts and Governmental Units (In-State)	$ 300,000	$ 428,326
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Other Objects		
Payments for Special Education Programs	$ 790,000	$ 809,747
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	$ 790,000	$ 809,747
Total Payments to Other Districts and Governmental Units	$ 1,090,000	$ 1,238,073
Total Direct Expenditures	$ 51,168,710	$ 50,437,734

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	$ 31,000	$ 758
Supplies and Materials	1,000	-
Capital Outlay	5,325,000	5,360,798
	$ 5,357,000	$ 5,361,556
Operation and Maintenance of Plant Services		
Salaries	$ 212,000	$ 241,060
Employee Benefits	21,800	18,106
Purchased Services	1,569,400	1,083,084
Supplies and Materials	1,036,700	1,085,234
Capital Outlay	1,032,500	94,532
Other Objects	1,000	1,649
Non-Capitalized Equipment	40,000	29,954
	$ 3,913,400	$ 2,553,619
Total Support Services - Business	$ 9,270,400	$ 7,915,175
Total Support Services	$ 9,270,400	$ 7,915,175
Total Direct Expenditures	$ 9,270,400	$ 7,915,175

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
DEBT SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	$ 648,957	$ 551,895
Total Debt Services - Interest	$ 648,957	$ 551,895
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	$ 4,341,980	$ 4,341,980
Total Debt Services - Payment of Principal on Long-Term Debt	$ 4,341,980	$ 4,341,980
Total Debt Services	$ 4,990,937	$ 4,893,875
Total Direct Expenditures	$ 4,990,937	$ 4,893,875

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Pupil Transportation Services		
Salaries	$ 2,503,500	$ 2,385,071
Employee Benefits	137,700	111,109
Purchased Services	1,393,700	1,180,710
Supplies and Materials	529,000	591,980
Capital Outlay	30,000	6,995
Other Objects	3,000	1,477
Non-Capitalized Equipment	30,000	4,430
	$ 4,626,900	$ 4,281,772
Total Support Services - Business	$ 4,626,900	$ 4,281,772
Total Support Services	$ 4,626,900	$ 4,281,772
Provision for Contingencies	$ 12,000	$ -
Total Direct Expenditures	$ 4,638,900	$ 4,281,772

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Employee Benefits	$ 317,000	$ 310,531
Special Education Programs		
Employee Benefits	376,000	357,417
Remedial and Supplemental Programs - K-12		
Employee Benefits	7,700	6,524
Interscholastic Programs		
Employee Benefits	7,000	5,917
Bilingual Programs		
Employee Benefits	95,500	75,696
Total Instruction	$ 803,200	$ 756,085
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	$ 12,000	$ 15,013
Health Services		
Employee Benefits	131,000	144,652
Psychological Services		
Employee Benefits	21,000	16,498
Speech Pathology and Audiology Services		
Employee Benefits	25,000	14,695
Total Supports Services - Pupils	$ 189,000	$ 190,858
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	$ 18,400	$ 12,879
Total Support Services - Instructional Staff	$ 18,400	$ 12,879
General Administration		
Board of Education Services		
Executive Administration Services		
Employee Benefits	$ 39,000	$ 31,489
Total Support Services - General Administration	$ 39,000	$ 31,489
School Administration		
Office of the Principal Services		
Employee Benefits	$ 108,000	$ 96,037
Other Support Services - School Administration		
Employee Benefits	23,000	18,308
Total Support Services - School Administration	$ 131,000	$ 114,345

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Business		
Direction of Business Support Services		
Employee Benefits	$ 3,000	$ 2,175
Fiscal Services		
Employee Benefits	48,000	45,129
Operation and Maintenance of Plant Services		
Employee Benefits	367,000	360,410
Pupil Transportation Services		
Employee Benefits	458,000	400,276
Food Services		
Employee Benefits	99,000	87,426
Total Support Services - Business	$ 975,000	$ 895,416
Central		
Data Processing Services		
Employee Benefits	$ 71,000	$ 65,227
Total Support Services - Central	$ 71,000	$ 65,227
Total Support Services	$ 1,423,400	$ 1,310,214
Community Services		
Employee Benefits	$ 1,700	$ 509
Total Community Services	$ 1,700	$ 509
Total Direct Expenditures	$ 2,228,300	$ 2,066,808

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TORT FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
General Administration		
Workers' Compensation or Worker's Occupational Disease Act		
Purchased Services	$ 437,418	$ 88,366
	$ 437,418	$ 88,366
Insurance Payments		
Purchased Services	$ 170,992	$ 445,175
	$ 170,992	$ 445,175
Total Support Services - General Administration	$ 608,410	$ 533,541
Total Support Services	$ 608,410	$ 533,541
Total Direct Expenditures	$ 608,410	$ 533,541

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
FIRE PREVENTION AND SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Operation and Maintenance of Plant Services		
Supplies and Materials	$ 8,000	$ -
Total Support Services - Business	$ 8,000	$ -
Total Support Services	$ 8,000	$ -
Total Direct Expenditures	$ 8,000	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McHenry Community Consolidated School District No. 15's (District) accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. *Principles Used to Determine Scope of Entity*

The reporting entity includes the governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit its citizens, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreement has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and is therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreement. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

B. *Basis of Presentation – Fund Accounting*

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois.

These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

<u>Educational Fund</u> – The Educational Fund is the general operating fund of the District. It is used to account for all transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional programs, health and attendance services, lunch programs, all costs of administration and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. Special Education is included in this fund.

<u>Operations and Maintenance Fund</u> – The Operations and Maintenance Fund is used to account for all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings. Operations of this fund are generally financed by a special tax levied for these purposes.

<u>Debt Services Fund</u> – The Debt Services Fund is used to account for all principal, interest, and administrative costs for tax-financed bond payments. Operations of this fund are generally financed by a special tax levied for these purposes.

Transportation Fund – The Transportation Fund is used to account for the costs associated with transporting pupils for any purpose. Revenue received for transportation purposes from any source must be deposited into this fund, including property taxes levied and state grants received for these purposes.

Illinois Municipal Retirement/Social Security Fund – The Illinois Municipal Retirement/Social Security Fund is used to account for costs of providing retirement benefits under Illinois Municipal Retirement Fund and Social Security if there are separate taxes levied for these purposes. If separate taxes are not levied for these purposes, then the payments shall be charged to the fund where the salaries are charged.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and contributions and donations from private sources.

Working Cash Fund – The Working Cash Fund is used to account for a separate tax levied for working cash purposes and for any bonds sold for this purpose. Cash available in this fund may be loaned to any fund of the District.

Tort Fund – The Tort Fund is used to account for the proceeds of specific revenue sources that are legally restricted for tort expenditures.

Fire Prevention and Safety Fund – The Fire Prevention and Safety Fund is used to account for the proceeds of specific revenue sources that are legally restricted for fire prevention and safety projects.

Agency Fund – The Agency Fund is used to account for Student Activity Funds and Convenience Accounts, which are assets held by the District as an agent for the students and teachers. This fund is custodial in nature and does not involve the measurement of the results of operations. The amounts due to the Activity Fund organizations are equal to the assets.

General Fixed Assets Account Group – The General Fixed Assets Account Group is used to record physical assets of the District that have a long-term (i.e. more than one year) period of usefulness.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to record total bonded debt and other long-term debt of the District.

Measurement Focus

The financial statements of all funds, except the agency fund and two account groups, focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in operations are accounted for in the General Fixed Assets Account Group rather than in the funds. Long-term liabilities expected to be financed from the individual funds are accounted for in the General Long-Term Debt Account Group, not in the funds.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

C. *Basis of Accounting*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

If the District utilized accounting principles generally accepted in the United States of America, the basic financial statements would be replaced with government-wide financial statements and fund financial statements. The fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

D. *Budgets and Budgetary Accounting*

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on August 21, 2018 and was not amended.

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

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

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

E. *Cash and Cash Equivalents and Investments*

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

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

No District fund had a cash overdraft at June 30, 2019.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Municipal Bond Investments are stated at amortized cost. All other investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization.

F. *Inventories*

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

G. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. All other interfund transactions are treated as transfers.

H. *General Fixed Assets*

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the funds for which the asset was purchased and capitalized at cost in the General Fixed Assets Account Group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge, which is calculated on a straight-line basis with useful lives of 50 years for Buildings, 20 years for Improvements Other than Buildings, and 5 to 10 years for Equipment). Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost.

I. *Governmental Fund Balances*

Governmental fund balances are reported as "reserved" because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund balances. From time to time, the Board agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

J. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2018 tax levy was passed by the Board on November 20, 2018. The 2017 tax levy was passed by the Board on November 21, 2017. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts within one month after these dates.

K. *Total Memorandum Only*

The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund and account group. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Investments

As of June 30, 2019 the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	$ 109,478	$ 109,478	$ -	$ -	$ -
Term Security	4,400,000	4,400,000	-	-	-
	$ 4,509,478	$ 4,509,478	$ -	$ -	$ -

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

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

Credit Risk. State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2019, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
Term Security	AAAm	Standard and Poor's

NOTE 3 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	6/30/2019	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	$ 33,986,334	$ -	$ 33,986,334
Term Series	4,400,000	-	4,400,000
Total Investments by fair value level	$ 38,386,334	$ -	$ 38,386,334

All investments are priced using evaluated pricing.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land	$ 1,262,074	$ -	$ -	$ 1,262,074
Building and Building Improvements	83,758,277	5,362,520	-	89,120,797
Site Improvements and Infrastructure	2,167,479	6,995	-	2,174,474
Capitalized Equipment	10,943,239	371,011	124,159	11,190,091
	$ 98,131,069	$ 5,740,526	$ 124,159	$ 103,747,436

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

Changes in general long-term debt are summarized as follows:

	Balance July 1, 2018	Additions	Retirement	Balance June 30, 2019
Long-Term Debt				
Bonds Payable				
School Bonds Dated: 2/15/07	$ 346,980	$ -	$ 346,980	$ -
Refunding School Bonds, Series 2010A	5,890,000	-	375,000	5,515,000
Taxable Refunding School Bonds, Series 2010B	3,620,000	-	3,620,000	-
Total Long-Term Debt	$ 9,856,980	$ -	$ 4,341,980	$ 5,515,000

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

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
General Obligation School Bonds Dated 2/15/07	1/1/2019	4.13%-4.38%	$ 11,395,908	$ -
General Obligation Refunding School Bonds, Series 2010A	1/1/2020	3.50%-3.75%	5,890,000	5,515,000
General Obligation Taxable Refunding School Bonds, Series 2010B	1/1/2019	4.75%-5.00%	4,170,000	-

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

Year Ending June 30	Principal	Interest	Total
2020	$ 5,515,000	$ 103,406	$ 5,618,406
	$ 5,515,000	$ 103,406	$ 5,618,406

NOTE 6 - SPECIAL TAX LEVIES AND RESERVED EQUITY

Cash receipts and the related cash disbursements of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. The current year disbursements exceeded the current year receipts and any prior year carryover balance. Accordingly, there is no equity reserve balance for this special tax levy.

NOTE 7 - DESIGNATED FUND BALANCE

A. *Property Tax Receipts*

The District has designated receipts from the 2018 tax levy for expenditures to be incurred during fiscal year 2020. At June 30, 2019 the following balances were designated:

Fund	Amount
Educational	$ 20,711,273
Operations and Maintenance	2,723,955
Debt Services	2,926,182
Transportation	1,047,677
Illinois Municipal Retirement/Social Security	838,142
Working Cash	246,329
Tort	261,666
Fire Prevention and Safety	6,131
	$ 28,761,355

B. *Health Insurance*

The District has established a separate bank account to be designated for the future payment of possible insurance claims arising from the District's minimum premium payment insurance plan for its health and dental insurance. At June 30, 2019 the following balances were designated:

Fund	Amount
Educational	$ 1,326,114

NOTE 8 - DEFICIT FUND BALANCE

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

NOTE 9 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2018 ($28,761,355) and 2017 ($25,241,398) tax levies.

A summary of the past three years' assessed valuations, tax rates, and extensions follows:

McHENRY COUNTY

Tax Year	2018		2017		2016	
Assessed Valuation	$1,018,072,808		$965,671,646		$911,995,455	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	3.7142	$ 37,813,698	3.8176	$ 36,865,481	3.3902	$ 30,918,835
Tort Immunity	0.0494	503,193	0.0509	491,913	0.0933	850,983
Special Education	0.1979	2,014,715	0.2038	1,967,846	0.3874	3,532,888
Operations and Maintenance	0.5145	5,238,249	0.5298	5,116,515	0.5327	4,858,108
Transportation	0.1979	2,014,716	0.2038	1,967,846	0.5690	5,189,327
Municipal Retirement	0.0792	805,886	0.0815	787,119	0.0809	737,804
Debt Service	0.5526	5,626,288	0.5085	4,910,827	0.4614	4,207,911
Social Security	0.0792	805,886	0.0815	787,119	0.0809	737,804
Fire Prevention and Safety	0.0012	11,789	0.0012	11,781	0.0013	11,765
Working Cash	0.0465	473,699	0.0479	462,364	0.0483	440,676
	5.4326	$ 55,308,120	5.5265	$ 53,368,809	5.6454	$ 51,486,101

LAKE COUNTY

Tax Year	2018		2017		2016	
Assessed Valuation	$17,284,578		$15,754,669		$14,986,778	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	3.7142	$ 641,992	3.8176	$ 601,443	3.3902	$ 508,089
Tort Immunity	0.0494	8,543	0.0509	8,027	0.0933	13,985
Special Education	0.1979	34,205	0.2038	32,106	0.3874	58,057
Operations and Maintenance	0.5145	88,934	0.5298	83,475	0.5327	79,834
Transportation	0.1979	34,205	0.2038	32,106	0.5690	85,268
Municipal Retirement	0.0792	13,682	0.0815	12,842	0.0809	12,125
Debt Service	0.5582	96,477	0.5136	80,920	0.4660	69,840
Social Security	0.0792	13,682	0.0815	12,842	0.0809	12,126
Fire Prevention and Safety	0.0012	200	0.0012	193	0.0013	194
Working Cash	0.0465	8,042	0.0479	7,545	0.0483	7,243
	5.4382	$ 939,963	5.5316	$ 871,499	5.6500	$ 846,761

NOTE 10 - OPERATING LEASES, AS LESSEE

The District, as lessee, leases buses, copiers, and chrome books.

Estimated minimum annual rentals are as follows:

Year Ending June 30	Amount
2020	$ 1,619,150
2021	1,727,635
2022	1,001,925
2023	533,239
2024-2028	26,123
	$ 4,908,073

Rental expense for all operating leases for the year ended June 30, 2019 was $1,765,713.

NOTE 11 - RETIREMENT FUND COMMITMENTS

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

General Information About the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at http://www.trsil.org/financial/cafrs/fy2018; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

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

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of $21,240,782 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were $180,794 and are deferred because they were paid after the June 30 2018 , measurement date.

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

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

For the year ended June 30, 2019, the District pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling $449,590 were paid from federal and special trust funds that required District contributions of $44,285. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the District paid $2,851 to TRS for employer contributions due on salary increases in excess of 6%, $0 for salary increases in excess of 3 percent, and $0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the District has 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 District's proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District follows below:

District's proportionate share of the net pension liability	$ 3,301,502
State's proportionate share of the net pension liability associated with the District	226,166,707
Total	$ 229,468,209

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the District's proportion was 0.00423569%, which was a decrease of 0.0034992% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $21,240,782 and revenue of $21,240,782 for support provided by the State. At June 30, 2019, the deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	$ 66,354	$ (720)	$ 65,634
Net difference between projected and actual earnings on pension plan investments	-	(10,109)	(10,109)
Changes of assumptions	144,802	(93,572)	51,230
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(2,293,501)	(2,293,501)
Employer contributions subsequent to the measurement date	180,794	-	180,794
	$ 391,950	$ (2,397,902)	(2,005,952)

$180,794 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the reporting year ended June 30, 2020. Other deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending June 30	
2020	$ (499,764)
2021	(465,562)
2022	(534,150)
2023	(474,975)
2024	(212,295)
	$ (2,186,746)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

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

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

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

Discount Rate

At June 30, 2018, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	$ 4,048,980	$ 3,301,502	$ 2,699,557

TRS Fiduciary Net Position

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

B. *Illinois Municipal Retirement Fund*

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2018, the measurement date, the District's membership consisted of:

Retirees and beneficiaries currently receiving benefits		201
Inactive plan members entitled to but not yet receiving benefits		302
Active plan members		344
	Total	847

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018 was 10.10%. For the fiscal year ended June 30, 2019, the District contributed $888,248 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2018, and a measurement date as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	$ 33,496,801
IMRF Fiduciary Net Position	27,580,534
District's Net Pension Liability	5,916,267
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	82.34%

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

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

Single Discount Rate

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

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

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	$ 30,726,101	$ 29,176,446	$ 1,549,655
Changes for the year:			
Service Cost	$ 911,601	$ -	$ 911,601
Interest on the Total Pension Liability	2,286,005	-	2,286,005
Differences Between Expected and Actual Experience of the Total Pension Liability	3,565	-	3,565
Changes of Assumptions	973,209	-	973,209
Contributions - Employer	-	948,697	(948,697)
Contributions - Employee	-	430,119	(430,119)
Net Investment Income	-	(1,582,956)	1,582,956
Benefit Payments, Including Refunds of Employee Contributions	(1,403,680)	(1,403,680)	-
Other (Net Transfer)	-	11,908	(11,908)
Net Changes	$ 2,770,700	$ (1,595,912)	$ 4,366,612
Balances at December 31, 2018	$ 33,496,801	$ 27,580,534	$ 5,916,267

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

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	$ 10,333,780	$ 5,916,267	$ 2,301,918

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

For the year ended June 30, 2019, the District’s pension expense is $1,540,119. At June 30, 2019, the District’s deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	$ 167,577	$ -	$ 167,577
Changes of assumptions	717,264	485,779	231,485
Net difference between projected and actual earnings on pension plan investments	3,418,525	1,540,297	1,878,228
Total deferred amounts to be recognized in pension expense in future periods	$ 4,303,366	$ 2,026,076	$ 2,277,290
Pension contributions made subsequent to the measurement date	444,368	-	444,368
Total deferred amounts related to pensions	$ 4,747,734	$ 2,026,076	$ 2,721,658

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2019	$ 745,554
2020	347,234
2021	430,362
2022	754,140
2023	-
Thereafter	-
	$ 2,277,290

C. *Social Security*

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

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS

A. *Teacher Health Insurance Security Fund (THIS)*

General Information About the OPEB Plan

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in

Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

Benefits Provided

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

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.

- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
  - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
  - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
  - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

Contributions

For the fiscal year ended June 30, 2019, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of 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 .92% of each teacher's salary. For the fiscal year ended June 30,2018, the employee contribution was 1.18% of salary and the employer contribution was .88% of each teacher's salary. 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 Teachers' Health Insurance Security Fund (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 member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of $358,559 in benefit contributions from the State of Illinois.

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

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

District's proportionate share of the net pension liability	$ 33,723,320
State's proportionate share of the net pension liability associated with the District	45,283,043
Total	$ 79,006,363

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2018, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2018, the District's proportion was 0.128002%, which was an increase of 0.00121% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District had benefit expense of $2,066,114 and on-behalf revenue/expense of $358,559 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	$ -	$ (121,000)	$ (121,000)
Net difference between projected and actual earnings on pension plan investments	-	(1,035)	(1,035)
Changes of assumptions	-	(4,910,682)	(4,910,682)
Changes in proportion and differences between employee contributions and proportionate share of contributions	1,448,801	(16,026)	1,432,775
Employer contributions subsequent to the measurement date	286,776	-	286,776
	$ 1,735,577	$ (5,048,743)	$ (3,313,166)

$286,776 of deferred outflows of resources related to OPEB results from employer contributions subsequent to the measurement date. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be part of the OPEB expense in future years as follows:

Year Ending June 30	
2020	$ (822,739)
2021	(766,434)
2022	(879,348)
2023	(781,930)
2024	(349,491)
	$ (3,599,942)

Actuarial Assumptions

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

Inflation	2.75%
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decrease to an ultimate trend of 4.5%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

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

The actuarial assumptions that were used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100.0%	1.30%
	100.0%	

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.65% as of June 30, 2017, and 3.62% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, THIS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2018, the discount rate used to measure the total OPEB liability was 3.62%.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.62%, 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 (2.62%) or 1 percentage-point higher (4.62%) than the current rate.

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Employer's proportionate share of the net OPEB liability	$ 94,995,969	$ 79,006,363	$ 66,383,747

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage.

	1% Decrease 7.00% (a)	Healthcare Cost Valuation Rate	1% Increase 9.00% (b)
Employer's proportionate share of the net OPEB liability	$ 64,061,303	$ 79,006,363	$ 99,140,765

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

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

B. *Retiree Insurance Plan*

Plan Overview

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

Medical Coverage

Retirees - IMRF (Pre-65 Coverage)

IMRF employees may remain on District insurance in retirement. Admin and Support Staff Retires must pay the full cost of coverage with no additional cost to the District. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs with the eligible Spouse/Dependent paying the full cost of coverage.

Retirees - IMRF (Post-65 Coverage)

Retirees may remain on District insurance in retirement past Medicare eligibility, but they pay the full cost of coverage with no additional cost to the District. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs with the eligible Spouse/Dependent paying the full cost of coverage. District insurance is secondary to Medicare once eligible.

Retirees - TRS (Pre-65 Coverage)

TRS members may remain on District insurance in retirement or they can seek outside coverage such as that offered through the Teachers' Retirement Insurance (TRIP) Program. Admin and Non-Admin Retirees will receive up to $175/month towards the premium cost if they elect TRIP coverage in retirement. If they remain on District insurance or elect outside coverage, the District will not provide the stipend. The $175 stipend is based on the current contract, subject to change with any future contract. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs with the eligible Spouse/Dependent paying the full cost of coverage.

Retirees - TRS (Post-65 Coverage)

TRS members cannot remain on District insurance once Medicare eligible in retirement. Admin and Non-Admin Retirees no longer receive the potential District stipend toward premium costs once Medicare eligible.

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

Eligibility

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

IMRF Regular Plan Tier 1 - Full-Time District employees

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

IMRF Regular Plan Tier 2 - Full-Time District employees

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

TRS Regular Plan Tier 1 - Full-Time District employees

- Age 55 with at least 20 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with a least 10 years of service (Full Pension)
- Age 62 with at least 5 years of service (Full Pension)

TRS Regular Plan Tier 2 - Full-Time District employees

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 67 with at least 10 years of service (Full Pension)

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active Employees	487
Inactive Employees Entitled to but not yet Receiving Benefits	-
Inactive Employees Currently Receiving Benefits	25
Total	512

Contribution

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

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

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

Actuarial Method	Entry Age Normal
Discount rate	3.87%
Salary Rate Increase	2.25%
Expected long-term investment rate of return	N/A
Health Care Trend	Fiscal Year Trends
(FY = Fiscal Year)	

Period	Medical
FY17-FY18	7.50%
FY18-FY19	7.50%
FY19-FY20	7.00%
FY20-FY21	7.00%
FY21-FY22	6.50%
FY22-FY23	6.50%
FY23-FY24	6.00%
FY24-FY25	6.00%
FY25-FY26	5.50%
Ultimate	5.50%

Retiree Contribution Trend	Same as Health Care Trend
Mortality	IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates. TRS Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with White Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates and Weighted Based on the TRS June 30, 2017 Actuarial Valuation. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.
Disability Rates	IMRF 2017 for IMRF Employees, TRS 2017 for TRS Employees
Termination Rates	IMRF 2017 for IMRF Employees, TRS 2017 for TRS Employees
Retirement Rates	IMRF 2017 for IMRF Employees, TRS 2017 for TRS Employees
Plan Participation Rate	Of the employees that will elect coverage at retirement, it is assumed that they will elect coverage in the available medical plans at the following rates:

	IMRF	TRS
PPO	100%	0%
HMO	0%	0%
HDHP	0%	0%

Blended Premium Rates

Annual Blended Premiums

	Under Age 65 Retiree	Under Age 65 Spouse	Age 65-&-Over Retiree	Age 65-&-Over Spouse
PPO	$ 10,081	$ 13,741	$ 10,081	$ 13,741
HMO	$ 8,177	$ 11,146	$ 8,177	$ 11,146
HDHP	$ 8,083	$ 11,016	$ 8,083	$ 11,016

Election at Retirement	participate in the retiree medical plan. Of those who have not waived active medical coverage, coverage election at retirement is assumed at the following rates: IMRF - 30% TRS (District Medical) - 0% TRS (District Stipend) - 100%
Spousal Election	Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.
Retiree Lapse Rate	Retirees receiving medical coverage are expected to lapse all coverages at age 65 at the following rates: IMRF - 100% TRS - N/A

The actuarial assumptions used in the July 1, 2017 valuation were based on the baseline calculations for the fiscal year ending June 30, 2018 with the exception of the assumed end of year discount rate.

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

Discount Rate

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

A rate of 3.87% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 28, 2018.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2018	$ 1,061,819	$ -	$ 1,061,819
Changes for the year:			
Service Cost	$ 60,845	$ -	$ 60,845
Interest on Total OPEB Liability	36,670	-	36,670
Assumption Changes	84,396	-	84,396
Contributions - Employer	-	75,583	(75,583)
Benefit Payments	(75,583)	(75,583)	-
Net Changes	$ 106,328	$ -	$ 106,328
Balances at June 30, 2019	$ 1,168,147	$ -	$ 1,168,147

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

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

Plan's Total OPEB Liability/(Asset)		
1% Decrease (2.87%)	Valuation Rate (3.87%)	1% Increase (4.87%)
$ 1,262,943	$ 1,168,147	$ 1,081,992

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Decrease (Varies)	Healthcare Cost Valuation Rate (Varies)	1% Increase (Varies)
$ 1,125,041	$ 1,168,147	$ 1,219,653

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of $104,632. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows of Resources
Changes of Assumptions	$ 77,279	$ -	$ 77,279
Contributions Subsequent to the Measurement Date	75,583	-	75,583
Total	$ 152,862	$ -	$ 152,862

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (12.86 years, active and retired) in the postretirement plan.

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

Year ending June 30	Outflows
2019	$ 7,117
2020	7,117
2021	7,117
2022	7,117
2023	7,117
Thereafter	41,694
	$ 77,279

NOTE 13 - JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF McHENRY COUNTY (SEDOM)

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

A summary of financial condition (cash basis) of SEDOM at June 30, 2018 (most recent information available) is as follows:

Assets	$ 10,152,007
Liabilities	$ 25,085
Fund Equity	10,126,922
	$ 10,152,007
Revenues Received	$ 10,067,859
Expenditures Disbursed	10,387,391
Net Increase/(Decrease) in Fund Balance	$ (319,532)

Complete financial statements for SEDOM can be obtained from the Administrative Offices at 1200 Claussen Drive, Woodstock, Illinois 60098.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss.

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

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

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

The District carries health insurance through Northern Illinois Health Insurance Program (NIHIP), which is a self-funded cooperative. A summary of claim transactions for the fiscal year ended June 30, 2019 is as follows:

Incurred Claims	$ 7,884,420
Payments on Claims	(3,056,153)

During the year ended June 30, 2019, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2019, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - CONTINGENCIES

The District is not aware of any pending litigation or potential nondisclosed liabilities that management believes would have a material adverse effect on the financial statements.

NOTE 16 - LEGAL DEBT LIMITATION

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

2018 EAV	$ 1,035,357,386
Rate	6.90%
Debt Margin	$ 71,439,660
Current Debt	5,515,000
Remaining Debt Margin	$ 65,924,660

NOTE 17 - CONSTRUCTION COMMITMENTS

At June 30, 2019 the District has ongoing contracts for site improvements work to school buildings in the district along with interior renovations at multiple sites. The projects have outstanding commitments of $3,104,949 that have not been included as expenses in these financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

McHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	6/30/2019*	6/30/2018*	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY					
Service Cost	$ 911,601	$ 934,549	$ 925,023	$ 891,301	$ 882,969
Interest on the Total Pension Liability	2,286,005	2,214,052	2,052,393	1,872,673	1,677,370
Differences Between Expected and Actual Experience	3,565	101,701	385,727	602,248	(205,188)
Changes of Assumptions	973,209	(916,858)	(74,480)	34,890	1,083,801
Benefit Payments, Including Refunds of Member Contributions	(1,403,680)	(1,321,535)	(1,100,734)	(863,011)	(748,472)
Net Change in Total Pension Liability	$ 2,770,700	$ 1,011,909	$ 2,187,929	$ 2,538,101	$ 2,690,480
Total Pension Liability - Beginning	30,726,101	29,714,192	27,526,263	24,988,162	22,297,682
Total Pension Liability - Ending	$ 33,496,801	$ 30,726,101	$ 29,714,192	$ 27,526,263	$ 24,988,162
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	$ 948,697	$ 961,007	$ 1,907,182	$ 888,563	$ 823,600
Contributions - Member	430,119	397,763	384,927	390,675	355,330
Net Investment Income	(1,582,956)	4,442,610	1,505,449	112,668	1,274,675
Benefit Payments, Including Refunds of Member Contributions	(1,403,680)	(1,321,535)	(1,100,734)	(863,011)	(748,472)
Other (Net Transfers)	11,908	(581,481)	204,028	(477,108)	(60,772)
Net Change in Plan Fiduciary Net Position	$ (1,595,912)	$ 3,898,364	$ 2,900,852	$ 51,787	$ 1,644,361
Plan Net Position - Beginning	29,176,446	25,278,082	22,377,230	22,325,443	20,681,082
Plan Net Position - Ending	$ 27,580,534	$ 29,176,446	$ 25,278,082	$ 22,377,230	$ 22,325,443
District's Net Pension Liability	$ 5,916,267	$ 1,549,655	$ 4,436,110	$ 5,149,033	$ 2,662,719
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.34%	94.96%	85.07%	81.29%	89.34%
Covered-Valuation Payroll	$ 9,393,036	$ 8,790,611	$ 8,550,251	$ 8,198,604	$ 7,801,701
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	62.99%	17.63%	51.88%	62.80%	34.13%

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

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

McHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	$ 948,697	$ 948,507	$ 907,182	$ 877,251	$ 823,600
Contributions in Relation to Actuarially-Determined Contribution	948,774	961,007	1,907,182	888,563	823,600
Contribution Deficiency/(Excess)	$ (77)	$ (12,500)	$ (1,000,000)	$ (11,312)	$ -
Covered-Valuation Payroll	$ 9,604,323	$ 9,167,620	$ 8,550,251	$ 8,198,604	$ 7,576,818
Contributions as a Percentage of Covered-Valuation Payroll	9.88%	10.48%	22.31%	10.84%	10.87%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 25-year closed period

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

Wage Growth: 3.5%

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

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

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

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

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

McHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0042357%	0.0077349%	0.0080219%	0.0081619%	0.0083358%
Employer's proportionate share of the Net Pension Liability	$ 3,301,502	$ 5,909,314	$ 6,332,149	$ 5,346,877	$ 5,073,033
State's proportionate share of the Net Pension Liability associated with the employer	226,166,707	217,061,628	222,614,645	174,745,548	160,814,323
Total	$ 229,468,209	$ 222,970,942	$ 228,946,794	$ 180,092,425	$ 165,887,356
Employer's Covered-Employee Payroll	$ 30,342,910	$ 29,170,612	$ 28,216,515	$ 27,002,740	$ 26,086,819
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	10.88%	20.26%	22.44%	19.80%	19.45%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

Changes of Assumptions:

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

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

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

McHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Statutorily-required contribution	$ 175,989	$ 318,675	$ 310,664	$ 285,993	$ 297,536
Contributions in relation to statutorily-required contribution	175,989	321,142	308,340	286,081	297,536
Contribution deficiency/(excess)	$ -	$ (2,467)	$ 2,324	$ (88)	$ -
Employer's covered-employee payroll	$ 31,171,333	$ 30,342,910	$ 28,216,515	$ 27,002,740	$ 26,086,819
Contributions as a percentage of covered-employee payroll	0.56%	1.06%	1.09%	1.06%	1.14%

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

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

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *
Employer's proportion of the Net OPEB Liability	0.1280020%	0.1267930%
Employer's proportionate share of the Net OPEB Liability	$ 33,723,320	$ 32,902,161
State's proportionate share of the Net OPEB Liability associated with the employer	45,283,043	43,208,471
Total	$ 79,006,363	$ 76,110,632
Employer's Covered Payroll	$ 30,342,910	$ 29,564,882
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	111.14%	111.29%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	-0.07%	-0.17%

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

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

Changes of Assumptions:

For the 2018 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.75%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

	6/30/2019 *	6/30/2018 *
Statutorily-Required Contribution	$ 267,017	$ 245,012
Contributions in relation to the Statutorily-Required Contribution	267,017	245,033
Contribution deficiency/(excess)	$ -	$ (21)
Employer's Covered Payroll	$ 31,171,333	$ 30,771,812
Contributions as a percentage of Covered Payroll	0.86%	0.80%

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

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

See Accompanying Independent Auditor's Report

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	6/30/2019	6/30/2018
TOTAL OPEB LIABILITY		
Service Cost	$ 60,845	$ 58,741
Interest	36,670	35,903
Benefit Payments	(75,583)	(70,853)
Changes in Assumptions	84,396	-
Net Change in Total OPEB Liability	$ 106,328	$ 23,791
Total OPEB Liability - Beginning	1,061,819	1,038,028
Total OPEB Liability - Ending	$ 1,168,147	$ 1,061,819
OPEB PLAN FIDUCIARY NET POSITION		
Contributions - Employer	$ 75,583	$ 70,853
Benefit Payments	(75,583)	(70,853)
Net Change in OPEB Plan Net Position	$ -	$ -
District's Net OPEB Plan Liability	$ 1,168,147	$ 1,061,819
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-Employee Payroll	$ 41,075,054	$ 38,283,989
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	2.84%	2.77%

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

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 15
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2019

	6/30/2019	6/30/2018
Actuarially-Determined Contribution	N/A	N/A
Contributions in Relation to Actuarially-Determined Contribution	-	-
Contribution Deficiency/(Excess)	N/A	N/A
Covered-Employee Payroll	$ 41,075,054	$ 38,283,989
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%

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

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

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1, 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2019
A S S E T S				
Cash and Cash Equivalents	$ 52,001	$ 116,320	$ 109,115	$ 59,206
L I A B I L I T I E S				
Amount Due to Activity Fund Organizations				
Chauncey H. Duker School	$ 2,676	$ 3,027	$ 2,956	$ 2,747
Edgebrook Elementary School	3,637	1,910	1,277	4,270
Hilltop Elementary School	3,593	9,037	8,309	4,321
McHenry Middle School	8,663	29,703	27,800	10,566
Landmark Elementary School	3,344	2,217	4,136	1,425
Parkland School	25,030	55,956	51,701	29,285
Riverwood Elementary School	1,826	3,258	3,447	1,637
Valley View Elementary School	3,202	10,539	9,489	4,252
Miscellaneous	30	673	-	703
	$ 52,001	$ 116,320	$ 109,115	$ 59,206

McHENRY COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 15
COMPUTATION OF OPERATING EXPENSE PER PUPIL
AND PER CAPITA TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING EXPENSE PER PUPIL

EXPENDITURES:			
ED	Total Expenditures	$	50,437,734
O&M	Total Expenditures		7,915,175
DS	Total Expenditures		4,893,875
TR	Total Expenditures		4,281,772
MR/SS	Total Expenditures		2,066,808
TORT	Total Expenditures		533,541
	Total Expenditures	$	**70,128,905**

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

ED	Special Education Programs K-12 - Private Tuition	$	806,545
ED	Community Services		38,889
ED	Total Payments to Other District & Govt Units		1,238,073
ED	Capital Outlay		206,090
ED	Non-Capitalized Equipment		372,566
O&M	Capital Outlay		5,455,330
O&M	Non-Capitalized Equipment		29,954
DS	Debt Service - Payments of Principal on Long-Term Debt		4,341,980
TR	Capital Outlay		6,995
TR	Non-Capitalized Equipment		4,430
MR/SS	Community Services		509
	Total Deductions	$	**12,501,361**
	Total Operating Expenses (Regular K-12)		57,627,544
	9 Mo ADA (See the General State Aid Claim for 2014-2015 (ISBE 54-33, L12)		3,786.30
	Estimated OEPP	$	**15,220.02**

PER CAPITA TUITION CHARGE

LESS OFFSETTING RECEIPTS/REVENUES:			
TR	Regular -Transp Fees from Pupils or Parents (In State)	$	19,840
ED	Total Food Service		565,538
ED-O&M	Total District/School Activity Income		62,463
ED	Rentals - Regular Textbooks		197,223
ED-O&M	Rentals		14,749
ED-O&M-DS-TR-MR/SS	Payment from Other Districts		1,225,316
ED-O&M-TR	Total Special Education		307,745
ED	State Free Lunch & Breakfast		12,625
ED-O&M-TR-MR/SS	Total Transportation		1,380,359
ED-MR/SS	Total Food Service		774,141
ED-O&M-TR-MR/SS	Total Title I		808,721
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through/Low Incidence		1,058,621
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Room & Board		134,751
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLEP)		65,398
ED-O&M-TR-MR/SS	Title II - Teacher Quality		93,250
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach		124,303
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Fee-for-Service Program		275,782
ED-TR-MR/SS	Special Education Contributions from EBF Funds		1,947,762
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds		251,949
	Total Allowance for PCTC Computation	$	**9,320,536**
	Net Operating Expense for PCTC Computation		48,307,008
	Total Depreciation Allowance (from page 26, Line 18 Col I)		3,260,350
	Total Allowance for PCTC Computation		51,567,358
	9 Mo ADA		3,786.30
	Total Estimated PCTC	$	**13,619.46**

Unaudited

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
McHenry Community Consolidated School District No. 15
McHenry, Illinois

Report on Compliance for Each Major Federal Program

We have audited

McHenry Community Consolidated School District No. 15's

compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McHenry Community Consolidated School District No. 15's major federal programs for the year ended June 30, 2019. McHenry Community Consolidated School District No. 15's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of McHenry Community Consolidated School District No. 15's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McHenry Community Consolidated School District No. 15's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on McHenry Community Consolidated School District No. 15's compliance.

Opinion on Each Major Federal Program

In our opinion, McHenry Community Consolidated School District No. 15 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of McHenry Community Consolidated School District No. 15 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered McHenry Community Consolidated School District No. 15's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of McHenry Community Consolidated School District No. 15's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 14, 2019

McHenry Community Consolidated School Dist. 15

44-063-0150-04

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #[3] (B)	Receipts/Revenues Year 7/1/17-6/30/18 (C)	Year 7/1/18-6/30/19 (D)	Expenditure/Disbursements[4] Year 7/1/17-6/30/18 (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/18-6/30/19 (F)	Year 7/1/18-6/30/19 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
U.S. Department of Agriculture Passed Through										0	
Illinois State Board of Education:										0	
Food Donations Program (M)	10.555	19-4299-00		60,566			60,566			60,566	N/A
National Scholl Lunch Program (M)*	10.555	18-4210-00	543,335	111,781	543,335		111,781			655,116	N/A
National Scholl Lunch Program (M)*	10.555	19-4210-00		569,921			576,696			576,696	N/A
School Breakfast Program (M)*	10.553	18-4220-00	88,726	11,651	88,726		11,651			100,377	N/A
School Breakfast Program (M)*	10.553	19-4220-00		80,787			81,723			81,723	N/A
U.S. Department of Agriculture/ Department of										0	
Defense Passed Through Illinois State Board										0	
of Education:										0	
Food Donations Program (M)	10.555	19-4299-00		47,059			47,059			47,059	N/A
Total Child Nutrition Cluster			632,061	881,765	632,061	0	889,476	0	0	1,521,537	
										0	
Subtotal CFDA "10"			632,061	881,765	632,061	0	889,476	0	0	1,521,537	
										0	
										0	
										0	

• **(M)** Program was audited as a major program as defined by §200.518.

***Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

---

[1] To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

[2] When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

[3] When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

[4] The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #[3] (B)	Receipts/Revenues Year 7/1/17-6/30/18 (C)	Receipts/Revenues Year 7/1/18-6/30/19 (D)	Expenditure/Disbursements[4] Year 7/1/17-6/30/18 (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/18-6/30/19 (F)	Year 7/1/18-6/30/19 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
U.S. Department of Education Passed Through										0	
Illinois State Board of Education:										0	
Special Education - IDEA - Room and Board**	84.027	18-4625-00	124,889	79,053	124,889		79,053			203,942	N/A
Special Education - IDEA - Room and Board**	84.027	19-4625-00		55,697			55,697			55,697	N/A
Special Education District of McHenry County										0	
Special Education - Grants to States	84.027	18-4620-00	831,420	223,656	1,055,076					1,055,076	1,076,189
Special Education - Grants to States	84.027	19-4620-00		834,965			1,082,210			1,082,210	1,119,259
Special Education - Preschool	84.173	18-4600-00	38,463	12,657	51,120					51,120	60,587
Special Education - Preschool	84.173	19-4600-00		49,266			54,316			54,316	54,315
Total Special Education Cluster			994,772	1,255,294	1,231,085	0	1,271,276	0	0	2,502,361	
										0	
Illinois State Board of Education:										0	
Title I - Low Income (M)	84.010	18-4300-00	387,780	336,197	723,977		0			723,977	743,463
Title I - Low Income (M)	84.010	19-4300-00		431,675			754,876			754,876	769,431
Title I - School Improvement & Accountability (M)	84.010	19-4331-19		40,849			44,899			44,899	45,000
Title II - Teacher Quality	84.367	18-4932-00	26,226	31,364	57,590		0			57,590	82,852
Title II - Teacher Quality	84.367	19-4932-00		61,886			81,151			81,151	93,600

• **(M)** Program was audited as a major program as defined by §200.518.

***Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

[1] To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

[2] When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

[3] When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

[4] The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #[3] (B)	Receipts/Revenues Year 7/1/17-6/30/18 (C)	Year 7/1/18-6/30/19 (D)	Expenditure/Disbursements[4] Year 7/1/17-6/30/18 (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/18-6/30/19 (F)	Year 7/1/18-6/30/19 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
U.S. Department of Education Passed Through										0	
Illinois State Board of Education:										0	
Title III - LIP/LEP**	84.365	18-4909-00	31,069	23,963	31,069		23,963			55,032	60,805
Title III - LIP/LEP**	84.365	19-4909-00		41,435			45,961			45,961	65,173
										0	
Subtotal CFDA "84"			1,439,847	2,222,663	2,043,721	0	2,222,126	0	0	4,265,847	
										0	
U.S. Department of Health & Human Services										0	
Passed Through Illinois Department of										0	
Healthcare & Family Services										0	
Medicaid Matching	93.778	18-4991-00	87,851	40,135	87,851		40,135			127,986	N/A
Medicaid Matching	93.778	19-4991-00		84,168			84,168			84,168	N/A
										0	
Subtotal CFDA "93"			87,851	124,303	87,851	0	124,303	0	0	212,154	
Total Federal Assistance			2,159,759	3,228,731	2,763,633	0	3,235,905	0	0	5,999,538	
*Project End Date 9/30										0	
**Project End Date 8/31										0	

• **(M)** Program was audited as a major program as defined by §200.518.

***Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

[1] To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

[2] When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

[3] When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

[4] The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of McHenry Community Consolidated School District No. 15 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may offer from amounts presented in, and used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The District did not provide federal awards to subrecipients during the year ended June 30, 2019.

NOTE 5 - FEDERAL LOANS

There were no federal loans or loan guarantees outstanding at year end.

1) Summary of auditor's results:

a) The auditor's report expresses an adverse opinion on whether the financial statements of McHenry Community Consolidated School District No. 15 were prepared in accordance with GAAP.

b) One material weakness and one other matter disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No significant deficiencies are reported during the audit of the financial statements.

c) No instances of noncompliance material to the financial statements of McHenry Community Consolidated School District No. 15, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

d) No significant deficiencies in internal control over major federal award programs are reported during the audit of the financial statements. No material weaknesses in internal control over major federal award programs are reported.

e) The auditor's report on compliance for the major federal award programs for the McHenry Community Consolidated School District No. 15 expressed an unmodified opinion on all major federal programs.

f) Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a) are reported in this Schedule.

g) The major programs identified were Child Nutrition Cluster, CFDA #10.553 and #10.555; Title I – Low Income, CFDA #84.010.

h) The dollar threshold to distinguish between Type A and Type B programs was $750,000.

i) McHenry Community Consolidated School District No. 15 was determined to not be a low-risk auditee.

2) The findings related to the financial statements which are required to be reported are detailed in finding numbers 2019-001 and 2019-002.

3) There were no findings related to federal awards.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:[11] **2019- 001** **2. THIS FINDING IS:** [x] New [ ] **Repeat from Prior Year?**
Year originally reported? ______

3. Criteria or specific requirement
There should be a sufficient review process when recording property tax revenue.

4. Condition
There is a lack of review process over recording property taxes.

5. Context[12]
Material adjusting entries had to be made to reallocate property tax distribution and interest.

6. Effect
Potential misstatements resulting from a lack of review process.

7. Cause
A lack of review process to record property tax.

8. Recommendation
The District needs to ensure that property taxes are being posted to the correct funds.

9. Management's response[13]
The District will make sure that property taxes are posted to the correct funds in the future.

[11] A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

[12] Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

[13] See §200.521 *Management decision* for additional guidance on reporting management's response.

[12] Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

[13] See §200.521 *Management decision* for additional guidance on reporting management's response.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NU 2019- 002 **2. THIS FINDING IS:** [x] New [ ] **Repeat from Prior Year?**
Year originally reported? ______

3. Criteria or specific requirement
There should be a review to make sure that the District is in compliance with the Treasurer's bond requirements.

4. Condition
There is a lack of review process to ensure Treasurer's bond requirements.

5. Context[12]
The District was short on the Treasurer's bond for the year.

6. Effect
District was not adequately bonded throughout the year.

7. Cause
A lack of review process to ensure requirement was met.

8. Recommendation
The District needs to increase the Treasurers bond to meet the requirement.

9. Management's response[13]
The District will increase the Treasurer's bond to meet the requirement.

[11] A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

[12] Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

[13] See §200.521 *Management decision* for additional guidance on reporting management's response.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:[14] **2019- N/A** **2. THIS FINDING IS:** ☐ New ☐ Repeat from Prior year?
Year originally reported? ______

3. Federal Program Name and Year: ______

4. Project No.: ______ **5. CFDA No.:** ______

6. Passed Through: ______
7. Federal Agency: ______

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

9. Condition[15]

10. Questioned Costs[16]

11. Context[17]

12. Effect

13. Cause

14. Recommendation

15. Management's response[18]

[14] See footnote 11.
[15] Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
[16] Identify questioned costs as required by §200.516 (a)(3 - 4).
[17] See footnote 12.
[18] To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.
[15] Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
[16] Identify questioned costs as required by §200.516 (a)(3 - 4).
[17] See footnote 12.
[18] To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

McHenry Community Consolidated School Dist. 15
44-063-0150-04
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS[19]
Year Ending June 30, 2019

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

Finding Number	Condition	Current Status[20]
2018-1	There is a lack of preparation/review processes over bank reconciliations.	Resolved.
2018-2	There is a lack of review processes over National School Lunch Program reimbursement reports submitted to the State.	Resolved.
2018-3	During the course of the audit, it was noted that the District did not complete the school lunch calculator for the fiscal year.	Resolved.
2018-4	During the course of the audit, it was noted that the District did not review the SAM website.	Resolved.
2018-5	During the course of the audit, it was noted that the Title I reimbursement reports did not match the District's financials. The District submitted reimbursement reports for less than what they spent, so therefore, there are no questioned costs. However, they did not have adequate backup documentation showing how they came up with their reimbursement numbers.	Resolved.

When possible, all prior findings should be on the same page

[19] Explanation of this schedule - §200.511 (b)

[20] Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT 15
44-063-0150-04
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2019

Corrective Action Plan

Finding No.: **2019- 001**

Condition:
Material adjusting journal entries had to be made to reallocate property tax distribution and interest.

Plan:
The District will make sure that property taxes are being posted to the correct funds.

Anticipated Date of Completion: 6/30/2020

Name of Contact Person: Jeff Schubert, Chief Financial Officer

Management Response: N/A

MCHENRY COMMUNITY CONSOLIDATED SCHOOL DISTRICT 15
44-063-0150-04
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2019

Corrective Action Plan

Finding No.: **2019- 002**

Condition:
The District was short on the Treasurer's bond in the amount of $655,868.

Plan:
The District will increase the Treasurer's bond to meet the necessary requirement.

Anticipated Date of Completion: 6/30/2020

Name of Contact Person: Jeff Schubert, Chief Financial Officer

Management Response: N/A