

Worth School District 127

Annual Financial Report
June 30, 2020

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Independent Auditor's Report

RSM US LLP

Members of the Board of Education
Worth School District 127
Worth, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Worth School District 127 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Basis of Accounting

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

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information, such as the budgetary comparison information and combining and individual fund financial statements, schedule of assessed valuations, tax rates, extensions and collections, and schedule of debt service requirements and other information, such as management's discussion and analysis, the schedule of employer contributions, schedule of changes in net pension liabilities and related ratios and schedule of the employer's proportionate share of the net pension liability and the collective total OPEB liability are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is as listed in the table of contents the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 accompanying supplementary information is 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.

The other information as listed on the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
February 1, 2021

Other Information

**Management's Discussion
and Analysis (MD&A)**

Worth School District 127

Management's Discussion and Analysis

The management's discussion and analysis of the Worth School District 127's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceed its liabilities at the close of the fiscal year by \$28.0 million.
- In total, net position increased by \$5.2 million.
- General revenues were \$17.5 million or 89.9 percent of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions were \$1.9 million or 10.1 percent of total revenues of \$19.4 million.
- Overall, there was a surplus of revenues over expenditures and other financing sources (uses) of \$0.8 million in the Governmental Funds, which consisted of a surplus of revenues over expenditures and other financing sources of \$0.4 million in the General Fund (Education, Operations and Maintenance, Tort Immunity and Working Cash Accounts), and a surplus of \$0.4 million in the Nonmajor Governmental Funds (Transportation, Municipal Retirement/Social Security, Fire Prevention and Safety Fund and Debt Service Fund).

Overview of the Financial Statements

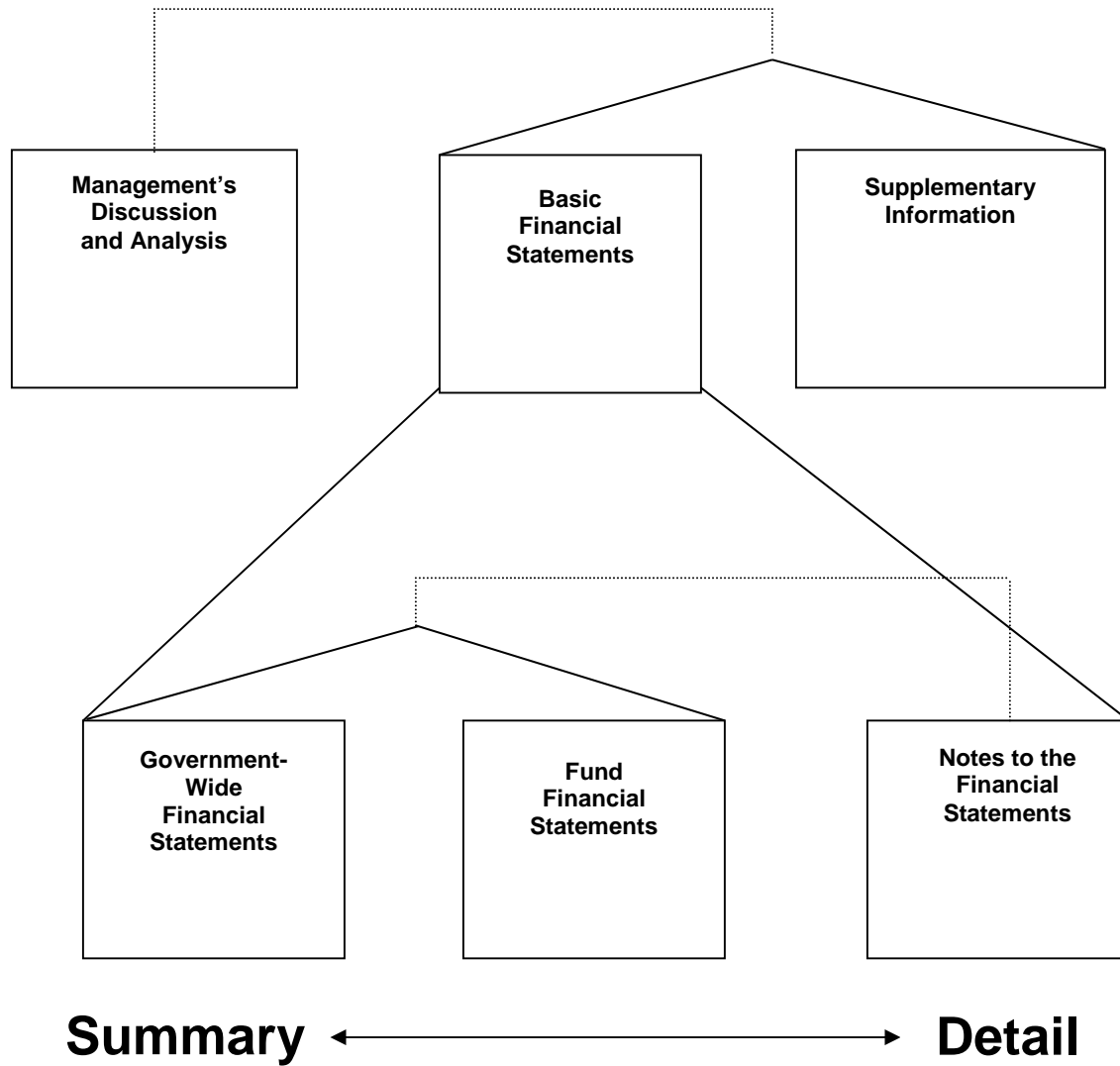
This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Other Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two-statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of other information that further explains and supports the financial statements.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Worth School District 127's Annual Financial Report



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

Worth School District 127

Management's Discussion and Analysis

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all categorized as *governmental activities*. All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has two categories of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information after each of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operation.

Worth School District 127

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Net Position: The District's *combined* net position on June 30, 2020 and 2019 totaled \$28.0 million and \$22.8 million, respectively. (See Figure A-2).

Figure A-2

**Condensed Statement of Net Position
as of June 30, 2020 and 2019**

	Governmental Activities	
	2020	2019
Assets:		
Current and other assets	\$ 17,283,998	\$ 16,502,878
Capital assets	13,691,244	9,820,244
Total assets	30,975,242	26,323,122
Liabilities:		
Current liabilities	719,381	709,289
Long-term liabilities	2,293,667	2,806,731
Total liabilities	3,013,048	3,516,020
Net position:		
Net investment in capital assets	12,412,876	8,234,607
Restricted	4,959,386	5,698,286
Unrestricted	10,589,932	8,874,209
Total net position	\$ 27,962,194	\$ 22,807,102

The District's financial position is the product of many factors. The continual increase in Unrestricted State Aid as a result of the Property Tax Relief Grant for the 2020 fiscal year was the most significant contributor. Another factor is the Board of Education's continued determination to maintain a balanced budget. With an unknown level of state funding from year to year, the Board of Education has had to reallocate existing resources to meet its educational goals.

The District's total revenues were \$19.4 million. Taxes, Unrestricted State Aid, and other general revenue were 89.9 percent of the total or \$17.5 million. General revenues increased by 10.3 percent over the prior year for a total increase of \$1.6 million. This increase can be mainly attributed to a greater allocation of Unrestricted State Aid dollars and increase in property tax receipts.

State and federal aid for specific programs brought in nearly \$1.9 million of the total revenues, an increase of \$0.5 million from the prior year. This amount slightly varies from year to year, depending on when grant dollars are vouchered and remitted for payment to the district. This year, however, was a successful year in spending more Title I and other "Every Student Succeeds Act" funds that were available to Worth School District 127.

Worth School District 127

Management's Discussion and Analysis

The total cost of all programs and services was \$14.3 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.). These expenses accounted for 90.1 percent of the total (see Figure A-5).

The District's other activities were 9.9 percent of total costs.

Total revenues exceeded expenses, increasing net assets by \$5.2 million from the prior year.

Figure A-3

***Changes in Net Position
for the years ended June 30, 2020 and 2019***

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 212,543	\$ 190,669
Operating grants and contributions	1,745,187	1,308,243
General revenues:		
Property taxes	10,405,257	10,006,201
Personal property replacement taxes	81,253	74,230
Evidence Based Funding	6,534,971	5,312,231
Other	443,633	447,017
Total revenues	19,422,844	17,338,591
Expenses:		
Instruction	7,095,728	6,859,989
Pupil and instructional services	988,195	912,533
Administration and business	2,986,099	2,900,428
Operations and maintenance	1,489,026	1,506,605
Transportation	299,572	335,340
Other	1,409,132	1,288,267
Total expenses	14,267,752	13,803,162
Change in net position	5,155,092	3,535,429
Net position:		
Beginning	22,807,102	19,271,673
Ending	\$ 27,962,194	\$ 22,807,102

FIGURE A-4 GOVERNMENT-WIDE REVENUES BY SOURCE - 2020

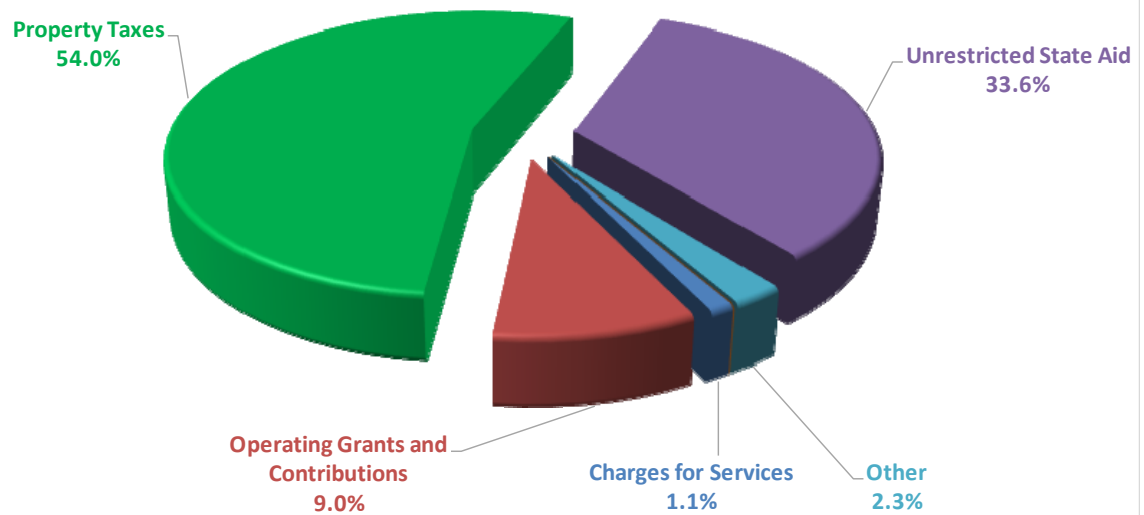
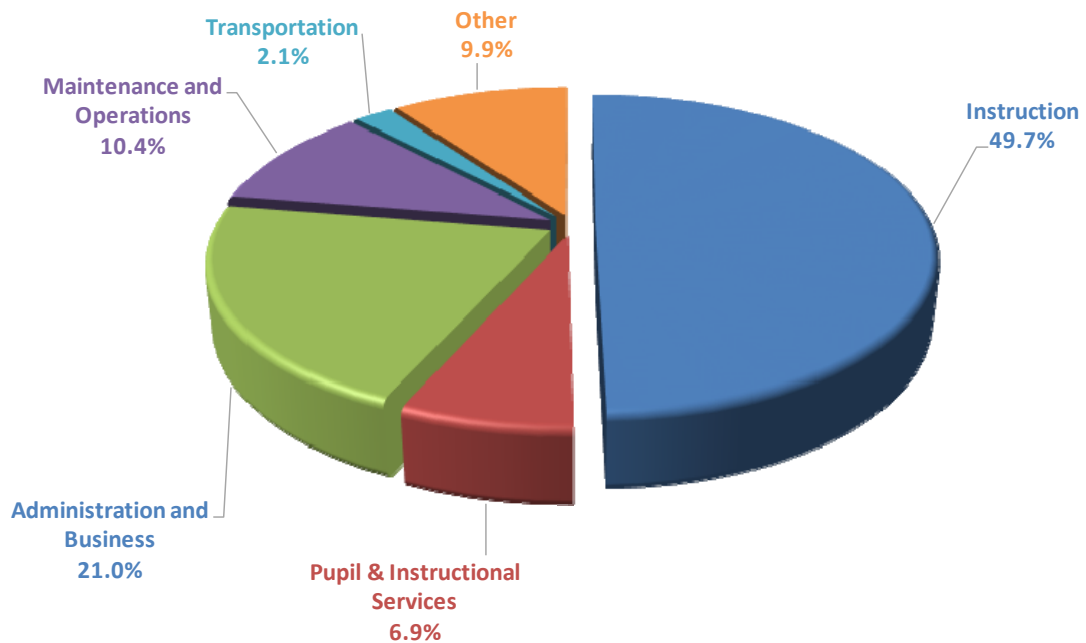


FIGURE A-5 GOVERNMENT-WIDE EXPENSES - 2020



Worth School District 127

Management's Discussion and Analysis

Governmental Activities

Revenues for the District's governmental activities were \$19.4 million in fiscal year 2020. Total cost of services in 2020 was \$14.3 million. Net position increased \$5.1 million in 2020.

The stable health of the District's finances can be credited to a solid real estate tax base, increased Unrestricted State Aid (formerly General State Aid) and budgetary controls put in place by the Board of Education.

Figure A-6 presents the cost of the District's activities: Instruction, Pupil and Instructional Services, Administration and Business, Operations and Maintenance, and Other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6				
<i>Net Cost of Governmental Activities</i>				
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Instruction	\$ 7,095,728	\$ 6,000,072	\$ 6,859,989	\$ 6,127,442
Pupil and instructional services	988,195	982,125	912,533	912,533
Administration and business	2,986,099	2,379,226	2,900,428	2,360,834
Operations and maintenance	1,489,026	1,489,026	1,506,605	1,506,605
Central	20,708	(15,555)	21,649	12,264
Transportation	299,572	86,704	335,340	117,954
Other	1,388,424	1,388,424	1,266,618	1,266,618
TOTAL	\$14,267,752	\$12,310,022	\$13,803,162	\$12,304,250

- The cost of all *governmental* activities this year was \$14.3 million.
- Some of the cost was financed by the users of the District's programs (\$0.2 million).
- The federal and state governments subsidized certain programs with grants and contributions (\$1.7 million).
- Most of the District's costs, however, were financed by District taxpayers (\$12.3 million).

Financial Analysis of the District's Funds

The financial performance of the District as a whole resulted in an increase in fund balance. As the District completed the year, its governmental funds reported an increase in fund balances of \$0.8 million.

The General Fund increased its fund balance by nearly \$0.4 million to a fund balance of \$14.6 million as of June 30, 2020 from a fund balance of nearly \$14.2 million as of June 30, 2019. This is directly related to continued increases in Unrestricted State Aid in the current year.

Worth School District 127

Management's Discussion and Analysis

General Fund Budgetary Highlights

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$0.1 million after other financing sources (uses). The actual result for the year was more positive than expected, ending with a gain of almost \$0.4 million. The variance is mostly attributable to construction in progress, in which the major summer construction projects committed but not yet complete accounted for \$1.4 million in payments due upon completion in August 2020.

Capital Asset and Debt Administration

Capital Assets

By the end of 2020, the District had invested \$21.9 million (before accumulated depreciation of \$8.2 million) in a broad range of capital assets, including school buildings, computer equipment, audio-visual equipment and administrative offices. (See Figure A-7.) (More detailed information about capital assets can be found in Note 4 to the financial statements.) There were capital asset additions of \$4.3 million in 2020. Depreciation expense for the year was \$0.4 million.

Figure A-7			
<i>Capital Assets (Net of Accumulated Depreciation)</i>			
	2020		2019
Land	\$	110,334	\$ 110,334
Construction in Progress		1,486,007	5,398
Buildings and Improvements		11,573,333	9,113,279
Furniture and Equipment		521,570	591,233
Total Capital Assets	\$	13,691,244	\$ 9,820,244

Worth School District 127

Management's Discussion and Analysis

Long-Term Debt

At year-end, the District had \$3.0 million in long-term debt outstanding as shown in Figure A-8. During the year, the District retired \$0.7 million of long-term debt and increased \$0.2 million in accreted interest. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Figure A-8	Long-Term Liabilities	
	2020	2019
Capital Appreciation Bonds	\$ 2,993,667	\$ 3,506,731
Total Long-Term Liabilities	\$ 2,993,667	\$ 3,506,731

- The District continued to stay well below its legal debt margin.
- The state limits the amount of general obligation debt the District can issue to 6.9 percent of the assessed value of all taxable property within the District's limits. Outstanding debt is significantly below the current limit of \$11.7 million.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The Evidence Based Funding (EBF) Model is now a few years old. The EBF model was designed so that districts would receive the same amount of funding as the prior year plus an increase for being a Tier I district.
- In January 2020, the Board of Education applied for a "Property Tax Relief Grant" for the community tax payer. The district was awarded the grant by the State of Illinois, thus abated back \$921,069 in property taxes to the community for the first of two years. The district received an additional \$866,277 in EBF for the grant relief, which will continue beyond the two years of the Property Tax Relief Grant. This directly affects Worth School District 127 and the amount of money distributed by the state, as well as the way property taxes are levied in FY 2020 and FY 2021. These two revenue sources are the largest sources for the district and greatly affect the district's financial situation.
- The "Pension Cost Shift" and "Property Tax Freeze" are still looming. As the State of Illinois continues to try to reduce costs, it is believed that the State's pension obligation will soon become the burden of the local school districts. The current law limits the annual increase in TRS Creditable earnings for Certified staff to 6%. Furthermore, Public Act 100-0023 requires school districts to pay for a portion of the cost of a TRS member's pension if that member's salary is greater than the governor's statutory salary, which is currently \$177,500.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Worth School District 127, Worth, Illinois.

Basic Financial Statements

**Government-Wide
Financial Statements (GWFS)**

Worth School District 127

**Statement of Net Position - Modified Cash Basis
June 30, 2020**

	Governmental Activities
Assets	
Cash and investments	\$ 17,283,998
Capital assets not being depreciated	1,596,341
Capital assets being depreciated, net	<u>12,094,903</u>
Total assets	<u><u>\$ 30,975,242</u></u>
Liabilities and Net Position	
Liabilities:	
Long-term obligations, due within one year:	
Capital appreciation bonds	\$ 700,000
Long-term obligations, due in more than one year:	
Capital appreciation bonds	2,293,667
Other liabilities	<u>19,381</u>
Total liabilities	<u><u>3,013,048</u></u>
Net position:	
Net investment in capital assets	12,412,876
Restricted for:	
Operations and maintenance	2,061,724
Tort immunity	271,168
Transportation	962,731
Retirement benefits	647,450
Debt service	43,487
Capital projects	972,826
Unrestricted	<u>10,589,932</u>
Total net position	<u><u>27,962,194</u></u>
Total liabilities and net position	<u><u>\$ 30,975,242</u></u>

See notes to basic financial statements.

Worth School District 127

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2020**

				Net (Expense), Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	\$ 5,415,465	\$ 45,880	\$ 106,483	\$ (5,263,102)
Special programs	1,671,627	-	893,293	(778,334)
Other instructional programs	8,636	-	50,000	41,364
Support services:				
Pupils	703,519	-	-	(703,519)
Instructional staff	284,676	-	6,070	(278,606)
General administration	673,175	-	-	(673,175)
School administration	837,418	-	-	(837,418)
Business	1,475,506	130,400	476,473	(868,633)
Operations and maintenance	1,489,026	-	-	(1,489,026)
Central	20,708	36,263	-	15,555
Transportation	299,572	-	212,868	(86,704)
Community services	24,838	-	-	(24,838)
Payments to other governments	1,175,883	-	-	(1,175,883)
Interest and charges	187,703	-	-	(187,703)
Total governmental activities	\$ 14,267,752	\$ 212,543	\$ 1,745,187	(12,310,022)
General revenues:				
Taxes:				
Property taxes, general purposes				9,662,205
Property taxes, debt service				743,052
Corporate property replacement taxes				81,253
Unrestricted state aid				6,534,971
Investment earnings				443,633
Total general revenues				17,465,114
Change in net position				5,155,092
Net position:				
July 1, 2019				22,807,102
June 30, 2020				\$ 27,962,194

See notes to basic financial statements.

Fund Financial Statements (FFS)

Worth School District 127

**Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2020**

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<hr/>			
Assets			
Cash and investments	\$ 14,657,504	\$ 2,626,494	\$ 17,283,998
<hr/>			
Liabilities and Fund Balances			
Liabilities	\$ 19,381	\$ -	\$ 19,381
<hr/>			
Fund balances:			
Restricted for:			
Operations and maintenance	2,061,724	-	2,061,724
Tort immunity	271,168	-	271,168
Transportation	-	962,731	962,731
Retirement benefits	-	647,450	647,450
Debt service	-	43,487	43,487
Capital projects	-	972,826	972,826
Unassigned	12,305,231	-	12,305,231
Total fund balances	<hr/> 14,638,123	<hr/> 2,626,494	<hr/> 17,264,617
<hr/>			
Total liabilities and fund balances	<hr/> \$ 14,657,504	<hr/> \$ 2,626,494	<hr/> \$ 17,283,998

See notes to basic financial statements.

Worth School District 127

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
June 30, 2020**

Total fund balances - governmental funds	\$ 17,264,617
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	13,691,244
Some liabilities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
Capital appreciation bonds	<u>(2,993,667)</u>
Net position of governmental activities	<u><u>\$ 27,962,194</u></u>

See notes to basic financial statements.

Worth School District 127

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis **Governmental Funds** **Year Ended June 30, 2020**

	Major Fund		Nonmajor	Total
	General		Governmental	Governmental
	Fund		Funds	Funds
Revenues:				
Property taxes	\$ 8,876,941	\$	1,528,316	\$ 10,405,257
Corporate property replacement taxes	80,050		1,203	81,253
Charges for services	212,543		-	212,543
Unrestricted state aid	6,534,971		-	6,534,971
Restricted state aid	134,621		212,868	347,489
Restricted federal aid	1,397,698		-	1,397,698
Interest	383,035		60,598	443,633
Total revenues	17,619,859		1,802,985	19,422,844
Expenditures:				
Current:				
Instruction:				
Regular programs	5,133,261		63,763	5,197,024
Special programs	1,542,374		73,968	1,616,342
Other instructional programs	8,324		39	8,363
Support services:				
Pupils	651,463		30,095	681,558
Instructional staff	271,734		2,535	274,269
General administration	753,985		14,722	768,707
School administration	774,083		31,761	805,844
Business	1,178,208		38,561	1,216,769
Operations and maintenance	1,414,410		94,606	1,509,016
Transportation	-		286,056	286,056
Central	-		19,753	19,753
Community services	23,818		237	24,055
Payments to other governments	1,175,883		-	1,175,883
Debt service:				
Principal	-		307,268	307,268
Interest and charges	-		393,499	393,499
Capital outlay	4,317,907		49,503	4,367,410
Total expenditures	17,245,450		1,406,366	18,651,816
Excess of revenues over expenditures	374,409		396,619	771,028
Other financing sources (uses):				
Transfers in	21,737		-	21,737
Transfers (out)	-		(21,737)	(21,737)
Total other financing sources (uses)	21,737		(21,737)	-
Change in fund balances	396,146		374,882	771,028
Fund balances:				
July 1, 2019	14,241,977		2,251,612	16,493,589
June 30, 2020	\$ 14,638,123	\$	2,626,494	\$ 17,264,617

See notes to basic financial statements.

Worth School District 127

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2020**

Net change in fund balances - total governmental funds	\$ 771,028
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. These are the amounts in the current period.

Depreciation	(417,771)
Capital outlay	4,288,771

Accreted interest on capital appreciation bonds is not reported in the governmental fund, however, it results in an increase in long-term liabilities on the statement of net position.

(186,936)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bond principal retirement	<u>700,000</u>
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Change in net position of governmental activities

<u>\$ 5,155,092</u>

See notes to basic financial statements.

Worth School District 127

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis

Agency Fund

June 30, 2020

	<u>Agency Student Activity Fund</u>
Assets, cash	<u><u>\$ 98,970</u></u>
Liabilities, due to activity fund organizations	<u><u>\$ 98,970</u></u>

See notes to basic financial statements.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Worth School District 127 (the District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the community of Worth.

The accounting policies of the District conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been included within the reporting entity.

Government-Wide Financial Statements (GWFS): The government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Position - Modified Cash Basis presents the District's non-fiduciary assets and liabilities with the difference reported as net position.

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements: Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on the major governmental fund, displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds. Additionally, the District administers an agency fund that is used to account for assets held by the District in an agency capacity. These funds are held on behalf of the students of the District.

The District administers the following major governmental fund:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources and liabilities, and deferred inflows of resources (whether current or noncurrent, financial, or nonfinancial) are reported within the limitations of the modified cash basis of accounting. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Under a "current financial resources" measurement focus, only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resource at the end of the period.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows and outflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, capital assets and debt related activity. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of a modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

Significant Accounting Policies

Cash and Investments

Cash and investments consist of pooled cash and investments held by the Worth Township Trustees which are reported at cost.

Interfund Receivables, Payables, and Activity

The District has the following types of transactions between funds:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are eliminated in the government-wide Statement of Net Position - Modified Cash Basis.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the Statement of Net Position - Modified Cash Basis. Capital assets are defined as assets with an initial individual cost of more than \$5,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities – Modified Cash Basis with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	3 - 15 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified, full-time employees earn vacation days which are accumulated.

All full-time employees receive 12 to 15 sick days and all other noncertified employees may receive up to 10 sick days per year with unlimited accumulation. These accumulated sick days do not vest; however, certified employees who retire are to receive payment of \$50 per day for accumulated days in excess of those applied toward retirement credit under the Teachers' Retirement System.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums and discounts are capitalized and amortized over the life of the respective bonds using a method that approximates the effective interest method.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds as well as bond premiums or discounts are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Position

The District's Statement of Net Position presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that do not meet the criteria of the two preceding categories.

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

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2020, the District has no nonspendable fund balance amounts.

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

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2020 the District has no committed fund balance amounts.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At June 30, 2020, the District has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been restricted, committed or assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These working cash funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the educational account, of the General Fund, or abate the fund to any fund of the District most in need. At June 30, 2020, the District had working cash stabilization fund balances of \$1,761,891 that have been classified as unassigned fund balances in the General Fund.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2019 tax levy was passed by the Board of Education on December 11, 2019, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2020, and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5 percent or the percentage increase in the Consumer Price Index for all Urban Consumers. The limitation includes taxes levied for purposes without a statutory maximum rate. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to vote approved increases.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities - Modified Cash Basis, some amounts reported as interfund activity and interfund balances in the funds were eliminated or reclassified.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Budgets and Budgetary Information

Annual budgets are adopted for all funds. These budgets are adopted on a modified cash basis of accounting. All annual appropriations lapse at fiscal year-end.

On or before July 1 of each year, the Superintendent is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than October 1.

The appropriate budget is prepared by fund and by function. The General Fund is further detailed by account (Education, Operations and Maintenance, Working Cash and Tort Immunity). The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10 percent of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

Worth School District 127

Notes to Basic Financial Statements

Note 3. Cash and Investments

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the Worth Township Trustees.

Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of June 30, 2020, the District had deposits with federally insured financial institutions of \$5,000 with bank balances totaling \$3,880. Additionally, the Activity Fund Organizations, presented within the financial statements as an agency fund, had deposits with federally insured financial institutions of \$98,970 with bank balances totaling \$99,489.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Trustee's deposits may not be returned to it. The District's policy is to have all bank balances fully insured or collateralized. As of June 30, 2020, none of the District's bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2020, the District had the following investments:

Investment Type	Cost
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 17,278,998</u>

Of the total pooled cash and investments held by the Worth Township Trustees, maturities are approximately as follows: less than one year (15.63 percent), one to five years (30.43 percent), 6 to 10 years (33.33 percent), and greater than 10 years (20.61 percent). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Municipal Bonds, Commercial Paper, Money Market Mutual Funds and Money Market Accounts.

Interest rate risk. The District's investment policy states the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, maturity and marketability of investments shall be considered.

Credit risk. State statutes authorize the District to invest directly or through its Township Trustees in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000.

The District is also authorized to invest directly or through its Township Trustees in the Illinois School District Liquid Asset Fund Plus and the Illinois Funds, which invests member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high-rated, short-term obligations of major United States corporations and banks.

Worth School District 127

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Concentration of credit risk. The District's investment policy requires that the investment portfolio is diversified as to investments, as appropriate to the nature, purpose, and amounts of the funds. The policy does not limit the investments in any single issuer.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Information related to the interest rate risk, custodial credit risk, credit risk, and concentration of credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, IL 60453, which issues a financial report that includes financial statements and required supplementary information. This report can also be obtained online at www.worthtst.org/Public_Documents.html.

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	\$ 17,283,998
Statement of Fiduciary Net Assets (FFS)	98,970
	<u>\$ 17,382,968</u>

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 110,334	\$ -	\$ -	\$ 110,334
Construction in progress	5,398	1,486,007	5,398	1,486,007
Total capital assets not being depreciated	115,732	1,486,007	5,398	1,596,341
Capital assets being depreciated:				
Buildings and improvements	13,906,522	2,670,275	(5,398)	16,582,195
Furniture and equipment	3,544,169	132,489	-	3,676,658
Total capital assets being depreciated	17,450,691	2,802,764	(5,398)	20,258,853
Less accumulated depreciation:				
Buildings and improvements	4,793,243	215,619	-	5,008,862
Furniture and equipment	2,952,936	202,152	-	3,155,088
Total accumulated depreciation	7,746,179	417,771	-	8,163,950
Capital assets being depreciated, net	9,704,512	2,384,993	(5,398)	12,094,903
Governmental activities				
Capital assets, net	<u>\$ 9,820,244</u>	<u>\$ 3,871,000</u>	<u>\$ -</u>	<u>\$ 13,691,244</u>

Worth School District 127**Notes to Basic Financial Statements**

Note 4. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 183,836
Special programs	46,527
Other instructional programs	230
Support services:	
Pupils	18,482
Instructional staff	8,758
General administration	20,305
School administration	26,572
Business	50,698
Operations and maintenance	49,525
Transportation	11,375
Central	804
Community services	659
	<hr/>
	\$ 417,771

Note 5. Long-Term Debt

General long-term debt obligations as of June 30, 2020 and a summary of activity for the year then ended are as follows:

	Capital Appreciation Bonds
	<hr/>
Balance, July 1, 2019	\$ 3,506,731
Bonds retired	(700,000)
Accreted interest	186,936
	<hr/>
Balance, June 30, 2020	\$ 2,993,667
	<hr/>
Amounts due within one year	\$ 700,000

Worth School District 127

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Interest rates range from 5.67 percent to 5.98 percent on the outstanding bonds. As of June 30, 2020, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	Capital Appreciation Bonds		Total
	Principal	Interest	
2021	\$ 295,467	\$ 404,533	\$ 700,000
2022	276,136	423,864	700,000
2023	258,152	441,848	700,000
2024	241,058	458,942	700,000
2025	207,556	437,444	645,000
	1,278,369	2,166,631	3,445,000
Accumulated Accretion	1,715,298	(1,715,298)	-
	<u>\$ 2,993,667</u>	<u>\$ 451,333</u>	<u>\$ 3,445,000</u>

The balance of capital appreciation bonds includes accreted interest in the amount of \$1,715,298 at June 30, 2020.

The District's estimated legal debt limitation of \$11,723,932 based on 6.9 percent of the 2019 equalized assessed valuation of \$169,912,061 less outstanding debt of \$1,278,369, which excludes accreted interest of \$1,715,298, results in an estimated legal debt margin of \$10,445,563 as of June 30, 2020.

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/FY2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Note 6. Retirement Fund Commitments (Continued)

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lumpsum 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 began in 2019 and are funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2020 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2020, state of Illinois contributions in the amount of \$2,762,314 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the employer.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2020 were \$36,090.

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

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 normal employer cost beginning with the year ended June 30, 2018.

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$238,663 were paid from federal and special trust funds that required employer contributions of \$25,441.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. Additionally PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary (currently \$177,412). The amount charged to the employer is the employer normal cost, or 10.66 percent.

For the year ended June 30, 2020, the District was not required to make payments to TRS for employer contributions due on salary increases in excess of 6 percent, or for sick leave days granted in excess of the normal annual allotment. The District paid \$3,793 for member salaries in excess of the governor's statutory salary.

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

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

Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of the employer's proportionate share of the net pension liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

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

Worth School District 127

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Benefits Provided

The District participates in the Regular Plan (RP). 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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent 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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	219
Inactive Plan Members entitled to but not yet receiving benefits	91
Active Plan Members	50
	<u>360</u>

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ended December 31, 2020 and 2019 were 8.20 percent and 6.80 percent, respectively. For fiscal year 2019, the District contributed \$134,099 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 the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The District's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of changes in net pension liability and related ratios and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Worth School District 127

Notes to Basic Financial Statements

Note 7. Post-Employment Healthcare Plan

Teachers' Health Insurance Security Fund

Plan Description

The District participates in the Teachers' Health Insurance Security Fund (THIS) of the state of Illinois. THIS is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of eligible retired Illinois public school teachers employed outside the City of Chicago. All District employees receiving monthly benefits from the Teachers' Retirement System (TRS) who have at least eight years of creditable service with TRS, the survivor of an annuitant or benefit recipient who had at least eight years of creditable service or a recipient of a monthly disability benefit are eligible to enroll in THIS.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Plan and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services. The publicly available financial report of the Plan may be found on the website of the Illinois Auditor General. The current reports are listed under "Central Management Services": <http://www.auditor.illinois.gov/Audit-reports/CMS-THISF.asp>.

Benefits Provided

THIS provides medical, prescription, and behavioral health benefits for eligible retirees and their dependents, but it does not provide vision, dental or life insurance benefits to annuitants of the TRS. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan. The premiums charged reflect approximately a 75 percent subsidy for members that elect a managed care plan or elect the Teachers' Choice Health Plan (TCHP) plan if a managed care plan is either not available or only partially available. Members receive approximately a 50 percent subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2020, required contributions are as follows:

- Active members contribute 1.24 percent of covered payroll.
- Employers contribute 0.92 percent of covered payroll. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2020, the District paid \$57,248 to the THIS Fund, which was 100 percent of the required contribution.
- The State of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The state contributed 1.24 percent of covered payroll. For the year ended June 30, 2020, state of Illinois contributions on behalf of the District's employees were \$77,161.

Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0 percent per year by statute. The Federal Government provides a Medicare Part D subsidy.

Notes to Basic Financial Statements

Note 7. Post-Employment Healthcare Plan (Continued)

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

The collective total OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as June 30, 2018 and rolled forward to June 30, 2019. The employer's proportionate share of the total OPEB liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2019 relative to the contributions of all participating employers and the state during that period.

Since the collective total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the OPEB plan are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of employer's proportionate share of the collective total OPEB liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Note 8. Commitments and Contingencies

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

On January 30, 2020, the World Health Organization declared the coronavirus disease 2019 ("Covid19") outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the District. To date, the District, as with most local governments in the State and Country, is experiencing declining revenue, and significant changes in the fair value of assets.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected losses on investments.

Cook County Economic Incentives

The Cook County Assessor's Office, in conjunction with municipalities located within Cook County and within the District's boundaries, encourage certain industrial and commercial development by offering real estate tax incentive programs (such as Class 6a, 6b, 7 and 8) for the development of new industrial facilities, the rehabilitation of existing industrial structures, and industrial utilization of abandoned buildings or areas experiencing severe stagnation. These programs offer qualified properties a reduced equalized assessed valuation for up to 12 years. The District estimates its portion of annual abatement of property taxes to various local companies under this development incentive approximates \$24,000.

Worth School District 127

Notes to Basic Financial Statements

Note 9. Risk Management

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

The District participates in the School Employees Loss Fund (SELF) for its workers' compensation coverages, the Suburban School Cooperative Insurance Pool (SSCIP) for its general liability and property, and South Suburban Benefit Cooperative (SSBC) for employee health coverage. SELF, SSCIP, and SSBC are organizations of school districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool their risk management needs.

The cooperative agreements provide that SSCIP and SSBC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in the aggregate for general liability and property, and \$100,000 per individual and \$6,900,000 in the aggregate for employee health. SELF purchases insurance through Commercial Companies for its workers' compensation coverage with member premiums. The District, along with other members of SELF, SSCIP, and SSBC, had a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was a member. SELF, SSCIP, and SSBC could have assessed supplemental premiums to fund these premium deficiencies. In the past three years, the District has not made any supplemental premium payments to the pools.

Each District appoints one representative to each pool's Board of Directors. The District does not exercise any control over the activities of the pools beyond its representation on the Board of Directors.

Note 10. Other Financial Disclosures (FFS Only)

Other information related to individual funds includes the following:

Interfund transfers

At June 30, 2020, the District had no interfund loans.

Transfers during the year ended June 30, 2020 were as follows:

	Transfer In	Transfer Out
Major Governmental:		
General Fund:		
Educational Account	\$ 56,737	\$ -
Working Cash Account	-	35,000
	<u>\$ 56,737</u>	<u>\$ 35,000</u>
Non-Major Funds:		
Special Revenue Funds:		
Municipal Retirement / Social Security Fund	\$ -	\$ 9,737
Transportation Fund	-	12,000
	<u>\$ -</u>	<u>\$ 21,737</u>

Worth School District 127

Notes to Basic Financial Statements

Note 10. Other Financial Disclosures (FFS Only) (Continued)

Interfund transfers are to provide interest earned within the funds to provide additional funding for the Educational Fund.

Budget overexpenditures

	Final Budget	Actual
Major Funds:		
General Fund:		
Operations and Maintenance Account	\$ 3,655,841	\$ 5,633,686
Tort Immunity Account	117,808	119,659

Note 11. Pronouncements Issued But Not Yet Adopted

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, that provides temporary relief in light of the COVID-19 pandemic. The effective dates of various pronouncements are postponed. The pronouncements below have been updated for the applicable implementation dates. The statements that might impact the District are as follows:

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this Statement will be effective for the District with its year ending June 30, 2021.

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for District with its year ending June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the District with its year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the Statement of Net Position.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, will be effective for the District beginning with its year ended June 30, 2021. This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization the remains legally separate after acquisition. Under this Statement, a government entity should report its majority equity interest in a legally separate organization as an investment if the equity interest meets the GASB's definition of an investment.

Worth School District 127

Notes to Basic Financial Statements

Note 11. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the District with its year ending June 30, 2023. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91, a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.

GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The Statement addresses a variety of topics. The Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The Statement will be effective for the District with its year ending June 30, 2022.

GASB No. 93, *Replacement of Interbank Offered Rates*, establishes how the District will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This Statement will be effective for the District with its year ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This Statement will be effective for the District with its year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The Statement will be effective for the District with its year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The Statement will be effective for the District with its year ending June 30, 2022.

District's management has not yet determined the effect, if any, these Statements will have on the District's financial statements and related disclosures.

Other Information

Worth School District 127

**Schedule of Employer Contributions
Illinois Municipal Retirement Fund**

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 116,049	\$ 116,048	\$ 1	\$ 1,706,599	6.80%
2018	163,286	163,286	-	1,611,907	10.13%
2017	146,176	178,345	(32,169)	1,503,864	11.86%
2016	147,984	147,983	1	1,459,407	10.14%
2015	137,810	137,810	-	1,383,636	9.96%
2014	129,406	135,588	(6,182)	1,255,122	10.80%

Note to schedule:

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at

<https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

Worth School District 127

**Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund**

Calendar Year Ended December 31,	2019	2018	2017
Total pension liability			
Service cost	\$ 169,660	\$ 155,845	\$ 161,517
Interest on the Total Pension Liability	529,499	502,656	510,521
Difference between expected and actual experience of the Total Pension Liability	59,964	69,549	(270,018)
Changes of assumptions	-	195,281	(189,357)
Benefit payments, including refunds of employee contributions	(338,643)	(319,114)	(310,286)
Net change in total pension liability	420,480	604,217	(97,623)
Total pension liability - beginning	7,387,926	6,783,709	6,881,332
Total pension liability - ending	<u>\$ 7,808,406</u>	<u>\$ 7,387,926</u>	<u>\$ 6,783,709</u>
Plan fiduciary net position			
Contributions - employer	\$ 116,048	\$ 163,286	\$ 178,345
Contributions - employee	78,735	72,644	67,674
Net investment income	1,230,408	(356,844)	1,049,149
Benefit payments, including refunds of employee contributions	(338,643)	(319,114)	(310,286)
Other (net transfer)	71,547	138,493	(195,563)
Net change in plan fiduciary net position	1,158,095	(301,535)	789,319
Plan fiduciary net position - beginning	6,697,478	6,999,013	6,209,694
Plan fiduciary net position - ending	<u>\$ 7,855,573</u>	<u>\$ 6,697,478</u>	<u>\$ 6,999,013</u>
Net pension liability	<u>\$ (47,167)</u>	<u>\$ 690,448</u>	<u>\$ (215,304)</u>
Plan fiduciary net position as a percentage of total pension liability	100.60%	90.65%	103.17%
Covered valuation payroll	\$ 1,706,599	\$ 1,611,907	\$ 1,503,864
Net pension liability as a percentage of covered valuation payroll	-2.76%	42.83%	-14.32%

Note to schedule:

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

2016	2015	2014
\$ 157,566	\$ 143,592	\$ 150,592
473,809	447,128	410,108
120,536	(31,209)	(80,620)
(8,283)	7,797	228,172
(218,813)	(201,403)	(220,913)
524,815	365,905	487,339
6,356,517	5,990,612	5,503,273
<u>\$ 6,881,332</u>	<u>\$ 6,356,517</u>	<u>\$ 5,990,612</u>

\$ 147,983	\$ 137,810	\$ 135,588
65,702	62,443	59,270
394,329	29,237	336,752
(218,813)	(201,403)	(220,913)
91,469	(146,966)	3,648
480,670	(118,879)	314,345
5,729,024	5,847,903	5,533,558
<u>\$ 6,209,694</u>	<u>\$ 5,729,024</u>	<u>\$ 5,847,903</u>

<u>\$ 671,638</u>	<u>\$ 627,493</u>	<u>\$ 142,709</u>
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90.24%	90.13%	97.62%
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\$ 1,459,407	\$ 1,383,636	\$ 1,255,122
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46.02%	45.35%	11.37%
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Worth School District 127

Schedule of Employer Contributions Teachers' Retirement System of the State of Illinois

For the fiscal year ending	2020	2019	2018
Contractually-required contribution	\$ 61,533	\$ 49,138	\$ 54,853
Contributions in relation to the contractually-required contribution	61,532	56,232	61,924
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ (7,094)</u>	<u>\$ (7,071)</u>
Employer's covered payroll	\$ 6,222,662	\$ 6,046,590	\$ 5,739,759
Contributions as a percentage of covered payroll	0.99%	0.93%	1.08%

Schedule of the Employer's Proportionate Share of the Net Pension Liability Teachers' Retirement System of the State of Illinois

For the fiscal year ending	2020	2019	2018
Employer's proportion of the net pension liability	0.00077468%	0.00080194%	0.00155712%
Employer's proportionate share of the net pension liability	\$ 628,326	\$ 625,072	\$ 1,189,608
State's proportionate share of the net pension liability associated with the employer	44,717,293	42,820,034	43,314,270
Total	<u>\$ 45,345,619</u>	<u>\$ 43,445,106</u>	<u>\$ 44,503,878</u>
Employer's covered payroll	\$ 6,046,590	\$ 5,739,759	\$ 5,848,499
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	13.33%	13.21%	13.14%
Plan fiduciary net position as a percentage of the total pension liability	40.00%	40.00%	39.30%

Note to schedule:

Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at https://www.trsil.org/sites/default/files/documents/2019_GASB_67_68_Valuation_Report_0.pdf

2017	2016	2015
\$ 73,925	\$ 92,775	\$ 86,578
73,925	102,559	108,102
\$ -	\$ (9,784)	\$ (21,524)
\$ 5,848,499	\$ 5,698,736	\$ 5,433,366
1.26%	1.80%	1.99%

2017	2016	2015
0.00216980%	0.00299972%	0.00258213%
\$ 1,712,752	\$ 1,965,119	\$ 1,571,441
45,236,526	35,185,152	33,598,232
\$ 46,949,278	\$ 37,150,271	\$ 35,169,673
\$ 5,698,736	\$ 5,433,366	\$ 5,445,960
12.14%	14.63%	15.48%
36.40%	41.47%	43.00%

Worth School District 127**Schedule of Employer Contributions
Teachers' Health Insurance Security Fund**

For the fiscal year ending	2020	2019	2018
Contractually-required contribution	\$ 57,248	\$ 130,606	\$ 118,239
Contributions in relation to the statutorily-required contribution	57,248	130,585	118,242
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ (3)</u>
Employer's covered payroll	\$ 6,222,662	\$ 6,046,590	\$ 5,739,759
Contributions as a percentage of covered payroll	0.92%	2.16%	2.06%

**Schedule of the Employer's Proportionate Share of the Collective Total OPEB Liability
Teachers' Health Insurance Security Fund**

For the fiscal year ending*	2020	2019	2018
Employer's proportion of the collective total OPEB liability	0.02460800%	0.024227%	0.025432%
Employer's proportionate share of the collective total OPEB liability	\$ 6,810,835	\$ 6,382,882	\$ 6,599,522
The portion of the State's proportionate share amount of the collective total OPEB liability associated with the employer	9,222,783	8,570,867	8,666,874
Total	<u>\$ 16,033,618</u>	<u>\$ 14,953,749</u>	<u>\$ 15,266,396</u>
Covered payroll	\$ 6,046,590	\$ 5,739,759	\$ 5,848,499
Collective total OPEB liability as a percentage of the covered payroll	112.6%	111.2%	112.8%
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%

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

Note to schedule:

Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <http://cgfa.ilga.org/>

Supplementary Information

Worth School District 127

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Modified Cash Basis
General Fund - Budgetary Basis
Year Ended June 30, 2020**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 9,176,755	\$ 8,876,941	\$ (299,814)
Corporate property replacement taxes	84,000	80,050	(3,950)
Charges for services	192,500	212,543	20,043
Unrestricted state aid	5,637,725	6,534,971	897,246
Restricted state aid	109,024	134,621	25,597
Restricted federal aid	1,231,631	1,397,698	166,067
Interest	255,000	383,035	128,035
Total revenues	16,686,635	17,619,859	933,224
Expenditures:			
Current:			
Instruction:			
Regular programs	5,670,043	5,133,261	536,782
Special programs	1,556,023	1,542,374	13,649
Other instructional programs	8,526	8,324	202
Support services:			
Pupils	696,751	651,463	45,288
Instructional staff	390,729	271,734	118,995
General administration	752,352	753,985	(1,633)
School administration	782,419	774,083	8,336
Business	1,251,247	1,178,208	73,039
Operations and maintenance	1,505,841	1,414,410	91,431
Other	100	-	100
Community services	22,883	23,818	(935)
Payments to other governments	1,338,946	1,175,883	163,063
Capital outlay	2,661,000	4,317,907	(1,656,907)
Total expenditures	16,636,860	17,245,450	(608,590)
Excess of revenues over expenditures	49,775	374,409	324,634
Other financing sources:			
Transfers in	23,000	21,737	(1,263)
Change in fund balance	\$ 72,775	396,146	\$ 323,371
Fund balance:			
July 1, 2019		<u>14,241,977</u>	
June 30, 2020		<u>\$ 14,638,123</u>	

Worth School District 127

**Major Governmental Funds
Combining Balance Sheet - Modified Cash Basis
General Fund, By Accounts
June 30, 2020**

	Educational Account	Operations and Maintenance Account	Tort Immunity Account	Working Cash Account	Total
Assets					
Cash and investments	\$ 10,562,721	\$ 2,061,724	\$ 271,168	\$ 1,761,891	\$ 14,657,504
Liabilities and Fund Balance					
Other liabilities	\$ 19,381	\$ -	\$ -	\$ -	\$ 19,381
Fund balance:					
Restricted	-	2,061,724	271,168	-	2,332,892
Unassigned	10,543,340	-	-	1,761,891	12,305,231
Total fund balance	10,543,340	2,061,724	271,168	1,761,891	14,638,123
Total liabilities and fund balance	\$ 10,562,721	\$ 2,061,724	\$ 271,168	\$ 1,761,891	\$ 14,657,504

Worth School District 127

Major Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Modified Cash Basis

General Fund, By Accounts

Year Ended June 30, 2020

	Educational Account	Operations and Maintenance Account	Tort Immunity Account	Working Cash Account	Total
Revenues:					
Property taxes	\$ 7,740,962	\$ 946,434	\$ 103,494	\$ 86,051	\$ 8,876,941
Corporate property replacement taxes	80,050	-	-	-	80,050
Charges for services	70,739	141,804	-	-	212,543
Unrestricted state aid	3,137,725	3,397,246	-	-	6,534,971
Restricted state aid	134,621	-	-	-	134,621
Restricted federal aid	1,397,698	-	-	-	1,397,698
Interest	290,242	44,244	6,341	42,208	383,035
Total revenues	12,852,037	4,529,728	109,835	128,259	17,619,859
Expenditures:					
Current:					
Instruction:					
Regular programs	5,133,261	-	-	-	5,133,261
Special programs	1,542,374	-	-	-	1,542,374
Other instructional programs	8,324	-	-	-	8,324
Support services:					
Pupils	651,463	-	-	-	651,463
Instructional staff	271,734	-	-	-	271,734
General administration	634,326	-	119,659	-	753,985
School administration	774,083	-	-	-	774,083
Business	1,178,208	-	-	-	1,178,208
Operations and maintenance	-	1,414,410	-	-	1,414,410
Community services	23,818	-	-	-	23,818
Payments to other governments	1,175,883	-	-	-	1,175,883
Capital outlay	98,631	4,219,276	-	-	4,317,907
Total expenditures	11,492,105	5,633,686	119,659	-	17,245,450
Excess (deficiency) of revenues over (under) expenditures	1,359,932	(1,103,958)	(9,824)	128,259	374,409
Other financing sources (uses):					
Transfers in	56,737	-	-	-	56,737
Transfers out	-	-	-	(35,000)	(35,000)
Total other financing sources (uses)	56,737	-	-	(35,000)	21,737
Change in fund balance	1,416,669	(1,103,958)	(9,824)	93,259	396,146
Fund balance:					
July 1, 2019	9,126,671	3,165,682	280,992	1,668,632	14,241,977
June 30, 2020	\$ 10,543,340	\$ 2,061,724	\$ 271,168	\$ 1,761,891	\$ 14,638,123

Worth School District 127

Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis
Budget and Actual
General Fund, By Accounts
Year Ended June 30, 2020

	Educational Account		Operations and Maintenance		Tort Immunity Account		Working Cash Account		Total	
	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual
Revenues:										
Property taxes	\$ 8,059,676	\$ 7,740,962	\$ 932,007	\$ 946,434	\$ 100,177	\$ 103,494	\$ 84,895	\$ 86,051	\$ 9,176,755	\$ 8,876,941
Corporate property replacement taxes	84,000	80,050	-	-	-	-	-	-	84,000	80,050
Charges for services	62,000	70,739	130,500	141,804	-	-	-	-	192,500	212,543
Unrestricted state aid	3,137,725	3,137,725	2,500,000	3,397,246	-	-	-	-	5,637,725	6,534,971
Restricted state aid	109,024	134,621	-	-	-	-	-	-	109,024	134,621
Restricted federal aid	1,231,631	1,397,698	-	-	-	-	-	-	1,231,631	1,397,698
Interest	175,000	290,242	40,000	44,244	5,000	6,341	35,000	42,208	255,000	383,035
Total revenues	12,859,056	12,852,037	3,602,507	4,529,728	105,177	109,835	119,895	128,259	16,686,635	17,619,859
Expenditures:										
Current:										
Instruction:										
Regular programs	5,670,043	5,133,261	-	-	-	-	-	-	5,670,043	5,133,261
Special programs	1,556,023	1,542,374	-	-	-	-	-	-	1,556,023	1,542,374
Other instructional programs	8,526	8,324	-	-	-	-	-	-	8,526	8,324
Support services:										
Pupils	696,751	651,463	-	-	-	-	-	-	696,751	651,463
Instructional staff	390,729	271,734	-	-	-	-	-	-	390,729	271,734
General administration	634,544	634,326	-	-	117,808	119,659	-	-	752,352	753,985
School administration	782,419	774,083	-	-	-	-	-	-	782,419	774,083
Business	1,251,247	1,178,208	-	-	-	-	-	-	1,251,247	1,178,208
Operations and maintenance	-	-	1,505,841	1,414,410	-	-	-	-	1,505,841	1,414,410
Other	100	-	-	-	-	-	-	-	100	-
Community services	22,883	23,818	-	-	-	-	-	-	22,883	23,818
Payments to other governments	1,338,946	1,175,883	-	-	-	-	-	-	1,338,946	1,175,883
Capital outlay	511,000	98,631	2,150,000	4,219,276	-	-	-	-	2,661,000	4,317,907
Total expenditures	12,863,211	11,492,105	3,655,841	5,633,686	117,808	119,659	-	-	16,636,860	17,245,450
Excess (deficiency) of revenues over (under) expenditures	(4,155)	1,359,932	(53,334)	(1,103,958)	(12,631)	(9,824)	119,895	128,259	49,775	374,409
Other financing sources (uses):										
Transfers in	-	56,737	58,000	-	-	-	-	-	58,000	56,737
Transfers (out)	-	-	-	-	-	-	(35,000)	(35,000)	(35,000)	(35,000)
Total other financing sources (uses)	-	56,737	58,000	-	-	-	(35,000)	(35,000)	23,000	21,737
Change in fund balance	\$ (4,155)	1,416,669	\$ 4,666	(1,103,958)	\$ (12,631)	(9,824)	\$ 84,895	93,259	\$ 72,775	396,146
Fund balance:										
July 1, 2019		9,126,671		3,165,682		280,992		1,668,632		14,241,977
June 30, 2020		<u>\$ 10,543,340</u>		<u>\$ 2,061,724</u>		<u>\$ 271,168</u>		<u>\$ 1,761,891</u>		<u>\$ 14,638,123</u>

Worth School District 127

Nonmajor Governmental Funds

Combining Balance Sheet - By Fund Type - Modified Cash Basis

June 30, 2020

	Special Revenue Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Municipal Retirement/Social Security Fund	Transportation Fund	Debt Service Fund		Fire Prevention and Life Safety Fund	
Assets						
Cash and investments	\$ 647,450	\$ 962,731	\$ 43,487	\$ 972,826	\$ 2,626,494	
Liabilities and Fund Balances						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund balances:						
Restricted	647,450	962,731	43,487	972,826	2,626,494	
Total liabilities and fund balances	\$ 647,450	\$ 962,731	\$ 43,487	\$ 972,826	\$ 2,626,494	

Worth School District 127

Nonmajor Governmental Funds

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis - By Fund Type
Year Ended June 30, 2020**

	Special Revenue Fund			Capital Project Fund	Total Nonmajor Governmental Funds
	Municipal Retirement/Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Life Safety Fund	
Revenues:					
Property taxes	\$ 208,216	\$ 405,004	\$ 743,052	\$ 172,044	\$ 1,528,316
Restricted state aid	-	212,868	-	-	212,868
Corporate property replacement taxes	1,203	-	-	-	1,203
Interest	18,915	18,872	1,018	21,793	60,598
Total revenues	228,334	636,744	744,070	193,837	1,802,985
Expenditures:					
Instruction:					
Regular programs	63,763	-	-	-	63,763
Special programs	73,968	-	-	-	73,968
Other instructional programs	39	-	-	-	39
Support services:					
Pupils	30,095	-	-	-	30,095
Instructional staff	2,535	-	-	-	2,535
General administration	14,722	-	-	-	14,722
School administration	31,761	-	-	-	31,761
Business	38,561	-	-	-	38,561
Operations and maintenance	78,837	-	-	15,769	94,606
Transportation	-	286,056	-	-	286,056
Central	19,753	-	-	-	19,753
Community services	237	-	-	-	237
Debt service:					
Principal	-	-	307,268	-	307,268
Interest and charges	-	-	393,499	-	393,499
Capital outlay	-	-	-	49,503	49,503
Total expenditures	354,271	286,056	700,767	65,272	1,406,366
Excess (deficiency) of revenues over (under) expenditures	(125,937)	350,688	43,303	128,565	396,619
Other financing (uses):					
Transfers out	(9,737)	(12,000)	-	-	(21,737)
Change in fund balances	(135,674)	338,688	43,303	128,565	374,882
Fund balances:					
July 1, 2019	783,124	624,043	184	844,261	2,251,612
June 30, 2020	\$ 647,450	\$ 962,731	\$ 43,487	\$ 972,826	\$ 2,626,494

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Municipal Retirement/Social Security Fund
Year Ended June 30, 2020**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 200,354	\$ 208,216	\$ 7,862
Corporate property replacement taxes	1,930	1,203	(727)
Interest	17,000	18,915	1,915
Total revenues	<u>219,284</u>	<u>228,334</u>	<u>9,050</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	68,616	63,763	4,853
Special programs	72,896	73,968	(1,072)
Other instructional programs	25	39	(14)
Support services:			
Pupils	29,961	30,095	(134)
Instructional staff	2,971	2,535	436
General administration	14,749	14,722	27
School administration	33,430	31,761	1,669
Business	42,894	38,561	4,333
Operations and maintenance	81,988	78,837	3,151
Central	20,970	19,753	1,217
Community services	251	237	14
Total expenditures	<u>368,751</u>	<u>354,271</u>	<u>14,480</u>
Deficiency of revenues under expenditures	(149,467)	(125,937)	23,530
Other financing (uses):			
Transfers out	(10,000)	(9,737)	263
Change in fund balance	<u>\$ (159,467)</u>	<u>(135,674)</u>	<u>\$ 23,793</u>
Fund balance:			
July 1, 2019		<u>783,124</u>	
June 30, 2020		<u>\$ 647,450</u>	

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Transportation Fund
Year Ended June 30, 2020**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 319,348	\$ 405,004	\$ 85,656
Restricted state aid	175,000	212,868	37,868
Interest	12,000	18,872	6,872
Total revenues	<u>506,348</u>	<u>636,744</u>	<u>130,396</u>
Expenditures:			
Current:			
Support services,			
Transportation	<u>449,800</u>	<u>286,056</u>	<u>163,744</u>
Excess of revenues over expenditures	56,548	350,688	294,140
Other financing (uses):			
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Change in fund balance	<u>\$ 44,548</u>	<u>338,688</u>	<u>\$ 294,140</u>
Fund balance:			
July 1, 2019		<u>624,043</u>	
June 30, 2020		<u>\$ 962,731</u>	

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Debt Service Fund
Year Ended June 30, 2020**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 728,438	\$ 743,052	\$ 14,614
Interest	1,000	1,018	18
Total revenues	<u>729,438</u>	<u>744,070</u>	<u>14,632</u>
Expenditures:			
Debt service:			
Principal	307,268	307,268	-
Interest and charges	393,532	393,499	33
Total expenditures	<u>700,800</u>	<u>700,767</u>	<u>33</u>
Excess of revenues over expenditures	28,638	43,303	14,665
Other financing (uses):			
Transfers out	(1,000)	-	1,000
Change in fund balance	<u>\$ 27,638</u>	43,303	<u>\$ 15,665</u>
Fund balance:			
July 1, 2019		<u>184</u>	
June 30, 2020		<u>\$ 43,487</u>	

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Life Safety Fund
Year Ended June 30, 2020**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 169,844	\$ 172,044	\$ 2,200
Interest	15,000	21,793	6,793
Total revenues	<u>184,844</u>	<u>193,837</u>	<u>8,993</u>
Expenditures:			
Operations and maintenance	10,000	15,769	(5,769)
Capital outlay	100,000	49,503	50,497
Total expenditures	<u>110,000</u>	<u>65,272</u>	<u>44,728</u>
Change in fund balance	<u>\$ 74,844</u>	128,565	<u>\$ 53,721</u>
Fund balance:			
July 1, 2019		<u>844,261</u>	
June 30, 2020		<u>\$ 972,826</u>	

Worth School District 127

Schedule of Assessed Valuations, Tax Rates, Extensions and Collections Last Five Years

	Tax Year				
	2019	2018	2017	2016	2015
Assessed Valuations	<u>\$ 169,912,061</u>	<u>\$ 170,244,692</u>	<u>\$ 176,548,611</u>	<u>\$ 150,600,941</u>	<u>\$ 145,056,425</u>
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	3.9107	4.3277	4.1480	3.3711	3.5000
Special Education	0.4000	0.4000	0.3425	0.3853	0.4000
Operations and Main- tenance Accounts:					
Standard	0.5500	0.5500	0.4709	0.5298	0.5500
Tort Immunity	0.0606	0.0605	0.1021	0.1368	0.0888
Working Cash Fund	0.0500	0.0500	0.0428	0.0482	0.0500
Transportation Fund	0.2425	0.2269	0.1896	1.5028	1.5137
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	0.0606	0.0605	0.0583	0.1026	0.1243
Social Security	0.0606	0.0605	0.0583	0.1197	0.1598
Bond and Interest Fund	0.4326	0.4317	0.4163	0.4880	0.5067
Fire Prevention and Life Safety Fund	0.1000	0.1000	0.0856	0.0963	0.1000
Total	<u>5.8676</u>	<u>6.2678</u>	<u>5.9145</u>	<u>6.7806</u>	<u>6.9932</u>
Extended Tax Rate	<u>5.868</u>	<u>6.268</u>	<u>5.914</u>	<u>6.781</u>	<u>6.993</u>
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 6,644,766	\$ 7,367,711	\$ 7,323,151	\$ 5,076,975	\$ 5,076,975
Special Education	679,648	680,979	604,648	580,226	580,226
Operations and Main- tenance Accounts:					
Standard	934,516	936,346	831,391	797,810	797,810
Tort Immunity	103,000	103,000	180,250	206,000	128,750
Working Cash Fund	84,956	85,122	75,581	72,528	72,528
Transportation Fund	412,000	386,250	334,750	2,263,228	2,195,704
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	103,000	103,000	103,000	154,500	180,250
Social Security	103,000	103,000	103,000	180,250	231,750
Bond and Interest Fund	735,000	735,000	735,000	735,000	735,000
Fire Prevention and Life Safety Fund	169,912	170,245	151,162	145,056	145,056
Totals	<u>\$ 9,969,798</u>	<u>\$ 10,670,653</u>	<u>\$ 10,441,933</u>	<u>\$ 10,211,573</u>	<u>\$ 10,144,049</u>
Taxes collected	<u>\$ 5,467,233</u>	<u>\$ 10,401,112</u>	<u>\$ 10,142,457</u>	<u>\$ 9,784,674</u>	<u>\$ 9,648,205</u>
Percentage collected	<u>54.84%</u>	<u>97.47%</u>	<u>97.13%</u>	<u>95.82%</u>	<u>95.11%</u>

Worth School District 127

**Schedule of Debt Service Requirements
June 30, 2020**

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
<hr/>				
Capital Appreciation				
Bond Issue of August 31, 2005	2021	\$ 295,467	\$ 404,533	\$ 700,000
Original Amount \$1,528,144	2022	276,136	423,864	700,000
Interest payable semi annually	2023	258,152	441,848	700,000
at interest rate of 5.67% to 5.98%	2024	241,058	458,942	700,000
Paying Agent: Cole Taylor Bank	2025	207,556	437,444	645,000
		1,278,369	2,166,631	3,445,000
Accumulated Accretion		1,715,298	(1,715,298)	-
		<u>\$ 2,993,667</u>	<u>\$ 451,333</u>	<u>\$ 3,445,000</u>